

<b>Report To:</b>	<b>STRATEGIC PLANNING AND CAPITAL MONITORING PANEL</b>
<b>Date:</b>	3 September 2018
<b>Reporting Officer:</b>	David Moore – Director of Growth
<b>Subject:</b>	<b>EDUCATION CAPITAL PROGRAMME UPDATE</b>
<b>Report Summary:</b>	<p>This report advises members of the Panel on the latest position with the delivery of the Council’s Education Capital Programme and seeks the recommendation of various approvals as set out in the report.</p> <p>The report also outlines the impact of the delays that have materialised with the delivery of this year’s Education Capital Programme following the liquidation of Carillion and the implications with the recently approved arrangements with the LEP and its new delivery partner, Robertson Group.</p>
<b>Recommendations:</b>	<p>That the Panel:</p> <ol style="list-style-type: none"> <li>1. Notes the contents of the report and the updates on the Basic Need Funding and School Condition Allocation Funding schemes as outlined in the report.</li> <li>2. Notes the impacts of the delays that have materialised with the delivery of this year’s Education Capital Programme and the measures being taken to address these.</li> <li>3. RECOMMENDS TO CABINET approval of the proposed changes to the Education Capital Programme as outlined in Appendix 1 (Basic Need Funding Schemes) and Appendix 2 (School Condition Allocation Funding Schemes).</li> </ol>
<b>Links to Community Strategy:</b>	The proposals contained in this report will support the delivery of the community strategy.
<b>Policy Implications:</b>	In line with approved policy.
<b>Financial Implications:</b>	<b>Basic Need Grant</b>
<b>(Authorised by the section 151 Officer)</b>	<p>The council has £10,846,790 of Basic Need Funding available to spend in 2018/19. This is a balance of unspent grant from previous years – the Council did not receive any allocation in 2018/19. Notification has been received of an allocation of £4,800,000 for 2019/20 and nil for 2020/21.</p> <p>Appendix 1 of this report identifies that grant has been earmarked for schemes totalling £9,402,078 which have previously been reported to the Strategic Planning and Capital Monitoring Panel and are included on the Council’s capital programme. Appendix 1 identifies additional funding required of £41,000 and a virement of budget between schemes of £505,000. These changes will bring the total amount earmarked to £9,443,078. There is a balance of unallocated basic need funding and plans are being developed with schools to utilise these funds to provide the additional capacity required from September 2019 onwards.</p>

## **School Condition Grant**

The Council has £2,558,849 of School Condition funding available to be spent during the 2018/19 financial year, to improve and maintain the school estate. Appendix 2 identifies amounts previously approved and earmarked of £1,167,986 and proposed changes of £1,434,000, bringing the total value of earmarked schemes to £2,601,986. Schemes earmarked against this funding currently exceed available funding by £43,137 although it is anticipated that some schemes will slip into 2019/20 and will be funded from that year's allocation.

A detailed review of all earmarked schemes in 2018/19 continues to be undertaken and it is anticipated that resource will be identified from other earmarked schemes where costs are now expected to be less than budget. The allocation of 2018-19 School Condition funding must be spent within the financial year to which it relates otherwise there is a risk that the amount will need to be returned to government.

### **Legal Implications: (Authorised by the Borough Solicitor)**

It is a statutory requirement for the Council to set a balanced budget. It is important that the capital expenditure position is regularly monitored to ensure we are maintaining a balanced budget and to ensure that the priorities of the Council are being delivered and achieving value for money.

The Council has clear duties under the education legislation to ensure its schools are properly maintained and fit for purpose to ensure the best possible environment within which to study and develop. This includes ensuring allocated monies are spent appropriately where and when required to avoid a possible challenge to these duties.

It is really important that the Council produces a strategic estates strategy for its schools and there is a clear understanding where places are to demonstrate we are meeting our statutory duties.

The Council has a strategic procurement arrangement in place with the LEP and in the first instance must go through the schedule 3 arrangements or any other appropriate mechanism under the contract to secure delivery of the projects to ensure building and price risk properly managed by the LEP who are required to secure a vfm judgment on each project. Should the LEP not be able to deliver the projects and advise the Council in accordance with the tight timescales set out under the contract then the Council will need to seek alternative arrangements in line with procurement rules and the Council's own financial arrangements.

Going forward working with STAR there must be clear GOVERNANCE where alternative arrangements are used (para 3.2) to ensure that officers do not fall foul of the inevitable accountability as there can be no justification in light of the new contracts being in place.

The schedule appended at 1 needs to have clarity as to who doing the work so that they can be held accountable through the contracts.

### **Risk Management:**

Risk management is addressed within the body of the report.

**Access to Information:**

The background papers can be obtained from the author of the report, Ade Alao, Head of Investment and Development, by:



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## 1. INTRODUCTION

- 1.1 This report provides an update on the latest position with the Council's Education Capital Programme 2018/19 and seeks recommendation for approval of various proposals in line with Council priorities.
- 1.2 The Council's powers to provide and maintain educational facilities are set out in the Education Act 1996. The Council also has a statutory duty under Section 14 of the Education Act 1996, to secure sufficient and suitable places for pupils in primary and secondary schools in its area.
- 1.3 The government allocates funding for school buildings under a number of categories, the three main ones are described in Section 2 of this report.
- 1.4 Strategic Planning and Capital Monitoring Panel (SPCMP) is requested to note the content of the report and the updates on the Basic Need Funding and School Condition Allocation Funding schemes as outlined in the report. The report also seeks that the Panel recommends approval of the proposed changes to the Education Capital Programme as outlined in **Appendix 1** (Basic Need Funding Schemes) and **Appendix 2** (School Condition Allocation Funding Schemes).

## 2. FUNDING AND FINANCIAL POSITION

- 2.1 The government allocates ring fenced capital grant funding for school buildings under the following main categories:

### Basic Need Funding

- 2.2 Basic Need Funding is allocated to each local authority to create new places in schools. The table below sets out the amount of Basic Need Funding held by the Council, allocated in prior years, which is available to spend in 2018/19:

Basic Need Funding	Amount £
Basic Need funding available to spend in 2018/19	£10,846,790
Earmarked for schemes as at 31 August 2018	£9,443,078
Unallocated as at 31 August 2018	£1,403,712

- 2.3 On 5 October 2017, the Government announced that the 2019/20 allocation of Basic Need Funding for Tameside Council would be £4,800,000.
- 2.4 On 29 May 2018, the Government announced the 2020/21 allocation of Basic Need Funding and Tameside Council received no further allocation.
- 2.5 The majority of the Basic Need funding currently available is profiled to be spent during the next year in order to deliver the required additional school places by September 2018 and September 2019.

### School Condition Allocation (SCA) Funding

- 2.6 This grant is allocated for the maintenance of school buildings. The funding is part formulaic (based on pupil numbers) and part reflecting recent condition surveys conducted by the Education and Skills Funding Agency (ESFA).
- 2.7 The table below sets out the amount of School Condition Allocation available to spend in 2018/19 and current allocations. Schemes earmarked against this funding currently exceed available funding by £43,137 although it is anticipated that some schemes will slip in

2019/20, due to the delays with the delivery of the 2018/19 programme, and will be funded from next year's allocation.

<b>School Condition Allocation (SCA) Funding</b>	<b>Amount £</b>
SCA funding available to spend in 2018/19	£2,558,849
Earmarked for schemes as at 31 August 2018	2,601,986
Over-allocated as at 31 August 2018	-43,137

### **Devolved Formula Capital (DFC) Funding**

- 2.8 Devolved Formula Capital is direct funding for individual schools to maintain their buildings and fund small scale capital projects. It is calculated on a formulaic basis, using the school census dataset, and schools make their own individual arrangements for schemes. DFC funding available in Tameside in 2018/19 is £373,073 for Maintained Local Authority and £187,670 for Voluntary Aided schools.

## **3. PROGRAMME UPDATE**

### **Programme Delays**

- 3.1 The majority of the Council's Education Capital Programme is delivered through the Tameside Investment Partnership (LEP) who engaged Carillion as the main sub-contractors. There have been inevitable delays to programme delivery following the liquidation of Carillion, who were the principal delivery partners, on 15 January 2018. Robertson were subsequently appointed as a replacement on 30 July 2018. This meant there was little time to tender, mobilise and deliver schemes over the summer school holidays when most projects are carried out.
- 3.2 Alternative delivery options have been progressed where appropriate for a limited number of schemes especially where they relate to urgent health and safety works and to provide necessary places required for September 2018. These are being delivered through the Council's Engineering and Disabled Adaptations teams and other third-party arrangements.
- 3.3 Contingency plans have also been developed in partnership with schools to ensure there is minimal disruption to learning where it is evident that schemes cannot be delivered within the timescales we now have available. Schools have been particularly understanding in these instances to engage in identifying and agreeing pragmatic contingency measures.
- 3.4 A further update on progress will be provided at the next meeting of the Panel in November.

### **Basic Need Funded Schemes 2018/19**

- 3.5 The current focus of the Council's Basic Need programme is to create additional places in secondary schools where forecasts have indicated a requirement.
- 3.6 Work is currently on-going to ensure that sufficient places are available in both Primary and High Schools for September 2018 and September 2019 following previous Council decisions. A summary of the major schemes in the programme is set out below:

#### **a) Aldwyn and Hawthorns**

This scheme increases capacity at Aldwyn School from a 45-pupil intake to 60 and includes a 2-classroom extension at Hawthorns School. An additional temporary modular classroom has been arranged to accommodate additional pupils from September 2018 while the LEP, through the new delivery partner, finalises arrangements to complete the scheme by September 2019. Limited works to relocate the Hawthorns staffroom and remodelling into an additional classroom are being carried out over the summer break.

RAG Status: **AMBER**

**b) St Johns CE Dukinfield**

The scheme provides a 2-classroom extension, increasing the school's intake from 30 to 45. Agreement has now been reached with the school on a contingency plan to reconfigure the use of the existing facilities to accommodate the September 2018 intake. This will allow time for the LEP, through the new delivery partner, to finalise arrangements for completing the scheme by September 2019.

RAG Status: **AMBER**

**c) Alder Community High School**

The works will increase pupil intake from 155 to 180 and are being procured through Pyramid Schools, a PFI Special Purpose Vehicle. Significant internal alteration and remodelling was carried out over the summer break for completion by September 2018. A programme for the new 4-classroom extension is currently being finalised to ensure any disruption to the school are minimised.

RAG Status: **AMBER**

**d) Hyde Community College**

The scheme increases the school's intake from 210 to 240 and is being delivered by Amber Infrastructure, a PFI Special Purpose Vehicle. Work on the internal alterations are due to be completed before the new school year begins while the conversion of the former construction shed into classrooms is due to start in the autumn term. Temporary modular classrooms are being installed whilst the works are underway.

RAG Status: **AMBER**

**e) Mossley Hollins High School**

The scheme increases the school's intake from 156 to 180 and is being delivered by Amber Infrastructure, a PFI Special Purpose Vehicle. The works primarily consist of a 4-classroom modular building, which has been delivered and is on course to be completed for occupation in time for the new school year.

RAG Status: **GREEN**

**f) Rayner Stephens High School**

The scheme aims to increase the school's intake from 150 to 180 places and is due to be delivered by the LEP through the new delivery partner. A further review of the proposed works is required due to additional complexities recently discovered including significant asbestos removal. It is therefore unlikely that the majority of work will commence before summer 2019. This has been discussed with the school and a contingency plan to accommodate the September 2018 intake agreed.

RAG Status: **AMBER**

**g) Laurus Ryecroft (Free School)**

While Laurus Ryecroft is being funded directly by the government and does not form part of the Council's capital programme, the new places being provided at the Free School are part of the Council's overall plan to meet the demand for new high school places from September 2018. The latest update is that Phase 1 of the construction works, which involves the construction of a temporary school for 150 pupils, is making good progress and is due to open in September 2018. Phase 2 consists of the construction of the main school alongside the temporary school and is still subject to planning permission.

RAG Status: **GREEN**

3.7 **Appendix 1** provides a financial update with details of Basic Need funding projects over £100k, previously approved, including proposed changes to scheme funding.

3.8 A further update will be provided to the next meeting of the Panel.

### **School Condition Allocation (SCA) Schemes 2018/19**

- 3.9 SCA schemes have been adversely affected by the delays caused by Carillion's liquidation as most would have been carried out over summer 2018. Most of the works are particularly intrusive on heating systems which makes it very difficult to carry out while the school is in session.
- 3.10 Discussions are ongoing with the LEP and the new delivery partner to identify opportunities for some of the schemes to be carried out during the remainder of the school year.
- 3.11 The Condition Survey of all schools is now being progressed with the LEP to provide accurate and up-to-date information on school condition and inform better targeting of increasingly scarce capital resources in an open and transparent manner.
- 3.12 A contingency budget of £150,000 has previously been approved for urgent work required given the age and condition of the Council's schools estate.
- 3.13 **Appendix 2** provides a financial update with details of School Condition Allocation funded projects over £100k, previously approved, including proposed changes to scheme funding. The amounts earmarked against available funding currently exceed the funding available by £164,291, although it is anticipated that some of these schemes will slip into 2019/20, due to the delays with the delivery of the 2018/19 programme, and will be funded from next year's allocation.
- 3.14 A further update will be provided to the next meeting of the Panel.

## **4. PROCUREMENT AND ADDED VALUE**

- 4.1 In accordance with Council policy, most capital projects are procured through the Tameside Investment Partnership (LEP) subject to a price for un-costed risks being agreed prior to the contract being let or work agreed. Alterations to PFI schools are procured through the PFI contracts.
- 4.2 In addition to a fixed price and scope being provided, the LEP has a responsibility to confirm to the Council that value for money is being delivered, either through tendering or benchmarking using independent review on the larger projects. The LEP has also committed to delivering added value in the form of using local supply chains and providing apprenticeships and work experience opportunities.
- 4.3 Following the Council's Executive Cabinet decision on 20 June 2018 to review the current arrangements with the LEP by 31 July 2019, there will be a need to ensure that a longer term sustainable solution for the delivery of the Education Capital Programme forms part of the consideration of the review.
- 4.4 Some smaller schemes are procured directly through the Council's Engineering Design & Delivery and Disabled Adaptation teams or through the Tameside Works First initiative for local businesses.
- 4.5 Capital projects at voluntary aided schools are generally procured directly by the relevant diocese, as they own the buildings and not the Council.

## **5. RISK MANAGEMENT**

- 5.1 The Council has a statutory duty under the Education Act 1996, to secure sufficient places for pupils in primary and secondary schools across the borough, and to ensure that school buildings meet minimum standards.

- 5.2 The liquidation of Carillion has crystallised a major risk to the timely delivery of the current year's Education Capital Programme. Officers have explored and proposed alternative delivery options and agreed contingency arrangements with schools where possible to ensure learning in schools is not adversely affected. However, the LEP and the new delivery partner are not yet in a position to fully mobilise and confirm revised delivery timescales.
- 5.3 To avoid disrupting education delivery, generally the most intrusive work is carried out over the summer break, which means that plans for new projects need to be well-developed before the summer. The disruption from the liquidation of the LEP's main delivery partner this year means that significant delays are inevitable. Liaison will continue with individual schools to seek to mitigate any adverse effects of the delays.
- 5.4 Inflation in the building industry is also a more significant risk than previously experienced and larger schemes will be most affected. Early scoping and pricing of the works will mitigate against this and enable projects to be delivered in a timely and cost-effective manner.

## **6. CONCLUSION**

- 6.1 There has been significant capital investment in schools over the recent past to support the Council's delivery of its statutory responsibilities connected with the provision of sufficient and suitable places.
- 6.2 Delays have materialised with the delivery of this year's Education Capital Programme and a comprehensive range of measures are being taken to address these.
- 6.3 The proposals identified in this report will enable the Council to meet its statutory duties.

## **7. RECOMMENDATIONS**

- 7.1 As set out at the front of the report.



# APPENDIX 1

## Basic Need Funding Schemes - Financial Update

The table below provides details of Basic Need funding projects over £100k, previously approved, including requirements for additional funding.

<b>BASIC NEED SCHEMES</b>	<b>Existing Budget</b>	<b>Changes proposed</b>	<b>Revised Budget</b>
Aldwyn Primary Additional Accommodation	2,363,692	0	2,363,692
Alder Community High School	1,301,577	505,000	1,806,577
Hyde Community College	1,746,000	0	1,746,000
Mossley Hollins	1,581,000	0	1,581,000
St John's CE Dukinfield	789,604	0	789,604
Alder Buy Out Fitness Centre	1,000,000	-505,000	495,000
Rayner Stephens Community High School	475,000	0	475,000
Other Schemes Individually below £100k	145,205	41,000	186,205
<b>Total</b>	<b>9,402,078</b>	<b>41,000</b>	<b>9,443,078</b>

## APPENDIX 2

### School Condition Allocation Schemes - Financial Update

The table below provides details of School Condition Allocation funded projects over £100k, previously approved, including requirements for additional funding. The amounts earmarked against available funding currently exceed the funding available by £164,291, although it is anticipated that some of these schemes will need to slip into 2019/20 and will be funded from next year's allocation.

SCHOOL CONDITION SCHEMES	Existing Budget	Changes proposed	Revised Budget
St Anne's Primary School Denton Roof Replacement Phase 1	546,981	0	546,981
Russell Scott Primary Capital Programme	10,075	245,000	255,075
St Thomas Moore Roper Block Extension	200,000	0	200,000
Gorse Hall Heat Emitters	6,000	172,000	178,000
18/19 Contingency	0	150,000	150,000
Greenside Heat emitter	0	117,000	117,000
Millbrook heating system failure	0	116,000	116,000
18/19 Condition Surveys	0	100,000	100,000
Other Schemes Individually below £100k	526,085	534,000	1,060,085
<b>Total</b>	<b>1,289,140</b>	<b>1,434,000</b>	<b>2,723,140</b>