

Report To:	STRATEGIC PLANNING AND CAPITAL MONITORING PANEL
Date:	5 September 2016
Reporting Officer:	Damien Bourke – Assistant Executive Director (Development, Growth & Investment)
Subject:	EDUCATION CAPITAL PROGRAMME PROGRESS UPDATE
Report Summary:	This report advises members of the Panel on the latest position with the Council's Education Capital Programme 2016/17 and seeks recommendation of various approvals as set out in the report.
Recommendations:	<p>That the Panel notes the contents of the report and approves the amendments listed below and in the main body of the report to the Education Capital Programme.</p> <ol style="list-style-type: none"> 1. The allocation of additional Basic Need grant funding totalling £621,053 to the schemes detailed in Section 4 and Table 1 of the report. These allocations relate to increased cost estimates for the schemes concerned. 2. Amendments to the amount of School Condition/Maintenance grant funding supporting the schemes described in Section 5 and Table 2 of the report. This will result in a net reduction of £95,726 of funding previously approved to support those schemes. 3. The reduction of £236,326 of funding supporting the schemes described in Section 6 and Table 3 of the report. 4. The allocation of Capital Maintenance/Condition grant funding totalling £135,000 to the new schemes detailed in Section 7 and Table 4 of the report.
Links to Community Strategy:	The proposals contained in this report will support the delivery of the community strategy
Policy Implications:	In line with current policy.
Financial Implications: (Authorised by the section 151 Officer)	<p>This report proposes the allocation of £621,053 of 2016/17 Basic Need funding which is currently shown on the capital programme as a funding stream, towards the individual projects shown in Section 4 and Table 1 of the report. All of these allocations relate to increased cost estimates for projects already on the capital programme.</p> <p>The report proposes a net reduction of £95,726 in the Capital Maintenance/Condition funding supporting the projects detailed in Section 5 and Table 2 of the report. If approved this would mean that this funding is available to support other projects, including those detailed in Section 7 and Table 4 of the report.</p> <p>This report also requests the reduction of funding supporting the projects detailed in Section 6 and Table 3 of the report. If approved this would mean that a further £97,343 of Capital Maintenance/Condition funding is available to support other Education projects, including those detailed in Section 7 and Table</p>

4 of the report. It also means that £3,342 of Universal Infant Free School Meal grant funding is available to support other Education projects. It would mean that £135,641 of capital receipt funding is no longer required to support Education projects.

Finally there is a proposal to allocate £135,000 of Capital Maintenance/Condition funding towards the individual projects shown in Section 7 and Table 4 of the report. All of these allocations relate to new projects and the funding being made available through the proposals in Sections 5 and 6 (Tables 2 and 3) of the report would fully support these costs.

This would leave £2,335,079 of unallocated 2016/17 Basic Need grant and £125,895 of unallocated Capital Maintenance grant on the capital programme. In addition to those unallocated grants there is £92,481 of contingency on the capital programme available to support any unexpected costs during the remainder of the year.

No expenditure should be authorised on Cromwell school unless funding has been agreed.

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.

An Executive Decision would not normally be attached as an appendix as it stands alone in its own right and is only provided because a decision was made outside the process. Better project management is now been put in place to avoid such a situation arising again.

Risk Management:

The proposed investment will enable the Council to address the most urgent condition needs in schools and plan for additional places where most increase in demand is projected.

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 The Council has a statutory duty, under the Education Act 2011, to secure sufficient and suitable places for pupils in its area in primary and secondary schools across the borough.
- 1.2 The Council's Executive Cabinet approved the Education Capital Programme 2016/17 at its meeting on 24 March 2016.
- 1.3 This report advises members of the Panel on the latest position with the Council's Education Capital Programme 2016/17 and seeks recommendation of various approvals as set out in the report.

2. RECENTLY COMPLETED MAJOR SCHEMES

- 2.1 Several capital projects were completed during the 2016 school summer holidays and a number of others are at various stages of delivery, including:
 - New Discovery Academy, Hyde - opens to pupils on 5 September 2016 and completed at an estimated cost of £7.7 million.
 - Additional capacity at St Damian's RC College, Ashton - completed over summer 2016 at an estimated cost of £250,000.
 - Improvements to mechanical and electrical systems - £884,782 worth of work was carried out over the summer holidays.
 - Expansion of St James' RC Hattersley and Livingstone Primary School, Mossley - works commenced during summer 2016 and are due for completion by September 2017. The estimated cost of the Livingstone Primary School extension work is £568,769 and the estimated cost of the St James' RC work is £220,000

3. FUNDING

- 3.1 The government allocates grant funding for school buildings under the following specific categories:
 - **Basic Need** – Funding allocated to support the development of new pupil places.
 - **School Condition Allocation** – Allocated for the maintenance of school buildings. The funding is part formulaic (based on school size) and part reflecting recent condition surveys conducted by the Education Funding Agency. This grant used to be known as the Capital Maintenance grant.
- 3.2 £43,160 of the Council's Basic Need budget was carried forward from 2015/16 and £5,946,396 was confirmed by the Department for Education (DfE) for 2016/17. Executive Cabinet approved scheme commitments of £820,621 in March 2016 leaving £2,956,132 unallocated for 2016/17 within the Council's Basic Need budget.
- 3.3 Basic Need funding of £6,542,566 for the 2017/18 financial year was confirmed on 12 February 2015.
- 3.4 The Council's provisional allocation of Basic Need grant for the financial year 2018-19 is currently nil. Based on initial discussions with the Department for Education (DfE) it appears that the decision of Droylsden Academy and Hyde Community College to close their sixth forms (which attracted YPLA funding during the BSF programme) and Droylsden's decision to reduce its admission number for Years 7 – 11 by 70 in each year group have been taken into account by the DfE when deciding the Council's allocation for 2018/19. Whilst additional places will be found at Hyde Community College in future years, there has still been a significant reduction in secondary places. This will inevitably cause significant budgetary issues given that predicted pupil numbers in high schools are set to

rise over the next few years. The issue has been raised with the DfE and discussions are ongoing. A further update will be provided to the Panel in due course.

- 3.5 The Council received notification from DfE on 11 February 2016 that School Condition Funding of £1,823,699 would be allocated for maintained schools for the 2016/17 financial year. In addition there is £617,975 of 2015/16 Capital Maintenance available for maintained schools.
- 3.6 Allocations for 2017/18 and 2018/19 are expected to be at a lower level as the Council's allocation is reduced to take account of any additional schools that convert to Academy Trusts. An announcement of funding levels for 2017/18 would normally be expected by February 2017.

4. **BASIC NEED SCHEMES PROGRESS UPDATE AND REQUEST FOR ADDITIONAL FUNDING ALLOCATIONS**

- 4.1 The new Discovery Academy in Hyde opens on 5 September 2016 and the school will eventually provide 420 places along with a 26 full time equivalent place nursery. Located off Porlock Avenue, the school is part of the Carillion Academies Trust. The total costs for the scheme are projected to be £7,736,001. The scheme has current funding of £7,543,969 on the capital programme. The funding on the programme includes Targeted Basic Need funding of £2,308,000, Basic Need funding of £4,934,187 and Section 106 Developer Contributions of £301,782. The Panel is therefore asked to recommend an increase in the allocation of funding to support this project of a further £192,032 of Basic Need grant to take the total funding to £7,736,001.
- 4.2 A £250,000 scheme to increase capacity at St Damian's RC High School was completed over the Summer of 2016. This is the first increased capacity scheme at a Tameside secondary school and will increase the Planned Admission Number at the school by 10 in each year group. Details of other proposed schemes will be submitted for consideration at future Panel meetings.
- 4.3 The Council is reaching the end of its programme to create additional accommodation in primary schools but is at the start of the programme to increase secondary school places. The following summarises the current projects:
 - a) **Broad oak Primary** – this completely new school building accommodates 60 pupils in each year group (instead of the 45 who attended the old school) and opened its doors in February 2016. The school's external areas need to be completed and that work is scheduled to take place in the Autumn term. The project was procured directly by the Education Funding Agency (EFA) following a successful funding bid in 2011 and additional works of £100,000 from the Basic Need budget have previously been approved.
 - b) **Livingstone Primary** – this is a two-classroom extension to enable the school to move from an admission number of 20 up to 30. This has the advantage of eventually removing mixed age group classes. The council has now received the final costs for the scheme and these are significantly greater than originally estimated. Ground conditions have been discovered to be particularly poor and additionally there are problems with the location of the United Utilities main sewer. A Council Executive Decision (copy attached at **Appendix A**) was approved on 20 July 2016 for the virements of an additional £168,768.87 from the Basic Need budget to enable the project to commence. The total cost of the project is now £568,768.87. Once built, the two new classrooms will provide the school with modern specifications, eliminate the need for mixed age class groups and contribute to meeting the added demand for pupil places in Mossley.

- c) **Aldwyn and Hawthorns Schools** - The Panel has already recommended approval for a pre-tender estimate of £2.4 million of funding on this major scheme to increase Aldwyn from a 45 pupil intake to 60 (removing mixed age classes), allied to the extension of Hawthorns School by two classrooms to accommodate an increase in the number of children who need to attend that School. At Hawthorns the additional classrooms will accommodate children already at the school who have been admitted above the number the school was originally designed for. The scheme also provides a new Special Needs teaching room for the Aldwyn School. The Stage 2 project proposal has now been received from the Tameside Investment Partnership with a post tender price of £2,528,019.22. The Panel is therefore asked to recommend the approval of an increase in the funding allocation for this project of a further £128,019 to take the total project cost to £2,528,019.22, subject to an independent Value for Money assessment.
- d) **St James' Hattersley** - An additional classroom is being added which is being procured through the Shrewsbury Diocese and this scheme was approved at the Panel meeting in September 2015. Construction started over the summer holidays and completion is anticipated by Christmas 2016. The estimated cost of the scheme is £220,000.
- e) **Milton St John's** - An additional bulge class was created at the school over the summer holidays 2016. A Council Executive Decision (copy attached at **Appendix A**) was approved on 20 July 2016 for the virement of an additional £40,491.29 from the unallocated Basic Need budget to enable the project to commence at the tender price of £105,491.
- f) **St John's CE Dukinfield** - The school had historically been admitting 30 pupils per year group, but for the last two years this number has increased to 45. Alterations to the Early Years department and a community room have enabled the increase in the infant department to 45 pupils in each year. In order to move to an admission number of 45 throughout the school two additional junior classrooms will be required. Approval has already been given for an allocation of £40,000 to begin surveys and develop fully costed proposals for the two classroom extension. Because of the urgency to provide the accommodation by September 2017 it is proposed to bring forward expenditure on further surveys, planning, architectural and other technical fees to bring the scheme to tender stage. It is proposed to allocate a further £60,000 of unallocated Basic Need funding to undertake this work.
- g) **Hyde Community College** – New scheme for conversion of former sixth form lecture theatre at into an additional classroom for 30 pupils at an estimated cost of £9,587.
- h) **New Charter Academy** – A funding allocation is requested to fund an historic liability of £22,155 relating to the purchase of furniture for the school.

4.4 A summary of the proposed total use of the 2016/17 Basic Need funding received up to financial year 2016/17, subject to the requests for additional funding above being approved is shown in Table 1 below.

Table 1 - Previously Approved Capital Programme Schemes Supported by Basic Need Funding

Capital Programme Basic Need Funding as at September 2016 (£)			
Scheme	Approval up to 24 March 2016	Proposed - 5 September 2016	Variance
Discovery Academy	7,543,969	7,736,001	192,032
Livingstone Primary	45,000	213,769	168,769
Aldwyn/ Hawthorns	2,400,000	2,528,019	128,019

Milton St John's CE Primary	20,000	60,491	40,491
Astley High School	40,144	40,144	0
Inspire Academy	39,477	39,477	0
BSF ICT	16,000	16,000	0
Broadoak Primary	100,000	100,000	0
St John's CE Dukinfield	40,000	100,000	60,000
Basic Needs new classrooms	20,000	20,000	0
Hyde Community College	0	9,587	9,587
New Charter Academy	0	22,155	22,155
Total	10,264,590	10,885,643	621,053
Unallocated Basic Need Funding as at March 2016			2,956,132
Unallocated Basic Need Funding at September 2016			2,335,079

5. SCHOOL CONDITION AND CAPITAL MAINTENANCE PROGRESS UPDATE AND REQUEST FOR FUNDING AMENDMENTS

- 5.1 In March 2016, Executive Cabinet approved the commitment of £2,042,434 additional funding to support school condition and capital maintenance schemes in 2016/17.
- 5.2 £884,782 of this has been committed to improvements to mechanical and electrical systems that were completed over the 2016 summer holidays. Further work is being progressed on the design and delivery of the other mechanical and electrical works and additional repair and maintenance schemes.
- 5.3 A summary of the latest cost projections of the previously approved 2016/17 school schemes that are funded from the School Condition and Maintenance grants is shown in the table below and it is requested that the associated changes in scheme funding are approved. The net result of these changes is shown in Table 2 below.

Table 2 - Previously Approved Capital Programme Schemes Supported by School Condition and Maintenance Funding

Scheme	Approval up to 24 March 2016	Proposed - 5 September 2016	Proposed Change in Funding
St Anne's Denton kitchen	6,000	6,000	0
Broadbottom kitchen	11,000	11,000	0
Wildbank heating and lighting	32,000	32,000	0
Gorse Hall power and fire alarm	14,000	14,000	0
Milton St John's propping	23,474	23,474	0
Gorse Hall asbestos	9,721	9,721	0
Fairfield Road access road	19,290	19,290	0
St Anne's Denton head's office	41,439	41,439	0

St Anne's Denton electricity	7,225	7,225	0
Broadbottom drainage	13,750	13,750	0
Greenside switchgear and boilers	492,000	427,779	-64,221
Gorse Hall small power	147,000	188,884	41,884
Livingstone heating	192,000	193,127	1,127
Dowson heating	84,000	6,248	-77,752
Stalyhill Infants heating	67,000	68,742	1,742
Arles convector	180,000	180,000	0
Waterloo boilers	118,512	118,512	0
Hurst Knoll convector	29,599	29,599	0
Hollingworth drainage	12,000	12,000	0
Milton St John drainage	5,000	5,000	0
The Heys floors	40,000	40,000	0
Rosehill floors	25,000	25,000	0
Arles mobile class roof	31,000	31,000	0
St Anne's Denton flat roofs	100,000	100,000	0
Micklehurst water tower	20,000	21,494	1,494
Greswell wall and windows	50,000	50,000	0
Dowson windows	50,000	50,000	0
Longdendale science labs	65,000	65,000	0
Contingency	156,424	156,424	0
Total	2,042,434	1,946,708	-95,726
Unallocated Capital Maintenance & Condition Funding as at March 2016			67,826
Unallocated Capital Maintenance & Condition Funding as at September 2016 - Subject to Approval of the above Changes			163,552

5.4 The major items of cost variance are listed below:

- Greenside switchgear and boilers – the outturn costs are lower than previously estimated
- Gorse Hall small power – the tender cost was higher than previously estimated
- Dowson heating – the school converted to Academy status on 1 September 2016 and the costs incurred are only for design work.
- Contingency - £63,943 of the original £156,424 has been committed to date for emergency and urgent work at a number of schools. The remaining £92,481 of contingency funding is considered prudent.

6. REQUESTS FOR SCHEME FUNDING TO BE REDUCED ON THE CAPITAL PROGRAMME

- 6.1 A summary of capital schemes where the funding allocation can be reduced is shown in Table 3 below.

Table 3 – Scheme Funding to be Reduced on the Capital Programme at 5 September 2016

Scheme and Reasons for Proposed Reduction in Funding	£
Bradley Green Chimney removal - the scheme was not able to be carried out before the school converted to academy status. The School will be able to seek alternative funding for this from the DfE if it wishes. This scheme was supported by Capital Maintenance grant funding and it is proposed this funding is made available for allocation to other Education schemes.	-7,000
Lyndhurst New School - A balance arising from the final retention payment. This small amount is not needed and should be removed from the programme. This scheme was supported by Capital receipt funding and it is proposed that this funding is removed from the Education capital programme.	-2,766
The Heys Retaining wall repairs. Works completed in 2014. Remove from capital programme. This scheme was supported by Capital Maintenance grant funding and it is proposed this funding is made available for allocation to other Education schemes.	-6,707
Stamford Demolition. All demolition costs now expended. This budget residue needs to be removed from the capital programme. This scheme was supported by Capital receipt funding and it is proposed that this funding is removed from the Education capital programme.	-91,875
Littlemoss Demolition - All demolition costs now expended. This budget residue needs to be removed from the capital programme. This scheme was supported by Capital receipt funding and it is proposed that this funding is removed from the Education capital programme.	-41,000
Greswell Roof heating and asbestos removal - Works will be completed at final cost of 329,364. Budget 363,000. This saving of 33,636 needs to be removed from the programme. This scheme was supported by Capital Maintenance grant funding and it is proposed this funding is made available for allocation to other Education schemes.	-33,636
St James' RC Hattersley Kitchen - this is an underspend on a Universal Infant Free School Meals Phase 2 Project that needs reducing on the capital programme. It will need to be returned to the DfE if it cannot be vired to another school meals capital project.	-3,342
Dowson Replacement of Infant block windows – this scheme was not progressed to tender. The School converts to Academy status on 1 September 2016 so this funding can be removed from programme. This scheme was supported by School Condition grant funding and it is proposed this funding is made available for allocation to other Education schemes.	-50,000
Total Funding Potentially Available due to Reduced Costs	-236,326
Subtotal of Schemes supported by Capital Receipt funding where it is proposed the funding is removed from the Education capital programme.	135,641
Subtotal of Schemes supported by Universal Infant Free School Meal grant funding where it is proposed the funding is made available for allocation to other Education schemes.	3,342

Subtotal of Schemes supported by Capital Maintenance grant funding where it is proposed the funding is made available for allocation to other Education schemes.	97,343
Revised Unallocated Capital Maintenance & Condition Funding as at September 16 from Table 2 above	163,552
Revised Unallocated Capital Maintenance & Condition Funding as at September 16 - subject to approval of the above changes	260,895

7 REQUESTS FOR NEW SCHEMES TO BE FUNDED BY SCHOOL CONDITION/MAINTENANCE FUNDING

7.1 A summary of proposed new capital schemes to be supported by school condition and capital maintenance funding is shown in Table 4 further below and a summary of the works involved is also shown below :

- Mechanical & electrical works design - £80,000 for survey and design works to address failing mechanical and electrical systems at the following schools: Broadbent Fold, Corrie Primary, Yew Tree Primary, Oakdale and Buckton Vale.
- Safeguarding and access – £55,000 for works to improve security and provide disabled access at three schools.

Table 4 – Requests for New Schemes to be Supported by Unallocated School Condition and Maintenance Funding

Scheme	Proposed - 5 September 2016
Proposed Mechanical & Electrical Works Design Schemes:	
Broadbent Fold	15,000
Corrie Primary	15,000
Yew Tree Primary	20,000
Oakdale	15,000
Buckton Vale	15,000
Subtotal for Mechanical & Electrical Works Design Schemes	80,000
Safeguarding and Access works	
Buckton Vale	30,000
Waterloo	10,000
Canon Burrows	15,000
Subtotal for Safeguarding and access works	55,000
Total Proposed New Allocations	135,000
Unallocated Capital Maintenance & Condition Funding as at September 16 from Table 3 above	260,895
Revised Unallocated Capital Maintenance & Condition Funding as at September 16 - Subject to Approval of the above Changes	125,895

8. NEW PROJECTS

8.1 Cromwell school has been temporarily at the Inspire Academy following the fire incident. Liaison is ongoing with the insurance loss adjusters to establish the amount of compensation payable to the Council. However, work is ongoing on developing plans and

costings for rebuilding the schools. This is likely to require funding beyond the compensation and details will be presented to panel in due course.

9. PROCUREMENT AND VALUE ADDED

- 9.1 In accordance with Council policy, most capital projects are procured through the Tameside Investment Partnership (TIP) subject to a price for un-costed risks being agreed prior to the contract being let or work agreed. Where the risk of price increase is taken on by the TIP, rather than being retained by the Council, it is reflected in the cost of the associated works. Alterations to PFI schools are procured through the PFI contracts.
- 9.2 In addition to a fixed price and scope being provided, the TIP 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 TIP has also committed to delivering added value in the form of using local supply chains, and providing apprenticeships and work experience opportunities.
- 9.3 Some smaller schemes are procured directly through the Council's Engineering Design and Delivery Team or the Tameside Works First initiative for local businesses.
- 9.4 Work at voluntary aided schools is generally procured directly by the relevant diocese, as they own the buildings and not the Council.

10. RISK MANAGEMENT

- 10.1 The Council has a statutory duty under the Education Act 2011, to secure sufficient and suitable places for pupils in its area in primary and secondary schools across the borough. It also has the responsibility for the maintenance of community and voluntary aided school buildings, even though it does not own voluntary aided school buildings.
- 10.2 The risk of managing the condition and suitability of community and voluntary aided school buildings has been mitigated by successful bidding for additional capital resources in the past. However, current budgetary constraints are likely to present a challenge to maintaining this position over the coming few years.
- 10.3 Recent condition surveys of a number of schools have indicated that urgent work is required to be carried out in order to address health and safety issues and prevent further deterioration. The most urgent investment schemes are proposed to address this.
- 10.4 In order to avoid disrupting education delivery, generally the most intrusive work is best carried out over the summer break, which means that plans for new projects need to take place in the summer.
- 10.5 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.
- 10.6 Further plans need to be developed over the next few months to consider options for the increase in capacity required in high schools to accommodate the additional pupils moving through into the secondary sector.

11. CONCLUSION

- 11.1 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.
- 11.2 The work identified will enable the Council to meet its statutory duties.

12. RECOMMENDATIONS

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