

Report To: **STRATEGIC PLANNING AND CAPITAL MONITORING PANEL**

Date: 27 November 2017

Reporting Officer: Robin Monk – Director (Place)

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 2017/18 and seeks the recommendation of various approvals as set out in the report.

That the Panel notes the contents of the report and recommends approval for the following amendments to the Education Capital Programme to Executive Cabinet:

1. The allocation of Basic Need grant funding schemes as outlined in Section 3 and **Appendix 1** of the report.
2. The allocation of School Condition grant funding schemes as outlined in Section 4 and **Appendix 2 and 3** of the report.
3. Note the establishment of an Education Capital Programme working group (section 6) to ensure the programme is delivered effectively in line with Council priorities.

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: **Basic Need Grant**

(Authorised by the section 151 Officer)

The Council has £4,798,614 unallocated Basic Need grant. This report proposes an allocation of £49,005 of Basic Need grant which is detailed in **Appendix 1**. This will leave an unallocated balance of £4,749,609.

The Council's priority is a programme of works to increase secondary school places. Projects are being developed for completion in September 2018 and section 3 of this report highlights four proposed schemes. For this reason most of the Basic Need grant allocation will be spent in 2018-19.

School Condition Grant

The Council had £1,678,342 unallocated School Condition Grant at the beginning of 2017-18. Schemes with a value of £1,528,860 have previously been approved in 2017-18 leaving an unallocated grant balance of £149,482. This report proposes a further allocation of £129,253 which is detailed in **Appendix 2**. This will leave a residual sum of £22,229 remaining unallocated to support any further expenditure arising during the remainder of the current financial year.

The allocation of 2017-18 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

central 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 important that the Council obtains a value for money report for each project from the LEP Board, these are passed to the LEP.

Risk Management:

The Council has a statutory duty under Section 14 of the Education Act 1996, to secure sufficient and suitable places for pupils in its area in primary and secondary schools across the borough. This report identifies a number of significant schemes to extend high schools to ensure that sufficient places are available for September 2018. 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.

The timescales for completion of these projects are tight, particularly given the size and complexity of the larger schemes. Failure to deliver the additional school places for September 2018 has both financial and reputational risks for the Council. Further details of the risk management strategy, including the establishment of an Education Capital Working Group, can be found in Section 6 of this 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 seeks recommendation for approval of proposals for the Council's Education Capital Programme 2017/18 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 its area in primary and secondary schools across the borough.
- 1.3 On 3 April 2017, the Government made its funding allocation announcement for 2017/18. The Council was allocated £1,678,277 of school condition funding to improve and maintain the school estate (buildings and grounds), to be spent during the 2017/18 financial year.
- 1.4 The Council received an allocation of Basic Need funding for 2017/18 of £4,883,289.
- 1.5 On 5 October 2017, the Government announced further allocations for Basic Need schemes with the Council being allocated a further £4.8 million for 2019/20.
- 1.6 The current financial position for both the School Condition and Basic Need funding is set out in Section 2 of this report.
- 1.7 The Strategic Planning and Capital Monitoring Panel (SPCMP) is requested to note the contents of the report and recommend approval for the following amendments to the Education Capital Programme to Executive Cabinet:
 - a) The allocation of Basic Need grant funding schemes as outlined in Section 3 and **Appendix 1** of the report.
 - b) The allocation of School Condition grant funding schemes as outlined in Section 4 and **Appendix 2 and 3** of the report.

2. FUNDING

- 2.1 The government allocates grant funding for school buildings under the following specific categories:

Basic Need

- 2.2 Funding allocated to support the development of new pupil places.
- 2.3 The Council received an allocation of Basic Need funding for 2017/18 of £4,883,289. In addition to this amount £13,584 of unallocated funding was carried forward from 2016/17.
- 2.4 Due to the pressures affecting secondary school places, the majority of Basic Need funding is being retained until detailed project development has been completed, in line with the Council's priorities.
- 2.5 It is proposed that £49,005 be allocated to schemes set out in Section 3 below. This will leave £4,749,609 unallocated Basic Need funding which, in the main, is profiled to be spent during 2018/19 in order to deliver new school places by September 2018.

School Condition Allocation

- 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. This grant used to be known as the capital maintenance grant.

- 2.7 Following decisions taken at previous meetings £128,938 of School Condition Allocation funding remains unallocated and available and to be spent by the end of 2017/18.

Devolved Formula Capital (DFC)

- 2.8 Devolved formula capital grant is capital funding calculated on a formulaic basis for each educational establishment. It gives schools direct funding for the priority capital needs of its buildings and grounds and for investment in capital equipment including ICT. The funding goes directly to the school. The 2017/18 grant is £432,045.

3. BASIC NEED SCHEMES - PROGRESS UPDATE

- 3.1 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.
- 3.2 A summary of the position with the 2017/18 Basic Need funding, as at November 2017 is detailed in **Appendix 1** with proposed amendments.
- 3.3 The following are on-going projects which have previously been reported to SPCMP:

Aldwyn and Hawthorns

This scheme increases capacity at Aldwyn School from a 45-pupil intake to 60 and includes a two-classroom extension at Hawthorns School. The works will commence once the parties have entered into the contract. The Borough Solicitor sealed the formal documentation, which is a standard contract between the Council and the LEP, on 7 September 2017. The LEP has yet to sign this contract which has resulted in the on-going delay to works starting on site.

The works were originally due to start during the summer school holidays. A revised date of 25 September 2017 was agreed by all parties but due to the contract not yet being complete works have still not commenced. Any further significant delays in commencing this project are likely to incur additional costs. If new accommodation is not ready for the September 2018 term then further temporary accommodation may be required as well as additional costs in extending the hire of the mobile already on site. The Council continues to work with the LEP to agree an urgent way forward.

St John's CE Dukinfield

A two-classroom extension is required urgently to increase pupil numbers from 30 to 45 in each year group for the September 2018 intake. Project development is progressing well and a final cost for building the scheme should be known early in the New Year.

Schemes to Extend High Schools

A significant amount of work is currently ongoing to ensure that sufficient places are available in High Schools from September 2018. The schemes under active consideration are:

- a) Alder Community High School – to increase from 155 to 180 places
- b) Astley High School – to increase from 150 to 180 places
- c) Hyde Community College – to increase from 210 to 240 places
- d) Mossley Hollins High School – to increase from 156 to 180 places

Costs for carrying out the works should be known towards the end of the year and a full report will be presented at a future meeting.

Laurus Trust Free School

The Council's proposals to meet the demand for high school places from September 2018 include the provision of new places at the proposed Free School to be operated by the Laurus Trust. It is intended that the new school will open in temporary accommodation in Droylsden from September 2018 but this is dependent on the Trust obtaining a funding agreement from the DfE and a number of other legal and land issues which are currently being progressed. The Free School recently held an open day for prospective pupils and parents and reported it is currently oversubscribed for 2018/19 admission. The Council has now approved the disposal of the site of the former Little Moss High School to the DfE and the Laurus Trust for the new free school.

4. SCHOOL CONDITION AND CAPITAL MAINTENANCE - PROGRESS UPDATE

Progress Update

- 4.1 A summary of the approved school condition and capital maintenance schemes is shown in **Appendix 2** with proposed amendments. An update is provided on two key schemes below:
- 4.2 **Cromwell School**
Pupils returned to Cromwell School at the start of the September 2017 following the fire last year. Although a large part of the rebuilding costs will be covered by insurances the "betterment" aspects of the rebuilding will be supported from the School Capital Maintenance fund and a small element of Basic Need. Final figures are being agreed between the Council and the Insurers and a further report will be presented at a future meeting.
- 4.3 **Appendix 3** identifies spend to date against the approved contingency budget of £150,000.
- 4.4 A list of all new schemes proposed for completion during 2017/18 can be found in **Appendix 2**.
- 4.5 A final review of all outstanding works is underway to ensure that schemes can be programmed in before March 2018 therefore ensuring all this year's funding is spent.

5. PROCUREMENT AND VALUE ADDED

- 5.1 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.
- 5.2 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.
- 5.3 Some smaller schemes are procured directly through the Council's Engineering Design and Delivery Team or the Tameside Works First initiative for local businesses.
- 5.4 Work at voluntary aided schools is generally procured directly by the relevant diocese, as they own the buildings and not the Council.

6. RISK MANAGEMENT

- 6.1 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.
- 6.2 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.
- 6.3 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.
- 6.4 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.
- 6.5 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.
- 6.6 A key priority, over the next few months, will be to progress a number of high value projects to create additional school places from September 2018. For this reason an Education Capital Programme working group has been established and includes representation from education, finance, legal and the capital projects team.

7. CONCLUSION

- 7.1 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.
- 7.2 The work identified will enable the Council to meet its statutory duties.

8. RECOMMENDATIONS

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

APPENDIX 1

BASIC NEED FUNDING

Scheme	Approved October 2017	Proposed November 2017	Proposed Change	Latest position
Aldwyn/ Hawthorns	2,382,718	2,382,718	0	In development
St John's CE -2 classroom extension	129,891	129,891	0	Designs to RIBA Stage 7
St George's CE Mossley	196,832	196,832	0	Completion Christmas 2017
Alder Community High School	29,501	78,506	+49,005	Designs to RIBA Stage 6
Astley Community High School	25,000	25,000	0	In development
Hyde Community College	25,000	25,000	0	In development
Net Additional Scheme Allocation			49,005	
Unallocated Basic Need Funding at October 2017			4,798,614	
Less new allocation			49,005	
Revised unallocated Basic Need Funding at November 2017 subject to approval of the above allocations			4,749,609	

APPENDIX 2

SCHOOL CONDITION AND CAPITAL MAINTENANCE FUNDING

Scheme	Approved October 2017	Proposed November 2017	Proposed Change in Funding	Latest Position
Arlies convectors	121,036	121,036	0	Completed Whit 2017. Final account awaited
Broadbent Fold boilers and fan convector replacement	96,731	96,731	0	Completed summer 2017. Final account awaited
Buckton Vale boiler replacement	61,558	61,558	0	Completed summer 2017. Final account awaited
Buckton Vale works to Moorgate Drive elevation – Phase 2	10,789	10,789	0	October half term 2017
Canon Burrows access	15,000	15,000	0	In development by Manchester Diocese
Corrie Primary boiler replacement	125,941	112,658	0	Completed summer 2017. Final account awaited
Corrie Primary new valve and thermostat system	0	0	+19,754	October 2017 half term
Corrie fencing and groundworks	13,141	18,181	+5,040	Japanese knotweed removal costs
Cromwell M&E upgrade	64,581	64,581	0	Completed
Dane Bank boiler house roof contribution to costs	0	6,500	+6,500	Completed
Gee Cross Holy Trinity – boiler survey and asbestos removal spec	3,000	3,000	0	Autumn 2017
Gorse Hall drainage	10,000	10,000	0	Further investigations ongoing
Greswell Primary replacement windows Phase 1 and 3	50,000	72,000	+22,000	21,800 expended to date rest Feb 2018
Greswell Primary replacement windows Phase 2	79,497	79,497	0	Completed summer 2017. Final account awaited

Heys Primary floors	48,731	48,731	0	Completed Whit 2017
Heys toilet adaptations	5,000	1,709	-3,291	Completed February half term 2017
Hollingworth Kitchen	60,900	60,900	0	In procurement by EFA
Hollingworth drainage	22,000	22,000	0	In development
Hollingworth Primary flat roof replacement	200,000	200,000	0	Autumn 2017. Final account awaited
Hurst Knoll convectors	54,076	54,076	0	Completed summer 2017
Lyndhurst Primary – fees to investigate cladding problem	0	7,950	+7,950	Independent survey of roof and cladding – further costs to follow
Micklehurst drainage Phase 2	1,200	1,200	0	Further investigations ongoing
Milton St John's drainage (field drains and run off)	19,600	19,600	0	In development
Oakdale boiler replacement	84,076	84,076	0	Completed summer 2017. Final account awaited
Oakdale – floor investigations	800	800	0	October half term
St Anne's Primary roof replacement	300,000	300,000	0	Autumn and Spring 2017
St Anne's Denton – structural investigation	0	800	+800	October half term
St James' CE Ashton H&S electrical works	65,000	65,000	0	Completed summer 2017
St James' CE Ashton fire alarm	30,000	30,000	0	Completed summer 2017
St Stephen's CE Aud Changing Bed	25,000	25,000	0	Completed September 2017 awaiting final account
Stalyhill safeguarding and access issues Phase 2	4,820	4,820	0	School co-ordinating
Stalyhill Infant Toilet Block - surveys	4,313	4,313	0	Autumn 2017
Stalyhill Infant Toilet Block	80,000	80,000	0	Summer 2018

main scheme estimate				
Yew Tree boiler replacement	122,432	122,432	0	Completed summer 2017
Yew Tree heat emitter replacement	0	70,000	+70,000	February half term 2018 and Easter 2018
Asbestos Surveys Phase 1 (four schools)	7,490	7,990	500	90% Completed
Asbestos Surveys	50,000	50,000	0	In development
Condition Surveys	100,000	100,000	0	In development
Contingency	150,000	150,000	0	
Total			129,253	
Unallocated Capital Maintenance & Condition Funding as at November 2017			149,482	
Unallocated Capital Maintenance & Condition Funding as at November 2017 - subject to Approval of the above Changes			22,229	

APPENDIX 3

SCHOOL CONDITION AND CAPITAL MAINTENANCE CONTINGENCY

Scheme	Approved October 2017	Proposed November 2017	Proposed Change in Funding	Latest Position
Contingency Budget	150,000	150,000	0	
Contingency expended to October 2017			+75,518	
Remaining contingency			74,482	
Broadbottom heating investigation	550	2,440	+1,890	Further specialist investigation costs
Broadbottom CE – changing bed and disabled toilet works	20,000	20,000	0	Completed Sept 2017 Awaiting final costs
Audenshaw Primary – urgent floor repairs to mobile	0	1,857	+1,895	October half term
Yew Tree Primary School – Emergency -Hot water boiler replacement	0	12,948	+12,948	October half term
Contingency Expended November 2017			16,733	
Remaining Contingency			57,749	