

Subject:	Education Capital Resources and Capital Investment Programme 2020/2021		
Date of Meeting:	CYPS 2 March 2020 P&R 19 March 2020		
Report of:	Executive Director of Children's Services		
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Ward(s) affected:	All		

FOR GENERAL RELEASE

1. PURPOSE OF REPORT AND POLICY CONTEXT

- 1.1 In order to determine an overall Capital Programme for Brighton & Hove City Council, each service is asked to consider its capital investment requirements, within the level of allocated resources for 2020/21.
- 1.2 The purpose of the report is to inform the Committee of the level of available capital resources allocated to this service for 2020/21 and to recommend a Capital Investment Programme for 2020/21.
- 1.3 To allocate funding available in the Capital Programme under Pupil Places and Condition investment for 2020/21.
- 1.4 To inform the Committee of the level of resources to be devolved directly to schools and dioceses
- 1.5 To inform members of the level of available resources from Section 106 contributions and expenditure for the 2019/20 year.

2. RECOMMENDATIONS:

- 2.1 That the level of available capital resources totalling £8.187 million for investment relating to education buildings financed from capital grant be noted.
- 2.2 That Committee agree the allocation of funding as shown in Appendices 3 and 4 and recommend this to Policy & Resources Committee on 19 March 2020 for inclusion within the Council's Capital Investment Programme 2020/21.
- 2.3 That Committee agree to recommend to Policy & Resources Committee that they grant delegated authority to the Assistant Director of Property & Design to procure the capital maintenance and basic need works and enter into contracts within these budgets, as required, in accordance with Contract Standing Orders in respect of the entire Education Capital Programme.

3. CONTEXT/ BACKGROUND INFORMATION

3.1 The Education Capital Programme forms part of the Council's full Capital Investment Programme which was presented to Budget Policy & Resources Committee on 13 February 2020 and Budget Council on 27 February 2020.

Capital Finance Settlement

3.2 The capital finance settlement from central government includes Basic Need, Capital Maintenance and Devolved Formula Capital for community schools.

3.3 In previous years the capital finance settlement has included Locally Coordinated Voluntary Aided Programme LCVAP funding. This settlement was the equivalent allocation of capital maintenance funding for Voluntary Aided schools whose buildings are owned not by the council but the relevant diocese. The Department for Education (DfE) has now changed this programme and the funding will be allocated directly to the dioceses without a coordination role for Local Authorities. It is therefore no longer included in this report.

3.4 Capital finance for academies and free schools does not form part of the funding allocated to Local Authorities as they have access to the separate Condition Improvement Fund administered by the DfE.

3.5 The table below shows the allocations of capital grant funding announced for 2020/21 only and does not include 2019/20 grant forecast to be re-profiled into 2020/21 including those approvals in the Targeted Budget Management 2019/20 Month 9 report to Policy & Resources Committee on 23 February 2020.

	2020/21 Settlement million
Capital Maintenance Grant	£4.800 *
Basic Need Funding	£2.879
LA Devolved Formula Capital Grant (Passported entirely to schools)	£0.508 *
Sub Total	£8.187 *

** To be confirmed. Estimate based on 2019/20 allocation.*

3.6 In December 2018 the Government announced that they would be using the same allocations methodology for the financial year 2019–20 with some minor updates. The reason was to provide stability for schools while they reviewed their approach for 2020/21 and beyond. At the present time the government has not announced the maintenance funding allocations for the 2020/21 financial year. For the purposes of this report we are working on the assumption that there will be no appreciable difference to the allocation for the 2019/20 financial year and therefore we assume that the settlement amount for condition works for Brighton & Hove will be £4.8 million.

- 3.7 At the present time the government has not announced the Devolved Formula Capital (DFC) allocations for the 2020/21 financial year. For the purposes of this report we are working on the assumption that there will be no appreciable difference to the allocation for the 2019/20 financial year and therefore we assume that the settlement amount for DFC for Brighton & Hove will be £0.508 million.
- 3.8 DFC grants are passed directly to schools and therefore are not available for the Local Authority to spend.
- 3.9 In November 2018 the Government updated their allocation figures for Basic Need capital funding. This included an allocation for the 2020/21 financial year of £2.879 million.
- 3.10 **Appendix 2** shows how the LCVAP funding was allocated last year. This includes some commitments for the 2020/21 year to cover retentions on contract sums.
- 3.11 In addition to the funding from central Government there is a Services to Schools buy back option for the council's strategic property function. This replaced a direct allocation of funding to the Local Authority by the Schools Forum to provide a holistic property function for the benefit of schools including impartial advice and guidance, a quick emergency response to all schools and the arrangement of term maintenance contracts for areas such as gas safety, fixed wire inspections and water temperature monitoring. As well as adding to the funding available to address condition related works across the city's school building portfolio. This was available for the first time in 2017/18 and generated an income of approximately £0.623 million. It is anticipated that this will also generate £0.623 million for the 2020/21 financial year.

	Million
Capital Finance settlement	£7.679
Services to Schools Income	£0.623
Total	£8.302

- 3.12 Additional grant funding may be made available throughout the forthcoming financial year and will be reported separately if necessary.
- 3.12 The level of projected resources must finance all capital payments in 2020/21 including existing approved schemes, new schemes and future year commitments.
- 3.13 Capital slippage arising from the 2019/2020 Capital Programme will be incorporated into the 2020 /2021 programme when the capital accounts are closed in April 2020.

Capital Commitments

- 3.14 An overall summary of expenditure for 2020/21 is attached at **Appendix 3** and a more detailed explanation of each item is shown below.

Condition related works

- 3.15 The capital maintenance funding (£5.423 million) will be used to address the most urgent and important items highlighted by the condition surveys of school buildings as well as a number of programmes to address specific safety and improvement priorities as set out in paragraphs 3.17 – 3.27 below.
- 3.16 A major priority of the Asset Management Plan is to reduce the amount of condition related works required in schools. A rolling programme of works has been prepared which currently shows a backlog of £29.5 million.
- 3.17 It is recommended that £4.800 million from capital maintenance plus £0.623 million from Services to Schools (less the shortfall funding from last year) which totals £5.415 million is allocated to carry out structural maintenance works in the 2020/21 financial year.
- 3.18 A copy of the proposed structural maintenance programme is attached at **Appendix 4** to this report. This shows the estimated total cost of each programme of work (such as roof replacements, mechanical and electrical works etc.) but not the estimates for each individual element. This is because at the present time the amounts are pre-tender estimates and it would not make commercial sense to reveal these prior to going out to tender.
- 3.19 The extent of the work at each school will be determined by the condition survey and detailed investigation and scoping of the problem to be addressed. There will also be discussion with each school on the timing and scope of the works.
- 3.20 The proposed programme is prioritised using the Department for Education (DfE) condition criteria. The highest level of priority is attached to the renewal or replacement of building elements which fall within Grade D (as being in bad condition, being life-expired and/or in serious risk of imminent failure) and within the 'Priority 1' or 'priority 2' definition:
- | | |
|------------|--|
| Priority 1 | Urgent work, which will prevent immediate closure of premises and/or address an immediate high risk to the health & safety of occupants and/or remedy a serious breach of legislation |
| Priority 2 | Essential work, required within two years, which will prevent serious deterioration of the fabric or services and/or address a medium risk to the health & safety of occupants and/or remedy a less serious breach of legislation. |
- 3.21 By allocating £4.800 million from the Capital Maintenance Grant and the £0.623 million from the services to schools funding we will be able to address all the D1 and a significant number of D2 priority works.
- 3.22 Legislation on both the control of legionella and asbestos in buildings has given rise to the need to carry out works on a rolling programme to school buildings to achieve compliance with the legislation. It is recommended that £0.150 million each be allocated to legionella and asbestos work.

- 3.23 It is recommended that £0.150 million is allocated for works identified by the Fire Risk Assessments that are the responsibility of the Local Authority.
- 3.24 It is recommended that £0.050 million is allocated to carry on with the rolling programme of surveys of school premises; £0.050 million is allocated for advanced design of future projects. In 2019/20 this included the cost of surveying the boundary treatments at schools in relation to safeguarding issues as detailed in the report to the CYP&S Committee in March 2019.
- 3.25 This work is now in the process of being completed following delays in implementation as a result of higher than anticipated quotes for work being received and resourcing issues. Once this survey is completed and the results collated consideration will be given as to what action, if any, the LA should undertake. Under the scheme for financing schools fencing and boundary treatments is a school responsibility. Any work to the fencing and boundary treatments of schools will need to be funded from the capital maintenance money thus reducing the amount of funding available for other urgent priorities.
- 3.26 It is recommended that £0.150 million is allocated for adaptations to schools to accommodate pupils with special mobility or sensory needs.
- 3.27 Issues regarding compliance in relation to ventilation in school kitchens have been raised for a number of years. Inadequate ventilation in a kitchen environment leads to very hot and humid conditions which raise the risk of accidents, hygiene problems and potential poor health of staff. It is recommended that £0.100 million is allocated to address the most urgent priorities.
- 3.28 The above allocations identified in paragraphs 3.16 – 3.27 total £5.618 million which leaves £0.203 million funding to be identified. Owing to favourable tenders received this financial year it will be possible to meet this cost and these will be reported at Outturn. The Education Capital Maintenance Grant for 2020/21 has yet to be confirmed by Government and may be higher than estimated which may also support the shortfall. This will be reported at future TBM reports when confirmed. In the event that an emergency arises during the year it would be possible to use Basic Need funding to address the issue in the current year and to replace the funding in future years.
- 3.29 In 2019/20 we identified 82 individual projects to undertake throughout the year at an estimated cost of £4.773 million (Inc. fees). To date we have undertaken 73 of these (some of this number are still ongoing) and 7 will be undertaken in 2020/21, the budget to meet the cost of this work has been re-profiled within the TBM9 report. We are currently considering the scope of the 2 remaining projects.
- 3.30 As a result of favourable tender returns we have been able to undertake an additional 10 projects during 2019/20 from the priority list of works.
- 3.31 In addition to the Local Authority responsibility for maintenance the schools also retain responsibility and funding for some maintenance items. This funding includes Devolved Formula Capital which the council receives from central government to pass on to schools according to a formula. There is also an element in schools' delegated budgets relating to building maintenance.

Basic Need funding

- 3.32 Basic Need funding is provided to authorities who are experiencing increasing school rolls. The funding is provided to ensure that the Local Authority can meet its statutory obligation to secure a school place for every child that wants one.
- 3.33 The Basic Need allocation for 2020 /2021 is £2.879 million. In addition to this the Council has a further capital resource of £4.717 million. This has arisen from unallocated grant from previous years.
- 3.34 In the capital budget for 2019/20 an allocation of £8.0 million was made from the 2019/20 Basic Need funding to meet the cost of the projects to create the east and west hubs as part of the SEND re-design and £4.0million was allocated for the work required to create the Central Hub. The allocation for the east and west hubs was subsequently increased to £9.4million in a report to PR&G on 18 July 2019.
- 3.35 Work for these two projects commenced on site in the summer of 2019. Both projects have required additional work not envisaged at tender stage and it is now recommended that an additional £0.7 million is allocated to these projects to cover these extra costs.
- 3.36 Work has also commenced on the design and implementation of a new Cullum Centre for Hove Park School. The Cullum Foundation has agreed to provide £1.0 million to part fund this project. However in order to ensure the facility meets the needs of the pupils on both sites it is necessary to augment this with funding from within the council's capital programme.
- 3.37 In March 2017 the government announced the Special Provision Fund allocation to support LAs to make capital investments in provision for pupils with special educational needs and disabilities. At that point we were granted a total of £0.5 million. Since then there have been two further announcements increasing the funding to a total of £0.849 million. This funding has been allocated to the provision of the Cullum Centre.
- 3.38 The design work is just commencing but it is envisaged that the council will need to provide in the order of £1.5 million towards the cost of this project from the Basic Need funding. At the current time it is estimated that the total cost of the Cullum Centre at Hove Park will be £3.3 million with £1.0 million coming from the Cullum Foundation.
- 3.39 As detailed in the report to the CYPS Committee on 13 January 2020 there is a need for further specialist ASC provision in the city. This matter is the subject of a separate report to this committee. It is likely that there will be capital funding implications of any decision and therefore it is recommended that £0.5 million is allocated for this purpose.
- 3.40 At its meeting on 11 October 2018 the Policy Resources & Growth Committee agreed to the methodology and allocation of £16.3 million of capital funding to the City's secondary schools. This included the allocation of £15.0 million of Basic Need funding plus a further £1.3 million of Section 106 funding. The Council

continues to work in conjunction with schools to fully scope the work at each school.

- 3.41 During the design process it has become apparent it is necessary to allocate additional funds to the projects at Hove Park School and Varndean School in order to create the curriculum spaces the schools require to meet the needs of their pupils.
- 3.42 It is recommended that an additional £1.5 million is allocated to these projects to allow them to proceed.

Section 106 funding

- 3.43 To meet planning policy objectives enabling the grant of planning permission it may be necessary for developers to contribute towards infrastructure to support new development. These contributions are commonly known as developer contributions or Section 106 (S106) contributions since they are secured through the planning process as Planning Obligations under Section 106 of the Town and Country Planning Act 1990.
- 3.44 A Planning Obligation may only constitute a reason for granting planning consent for a development where the obligation meets all the government tests in being:
- Necessary to make the development acceptable in planning terms
 - Directly related to the development
 - Fairly and reasonably related in scale and kind to the development
- 3.45 Since 2007 we have sought education contributions for developments of more than 10 new dwellings in areas where there was a pressure on school places. The calculation of a contribution has always been based on the number of pupils the development is likely to generate and the cost of providing this number of places. We do not seek contributions in areas where there are sufficient school places. This is because the request for contributions has to be in accordance with the points in 3.44 above. Seeking contributions in areas where there are sufficient school places would not meet the government tests requirements of the bullet points.
- 3.46 From 2007 until January 2019 we had secured approximately £2.880 million of contributions. Since that date we have secured a further £0.901 million from 8 developments. (**Appendix 5** shows the contributions received between January 2019 and January 2020).
- 3.47 It is important that any monies accrued are used in accordance with planning legislation and policy objectives as further defined in the Developer Contributions Technical Guidance. The decision on how to use the funding is based on knowledge of the school estate in terms of its capacity and condition. This information is gathered via the condition surveys and the yearly updating of the plans for the SCAP return.
- 3.48 £0.318 million of Section 106 funding was used in 2019/2020 to part fund the work to date at Dorothy Stringer and Varndean Schools. The sums for

secondary provision have been allocated to schools based on the location of the development and included in the sums allocated for additional place provision.

Performance

- 3.49 Appendix B to the Corporate Property Strategy and Asset Management Plan details the Property Performance Indicators and Core Data 2018-18. Performance indicators 6a and 6b relate to project time and cost respectively.
- 3.50 The measure for project time is the percentage of projects where the actual contract period is less than 5% above the original contract period. Our project time predictability result of 75% equalled our target but was down on the previous year's result of 82%.
- 3.51 The measure for project cost is the percentage of projects where the final cost is less than 5% above the original contract sum. Our project cost predictability result of 89% exceeded our target of 86% representing the mean average for other authorities from the last published Chartered Institute of Public Finance and Accountancy (CIPFA) bench marking data and was a significant improvement on the previous year's result of 84%.

4. ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS

- 4.1 The only option available would be to not make use of this funding to improve or extend the education property portfolio. This is not recommended as it would limit our ability to maintain, modernise and improve our school buildings property portfolio and to secure sufficient school places.

5. COMMUNITY ENGAGEMENT & CONSULTATION

- 5.1 There has been no specific consultation regarding the content of this report. When an individual project is developed the necessary consultation is undertaken and reported to the relevant committee.

6. CONCLUSION

- 6.1 The proposed Capital Programme will enable us to continue to ensure that we secure school places in areas of the City where they are required and to improve the condition of our education property portfolio.

7. FINANCIAL & OTHER IMPLICATIONS:

Financial Implications:

- 7.1 The report sets out the allocation of capital resources included in the Capital Investment Programme 2020/21 as approved at Budget Council on 2 February 2020. The capital resources will meet ongoing capital maintenance requirements as well as addressing bulge classes, refurbishments, permanent expansions and to implement outcomes resulting directly from the SEND review. The capital resources include income estimated at £0.623m for 2020/21 that relates to Services to Schools buy back associated with the strategic property function. This income will assist with maintenance spend identified in this report. The

report includes estimated Government grant contributions which are subject to confirmation from the DfE in due course and will be reported in future TBM reports

- 7.2 Developer contributions (Section 106 contributions) received and the spend to date is detailed in Appendix 5. The contributions are required to be spent in accordance with planning legislation and policy objectives. These do not form part of the resources included in Appendix 3.

Finance Officer Consulted: Rob Allen

Date: 10/02/20

Legal Implications:

- 7.3 There are no direct legal implications arising from this report. Particular projects may give rise to specific issues which will be covered by individual reports at future meetings.

Lawyer Consulted: Serena Kynaston

Date: 28.01.2020

Equalities Implications:

- 7.4 There are no equalities implications arising from this programme which would impact disproportionately on any defined groups. New and refurbished buildings will conform with all relevant regulations and be fully accessible.

Sustainability Implications:

- 7.5 There are no direct environmental implications arising from this report. The environmental impacts of individual schemes are reported to Members when the detailed report is submitted to Policy, Resources and Growth Committee for final approval. The detailed planning of projects at educational establishments will take account of the implications of Brighton & Hove's policies in relation to sustainability issues generally.

SUPPORTING DOCUMENTATION

Appendices:

1. Various Implications
2. LCVAP Spend in 2019-20
3. Summary of capital resources and capital investment programme
4. Condition related works 2020-21
5. Section 106 funding 2019-20

Documents in Members' Rooms

1. None

Background Documents

1. None

Crime & Disorder Implications:

- 1.1 The detailed planning of projects will take account of security issues

Risk and Opportunity Management Implications:

- 1.2 There are no risk issues in terms of resources or risks to children as a result of this proposal

Public Health Implications:

- 1.3 There are no public health implications arising from this report

Corporate / Citywide Implications:

- 1.4 The Capital Maintenance Grant identified in this report is evidence of the government's continuing support for the Council's work as a Local Education Authority. The Basic Need Funding is indicative that the DfE understands the issues of primary and secondary places we face in the city.

