

Subject:	Education Capital Resources and Capital Investment Programme 2015/2016		
Date of Meeting:	9 March 2015 – Children & Young People Committee 19 March 2015 – Policy & Resources Committee		
Report of:	Executive Director of Children’s Services		
Contact Officer:	Name:	Michael Nix	Tel: 29-0732
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Ward(s) affected:	All		

By reason of the special circumstances, and in accordance with section 100B(4)(b) of the 1972 Act, the Chair of the meeting has been consulted and is of the opinion that this item should be considered at the meeting as a matter of urgency for the following reason that the Children and Young People Committee having considered and approved this programme on 9 March, approval is needed as soon as possible to enable the works envisaged in the programme to proceed in a timely manner.

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 2015/16.
- 1.2 The purpose of the report is to inform the Committee of the level of available capital resources allocated to this service for 2015/16 and to recommend a Capital Investment Programme for 2015/16.
- 1.3 To allocate funding available in the capital programme under Structural Maintenance, Pupil Places and Condition investment for 2015/16.

2. RECOMMENDATIONS:

- 2.1 That the level of available capital resources totalling £18.383 million for investment relating to education buildings financed from capital grant, revenue contributions and reserves set aside for primary places be noted.
- 2.2 That the Committee agree the allocation of funding as shown in Appendices 2 and 3 for inclusion within the council’s Capital Investment Programme 2015/16.

3. CONTEXT/ BACKGROUND INFORMATION

3.1 The Education capital programme forms part of the Council's full Capital Investment Programme which was presented to Policy & Resources Committee on 12 February 2015 and Budget Council on 26 February 2015. This report was considered by the Children & Young People Committee at its meeting on 9 March 2015 and the Committee recommended the programme to this Committee for approval.

Capital Finance Settlement

3.2 In December 2013, the Government announced a two-year settlement for the education Basic Need capital allocations for 2015/16 and 2016/17. The settlement for Brighton & Hove amounts to £24.679 million over the two years.

3.3 On 12 February 2015 the Government announced a further one-year settlement for the education basic need capital allocation for the 2017/18 financial year of £11.445 million. This provides for Brighton & Hove a basic need capital allocation of £36.124million over the three year period.

3.4 On 9th February 2015, the Government announced the capital maintenance settlement and Devolved Formula Capital Grant for 2015/16, with indicative allocations for 2016/17 and 2017/18.

3.5 Both basic need and capital maintenance allocations are funded entirely through capital grant.

3.6 The table below shows the allocations of capital grant funding announced for 2015/16.

	2015/16 Settlement £m
Capital Maintenance Grant	4.909
Basic Need Funding	12.039
Devolved Formula Capital Grant*	0.535
Total	17.483

This table only includes funding allocated for building related work. It does not include budgets managed by others.

*Devolved Formula Capital is passed directly to schools and therefore is not available for the Local Authority to spend.

3.7 Additional grant funding may be made available throughout the forthcoming financial year and will be reported separately if necessary.

Capital Resources

- 3.8 The level of projected resources must finance all capital payments in 2015/16 including existing approved schemes, new schemes and future year commitments. A summary of the resources available to finance these payments is shown in the table below.

	£m
Capital Grants	17.483
Revenue Contributions	0.900
Total Capital Resources	18.383

- 3.9 In addition to the resources identified above, the Department for Education will allocate funding for expenditure at voluntary aided schools in Brighton & Hove under several programme headings.

Capital Investment Programme

- 13.10 Funding is now allocated under three headings only: revenue contribution for structural maintenance (under which £0.9 million is available for expenditure on schools and other educational establishments); Capital Maintenance Grant (under which £4.909 million, is available for expenditure on improving the condition of the school estate); and Basic Need Funding (under which £12.039 million is available for providing additional pupil places in the 2015/16 financial year).
- 3.11 Capital re-profiling and slippage arising from the 2014/15 capital programme will be incorporated into the 2015/16 programme when the capital accounts are closed in May 2015 and will be funded from existing resources carried forward.
- 3.12 An overall summary of expenditure for 2015/16 and 2016/17 is attached at Appendix 2 and a more detailed explanation of each item is shown below.

Structural Maintenance and other property related priorities

- 3.13 Funding for structural maintenance consists of £0.9m from the transfer of revenue funding and £4.909 million from Capital Maintenance Grant from the government. This funding 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 3.20 – 3.23 below.
- 3.14 Central government used a different method to calculate the amount of maintenance grant this year which has resulted in a significantly higher settlement than we were expecting.
- 3.15 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 £30 million. It is recommended that £2.906 million from the total funding available is allocated to carry out structural maintenance works in the 2015/16 financial year.

3.16 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' 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

3.17 In the current year the total D1 priority work identified is approximately £2.642 million excluding fees (£2.906 million including fees). By allocating £2.006 million from Capital Maintenance Grant together with the £0.9m from the revenue contribution we will be able to address all the D1 priority works.

3.18 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 scoping of the works.

3.19 A copy of the proposed structural maintenance programme is attached at Appendix 1 to this report.

3.20 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 new legislation. It is recommended that £0.150m each be allocated to legionella and asbestos work.

3.21 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.

3.22 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 £0.150 million is allocated for this purpose.

3.23 It is also recommended that £0.1 million is allocated to carry on with the rolling programme of surveys of school premises, £0.150 million is allocated for advanced design of future projects, and £0.150 million is allocated for adaptations to schools to accommodate pupils with special mobility or sensory needs.

3.24 The above allocations identified in paragraphs 3.15 – 3.23 will leave approximately £1.903 million of the available resources for structural maintenance uncommitted. This is as a result of the larger than expected settlement. We will consider the next most urgent condition related works and prepare a further programme which will be brought back to the next available committee meeting.

3.25 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.

- 3.26 On 9 February 2015 the council was also notified that our bid to replace the HORSAs kitchen and dining facility at Hove Park Upper School had been successful in getting onto the Priority Schools Building Programme 2. At the present time we have no indication when within the programme (which runs from 2015 to 2021) the work will fall or what the value of the works will be. We are expecting an update from the DfE in autumn of this year and will update this committee at that time.

Basic Need Funding

- 3.27 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.
- 3.28 At its meeting on 13 October 2014 the Children and Young People Committee agreed to the permanent expansion by one form of entry of Saltdean Primary School. This project was included in the capital report last year as 'An additional primary form of entry for Brighton from September 2015' since the proposal was at a very early stage in its development.
- 3.29 In the 13 October 2014 report the cost of the scheme was reported as being £2.7million. However now the design is nearing completion it is apparent that this sum will need to be increased by £0.2 million. This is partly because as part of the scheme we are replacing some out dated temporary classrooms and partly as a result of building cost inflation which is currently running at approximately 18% when compared to 2012 figures (which is when the previous similar scheme at Aldrington was priced). This additional funding would bring the overall cost of the scheme to £2.9 million.
- 3.30 At its meeting on 13 October 2014 the Children and Young People Committee agreed to the permanent expansion by one form of entry of St Andrew's CE Primary School. This project was included in the capital report last year as 'An additional primary form of entry for Hove from September 2015' since the proposal was at a very early stage in its development.
- 3.31 The cost of this scheme was initially estimated at £2.5 million. However, now the design is nearing completion it is apparent that this sum will need to be increased by £0.2 million. This is due to the fact that building cost inflation is currently running at approximately 18% when compared to 2012 figures (which is when the previous similar scheme at Aldrington was priced). This additional funding would bring the overall cost of the scheme to £2.7million.
- 3.32 These two projects are on track to provide the accommodation needed for an additional reception class in September 2015 and to be fully completed in Spring 2016. They will provide high quality new places which will help to meet the demand which continues to grow for school places in Hove and Saltdean.

- 3.33 All new school buildings are designed to high sustainability and energy efficiency standards. Solar panels are a sustainability feature which the Council wishes to encourage. £50 000 has been identified within basic need funding to support this commitment.
- 3.34 The increase in pupil numbers that has been affecting primary places is now starting to impact on secondary numbers. A strategy for meeting this need has been developed with the Cross Party School Organisation Working Group and the Secondary and Continuing Education Partnership consisting of the ten secondary schools, the three colleges and the two universities. Projects to fulfil this strategy are now being worked up through consultation with these groups and will be funded from basic need capital grant, subject to approval through further reports to this Committee and the Policy & Resources Committee.
- 3.35 Appendix 2 shows an indicative expenditure on secondary school places in 2015-16 of £5 million. Further options that arise during the year will be presented to this Committee and Policy & Resources Committee so that the financial implications can be considered

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 Investment 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 2015/16 as approved by Budget Council on 26 February 2015 that were announced as part of the capital finance settlement in December 2014 and February 2015. The schedule of investment for basic need includes works associated with primary schools and additional secondary school provision of up to £5.0 million for 2015/16. Any uncommitted resources will be reported back to this Committee with detailed plans in due course. The revenue implications of any capital investment will be met from existing revenue budgets in 2015/16 and future years' budgets.

Finance Officer Consulted: Rob Allen

Date: 12/02/15

Legal Implications:

- 7.2 There are no direct legal implications arising from this report. Individual projects may give rise to specific issues which will be covered by the individual reports referring to them.

Lawyer Consulted: Serena Kynaston

Date: 03/02/15

Equalities Implications:

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

Sustainability Implications:

- 7.4 There are no direct environmental implications arising from this report. 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.

Any Other Significant Implications:

- 7.5 None

SUPPORTING DOCUMENTATION

Appendices:

1. Structural maintenance programme
2. Summary of allocation of funding streams in Section 3 of this report

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.