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| Subject: | Education Capital Resources and Capital Investment Programme 2018/2019 | | |
| Date of Meeting: | 29 March 2018 Children, Young People & Skills Committee - 5 March 2018 | | |
| 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 2018/19.
- 1.2 The purpose of the report is to inform the Committee of the level of available capital resources allocated to this service for 2018/19 and to recommend a Capital Investment Programme for 2018/19.
- 1.3 To allocate funding available in the capital programme under Pupil Places and Condition investment for 2018/19.
- 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 S106 contributions and expenditure for the 2017 / 2018 year.

2. RECOMMENDATIONS:

- 2.1 That the level of available capital resources totalling £6.487 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 and Growth Committee on 29 March 2018 for inclusion within the council's Capital Investment Programme 2018/19.
- 2.3 That Committee agree to recommend to Policy & Resources and Growth 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 and Growth Committee on 8 February 2018 and Budget Council on 22 February 2018.

Capital Finance Settlement

- 3.2 The capital finance settlement from central government includes Basic Need, Capital Maintenance, Devolved Formula Capital (for community schools and Voluntary Aided (VA) schools) and Locally Coordinated Voluntary Aided Programme (LCVAP) for capital maintenance in VA schools. 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 Education and Skills Funding Agency.
- 3.3 The table below shows the allocations of capital grant funding announced for 2018/19 only and not 2017/18 grant forecast to be re-profiled into 2018/19 including those approvals in the Targeted Budget Management 2017/18 Month 9 report to Policy Resources and Growth Committee on 8 February 2018.

| | 2018/19 Settlement £m |
|---|--------------------------------------|
| Capital Maintenance Grant | 4.816 |
| Locally Coordinated Voluntary Aided Programme (LCVAP)* | 0.982 |
| Basic Need Funding | 0 |
| LA Devolved Formula Capital Grant* (To be confirmed) | 0.529 |
| VA Devolved Formula Capital Grant* (To be confirmed) | 0.160 |
| Sub Totals | 6.487 |

- 3.4 In October 2017 the Government announced that they would be rolling forward their existing funding approach for the financial year 2018/19 in respect of capital maintenance with no changes to the methodology used in 2017 2018. The reason was to provide stability for schools while they reviewed their approach for 2019/20 and beyond. This means that the settlement amount for condition works for Brighton & Hove in the 2018/19 financial year will be £4,815,658.
- 3.5 The approach will be the same for LCVAP which is building condition funding for the VA schools in the city. The provisional allocation for 2018/19 will be £981,962.
- 3.6 Appendix 2 shows how the LCVAP funding was allocated last year. This includes some commitments for the 2018/2019 year to cover retentions on contract sums.

- 3.7 The approach will be the same for Devolved Formula Capital (DFC) grant. The provisional allocation for LA schools is £529,244 and for VA schools is £160,089. The final sums will be notified shortly, once the pupil numbers are confirmed.
- 3.8 LCVAP and DFC grants are passed directly to schools / Diocese and therefore are not available for the Local Authority to spend.
- 3.9 On 6 October 2016 the Government announced a further one-year settlement for the education Basic Need capital allocation for the 2018/19 financial year. The result of this settlement is that Brighton & Hove will receive no additional funding for Basic Need in the 2018/19 financial year.
- 3.10 In addition to the funding from central Government there is now a Services to Schools buy back option for the strategic property function. This was available for the first time in 2017/18 and generated an income of £600,000. It is anticipated that this will generate £475,000 for the 2018/19 financial year.

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| Capital Finance settlement | £4.816m |
| Services to Schools Income | £0.475m |
| Total | £5.266m |

- 3.11 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 2018/19 including existing approved schemes, new schemes and future year commitments.
- 3.13 Capital re-profiling and any further slippage arising from the 2017/2018 capital programme will be incorporated into the 2018 /2019 programme when the capital accounts are closed in April 2018.

Capital Commitments

- 3.14 An overall summary of expenditure for 2018/19 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 (£5.266m) 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 – 3.24 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 £28.2m.
- 3.17 It is recommended that £4.116 from capital maintenance plus £0.475m from Services to Schools (a total of £4.591m) from the total funding available is allocated to carry out structural maintenance works in the 2018/19 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 In the current year the total D1 priority work identified is approximately £1.,055m including fees. By allocating £4.566m from the Capital Maintenance Grant 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 £0.150m each be allocated to legionella and asbestos work.

3.23 It is recommended that £0.150m is allocated for works identified by the Fire Risk Assessments that are the responsibility of the Local Authority.

3.24 It is also recommended that £0.050m is allocated to carry on with the rolling programme of surveys of school premises, £0.050m is allocated for advanced design of future projects, and £0.150m is allocated for adaptations to schools to accommodate pupils with special mobility or sensory needs.

3.25 The above allocations identified in paragraphs 3.17 – 3.24 totals £5.266m which leaves no contingency for matters that may arise later in the year. 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.

3.26 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.

- 3.27 In the event that we receive more than £0.475m from the Services to Schools buy-back option we will use the additional funding to address the next most urgent priorities.
- 3.28 In 2017/18 we identified 125 individual projects to undertake throughout the year at an estimated cost of £4.68million (inc fees). To date we have undertaken 108 of these (some of this number are still ongoing) and 6 will be undertaken in 2018/19, the cost of this work has been re-profiled at TBM9. The remaining 11 projects are not now going to progress as after further investigation the works were either better undertaken as part of a larger job, or no feasible, affordable option could be found. The funding allocated to these projects was either used to support other projects in the programme where the actual costs were higher than estimated or to address other urgent priorities that arose during the year.

Basic Need funding

- 3.29 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.
- 3.30 Despite receiving no new Basic Need allocation for 2018 /2019 the council has a total capital resource of £33.434m. This has arisen from unspent allocations from previous years.
- 3.31 A review of provision for children and young people with special educational needs and disability is currently underway which will result in changes to special school provision within the city. An allocation of £2.5 million was included in 2016/17 financial year together with a similar allocation indicated for 2017/18. However the complexity of aspects of special school re-organisation means that delivery of these projects will take place over a period of time up to 2020. It is now recommended that an allocation of £7.5m is made from the 2018/19 Basic Need allocation to meet the cost of any changes to the special school provision. It is likely however that this allocation will actually be spent over the next three financial years as the individual projects come forward.
- 3.32 As part of the SEND review it is possible that some buildings will be declared surplus and could be sold. Subject to completion of a satisfactory business case and agreement by Policy Resources & Growth Committee the funding raised by the sale of these buildings could also be used to meet the costs of changes to the remaining special school buildings.
- 3.33 The DfE announced the Special Provision Fund in March 2017 and at that time made available the amounts that Local Authorities would receive. Brighton & Hove has been allocated £500,000 over three years which equates to £166,600 per year for the three years of the fund. The Council is required to consult and publish its plan to spend the funding this will be published by mid-March. Over the three year period the Council is required to update the plan to show progress and maintain the dialogue with parents and carers.

- 3.34 An allocation of £0.5m was included in last year's capital programme to allow the LA to meet any costs arising from projects procured by third parties. This money was not spent and it is recommended that this amount should be carried forward to 2018/19.
- 3.35 Following determination of admission arrangements by the Children Young People & Skills Committee in January 2018 there will be an extra class at both Varndean and Dorothy Stringer Schools in 2019 and 2020. Additional accommodation will be required for both schools to admit additional pupils and this will involve expenditure in the 2018/19 financial year and costs will be met from the Basic Need funding.
- 3.36 The Council is currently scoping the works required to allow both schools to accommodate the additional pupils, following the determination of arrangements.

Section 106 funding

- 3.37 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.
- 3.38 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
- 3.39 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 3.38 above. Seeking contributions in areas where there are sufficient school places would not meet the government tests requirements of the bullet points.
- 3.40 Since 2007 we have secured approximately £2.4million of contributions from 28 developments (Appendix 5 shows the contributions received as at January 2018).
- 3.41 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.

3.42 No S106 funding was used in 2017/2018 since there were no suitable schemes adjacent to sites which had yielded S106 funding.

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 2018/19 as approved at Budget Council on 22 February 2018. The report also includes re-profiled budgets that were approved at Policy, Resources and Growth Committee on 8 February 2018 as part of the Targeted Budget Management 2017/18 Month 9 report. The schedule of investment for basic need includes the purchase of a site for an additional secondary school. The capital resources will meet ongoing capital maintenance requirements as well as addressing bulge classes, refurbishments and to implement outcomes resulting directly from the SEND review. The capital resources include income estimated at £0.475m for 2018/19 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.

7.2 Developer contributions (Section 106 contributions) received and the spend to date are 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: 20/02/17

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.

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 allocations 2017-18
3. Summary of capital resources and capital investment programme
4. Condition related works 2018-19
5. Section 106 funding

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.

