

Subject:	Education Capital Resources and Capital Investment Programme 2017/2018		
Date of Meeting:	CYPS 6th March 2017 P&R 23rd March 2017		
Report of:	Executive Director of Children's Services		
Contact Officer:	Name:	Richard Barker	Tel: 29-0732
	Email:	richard.barker@brighton-hove.gov.uk	
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 2017/18.
- 1.2 The purpose of the report is to inform the Committee of the level of available capital resources allocated to this service for 2017/18 and to recommend a Capital Investment Programme for 2017/18.
- 1.3 To allocate funding available in the capital programme under Pupil Places and Condition investment for 2017/18.

2. RECOMMENDATIONS:

- 2.1 That the level of available capital resources totalling £39.947 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 1 and 2** and recommend this to Policy & Resources and Growth Committee on 23rd March 2017 for inclusion within the council's Capital Investment Programme 2017/18.
- 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 Policy Resources and Growth Committee on 9th February 2017 and Budget Council on 23rd February 2017.

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 amounted to £24.679m 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 £11.445m. This provides for Brighton & Hove a basic need capital allocation of £36.124m 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. These figures were updated on February 12th 2016 which has resulted in a very slight increase (£828) in the allocation for capital maintenance and Devolved Formula Capital (£3,375).
- 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 2017/18 and 2016/17 grant forecast to be re-profiled into 2017/18 including those approvals in the Targeted Budget Management 2016/17 Month 9 report to Policy & Resources on 9th February 2017.

	2016/17 carried forward £m	2017/18 Settlement £m
Capital Maintenance Grant	0.138	4.909
Basic Need Funding	22.920	11.445
Devolved Formula Capital Grant* (To be confirmed)	0	0.535
Sub Totals	23.058	16.889
Total		39.947

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 2017/18 including existing approved schemes, new schemes and future year commitments.

- 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

- 3.10 Funding is now allocated under two headings only Capital Maintenance Grant (under which £4.909m, is available for expenditure on improving the condition of the school estate); and Basic Need Funding (under which £11.445m is available for providing additional pupil places in the 2017/18 financial year).
- 3.11 Capital re-profiling is shown in the table in para 3.6 above and any further slippage arising from the 2016/17 capital programme will be incorporated into the 2017/18 programme when the capital accounts are closed in April 2017 and will be funded from existing resources carried forward.
- 3.12 An overall summary of expenditure for 2017/18 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 £4.909m from Capital Maintenance Grant from the government. In previous years there was also £0.900m of Capital Expenditure from the Revenue Account (CERA). This funding was historically withheld with the permission of the Schools Forum, to meet some of the costs of structural maintenance.
- 3.14 Owing in changes to the way in which schools are funded Schools Forum no longer has the ability to allow the Local Authority to retain this funding. This has resulted in a reduction of funding for maintenance on school buildings of £0.900m per year going forwards.
- 3.15 The Local Authority has put together a Services to School offer to cover an integrated property function for schools that will allow schools to purchase the necessary property expertise needed to operate a building from the council. It is anticipated that this will allow the LA to recoup some of the lost £0.900m as some schools, but not all, will purchase this package.
- 3.16 It is currently anticipated that £0.300m will be recouped by schools purchasing this service. This funding will be used to augment the funding available for maintenance for school buildings.
- 3.17 Over the next year the council will continue to look for further opportunities to increase the amount of funding available to deliver the asset management function for our school buildings.
- 3.18 The capital maintenance 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 3.22 – 3.28 below.

- 3.19 The Capital Maintenance Grant settlement this year is based on the figures published in February 2016.
- 3.20 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. It is recommended that £4.680m (£3.980m from capital maintenance plus £.0700m from Basic Need) from the total funding available is allocated to carry out structural maintenance works in the 2017/18 financial year.
- 3.21 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.
- 3.22 In the current year the total D1 priority work identified is approximately £2.766m excluding fees (£3.043m including fees). By allocating £3.980m from the Capital Maintenance Grant together with £700k from the Basic need allocation we will be able to address all the D1 and a significant number of D2 priority works.
- 3.23 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.
- 3.24 A copy of the proposed structural maintenance programme is attached at **Appendix 1** 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.
- 3.25 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.
- 3.26 It is recommended that £0.150m is allocated for works identified by the Fire Risk Assessments that are the responsibility of the Local Authority.

- 3.27 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 £0.150m is allocated for this purpose.
- 3.28 It is also recommended that £0.100m is allocated to carry on with the rolling programme of surveys of school premises, £0.150m 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.
- 3.29 The above allocations identified in paragraphs 3.22 – 3.28 will leave approximately £0.068m of the available resources for structural maintenance uncommitted this is considered prudent financial management at the start of the year.
- 3.30 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 passport to schools according to a formula. There is also an element in schools' delegated budgets relating to building maintenance.

Basic Need Funding

- 3.31 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.
- 3.32 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 & Growth Committee.
- 3.33 Owing to factors beyond the control of the Local Authority funding allocated for the provision of secondary school places in 2016-17 of £5.0m was not able to be spent. This funding has been re-profiled for use in 2017/18 as reported in TBM 9.
- 3.34 It is anticipated at the present time that the LA will need to purchase a site for a new secondary free school. It is also possible that there may be the need to make adaptations to the existing secondary schools in the city. It is recommended that a total of £15.0m is allocated to the provision of secondary places in the 2017/18 financial year.
- 3.35 Further options that arise during the year will be presented to this Committee and Policy, Resources & Growth Committee so that the financial implications can be fully considered.

- 3.36 A review of provision for children and young people with special educational needs and disability is currently underway which could 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 17/18 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.
- 3.37 As part of the SEND review it is likely 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.
- 3.38 An allocation of £0.5m was included in last years 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 17/18 and the sum provisionally allocated for 2017/18 also be rolled forward to 2018/19.

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 2017/18 as approved by Budget Council on 23 February 2017 that were announced as part of the capital finance settlement in December 2014 and February 2015. The report also includes re-profiled budgets that were

approved at Policy Resources & Growth Committee on 9 February 2017 as part of the Targeted Budget Management 2016/17 Month 9 report. The schedule of investment for basic need includes works associated with the provision of an additional secondary school provision of up to £15.0 million for 2017/18. This is for the purchase of a site for a proposed new secondary free school. 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 2017/18 and future years' budgets.

Finance Officer Consulted: Rob Allen

Date: 15/02/17

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: 08/02/17

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 with all relevant regulations and be fully accessible.

Sustainability Implications:

- 7.4 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.

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.

