

Subject:	Education Capital Resources and Capital Investment Programme 2021/2022		
Date of Meeting:	18 March 2021 8 March 2021 – Children, Young People & Skills Committee		
Report of:	Executive Director of Families, Children & Learning		
Contact Officer:	Name:	Richard Barker	Tel: 01273 290732
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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 2021/22.
- 1.2 The purpose of the report is to inform the Committee of the level of available capital resources allocated to support education buildings and to recommend a capital programme for 2021/22 in respect of School Condition Allocation (SCA) and Basic Need funding.

2. RECOMMENDATIONS:

- 2.1 That the level of available capital resources totalling £9.916 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 2 and 3 and recommend this to Policy & Resources Committee on 18 March 2021 for inclusion within the Council's Capital Investment Programme 2021/22.
- 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 11 February 2021 and Budget Council on 25 February 2021.

- 3.2 The capital finance settlement from central government includes Basic Need, School Condition Allocation (SCA) and Devolved Formula Capital for community schools.
- 3.3 Capital finance for Voluntary Aided Schools 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
- 3.4 The table below shows the allocations of capital grant funding announced for 2021/22 only and does not include 2020/21 grant forecast to be re-profiled into 2021/22 including those approvals in the Targeted Budget Management 2020/21 Month 9 report to Policy & Resources Committee on 11 February 2021.

	2021/22 Settlement million
School Condition Allocation (SCA)	£4.500 *
Basic Need Funding	£4.916
LA Devolved Formula Capital Grant (Passported entirely to schools)	£0.500 *
Sub Total	£9.916*

** To be confirmed. Estimate based on 2020/21 allocation.*

- 3.5 At the present time the government has not announced the maintenance funding allocations for 2021/22. For the purposes of this report we are working on the assumption that there will be no appreciable difference to the allocation for the 2020/21 financial year and therefore we assume that the School Condition Allocation will be £4.5 million and the Devolved Formula Capital (DFC) allocation will be £0.5 million. This is considered to be a cautious assumption; we have compiled a reserve list in case the actual settlement is higher than anticipated.
- 3.6 DFC grants are passed directly to schools and therefore are not available for the Local Authority to spend.
- 3.7 In April 2020 the Government updated their allocation figures for Basic Need capital funding. This included an allocation for the 2021/2 financial year of £4.916 million.
- 3.8 In addition to the funding from central Government there is a Services to Schools buy back option for the council's strategic property function providing schools with a full condition survey, statutory compliance contracts and access to advice and support on all property matters. It is anticipated that this will generate £0.623 million for the 2021/22 financial year.
- 3.9 This service buy back resulted from a change in the rules around the ways in which schools are funded in 2017/18. Before this date Schools Forum agreed to the use of £0.9million for building maintenance. As a result of this we set up a buy back scheme for schools. Since the change all community schools buy the full service, Voluntary Aided schools buy a partial service (in recognition of their different status with the council when it comes to property) and the free schools and academies do not buy the service at all due to their direct relationship with the DfE. It is for this reason that the total buy back amount is now £0.623 million

- 3.10 The table below shows the level of new resources available for the Local Authority to spend in the 2021/22 financial year.

	Million
Capital Finance settlement	£9.416
Services to Schools Income	£0.623
Total	£10.039

- 3.11 Additional grant funding may be made available throughout the forthcoming financial year and will be reported separately if necessary.
- 3.11 Capital reprofiles and slippage arising from the 2020/2021 Capital Programme will be incorporated into the 2021 /2022 programme when the capital accounts are closed at 31 March 2021.

Capital Commitments

- 3.12 An overall summary of expenditure for 2021/22 is attached at Appendix 2 and a more detailed explanation of each item is shown below.

Condition related works

- 3.13 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 3.14 – 3.23 below. In doing this the council will consider how best to do so in a responsible, sustainable way.
- 3.14 In 2020/21 the government allocated an additional amount of School Condition Allocation funding to Local Authorities. For Brighton & Hove this allocation was £2.262 million. This was reported to CYPS committee on 9 November 2020 and to P&R committee on 3 December 2020. The recommendation was that this funding should be added to the allocation for 2021/22 and used to fund priority works in this year, this gives an overall total for expenditure in 2021/22 of £7.385 million.
- 3.15 It is recommended that £4.500 million from SCA plus £0.623 million from Services to Schools is allocated to carry out structural maintenance works in the 2021/2 financial year.
- 3.16 A copy of the proposed structural maintenance programme is attached at Appendix 3 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.
- 3.17 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.

- 3.18 Projects within the planned programme are procured using the new building maintenance frameworks put in place last year. The successful contractors had to demonstrate that they would minimise waste, meet targets for reductions in waste to landfill and optimise the recovery, reuse and recycling of waste.
- 3.19 In addition to this they had to describe the steps they will take to minimise the use of resources (water, fuel, energy from fossil fuels) and improve sustainable sourcing and this was all taken into account when scoring the applicants. The framework contracts include performance indicators in respect of sustainability and environmental management that are to be monitored on a quarterly basis.
- 3.20 We look at the sustainability of projects at the outset to ensure the best outcomes for the building and its users. The building works we undertake will improve the thermal performance of the building overall. This can include items such as repointing, replacing curtain walling with aluminium systems which have better lifecycle costs, recyclability and energy efficiency.
- 3.21 When replacing or refurbishing roofs we look to exceed Approved Document L requirements in terms of energy efficiency. The insulation we install when undertaking roofing works are rated A+ (the highest) in the BRE Green Specification Guide. We are now also considering the use of aluminium rainwater goods (gutters and pipes) in some cases, but there are significant cost implications to this.
- 3.22 In terms of mechanical plant, we install efficient condensing boilers and water heaters, make use of heat recovery on ventilation and heat pumps with improved coefficients of performance. Pipework is insulated and building management systems include zoning and automatic adjustments with the seasons to reduce waste. We use LED and PIR controlled lighting, low energy extract fans, non-concussive taps and water flow restrictors all of which reduce waste and improve efficiency.
- 3.23 By allocating the School Condition Allocation for 2021/22 (£4.5 million), the additional SCA of £2.262 million from 2020/21 and the £0.623 million from the services to schools funding we will be able to invest £7.385 million in improving the condition of the school estate. Of this, £6.323 million will be allocated to the most urgent projects detailed in Appendix 3.
- 3.24 In addition to these works we also allocate funding to programmes of work arising from statutory responsibilities. The allocation is as shown below;

Legionella	£0.150 million
Asbestos	£0.150 million
Fire Safety works	£0.150 million
Ventilation in school kitchens	£0.100 million
Accessibility adaptations	£0.150 million
Surveys in schools	£0.050 million
Advanced design	£0.050 million
TOTAL	£0.800 million

- 3.25 Legislation on the control of 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. In line with good practice the council does not seek to actively identify and remove dormant asbestos due to the risks of disturbance. Instead the rolling programme means works are completed alongside larger improvement projects in the school or a standalone removal project when the circumstances require it.
- 3.26 In the 2020/21 financial year we completed the surveying of boundary treatments and fencing at all schools. Unfortunately owing to other pressures we have not yet interrogated this work to determine what, if anything, should be included in the Local Authority programme. 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.
- 3.27 In 2020/21 we identified 72 individual projects to undertake throughout the year at an estimated cost of £4.818 million (Inc. fees). To date we have undertaken 66 of these (some of this number are still ongoing) and 6 will continue into 2021/22, the budget to meet the cost of this work has been re-profiled within the TBM9 report. A list of these projects is included at Appendix 4

Basic Need funding

- 3.28 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.
- 3.29 The Basic Need allocation for 2021 /2022 is £4.916 million. In addition to this the Council has a further capital resource of £3.396 million. This has arisen from unallocated grant from previous years.
- 3.30 Our Basic Need priorities are to implement the outcomes of the SEND review by making adaptations to special schools and to ensure there are adequate secondary school places available in the city over the next few years.
- 3.31 In previous years an allocation of £10.1 million was made from Basic Need funding to meet the cost of the projects to create the east and west hubs as part of the SEND re-design.
- 3.32 These projects have now been substantially completed. The current outturn cost of these projects is £9.51million but there are some outstanding costs which may add a further £0.2 million to the cost.
- 3.33 £4.0 million has been allocated for the work required to create the Central Hub which incorporates Homewood College and the Pupil Referral Unit. At this stage we have only completed a feasibility study for Homewood College. The decision has been made that Homewood College will move to the site of the former Cedar Centre in Lynchet Close. Work will now commence on the design for the re-located Central Hub special school.

- 3.34 In previous years it has been agreed that £2.349 million will be allocated for the provision of a Cullum Centre at Hove Park School. Of this £1.5 million will be from Basic Need funding and £0.849 million will be from the Special Provision Capital Fund.
- 3.35 The Cullum Foundation has agreed to provide £1.0 million to part fund this project.
- 3.36 Tenders have now been received for this project and it is anticipated that this allocation will be sufficient to deliver the project. The project is now expected to start on site in April 2021 and be completed by May 2022 and consists of a new build centre on the Valley Campus and a remodelled / refurbished area of the Nevill Campus.
- 3.37 In the 2020/21 financial year it was agreed that £0.5 million of Basic Need funding be allocated to meet the increasing need for specialist ASC provision in the city. We have completed a project at St Bartholomew's C E Primary School. The out-turn cost for this project is anticipated to be £0.1million which leaves £0.4 million for other projects.
- 3.38 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.
- 3.39 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. Therefore, an additional £1.5 million was added to these projects last year.

Section 106 funding

- 3.40 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.
- 3.41 From 2007 until January 2020 we had secured approximately £3.781million of contributions. Since that date we have secured a further £0.258 million from 3 developments. **Appendix 5** shows the contributions received between January 2020 and January 2021.
- 3.42 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.

- 3.43 In the 2020/21 financial year £0.224 million of Section 106 funding was used to part fund the work to date at Dorothy Stringer, Varndean, Hove Park and Blatchington Mill 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

- 3.44 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.
- 3.45 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%.
- 3.46 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 2021/22 as approved at Budget Council on 25 February

2021. 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.

- 7.2 The report details the resources available for investment into the Education Capital Investment Programme for 2021-22. The Government have confirmed the allocation for Basic Need capital funding of £4.916 million for 2021-22. An additional allocation of School Condition Allocation funding to Local Authorities for Brighton & Hove was announced in 2020-21 of £2.262million as reported to CYPS committee on 9 November 2020 and to P&R committee on 3 December 2020. This has been profiled for spend in 2021-22 financial year. The report includes estimated Government grant contributions for Education Capital Maintenance (£4.5m) and Devolved Capital Formula (£0,5m) which are subject to confirmation from the DfE in due course and will be reported in future TBM reports. The capital resources include income estimated at £0.623m for 2021/22 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
- 7.3 Developer contributions (Section 106 contributions) received and the spend to date is detailed in Appendix 4. 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 2.

Finance Officer Consulted: Rob Allen

Date:04.02.21

Legal Implications:

- 7.4 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: 01.02.2021

Equalities Implications:

- 7.5 Para 3.25 refers to £0.15million being allocated for Accessibility Adaptions. This funding is used to make adaptations to mainstream schools required by pupils with SEND who prefer a place at a mainstream school. This could include changes resulting from any type of SEND and ensuring school buildings are compliant with the Equalities Act.
- 7.6 New and refurbished buildings will conform with all relevant regulations and be fully accessible.

Sustainability Implications:

- 7.7 The environmental impacts of individual schemes are reported to Members when the detailed report is submitted to Policy and Resources 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.

- 7.8 The council will consider how best to undertake the planned programme in a responsible, sustainable way. Projects within the planned programme are procured using the new building maintenance frameworks put in place last year. The successful contractors had to demonstrate that they would minimise waste, meet targets for reductions in waste to landfill and optimise the recovery, reuse and recycling of waste. In addition to this they had to describe the steps they will take to minimise the use of resources (water, fuel, energy from fossil fuels) and improve sustainable sourcing. The framework contracts include Performance Indicators in respect of sustainability and Environmental Management these will be monitored on a quarterly basis.
- 7.9 We look at the sustainability of projects at the outset to ensure the best outcomes for the building and its users. The building works we undertake will improve the thermal performance of the building overall. This can include items such as repointing, replacing curtain walling with aluminium systems which have better lifecycle costs, recyclability and energy efficiency. When replacing or refurbishing roofs we look to exceed Approved Document L requirements in terms of energy efficiency. The insulation we install when undertaking roofing works are rated A+ (the highest) in the BRE Green Specification Guide.

SUPPORTING DOCUMENTATION

Appendices:

1. Various Implications
2. Summary of capital resources and capital investment programme
3. Condition related works 2021-22
4. List of projects completed in 2020 -21
5. Section 106 funding 2020-21

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.