

HAMPSHIRE COUNTY COUNCIL

Decision Report

Decision Maker:	Executive Lead Member for Children's Services
Date of Decision:	15 January 2018
Decision Title:	Children's Services Capital Programme 2018/19 to 2020/21
Report From:	Director of Children's Services and Director of Corporate Resources – Corporate Services

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1. Recommendation(s)

- 1.1 To approve submission to the Leader and Cabinet the capital programme for 2018/19 to 2020/21 as set out in Appendix 1 and the revised capital programme for 2017/18 as set out in Appendix 2 including the transfers between years as set out in Table 3.
- 1.2 That the deferral of resources of £11.369m relating to schemes of £11.369m be approved for submission to Cabinet as shown in Table 10 of this report.
- 1.3 That the following variations to the 2017/18 capital programme be approved:
 - It is recommended that additional grant of £0.724m (including fees) is added to the 2017/18 programme in order to progress the design of the new Boorley Park Primary School.
 - Owing to the difficult site conditions at Kings Furlong Infant and Junior Schools, it is recommended that additional funding of £0.9m (including fees) is added to this scheme from within the 2017/18 programme.
 - Owing to the difficult ground conditions and structural and site issues at Oakwood Infant and Greenfield Junior schools, it is recommended that additional funding of £0.8m (including fees) is added to this scheme from within the 2017/18 capital programme.
 - It is recommended that £0.511m be transferred from the 2017/18 capital contingency to the Children's Services revenue budget.
 - It is recommended that the additional grant for a project at Swanwick Lodge Childrens Home of £0.165m is added to the 2017/18 programme.

- 1.4 It is recommended that approval be given for the application of planning permission for modular buildings to be located on the sites listed at Appendix 3.
- 1.5 It is recommended that authority be delegated to the Director of Children's Services to revise and if necessary add to sites for the modular buildings listed in Appendix 3 following receipt of updated information on pupil numbers early in the spring term.
- 1.6 That the projects listed at Appendix 4 for Access Improvements in Schools for 2018/19 are approved.
- 1.7 The projects approved under delegated powers by the Director of Children's Services in Appendix 5 are noted.

2. Executive Summary

- 2.1 This report seeks approval for submission to the Leader and Cabinet of the proposed Children's Services capital programme for 2018/19 to 2020/21 and the revised capital programme for 2017/18. The proposals contained within this report continue the most significant schools construction activity the County Council has embarked on for over 30 years. The investment represents a significant and exciting investment for Hampshire children that will not only help raise educational standards but, also create many additional local employment opportunities within its delivery.
- 2.2 The report has been prepared in consultation with the Executive Lead Member for Children's Services (ELMCS) and will be reviewed by the Children and Young People Select Committee on 15 January 2018. It will be reported to the Leader and Cabinet on 5 February 2018 to make final recommendations to County Council on 22 February 2018.
- 2.3 In contrast to the majority of local authorities across the country, the Children's Services capital programme has reached a balanced position between income and expenditure in recent years and this remains the case for the three year programme. However, the ongoing primary pressure and secondary impact indicates a deficit of resources over a five year period beyond the scope of this report. This deficit was identified in the Medium Term Financial Strategy and Transformation report to Cabinet on 16 October 2017. Further work is being undertaken with potential funders, including the Government, Local Planning Authorities, Developers and Local Enterprise Partnerships (LEPs) to maximise contributions from sources other than the County Council. The aim being to reach a balanced position with calls on the County Council's resources being kept to a minimum.
- 2.4 The Secretary of State has yet to announce details of individual local authority basic need capital allocations for the year 2020/21 and School Condition Allocation (SCA) for the year 2018/19. However, indications are that the 2018/19 SCA allocation will be equal to 2017/18. Devolved Formula Capital (DFC) has yet to be confirmed for 2018/19 but again, expectations are that it will at a similar level to the 2017/18 allocation.

2.5 The proposals contained within this report are derived from the departmental service plan(s) which have been developed to support the priorities of the Corporate Strategy.

3. Background

3.1 Executive Members have been asked to prepare proposals for:

- A locally-resourced capital programme for the three-year period from 2018/19 to 2020/21 within the guidelines used for the current capital programme including an assumption for 2020/21. The 2019/20 onwards programme is indicative and subject to change.
- A programme of capital schemes in 2018/19 to 2020/21 supported by Government grants as announced by the Government.

3.2 The medium term financial and efficiency strategy is closely linked to the Corporate Strategy and the Corporate Business Plan to ensure that priorities are affordable and provide value for money and that resources follow priorities.

3.3 The County Council's capital programme has been maintained and expanded over recent years, continuing the trend of ensuring that the Council invests wisely in maintaining its existing assets, while also delivering a programme of new ones.

Locally resourced capital programme

3.4 The cash limit guidelines for the locally resourced capital programme for Children's Services as set by Cabinet are shown in Table 1.

Table 1 - Locally resourced capital programme

	Annual allocation
Year	£m
2018/19	0.100
2019/20	0.100
2020/21	0.100

4. Finance – Capital programme supported by Government allocations

4.1 The Government has allocated all of its future support for the capital programme in the form of capital grants, and not as borrowing allocations.

4.2 The Secretary of State has previously announced details of individual local authority Basic Need allocations for 2018/19 and 2019/20. Allocations to date for School Condition Allocation and the formula allocation for Devolved Formula Capital only cover 2018/19.

4.3 The 2019/20 Basic Need allocation did not allocate any capital funding to Hampshire. Whilst this was disappointing, it was somewhat expected. DfE

capital allocations have largely caught up with the requirement and delivery of school places. There is the potential for a zero or low capital allocation in 2020/21 as the DfE assess the impact of the free school places they directly fund. At this stage, it is considered prudent to assume a zero allocation. An update will be provided following the planned capital announcements in March 2018.

- 4.4 The focus of the current spending round continues along the lines of previous years by reducing the number of hypothecated grants, thus allowing local authorities to determine their own local priorities, with a focus on school places and school condition.
- 4.5 Table 2 sets out the capital allocations for Basic Need and the School Condition together with an assumed level of funding for 2020/21.

Table 2 – Allocation of capital grant to the County Council (excluding schools’ devolved capital)

Year	Basic Need New pupil places	School Condition Allocation (assumed)	Total
	£m	£m	£m
2018/19	28.377	17.536	45.913
2019/20	0	17.536	17.536
2020/21 (assumed)	0	17.536	17.536

- 4.6 As previously reported, the School Condition Allocation is targeted towards major capital repairs and is now received in full by Policy and Resources. Officers from Children’s Services and Culture Community & Business Services (CCBS) will continue to work together to ensure that this funding is used to address strategic Children’s Services and Policy and Resources priorities across the education estate.
- 4.7 The Children’s Services capital programme is based on government capital grants (as set out in Table 2), developers’ contributions, capital receipts and local resources. The expected availability of government grants, together with developers’ contributions and capital receipts for each of the three forward years up to 2020/21 are set out in Table 3. To address the need to fund a number of major projects in 2020/21, the funding available for starts in 2018/19 has been reduced, and resources carried forward to 2020/21.

Table 3 – Three year capital resources summary

	2018/19 (assumed)	2019/20 (assumed)	2020/21 (assumed)	Total
	£m	£m	£m	£m
Basic Need - new pupil places	28.377	0	0	28.377
Schools’ Devolved Capital	3.350	3.350	3.350	10.050

SEND Grant	1.262	1.262	1.262	3.786
Developers' contributions anticipated	7.235	31.462	24.807	63.504
ESFA Free School Funding*	40.726	0	0	40.726
Corporate capital resources	0.100	0.100	0.100	0.300
Carry forward resources to 2018/19 & 2020/21 (Table 10)	10.818	0	0.551	11.369
Carry forward resources to 2018/19	38.000	0	0	38.000
Carry forward resources to 2019/20	-46.000	46.000	0	0
Carry forward resources to 2020/21	-3.000	-22.000	25.000	0
Totals	80.868	60.174	55.070	196.112

Note: *Subject to government approval.

- 4.8 Resources totalling £11.369m are proposed to be carried forward to 2018/19 and 2020/21, this relates to projects being started in 2018/19 and 2020/21.

In addition, and in order to strategically manage the three year programme to deliver the planned new school places:

- £3m proposed to be carried forward from 2018/19 to 2019/20
- £22m proposed to be carried forward from 2019/20 to 2020/21

5. Three year capital allocations 2018/19 – 2020/21 – overview

- 5.1 The planned investment programme continues with a focus on school places and school condition. The 2019/20 onwards programme is indicative and subject to change.

New Mainstream School Places

- 5.2 This report proposes a continuation of the most significant schools construction activity the County Council has embarked upon for over 30 years. During the period 2013 to 2017 the County Council will have delivered 8,088 new school places with projects contained within the 2018/19 to 2020/21 programme totalling a further 9,632 giving a total of 17,720 new school places by September 2021.
- 5.3 Hampshire is proud of the quality of education provided by its diverse and high-performing system of schools, colleges and early years' settings. The county hosts popular and highly successful infant, junior, primary, 11-16 and 11-18 schools as well as new and innovative 4-16 schools and the largest post-16 college sector in the country. The County Council is committed to ensuring that families in Hampshire have access to a good local school that offers a rich and varied learning experience, has the highest expectations for their children's success and where parents can be confident that their children will be safe. All children have the right to an

enjoyable, inclusive and expansive education and it is the role of the local authority to intervene on behalf of children, especially the most vulnerable, when this is not the case.

- 5.4 There are over 31,000 new dwellings planned for Hampshire between 2017 and 2021 for which the majority of the school pupil impact will fall outside the period of this report. Therefore, only a small number of the pupils that will be generated from those dwellings are accounted for in the places referred to above with the majority forming part of future programmes.
- 5.5 The County Council has a statutory duty to ensure a sufficiency of school places for Hampshire children. A revised School Places Plan 2017- 2021 is appended to this report at Appendix 6. The Plan sets out the identified need for additional mainstream school places in the primary and secondary sectors across Hampshire through to 2021 and has been shared with the Regional Schools Commissioner (RSC). The document refers to the fact that Hampshire, in keeping with the national picture, has experienced a significant rise in births in recent years. This, together with housing development and some in-migration from other areas (within the county and other LAs) has increased the pressure on primary and secondary school places. However, this impact is not uniform across the county due to the complex demography. The Plan sets out a strategy to manage school places over a five year period taking in to account birth rates, housing development and inward and outward migration trends.
- 5.6 The new housing has been identified from existing local plan allocations and proposals emerging from District and Borough Council Local Plans currently in consultation. The investment to deliver these new places represents a significant and exciting investment for Hampshire children that will not only help raise educational standards but, also create many additional local employment opportunities within its delivery. The timing of the new provision to serve new housing will be dependent upon the build out of the housing. Forecast pupil numbers arising from such housing are based on current planned housing completion information. Experience suggests that these developments often take longer than first indicated to build out with early indications that the secondary pupil yield is taking some time to have an impact on the school system.
- 5.7 The Community Infrastructure Levy (CIL) makes the developer contribution funding source more uncertain than before as reported in section 7. Detailed discussions will continue to take place with the Local Planning Authorities and developers to keep abreast of the situation. Any shortfall in funding will need to be found from alternate capital programme resources or, if resources are not available, the use of reduced specification in the finished form and modular accommodation will have to be considered.
- 5.8 The proposed three year programme provides sufficient school places to meet the forecast demand. To date, the majority of the capital programme has focussed on the pressure of primary school numbers. The three year planning period of this report continues to show a rise in primary numbers until at least 2021. The secondary impact of these pupils is also starting to impact on the programme and is set out further in the School Places Plan.

- 5.9 The five year forward programme identifies a deficit in resources that was reported in the Medium Term Financial Strategy and Transformation report to Cabinet on 16 October 2017. This report identified that by 2021/22 there will be an overall shortage of funding in the total programme (mainly related to the provision of school places) of £55m, albeit that further steps will be taken to minimise this wherever possible.

New Schools

- 5.10 The current presumption (by the DfE) is that every new school will be an academy/free school. This means that once built the County Council hands over the building to the Academy on a 125 year lease but still retains the freehold of the sites.
- 5.11 There are currently two routes available to open a new school but it should be noted that the free school programme is under review and the following is subject to change. One option is for the local authority to seek a sponsor through the presumption route, where the local authority is responsible for providing the site for the new school and meeting the associated capital and pre-/post-opening costs. The second option is through an approved academy sponsor making a direct application to the DfE. The local authority can support such applications and is asked to comment on the submission. To date, the County Council has successfully worked alongside academy sponsors making free school applications to provide additional school places. Currently, the DfE will meet the capital shortfall in funding for new free schools, but this is dependent on individual circumstances and funded against DfE building rates.
- 5.12 Therefore, going forward, each new school will be considered on an individual basis to assess the most effective route for delivery. The delivery of these new school places need to be considered in the context of an evolving LA role. Whilst the provision of new school places is a DfE capital issue, capital grants are limited. Therefore, the County Council will need to keep under review its plans and proposals to ensure a sufficiency of school places within the combination of available government grants, developers' contributions and locally resourced capital funding.
- 5.13 The timing of the new provision to serve new housing will be dependent upon the build out of the housing. Forecast pupil numbers arising from such housing are based on current completion information. Experience suggests that often these developments take longer than first indicated to come to fruition with early indications that the secondary pupil yield is taking some time to have an impact on the school system.
- 5.14 Feasibility work is ongoing on the proposed new schools, particularly where negotiations are taking place with local planners for school sites and developer contributions are being sought. The lead in time to establish a new secondary school is around four years, two years in design and statutory consultation and two years to build.
- 5.15 Hampshire's first free school, to meet the demand for additional school places, is scheduled to open in Botley in September 2019. A list of new schools on the current planning horizon is shown in Table 4. It should be

noted that the proposed opening dates are subject to change and will be monitored alongside housing completions.

Table 4 – Potential New Mainstream Schools in Hampshire by September 2021

Area / School	Size & Type of School	Proposed Opening Date	Sponsor Type & Status
Boorley Park Primary, Botley	2fe Primary (future 3fe)	Sept 2019	Free School – Wildern Trust Approved
Chestnut Avenue Primary, Eastleigh	1½fe Primary	Sept 2020	Presumption – University of Winchester Approved
Deer Park School, Hedge End	7fe Secondary	Sept 2020	Free School – Wildern Trust Approved
Hazelton Farm, Horndean	1fe Primary	Sept 2021	tbc
Manydown Primary, Basingstoke	2fe Primary	Sept 2021	tbc
Welborne Primary, Fareham	2fe Primary (future 3fe)	Sept 2021	tbc

Special Educational Needs and Disability (SEND) Strategy

- 5.16 The overall increase in pupil numbers also impacts on the need for SEND places with around 2.8% of our school population having a SEND Education Health and Care Plan. The increase in the SEND school population has put a significant pressure on our existing special schools. A strategic review of SEND is being undertaken that has identified a shortfall of provision and the need to review the suitability of some of the school accommodation.
- 5.17 Whilst suitability (fit for purpose) would not be a priority for us (in the current financial climate) in mainstream, special schools are different with the advances in medical technology giving rise to schools having very specific accommodation requirements to meet the specialist and often complex needs of individual pupils. For these reasons, there are a number of significant suitability issues within special schools across the county.
- 5.18 Historically, funding has been included within the overall programme to support SEND projects and it is proposed to continue the annual allocation of £1m for special school improvement projects with detailed projects being brought to future Decision Days. Some of the additional £55m of local resources referred to in paragraph 5.9 will also be used to support the highest SEND priority areas.

Special Free School, 4-16 Social Communication Needs/Autistic Spectrum Disorder (SCN/ASD)

- 5.19 As part of the strategy to manage the demand for additional SEND school places, a bid was made to the DfE for a 4-16 SCN/ASD special free school

on the former Chineham Park Primary school site, Basingstoke. The bid was successful and two applications have been received from sponsors to run the new school. Interviews are most likely to be held towards the end of January. Once the sponsor has been appointed, detailed work will take place with the DfE and Trust.

- 5.20 The new school will address part of the SEND school places pressure and the new building should be at nil capital cost to the County Council. Further work is being undertaken as part of the strategic review to determine how the remaining shortfall of SEND places will be delivered but provision will be considered from local resources to support this need.

Special Educational Needs and Disability – Grant Funding

- 5.21 National funding of £215m has also been announced by the DfE to support SEND projects at existing schools for which the County Council will receive £3.786m over the three financial years of this report.

- 5.22 To access the funding, the DfE expect local authorities to have a strategic plan for SEND in place. The strategic plan, mentioned in paragraph 5.16, is currently being produced by officers with support from school representatives. The strategy assesses the county wide need for SEND places against current provision and will consider this alongside the planned new school and resourced provision. Hampshire special schools have a good reputation for the quality of educational provision they offer to pupils, some of whom have the most severe long term and complex educational needs. The educational offer to children with SEND also includes resourced provision within mainstream schools.

Early Years

- 5.23 In April 2016 the Department for Education (DfE) called for Expressions of Interest (Eoi) from local authorities who wished to work with local childcare providers to bid for capital funding to support the creation of new 30-hour places to complement the existing 15-hour entitlement. The County Council submitted the maximum number of 6 bids in August 2016 and received approval for all of the projects in March 2017, together with a grant of £2.631m.

- 5.24 Working with childcare providers and schools, four of these projects will be complete in January 2018 with the fifth due for completion in April 2018, creating an additional 188 new childcare places. The final project to serve the New Forest is due to complete in August 2018.

Schools Programme – delivery

- 5.25 The size of the current schools programme is significant and has required a structured programme-wide approach with teams geared up to meet the future challenges of fewer financial resources and variability in timing. Taking on the local delivery of Free Schools for the DfE has also required a change of approach with different skills and (reduced) resource capacity required to follow the design and procurement process required by Central Government. However, this is bearing fruit with the County Council having an influence and some control over the design and layout of the

new buildings to ensure the best outcome for Hampshire children within the constraints available.

- 5.26 Table 11 in section 15 lists the potential school expansion and new school projects through to 2020/21, although this will not be exhaustive. A large proportion of these schemes are planned to be funded with significant developers' contributions. Developer contributions are dependant upon housing completions which will continue to influence the timing of the need for additional school places. The identified project costs are initial allocations only and not school project allocations. There remains a target to reduce the costs of all schemes where possible.
- 5.27 Recognising the need to progress these schemes it is recommended that the necessary public consultations are undertaken and that the Director of Culture, Communities and Business Services (CCBS) undertake costed feasibility studies for each of the projects listed in Table 11. A more detailed cost appraisal will be brought to a future decision day once the financial position is known.

6. Other formulaic allocations

- 6.1 In addition to the funding for new pupil places, funding is also identified for other priorities as listed in Table 5.

Table 5 – Proposed allocations for three year programme

	2018/19 (Assumed)	2019/20 (Assumed)	2020/21 (Assumed)	Totals
	£m	£m	£m	£m
New schools and extensions	61.890	41.890	36.051	139.831
New modular classrooms	2.000	2.000	2.000	6.000
Other special school and SEN improvements	2.262	2.262	2.262	6.786
Other improvement projects	2.000	2.000	2.000	6.000
Access improvements in schools	0.500	0.500	0.500	1.500
Children's Homes projects	1.243	0	0	1.243
Social Care projects	0.350	0.350	0.350	1.050
Health and Safety	0.400	0.400	0.400	1.200
Schools' devolved formula capital	3.350	3.350	3.350	10.050
Furniture and equipment and ICT	0.250	0.250	0.250	0.750

Contingency	6.623	7.172	7.907	21.702
Totals	80.868	60.174	55.070	196.112

Note: Individual scheme allocations include an estimate for future year's inflation at 3.5% per year.

Other improvement and modernisation projects

Access improvements in schools

- 6.2 As in previous years, funding has been made available to fund access improvements to mainstream schools, both at a pupil-led and strategic level. Therefore, it is proposed that £0.5m is included in each year's capital programme to finance specific access improvement projects in schools.
- 6.3 It is recommended that the projects listed at Appendix 4 are approved for 2018/19.

Strategic Review of Children's Homes

- 6.4 The programme to deliver six new Children's Homes is nearing completion. The new buildings will offer a homely environment for the small number of Children Looked After for which foster care or other provision is not suitable. While the group is small in number their needs are great, therefore, the unit cost of the service is high. The retention of a viable in-house service is critical to avoid dependency on a far more expensive and volatile external market.
- 6.5 The first five projects located in Chandler's Ford, Havant, Andover, Waterside and Fareham are now complete and were occupied during the spring and summer of 2017. The final project located in Winchester will be complete and be ready for occupation towards the end of 2018.

Foster Care

- 6.6 Provision of £0.1m each year is proposed within the programme to fund adaptations to foster carers' properties.

Adaptation Equipment

- 6.7 Funding has been identified within the programme from 2018/19 to provide equipment and adaptations for disabled children and young people to support their independence at home. This is a statutory duty on the local authority and without this support and intervention; many of these children and young people would not be able to remain at home resulting in a significant demand on the revenue budget.
- 6.8 Therefore, it is proposed to allocate £0.25m per year from the programme to support this essential work.

Schools' Devolved Formula Capital

- 6.9 Government grant allocations for schools' devolved formula allocations have yet to be announced. The assumption is that the allocation for 2018/19 will remain at the 2017/18 level and exclude Academies. The

allocation per school will be according to the DfE formula set out in Table 6 and is intended to fund high priority projects identified through schools' Asset Management Plans.

Table 6 – Schools' Devolved Formula Capital allocation

2018/19 Formula (assumed)	Allocation per school £ p.a.
Per nursery/primary pupil	11.25
Per secondary pupil	16.88
Per special school or education centre pupil	33.75
Lump sum (all schools)	4,000.00

6.10 Officers continue to work closely with schools to ensure that devolved formula capital allocations are spent appropriately on Asset Management Plan priorities. There is particular emphasis on ensuring that they are used in conjunction with County Council and other capital resources so that the maximum number of schools benefit and that resulting projects make optimum use of available resources. However, the reduced allocations continue to limit individual schools' opportunities to fund capital projects.

7. Developers' contributions

7.1 Developers' contributions are a vital source of resources to the Children's Services capital programme. For the period 2017- 2021 an estimated £64m is expected to contribute towards the total cost of the programme. However, such funds only cover costs incurred and their availability depends on the rate of house building.

7.2 The Community Infrastructure Levy (CIL) was introduced to ensure that all development contributes towards the provision of infrastructure, and provides transparency to developers in respect of planning obligations by making it clear what would need to be paid for at an early stage. The current policy for contributions was approved by the Executive Member for Children's Services on 24 July 2008 and updated in May 2017. Contributions fall into three categories:

- Where funding for a project has been allocated from the capital programme in advance of the contribution being received. The receipt is therefore repaying past expenditure and is available to add to the current year's cash limit;
- Where funding has been borrowed through the School Balances Loan Scheme or the Prudential Code to enable a project to begin in advance of the contribution being received. The receipt is used to repay borrowing;
- Where funding is available for a specific project, to be identified, within the area of the housing development to which the contribution relates.

- 7.3 The introduction of CIL is having a significant financial impact on the County Council. CIL restricts the County Council's ability to directly secure infrastructure contributions from new developments. Only the district and unitary authorities are designated as 'charging authorities' and permitted to implement a CIL and, as of April 2015, the regulations have required that the use of agreements under Section 106 of the Town and Country Planning Act be scaled back. To date Section 106 agreements have proved to be a successful model to deliver the essential infrastructure. Although Section 106 agreements will continue alongside CIL they will be on a much stricter and limited basis. In those areas that do not have an adopted district local plan, the opportunity arises for speculative development proposals. In such areas the true impact of CIL has yet to be fully tested.
- 7.4 The current regulations also limit the pooling of contributions taken under Section 106 to a maximum of five agreements, backdated to April 2010. This includes agreements that were entered into in relation to planning permissions that have not been implemented. The restriction was introduced in order to encourage authorities to introduce and operate CIL, and ensure that this is the primary mechanism for collecting funding to deal with the cumulative impact of development. This will have a significant impact on those projects that are required to serve more than five developments and for districts where the majority of schemes are required to meet the cumulative needs of development.
- 7.5 The Autumn Budget 2017 has restated the Government's commitment to review CIL and Developer Contributions. The Department for Communities and Local Government (DCLG) will launch a consultation with detailed proposals on the following measures:
- Removing Section 106 pooling restrictions
 - Speeding up the CIL process
 - Allowing authorities to set rates which better reflect the uplift in land values
 - Changing indexation of CIL rates to house price inflation, rather than build costs
 - Giving Combined Authorities and planning joint committees with statutory plan-making functions the option to levy a Strategic Infrastructure Tariff (SIT)
- 7.6 Subject to the outcome of the CIL review, there is a significant risk that the current levels of funding raised through Section 106 Agreements for the provision of additional school places will not be achieved through CIL. Where larger sites would usually be expected to provide land and funding for the construction of a new school, the land value would be included in the CIL calculation which means that the County Council may have a significant funding gap to bridge. The full implications on education contributions from CIL have yet to be clarified. The worst case scenario is that CIL will offer significantly reduced amounts of developer contributions

for all infrastructure provision. Officers from the County Council are currently working with a number of Government Offices looking at this specific issue.

- 7.7 Regular meetings take place with the Local Planning Authorities to ensure a collective understanding of the school places strategy for individual areas and need for developer contributions to meet the cost of the additional school provision.

8. Capital programme summary 2018/19 to 2020/21

- 8.1 The total amount available to fund starts in 2018/19 is £80.868m. Table 3 in paragraph 4.7 illustrates how this sum is arrived at.
- 8.2 On the basis of the position outlined above, the total value of the capital programmes submitted for consideration for the three years to 2020/21 is shown in Table 7 and attached at Appendix 1.

Table 7 – Capital programmes 2018/19 to 2020/21

	Schemes within locally resourced guidelines	Schemes funded with developers' contributions	Schemes supported by Government grants and borrowing	Total
	£m	£m	£m	£m
2018/19	0.100	7.235	73.533	80.868
2019/20	0.100	31.462	28.612	60.174
2020/21	0.100	24.807	30.163	55.070
Totals	0.300	63.504	132.308	196.112

9. 2019/20 to 2020/21 programmes

- 9.1 As indicated above, it is possible to fund those schemes where starts need to be made in 2018/19. The indicative resources available in 2019/20 total £60.174m and are summarised in Table 8.

Table 8 – Resources for 2019/20

	2019/20
	£m
Basic Need	0
SEND Grant	1.262
Developers' contributions	31.462
Schools' Devolved Capital grant	3.350
Corporate Resources	0.100
Resources carried forward to 2019/20	46.000
Resources carried forward to 2020/21	-22.000
Totals	60.174

10. Pressures on the capital programme

- 10.1 In contrast to the majority of local authorities across the country, the Children's Services capital programme has reached a balanced position between income and expenditure in recent years. However, the five year forward programme identifies a deficit in resources that was reported in the Medium Term Financial Strategy and Transformation report to Cabinet on 16 October 2017. This report identified that by 2021/22 there will be an overall shortage of funding in the total programme (mainly related to the provision of school places) of £55m, albeit that further steps will be taken to minimise this wherever possible.
- 10.2 Some of the financial challenges previously reported have reduced as a result of the work undertaken to reduce the cost of school building design as set out in Section 11. Alongside this, the strategy to pursue free schools has also helped reduce the deficit and officers will keep abreast of any new funding initiatives that may help to reduce the deficit further.
- 10.3 It is essential that officers design and deliver at the most economic cost while minimising the detrimental effect on the teaching spaces and environment. Future reports will cover this in more detail through individual project appraisals for approval by the Executive Member for Education.
- 10.4 It should also be noted that the construction industry is in a period of instability and inflationary pressures are currently volatile (Brexit etc.). This is covered in more detail in Section 12. Allowance has been made for future inflation costs using national available data and local knowledge. However, inflation, availability of resource, capacity to deliver in the industry will be kept under review and impacts on costs will have to be addressed if and when the need arises. The three year programme includes inflation on individual projects at 3.5% per annum.
- 10.5 The estimated cost of the new school places where starts are likely to be required in 2018/19, 2019/20 and 2020/21 is around £140m.

11. Successfully delivering lower cost school buildings

- 11.1 The County Council has a local and national reputation for the quality of its school buildings. Significant and successful work has been undertaken in recent years to reduce the cost of school design. This work recognises the need to work within the current financial constraints but also to maintain high standards with a focus on:
- Appropriate and sufficient space to accommodate learning and provide flexibility.
 - The use of robust and good quality materials to ensure the longevity and low maintenance of buildings.
 - Bringing costs down to within available funding from external sources (Developers' Contributions, Basic Need and Free School Grant) with the

fewest of exceptions. Some minor opportunities may exist for local enhancements but these will be considered on a case by case basis.

- Ensuring that designs are as economic, efficient and as compact as possible and in line with those of the DfE and other authorities through the detailed national cost benchmarking exercise that is led by the County Council, see paragraph 11.5.
- Develop Free School proposals to deliver on behalf of the DfE. Working to the strict and challenging funding envelopes set by the DfE. Challenging the DfE to secure the maximum possible grant funding for schools in Hampshire through knowledge and skills retained in the Councils Children's and Property Services.
- Adopting a common design approach where possible and replicating template proposals across a number of sites. This approach has been taken for a number of years and is being further developed and enhanced.

11.2 Lower cost schools have been delivered over the past 5 years and further work is on-going. The cost reductions to date have been delivered with the least impact on quality or scope. The estimated costs for the forward programme are now significantly closer to the available funding than previously reported. The gap now relates to variations in the following rather than building costs:

- Scope of the project cannot be reduced further without reducing the brief and delivering the required number of spaces.
- Other programmes of work beyond the provision of school pupil places.
- Abnormal costs on projects which cannot be met from 'external' funding sources like Basic Need because of challenging site conditions and necessary infrastructure.

11.3 It is inevitable that specification will be lower and elements like landscape and external works will be reduced to a statutory minimum. However, the revised designs will continue to maintain sensible and appropriate spaces for teaching and learning.

11.4 The approach to the delivery of Free Schools has been refined through workings with the DfE. The 'Local Delivery' route is complex and challenging given the governance, funding constraints and controls put in place by the DfE. Where it benefits the County Council and where sufficient funding is not available from other sources such as Developers' Contributions, this route is pursued. The relationship with the Education and Skills Funding Agency (ESFA) continues to develop positively and a number of projects passed key Gateways during 2017. This gives confidence for the future. In addition, the ESFA have invited Property Services to undertake further local delivery on their behalf on the Isle of Wight and in Reading, reinforcing the view of Hampshire as a reliable partner.

- 11.5 The County Council continues to maintain regular dialogue with the DfE and ESFA and has also led a national study to benchmark school costs. This information is providing invaluable data on the 'true' cost of providing school places. This evidence is being used to benchmark value for money for Hampshire schools and to inform negotiations with Government, local planning authorities and developers to maximise funding for the provision of the much needed additional pupil places across Hampshire.
- 11.6 The Director of Children's Services and the Director of Culture, Communities and Business Services have been working closely together to ensure that good quality school buildings are delivered but at still lower costs. Projects are batched into programmes where possible to achieve economies of scale and a shared design approach (but not one size fits all) is being adopted. If resources are not sufficient, modular accommodation may need to be considered as an option.

12. Emerging construction inflation and resource capacity issues

- 12.1 Given the scale of the County Council's Capital Programmes (including Children's Services), early and robust design judgements, together with cost controls, are imperative.
- 12.2 The general fiscal position of the UK economy is uncertain with still no clear outcome of Brexit and future trade deals or the UK's position within the global market. Government statistics appear to show the UK construction industry performs well but there has been little growth in a ten year period. Within the south east region the construction industry continues to be buoyant benefitting from projects under construction in London. However, overall there is uncertainty within the market.
- 12.3 Our partner consultants and other leading cost consultancy firms are advising a range of 0.0% to 1.6% for 2017/18 and up to 2.9% for 2018/19. BCIS are forecasting 2.1% for 2018/19 which we consider is a reasonable assessment based on an analysis of the data sources. Forecasts for 2019/20 from the BCIS are predicting a tender price increase as high as 5.5%, however, our partner consultants are a little more cautious and are predicting increases of up to 4.0%.
- 12.4 The BCIS are predicting a "muted" recovery in their narrative within the sector and they consider prices will remain competitive as contractors have to compete more for work. A clearer picture will emerge as we obtain more clarity around Brexit; the impact and confidence within the housing sector following the 2017 budget announcements and the impact of some of the key UK infrastructure projects gaining momentum.
- 12.5 Individual projects within the Children's Services capital programme contain an inflation allocation of 3.5% per annum.

13. Revenue Implications

- 13.1 The revenue implications of the proposed capital programme are shown in Table 9.

Table 9 Revenue implications of capital programme

Schemes within the guidelines	Full Year Cost	
	Current expenditure £m	Capital Charges £m
2018/19	0	0.675
2019/20	0	0.844
2020/21	0	0.756
Totals	0	2.275

13.2 The total revenue implications for the three years of the starts programme, including capital charges, represent a real term increase of 0.2% over the 2017/18 original budget of this service.

14. Amendments to the 2017/18 capital programme

Boorley Park Primary School, Botley

14.1 The planned new free school, detailed in Table 4 will be funded by the ESFA and developer contributions. This new 2fe primary school will serve the new housing development at Boorley Park, Botley. The total cost of the scheme is £6.462m and is due to open in September 2019.

14.2 In order to progress the design of the scheme with the approved contractor, £0.724m has been released by the ESFA from the main grant to enable the design phase to commence.

14.3 Therefore, it is recommended that the resources of £0.724m (including fees) are added to the 2017/18 programme.

Kings Furlong Infant & Junior, Basingstoke

14.4 Funding of £5.094m was approved for the 1fe expansion of Kings Furlong Infant and Junior School to become 3fe from the 2016/17 capital programme. Due to the challenges and constraints of the site additional costs have been identified for the following reasons:

- The school site is steeply sloping, requiring significant levels of cut and fill groundworks.
- Additional external works have been required to overcome the sloping site.
- A new kitchen is required at the infant school to cope with the increased numbers.
- Existing utilities have required upgrading including the diversion of a mains sewer.

14.5 Therefore, it is recommended that additional funding of £0.9m (including fees) is added to the 2017/18 programme to enable this scheme to progress.

Oakwood Infant & Greenfield Junior, Hartley Wintney

14.6 Funding of £4.5m was approved for the 1fe expansion of Oakwood Infant School and Greenfields Junior School to become 3fe from the 2015/16 Capital Programme and a further £ 0.6m was added from contingency in June 2017. Both projects have now been completed on site, providing a considerably enhanced teaching environment as well as increased capacity at both schools. However, there have been significant issues and more than anticipated costs in completing the schemes due to the extent of unforeseen asbestos, ground conditions and obstructions, structural and site issues relating to the existing schools and site drainage works which proved to be required due to impacts from neighbouring development.

14.7 Additional funding is therefore required for these two projects, and it is recommended that funding of £0.8m (including fees) be allocated to the project from the 2017/18 capital programme.

Trosnant Infant & Junior, Havant

14.8 A scheme to expand Trosnant Infant School and Trosnant Junior School by 1fe was reported on 18 January 2017. However, the decision has been taken to defer the expansion project following a downturn in forecast pupil numbers in the local area. This will also require a revocation of the Public Notice. The position has been shared with the headteacher and federated governing body who support the decision.

14.9 Part of the original scheme design allowed for the schools to function more effectively as a federation and these works will still be undertaken. The revised scheme will include a new community/family room, improved and enlarged resourced provision for SEND and improved entrance and staff facilities. Externally there will also be improvements made to the outside teaching and play areas.

14.10 The revised cost of the scheme will be £2.6m which is reflected in Appendix 2.

Early Years Funding for 2 year olds

14.11 Funding was identified within the programme for Early Years (2 year olds) to provide additional places. To help with the revenue budget pressures, it is proposed to transfer £0.511m of Early Years (2 year olds) capital provision to revenue. The remaining projects will be funded from the capital programme contingency once the detailed schemes have been agreed.

14.12 Therefore, it is recommended that £0.511m be transferred from the 2017/18 capital programme to the Children's Services revenue budget.

Swanwick Lodge Children's Home

14.13 A grant of £0.165m has been awarded by the Department for Education (DfE) for a drama room extension. This award has been granted on the basis that the works will be completed by 31 March 2018.

14.14 Therefore, it is recommended that the resources of £0.165m (including fees) are added to the 2017/18 programme.

Resources for the 2017/18 programme

- 14.15 The revised capital programme for 2017/18 reflecting the adjustments made during the year is shown at Appendix 2. This lists all the schemes in the current programme at the latest cost, which, where appropriate, takes account of the latest design specifications and inflation together with a reconciliation of resources.
- 14.16 A number of decisions have been taken under delegated officer powers since the last meeting in September 2017. These are all under the officer delegated amount of £0.25m and have been funded from the block vote allocations reported on 20 September 2017 when the current programme was approved.
- 14.17 Details of decisions taken since the last report in September 2017 are recorded for information in Appendix 5.

Resources and projects proposed to be carried forward to 2018/19

- 14.18 It will not be possible to start the schemes listed in Table 10 during 2017/18. In many cases this is due to the need to obtain the necessary statutory approvals and sometimes as a result of changes in the scope, brief or programming of projects. Therefore, it is proposed to defer these projects, with their resources, to 2018/19.

Table 10 – Resources and projects to be carried forward from 2017/18 to 2018/19

Project	Cost of Projects & Resources carried forward
Named projects	£m
Barton Farm Primary, Winchester	9.575
Children's Home, Winchester	1.243
Rownhams St John's Primary, Rownhams	0.551
Total carry forward	11.369

- 14.19 It is proposed to carry forward resources of £11.369m as shown in Table 3 and Table 10.
- 14.20 Updates relating to individual projects proposed to be carried forward are set out in the following paragraphs.

2017/18 Carry Forward Schemes - Basic Need Projects

Barton Farm Primary, Winchester

- 14.21 This project was reported to ELMCS on 18 January 2017 at a cost of £9.495m (including fees). The new school is now due to open in September 2019. This is in line with the need for new school places as a result of the slower than originally planned build out of the new housing.
- 14.22 A detailed costed project appraisal for this scheme will be brought to a future Decision Day.

Rownhams St John's CE Primary, Rownhams

- 14.23 This project was reported to ELMCS on 18 January 2017 at a cost of £0.551m (including fees). The scheme is now due to start in April 2020 and complete in August 2020.
- 14.24 A detailed costed project appraisal for this scheme will be brought to a future Decision Day.

2017/18 carry forward schemes – Other Projects

Children's Homes

- 14.25 The investment strategy is reported at paragraph 6.4. The new homes in phase one of the programme were occupied during the spring of 2017.
- 14.26 It is proposed to carry forward resources of £1.243m for the final project in Winchester that is due to start on site in the summer of 2018.

15. Potential Basic Need Projects 2018 – 2021

- 15.1 Table 11 lists all the potential Basic Need projects for the years 2018 – 2021.

Table 11 – Potential Basic Need projects with indicative costs 2018 – 2021

Projects Starting in 2018/19	Planned Expansion (additional places)	Estimated Cost £'000	Expected Date Places Available
Barton Farm Primary, Winchester	2fe New School	9,575	Sept 2019
Boorley Park Primary, Botley	2fe New School	6,470	Sept 2019
Bursledon Junior, Bursledon	1 classroom expansion	395	Sept 2018
Castle Hill Primary, Basingstoke	Expansion to 2fe	3,510	Sept 2019
Church Crookham Junior, Fleet	Expansion to 5fe	1,500	Sept 2019
Kings Copse Primary, Hedge End	Expansion to 1.5fe	2,000	Sept 2019
Northern Junior, Portchester	2 classroom expansion	400	Sept 2019
Petersgate Infant, Clanfield	Expansion to 3fe	1,714	Sept 2019
Whitchurch CE Primary, Basingstoke	Expansion to 2.5fe	2,070	Sept 2019
Deer Park School, Hedge End	7fe New School	21,480	Sept 2020
Chineham Park School, Basingstoke	125 place SEND New School	13,500	Sept 2020
Projects Starting in 2019/20	Planned Expansion (additional places)	Cost £'000	Expected Date Places Available
Bordon Infant & Junior, East Hants	Expansion to 3fe	3,440	Sept 2020
Colden Common Primary, Winchester	Expansion to 2fe	1,800	Sept 2020
Cornerstone CE (Aided) Primary, Whiteley	3fe New School	12,800	Sept 2020
Chestnut Avenue, Eastleigh	1.5fe New School	6,200	Sept 2020
Four Marks CE Primary, Alton	Expansion to 2fe	2,070	Sept 2020
Calthorpe Park, Fleet	Expansion to 12fe	9,180	Sept 2021
Henry Beaufort, Winchester	Expansion to 7fe	4,200	Sept 2021
Projects Starting in 2020/21	Planned Expansion (additional places)	Cost £'000	Expected Date Places Available
Four Lanes Infant & Junior, Basingstoke	Expansion to 4fe	5,000	Sept 2021
Hamble Primary, Hamble	Expansion to 1.5fe	2,000	Sept 2021
Hazelton Farm, Horndean	1fe New School	4,840	Sept 2021
Manydown Primary, Basingstoke	2fe New School	7,830	Sept 2021
Morelands Primary, Havant	Expansion to 2fe	2,000	Sept 2021
Overton Primary, Basingstoke	Expansion to 2.5fe	2,000	Sept 2021
Rownham St Johns CE Primary,	Expansion to 1.5fe	551	Sept 2021
Sun Hill Infant & Junior, Winchester	Expansion to 3fe	4,000	Sept 2021
Welborne Primary, Fareham	2fe New School	7,830	Sept 2021

16. Modular Classrooms

- 16.1 Due to pressures on the programme, consideration will need to be given to the use of modular classrooms. For some schools, modular classrooms may be the only expansion solution, whilst others may find a mixture of both permanent and modular accommodation.
- 16.2 The current modular classroom is a much higher quality building than those of the past, meeting the most recent building regulations.

- 16.3 Details of the location of modular buildings required for September 2018 are listed in Appendix 3. In some cases the units will be rented due to the shorter term requirement, whilst others will be purchased recognising a longer term pressure in those locations. Therefore, it is recommended that approval be given for the application of planning for modular buildings listed at Appendix 3.
- 16.4 It is also recommended that authority be delegated to the Director of Children's Services to revise and if necessary add to sites for the modular buildings listed in Appendix 3 following receipt of updated information on pupil numbers early in the spring term.

17. Action taken by the Director of Children's Services

- 17.1 Under delegated powers, and following consultation with the Executive Member for Children's Services, the actions set out in Appendix 5 have been taken and it is recommended that these approvals are noted.

CORPORATE OR LEGAL INFORMATION:**Links to the Strategic Plan**

Hampshire maintains strong and sustainable economic growth and prosperity:	yes
People in Hampshire live safe, healthy and independent lives:	yes
People in Hampshire enjoy a rich and diverse environment:	yes
People in Hampshire enjoy being part of strong, inclusive communities:	yes

Other Significant Links

Links to previous Member decisions:		
<u>Title</u>	<u>Reference</u>	<u>Date</u>
Children's Services Capital Programme 2017/18 to 2019/20	7917	18 January 2017
Children's Services Capital Programme update	n/a	19 June 2017
Children's Services capital programme update	n/a	20 September 2017
Direct links to specific legislation or Government Directives		
<u>Title</u>		<u>Date</u>

Section 100 D - Local Government Act 1972 - background documents

The following documents discuss facts or matters on which this report, or an important part of it, is based and have been relied upon to a material extent in the preparation of this report. (NB: the list excludes published works and any documents which disclose exempt or confidential information as defined in the Act.)

<u>Document</u>	<u>Location</u>
None	

IMPACT ASSESSMENTS:

1. Equality Duty

1.1 The County Council has a duty under Section 149 of the Equality Act 2010 ('the Act') to have due regard in the exercise of its functions to the need to:

- Eliminate discrimination, harassment and victimisation and any other conduct prohibited under the Act;
- Advance equality of opportunity between persons who share a relevant protected characteristic (age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, gender and sexual orientation) and those who do not share it;
- Foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

Due regard in this context involves having due regard in particular to:

1. The need to remove or minimise disadvantages suffered by persons sharing a relevant characteristic connected to that characteristic;
2. Take steps to meet the needs of persons sharing a relevant protected characteristic different from the needs of persons who do not share it;
3. Encourage persons sharing a relevant protected characteristic to participate in public life or in any other activity which participation by such persons is disproportionately low.

2. Equalities Impact Assessment:

Equality and diversity objectives are not considered to be adversely affected by the proposals of this report.

3. Impact on Crime and Disorder:

Crime and disorder objectives are not considered to be adversely affected by the proposals of this report.

4. Climate Change:

How does what is being proposed impact on our carbon footprint / energy consumption?

When the Children's Services Capital Programme invests in new build, replacement or refurbishment works, Property Services colleagues include an assessment of reductions in energy consumption (carbon use) in the design. In all new buildings and in the majority of refurbishment type investments, the latest technologies and materials are specified in order to maximise the impact on reducing carbon consumption. Many projects are also able to employ passive design approaches including natural ventilation and improved insulation to actively reduce consumption in summer and winter conditions.

How does what is being proposed consider the need to adapt to climate change, and be resilient to its longer term impacts?

The proposals seek to provide compact and energy-efficient building envelopes. Any new build or extensions will meet current building regulations standards for thermal performance. Where possible appropriate sustainable materials will be employed to reduce the environmental impact of the proposals.