

HAMPSHIRE COUNTY COUNCIL

Decision Report

Decision Maker:	Executive Lead Member for Children's Services
Date of Decision:	17 January 2019
Decision Title:	Children's Services Capital Programme 2019/20 to 2021/22
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 2019/20 to 2021/22 as set out in Appendix 1 and the revised capital programme cash limit for 2018/19 as set out in Appendix 2 including the transfers between years as set out in Table 3.
- 1.2 That the deferral of resources relating to schemes of £33.580m be approved for submission to Cabinet as shown in Table 10 of this report.
- 1.3 That the following variations to the 2018/19 capital programme be approved:
 - It is recommended that additional resources of £0.815m (including fees) is added to the 2018/19 programme to deliver a new 3G pitch at Testbourne Community School.
- 1.4 It is recommended that funding and 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 also recommended that authority be delegated to the Director of Children's Services to revise and fund, in line with the funding set out in Table 5, any additional modular buildings other than those listed in Appendix 3 following receipt of updated information on pupil places required for the September 2019 intakes.
- 1.6 That the projects listed at Appendix 4 for Access Improvements in Schools for 2019/20 be approved.
- 1.7 That 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 2019/20 to 2021/22 and the revised capital programme for 2018/19. The proposals contained within this report continue an exciting investment by the County Council 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 17 January 2019. It will be reported to the Leader and Cabinet on 1 February 2019 to make final recommendations to County Council on 14 February 2019.
- 2.3 In contrast to the majority of local authorities across the country, the Children's Services capital programme maintains a balanced position between income and expenditure over the proposed three year period of the 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. A 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 keep calls on the County Council's resources 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 2021/22 and School Condition Allocation (SCA) for the year 2019/20. However, indications are that the 2019/20 SCA allocation will be equal to 2018/19. Devolved Formula Capital (DFC) has yet to be confirmed for 2019/20 but again, expectations are that it will be at a similar level to the 2018/19 allocation. As detailed in paragraph 4.3 the Chancellor of the Exchequer announced an additional £400m for schools in the budget. This will be paid as an additional DFC grant during 2018/19.
- 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 2019/20 to 2021/22 within the guidelines used for the current capital programme including an assumption for 2021/22. The programme for 2020/21 onwards is indicative and subject to change.
 - A programme of capital schemes for 2019/20 to 2021/22 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, 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

	2019/20	2020/21	2021/22
	£m	£m	£m
Annual Allocation	0.100	0.100	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 2019/20 and 2020/21. Allocations to date for School Condition Allocation and the formula allocation for Devolved Formula Capital only cover 2018/19.
- 4.3 Additional capital resources of £400m were announced for schools by the Chancellor of the Exchequer in the budget announcement on 29 October 2018. This equates to an extra £10,000 for an average sized primary school and up to £50,000 for an average sized secondary school. A calculator was released in December which gives schools the ability to calculate their allocations, as shown in Table 6. The grant funding will be paid in 2018/19 and is to be spent on schools' own priorities such as building improvements, equipment and ICT. The County Council will passport all of the funding directly to schools in a similar way to how DFC is managed.
- 4.4 Hampshire received a favourable Basic Need allocation in 2020/21, there is the potential for a zero or low capital allocation in 2021/22 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 2019.
- 4.5 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.

- 4.6 Table 2 sets out the capital allocations for Basic Need and School Condition Allocation together with an assumed level of funding for 2021/22.

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

Grant	2019/20	2020/21	2021/22 (assumed)
	£m	£m	£m
Basic Need New pupil places	0	14.712	0
School Condition Allocation (assumed)	17.264	17.264	17.264
Total	17.264	31.976	17.264

- 4.7 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.

- 4.8 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 2021/22 are set out in Table 3. To address the need to fund a number of major projects in 2021/22, the funding available for starts in 2019/20 has been reduced, and resources carried forward to 2021/22.

Table 3 – Three year capital resources summary

	2019/20 (assumed)	2020/21 (assumed)	2021/22 (assumed)	Total
	£m	£m	£m	£m
Basic Need - new pupil places	0	14.712	0	14.712
Basic Need – Grant c/f	31.575	0	0	31.575
Schools’ Devolved Capital	3.313	3.313	3.313	9.939
SEND Grant	1.849	1.556	0	3.405
Developers’ contributions anticipated	29.322	5.500	37.567	72.389
SCA Grant	15.566	0	0	15.566
Carry forward resources to 2019/20 and 2020/21*	31.510	2.070	0	33.580
Corporate capital resources	0.100	0.100	0.100	0.300
Capital receipts	0.510	0	0	0.510
Other contributions	0.400	0	0	0.400

Carry forward resources to 2019/20	46.000	0	0	46.000
Carry forward resources to 2020/21		3.000	0	3.000
Carry forward resources to 2021/22	-55.000	-1.000	56.000	0
Carry forward resources to 2022/23			-15.000	-15.000
Totals	105.145	29.251	81.980	216.376

Note: *Subject to government approval.

- 4.9 Resources totalling £33.580m are proposed to be carried forward to 2019/20 and 2020/21, this relates to projects being started in 2019/20 and 2020/21.

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

- £55m proposed to be carried forward from 2019/20 to 2021/22
- £1m proposed to be carried forward from 2020/21 to 2021/22

5. Three year capital allocations 2019/20 – 2021/22 – overview

- 5.1 The planned investment programme continues with a focus on school places and school condition. The 2020/21 onwards programme is indicative and subject to change.

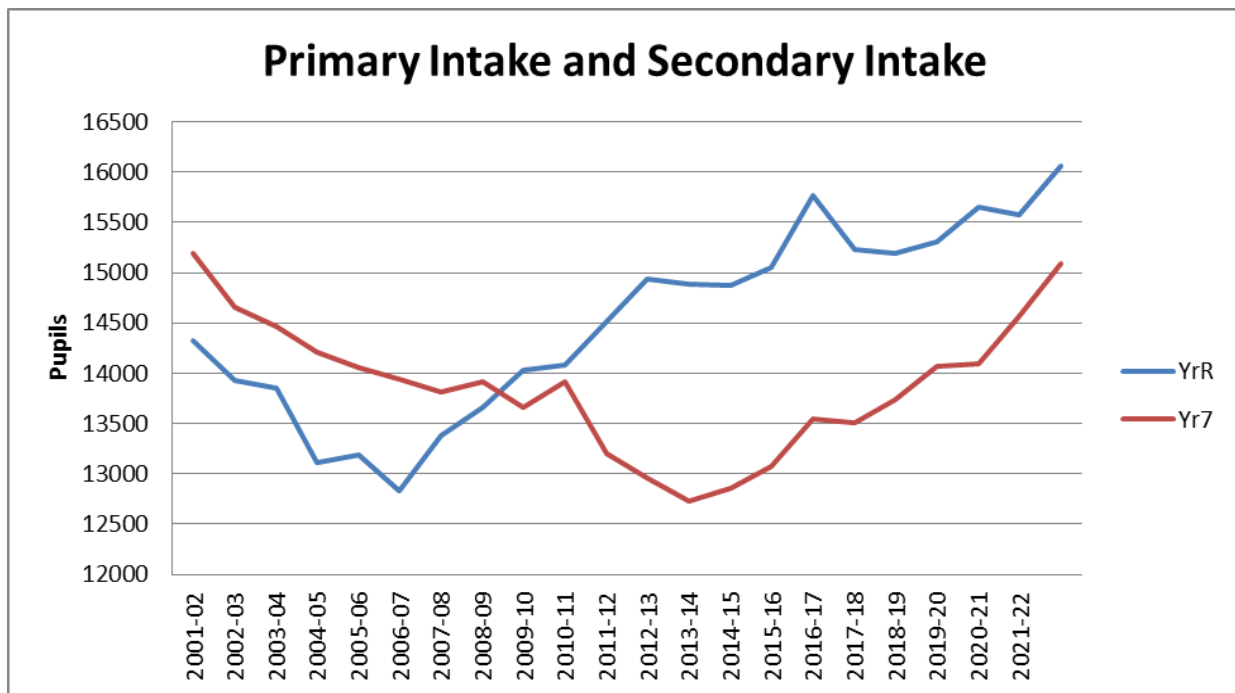
New Mainstream School Places

- 5.2 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.
- 5.3 The proposals contained within this report continue an exciting investment by the County Council for Hampshire children that will not only help raise educational standards, but also create many additional local employment opportunities within its delivery. During the period 2013 to 2018 the County Council will have delivered 12,691 new school places with projects contained within the 2019/20 to 2021/22 programme totalling a further 5,870 giving a total of 18,561 new school places by September 2021.
- 5.4 There are over 36,000 new dwellings planned for Hampshire between 2018 and 2022 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 Hampshire School Places Plan 2019- 2023 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 2023 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 which has now begun to decelerate. 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 graph below demonstrates primary numbers and movement into the secondary phase at Year 7.



5.7 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.

- 5.8 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 alternative 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.
- 5.9 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 2022. The secondary impact of these pupils is also starting to impact on the programme and is set out further in the School Places Plan.
- 5.10 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. However, steps are being undertaken to minimise this where possible.

New Schools

- 5.11 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 site and buildings to the Academy on a Full Repairing and Insuring 125 year lease but still retains the freehold of the site.
- 5.12 There are currently two routes available to open a new school, but it should be noted that the size and scope of 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 all submissions. 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 using DfE building rates.
- 5.13 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.

- 5.14 The timing of the new provision to serve new developments 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 indications that the secondary pupil yield is taking some time to have an impact on the school system.
- 5.15 Feasibility work is ongoing for the proposed new schools, particularly where negotiations are taking place with developers and 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.
- 5.16 Hampshire's first DfE funded 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 – Planned New Mainstream Schools in Hampshire by September 2022

Area / School	Size & Type of School	Proposed Opening Date	Sponsor Status
Pilgrims Cross VA Primary, Andover	2fe Primary	Sept 2013	Portsmouth & Winchester Diocesan Academies Trust
Tweseldown Infant, Fleet	3fe Infant (relocation and expansion)	Sept 2014	Local Authority Maintained
Berewood Academy, Waterlooville	2fe Primary	Sept 2014	University of Chichester
The Westgate School, Winchester	2fe Primary phase	Sept 2014	Local Authority Maintained
Castle Hill Primary, Basingstoke	1fe Primary (expanding to 2fe Sept 2019)	Sept 2015	Local Authority Maintained
Cambridge Primary, Aldershot	2fe Primary (future 3fe)	Sept 2018	Engage, Enrich, Excel Academies
Boorley Park Primary Academy, Botley	2fe Primary (future 3fe)	Sept 2019	Wildern Academy Trust
Barton Farm Primary Academy, Winchester	2fe Primary	Sept 2020	The University of Winchester Academy Trust
Stoneham Park Academy, Eastleigh	1½fe Primary	Sept 2020	The University of Winchester Academy Trust

Cornerstone Primary, Whiteley	3fe Primary (relocation and expansion of 1fe Primary)	Sept 2020	Portsmouth & Winchester Diocesan Academies Trust
Austen Academy, Basingstoke	125 place 4-16 SEND School	April 2021	Catch 22 Multi Academies Trust
Deer Park School, Hedge End	7fe Secondary	Sept 2021	Wildern Academy Trust
Hazelton Farm, Horndean	1fe Primary	Sept 2022	tbc
Manydown Primary, Basingstoke	2fe Primary	Sept 2022	tbc
Welborne Primary, Fareham	2fe Primary (future 3fe)	Sept 2022	tbc
Hartland Park, Fleet	2fe Primary	Sept 2022	tbc

Special Educational Needs and Disability (SEND) Strategy

- 5.17 The overall increase in pupil numbers also impacts on the need for SEND places with 3.4% of our school population having a SEND Education Health and Care Plan. The increase in the SEND school population puts a significant pressure on existing special schools and resourced provision. This, alongside advances in medical technology is giving rise to some schools having very specific accommodation needs to meet the specialist and often complex requirements of individual pupils. For these reasons, there are a number of significant suitability issues within special schools across the county.
- 5.18 A SEND School Places Sufficiency Strategy is due to be launched early in 2019 that will identify any shortfalls in provision together with the need to review the suitability of some of the school accommodation.
- 5.19 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.

Special Educational Needs and Disability – Grant Funding

- 5.20 National funding of £215m was announced in May 2018 by the DfE to support SEND projects at existing schools for which the County Council will receive £3.786m over three years. Subsequently the DfE announced a further £50m of funding of which the County Council will receive £0.881m. Total funding for the period 2018/19 – 2020/21 will total £4.668m.
- 5.21 To access this SEND funding, a plan for spend was submitted to, and approved by the DfE. As mentioned above, the County Council was also one of the authorities awarded additional funding on the strength of the plan. The prioritisation of this grant funding is assessed annually alongside the emerging SEND School Places Strategy and supports the county wide need for SEND places.

Austen Academy 4-16 Autistic Spectrum Disorder (ASD) School, Basingstoke

- 5.22 As part of the strategy to manage the demand for additional SEND school places, a bid was made to the DfE for a 125 place 4-16 ASD special free school on the former Chineham Park Primary School site, Basingstoke. The bid was successful and Catch 22 Multi Academy Trust have been appointed as the sponsors of the new school.
- 5.23 Catch 22 have named the new school the Austen Academy. The new building will be funded by the DfE and should be at nil capital cost to the County Council. The school is due to open in April 2021.
- 5.24 Where Local Authorities are able to provide land, a further opportunity to bid for a DfE funded Free Special School has been received from the DfE. Hampshire & Isle of Wight Councils have submitted a joint bid for an 80-place 7-18 special school, with a 20 place residential unit in the south of Hampshire, for pupils with Social, Emotional and Mental Health (SEMH) needs. Progress on the bid is expected in spring 2019.

Early Years

- 5.25 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.
- 5.26 Working with childcare providers and schools, all of these projects completed in January 2019 and created an additional 188 new childcare places.

Schools Programme – delivery

- 5.27 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.
- 5.28 [Table 11](#) in section 15 lists the potential school expansions and new school projects through to 2021/22, although this table is not 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 are not project allocations. There remains a target to reduce the costs of all schemes where possible.

- 5.29 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. More detailed cost appraisals will be brought to future Decision Days.

School Suitability Investment Programme

- 5.30 The focus of capital investment in recent years has been on Basic Need and Capital Maintenance. However, it is recognised that some buildings are now in need of significant suitability investment that is beyond individual school budgets. It is proposed to allocate £5m (including fees) of County Council resources to start a programme of investment to ensure facilities are fit for purpose and continue to provide good quality learning environments.

- 5.31 Specifically, this work will include:

- Environmental improvements to the function of the space – light, ventilation, acoustics
- Modernisation of teaching spaces to better meet current curriculum delivery – including specialist rooms
- Related improvements to fixtures, fittings and decorations

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

	2019/20 (Assumed)	2020/21 (Assumed)	2021/22 (Assumed)	Totals
	£m	£m	£m	£m
New schools and extensions	89.698	13.482	56.702	159.882
Early years/childcare sufficiency	0.000	0.000	5.000	5.000
New modular classrooms	2.000	2.000	2.000	6.000
Other special school and SEN improvements	1.766	2.556	6.000	10.322
Other improvement projects	3.000	4.000	4.000	11.000
Access improvements in schools	0.500	0.500	0.500	1.500

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	3.313	3.313	3.313	9.939
Furniture and equipment and ICT	0.250	0.250	0.250	0.750
Contingency	3.868	2.400	3.465	9.733
Totals	105.145	29.251	81.980	216.376

Note: Individual scheme allocations include an estimate for future year's inflation at 3.3% per year.

Other improvement and modernisation projects

Fryern Junior, Chandlers Ford and Grange Junior, Gosport – Timber Framed Buildings

- 6.2 A report was approved by EMPR on 9 March 2017 to replace two 2 storey 1960's timber framed schools in Hampshire. Whilst the buildings are structurally safe, due to their type of construction, they are both scheduled for replacement. The schools are Fryern Junior School, Chandler's Ford and Grange Junior School, Gosport.
- 6.3 Feasibility work has been undertaken to consider the options of how best to replace these structures. Consequently, it is proposed to fund the replacement of both schools in totality as this is only marginally more expensive than the alternative partial rebuild and refurbishment solutions. Furthermore, value for money will be achieved through the economies of scale in adopting a common approach to the design, procurement and delivery of the two projects. The total cost estimate for full replacement of the two schools is £15.566m including fees.
- 6.4 Owing to the size of these projects, it is proposed to include them in the Children's Services Capital programme and transfer the required SCA funding from the Policy and Resources grant allocation.

Access improvements in schools

- 6.5 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.
- 6.6 It is recommended that the projects listed at Appendix 4 are approved for 2019/20.

Foster Care

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

Adaptation Equipment

- 6.8 Funding has been identified within the programme from 2018/19 onwards 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.
- 6.9 Therefore, it is proposed to allocate £0.25m each year from the programme to support this essential work.

Schools' Devolved Formula Capital

- 6.10 Government grant allocations for schools' devolved formula allocations have yet to be announced. The assumption is that the allocation for 2019/20 will remain at the 2018/19 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

School Phase	2018/19 Additional capital funding per school £	2019/20 Formula (assumed) £
Per nursery/primary pupil	32.10	11.25
Per secondary pupil	48.15	16.88
Per special school or education centre pupil	96.30	33.75
Lump sum (all schools)	3,000.00	4,000.00

- 6.11 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 2019 - 2022 an estimated £72m 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 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 local plan, the opportunity arises for speculative development proposals.

7.4 Alongside the Autumn Budget 2018, the Government published its response to the consultation on supporting housing delivery through developer contributions. The Government still sees the Community Infrastructure Levy as an effective mechanism for collecting contributions towards addressing the cumulative impact of development but recognises the need to lift the restrictions on pooling in all areas. The changes to the pooling system are fully supported by the County Council. These changes will require an amendment to primary legislation and as such the Government plans to consult on the changes to the legislation in early 2019.

7.5 There remains a significant risk that the current levels of funding raised through Section 106 Agreements for the provision of additional school places will not be matched through future CIL receipts, where Districts/Boroughs propose to use CIL to fund education infrastructure. 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, as a result of the proposed changes to the regulations have yet to be clarified.

7.6 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 2019/20 to 2021/22

- 8.1 The total amount available to fund starts in 2019/20 is £105.145m. Table 3 in paragraph 4.8 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 2021/22 is shown in Table 7 and attached at Appendix 1.

Table 7 – Capital programmes 2019/20 to 2021/22

	2019/20	2020/21	2021/22	Total
	£m	£m	£m	£m
Schemes within locally resourced guidelines	0.100	0.100	0.100	0.300
Schemes funded with developers' contribution	29.322	5.500	37.567	72.389
Schemes supported by Government grants and borrowing	75.723	23.651	44.313	143.687
Totals	105.145	29.251	81.980	216.376

9. 2020/21 to 2021/22 programmes

- 9.1 As indicated above, it is possible to fund those schemes where starts need to be made in 2019/20. The indicative resources available in 2020/21 total £29.251m and are summarised in Table 8.

Table 8 – Resources for 2020/21

	2020/21
	£m
Basic Need	14.712
SEND Grant	1.556
Calls on developers' contributions	5.500
Schools' Devolved Capital grant	3.313
Corporate Resources	0.100
Resources carried forward to 2020/21	2.070
Resources carried forward to 2020/21	3.000
Resources carried forward to 2021/22	-1.000
Totals	29.251

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 identified a deficit in resources that was reported in the Medium Term Financial Strategy and Transformation report to Cabinet on 16 October 2017. However, 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 3.3% per annum.
- 10.5 This exciting investment in new school places for Hampshire children is costed at around £160m over the next three years.

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 work has been undertaken in recent years to successfully deliver buildings at lower cost. Work continues to reduce the cost of delivery within current financial constraints. Design standards remain high with a focus on:
 - Appropriate and sufficient space to accommodate learning and provide flexibility.
 - The use of good quality and robust materials to ensure longevity and low maintenance over the lifetime of the buildings.
 - Ensuring that designs are efficient, compact and as economic as possible whilst ensuring that costs are within available funding.
 - Adopting common design approaches and standards, replicating templated proposals across a number of sites where possible
- 11.2 Better value schools have been delivered over the past 5 years and further work continues to reduce costs. The cost reductions to date have been achieved by batching projects into programmes of work delivered with the least impact on quality or scope. This enables economies of scale to be

realised and the forward programme of work now matches the available funding.

- 11.3 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 Developer Contributions, this route is pursued. The relationship with the DfE continues to develop positively and a number of projects passed key Gateways during 2018. This gives confidence for the future. In addition, the DfE 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 delivery partner.
- 11.4 The County Council is continuing to lead the national study to benchmark the cost of schools across the country. This study is endorsed by the DfE and provides invaluable information 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 additional pupil places across Hampshire.

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, continue to be imperative.
- 12.2 The outlook for the UK economy is uncertain, given the uncertainties of Brexit. The UK construction industry performs well but has experienced a drop in confidence in terms of future orders and financial returns. The market nationally is fragile as evidenced by the collapse of a major contractor and continues to be monitored closely.
- 12.3 Tender price inflation is influenced by the level of risk accepted by the supply chain and how that is priced. The BCIS are forecasting 3.2% for 2018/19 – 2019/20 and 4.0% for 2019 – 2020. This is considered a reasonable assessment. Individual projects within the Children's Services capital programme contain an inflation allocation of 3.3% per annum.
- 12.4 The general fiscal position for the UK economy remains uncertain with no consistent forecasts to economic and construction industry activity. There is a risk of higher prices given the potential lack of continuity for contractors and their supply chains. Use of local and regional construction frameworks and the early engagement of contractors will be vital in securing value for money from the industry.

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			Total £m
	2019/20 £m	2020/21 £m	2021/22 £m	
Current expenditure	0	0	0	0
Capital Charges	1.377	0.650	0.787	2.814
Totals	1.377	0.650	0.787	2.814

- 13.2 The total revenue implications for the three years of the starts programme, including capital charges, represent a real term increase of 0.3% over the 2018/19 original budget of this service.

14. Amendments to the 2018/19 capital programme

Testbourne Community School, Whitchurch

- 14.1 Testbourne Community School has recently been successful in securing external funding from the Football Foundation and Basingstoke & Deane Borough Council to provide a new 3G artificial grass pitch for the school and the local community.
- 14.2 Therefore, it is recommended that funding of £0.815m (including fees) is added to the 2018/19 capital programme. The project is due to complete in the autumn term.

Resources for the 2018/19 programme

- 14.3 The revised capital programme for 2018/19 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.
- 14.4 A number of decisions have been taken under delegated officer powers since the last meeting in July 2018. These are all under the officer delegated amount of £0.25m and have been funded from the block vote allocations reported on 12 July 2018 when the current programme was approved.
- 14.5 Details of decisions taken since the last report in July 2018 are recorded for information in Appendix 5.

Resources and projects proposed to be carried forward to 2019/20 and 2020/21

- 14.6 It will not be possible to start the schemes listed in Table 10 during 2018/19. 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 2019/20 and 2020/21.

Table 10 – Resources and projects to be carried forward from 2018/19 to 2019/20 and 2020/21

Project	Cost of Projects & Resources carried forward
Named projects	£m
Austen Academy, Basingstoke	10.030
Deer Park Secondary, Eastleigh	21.480
Whitchurch Primary, Basingstoke	2.070
Total carry forward	33.580

14.7 It is proposed to carry forward resources of £33.580m as shown in Table 3 and Table 10.

14.8 Updates relating to individual projects proposed to be carried forward are set out in the following paragraphs.

2018/19 Carry Forward Schemes - Basic Need Projects

Austen Academy, Basingstoke

14.9 This project was reported to ELMCS on 15 January 2018 at a cost of £13.500m (including fees). A contractor for the project has been appointed and detailed design work is under way. As a result of this work, the cost of the new school (and therefore the grant received from the DfE) has now reduced to £10.030m. The new school is now scheduled to open in April 2021, subject to the funding agreement by the DfE.

14.10 A detailed costed project appraisal for this scheme will be brought to a future Decision Day.

Deer Park Secondary, Eastleigh

14.11 This project was reported to ELMCS on 15 January 2018 at a cost of £21.480m (including fees). The new school is due to open in September 2021. This enables the new school project to align itself with the wider infrastructure enhancements in the local area.

14.12 A detailed costed project appraisal for this scheme will be brought to a future decision day.

Whitchurch Primary, Basingstoke

14.13 This project was reported to ELMCS on 18 January 2017 at a cost of £2.070m (including fees). The scheme is now due to start during 2020 and complete in September 2021.

14.14 A detailed costed project appraisal for this scheme will be brought to a future Decision Day.

15. Potential Capital Projects 2019 – 2022

15.1 Table 11 lists the potential capital projects for the years 2019 – 2022.

Table 11 – Potential Capital Projects 2019 – 2022 with indicative costs

Projects Starting in 2019/20	Planned Expansion (additional places)	Estimated Cost £'000	Expected Date Places Available
Ashley Junior, New Milton	Site Improvements	345	Sept 2020
Barton Farm Primary, Winchester	2fe New School	10,433	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
Stoneham Park Academy, Eastleigh	1.5fe New School	6,200	Sept 2020
Fair Oak Infant & Junior, Eastleigh	Significant re-modelling	1,800	Sept 2020
Fryern Junior, Chandler's Ford	Major refurbishment	7,642	Sept 2020
Grange Junior, Gosport	Major refurbishment	7,924	Sept 2020
Kings Furlong Infant, Basingstoke	New nursery	1,250	Sept 2020
Austen Academy, Basingstoke	125 place SEND New School	10,030	April 2021
Norman Gate School, Andover	Classroom re-modelling	600	Sept 2020
Prospect School, Havant	3 classroom extension	800	Sept 2020
St Francis Special School, Fareham	Significant re-modelling	4,394	Sept 2020
Deer Park School, Eastleigh	7fe New School	21,480	Sept 2021
Wyvern Secondary, Fair Oak	Significant re-modelling	2,200	Sept 2020
Projects Starting in 2020/21	Planned Expansion (additional places)	Estimated Cost £'000	Expected Date Places Available
Four Marks CE Primary, Alton	Expansion to 2fe	2,151	Sept 2021
Whitchurch CE Primary, Basingstoke	Expansion to 2.5fe	2,151	Sept 2021
Calthorpe Park, Fleet	Expansion to 11fe	9,180	Sept 2021
Projects Starting in 2021/22	Planned Expansion (additional places)	Estimated Cost £'000	Expected Date Places Available
Bordon Infant & Junior, East Hants	Expansion to 3fe	3,421	Sept 2022
Fareham Primary Places	1fe Expansion	5,380	Sept 2022
Hartland Park, Fleet	2fe New School	8,670	Sept 2022
Hazelton Farm/Land East of Horndean	1fe New School	4,840	Sept 2022
Manydown Primary, Basingstoke	2fe New School	8,670	Sept 2022
Morelands Primary, Havant	Expansion to 2fe	2,051	Sept 2022
South Hampshire	New SEND School	15,000	Sept 2022
Welbourne Primary, Fareham	2fe New School	8,670	Sept 2022

16. Modular Classrooms

- 16.1 The use of high quality modular buildings can be a solution for some accommodation pressures. Such buildings are relatively quick to install and provide for a good quality learning environment, meeting the most recent building regulations. 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 Details of the location of modular buildings required for September 2019 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 funding and approval be given for the application of planning for modular buildings listed at Appendix 3.
- 16.3 It is also recommended that authority be delegated to the Director of Children's Services to revise and fund, in line with the funding set out in Table 5, any additional modular buildings other than those listed in Appendix 3 following receipt of updated information on pupil places required for the September 2019 intakes.

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.)

DocumentLocation

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.