

HAMPSHIRE COUNTY COUNCIL

Decision Report

Decision Maker:	Executive Lead Member for Children's Services and Deputy Leader
Date:	19 June 2017
Title:	Children's Services Capital Programme update
Report From:	Director of Children's Services and Director of Corporate Services

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1. Executive Summary

- 1.1 This report seeks approval for the updated Children's Services Capital Programme for 2017/18 to 2019/20.
- 1.2 This report also sets out proposed changes to the 2017/18 capital programme.
- 1.3 The report has been prepared in consultation with the Executive Lead Member for Children's Services (ELMCS).
- 1.4 The Secretary of State announced details of individual local authority capital allocations on 3 April 2017. These included the School Condition Allocations for 2017/18 and Basic Need allocations for 2019/20.
- 1.5 The proposals contained in this report are derived from the departmental service plan(s) which have been developed to support the priorities of the Corporate Strategy.

2. Background

- 2.1 The Secretary of State has now announced details of individual local authority capital allocations for Basic Need (BN) and the School Condition Allocations (SCA). The announcement covers the period 2019/20 for BN and 2017/18 for SCA.
- 2.2 The Children's Services Capital Programme is based on government grants, capital receipts, developer's contributions and local resources.

3. Capital Programme 2017/18 to 2019/20

- 3.1 On the basis of recent DfE announcements, resources available for each of the three forward years to 2019/20 are as set out in Table 1.

Table 1 – Three year capital resources summary

	2017/18 (actual)	2018/19 (actual)	2019/20 (actual)	Total
	£m	£m	£m	£m
Basic Need - new pupil places	34.479	28.377	0	62.856
Schools' Devolved Capital ¹	3.353	3.353	3.353	10.059
Developers' contributions anticipated	35.632	16.679	29.692	82.003
Capital receipts anticipated	6.100	3.570	1.000	10.670
Corporate capital resources	0.100	0.100	0.100	0.300
Other Contributions	7.863	0	0	7.863
Carry forward resources to 2017/18 (Projects)	20.210	0	0	20.210
Resources Carried forward to 2017/18	25.000	0	0	25.000
Carry forward resources to 2018/19	-7.000	19.000	0	12.000
Carry forward resources to 2018/19	-19.000	19.000	0	0
Carry forward resources to 2019/20	0	-46.000	46.000	0
Resources to be identified	0	0	2.000	2.000
Totals	106.737	44.079	82.145	232.961

Basic Need Allocation 2019/20

- 3.2 The most recent capital announcement by the DfE did not allocate any capital funding to Hampshire for Basic Need in 2019/20. Whilst this is disappointing, it was somewhat expected and was largely accounted for in our resources plan produced in the Capital Programme Report of 18 January 2017. Government grant for the period 2017-20 totals £62.856m and the grant allocations from the DfE have largely caught up with the requirement and delivery of school places. The DfE have developed a fair and transparent way of allocating Basic Need funding that directly relates to the forecast need. In Hampshire, some new school place funding has been provided for places yet to be delivered. There is also the potential for a zero or very low capital allocation in 2020/21 as the DfE assess the impact of the

¹ Schools' Devolved Capital allocations assumed for 2017/18, 2018/19 and 2019/20

free school places they directly fund. At this stage, it is unclear exactly how this will be calculated, with guidance from the DfE awaited.

Revised Capital Programme 2016/17

- 3.3 As a result of the deferral of resources by the County Council at its meeting on 16 February 2017 and other programme amendments, the revised cash limit for the programme is shown in Table 2.

Table 2 – Revised 2016/17 Cash Limit	£'000
Cash limit reported 18 January 2017	92.960
Projects and resources carried forward to 2017/18	-20.610
Early Years Grant – 30 hour provision	2.631
Adjusted Developer Contributions	-0.557
Cash Limit adjustment	-0.130
Swanwick Lodge – additional DfE grant	0.046
Total	74.340

Carry forward from 2016/17

- 3.4 A total of £56.975m will be carried forward into 2017/18. This includes resources and projects (totalling £20.610m) carried forward when the 2017/18 capital programme was approved on 18 January 2017, £35.479m of this amount is already committed.
- 3.5 Of the £36.365m unspent resources to be carried forward at the end of the financial year (see Appendix 2) in to 2017/18, the largest single component is the contingency of £17.078m which is considered reasonable in the light of the increased size of the programme.
- 3.6 Taking into account changes since the 2017/18 capital programme was last approved on 18 January 2017 (including those proposed in this report), the revised cash limit for the programme is shown in Table 3.

Table 3 - Revised 2017/18 Cash Limit	£'000
Cash limit reported 18 January 2017	106.737
Projects carried forward (not included in original cash limit)	19.287
Contingency carried forward	17.078
Devolved Formula Capital (DFC) – adjusted DfE grant	-0.019

Additional Developer Contributions – Various sites	0.916
Swanwick Lodge – additional DfE grant	0.110
Deferred Capital receipt	-0.300
Total	143.809

- 3.7 The revised capital programme for 2017/18 is submitted for approval at Appendix 1.
- 3.8 Table 3 refers to a total of £19.287m of projects to be carried forward from 2016/17 to 2017/18. The details are shown in Appendix 2.
- 3.9 In addition to the carry forward referred to in paragraph 3.3, there were other carry forwards, the effects of which are included in the original 2017/18 capital programme.

4. Amendments to the 2017/18 capital programme

Access improvements in schools (AIS)

- 4.1 Historically capital grant allocations to local authorities included funding for the Schools Access Initiative to fund access improvements to mainstream schools, principally to meet individual pupils' needs. This specific funding stream has now ceased but the need for such adaptations will continue, both at a pupil-led and strategic level.
- 4.2 It is proposed that the projects listed at Appendix 4 be recommended for approval.

Pilgrim's Cross CE (VA) Primary, Andover

- 4.3 A project to expand Pilgrim's Cross CE (VA) Primary School to 2fe was approved by ELMCS on 18 January 2017. At the time it was expected that the project would start in 2018/19. However, following an update of the pupil forecast data, it is proposed to bring the scheme forward to the current financial year.
- 4.4 Therefore, it is recommended that the project at Pilgrim's Cross CE (VA) primary School is added to the 2017/18 capital programme at a sum of £1.456m (including fees).

Early Years

- 4.5 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. Part of the bid criteria was that 25% partnership funding would be required for each project.
- 4.6 Hampshire submitted the maximum number of six bids in August 2016. In March 2017 approval in principle was given to all six projects, totalling up to £2.6m. Five of the schemes will be delivered with external partners therefore, in order to protect the Council's investment, appropriate

covenants or legal charges have been put in place. Details of the projects are attached at Appendix 6.

- 4.7 The remaining project relates to the expansion of the Pebbles Children's centre building, located on the former Chineham Park Primary school site to house a 90-place day nursery, including SEND places. This project will not only expand the existing provision but relocate it to allow for the proposed new Special Free School as referred to in section 6 of this report.
- 4.8 It is proposed that the 25% of the partnership funding be met from the capital programme contingency to support this specific project. It is planned that the investment will be recouped through income generated from rent for future reinvestment in Early Years.
- 4.9 Therefore, it is recommended that £0.2m of partnership funding be approved to support the Chineham Park project from the 2017/18 programme.
- 4.10 The Partnership funding for the other five projects will be provided by the childcare providers leading the schemes.

Hook Infant School & Hook Junior School

- 4.11 Funding of £4.9m was approved for the 1fe expansion of Hook Infant School and Hook Junior School to become 3fe from the 2015/16 capital programme. The scheme has recently completed, providing a considerably enhanced teaching environment at both schools. However, due to unforeseen ground conditions forming the new school access this project has required additional funding to complete the project.
- 4.12 Therefore, it is recommended that additional funding of £0.5m (including fees) be allocated to the project from the 2017/18 capital programme contingency.

Oakwood Infant School & Greenfields Junior School, Hartley Wintney

- 4.13 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. The scheme has recently completed, providing a considerably enhanced teaching environment at both schools. However, due to unforeseen asbestos, structural and site issues this project has required additional funding to complete the project.
- 4.14 Therefore, it is recommended that additional funding of £0.6m (including fees) be allocated to the project from the 2017/18 capital programme contingency.

5. New Schools

- 5.1 There are two routes available to open a new school. 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 submission. To date, Hampshire County Council has successfully worked alongside academy sponsors making free school applications to provide additional school places.

- 5.2 Early indications from the DfE are that capital funding can be made available for new free schools, but this is dependent on individual circumstances. Therefore, going forward, each new school will be considered on an individual basis to assess the most effective route for delivery.
- 5.3 At the free school application stage, the grant funding is not known. However, the financial regulations of the County Council allow for the Director of Children’s Services in consultation with the ELMCS to add schemes to the programme, when funded entirely from external resources. An update of such projects will be reported in January.
- 5.4 The projects identified in Table 4 are an updated list of new school applications and their current status.

Table 4 – Potential New Schools in Hampshire

Area / School	Size & Type of Free School	Proposed Opening Date	Application route
Horton Heath / Hedge End	4-16 School	Sept 2019	Free School Approved
Boorley Green, Hedge End	2fe Primary	Sept 2019	Free School Pre-opening approval
Special School, Basingstoke	4-16 SCN/ASD	TBA	Free School Eol approved
Chestnut Avenue, Eastleigh	1.5fe Primary	Sept 2020	Presumption

6. Special Educational Needs & Disabilities (SEND)

Special Free School

- 6.1 The DfE sought an Expression of Interest (EOI) from Local Authorities for one new free school per local authority as reported to ELMCS on 18 January 2017. The DfE have now confirmed that we can proceed with one of our bids for a 4 to 16 SCN/ASD special free school on the former Chineham Park Primary school site, Basingstoke.
- 6.2 Therefore, it is recommended that the Director of Culture, Communities and Business Services undertakes the initial feasibility work to look at the implications of establishing this new facility on the Chineham Park site. A more detailed report will be brought back to a future Decision Day.
- 6.3 It is our understanding that the next step will be for the special free school to be advertised to potential bidders to run the school but details from the DfE are awaited.

Additional Capital Grant to support SEND

- 6.4 The government announced on 4th March 2017 additional funding to be spent on children with special educational needs and disabilities. Local authorities can use this funding to improve special provision in mainstream schools and academies, special units, special schools and academies, early years settings or further education colleges or to make other provision for children and young people aged from 0 to 25.
- 6.5 As part of this £215m programme, Hampshire County Council will receive £1.262m per year for the financial years 2018/19, 2019/20 and 2020/21 totalling £3.8m. The first project recommended for approval (subject to the statutory process) against this funding is the expansion of The Samuel Cody School referred to in 6.4 to 6.7. Details of further projects recommended for approval against this funding will be brought to a future Decision Day.

The Samuel Cody Specialist Sports College

- 6.6 The Samuel Cody Specialist Sports College is a 128 place special school for 11-16 year olds with moderate learning difficulties (MLD) and Autistic Spectrum Disorder (ASD). It is proposed to alter the age range to 4-16, to accommodate up to 50 additional primary age children, with a phased increase over 4 years.
- 6.7 The College is an outstanding school which successfully meets the needs of children with a range of moderate learning difficulties (MLD) in a safe and secure environment. The Local Authority is committed to expanding successful provision where possible and it is proposed to alter the age range so that primary aged children with MLD/ASD can be educated at the school. Currently there is no provision for primary aged pupils with MLD/ASD in this area of the county and this proposed expansion will provide much needed specialist educational provision.
- 6.8 To accommodate the expansion and change of age range, existing community spaces will be converted into teaching accommodation to enable the new primary provision to operate in a self-contained block. The proposed works will include additional toilets, staff area and refurbishment of the spaces to provide an appropriate learning environment.
- 6.9 Therefore it is recommended that:
- Approval is given to commence the statutory process for making a prescribed alteration and
 - Funding of £0.7m is identified from the 2017/18 capital programme subject to the approval of the statutory process to alter the age range of the school to 4-16.

7. Emerging construction inflation and resource capacity issues

- 7.1 There continues to be uncertainty in the construction sector. The current predictions from the Royal Institute of Chartered Surveyors (RICS) for 2Q and 3Q 2017 are still showing a decreasing position for tender inflation reaching 0% at the end of the year. However, this position is contrary to the

current position in Hampshire where we are still predicting and experiencing inflation pressures of the 3.5%.

- 7.2 In the context of this uncertainty, local market conditions continue to prove challenging with contractors and suppliers being selective about pursuing tender opportunities. This is reflected in the supply chain resource capacity currently being experienced at local and national level. There is further evidence of local volatility and scarcity of capacity in key trades and with main contractors. In addition, key suppliers have either increased prices significantly or scaled back production creating a challenging supply and demand issue within the industry.
- 7.3 The County Council continues to use a broad range of procurement arrangements. This includes managed frameworks and traditional single stage tendering, offering the ability to respond to and manage the impacts of the evolving market and the uncertainty in the construction sector.

8. Modular Classrooms

- 8.1 Details of the location of modular buildings required for September 2017 are listed in Appendix 3. In some cases the units will be rented due to a shorter term requirement, whilst others will be purchased recognising a longer term pressure in those locations. It is recommended that approval be given for the application of planning permission and procurement for modular buildings to be located on the sites listed at Appendix 3.

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

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

10. Recommendations

- 10.1 To approve the updated capital programme for 2017/18 to 2019/20 following further announcements on capital grant allocations by the Department for Education on 3 April 2017.
- 10.2 That the revised capital programme cash limit of £143.809m for 2017/18 be approved.
- 10.3 That the revised 2017/18 Capital Programme at Appendix 1 is approved, along with the amendments to the 2017/18 programme.
- 10.4 That it be a recommendation to Cabinet that the uncommitted funding of £36.365m as set out in Appendix 2 be carried forward from the 2016/17 to the 2017/18 programme.
- 10.5 It is recommended that the Director of Culture, Communities and Business Services undertakes initial feasibility work for the proposed 4-16 SCN/ASD Special Free School.

- 10.6 It is recommended that £0.2m of partnership funding be approved to support the Chineham Park project from the 2017/18 programme
- 10.7 It is recommended that approval be given to commence the statutory process to change the age range at The Samuel Cody Specialist Sports College and that funding of £0.7m be approved to support the process.
- 10.8 It is recommended that approval be given for the application of planning permission and procurement for modular buildings to be located on the additional sites in Appendix 3.
- 10.9 That the projects listed at Appendix 4 for Access Improvements in Schools are approved.
- 10.10 The projects approved under delegated powers by the Director of Children's Services in Appendix 5 are noted.

CORPORATE OR LEGAL INFORMATION:**Links to the Corporate Strategy**

Hampshire safer and more secure for all:	Yes
Corporate Business plan link number (if appropriate):	
Maximising well-being:	Yes
Corporate Business plan link number (if appropriate):	
Enhancing our quality of place:	Yes
Corporate Business plan link number (if appropriate):	

Other Significant Links

Links to previous Member decisions:		
<u>Title</u>	<u>Reference</u>	<u>Date</u>
Children's Services Capital Programme 2015/16 update	6463	23 March 2015
Children's Services Capital Programme 2015/16 to 2017/18	6174	21 January 2015
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. Equalities Impact Assessment:

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

2. Impact on Crime and Disorder:

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

3. 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.