

Name: Cabinet
Date: 19 March 2019

Title of Report 2018/19 and 2019/20 Council Capital Plan - Proposed allocation of 2019/20 capital funding from the Directorate for Children's Learning & Early Support baseline section of the Capital Plan along with details of proposed amendments to the 2018/19 approved programme of works

Purpose of report:

This report will identify potential projects, for Member approval, to be funded from the 2019/20 Learning and Early Support Capital Maintenance section of the Capital Plan and present an update on the delivery of the 2018/19 Capital Maintenance programme approved by Cabinet on 17 April 2018.

Key Decision - Is it likely to result in spending or saving £250k or more, or to have a significant effect on two or more electoral wards?	Yes, this report involves significant expenditure in excess of £250K.
Key Decision - Is it in the Council's Forward Plan (key decisions and private report)?	Yes
The Decision - Is it eligible for "call in" by Scrutiny?	Yes
Date signed off by Strategic <u>Director</u> & name	Karl Battersby - 8.03.2019
Date signed off by the Service Director - for Finance?	Eamonn Croston - 8.03.2019
Date signed off by the Service Director - for Legal, Governance and Commissioning?	Julie Muscroft - 7.03.2019
Cabinet member portfolio	Corporate - Cllr Graham Turner Learning & Aspiration - Cllr Masood Ahmed Children - Cllr Viv Kendrick

Electoral wards affected: All

Ward councillors consulted: No

Public or private: Public Report

Have you considered GDPR? There are no GDPR implications relating to this report.

1. Summary

- 1.1 This report will identify potential projects to be funded from the Learning & Early Support Capital Maintenance baseline section of the Capital Plan which was approved by Council on 13 February 2019.
- 1.2 Members will be asked to consider and approve the Capital Maintenance programme along with named projects so that they can be delivered in 2019/20 and to authorise delegated powers for officers to manage the programme.
- 1.3 This report will also update Members regarding the delivery of the 2018/19 Learning & Early Support Capital Maintenance programme. It will report retrospectively on amendments authorised by officers using delegated powers approved by Cabinet on 17 April 2018.

2. Information required to take a decision

(a) Background

- 2.1 In May 2018 the Department of Education (DfE) announced a fixed Schools Condition grant allocation for 2018/19 of £3.797M for Kirklees. This level of grant was also deemed to be indicative of the allocation for 2019/20. Members should note that this indicative allocation is reviewed annually by the DfE and will be subject to a DfE announcement early in the 2019/20 financial year.
- 2.2 The methodology for calculating the allocations was changed in 2016 to take account of the following three components:

Core condition funding for all responsible bodies based on their pupil numbers;
High condition needs funding for those with disproportionately high needs; and
Floor protections to provide some stability in the transition to the new system.

The allocation methodology is to remain the same for the financial year 2019/20. This is to provide stability for responsible bodies while the DfE review the methodology for 2020–21 onwards.

- 2.3 As noted above, grant allocations are revised annually to reflect new or closing schools and where a school moves to a new responsible body (e.g. Academy), in which case the pupil-led core condition funding will move with the schools. It is known that around five schools converted to Academy status during 2018/19 and that a reduction in Core Condition Funding for 2019/20 can therefore be expected to reflect the reduction in pupil numbers.

The five year Capital Plan 2019/20 to 2023/24 was approved by Council on 13 February 2019 and took into account an estimate of the expected reduction in grant in 2019/20 and hence, is set at £3.6M.

- 2.4 Currently, all schools that have a scheme of work within the approved programme are asked to make a funding contribution from their Devolved Formula Capital (DFC) each year. In previous years the level of DFC received has allowed for approx. £100K of additional works to be put into the annual programme. In the Autumn Budget 2018, the Government announced an extra £400M capital funding for schools in England. This means that Kirklees maintained schools will receive an increased amount of

DFC from £968,960 to £2,722,662 in 2018/19 that can be spent on capital projects over the next two financial years. Bearing this in mind, we have increased the budget for the 2019/20 programme to £3.8M to account for the expected level of DFC contributions as shown in **Appendix B**.

(b) Capital Maintenance for schools - Condition based projects 2019/20

2.5 The budget allocations are summarised in the table below:

Allocation	2019/20 Capital Plan
Urgent Condition based projects	£3.612M
	-
Capital Plan preparation, advance surveys, feasibility studies, advance design, and condition surveys in relation to delivery of Learning & Early Support projects	£0.075M
Risk pot for emergency additions to the capital plan/balance for high tenders and asbestos removal	£0.113M
TOTAL	£3.8M

2.6 The Capital Maintenance programme for Schools primarily aims to address the backlog of condition works in our schools' estate. Currently, the backlog of Priority 1 - 3 works (i.e. works required in the next 0-5 years) is around £40M (excluding Public Private Partnership (PPP) 1 & 2/Voluntary Aided/ Academy Schools).

Attached at **Appendix A** is a business case that outlines the process for identifying the condition needs of individual schools, explains how the backlog of repairs is prioritised across all schools and how the 2019/20 schools' condition programme, if approved, will be procured, project managed and implemented.

In order to maximise spend on works it is proposed to manage asbestos risk via the main risk pot which will be carefully monitored throughout the year.

2.7 Following feasibility work undertaken by the Council's Technical Services, a prioritised list of urgent condition works required to be undertaken in schools during financial year 2019/20 has been identified. This is attached at **Appendix B**. All of the works proposed have scored 28-30 on the matrix scoring system (described in **Appendix A**), indicating that a failure of the element concerned would have a major impact on the individual school from a Health and Safety and/or building closure and/or building damage perspective.

2.8 The proposed programme of works primarily consists of the following categories of work:

- replacement of life expired flat and pitched roofs;
- whole school electrical re-wires;
- replacement of obsolete boilers and heating distribution systems;
- urgent health and safety works including fire safety improvements, structural repairs and kitchen refurbishments.

In recent years replacement boiler and heating systems have had a beneficial impact on carbon reduction as well as greater insulation arising from re-roofing works. The total value of new condition works proposed is £3.612M.

2.9 In addition to the proposed new condition works the following capital allocations from the Capital Maintenance for Schools - Condition based projects programme are proposed:

- £75K to cover survey and preparation costs for the 2019/20 programme along with advance feasibility and design costs for the 2020/21 programme;
- £113K for a risk pot for items such as emergency in year additions to the programme higher than anticipated tenders and levels of asbestos once works are under way.

(c) Revised allocations for the 2018/19 Condition Works Programme

2.10 The approved capital allocation of £4.799M for 2018/19 which includes rollover from the 2017/18 budget for committed schemes, was approved by Council on 29th June 2018. The budget now stands at £4.860M adjusted for a minor allocated grant variation and a virement from Catering's capital baseline.

2.11 The current 2018/19 Capital Maintenance programme is almost complete with approximately 92% of schemes successfully delivered and the remaining 8% on course to be delivered or contractually committed before the end of the financial year.

2.12 The programme of condition works included:

- 11 boiler and/or heating system replacement projects at an approximate value of £1.058M;
- 10 roof replacement projects at an approximate value of £0.915M;
- 9 electrical rewire & fire alarm replacement projects at a cost of approximately £1.079M;
- land drainage works at Birkenshaw CE (VC) Primary School at a cost of approximately £114K;
- kitchen refurbishment works and DDA compliance schemes at an approximate value of £230K.
- £252K funding contribution to the condition element of the basic need scheme at Birkby Junior School.

This excludes £251K of uncommitted schemes, including fire safety works due to be committed by the end of the financial year, £75K for programme preparation cost and £886K spend on rollover schemes from 2017/18.

In total, £2.733M of works were undertaken across 30 school sites during the 2018 six week summer period - all schools reopened on time for the new academic year in September 2018 with the aid of Technical Services, Asset Management & Caretaking and Cleaning teams.

2.13 Officers have used delegated powers provided by Cabinet on 17 April 2018 to ensure the smooth delivery of the 2018/19 Capital Maintenance for Schools programme during the course of the year to date. As projects have been designed, tendered and

subsequently delivered over the course of the financial year there has been a requirement to:

- reduce capital allocations for some projects where the successful lowest tender has been below the allocated budget and/or a capital contribution has been secured from the school involved thereby freeing up funds for urgent works at other schools;
- provide additional capital for some projects, following receipt of higher than expected tenders;
- provide additional capital for some projects where extra urgent works have been identified on site whilst a project is being implemented and which have had to be dealt with in order to avoid delays to the programme e.g. additional discoveries of asbestos containing materials, dry rot outbreaks etc.;
- re-allocate funds from projects that have been unable to progress in 2018/19 for a variety of reasons to other projects in the programme that require more funding or to new urgent and/or emergency projects that have needed to be added to the programme during the course of the year due to their urgency.

2.14 **Appendix C** attached shows a list of amendments, deletions and additions to the original programme set within the overall Cabinet approved budget for 2018/19 and within the delegations approved at Cabinet 17 April 2018 . Any savings made through lowest tenders, schools' capital contributions, reduced final accounts or deferred schemes have been reallocated, using the delegated authority from Cabinet, to essential urgent works, all with matrix scores of 28 and above (maximum score is 30) and to planned rollover to support the 2019/20 condition programme in anticipation of further reductions to the DfE grant.

2.15 All changes to the programme are being reported retrospectively in accordance with the Council's Financial Procedure Rules.

(d) Financial Delegations

2.16 In order to aid the implementation of condition and physical adaptation works being funded from the Capital Maintenance programme, particularly during the summer months when the majority of work occurs, Members are again requested to delegate authority, in accordance with the Council's Financial Procedure Rules 3.14 dated June 2018, to the Service Director of Economy and Skills to manage the implementation of the identified works within the respective agreed total programme budgets.

2.17 Delegated powers would include the authority to:

- add new urgent projects to the programme without prior Cabinet approval providing that the total cost of the programme remains within the approved capital allocations set by Council;
- transfer resources between the Capital Maintenance and Basic Need funding streams/programmes without restrictions;
- slip or delete projects during the course of the financial year to enable the effective management of the programmes concerned.

All variations, additions and deletions would be reported retrospectively to Cabinet in accordance with Financial Procedure Rule 3.16.

3. Implications for the Council

3.1 Working with People

No direct impact.

3.2 Working with Partners

No direct impact.

3.3 Place Based Working

No direct impact.

3.4 Improving outcomes for Children

The works identified in **Appendix A** are urgent condition works that could close a school, thereby disrupting the education of children, or represents a potential significant H&S issue. Improvements in the condition of school buildings will have a positive impact in that they that will contribute to a safe, warm, dry and secure learning environment for all pupils and staff. This Capital budget is also used to improve accessibility to school buildings and deliver a positive impact on groups with protected characteristics.

3.5 Financial Implications

The capital investment outlined in this report of £3.8M for the 2019/20 programme is funded from DfE grant either in the form of Capital Maintenance funding allocated directly to Kirklees (£3.6M) or Schools' DFC contributions (£200K) and has no impact on prudential borrowing.

3.6 Legal

This programme contains urgent condition items relating to school buildings (e.g. roof repairs; boiler replacements; whole school electrical rewires; H&S works etc.) that could, if not tackled, lead to damage to the buildings, H&S risks to the building occupants and the potential partial or full closure of schools, which would impact on the educational attainment of young people and our statutory requirement to provide quality pupil places.

3.7 Human Resources

There are no Human Resources implications.

4. Consultees and their opinions

- 4.1 The condition programme has been subject to consultation with officers from Learning & Early Support and with Portfolio Holders for Children's Services and Resources on 4 March 2019.

- 4.2 Following approval by Cabinet, consultation will occur with the individual schools that are due to be part of the programme and this will continue throughout the year as the projects are developed, designed and implemented.
- 4.3 The Learning & Early Support SEND Assessment and Commissioning team works closely with Technical Services and the Schools Asset Management team to identify pupils with disabilities and ensure that their needs are being met where appropriate. This involves close consultation with the individual schools concerned to ascertain and agree the level of “reasonable adjustments” required to the school’s buildings and grounds, and also to its day to day operations and curriculum.
- 4.4 The Council’s Strategic Finance Department has been consulted about the proposals to delegate authority to manage the programmes concerned to officer level and has agreed that the proposals would comply with the Council’s Financial Procedure Rules.

5. Next Steps

Subject to approval of the proposed projects and final business case, Technical Services will ensure the 2019/20 Capital Plan is updated and the projects concerned are developed, designed, procured and implemented.

6. Officer Recommendation and reasons

- 6.1 Members are requested to:
- (a) consider and approve the business case at **Appendix A** which outlines the rationale for the schools’ condition works programme, the availability of funding, the selection process and the main categories of work, thereby enabling the projects concerned to be designed, procured and implemented;
 - (b) consider and approve the detailed list of proposed works in schools for 2019/20 attached at **Appendix B**.
 - (c) consider and approve delegated powers as outlined in paragraphs 2.16 and 2.17 in this report.
 - (d) note the revised amendments/allocations applied by Officers using delegated powers to the detail of the 2018/19 Schools Capital Maintenance programme, as stated in **Appendix C**.
- 6.2 The reasons for this are that the School investment programme keeps buildings safe, dry, warm and secure which enables the staff operating from these assets to deliver on the council’s priorities and ensures that visitors and service users are safe.

7. Cabinet portfolio holder’s recommendations

The Cabinet Portfolio Holder recommends that Cabinet:

- (a) Note the information contained within this report;

- (b) Considers and approves the rationale for the schools condition works programme as outlined in the business case at **Appendix A**;
- (c) Considers and approves the proposed 2019-20 schemes at **Appendix B** and the 2018-19 amendments at Appendix C;
- (d) Considers and approves the delegations, to senior officers within the Council, detailed in sections 2.16 and 2.17 of this report.

8. Contact officer

Jonathan Quarmby - Corporate Facilities Manager - Corporation Landlord FM - Tel: 01484 221000 - jonathan.quarmby@kirklees.gov.uk

David Martin - Head of Service for Corporate Landlord and Capital
Tel: 01484 221000 - david.martin@kirklees.gov.uk

9. Background papers and history of decisions

13 February 2019 Council: 5 Year Capital Investment Plan 2019/20 to 2023/243

17 April 2018 Cabinet Report - 2017/18 and 2018/19 Council Capital Plan - Proposed allocation of 2018/19 capital funding from the Directorate for Children and Young People (DCYP) baseline sections of the Capital Plan along with details of proposed amendments to the 2017/18 approved programme of works

10. Service Director Responsible

Angela Blake - Service Director - Economy & Skills
Tel: 01484 221000
angela.blake@kirklees.gov.uk

11. Attachments

Appendix A: Final Business Case for the Capital Maintenance Schools' condition programme.

Appendix B: Detailed list of proposed 2019/20 Learning & Early Support Capital Maintenance Schools' condition programme.

Appendix C: Revised allocations for the 2018/19 Learning & Early Support Maintenance Schools' condition programme.