

Name: Cabinet
Date: 17 April 2018

Title of Report 2017/18 and 2018/19 Council Capital Plan - Proposed allocation of 2018/19 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 2017/18 approved programme of works

Purpose of report:

This report will identify potential projects, for Member approval, to be funded from the 2018/19 Learning and Early Support Capital Maintenance section of the Capital Plan and present an update on the delivery of the 2017/18 Capital Maintenance programme approved by Cabinet on 7 March 2017.

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
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 – 29.03.2018
Date signed off by the Acting Service Director - Finance, IT and Transactional Services?	Eamonn Croston – 29.03.2018
Date signed off by the Service Director - Legal, Governance and Commissioning?	Julie Muscroft – 04.04.2018
Cabinet member portfolio	Corporate - Cllr Graham Turner Corporate - Cllr Musarrat Khan Children - Cllr Masood Ahmed Children – Cllr Viv Kendrick

Electoral wards affected: All
Ward councillors consulted: No
Public or private: Public Report with Private Appendix B

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 14 February 2018.
- 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 2018/19 and to authorise delegated powers for officers to manage the programme.
- 1.3 This report will also update Members regarding the delivery of the 2017/18 Learning & Early Support Capital Maintenance programme. It will report retrospectively on amendments and virements authorised by officers using delegated powers approved by Cabinet on 7 March 2017.

2. Information required to take a decision

(a) Background

- 2.1 In May 2017 the Department of Education (DfE) announced a fixed allocation for 2017/18 of £3.743M. This level of grant was also deemed to be indicative of the allocation for 2018/19. Members should note that this indicative allocation is reviewed annually and subject to a DfE announcement early in the 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 2018–19, with no changes. This is to provide stability for responsible bodies while the DfE review the methodology for 2019–20 onwards.

- 2.3 The five year Capital Plan 2018/19 to 2022/23 was approved by Council on 14 February 2018 and took into account an estimate of the expected reduction in grant in 2018/19 and hence, is set at £3.6M. Since then, on 15th March 2018, the DfE announced the School Condition Allocation (SCA) grant funding for 2018/19 at £3.798M and Officers have amended the programme to match the actual capital allocation.

(b) Capital Maintenance for schools - Condition based projects 2018/19

2.4 The budget allocations are summarised in the table below:

Allocation	2018/19 Capital Plan
Condition Projects	£3.531M -
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	£0.1920M
TOTAL	£3.798M

2.5 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 PPP/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 2018/19 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.

2.6 Following feasibility work undertaken by the Physical Resources and Procurement (PRP) Service, a prioritised list of urgent condition works required to be undertaken in schools during financial year 2018/19 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.

2.7 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 structural repairs, eradication of dry rot 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 £3.531M.

2.8 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 2018/19 programme along with advance feasibility and design costs for the 2019/20 programme;
- £192K 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.

It should be noted that the level of Devolved Formula Capital (DFC) contributions from schools in previous years has allowed for additional schemes to be added to the programme. The reserve projects listed on **Appendix B** are all schemes with matrix scores of 28 and have been designed at risk so that they can be added to the programme, in a timely manner, if the level of DFC received is great enough or there is a need to defer works on any of the other planned schemes.

(c) Revised allocations for the 2017/18 Condition Works Programme

2.9 The approved capital allocation of £3.743M was increased in year to £4.930M through the approved rollover from the 2016/17 budget for committed schemes and an RCCO.

2.10 The current 2017/18 Capital Maintenance programme is almost complete with approximately 83% of schemes successfully delivered and the remaining 17% on course to be delivered or contractually committed before the end of the financial year.

2.11 The programme of condition works included:

- 14 boiler and/or heating system replacement projects at an approximate value of £1.424M;
- 12 roof replacement projects at an approximate value of £1.111M;
- 11 electrical rewire & fire alarm replacement projects at a cost of approximately £1.102M;
- second phase of alterations to Woodley School & College (formerly Longley School) to continue the transition to an ASD specialist facility at a cost of approximately £155K;
- damp proofing and boundary wall repairs an approximate value of £106K.

In total, £2.442M of works were undertaken across 25 school sites during the six week the summer period - all schools reopened on time for the new academic year in September 2017.

2.12 Officers have used delegated powers provided by Cabinet on 7 March 2017 to ensure the smooth delivery of the 2017/18 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 2017/18 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.

2.13 **Appendix C** attached shows a list of amendments, deletions and additions to the original programme set within the overall Cabinet approved budget for 2017/18. Any savings made through lowest tenders, schools' capital contributions, reduced final accounts or deferred schemes have been reallocated, using delegated authority from Cabinet to Officers, to essential urgent works, all with matrix scores of 28 and above (maximum score is 30) and to planned rollover to support the 2018/19 condition programme in anticipation of further reductions to the DfE grant.

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

(d) Financial Delegations

2.15 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 3.12 dated June 2017, to the Service Director of Commercial, Regulatory & Operational Services to manage the implementation of the identified works within the respective agreed total programme budgets.

2.16 Delegated powers would include the authority to:

- add new urgent projects to the programmes without prior Cabinet approval providing that the total cost of the programmes remain 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 virements, additions and deletions would be reported retrospectively to Cabinet in accordance with Financial Procedure Rule 3.14.

3. Implications for the Council

3.1 Early Intervention and Prevention (EIP)

None.

3.2 Economic Resilience (ER)

None.

3.3 Improving outcomes for Children

Appendix A notes that the Schools Condition Programme has little or no negative impact on groups with protected characteristics. General improvements in the condition of school buildings will have a positive impact in that they will contribute to a safe, warm, dry and secure 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.

3.4 Reducing demand of services

None.

3.5 The Council's capital investment outlined in this report of £3.798M is funded from the DfE grant allocation for 2018/19, and will be adjusted if the actual level of grant differs from this figure and not from prudential borrowing; therefore it has no revenue cost implications.

3.6 There is an extensive backlog of repairs in schools for which the Council has responsibility. Whilst condition works occur in schools throughout the academic year, the main focus of activity is during the six week summer holidays. In order to have sufficient time to design, tender and appoint contractors it is imperative that an agreed condition works programme to be funded from the Capital Maintenance funding stream is approved.

3.7 The detailed list of proposed schools' condition works for 2018/19 is listed in **Appendix B** and is all required to address urgent condition needs in schools. Failure to undertake the works could lead to significant damage to buildings, equipment and belongings e.g. significant water ingress through a failed roof or the partial or full closure of a school e.g. a boiler or heating system failure during the winter months could close a school due to temperatures falling below minimum requirements.

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 3 April 2018.

- 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 SEN Assessment and Commissioning team works closely with the PRP Service 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, officers from PRP will ensure the 2018/19 Capital Plan is updated and the projects concerned are developed, designed, procured and implemented.

6. Officer Recommendation and reasons

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 2018/19 attached at **Appendix B**.
- (c) consider and approve delegated powers in accordance with the Council’s Financial Procedure Rules 3.12 dated June 2017, to the Service Director - Commercial, Regulatory & Operational Services so that the programme can be managed and the implementation of the identified works contained within the respective agreed total programme budget.

Delegated powers would include the authority to:

- add new urgent projects to the programmes without prior Cabinet approval providing that the total cost of the programmes remain 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 3.14.

- (d) note the revised amendments/allocations applied by Officers using delegated powers to the detail of the 2017/18 Schools Capital Maintenance programme, as stated in **Appendix C**.

7. Cabinet portfolio holder's recommendations

Portfolio Holders have considered this report and welcome the Capital investment in our schools to keep them safe, dry, warm and secure. We approve the detail business case provided with this report and the proposed 2018/19 programme and we note the revised amendments to the 2017/18 Capital Maintenance programme. We have considered and approved the delegated powers to the Service Director – Commercial, Regulatory & Operational Services as outlined in sections 2.15 and 2.16 of this report so that the programme can be managed within the overall budget envelope.

8. Contact officer

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9. Background papers and history of decisions

14 February 2018 Council: 5 Year Investment Plan 2018/19 to 2022/23

7 March 2017 Cabinet Report - 2016/17 and 2017/18 Council Capital Plan – Proposed allocation of 2017/18 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 2016/17 approved programme of works

10. Service Director Responsible

Joanne Bartholomew - Service Director -
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11. Attachments

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

Appendix B (Private): Detailed list of proposed 2018/19 Learning & Early Support Capital Maintenance Schools' condition programme.

Appendix C: Revised allocations for the 2017/18 Learning & Early Support Maintenance Schools' condition programme.