

## HAMPSHIRE COUNTY COUNCIL

### Decision Report

<b>Decision Maker:</b>	Executive Lead Member for Children's Services
<b>Date of Decision:</b>	18 January 2012
<b>Decision Title:</b>	Children's Services Capital Programme 2012/13
<b>Decision Reference:</b>	3458
<b>Report From:</b>	Director of Children's Services and County Treasurer

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#### 1. Executive Summary

- 1.1 The purpose of this report is to set out the recent government grant allocations for 2012/13. A detailed capital strategy paper will be brought to the 23 March 2012 Decision Day following decisions on the corporate capital strategy during the budget setting process that finishes with County Council on 23 February 2012.
- 1.2 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 Executive members have been asked to prepare proposals for:
  - a locally-resourced capital programme for the three-year period from 2012/13 to 2014/15;
  - a programme of capital schemes supported by Government grants in 2012/13 and those expected to be supported in 2013/14 and 2014/15
- 2.2 The medium term financial and efficiency strategy is closely linked to the Corporate Strategy and the Corporate Business Plan to ensure that priorities are affordable and provide value for money and that resources follow priorities.
- 2.3 The five outcomes specified in the Children Act 2004 are set out below, with a summary of how the proposals in this report contribute to their achievement:
  - **being healthy** (enjoying good physical and mental health and living a healthy lifestyle): through proposals which include the encouragement

of walking and cycling to and from school, the provision of health advice through children's centres and co-location with the Health Service;

- **staying safe** (being protected from harm and neglect): by creating safe environments in schools, children's centres, children's homes and carers' homes;
- **enjoying and achieving** (getting the most out of life and developing the skills for adulthood): by providing a high standard of education and care for children in suitable buildings;
- **making a positive contribution** (being involved with the community and society and not engaging in anti-social or offending behaviour): by encouraging the flexible and creative use of accommodation;
- **economic well-being** (not being prevented by economic disadvantage from achieving their full potential in life): by ensuring that proposals will not disadvantage children, will protect equality of opportunity and support children from no or low income families to secure skills and qualifications.

2.4 The cash limit guidelines for the locally resourced capital programme for Children's Services as set by Cabinet are as follows:

**Table 1**

Year	£m
2012/13	0.090
2013/14	0.090
2014/15	0.090

### **3. Finance – Children's Services Capital programme supported by Government allocations**

- 3.1 The overall Children's Services capital programme is based on a combination of Government capital grants, capital receipts, developers' contributions and local resources. The availability of Government grants, together with capital receipts is set out in Table 4.
- 3.2 The Government has stated that all of its future support for the Children's Services capital programme will be in the form of capital grants, and not as borrowing allocations.
- 3.3 On 13 December 2011, the Secretary of State for Education announced details of one-year individual local authority Children's Services capital allocations for 2012/13. Details of Government support for projects in 2013/14 and 2014/15 will be informed by the Sebastian James review of education capital. The outcome of the review, expected shortly, will guide future spending decisions and will look at how best to meet parental demand, make current design and procurement cost-effective and efficient and overhaul how capital is allocated and targeted.

- 3.4 The focus of the current government Children's Services capital spending round continues along the lines of the 2011/12 allocation by reducing the number of hypothecated grants, thus allowing local authorities to determine their own local priorities, with a focus on basic need, capital maintenance and a reduced allocation for schools' devolved formula capital.
- 3.5 Whilst the allocation and management for programmes after 2012/13 may change to reflect the government's response to the James Review, the assumption has been made that the on-going Government capital allocations for Hampshire Children's Services will be roughly in line with the funding allocation for 2012/13.

**4. Proposed Children's Services capital programme 2012/13 to 2014/15 – schemes supported by Government approvals**

- 4.1 The proposals in this report are subject to future capital announcements and the detailed guidance on the process for distribution of capital. A detailed capital strategy paper will be brought to the 23 March 2012 Decision Day following decisions on the corporate capital strategy during the budget setting process that finishes with County Council on 23 February 2012
- 4.2 Table 2 sets out the capital allocations for Hampshire Children's Services for 2012/13 made by the Secretary of State on 13 December 2011, together with the assumed level of funding for the following two years. These are all made as capital grant. Allocations for 2011/12 and the planning assumptions for 2012/13 included in the January 2011 capital programme report are included for comparison.

**Table 2 – Allocation of Children's Services capital grant to the County Council (excluding schools' devolved capital)**

Year	Basic Need New pupil places	Capital Maintenance	Totals
	£m	£m	£m
2011/12	11.606	25.454	37.060
2012/13 (assumed)	11.606	25.454	37.060
2012/13 (actual)	14.884	19.762	34.646
2013/14 (assumed)	14.884	19.762	34.646
2014/15 (assumed)	14.884	19.762	34.646

- 4.3 It should be noted that due to the reduction in the number of hypothecated allocations a significant proportion of the combined basic need and capital maintenance funding will need to be used to address strategic Children's Services and Policy and Resources priorities such as the continuation of our planned strategy to replace those Education Centres in poor accommodation, the proposed Gosport Skills Centre, Access Improvements in Schools (AIS), Health and Safety and prudential borrowing. The overall allocation of Capital Maintenance funding is split between suitability (improvement) work and funding to address the backlog

of building condition work, which is managed by Policy and Resources. The split of grant in the ratio of 54% to condition, and 46% to suitability was approved on 28 January 2011.

- 4.4 Table 3 shows the split of grant between Policy and Resources and Children's Services for 2012/13, as well as the amounts assumed for 2013/14, and 2014/15.

**Table 3 – Children's Services share of capital grant**

Year	Total Basic Need Grant	Total Capital Maintenance (CM) Grant	P&R share of CM Grant	Children's Services share of CM Grant	Total Children's Services share of grants
	£m	£m	£m	£m	£m
2012/13	14.884	19.762	10.671	9.091	<b>23.975</b>
2013/14 (assumed)	14.884	19.762	10.671	9.091	<b>23.975</b>
2014/15 (assumed)	14.884	19.762	10.671	9.091	<b>23.975</b>

- 4.5 On the basis of the anticipated position outlined in Table 3, resources available for each of the three forward years to 2014/15 are as set out in Table 4. To address the need to fund a number of new primary school places in 2012/13 and 2013/14, the funding available for starts in 2011/12 has been reduced and resources carried forward to fund these projects.

**Table 4 – Three year capital resources summary**

	2012/13	2013/14 (assumed)	2014/15 (assumed)	Total
	£m	£m	£m	£m
Carry forward 2011/12 to 2012/13, and 2013/14 to 2014/15	16.835	-3.945	3.945	16.835
Carry forward resources to 2012/13 (table 6)	21.414	0	0	<b>21.414</b>
Basic Need - new pupil places	14.884	14.884	14.884	<b>44.652</b>
Capital Maintenance	9.091	9.091	9.091	<b>27.273</b>
Schools' Devolved Capital	3.508	3.508	3.508	<b>10.524</b>
Corporate capital resources	0.090	0.090	0.090	<b>0.270</b>
Capital receipts anticipated	0.670	0	0	<b>0.670</b>
<b>Totals</b>	<b>66.492</b>	<b>23.628</b>	<b>31.518</b>	<b>121.638</b>

- 4.6 Resources totalling £38.249m are proposed to be carried forward to 2012/13, to help address the pressure on school places for which a more

detailed capital strategy paper will be brought to the 23 March 2012 Decision Day.

- £16.835m agreed in January 2011 to be carried forward to 2012/13;
- £21.414m proposed to be carried forward against approved projects to 2012/13 (detailed in table 6).

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

- £3.945m proposed to be carried forward from 2013/14 to 2014/15 as agreed in January 2011.

4.8 An additional allocation was made to a number of local authorities in November 2011 to reflect specific local pressures resulting from an increase in projections for primary pupil numbers. For Hampshire, this amounted to an additional grant of £7.856m which was added to the Children's Services Capital Programme for 2011/12 at the 7 December 2011 Decision Day.

#### New pupil places (basic need)

4.9 The School Places Plan for Hampshire was reported to Executive Lead Member for Children's Services on 7 December 2011 and has been authorised for consultation. The consultation document refers to the fact that Hampshire, in keeping with the national picture, has experienced a significant rise in births over the past 10 years. This, together with housing development in various parts of the county, is resulting in pressure on primary school places in some areas that will necessitate the need for additional permanent and temporary accommodation.

4.10 The 23 March 2012 capital strategy paper will outline the capital implications of providing the new school places through to 2014/15.

#### Other formulaic allocations

4.11 In addition to the funding for new pupil places, formula allocations for capital maintenance and schools' devolved capital have been confirmed by the DfE. It is proposed to allocate the capital maintenance grant to strategic priorities.

4.12 The joint approach to capital maintenance expenditure across the education estate was approved by ELMCS on 28 September 2011 and Executive Member for Policy and Resources on 27 October 2011. The strategy has been based on the assumption that future grant allocation beyond 2012/13 will be at similar levels in future years. On this basis, and with the scale of funding potentially available, the opportunity exists to strategically plan major condition priorities through to 2014/15, recognising the need to adjust as necessary to any emerging pressures or changes in direction from Government. The strategic priorities are listed below:

- major maintenance of Children's Services buildings (through Policy and Resources);

- improvements and modernisation of school facilities;
- improvements and modernisation of SEN accommodation, education centres and other Children's Services establishments, including children's homes;
- block allocations, covering expenditure such as furniture and equipment, Health and Safety and a programme contingency.

#### Temporary Classrooms

- 4.13 The immediate implication of the late capital announcement for 2012/13 is that the extra school places required for September 2012 will, in the main, have to be provided in temporary accommodation - certainly in the short-term. This could result in around 25 new temporary buildings being located onto Hampshire school sites in 2012.
- 4.14 Details of the location of temporary buildings required for September 2012 are listed in Appendix 1. 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.

#### Capital Maintenance

- 4.15 The total allocation in 2012/13 for capital maintenance is £19.762m (£9.091m for Children's Services and £10.671 for Policy and Resources). Recognising that part of the 2012/13 capital allocation was likely to be targeted at major capital repairs, officers from Children's Services and CCBS have produced a detailed review of the Hampshire schools built estate. This review has sought to identify the highest priority strategic building condition issues along with the need for modernisation improvements of schools' specialist facilities. The 2012/13 Capital Maintenance allocation excludes schools that became or are expected to become academies before 1 April 2012.

#### **Major maintenance of schools**

##### Building condition capital maintenance

- 4.16 Building condition projects, e.g. recladding, roof replacements and mechanical and electrical services in schools are managed by Policy and Resources. As outlined in paragraph 4.4, the capital maintenance allocation (£10.671m) is managed by Policy and Resources to fund major building condition work in schools. Projects will be prioritised jointly with officers from Children's Services, to ensure a strategic and cost effective approach to investment.

##### Schools' devolved formula capital

- 4.17 Government grant allocations for schools' devolved formula allocations were substantially reduced from April 2011. To put this in context, the 2010/11 allocation was £21.049m, with the 2011/12 allocation being £4.069m, a reduction of 80%. For 2012/13 the overall allocation remains at the 2011/12 level but with the funding for Academies removed. The allocation for Hampshire is £3.508m and will be allocated according to the

DfE formula set out in Table 5. It is intended to fund high priority projects identified through schools' Asset Management Plans.

**Table 5 – Schools' Devolved Formula Capital allocation**

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

4.18 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.

## **5. Capital programme summary 2012/13 to 2014/15**

5.1 The total amount available to fund starts in 2012/13 is £66.492m. Table 4 in paragraph 4.4 illustrates how this sum is arrived at.

## **6. Amendments to the 2011/12 capital programme**

### Short Breaks for Disabled Children

6.1 An allocation of £0.825m to support short breaks for disabled children was added to the 2011/12 programme on 20 July 2011. It is proposed that £0.625m funding is carried forward to 2012/13. Part of the planned scheme for Stubbington Study Centre, referred to in paragraph 6.2, will provide access for disabled children for short breaks. Therefore, it is recommended that £0.1m of this funding be allocated to the Stubbington Study Centre project. The balance of the funding will be used to enable the Local Authority to meet its statutory duty in delivering aids and equipment to children and young people with disabilities as approved on 20 July 2011.

### Stubbington Study Centre

6.2 An allocation of £0.570m is recommended to be carried forward to the 2012/13 programme to improve the residential accommodation at Stubbington Study Centre. The proposed project will allow for the removal of two poor double temporary classrooms and one of the original dormitory blocks, thus removing a maintenance liability to the County Council.

6.3 A detailed feasibility study has been undertaken that has costed the project at £1.3m inclusive of fees. Funding of £0.475m has been agreed by the Study Centre and £0.1m is recommended in paragraph 6.1. Therefore, to enable this project to proceed to tender, it is recommended that a further

£0.155m is added to this project from 2012/13 capital programme resources.

**Resources and projects proposed to be carried forward to 2012/13**

- 6.4 It will not be possible to start the schemes listed in Table 6 during 2011/12. In some cases, this is because of changes in the scope, brief or programming of projects, while in others a deliberate decision was taken, in consultation with the Executive Lead Member for Children’s Services, to slow down the rate of progress on a number of projects which were not considered to be of the highest priority, because of uncertainties about future years’ capital allocations and the need for new school places to meet the increase in births. It is proposed, therefore, to defer these projects, with their resources, to 2012/13. The amounts shown in Table 6 are the contributions to project costs from the Children’s Services capital programme along with the full estimated costs of schemes, with the differences being funded from other sources.

**Table 6 – Resources and projects to be carried forward from 2011/12 to 2012/13**

Project	Cost of projects	Resources carried forward
Named projects	£m	£m
Other Primary Improvements	1.200	1.200
Other Secondary Improvements	1.500	1.500
Other Improvement Projects	0.400	0.400
Fareham & Gosport Vocational Provision	7.000	7.000
Queen Elizabeth Barracks Primary, Fleet	5.500	0.500
Asset Management Plan data provision	0.300	0.300
Developers Contributions (Abbotswood)	0.500	0.500
Bramley Primary	1.670	1.670
Overton Primary	0.538	0.388
Stubbington Study Centre	0.570	0.500
Rachel Madocks School	0.600	0.000
Short Breaks for Disabled Children	0.825	0.625
Basic Need Safety Valve funding	6.831	6.831
<b>Total 2012/13 carry forward</b>	<b>27.434</b>	<b>21.414</b>

- 6.5 It is proposed to carry forward resources of £38.249m, which includes £21.414m shown in Table 4 and £16.835m previously approved.
- 6.6 Issues relating to individual projects proposed to be carried forward are set out in the following paragraphs.

Other Primary and Secondary improvements

- 6.7 Resources have been carried forward to 2012/13 as approved by ELMCS on 28 September 2011. This funding relates to the Children’s Services

contribution towards the joint funded capital maintenance programme agreed with the Director of CCBS.

#### Fareham and Gosport vocational provision

- 6.8 Funding of £7.3m was approved on 28 January 2011 for Fareham and Gosport vocational provision. The split of this funding was agreed by ELMCS on 20 July 2011 for the relocation of the Quayside Education Centre (£4m), an Inclusion project at Brookfield Community School and Language College (£0.3m) and for a Gosport Skills Centre (£3m).
- 6.9 A detailed project appraisal for Quayside Education Centre was presented to Buildings, Land and Procurement Panel on 4 January 2012. This project will see the centre relocated from its current accommodation in temporary buildings in Mill Lane, Gosport to a new purpose built education facility on Tukes Avenue, Gosport at a cost of £4.0m including fees.
- 6.10 The relocation of Quayside Education Centre will provide students facing challenges linked to educational attainment or behavioural issues with an opportunity to work and learn in a significantly improved learning environment.
- 6.11 Feasibility work is in progress for the Gosport Skills centre as part of the strategy for the area. Details of this project will be reported at a future decision day.

#### Tweseldown Infants and Church Crookham Junior

- 6.12 Following consultation and detailed feasibility work, it has been agreed to provide a 3fe (form entry) infant school on the Queen Elizabeth Barracks site in Fleet. In addition, adaptations will be made to the current Infant school building which will become part of the Junior School.

#### Bramley Primary School

- 6.13 Due to an increase in the number of catchment area children for this school, approval was given by ELMCS on 7 December 2011 to add this scheme to the 2011/12 programme. The project will add a 0.5fe extension and address some of the infrastructure issues to enable the school to accommodate the increase in pupil numbers from the new housing developments. The scheme is costed at £1.67m (including fees)

#### Overton Primary School

- 6.14 Due to an increase in the number of catchment area children for this school, approval was given by ELMCS on 7 December 2011 to add this scheme to the 2011/12 programme. The project will add a 0.5fe extension to the planned extended schools project. The scheme is £0.538m (including fees) and will deliver a two classroom extension along with both internal and external adaptations.

## **7. Action taken by the Director of Children's Services**

- 7.1 Under delegated powers, and following consultation with the Executive Member for Children's Services, the action set out in Appendix 2 has been taken and it is recommended that these approvals are noted.

## **8. Recommendations**

- 8.1 That the capital grants for Basic Need and Capital Maintenance be added to the 2012/13 programme with a further report with detailed expenditure plans brought to the Executive Member for decision in March.
- 8.2 That the deferral of resources of £21.414m, relating to schemes of £27.434m be approved for submission to Cabinet as shown in Table 6 of this report.
- 8.3 That the following variations to the 2011/12 capital programme be approved:
- a) Short breaks for disabled children: allocation of £0.1m to contribute towards the provision of disabled facilities at Stubbington Study Centre;
  - b) Stubbington Study Centre: project to provide improved residential accommodation with capital programme funding of £0.155m being added to deliver the £1.3m project.
- 8.4 Temporary classrooms – approval be given for the application of planning permission for temporary classrooms to be located on the school sites listed at Appendix 1.
- 8.5 The projects approved under delegated powers by the Director of Children's Services in Appendix 2 are noted.

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

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

**Other Significant Links**

<b>Links to previous Member decisions:</b>		
<u>Title</u>	<u>Reference</u>	<u>Date</u>
Children's Services Capital Programme 2011/12 to 2014/15	2372	28 January 2011
Children's Services capital programme issues	2779	20 July 2011
Children's Services capital programme updated	3314	7 December 2011
<b>Direct links to specific legislation or Government Directives</b>		
<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:**

- a) 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.

- b) 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.