

HAMPSHIRE COUNTY COUNCIL

Decision Report

Decision Maker:	Executive Lead Member for Children's Services
Date of Decision:	28 January 2011
Decision Title:	Children's Services Capital Programme 2011/12 to 2014/15
Decision Reference:	2372
Report From:	Director of Children's Services and County Treasurer

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1. Executive Summary

- 1.1 This report seeks approval for submission of the proposed capital programme for 2011/12 to 2014/15 to the Leader and Cabinet.
- 1.2 The report has been prepared in consultation with the Executive Member and will be reviewed by the Children and Young People Select Committee on 27 January 2011. It will be reported to the Leader and Cabinet on 11 February 2011 to make final recommendations to County Council on 24 February 2011.
- 1.3 The report considers the schemes which it is proposed to include in the capital programmes for 2011/12, 2012/13, 2013/14, and 2014/15.
- 1.4 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. Contextual information

- 2.1 In approving the medium term financial and efficiency strategy on 24 May 2010, the Cabinet agreed that the guidelines for the locally resourced capital programme for 2011/12 to 2014/15 should be set at the same level as the current programme for 2010/11 to 2012/13. This reflects the continued uncertainty about the level of capital receipts likely to be available to finance the locally resourced programme.
- 2.2 Executive members can now prepare proposals for:
 - a locally-resourced capital programme for the four-year period from 2011/12 to 2014/15 within these guidelines;

- a programme of capital schemes supported by Government grants in 2011/12 and those expected to be supported in 2012/13, 2013/14 and 2014/15.
- 2.3 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.
- 2.4 The five outcomes specified in the Children Act 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.
- 2.5 The cash limit guidelines for the locally resourced capital programme for Children’s Services as set by Cabinet are as follows:

Year	£m
2011/12	0.090
2012/13	0.090
2013/14	0.090
2014/15	0.090

3. Finance – Capital programme supported by Government allocations

- 3.1 For the current spending review period which ends on 31 March 2011 the level of support was known. During this period, the programme continued

to allow for not taking up Government supported borrowing in full, based on the existing policy of limiting the increase in the capital financing requirement to 2.5% per annum, subject to the specific decisions taken in 2008/09 to support additional borrowing.

- 3.2 On 13 December 2010, the Secretary of State announced details of individual local authority capital allocations for 2011/12. Details of Government support for projects in 2012/13, 2013/14 and 2014/15 will be informed by the outcome of 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.
- 3.3 The focus of the current spending round is to reduce 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.
- 3.4 Whilst the allocation and management for programmes after 2011/12 may change to reflect the recommendations of the review, it is expected that the capital for Children's Services will be roughly in line with the funding allocation for 2011/12.
- 3.5 The Children's Services capital programme is based on Government capital grants, capital receipts, developers' contributions and local resources. The availability of Government grants, together with capital receipts and developers' contributions, is set out in Table 3.

4. Capital programme 2011/12 to 2014/15 – schemes supported by Government approvals:

- 4.1 Table 1 sets out the capital allocations for 2011/12 made by the Secretary of State on 13 December 2010, together with the assumed level of funding for the following three years. These are all made as capital grant. Allocations for 2010/11 and the planning assumptions for 2011/12 included in the January 2010 capital programme report are included for comparison.

Table 1 – Allocation of capital grant to the County Council (excluding schools' devolved capital)

Year	Basic Need New pupil places	Capital Maintenance	Totals
	£m	£m	£m
2010/11	-	-	40.851
2011/12 (planning assumptions)	-	-	17.276
2011/12	11.606	25.454	37.060
2012/13 (assumed)	11.606	25.454	37.060
2013/14 (assumed)	11.606	25.454	37.060
2014/15 (assumed)	11.606	25.454	37.060

- 4.2 Paragraph 6.25 and Table 5 refer to grant allocations for schools' devolved capital.
- 4.3 It should be noted that the number of budget headings has reduced through the new capital allocations and therefore this overall sum will still need to cover County Council capital investment priorities, such as Access Improvements in Schools (AIS) and Health and Safety. The 2011/12 capital allocation refers to Capital Maintenance (CM) as opposed to New Deal for Schools (NDS) used in previous years. 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. On this basis a split of these resources in the ratio of 54% to condition, and 46% to suitability is recommended as agreed by Executive Members in July 2003 for NDS. A significant proportion of the combined funding will need to be used to address strategic Children's Services and Policy and Resources priorities. The proposals in this report are subject to future capital announcements and the detailed guidance on the process for distribution of capital. When this is known, a further report will be brought back to the ELMCS explaining the impact on projects beyond the 2011/12 programme. Table 2 shows the split of grant between Policy and Resources and Children's Services for 2011/12, as well as the amounts assumed for 2012/13, 2013/14 and 2014/15.

Table 2 – 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
2011/12	11.606	25.454	13.745	11.709	23.315
2012/13 (assumed)	11.606	25.454	13.745	11.709	23.315
2013/14 (assumed)	11.606	25.454	13.745	11.709	23.315
2014/15 (assumed)	11.606	25.454	13.745	11.709	23.315

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

Table 3 – Four year capital resources summary

	2011/12	2012/13 (assumed)	2013/14 (assumed)	2014/15 (assumed)	Total
	£m	£m	£m	£m	£m
Carry forward 2010/11 to 2011/12 (approved 15 January 2010)	0.833	0	0	0	0.833
Carry forward 2011/12 into 2012/13	-2.192	2.192	0	0	0
Carry forward 2011/12 to 2012/13, and 2013/14 to 2014/15 (recommended in this report, re-profiled to meet strategic objectives)	-14.643	14.643	-3.945	3.945	0
Carry forward resources to 2011/12 (table 12)	14.627	0	0	0	14.627
Re-badge of PCP grant (see Appendix 2)	5.855	0	0	0	5.855
Basic Need - new pupil places	11.606	11.606	11.606	11.606	46.424
Capital Maintenance	11.709	11.709	11.709	11.709	46.836
Havant Academy grant	8.678	0	0	0	8.678
Developers' contributions anticipated	1.214	11.570	14.576	2.039	29.399
Schools' Devolved Capital	4.069	4.069	4.069	4.069	16.276
Corporate capital resources	0.090	0.090	0.090	0.090	0.360
Capital receipts anticipated	-0.916	4.572	2.065	0	5.721
Totals	40.930	60.451	40.170	33.458	175.009

4.5 Resources totalling £15.460m are proposed to be carried forward to 2011/12, which includes:

- £0.833m agreed in January 2010 to be carried forward to 2011/12;
- £14.627m proposed to be carried forward to 2011/12 (detailed in table 12)

4.6 In addition, in order to strategically manage the four year programme and deliver the new planned schools on time:

- £2.192m proposed to be carried forward to 2012/13 as agreed in January 2010;

- £14.643m proposed to be carried forward to 2012/13, recognising the resources required to start three new primary schools and other high cost projects in 2012/13;
- £3.945m proposed to be carried forward from 2013/14 to 2014/15.

5. Four year capital allocations 2011/12 – 2014/15 – overview

- 5.1 The Secretary of State for Education announced details of individual local authority capital allocations for 2011/12 on 13 December 2010. From 2012/13 onwards, it is likely that a new allocation system will be introduced, following the Government's review of schools capital under the chairmanship of Sebastian James, the outcome of which is expected early in 2011. This will make recommendations to the Secretary of State about investment priorities and also about the way in which capital is distributed, to take account of the growing diversity of school governance and in particular the expected growth of academies and free schools. This may affect the County Council's traditional role as the recipient of capital to be allocated to projects, although current thinking suggests a role for local authorities in determining the prioritisation of capital through local panels. Officers have been involved in workshops associated with the review and have prepared a detailed submission setting out the County Council's high level school capital needs and underlining the benefits of collaborative approaches between local authorities in delivering financial savings on capital projects, as well as greater cost certainty and reliable contractor performance.
- 5.2 Whilst the allocation and management for these programmes may change to reflect the recommendations of the review, the DfE has indicated that that the amount of capital funding is expected to be broadly in line with the that for 2011/12.
- 5.3 The focus of the current spending round is to reduce the number of hypothecated grants, thus allowing local authorities to determine their own local priorities, with a focus on basic need and capital maintenance.
- Basic Need – new pupil places – funding of £11.606m for 2011/12 has been increased over the 2010 /11 allocation. This recognises the pressure on future years' programmes in the context of the number of new primary schools needed to serve new housing developments, along with the upturn in primary pupil numbers in certain areas of the county;
 - Capital Maintenance – the global allocation of £25.454m will be used to address joint Children's Services and Policy and Resources strategic priorities for major repairs and strategic improvements in schools, along with other local priorities such as Access Improvements in Schools, Health and Safety, temporary classroom replacements and modernisation of specialist facilities such as science laboratories.

- Primary Capital Programme (PCP) funding came to a close in 2010/11 having originally been intended to improve a substantial proportion of the primary and primary age special school stock over a fifteen year period. As a result of changes in Government policy, including the imposition of an end spend date of 31 August 2011, projects which would have been funded through PCP would now be a call on the capital maintenance allocation. In order to maximise the benefit of Government grant, it is recommended that a number of qualifying projects which would have been funded from other sources, should now be funded through PCP, thereby releasing resources for use on other priorities. This approach would release resources totalling £5.855m for use in 2011/12. Appendix 2 sets out the projects which it is recommended should be funded through PCP grant.
- 5.4 Targeted funding for the following initiatives was allocated by the former DCSF on a one-off basis for the three financial years 2008/09 – 2010/11. Funding has not been made available in 2011/12 and beyond:
- extended schools
 - children's centres.
 - early years and childcare capital
 - Youth Capital Fund
 - Targeted Capital Fund (TCF)
 - transforming short breaks for families with disabled children to enjoy short breaks.
- 5.5 In the context of the reduced funding now available and of the levels of investment in these areas over the last three years, is not recommended that further allocations under these headings are made.
- New pupil places
- 5.6 Primary school rolls generally are beginning to rise, and there is significant growth in numbers in some areas of the county. An important aspect of this relates to new housing developments, with some established areas now seeing a significant increase. In addition to allocations for new pupil places, significant developers' contributions will also be available. Developer contributions are dependant on housing completions, with the current economic climate raising considerable questions over the pace of such developments. The downturn in the housing market will impact on the timing of the new schools. Detailed discussions will continue to take place with district councils and developers to keep abreast of the situation.
- 5.7 In the context of the localised need for additional primary school places referred to above, the proposed new primary school for Andover, at East Anton, was included in the 2010/11 programme. Consultations with local schools are currently taking place in respect of the Queen Elizabeth Barracks proposed housing development in Fleet, which it is anticipated will be served by extensions at Tweseldown Infant and Church Crookham

Junior Schools, with proposals for additional places to be included in the 2011/12 programme. It is anticipated that the first new primary school to serve the West of Waterlooville development and the second Andover primary school at Picket Twenty will be included in the 2012/13 programme.

- 5.8 The new primary schools (Andover and West of Waterlooville) are funded with significant developers' contributions. The developers' contributions for Picket Twenty and West of Waterlooville are insufficient to fund the first two form entry (420 place) school which will be needed to serve the first phase of the development. The additional cost will need to be funded from capital programme resources. Prudential borrowing of £7.220m will be required to fund the proposed new schools in advance of the developers' contributions being received.
- 5.9 The cost of new schools is very high proportionate to that of other types of capital work. The need to start work on three new primary schools during 2012/13 and 2013/14 will place significant strain on available funding, hence the proposed carry forward of resources from 2011/12 to 2012/13.

6. Other formulaic allocations

- 6.1 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, listed below:

- major maintenance of Children's Services buildings (through Policy and Resources);
- improvements and modernisation of primary, secondary and special schools;
- 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.

These proposed allocations are listed in table 4, which also highlights major projects, which are set out in more detail in paragraphs 6.2 – 6.26.

Table 4 – Proposed allocations for four year programme

	2011/12	2012/13 (assumed)	2013/14 (assumed)	2014/15 (assumed)	Totals
	£m	£m	£m	£m	£m
New schools and extensions	6.320	22.850	15.750	7.500	52.420
Siskin Primary School, Gosport	0.000	2.500	0.000	0.000	2.500
Other primary school improvements	1.500	4.000	4.100	4.500	14.100
Havant Academy	8.678	0.000	0.000	0.000	8.678
Park Community, Havant	0.000	10.000	0.000	0.000	10.000
Other secondary school improvements	1.500	4.000	4.100	4.500	14.100
Rachel Madocks School, Cowplain *	0.600	0.000	0.000	0.000	0.600
Samuel Cody School, Farnborough	0.645	0.000	0.000	0.000	0.645
Other special school and SEN improvements	0.830	2.000	2.600	3.000	8.430
Other improvement projects	0.800	1.000	1.000	1.500	4.300
Access improvements in schools	0.500	0.500	0.500	0.500	2.000
Fareham and Gosport inclusion schemes	7.300	0.000	0.000	0.000	7.300
Area inclusion projects	0.000	4.500	3.000	4.000	11.500
Social care projects	0.350	0.350	0.350	0.350	1.400
Stubbington Study Centre *	0.570	0.000	0.000	0.000	0.570
Health and Safety	1.100	0.400	0.400	0.400	2.300
Schools' devolved formula capital	4.069	4.069	4.069	4.069	16.276
Furniture and equipment and ICT	0.475	1.500	1.000	0.600	3.575
Development costs	0.200	0.200	0.200	0.200	0.800
Reduction in borrowing & liabilities	3.000	0.000	0.000	0.000	3.000
Interest on borrowing	0.685	0.433	0.305	0.117	1.540
Contingency	1.808	2.149	2.796	2.222	8.975
Totals	40.930	60.451	40.170	33.458	175.009

* Funded from capital receipts

Capital Maintenance

- 6.2 The total allocation in 2011/12 for capital maintenance is £25.454m (£11.709m for Children's Services). Recognising that part of the 2011/12 capital allocation was likely to be targeted at major capital repairs, officers from Children's Services and PBRs 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. Officers are now finalising an exercise to prioritise school capital investment requirements for future years' programmes.

Major maintenance of schools

Building condition (Budget £13.745m in 2011/12)

- 6.3 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 4.2, it is recommended that 54% of the capital maintenance allocation 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.

Improvements and modernisation of primary, secondary and special schools

- 6.4 Four year funding allocations are proposed for improvements to primary, secondary and special schools. Immediate investment priorities have been identified and are discussed in more detail below. For the longer-term, priorities are being developed as outlined in paragraph 6.3. This work will be further refined in the future through the continuing development of an Asset Management System, for which a contract is expected to be awarded early in 2011/12.

Park Community School, Havant

- 6.5 As part of the structural survey work undertaken by the Director of PBR&IT and the feasibility work produced for Building Schools for the Future (BSF) major structural issues at Park Community School, Havant have already been identified.
- 6.6 The majority of the buildings on the site are constructed in a post-tensioned pre-cast concrete system, Integrid, which was deployed by several authorities in the school building programmes of the 1950s and 1960s, and these are now nearing the end of their useful life. Temporary mitigation measures have been in place for some time and will continue as necessary as the options for longer term action and replacement are considered. Regular structural inspections and the installation of temporary props are part of the ongoing maintenance regime but such work is likely to become increasingly expensive and intrusive to ensure continuing safe use of the buildings. Following an analysis carried out by Property Services in 2010, the Integrid buildings at Park School are ranked the highest condition and

capital replacement priority against all other secondary school sites in the county.

- 6.7 Therefore, due to the immediate need to address the structural issues with some of the Park Community buildings, it is proposed that the Director of PBR&IT undertake a costed feasibility study to allow for the replacement of the Integrid buildings on this site for consideration as a high priority. It is recommended that funding (from capital maintenance allocation), initially estimated at £10m, should be made available to allow a project to start on site in 2012/13. Further reports will identify the work proposed and more detailed costs. It is anticipated that Policy and Resources will make a matching funding contribution from its allocation for strategic maintenance of schools.

Siskin Infant and Junior schools (Federation), Gosport

- 6.8 In November 2010 Siskin Infant and Siskin Junior schools federated. The schools are located in Gosport and situated in one of the most deprived areas of Hampshire, with a high proportion of families in relative poverty and a high incidence of health inequalities. As a result, there are many children who have barriers to learning that need to be overcome through high quality teaching, effective leadership and wrap-around services that can improve their health and well-being.
- 6.9 The educational standards that the majority of children currently achieve, although improving, are too low to support success in secondary education and this undermines their future economic well-being. The planned investment at the Siskin schools would enable the creation of a range of flexible learning spaces that are essential to providing a personalised education that focuses on excellence for every child, whatever their circumstances. This will support the effective use of the pupil premium to narrow the gap for vulnerable children.
- 6.10 The County Council recognises that the needs of this community are complex, having brokered the formation of a federation between Siskin Infant and Junior Schools as part of a longer term transformational solution to achieve sustainable improvement. An executive headteacher is being recruited to bring the necessary drive and ambition to raise attainment for all children and improve their life chances. A Sure Start children's centre, community centre with pre-school and youth facility share the same site, with increasing liaison to develop the shared commitment to raise attainment and improve well-being for all pupils. It is their ambition to become a 'centre of excellence' for all schools working in challenging circumstances and areas of high deprivation.
- 6.11 Capital investment would support the transformation necessary to raise community aspirations and break the link between poverty and low achievement. The flexible spaces proposed could be used to ensure swift and easy access to a wide range of additional services for children and their families. The relative difficulty of accessing these services is currently a significant barrier. Investment would further develop the inter-agency and inter-school collaborative work already in place locally as part of the

Gosport Local Children's Partnership and promote opportunities for co-location of services. Pupil number forecasts for Siskin Junior School indicate that a two form entry school will be needed in this community which is undergoing a major housing and community renewal programme.

- 6.12 It is proposed that the Director of PBR&IT undertake a detailed feasibility study for a two form entry school that addresses the key issues outlined above and supports the development of the collaborative approach to services, in the context of a major building refurbishment. It is proposed that the outcome of this study will be brought to the May 2011 decision day. It is recommended that funding, initially estimated at £2.5m, including fees, should be made available to allow a project to start on site in 2012/13. Further reports will identify the work proposed and more detailed costs.

Other improvement and modernisation projects

Portchester Children's Centre

- 6.13 On 28 October 2010 the Executive Member for Policy and Resources agreed funding for a partnership project between the County Council and Fareham Borough Council to deliver a new community centre in Portchester, at a total estimated cost of £2m. Part of this project relates to the need to relocate the Keepsake Children's Centre from the existing building, which is to be demolished, into the proposed new building. The estimated cost of this re-location is £0.400m and it is proposed to include provision in the 2011/12 capital programme to secure accommodation for the children's centre in the long-term.

Access improvements in schools

- 6.14 The previous Government made capital allocations over a number of years through 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. It is proposed, therefore, that £0.500m is included in each year's capital programme to finance access improvement projects in schools.

Havant Academy

- 6.15 On 17 November 2010 the Executive Lead Member for Children's Services approved the inclusion in the 2011/12 capital programme of a major refurbishment project at Havant Academy. The estimated value of the project, to be met in full from Government grant, was £10.085m. The DfE has subsequently reviewed the resources available for this and other academy projects nationally and has imposed a funding reduction of £0.504m, leaving a total project cost, including ICT provision, of £9.582m. ICT funding of £0.904m will be made available directly to the Academy by the DfE and will not, therefore, form part of the Children's Services capital programme. The revised value of the building project is £8.678m, including fees and the project is expected to start on site in early summer 2011.

Improvements and modernisation of SEN accommodation, education centres and other Children's Services establishments

- 6.16 The highest priority for SEN investment is the relocation of Samuel Cody MLD secondary school, Farnborough in September 2011 from its existing site to the site of Oak Farm School, Farnborough, which closes in August 2011. This project appears as a named scheme in the 2011/12 capital programme. Proposals for other high priority projects will be brought to a future decision day.

Area inclusion projects

- 6.17 For several years provision has been made for a rolling programme of capital improvements to education centres and projects have been completed in Andover, Eastleigh and Havant. The education centres in Gosport, New Forest and Rushmoor/East Hampshire remain in unsatisfactory accommodation and it proposed to continue the programme of improvements over the next three years, subject to possible changes in global allocations and priorities. The highest priority for replacement buildings is the Quayside Centre in Gosport linked to school and skills centre provision, more details of which are given in paragraphs 6.18 to 6.20. It is proposed to allocate £4.5m in 2012/13, £3m in 2013/14 and £4m in 2014/15 for the next priority projects in New Forest and Rushmoor/East Hampshire. Detailed proposals for these areas will be brought forward once local needs have been analysed and local consultations have been carried out.
- 6.18 As indicated in paragraph 6.2, other improvement and modernisation projects are currently being prioritised and specific proposals will be brought to a future decision day.

Fareham and Gosport vocational provision

- 6.19 The County Council has for several years undertaken a programme of improvements to education centre premises, which has resulted in new or substantially improved and remodelled buildings in most areas of the county. Of the remaining unimproved premises, the building in worst condition is the Quayside Education Centre in Gosport, which occupies a number of temporary buildings on the St.Vincent College site. In the context of current consultations about future post-16 provision and inclusion policies in Fareham and Gosport, it is appropriate to include measures in the 2011/12 capital programme to replace the existing Quayside provision.
- 6.20 Recent developments in the approach to managing exclusions mean that the traditional education centre provision may not be appropriate in all cases when new accommodation is being considered. One approach, for example, might be to provide a smaller education centre, complemented by a range of facilities on secondary school and other sites across the area. This would reflect the increasing trend of avoiding permanent exclusions wherever possible and for co-operation among schools to manage pupils at risk of exclusion through the shared use of resources.

- 6.21 Another strand is the opportunity to provide improved vocational facilities, which could be used by all secondary pupils, but have a particular role in supporting those at risk of permanent of exclusion. Fareham and Gosport have a shortage of such facilities and investment in replacement provision for the Quayside centre could also make a valuable contribution to the broader need for increased vocational facilities in the area. Funding is available in the current year through the now defunct Targeted Capital Fund to address needs in the areas of Special Education Needs, inclusion and 14-19 and this funding could be used to make a substantial contribution towards the costs of replacing the Quayside accommodation and providing a more comprehensive and flexible inclusion policy in the area, including enhanced vocational provision.
- 6.22 It is proposed, therefore, that provision of £7.3m, including fees, is made in the 2011/12 programme for the replacement of Quayside Education Centre and associated projects, with £2m of this funded through TCF, and £2m from NDS grant and the remainder from the capital maintenance allocation. A further report will be submitted outlining specific options for the location and nature of the replacement provision.

Improvements to children's homes

- 6.23 It is proposed to continue funding, at the level of £0.250m each year, for improvements to children's homes. This level of resourcing will enable significant improvement projects to be developed to improve the standard of accommodation.

Reduction in liabilities

- 6.24 Funding of £2.0m is proposed to be allocated in 2011/12 to help deliver the savings relating to Community Education referred to in the revenue budget report on this agenda. This funding will support the renegotiation with funding partners and potential "buy out" of the County Council's capital liability on certain community projects at school sites. Specific schemes for consideration against this funding will be brought to a future decision day.

Schools' devolved formula capital

- 6.25 Government grant allocations for schools' devolved formula allocations are being 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%. This will be allocated according to the DfE formula set out in Table 5 and is intended to fund high priority projects identified through schools' Asset Management Plans.

Table 5 – Schools’ Devolved Formula Capital allocation

	Allocation per school £ p.a.
Per nursery/primary pupil	11.25
Per secondary pupil	16.87
Per special school or education centre pupil	33.75
Lump sum (all schools)	4,000.00

6.26 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 will limit individual schools’ opportunities to fund capital projects.

7. Developers’ contributions

7.1 Developers’ contributions are an increasing source of resources for the Children’s Services capital programme, albeit that they only cover costs incurred and their availability depends on the rate of house building. The current policy for contributions was approved by the Executive Member for Children’s Services on 24 July 2008 and updated in September 2010. 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.

7.2 A number of developers’ contributions have been received during the current financial year as listed in Appendix 3.

8. Capital funding for early years and childcare

8.1 Allocations through capital grant for the provision of Phase 3 of the children’s centres programme and to facilitate the improvement of accommodation for existing childcare provision have been made up to 2010/11. The full amount of the grant will be spent in line with Government guidelines by the 31 March 2011.

9. Borrowing through the School Balances Loan Fund and Prudential Code for Capital Finance

- 9.1 Borrowing through the School Balances Loan Scheme and Prudential Code for Capital Finance provides access to capital funding in advance of capital receipts and developers' contributions becoming available. The School Balances Loan Scheme allows borrowing for capital projects against planned receipts up to a level of 25% of overall balances. Borrowing under the Prudential Code became available from 1 April 2004 and requires Cabinet approval.
- 9.2 Such borrowing is necessary to provide new school places at the appropriate time and to allow projects such as provision of new children's centres and education centres, which require building adaptations, to proceed. In value for money terms, providing new school places as early as practicable, to meet demand from new housing developments, ensures that school places are located where they are needed and that pressure on other schools and the need for pupils to travel are minimised.
- 9.3 To date £4.025m has been borrowed under the School Balances Loan Scheme and by the end of 2010/11 £1.023m will have been repaid; the remainder of the borrowing is scheduled for repayment by 2011/12. However, this is dependant on market conditions and the ability to sell the land in question. It should be noted that interest charges will continue to accrue until the repayment is made.
- 9.4 For schemes starting between 2004/05 and 2010/11, £41.276m is expected to be borrowed through the Prudential Code; £24.878m of this amount has been repaid to date, with the rest due for repayment when market conditions for the sale of land improve. The extent to which the market recovers is unclear at this stage and the scope for fully repaying the loans raised to date will be closely monitored.
- 9.5 Following a decision by Cabinet on 10 February 2006 that the costs of borrowing through the Prudential Code should be borne by individual services, provision has been made in the 2011/12 programme to meet continuing and anticipated borrowing costs and this is shown as an expenditure item in the capital programme. The amount included is £0.5m. To reduce interest charges in future years, it is proposed to allocate £1.0m in 2011/12 to reducing the level of borrowing, recognising the shortfall between valuations at the time prudential borrowing was approved and the amount achievable in the current market. This will be kept under review, but should be recognised as a potential commitment against future years' capital resources.
- 9.6 Prudential borrowing of £7.220m is required to deliver the proposed new primary schools in advance of developers' contributions being received, based on the current forecast for the receipt of developers contributions. A recommendation to Cabinet to approve the borrowing is required.

10. Capital programme 2011/12 to 2014/15

- 10.1 The total amount available to fund starts in 2011/12 is £40.930m. Table 3 in paragraph 4.4 illustrates how this sum is arrived at.
- 10.2 On the basis of the position outlined above, the total value of the capital programmes submitted for consideration for the four years to 2014/15 is shown in Table 7.

Table 7 – Capital programmes 2011/12 to 2014/15

	Schemes within locally resourced guidelines	Schemes funded with developers contributions and capital receipts	Schemes supported by Government grants and borrowing	Total
	£m	£m	£m	£m
2011/12	0.090	0.298	40.542	40.930
2012/13	0.090	16.142	44.219	60.451
2013/14	0.090	16.641	23.439	40.170
2014/15	0.090	2.039	31.329	33.458

- 10.3 The proposed four year capital programme is attached as Appendix 1. The total value of the capital programmes submitted for consideration for the four years to 2014/15 is shown in Table 8.

Table 8 – Summary four year programme

	Children's Services £'m
2010/11 (current)	82.224
2011/12	40.930
2012/13	60.451
2013/14	40.170
2014/15	33.458
Totals	175.009

11. 2012/13 to 2014/15 guidelines

- 11.1 As indicated above, it is possible to fund those schemes where starts need to be made in 2011/12. The indicative resources available in 2012/13 total £60.451m and are summarised in Table 9. This table assumes that the split between suitability and condition funding is the same in 2012/13 as in 2011/12. The split is subject to Executive Members' decisions, so the totals may vary.

Table 9 – Resources for 2012/13

	2012/13 £m
Basic Need	11.606
Capital Maintenance	11.709
Developers' contributions	11.570
Schools' Devolved Capital grant	4.069
Capital Receipt anticipated	4.572
Corporate Resources	0.090
Resources brought forward from 2011/12	2.192
Resources brought forward from 2011/12	14.643
Totals	60.451

12. Pressures on the capital programme

- 12.1 There are sufficient resources available to fund all the schemes which need to be started in 2011/12. The position for 2012/13 and following years is proposed to be managed by moving resources to forward years to meet the pattern of demand for investment.
- 12.2 As indicated in paragraphs 5.6 to 5.9, significant expenditure on projects to provide new pupil places is anticipated in 2011/12 and 2012/13, which will generate funding pressures. These are projects to provide new schools in major development areas and other areas of significant new housing. Table 10 gives an overview of the location of new primary schools and major extensions where starts on site are expected to be required in 2011/12 and 2012/13. Planning permission for each of these developments has been approved unless indicated otherwise. The actual timing of these projects will depend upon the forecast rate of housing completions and Table 10 shows the best currently available information.

Table 10 – Major projects to provide new pupil places

Project	Extension/ new school	Expected start on site (subject to revision)
QEB – Tweseldown/Church Crookham*	Extension	2011/12
West of Waterloo Primary	New	2012/13
Picket Twenty Primary, Andover	New	2012/13
Cupernham Infant/Junior	Extension	2012/13
Aldershot Urban Extension*	New	2013/14
Romsey Secondary	Modernisation	2013/14
Calthorpe Park Secondary, Fleet	Extension	2014/15

* Planning applications to be submitted in 2011

- 12.3 The estimated average cost of a new one-form entry primary school is about £5.6m and of a one-form extension to an existing primary school about £3.5m. In broad terms, the estimated costs of the new primary school places where starts on site are likely to be required in 2011/12 and 2012/13 are about £18m. The remaining cost will need to be met from New Pupil Places allocations. The amount of new housing planned currently, and that likely to proceed after 2013, suggests that significant pressure on New Pupil Places funding will continue for several years.

13. Revenue Implications

- 13.1 The revenue implications of the proposed capital programme are shown in Table 11.

Table 11 – Revenue implications of capital programme

Schemes within the guidelines	Full Year Cost	
	Current expenditure £m	Capital Charges £m
2011/12	0.110	0.730
2012/13	0.330	1.158
2013/14	0.220	0.783
2014/15	0.000	0.641
Totals	0.660	3.312

- 13.2 The total revenue implications for the four years of the starts programme, including capital charges, represent a real term increase of 0.4% over the 2010/11 original budget of this service.
- 13.3 Since revenue expenditure on schools (which forms the vast majority of extra current expenditure caused by the capital programme) will effectively be fixed by central government from April 2006, the current expenditure will be absorbed within the Schools Budget.

14. Amendments to the 2010/11 capital programme

14-19 projects

- 14.1 As part of the Government's clawback of funding reported at the 17 November Decision Day, £0.658m of the Targeted Capital Fund (TCF) earmarked for 14-19 projects was returned to the DfE. The remaining unallocated grant is recommended for approval at Appendix 4 following prioritisation by a joint County Council & Learning and Skills Council working group for the delivery of diplomas across Hampshire.

E-learning Centre, Havant

- 14.2 Approval was given to the Primary Capital Programme strategy by the Executive Lead Member for Children's Services on 17 December 2009. Part of this strategy included a major investment scheme at Barncroft Primary School, Havant. Included within the Barncroft project is a e-

learning centre, with the proposal to locate a satellite e-learning centre west of the A3 (M). The revenue costs associated with this satellite provision were originally planned to be covered through the BSF managed service partner which was to have been procured through the BSF process. Since the cancellation of BSF, this revenue support for the satellite unit is not now available.

- 14.3 The Director of PBR&IT, in conjunction with Hampshire Inspection and Advisory Service (HIAS), will support the Barncroft e-learning centre. However, in view of the current priorities and pressures on the revenue budget it is proposed to cancel the satellite project and use the funding of £0.350m as part of the re-badging of the PCP funding allocation referred to in paragraph 5.3.

School Travel Plans funding 2010/11

- 14.4 A number of in-year funding reductions have been reported to earlier Executive Lead Member for Children's Services decision days. In addition, the DfE has recently confirmed that schools will not receive funding for the final year of the School Travel Plan initiative. A total of 91 Hampshire schools (73 primary, 8 secondary and 10 voluntary aided) produced their plans but have now been informed that they will not now receive the funding.

Cherbourg Primary School, Eastleigh

- 14.5 A project has been developed at Cherbourg Primary School, Eastleigh to provide a multipurpose extension for a nursery and music room. This is funded by a developer contribution (£0.171m) and school contributions.

Samuel Cody Special School, Farnborough

- 14.6 As reported to ELMCS in November 2010 the Samuel Cody Special School will relocate from its current site to the Oak Farm Community School site in Farnborough when that school closes on 31 August 2011. The school successfully bid to the DfE for a sports grant (received in 2009/10) and permission was received to spend the £0.058m grant at the Oak Farm site in advance of the relocation.

Additional resources for the 2010/11 programme

- 14.7 A capital receipt of £0.095m from the sale of land at Whitedown School, Alton has been received and used to fund a small library project at the Butts Primary school. This was approved by the Executive Lead Member for Children's Services on 22 July 2010, and the resource now needs to be added to the cash limit for 2010/11. The updated cash limit is shown at Appendix 5.
- 14.8 The revised capital programme for 2010/11 reflecting all the adjustments made in the year is shown at Appendix 7. This lists all the schemes in the current programme together with a reconciliation of resources.

Resources and projects proposed to be carried forward to 2011/12

- 14.9 It will not be possible to start the schemes listed in Table 12 during 2010/11. 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 in the context of Government spending reductions. It is proposed, therefore, to defer these projects, with their resources, to 2011/12. The amounts shown in Table 12 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. It is not proposed to proceed with those projects marked with an asterisk, with the consequence that their resources can be made available to fund other projects in the 2011/12 programme.

Table 12 – Resources and projects to be carried forward from 2010/11 to 2011/12

Project	Cost of projects	Resources carried forward
Named projects	£m	£m
Building Schools for the Future *	2.500	2.500
Secondary – non BSF *	2.030	2.030
Education & Inclusion Service General *	0.342	0.342
Specialist Facilities Improvements *	0.300	0.228
Primary Inclusion Project *	1.250	1.250
New Pupil Places Primary	1.800	1.800
Fareham and Gosport Inclusion Project	4.000	4.000
Special School Improvements	2.000	1.604
Purchase of Temporary Classrooms	0.500	0.223
Stubbington Study Centre	0.500	0.500
Other Equipment *	0.150	0.150
Total 2011/12 carry forward	15.372	14.627

Note: Projects (*) with Children's Services resources totalling £6.5m are proposed to be carried forward as part of the capital strategy outlined in this report. The total cost of projects includes other funding contributions.

- 14.10 It is proposed to carry forward resources of £15.460m, which includes £14.627m shown in Table 3 and £0.833m previously approved.
- 14.11 Issues relating to individual projects proposed to be carried forward are set out in the following paragraphs.

Building Schools for the Future (BSF)

- 14.12 The County Council joined the BSF programme at a relatively late stage in its development, as entry priority was determined by nationally applied criteria of deprivation and educational attainment. Work on the first of ten project phases in Hampshire was well advanced when the Secretary of State announced on 5 July 2010 that most of the projects in authorities which joined the programme in recent months would be stopped. Hampshire's first wave project is included in this category. As indicated in paragraph 6.14, however, capital investment in Havant Academy will proceed following a subsequent decision by the Secretary of State.
- 14.13 Following the closure of the BSF programme it is recommended that the earmarked funding of £2.5m in the Children's Services capital programme be redirected to the secondary school improvements funding shown in Table 4.

Primary Capital Programme

- 14.14 Funding through the Primary Capital Programme will come to an end at 31 March 2011. The intention of this funding was to improve a substantial proportion of the primary and primary age special school stock over a fifteen year period. Following the approval of Hampshire's strategy in November 2008 by the then DCSF, detailed discussions and consultations with schools took place in 2009 about the planned investment programme for 2010/11 for Havant and Gosport. As reported in section 5.3, this approach would release resources, totalling £5.855m for use in 2011/12. The next planned priority project for consideration against this funding is the Siskin schools Federation, Gosport, referred to in paragraphs 6.8 to 6.12.
- 14.15 It is recommended that PCP grant funding of £5.855m is rebadged to enable grant support for the scheme at the Siskin schools, with the remaining funding allocated towards primary school improvements as shown in Table 4.

Education Inclusion Service General

- 14.16 Resources of £0.342m for EIS service and £1.250m for primary inclusion projects are proposed to be carried forward and added to the funding earmarked to replace and improve education centre facilities across the county. The resources have been added to funding shown in Table 4.

Specialist Facilities Improvements

- 14.17 A strategic review of the requirement for inclusion in the Fareham and Gosport area is taking place and the results will inform proposals for the use of this allocation during 2011/12 as indicated in paragraphs 6.19 to 6.22.

New Pupil Places

- 14.18 Investment to support increased pupil numbers is planned at St Bede Church of England Primary School, Winchester and in Fleet primary schools. A project to increase the capacity of St Bede C of E Primary School was reported to the Executive Lead Member for Children's Services on 17 November 2010. The governing body agreed to increase the school's Published Admission Number (PAN) from 45 to 60, due to the pressure on primary school places in Winchester. The project will provide a three classroom extension which has been costed at £0.820m including fees.
- 14.19 Consultations are currently taking place with schools in the Fleet area in respect of the Queen Elizabeth Barracks proposed housing development. It is anticipated that this development will be served by extensions at Tweseldown Infant and Church Crookham Junior Schools, with proposals for the additional places to be brought to a future Decision Day.

Special School Improvements

- 14.20 A number of projects are planned, with the intention that the majority of spending will occur between Easter and August 2011. One key project which has already been approved is the relocation of Samuel Cody Special School to the Oak Farm School site from September 2011 at a cost of £0.645m. This project is included in the 2011/12 programme.

Purchase of Temporary Classrooms

- 14.21 A full review of temporary classrooms has been undertaken during the past year and the number of units owned and hired on school sites is at an all time low. Requirements could potentially grow in the future as primary school numbers start to rise. This budget will be used where a temporary unit is likely to be required for a minimum of three years, with shorter term requirements being met from revenue.

Secondary – non BSF

As reported for BSF and PCP above it is proposed to carry forward into 2011/12 to increase flexibility in delivering the programme.

Stubbington Study Centre

- 14.22 Feasibility work has taken place to assess the potential to invest in the residential accommodation on this site using the funding from a capital receipt from the sale of Stonecroft children's home, Havant, enhanced by resources accrued by the centre.

15. 2011/12 capital programme

Rachel Madocks School, Cowplain

- 15.1 It is proposed to use the capital receipt from the sale of land at Rachel Madocks to fund an extension and improvements to the school. This school was originally in phase 1 of the BSF programme. A detailed project appraisal will be brought to a future decision day.

Swimming Pools Strategy

- 15.2 It is proposed to maximise the use of time-limited grants to complete the planned five year programme one year ahead of the timetable set out in the original strategy and resources of £0.700m are recommended to be added to the 2011/12 programme for this purpose. This sum will be matched by Policy and Resources. Details of the remaining proposed investment programme will be brought to a future decision day.

Social Care Investment Strategy

- 15.3 A detailed review of investment needs in children's homes has concluded that the top priority should be The Mead Children's Home in Odiham. PBR&IT are undertaking detailed feasibility work and a start is planned early in the summer term.

Parsonage Farm Nursery and Infant School, Farnborough

- 15.4 Following detailed local discussions a project has been agreed to provide a community facility on the school site. Rushmoor District Council is contributing £0.500m and the County Council £0.120m (£0.050m from Children's Services, £0.050m from Policy and Resources and £0.020m from the school). Once planning consent has been achieved it is anticipated that construction will begin on site in summer 2011 and be completed in spring 2012.
- 15.5 It is proposed that the community facility will be accessible for school use during school hours and be available for community groups and voluntary organisations in the evening and at weekends. Legal agreements are currently being developed.

Cranmore, London Road Alton

- 15.6 After some lengthy negotiations, agreement has been reached on the sale of a property known as Cranmore in Alton. Children's Services having used their own resources in 2004 to invest in a number of projects in the area pending the receipt, which has recently been realised. It is recommended that approval be sought from Executive Member Policy and Resources to make the full receipt of £0.376m available for use by the department in 2011/12.

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

- 16.1 Under delegated powers, and following consultation with the Executive Member for Children's Services, the action set out in Appendix 6 has been taken and it is recommended that these approvals are noted.

17. Building cost inflation

- 17.1 The economic climate continues to have a significant impact on the construction industry where the effects of the recession are still having a major influence although a slow recovery is evident.

- 17.2 This is reflected in the anticipated inflation for building works where there remains significant uncertainty and volatility in the forecasts for tender prices. Published indices by the Department for Business Innovation and Skills (BIS, formerly BERR) around which the Capital Programme is based indicate that, following a period of reduction in tender indices during 2009 and the first quarter of 2010, the remainder of 2010 has seen a slow recovery with a provisional indication of a 4% increase over the year. Looking forward, the BIS PUBSEC index is forecasting that tender prices will continue to increase during 2011 at 2 – 3% per year. It should be noted that these are provisional and forecast figures for this period and the firm outcomes are still uncertain in the current market. The full effect of public sector spending cuts will not be clear for a few months but it is certain that the Public non-housing Sector will continue to shrink over the next two to three years. This may stall the recovery if the slack is not taken up in the private sector.
- 17.3 Notwithstanding the current economic climate, national building costs have increased significantly in the last five years. A slight dip was experienced during 2009 but the general upward trend was maintained during 2010 and is forecast to continue to increase going forward. To help mitigate this, the Director of Property, Business and Regulatory Services continues to develop innovative procurement strategies that reduce risk and uncertainty for the contractors and, through a number of local and regional framework arrangements, secure the resources the County Council requires, whilst still retaining value for money and ensuring a high quality of product. It should be noted that capital allocations from the DfE contain no provision for inflation.

18. Recommendations

- 18.1 That the capital programme for 2011/12 to 2014/15 as set out in Appendix 1 be approved for submission to the Leader and Cabinet.
- 18.2 That the Capital Maintenance grant allocated by the DfE be split in the ratio of 54% to Policy Resources and 46% to Children's Services.
- 18.3 That the deferral of resources of £14.627m, relating to schemes of £15.372m be approved for submission to Cabinet as shown in Table 12 of this report.
- 18.4 That the following variations to the 2010/11 capital programme be approved:
- a) projects listed in Appendix 2 be funded from the Primary Capital Programme grant to maximise resources available to the authority;
 - b) that the 14-19 projects listed in Appendix 4 be approved;
- 18.5 That approval be sought from Cabinet to approve £7.220m of prudential borrowing for the proposed new schools in Fleet, Andover and Waterlooville.

- 18.6 That approval be sought from Executive Lead Member Policy and Resources to use 100% of the receipt from Cranmore, Alton to fund improvements to schools in the area.

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):	
OR	
This proposal does not link to the Corporate Strategy but, nevertheless, requires a decision because:	
<i>NB: Only complete this section if you have not completed any of the Corporate Strategy tick boxes above. If it is not applicable, please delete.</i>	

NB: If the 'Other significant links' section below is not applicable, please delete it.

Other Significant Links

Links to previous Member decisions:		
<u>Title</u>	<u>Reference</u>	<u>Date</u>
Children's Services Capital Programme 2010/11 to 2012/13	1002	15 January 2010
Children's Services capital programme issues	1540	22 July 2010
Children's Services capital programme issues	2028	17 November 2010
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:

- 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.