

HAMPSHIRE COUNTY COUNCIL**Decision Report**

Decision Maker	Executive Lead Member for Children's Services
Date of Decision	20 July 2011
Decision Title	Children's Services capital programme issues
Decision Reference	2779
Report From:	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 proposed changes to the 2011/12 capital programme.
- 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.
- 1.3. This report also refers to the independent review of capital investment for schools produced for the Secretary of State for Education by Sebastian James and the 2011/12 capital position for Academies.

2. Contextual Information**Carry forward from 2010/11**

- 2.1. A total of £5.806m of 2010/11 resources (£13.903m was carried forward in 2009/10) was unspent at the end of the financial year (see appendix 1), excluding resources and projects (totalling £14.627m) carried forward when the 2011/12 capital programme was approved in January 2011. A total of £26.288m will be carried forward into 2011/12.
- 2.2. Of the £5.806m of resources to be carried forward to 2011/12, the largest single component of this carry forward is 14-19 projects of £0.908m for which projects are being progressed for completion in 2011/12. Of the remaining carry forward, £2.568m relates to provision in block votes rather than for specific projects. It is proposed to add these to the block votes for similar provision in the 2011/12 programme.

- 2.3. Taking into account changes since the 2011/12 programme was produced in January (including those proposed in this report) the revised cash limit is made up as shown in Table 1.

Table 1

	£'m
Original starts programme	40.930
Projects carried forward (not included in original cash limit)	5.633
Contingency carried forward	0.173
Short Breaks for Disabled Children – DfE Grant	0.825
Havant Academy – additional funding from DfE	1.321
Burghclere Primary – developer contribution	0.082
Calthorpe Park – developer contribution	0.037
Total	49.001

- 2.4. The revised capital programme for 2011/12 is submitted for approval at Appendix 2.
- 2.5. Table 1 refers to a total of £5.806m of projects to be carried forward from 2010/11 to 2011/12. The major components of the carry forward are 14-19 projects, Swimming Pools, Extended Schools, Access Improvements in Schools and projects to be funded from Developer Contributions.
- 2.6. In addition to the carry forward referred to in paragraph 2.5, there were other carry forwards, the effects of which were included in the original 2011/12 capital programme:
- £0.833m was carried forward from 2010/11 to 2011/12 in January 2010 to balance the planned three year programme (as was).
 - £14.627m was carried forward from 2010/11 to 2011/12 in January 2011 to balance the planned four year programme.
- 2.7. The projects carried forward to 2011/12 in January 2011 were:

Table 2

Project	Project cost	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	15.372	14.627
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3. Amendments to the 2010/11 capital programme

Primary Capital Programme

- 3.1. To maximise the use of the Primary Capital Programme grant some of the allocation to Barncroft Primary will be reprofiled against the new Endeavour Primary School in Andover. This is an update on the position reported to 28 January 2011 Decision Day following the closure of the final accounts for 2010/11.

Fees to develop modular buildings

- 3.2. A budget of £0.075m for feasibility and design development costs was provided for in 2010/11 for which £0.021m has been spent to date. The balance has been carried forward and added to the 2011/12 programme contingency. It is expected that the remaining balance will be required in 2011/12.

4. Review of capital - James Review

- 4.1. In July 2010, the Government launched a comprehensive review of all capital investment funded by the Department for Education (DfE). The purpose of the review was to ensure that future capital investment will provide good value for money and strongly support the Government's ambitions to reduce the deficit, raise standards, tackle disadvantage, address building condition and meet the requirement for school places resulting from an increase in the birth rate.
- 4.2. The report has now been published and sets out the research and analysis that was undertaken and also the recommendations on future delivery models for capital investment. The review's key recommendations include:
- Determining capital allocation using objective information on the need for pupil places and on the condition of the local school estate.
 - Procuring and managing larger projects through a "central body" set up by the DfE.
 - The central body putting in place a small number of new national procurement contracts for building projects.
 - Developing a standardised suite of drawings and specifications that can be applied across a range of projects for new buildings.
 - Utilising a fast-track approach to procurement to reduce the time and cost burden for bidders and the client.
 - Making responsible bodies (usually the local authority or academy trust) accountable for maintenance of facilities with clear parameters set for the standard of maintenance required.
- 4.3. Officers from the County Council have and will continue to work with the DfE about the future shape and control of capital investment in schools and continue to be involved in a number of strategy groups associated with the James Review. The overall breakdown of Capital Maintenance (CM) funding (£25.454m) was

approved by the ELMCS on 28 January 2011 and split between suitability (improvement) work and funding to address the backlog of condition work, which is managed by Policy and Resources. A detailed investment strategy for the prioritisation of capital funding is being produced by officers from Children's Services and Culture, Communities and Business Services. The alignment of funding streams will maximise the use of limited resources ensuring value for money and a joined up approach to investment across Hampshire.

- 4.4. Some of the review's recommendations are likely to be subject to further consultation but there is a strong sense that they will largely be adopted by the government. Its initial response is expected within a month or two.

5. Capital funding of Academies

- 5.1 An allocation of capital funding has been made by the DfE for 2011/12, albeit the funding position for 2012/13 onwards remains unclear at this stage. The main purpose of the Academies Capital Maintenance Fund for 2011/12 is to support Academies with significant and urgent building condition and/or health and safety needs which cannot be met from routine maintenance or Devolved Capital Funding. The Fund will address such needs where there has not been any recent new building or refurbishment works at the Academy or where no such future works have been agreed. Funding for other urgent capital works may also be considered.
- 5.2. The Fund, which currently totals £85m, is part of the overall capital maintenance allocation announced last December, of which the majority (£858m) has been allocated to local authorities for their maintained schools. Most of the £85m fund will be allocated following assessment by Partnerships for Schools (PfS). The fund is available for Academies that opened before 2 May 2011.

6. Amendments to the 2011/12 capital programme

Short Breaks for Disabled Children

- 6.1. The DfE have made available a further round of capital funding to support short breaks for disabled children. A total of £824,977 has been allocated to Hampshire in 2011/12. From April 2011, local authorities have been under a duty to provide a short breaks service to carers of disabled children.
- 6.2. The regulations build on the rapid expansion of short breaks services which all local authorities have achieved through the Aiming High for Disabled Children programme.
- 6.3. The regulations require local authorities to:

- offer breaks as a preventive early intervention,
 - offer a range of services for parents,
 - publish a statement of those services to parents.
- 6.4. It is recommended that £0.2m of this funding is allocated in 2011/12 to enable the Local Authority to meet its statutory duty in delivering aids and equipment to children and young people with disabilities. The Integrated Community Equipment Service (ICES), manages equipment for children who have disabilities and require equipment to support their daily living and personal care needs. Much of the equipment can be re-used after the children have outgrown it or no longer require it.
- 6.5. However, there are an increasing number of children whose complex physical and learning needs are so specific that they are unable to be issued with the standard equipment and require bespoke equipment which may need to be tailor-made.
- 6.6. It is recommended that, subject to approval, £0.2m of this funding is allocated for the purchase of specialist equipment in 2011/12. Proposals for the allocation of the remaining funding will be brought to a future Decision Meeting.

Havant Academy

- 6.7. On 28 January 2011 the Executive Lead Member for Children's Services approved the 2011/12 to 2014/15 capital programme. A major refurbishment project at Havant Academy is included in the 2011/12 programme, to be funded from Government grant, with small additional contributions from the Academy and from the unspent balances of the Academy's predecessor school, Staunton Community Sports College.
- 6.8. The grant includes two elements: £8.678m for construction, the sum which is included in the 2011/12 programme, and £1.085m, ring-fenced for ICT investment. Partnerships for Schools, which administers the grant on behalf of the Department for Education, initially stated that the ICT grant would be paid directly to the Academy and would not, therefore, be included in the capital programme. They have, however, recently revised this position, and the funding will now be paid to the County Council with the grant for construction costs. VAT is included in the ICT element of the grant as it is not recoverable by the County Council.
- 6.9. In October 2009, the Schools Forum agreed that the unspent balances from Staunton Community Sports College could be applied to support the refurbishment project at Havant Academy. These balances total £0.116m. It is recommended that this sum, together with a contribution of £0.120m (including VAT) from the Academy, should also be added to the programme as approved by the Executive Member for Policy and Resources on 14 April 2011. The additional resources total £1.321m. The figures now reported

have increased since the April meeting following advice received from Partnership for Schools around the treatment of VAT on contributions.

Access Improvements in Schools

- 6.10. It is proposed that £0.628m of the 2010/11 Schools Access Initiative (SAI) allocation is carried forward as a result of re-programming of various projects. It is recommended that this amount is carried forward and added to the funding for Access Improvements in Schools in the 2011/12 programme. Proposals for specific projects are at Appendix 3.

Projects to be funded from developers' contributions

- 6.11. A total of £2.530m additional developer contributions have now been received in 2010/11 and 2011/12. The details are shown at Appendix 4.
- 6.12. A new approach has been adopted since 1 April 2010 whereby any developers contributions received which are for future projects are not added to the programme until a scheme has been fully developed. These funds are held in a holding account and released when required.
- 6.13. Two projects have now been developed at Burghclere Primary and Calthorpe Park, Fleet and it is proposed to release developers contributions of £0.082m and £0.187m respectively to allow delivery of these two schemes.
- 6.14. The project at Burghclere Primary will involve both internal and external adaptations to improve curriculum facilities. The scheme at Calthorpe Park School will address some of the infrastructure issues to enable the school to accommodate the increase pupil numbers from the new developments.

Swimming pools strategy

- 6.15. The investment strategy for school swimming pools was agreed by the Executive Lead Member for Children's Services in December 2007. The policy adopted was to invest in 14 pools across the county. The criteria used to determine the choice of projects include the number of Key Stage 2 schools using the pool, the distance to an alternative facility (within five miles) and a priority of support for indoor pools.
- 6.16. The proposed swimming pool projects are match funded between Children's Services and Policy and Resources along with school contributions. Funding of £1.423m is recommended to achieve completion of the strategy one year ahead of the original plan. The projects recommended for approval for 2011/12 are detailed in Appendix 5.

Social care premises strategy

- 6.17. Funding is available in 2011/12 for both children's homes improvements (£0.531m) and Foster Care projects (£0.204m) these amounts include funds brought forward from 2010/11 of £0.281m and £0.104m respectively.

- 6.18. A detailed review has been undertaken to identify the most appropriate use of capital funding to support improvements in children's homes. The review has concluded that the priority for investment in 2011/12 is the Mead Children's Home in Odiham.
- 6.19. Following a detailed feasibility study the cost plan has been reviewed which has resulted in an increase in cost from the original desk top estimate of £0.200m to £0.325m. This increase relates to structural changes in the building to meet the specific need and the condition of existing mechanical and electrical services that could not be fully established prior to the initial feasibility study being carried out.
- 6.20. It is recommend that funding of £0.325m be approved for the Mead Children's Home, Odiham.

Health and Safety

- 6.21. The County Council's approach to fire safety is based on a risk assessment which follows the corporate fire policy and relies on both enhancement of some physical measures alongside the adoption and support of sound local management practices across the built estate.
- 6.22. The current years programme will enable significant progress to be made addressing the remaining single staircase SCOLA blocks across the School Estate. The risk assessed approach adopted is also the subject of a joint auditing regime with Hampshire Fire and Rescue Service which reviews local management practices.
- 6.23. Planned spending on structural fire precautions at a number of schools is detailed at appendix 6. A total health and safety allocation of £0.632m is available in 2011/12 of which £0.150m is being invested in fire precautions work. The balance remains unallocated to address any unforeseen health and safety issues that may arise during the financial year.

The Wavell School, Farnborough Specific Learning Difficulties (SpLD) unit

- 6.24. This project funded from SEN Targeted Capital Fund in 2011/12 was previously reported to ELMCS 28 January 2011. At the time, costings for the scheme were based on historical allocations from desktop analysis, without the benefit of detailed knowledge of the building and the adaptations required.
- 6.25. Detailed design work has now been completed for which the overall cost of the project, is estimated at £0.245m.

Extended Schools

- 6.26. The allocation for Extended Schools in 2010/11 was £1.770m and projects totalling £1.123m have been started leaving a balance to be carried forward in to 2011/12 of £0.647m. Projects have now been agreed and are proposed for completion during the current financial year with the exception of Woolton Hill Junior School, Newbury. Following a decision of the governing body, this school

have pulled out of this project. A recommendation for the allocation of this funding will be brought to a future decision day. The specific schemes recommended for approval are listed at Appendix 7.

7. Prudential borrowing

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

- 7.1. 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.
- 7.2. 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.
- 7.3. To date £4.025m has been borrowed under the School Balances Loan Scheme and by the end of 2010/11 £1.023m had 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.
- 7.4. For schemes starting in 2004/05 to 2010/11 £44.5m is expected to be borrowed through the Prudential Code; £31.7m of this amount has been repaid to date, with the rest due for repayment over the next few years. The extent to which the market will continue its recovery is unclear at this stage and the scope for fully repaying the loans raised to date will be monitored.
- 7.5. Prudential borrowing of £3.2m is expected to be necessary for the 2011/12 programme, to be repaid when developer's contributions are received.
- 7.6. 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 £0.685m.

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

- 8.1. Under delegated powers, and following consultation with the relevant Executive Member, approval has been given to a number

of individual projects with a value below £0.250m. These are listed in full in Appendix 8.

9. Corporate priorities

- 9.1. The proposals in this report support the Corporate Strategies “Maximising well-being” and Enhancing our quality of place” by proposing allocations of funding to improve the environments of Hampshire schools and children’s homes.
- 9.2. It also supports the following outcomes of the Children Act which 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.

10. Recommendations

It is recommended that:

- 10.1. The revised 2011/12 capital programme set out in Appendix 2 be approved.
- 10.2. That it be a recommendation to Cabinet that the uncommitted funding of £5.806m as set out in Appendix 1 be carried forward from the 2010/11 to 2011/12 programme.
- 10.3. That the following variations to the 2011/12 capital programme be approved:
 - Havant Academy additional resources totalling £1.321m be added to the programme
 - Additional grant funding of £0.825m for Shorts Breaks for Disabled Children is added to the programme and £0.2m is allocated for the purchase of specialist equipment in 2011/12

- Funding of £0.325m be approved for The Mead Children's Home, Odiham
 - Funding for Wavell School Specific Learning Difficulties (SpLD) unit be approved at a revised cost of £0.245m.
- 10.4. That the Access Improvements in Schools projects for 2011/12 be approved as set out in Appendix 3.
 - 10.5. That the Swimming Pool programme be approved as set out at Appendix 5.
 - 10.6. That the Structural Fire Precautions programme (part of Health & Safety works) be approved as set out at Appendix 6.
 - 10.7. That the Extended Schools projects for 2011/12 be approved (including those carried forward from 2010/11) as set out in Appendix 7
 - 10.8. The projects approved under delegated powers by the Director of Children's Services in Appendix 8 are noted.

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

<i>Hampshire safer and more secure for all:</i>	yes
Corporate Business plan link number (if appropriate):	
<i>Maximising well-being:</i>	yes
Corporate Business plan link number (if appropriate):	
<i>Enhancing our quality of place:</i>	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 2011/12 to 2014/15	2372	28 January 2011
Children's Services Capital Programme issues	1540	22 July 2010
Children's Services Capital Programme issues	2628	9 March 2011
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:

Equalities Impact Assessment:

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

Impact on Crime and Disorder:

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

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.