

**DRAFT 2018/19 CAPITAL PROGRAMME**

*To:* **Children and Young People's Committee**

*Meeting Date:* **4 December 2018**

*From:* **Executive Director, People and Communities**

*Electoral division(s):* **All**

*Forward Plan ref:* **Not applicable**      *Key decision:* **No**

*Purpose:* **To provide the Committee with a detailed overview of the draft Capital Programme for People & Communities and seek Members' views on the schemes which are not yet at the stage of formal commitment.**

*Recommendation:* **Members are asked to:**

- a) Comment on the draft 2018-19 Capital Programme, noting in particular the proposed revisions to the Wisbech Secondary School project and Spring Common Special School in Huntingdon.**
- b) Support the request that the revised Spring Common Special School project proceed to Milestone 2 to provide greater cost certainty in respect of the identified suitability and basic need requirements for a 175 place school serving children and young people aged 2-19 with complex special educational needs and disabilities (SEND).**
- c) Comment on the updated option appraisal for delivering a 630 place all-through primary school in place of Eastfield Infant and Westfield Junior Schools, St Ives, noting the revised estimated costs, and advise on next steps, in particular, the preferred option for presentation to the General Purposes Committee.**
- d) Note and comment on the policies and operational practices detailed in Section 6 which add to capital project costs, and support the proposal that these are reviewed in liaison with the Executive Director: Place and Economy, with the resulting recommendations being reported to a future meeting of the Committee.**
- e) Agree that where it proves necessary for new schemes to be added to programme following its adoption by full Council, for the reasons identified in section 6.2.2, these are detailed in the Finance Performance Report for approval initially by the Children and Young People's Committee and then the General Purposes Committee.**

<b><i>Officer contact:</i></b>		<b><i>Member contact:</i></b>	
Name:	Hazel Belchamber	Name:	Simon Bywater
Post:	Head of 0-19 Place Planning & Organisation Service	Post:	Chair
Email:	<a href="mailto:Hazel.belchamber@cambridgeshire.gov.uk">Hazel.belchamber@cambridgeshire.gov.uk</a>	Email:	<a href="mailto:Simon.bywater@cambridgeshire.gov.uk">Simon.bywater@cambridgeshire.gov.uk</a>
Tel:	01223 699775	Tel:	01223 706398

## 1. BACKGROUND

- 1.1 The Council has a statutory duty to provide a place for every child whose parents want them educated in a state-funded school, including academies and to secure sufficient childcare places including free early education for all three and four year olds and the most vulnerable two year olds (15 hours per week 38 weeks a year). This is known as basic need provision.
- 1.2 Each year the Council adopts a ten year rolling capital programme as part of the Business Plan. New schemes are developed by services and all existing schemes are reviewed and updated as required before being presented to the Capital Programme Board and subsequently Service Committees for further review and development.
- 1.3 In 2009, Members approved the following criteria to inform decisions on the relative priority for capital funding in educational provision in the County:
  1. Investment, where required on the grounds of health and safety, where it would avoid the closure of a school or the loss of school capacity in an area where such places are required.
  2. The statutory duty to provide sufficient school places.
  3. The implementation of statutory changes, for example, an increase in the age range which a school serves.
  4. Investment to support the implementation of recommendations resulting from a review of educational provision, for example the amalgamation of an infant and junior school to create an all-through primary school.
  5. Implementation of new statutory duties or education policy for which there are no other sources of funding available, for example, the need to increase capacity to enable the Council to provide sufficient and suitable free early years and childcare places for children aged 3 and 4 in line with the requirements of the 2006 Childcare Act.
  6. Investment to support a reduction in schools' life-cycle maintenance costs, with priority being given to schools which score 10 in terms of overall condition deficiencies.
  7. Investment to support a reduction in schools' carbon emissions, energy and water usage by tackling the most inefficient first, using available consumption data.
- 1.4 At its meeting on 9 October 2018, Members considered a report which provided them with an overview of the Council's draft capital programme for 2019/20. The programme forms part of the Council's Business. The report detailed a small number of new schemes for inclusion in the People and Communities (P&C) capital programme. In addition, five schemes were identified for possible removal from the programme on the basis that sufficient basic need places had been secured through use of mobile accommodation. These comprised:
  - A major capital investment plan for Spring Common Special School in Huntingdon.
  - Permanent classrooms in place of mobiles at Benwick Primary, Robert Arkenstall Primary (Haddenham and Wilburton Primary schools).
  - A major capital investment scheme to provide additional primary school places in response to housing development east of the railway line in St Neots. This is no longer required as, in place of this, the new Wintringham Park Primary School is being built to provide 630 places (3FE) and associated Early Years provision in place of the original plan for a 420 place (2FE) school.

- 1.5 In response to concerns raised by Spring Common Special School and the local County Councillor, Members requested officers revisit the proposed capital investment and development plan for the school in liaison with the Head Teacher. In addition, officers were asked to undertake a further wholesale review of the programme and report the outcome of this work to the Committee.

## **2.0 CAPITAL FUNDING**

- 2.1 Government funding for the basic need provision of mainstream school places together with S106 receipts (and to a lesser extent Community Infrastructure Levy (CIL)) provide the main funding sources for the P&C five year rolling programme of capital investment. The Department for Education (DfE) determines each local authority's basic need capital allocation using data collected each July through the School Capacity (SCAP) return. In addition, the government provides funding for maintenance to address school condition needs, which cannot be met by those schools from their devolved formula capital (DFC), and for specific initiatives such as the Priority Schools Building Programme.
- 2.2 For 2018/19, the Council has secured £24,918,658 in Basic Need funding. Confirmation has been received that for 2019/20 based on the 2017 SCAP return Cambridgeshire will receive £6,905,350.
- 2.3 School Condition funding is used to maintain local authority schools. The funding allocation for 2018/19 is estimated at £4,043,000. The DfE recently announced additional School Condition spend for 2018/19. Details of this are due to be published next year.

## **3.0 REVENUE IMPLICATIONS**

- 3.1 All capital schemes can have a potential two-fold impact on the revenue position relating to the cost of borrowing through interest payments and repayment of principal and the ongoing revenue costs or benefits of the scheme. Conversely, not undertaking schemes can also have a consequential impact on revenue, for example, the need to fund transport for children to schools with available capacity.
- 3.2 The Council is required by the Chartered Institute of Public Finance and Accountancy's (CIPFA's) Prudential Code for Capital Finance in Local Authorities 2011 to ensure that it undertakes borrowing in an affordable and sustainable manner. In order to ensure that it achieves this, General Purposes Committee (GPC) recommends an advisory limit on the annual financing costs of borrowing (debt charges) over the life of the Business Plan. In order to afford a degree of flexibility from year to year, changes to the phasing of the limit is allowed within any three-year block provided the aggregate limit remains unchanged.
- 3.3 For the 2017/18 Business Plan, the General Purposes Committee (GPC) agreed that this should continue to equate to the level of revenue debt charges set out in the 2014/15 Business Plan for the next five years, limited to around £39m annually from 2019/20 onwards.

## **4.0 REVIEW OF THE DRAFT CAPITAL PROGRAMME FOR 2019/20**

- 4.1 As part of the ongoing transformational activity across the Council aimed at narrowing the revenue budget gap in the 2019/20 Business Plan, a wholesale review of the P&C draft capital programme was undertaken prior to the 9 October 2018 Children and Young People (CYP) Committee meeting to determine the potential for schemes to be reduced, amended, delayed or removed in their entirety.
- 4.2 The net effect of the addition and removal of schemes detailed in the 9 October 2018 CYP Committee report on the amount of prudential borrowing identified as required to fund the revised draft programme was £70,668,000. The estimated revenue cost of this level of borrowing is in the order of £103,688,000 based on a 35 year payback period, i.e. the interest payments would be in the order of £33,020,000.
- 4.3 The table attached as **Appendix 1** provides a detailed description together with an assessment of the risks should the scheme not proceed and a recommendation for Members' consideration. The table also provides an indicative estimated borrowing figure for each uncommitted scheme and alongside this the overall revenue cost of prudential borrowing. The figures are based on the April 2018 interest rate calculated over an asset life of 35 years.
- 4.4 The factors taken into account in determining schemes for inclusion are:
- S106 or CIL funding has been secured and would be lost if the project does not proceed within the timeframes established in the associated agreements.
  - Outline planning permission has been granted for housing development and there is an expectation, therefore, that it will generate additional demand for school places in the period covered by the programme.
  - No suitable alternative options exist.
  - There are cost benefits to accrue from keeping contractors on site to undertake a further phase of a development rather than having to re-commission the work at a later stage.
  - Current and forecast data provides evidence of need for additional capacity.
- 4.5 Schemes identified as being 'committed' are those where contracts have been let and/or work has either started on site or is due to commence.
- 4.6 Members will note that Spring Common Special School has been included as a revised scheme following the review requested by Members at their meeting on 9 October 2018. Whilst the school has grown in response to requests for placement over a number of years there has been little investment in order to ensure that its accommodation meets the needs of the pupils being educated in the school. There are currently 195 pupils on the school's roll, 20 of whom are being educated in the specialist mobile classrooms provided by the Local Authority in 2017. In addition, the needs of children with special educational needs and disabilities (SEND) in Cambridgeshire are becoming increasingly more complex. Children being educated at Spring Common School include those with life limiting conditions and profound and multiple learning difficulties (PMLD).

The re-assessment of the school's current accommodation and that required for a school providing 175 places in permanent accommodation for children and young people aged 2-19 with complex SEND has identified the need for some remodelling and reconfiguration of internal spaces in the Key Stage 1 (KS1) and Key Stage 2 (KS2) teaching and administration areas as well as some additional spaces to include:

**KS1**

Toilets/Assisted changing to be provided adjacent to all the classrooms

Increase the hall area  
Food prep area located in early years  
New PMLD room

## **KS2**

Increase classroom sizes to meet current needs and allow for store/wet area/hygiene rooms  
Increase hall size

The estimated level of investment required to meet these identified priorities will be significantly less than the £5.9m allocated to the original development plan. In order to provide an accurate estimate of the actual level of investment required, officers are requesting approval to proceed to Milestone 2. Members are also asked to note and be prepared to accept the potential for the revised and re-costed scheme to be included after the 2019/20 capital programme has been approved and published.

- 4.7 Officers have also identified the potential to reduce the cost of the new Wisbech secondary school project by limiting the first phase of development to that required for a 4FE (600 place) 11-16 school. The estimated saving to be achieved by not building the core facilities ahead of when these will be needed is between £3m and £5m.
- 4.8 At its meeting on 13 November 2018, the Committee agreed to defer a decision on the options presented for delivering the proposed amalgamation of Eastfield Infant and Westfield Junior Schools in St Ives to ensure that this was not taken in isolation from its consideration of the totality of the draft P&C capital programme for 2019/20. Members are asked to note that the cost breakdown in Appendix 1 is that for Option 3 as presented to the Committee at that time. A new Milestone 1 report commissioned to further inform Members' decisions on this project has produced the following updated cost estimates for all three options:
- Option 1 £15.603m
  - Option 2 £14.703m
  - Option 3: £14.277m

Both options 2 and 3 offer the potential for a capital receipt from sale of part of the combined schools' sites.

Further details are provided in **Appendix 2**. As Members will recall, the original capital allocation for investment in the two schools was £7m.

## **5.0 OTHER WAYS IN WHICH COSTS ARE BEING MANAGED**

- 5.1 In the past twelve months the Council has been through a robust tender process for new frameworks for consultancies, design and project management, and design & build (D&B) for the delivery of the capital programme. The frameworks deliver significant cost and time savings and offer the benefit of economies of scale. Costs are further challenged through the requirement placed on framework partners to go through a mini, competitive tender process. To illustrate this, a minimum of £5,958,326 in savings has been achieved from first stage contractor mini-tenders and a further minimum of £5,174,787 in savings has been made from second stage tender reviews (agreed contract sums against original Milestone 4 (MS4) tender submissions). The associated indicative revenue saving as a result of not having to borrow the sums involved would be in the region of £3.5million based over an asset life of 25 years.

5.2 In addition, the following strategies have been adopted to reduce costs:

- Milestone 1 (MS1) feasibility design specifications for new projects state that these must be compliant with the current Building Bulletin 103 (BB103) Area Guidelines for mainstream schools. This represents a reduction of around 15% on the previous Area Guidelines, BB98.
- Provision of stand-alone new build accommodation blocks with unheated covered walkways to provide a link to existing buildings in projects involving school expansion projects. In most cases, this reduces the need to provide consequential improvements to existing accommodation and the associated build cost by an estimated 10%. Site constraints do, however, limit the potential for this option to be used in all cases.
- Where possible, projects are bundled together to achieve economies of scale.
- Value engineering throughout the milestone process.
- Technical Advice Notes (TANs) provide performance specifications to which contractors are expected to adhere/comply, resulting in greater uniformity and consistency of approach. All TANs were reviewed and updated in 2017 taking account of latest government guidance.

## 6.0 POLICIES AND OPERATIONAL PRACTICE WHICH CONTRIBUTE TO THE COST OF CAPITAL PROJECTS

6.1 The following policies and operational practice have been found to add both in terms of cost and time. All are outside the direct control of the team with responsibility for commissioning and securing delivery of P&C capital projects.

6.2 Sustainable Drainage Systems (SUDS) – The standard approach adopted is to seek the most economical solution to surface water drainage, for example, attenuation crates under playgrounds. However, planners and the SUDS team (Place and Economy (P&E)) are more frequently imposing conditions resulting in the requirement to provide more costly means of attenuation such as green (living) roofs and swales. Not only are these options significantly more expensive, they reduce available site area on which to build. As an example, the requirement to provide a green roof at Godmanchester Bridge Primary Academy added approximately £270,000 to the project, including all on-costs and fees.

6.3 Highways – it is increasingly common to have a planning condition imposed which requires highway improvements to be delivered as part of a P&C capital project. As an example, the cost of discharging the condition that the Station Road footpath in Histon should be widened as part of the scheme to increase the size of Histon & Impington Junior School and change its age range to an all-through primary school was approximately £166,000, including surveys and additional design fees.

6.4 Public Art - There is a requirement for 1% of the total project cost to contribute to public art in the Cambridge City Council and in the South Cambridgeshire District Council areas. As an example, the cost associated with this for Trumpington Park Primary School was in the order of £104,700. Recent central Government guidance states that public art is not an essential requirement for an application to be acceptable.

6.5 Cycle Storage – At present, to meet national and local guidelines, a mix of covered and uncovered cycle and scooter storage is provided on new build schemes. However, Development Control Committee has more recently sought, by making it a condition of planning approval, to have only covered storage provided and for the number of

spaces to exceed current planning policy. As an example, the cost of meeting this condition at Trumpington Park Primary School was approximately £100,000.

- 6.6 BREEAM (Building Research Establishment Environmental Assessment Method) - The Council's established policy is to achieve very good with an aspiration to excellent. Achieving a rating of very good can add between 1.8% and 3% to the cost of a new primary school. However, the emerging planning policy of both South Cambridgeshire District Council and Cambridge City Council is to achieve excellent. This has the potential to add between 5%-10% to the cost of a scheme. As an example, had the Council been required to achieve a rating of excellent at Trumpington Park Primary School, this would have added between £600,000 and £1.2m to the total cost of the project.
- 6.7 Fire sprinklers – The Council has a long-held policy of installing fire sprinklers in all new school builds. They are not installed to existing school accommodation in cases where schools are being expanded. Installation can increase the £/m<sup>2</sup> build cost by between 2% and 4% dependent upon how the water is supplied. The costs of installation at Littleport secondary school and at Trumpington Park Primary School were £604,000 and £186,000 respectively. The DfE do not include provision of sprinklers in their specification for new build free schools.

## **7.0 ALIGNMENT WITH CORPORATE PRIORITIES**

### **7.1 Developing the local economy for the benefit of all**

The following bullet points set out details of implications identified by officers:

- The Council's investment plans create employment opportunities in schools, early years and childcare provision.
- A number of the schemes in the P&C capital programme provide school places to meet predicted demand from planned housing development. This policy is aimed at directly supporting the establishment and development of new communities.
- Availability and access to high quality childcare enables parents to take up employment or training that may lead to employment, thus supporting families to be less reliant on benefits.

### **7.2 Helping people live healthy and independent lives**

The following bullet points set out details of implications identified by officers:

- Evidence shows that good quality early education and childcare provision makes a significant contribution to a child's attainment and future life chances. It also supports their future health and wellbeing.
- Provision of safe walking and cycling routes minimises the need for children to be transported to and from their early years' or childcare setting or school.
- Expansion of settings and schools to meet identified demand in their local or catchment areas minimises the need for children to be transported to and from more distant schools.

### **7.3 Supporting and protecting vulnerable people**

The Council is committed to ensuring that children and young people with SEND are able to attend their local mainstream school where possible, with only those with the most complex and challenging needs requiring places at specialist provision. Where a child or young person requires a specialist placement, the Council's aim is to ensure that this is as close to their family home and community as possible

## **8.0 SIGNIFICANT IMPLICATIONS**



## 8.1 Resource Implications

The following bullet points set out details of significant implications identified by officers; these are additional to those set out in Sections 3 and 6.

8.1.1 Since April 2015, S106 has been limited to site/development specific requirements and only what is required to mitigate the impacts of planned development. Any contributions being sought from developers must demonstrate that they are:

- Necessary to make the development acceptable in planning terms;
- directly related to the development; and
- fairly and reasonably related in scale and kind to the development.

As a result, services are now required to provide far greater detail of projects and costs at an earlier stage than previously to demonstrate the case for funding and to meet the test set out in the CIL regulations. The main implication of this approach is that the Council now needs to invest upfront in feasibility studies, which adds to its costs without there being any certainty that it will secure developer contributions to offset these.

8.1.2 Where the Council is successful in securing S106 funding this is typically released in two tranches: 10% on commencement of the development and 90% after the occupation of the first 100 houses. In cases where more than one school is required and/or larger schools are to be provided, the trigger points will be agreed to reflect this. To achieve opening a new school to coincide with the requirement for places from the first families moving in, the Council has usually found it necessary to bridge the gap in funding between commencement of the enabling works and release of the first tranche of S106 funding.

8.1.3 CIL contributions are collected and held by the District Councils, at a level set by the individual districts. Each District determines the priorities for use of this funding, which will include other infrastructure requirements as well as Education. As a consequence, the Council faces the prospect of having to fund a higher proportion of the total cost of expanding school from its available resources.

8.1.4 Analysis of Milestone 7 (final project cost), against forecast outturn against Milestone 4 budgets since 2013 has identified cumulative savings of £3,838,412 on the main Design & Build Framework.

## 8.2 Statutory, Risk and Legal Implications

8.2.1 The following bullet points set out details of significant implications identified by officers:

The vast majority of the schemes within the CYP capital programme are focused on creating additional capacity to provide for the identified need for new places for Cambridgeshire's children and young people in response to demographic need and housing growth. The alternatives available all involve some element of risk and/or have financial implications.

- Provision of mobiles in place of permanent accommodation. Planning applications for mobiles are subject to the same rigorous process as permanent build applications and are usually only granted for between 3 to 5 years. In addition, the Council is unable to secure Basic Need funding from the DfE to replace the mobiles with permanent accommodation as the Council is deemed to have already met the basic need requirement for places.

- Provision of free transport to alternative, more distant schools whilst those children remain of statutory school age. This is not only a revenue cost, it can have the effect of splitting families and fragmenting the community, in cases where children are placed at different schools.
- Deferring projects to later years can lead to increased costs due to inflation. As an example, had a decision been taken to delay the 8 most recently contracted schemes by 12 months (total value of £62m), this would have led to a £2.6m cost increase due to inflation.
- Phasing of projects can lead to increased costs due to construction tender price inflation.

8.2.2 Whilst the inquiry into the City Council and South Cambridgeshire District Council's Local Plans has now concluded, resulting in the adoption of those Plans, there may still be a need to add new projects to the Capital Programme in response to the implementation of infill / windfall sites which were previously approved during the absence of a 5-year land supply.

### 8.3 **Equality and Diversity Implications**

8.3 The following bullet points set out details of significant implications identified by officers:

- Sufficiency and associated take up of free early education for 2, 3 and 4 year olds supports school readiness on entry to statutory education (Reception) and contributes to improved outcomes for children. Free early education for two year olds is targeted at families on low incomes, those who are Looked After and those whose parents are in the Forces.
- All accommodation, both mobile and permanent has to be compliant with the provisions of the Public Sector Equality Duty and current Council standards.

### 8.4 **Engagement and Consultation Implications**

8.4 The following bullet points set out details of significant implications identified by officers:

- Significant levels of engagement and consultation take place with all schools and early years settings identified for potential expansion to meet the need for places in their local areas over the development and finalisation of those plans. Schemes are also presented to local communities for comment and feedback in advance of seeking planning permission.
- As will have been evident from the discussion at the 9 October 2018 CYP Committee meeting, it is essential that any decision to change the scale or scope of a capital project in order to reduce capital costs is communicated to the affected schools individually as well as to the local ward Councillor in order to ensure that they have advance notification of any potential changes and the opportunity to express their views on these.

### 8.5 **Localism and Local Member Involvement**

8.5.1 The following bullet points set out details of significant implications identified by officers:

- Through its commissioning role, the Council ensures that:
  - those private, voluntary and independent providers who tender to establish and

run new early years and childcare provision understand the local context in which they will operate, should they be successful in being awarded contracts by the Council;

- potential sponsors who apply to establish and run new schools understand the local context in which they will operate, should their applications be approved for implementation by the Regional Schools' Commissioner and the Secretary of State for Education;

- Local Members are:
  - kept informed of planned changes to provision in their wards and their views sought on emerging issues and actions to be taken to address these;
  - invited to participate in the assessment of potential sponsors' proposals to establish and run new schools in the county in response to the Council's identified published need for new schools to meet its basic need requirements.

## 8.6 Public Health Implications

8.6.1 The following bullet point sets out details of significant implications identified by officers:

- The further children and young people have to travel to access their education and/or childcare the greater the likelihood that they will be transported by car or bus and will not gain the health benefits of being able to walk or cycle to their setting or school, in addition a well-designed and built school can have positive outcomes on children's health including mental health and therefore their educational attainment.

<b>Implications</b>	<b>Officer Clearance</b>
<b>Have the resource implications been cleared by Finance?</b>	Yes Name of Officer: Kerry Newson
<b>Has the impact on Statutory, Legal and Risk implications been cleared by LGSS Law?</b>	Yes/No Name of Legal Officer:
<b>Are there any Equality and Diversity implications?</b>	Yes Name of Officer: Jonathan Lewis
<b>Have any engagement and communication implications been cleared by Communications?</b>	Yes or No Name of Officer: Joanne Dickson
<b>Are there any Localism and Local Member involvement issues?</b>	Yes Name of Officer: Jonathan Lewis
<b>Have any Public Health implications been cleared by Public Health</b>	Yes Name of Officer: Iain Green

<b>Source Documents</b>	<b>Location</b>
Business Plan 2018/19 Letters to and from the Executive Director: People & Communities and the Director for Education Funding Group at the DfE in respect of the Council's Basic Need allocation for 20/20 and award of maintenance funding for 2018/19 School Capacity returns for 2016 and 2017 Forecast data	0-19 Place Planning & Organisation Service Second Floor Octagon Cambridge CB3 0AP