

HAMPSHIRE COUNTY COUNCIL

Decision Report

Decision Maker	Executive Lead Member for Children's Services
Date:	12 January 2023
Title:	Children's Services Capital Programme 2023/24 – 2025/26
Report From:	Director of Children's Services and Director of Corporate Operations

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Purpose of this Report

1. The purpose of this report is to seek approval for submission to the Leader and Cabinet of the proposed Children's Services capital programme for 2023/24 to 2025/26 and the revised capital programme for 2022/23.

Recommendation(s)

2. To approve submission to the Leader and Cabinet the capital programme for 2023/24 to 2025/26 as set out in Appendix 1 and the revised capital programme cash limit for 2022/23 as set out in Appendix 2 including the transfers between years and the carry forward of resources as set out in Table 3.
3. That the deferral of resources relating to schemes of £46.387m be approved for submission to Cabinet as shown in Table 12 of this report.
4. That the following variations to the 2022/23 capital programme be approved:
 - That it be recommended that resources of £0.39m be allocated from the 2022/23 capital programme to support the new Hockley House Children's Home, Romsey.
 - That it be recommended that resources of £0.568m are added to the 2022/23 capital programme to support further improvements at Wyvern College, Eastleigh.

- That it be recommended that resources of £1.15m be allocated from the 2022/23 capital programme to support the new Henry Tyndale satellite provision at the former Park Children's Centre, Aldershot.
 - That it be recommended that resources of £7.144m in respect of additional school capital funding are added to the 2022/23 capital programme.
5. It is recommended that approval be given to the Director of Children's Services to determine those sites that require modular buildings for the 2023/24 academic year and that the sites listed in Appendix 3 be approved.
 6. It is also recommended that approval be given to the Director of Children's Services to allocate £1.1m of identified Dedicated Schools Grant (DSG) revenue funding to support the short-term hire and relocation of existing modular buildings. It is also recommended that approval be given to the Director of Children's Services to allocate £2m to those sites that have been determined as requiring the purchase of new modular buildings.
 7. That approval is given to the Director of Children Services in discussion with the Executive Lead Member for Childrens Services to undertake all required consultations linked to the projects listed in this report.
 8. That the Access Improvements in Schools projects identified in Appendix 4 be approved.
 9. That the projects approved under delegated powers by the Director of Children's Services in Appendix 5 are noted.
 10. That the School Places Plan at Appendix 6 be noted.
 11. That the School Suitability Programme Projects identified in Appendix 7 be approved.

Executive Summary

12. This report seeks approval for submission to the Leader and Cabinet of the proposed Children's Services capital programme for 2023/24 to 2025/26 and the revised capital programme for 2022/23. The proposals contained within this report continue an exciting investment by the County Council for Hampshire children that will not only help raise educational standards, but also create many additional local employment opportunities within its delivery.
13. The report has been prepared in consultation with the Executive Lead Member for Children's Services (ELMCS) and will be reviewed by the

Children and Young People Select Committee on 12 January 2023. It will be reported to the Leader and Cabinet on 7 February 2023 to make final recommendations to County Council on 23 February 2023.

14. The Children's Services capital programme maintains a balanced position between income and expenditure over the proposed three-year programme. Despite the ongoing primary, secondary and SEND pressures, indications are that a balanced position will be maintained over the five-year period beyond the scope of this report. Further work is being undertaken with potential funders, including the Government, Local Planning Authorities, Developers and Local Enterprise Partnerships (LEPs) to maximise contributions from sources other than the County Council. The aim being to keep calls on the County Council's resources to a minimum.
15. The Secretary of State announced details of individual local authority basic need capital allocations for the years 2023/24 and 2024/25 on 28 March 2022 and School Condition Allocation (SCA) for the year 2022/23 on 12 May 2022.
16. The proposals contained within this report are derived from the departmental service plan(s) which have been developed to support the Serving Hampshire's Residents - Strategic Plan 2021- 2025.

Background

17. Executive members have been asked to prepare proposals for:
 - A locally resourced capital programme for the three-year period from 2023/24 to 2025/26 within the guidelines used for the current capital programme including an assumption for 2024/25 and 2025/26. The programme for 2024/25 onwards is indicative and subject to change.
 - A programme of capital schemes for 2023/24 is supported by government grants as announced by the government.
18. The capital guidelines are determined by the medium-term financial strategy which is closely linked to the Serving Hampshire's Residents – Strategic Plan 2021 – 2025. The strategic aims and departmental service plans ensure that priorities are affordable and provide value for money and that resources follow priorities.
19. The County Council's locally resourced capital programme has been maintained despite the challenging financial environment in which local government has been operating. These local resources, together with specific capital resources that come from central government and developers ensures that the County Council continues to invest wisely in maintaining and enhancing existing assets and delivering a programme of new ones.

Locally resourced capital programme

20. The cash limit guidelines for the locally resourced capital programme for Children's Services as set by Cabinet are shown in Table 1.

Table 1 – Locally resourced capital programme

	2023/24	2024/25	2025/26
	£m	£m	£m
Annual Allocation	0.100	0.100	0.100

Finance – Capital programme supported by Government allocations

21. The Government has allocated all its future support for the capital programme in the form of capital grants.
22. The Secretary of State has previously announced details of individual local authority Basic Need allocations for 2023/24 and 2024/25. Allocations to date for the School Condition Allocation and the formula allocation for Devolved Formula Capital only cover 2022/23.
23. The 2023/24 and 2024/25 Basic Need allocations did not allocate any capital funding to Hampshire. Whilst this is disappointing, it was expected. The DfE capital allocations have largely caught up with the requirement and delivery of mainstream school places. There is the potential for a zero or low capital allocation in 2025/26 as the DfE assesses the impact of the free school places they directly fund. At this stage, it is considered prudent to assume a zero allocation. An update will be provided as soon as possible following capital announcements in 2023.
24. The focus of the current spending round continues along the lines of previous years by reducing the number of dedicated grants, thus allowing local authorities to determine their own local priorities, with a focus on school places and school condition.
25. Table 2 sets out the capital allocations for Basic Need and School Condition Allocation together with an assumed level of funding for 2024/25 and 2025/26. Although no announcements about SCA allocations for 2023/24, 2024/25 and 2025/26 have been announced, further changes to the allocation formula are anticipated from 2023/24 and it is unclear what the net impact on

the SCA grant for the County Council will be. For now, an assumption has been made that the allocations will be at the same level as in previous years.

Table 2 – Allocation of capital grant to the County Council (excluding schools’ devolved capital)

Grant	2023/24	2024/25 (assumed)	2025/26 (assumed)
	£m	£m	£m
Basic Need (new pupil places)	0	0	0
School Condition Allocation (assumed)	23.085	23.085	23.085
Total	23.085	23.085	23.085

26. As previously reported, the School Condition Allocation is targeted towards major capital repairs and is now received in full by the Executive Member for P&R. Officers from Children’s Services and Universal Services continue to work together to ensure that this funding is used to address strategic Children’s Services and Policy and Resources priorities across the education estate.
27. The Children’s Services capital programme is based on government capital grants (as set out in Table 2), developers’ contributions, capital receipts and local resources. The expected availability of government grants, together with developers’ contributions and capital receipts for each of three forward years up to 2025/26 are set out in Table 3. To address the need to fund a number of major projects in 2026/27, the funding available for starts in 2024/25 and 2025/26 have been reduced, and resources carried forward to 2026/27.

Table 3 – Three-year capital resources summary

	2023/24 (assumed)	2024/25 (assumed)	2025/26 (assumed)	Total
	£m	£m	£m	£m
Basic Need Carried Forward	24.850	49.000	0.000	73.850
Schools’ Devolved Capital	3.354	3.354	3.354	10.062
Developers’ contributions anticipated	9.883	38.900	70.500	119.283
Capital Investment Priorities	2.750	4.000	1.000	7.750
Corporate capital resources	0.100	0.100	0.100	0.300
Capital Receipts	1.000			1.000
High Needs Provision Grant Carried Forward	0.500	30.337		30.837
Carry Forward resources to 2025/26	-8.000	-21.000	35.000	6.000
Carry forward resources to 2026/27		-4.000	-24.000	-28.000
Totals	34.437	100.691	85.954	221.082

28. The carry forward of £28m to 2026/27 will support the future programme which is forecast to increase significantly beyond the scope of this report.

Three-year capital allocations 2023/24 – 2025/26 - Overview

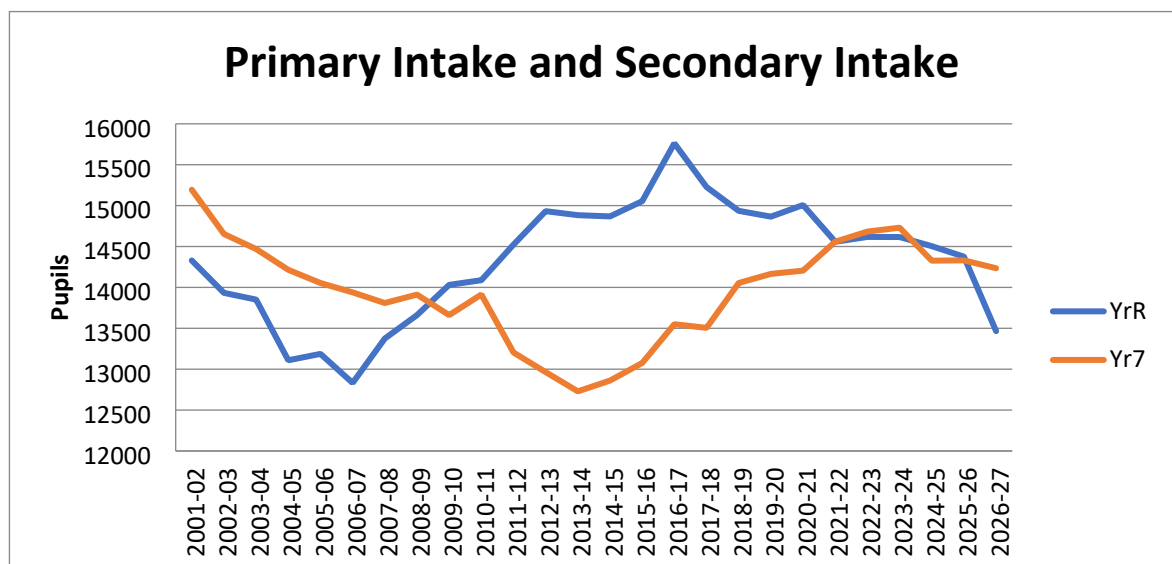
29. The planned investment programme continues with a focus on school places and school condition. The 2024/25 onwards programme is indicative and subject to change.

New School Places

30. Hampshire is proud of the quality of education provided by its diverse and high-performing system of schools, colleges and early years' settings. The county hosts popular and highly successful infant, junior, primary, 11-16 and 11-18 schools as well as new and innovative 4-16 schools and the largest post-16 college sector in the country. The County Council is committed to ensuring that families in Hampshire have access to a good local school that offers a rich and varied learning experience, has the highest expectations for their children's success and where parents can be confident that their children will be safe. All children have the right to an enjoyable, inclusive and expansive education and it is the role of the local authority to intervene on behalf of children, especially the most vulnerable, when this is not the case.
31. The proposals contained within this report continue an exciting investment by the County Council for Hampshire children that will not only help raise educational standards, but also create many additional local employment opportunities within its delivery. During the period 2013 to 2022 the County Council will have delivered 14,483 new school places with projects contained within the 2023/24 to 2025/26 programme totalling a further 4,393 places giving a total of 18,876 new school places by September 2026.
32. There are over 45,000 new dwellings planned for Hampshire between 2021 and 2028 for which most of the school pupil yield impact will fall outside the period of this report. Therefore, only a small number of the pupils that will be generated from those dwellings are accounted for in the places referred to above with the majority forming part of future programmes.
33. The County Council has a statutory duty to ensure a sufficiency of school places for Hampshire children. A revised Hampshire School Places Plan 2023-2027 is appended to this report at Appendix 6. The Plan sets out the identified need for additional mainstream school places in the primary and

secondary sectors across Hampshire through to 2027 with proposals shared with the Regional Schools Commissioner (RSC).

34. Hampshire continues to experience a significant pressure for school places across certain areas of the county as high birth years' work their way through the school system and new housing (over 45,000 dwellings planned 2021 to 2028) is built across the county. There are also areas where trends suggest that pupil numbers are starting to fall, these will need to be monitored carefully. The new housing has been identified from existing local plan allocations and proposals emerging from District and Borough Council Local Plans currently in consultation.
35. The number of births in Hampshire reached a peak of 15,400 in 2012. Births in the County began to drop in 2013 and were at their lowest in 2020, reflecting national trends. This was a similar number to those in the early 2000's. However, births are predicted to grow again due to new housing and continue to grow towards 2030.
36. The Plan sets out a strategy to manage school places over a five-year period taking in to account birth rates, housing development and inward and outward migration trends.
37. The following graph demonstrates primary numbers and movement into the secondary phase at Year 7.



38. The timing of any new school provision to serve new housing will be dependent upon the build out of the housing. Forecast pupil numbers arising from new housing are based on current planned housing completion information. Experience suggests that these developments often take longer than first indicated to build out with the secondary pupil yield taking some time to have an impact on the school system.

39. The Community Infrastructure Levy (CIL) makes the developer contribution funding source more uncertain than through the use of Section 106 agreements. Detailed discussions continue to take place with the Local Planning Authorities and developers to keep abreast of the situation. Any shortfall in funding will need to be found from alternative capital programme resources or, if resources are not available, the use of reduced specification in the finished form and the use of modular accommodation will have to be considered.
40. The proposed three-year programme provides sufficient school places to meet the forecast mainstream demand. To date, the majority of the capital programme has focussed on the pressure of primary school numbers. The three-year planning period of this report continues to show a need for additional primary places. The secondary impact of these pupils is also starting to impact on the programme and is set out further in the School Places Plan.
41. This exciting investment in new school places for Hampshire children is costed at around £175m as part of a total investment programme of £221m over the next three years. The programme is forecast to rise significantly beyond the three-year period of this report.

New Schools

42. The current expectation (by the DfE) is that every new school will be an academy/free school. This means that once built, the County Council transfers the site and buildings to the Academy on a Full Repairing and Insuring 125-year lease but still retains the freehold of the site.
43. There are currently two routes available to open a new school, but it should be noted that the size and scope of the free school programme is under review and the following is subject to change. The first option is for the local authority to seek a sponsor through the presumption route, where the local authority is responsible for providing the site for the new school and meeting the associated capital and pre-/post-opening costs. The second option is through an approved academy sponsor making a direct free school application to the DfE. The local authority can support such applications and is asked to comment on all submissions. To date, the County Council has successfully worked alongside academy sponsors making free school applications to provide additional school places. Currently, the DfE will meet the capital shortfall in funding for new free schools, but this is dependent on individual circumstances and funded using DfE building rates.
44. Therefore, going forward, each new school will be considered on an individual basis to assess the most effective route for delivery. The delivery of these new school places will be considered in the context of an evolving LA role. Whilst the provision of new school places is a DfE capital issue, capital grants

are limited. Therefore, the County Council will need to keep under review its plans and proposals to ensure a sufficiency of school places within the combination of available government grants, developers' contributions and locally resourced capital funding.

45. The timing of the new provision to serve new developments will be dependent upon the build out of the housing. The master place planning of the developments and feasibility work for the proposed new schools is ongoing, particularly where negotiations are taking place with developers and local planners for school sites and developer contributions. The lead in time to establish a new primary school is around three years and a secondary school around four years, two years in design and statutory consultation and two years to build.

Schools Serving Major Development Areas (MDA's)

46. The following identifies those primary and secondary schools on the immediate planning horizon. Each new school will be considered to include provision for SEND resourced provision subject to an established case of need, site availability and resources.

Aldershot Urban Expansion – New 2fe Primary school

47. The Aldershot Urban Extension (Wellesley) development is set to provide 3,850 new dwellings. Two new primary schools were planned as part of the development, the first (The Cambridge Primary School) opened in September 2018, providing 420 places. The second 2fe primary school is planned to open in September 2025 providing a further 420 places. There is also provision to expand The Cambridge Primary School by an additional 210 places should that be required in the future. It is proposed to expand Alderwood School (senior campus) by two forms of entry (300 places) for September 2025 to accommodate the first cohort of secondary aged pupils from The Cambridge Primary as they transition into year 7.

Hounsome Fields, Basingstoke – New 2fe Primary School

48. The Hounsome Fields and Golf Course developments are set to deliver 1,750 new dwellings. It is proposed that a new 2fe primary school is provided at Hounsome Fields to accommodate 420 pupils with resourced provision for 8 places for pupils with a special educational need. It is planned that this school will open in September 2025. The design of the school is being developed as a pilot project for responding to climate change, including an all-electric heating system, low embodied carbon construction and measures to improve its resilience to future climate changes.

49. Resources have been added to this scheme to provide additional accommodation for 8-place SEND resourced provision as part of the main school.

Hartland Village, Fleet – New 2fe Primary School

50. The planned housing development at Hartland Village is set to deliver up to 1,500 dwellings. This will require a new 2fe (420 place) primary school to accommodate the anticipated yield of pupils from the development. A site of approximately 1.9ha has been identified that will accommodate a school of this size. It is currently proposed that the new school will open in September 2026.

Manydown, Basingstoke– New 2fe Primary School

51. The Manydown development is set to provide up to 3,500 dwellings. Two primary school sites and a secondary school site have been reserved on the development to provide for the necessary school places. The first primary school will cater for up to 3fe (630 places) and will most likely be built in two phases. The second primary school will be 2fe (420 places). The first primary school is due to open in 2026. The decision on the need for a secondary school in this area will be decided once the details of the longer-term housing plans are known.

One Horton Heath, Eastleigh– New 2fe Primary School

52. The planned housing development at One Horton Heath, Fair Oak/Horton Heath is set to deliver up to 2,500 dwellings. This will require a new 3fe (630 place) primary school to accommodate the anticipated yield of pupils from the development and is likely to be built in two phases with the potential to add a resourced provision. A site of approximately 2.8ha has been identified that will accommodate a school of this size. It is currently proposed that the new school will open in September 2026.

Welborne, Fareham – New 2fe Primary School

53. The Welborne development is set to provide up to 6,000 dwellings. Three primary school sites and a secondary school site have been reserved on land within the development. The first primary school will cater for 2fe, providing 420 places and is currently expected to open for September 2026. The other two primary schools will be up to 3fe (630 places) and will be opened at the appropriate time to meet pupil demand. The timescale for the secondary school will be carefully monitored and will be post 2030.

West of Waterlooville, Havant – New 2fe Primary School

54. The West of Waterlooville development is set to provide around 3,000 new dwellings. This includes an additional 450 dwellings built as part of the Old Park Farm development. A new primary school already exists on the development (Berewood Primary School) and this can accommodate up to 420 primary age pupils. It is planned that a second 1.5fe primary school to accommodate up to 315 primary age pupils is required for September 2025. A site has been identified for the school and discussions are underway about the school design.
55. Resources have been added to this scheme to provide additional accommodation for 8-place SEND resourced provision as part of the main school.

North Whiteley, Winchester - New 6fe Secondary School

56. A site for an additional primary school to serve North Whiteley and new secondary school have been reserved to serve the existing Whiteley development and the North Whiteley development (comprising a total of around 3,500 dwellings).
57. The secondary site will be made available to the County Council on the occupation of 1,100 dwellings. This number is currently expected to be reached during the summer of 2023. The school will be a 6fe secondary school and provide 900 places. Current projections for the school suggest that this will be required for the start of the 2027 academic year, but this will be kept under review and monitored as the housing development progresses.
58. A list of new schools on the current planning horizon is shown at Table 4. It should be noted that the proposed opening dates are subject to change and will be monitored alongside housing completions.

Table 4 – New and Proposed Schools to September 2027

Area / School	Size & Type of School	Opened and Proposed Opening Date	Sponsor Status
Austen Academy, Basingstoke	125 place 4-16 SEND School	April 2021	Catch 22 Multi Academies Trust
Cornerstone CE (Aided) Primary, Whiteley	3fe Primary (relocation and expansion of 1fe Primary)	Sept 2021	Portsmouth & Winchester Diocesan Aided School
Deer Park School, Hedge End	7fe Secondary	Sept 2021	Wildern Academy Trust
AUE 2 nd Primary, Aldershot	2fe Primary	Sept 2025	tbc
West of Waterlooville, 2 nd Primary, Waterlooville	1.5fe Primary	Sept 2025	tbc

Boorley Green, Eastleigh	Up to 125 place 8-16 SEND School	Sept 2025	tbc
Hounsome Fields Primary, Basingstoke	2fe Primary	Sept 2025	tbc
Lady Betty's Drive, Whiteley	Up to 125 place 4-16 SEND School	Sept 2025	tbc
Hartland Village Primary, Fleet	2fe Primary	Sept 2026	tbc
Manydown Primary, Basingstoke	2fe Primary	Sept 2026	tbc
One Horton Heath Primary, Horton Heath	2fe Primary	Sept 2026	tbc
Welborne Primary, Fareham	2fe Primary	Sept 2026	tbc
Whiteley Secondary, North Whiteley	6fe Secondary	Sept 2027	tbc

Special Educational Needs and Disability (SEND) Strategy

59. In April 2021, the Department for Education announced an investment of £1.4 billion to create new high needs places and improve existing provision. The High Needs Provision Capital Allocations (HNPCA) were announced on 29 March 2022 with Hampshire County Council being allocated £16.961m in 2022/23 and £14.376m in 2023/24. The HNPCA supports the provision of places for children with Special Educational Needs and Disabilities (SEND).
60. Historically, funding has been included within the overall programme to support SEND projects and it is proposed to continue the annual allocation of £1m for special school improvement projects with project details being brought to future Decision Days.
61. There has been a significant increase in numbers of pupils requiring a SEND specialist school place. The increase in the SEND school population has put a significant pressure on existing special schools and resourced provision. Increased numbers alongside advances in medical technology are giving rise to some schools having very specific accommodation needs to meet the specialist and often complex requirements of individual pupils.
62. Forecasting for the future need and type of SEND School Places is complex and the cost per place of provision is significantly more expensive than for mainstream schools. The forward capital programme includes a number of special school projects. Table 5 details schemes currently in development.

Table 5 – Major SEND Expansion Schemes in Development

School / Area	Designation of Places	Proposed Opening Date
Henry Tyndale School Satellite at the former Park Children’s Centre, Aldershot	35 SLD/ASC	Sept 2023
Icknield School, Andover	10 SLD / PMLD	Sept 2023
Lakeside School, Eastleigh	6 SEMH	Sept 2023
Mark Way School, Andover	20 MLD/ASC	Sept 2023
St Jude’s RC Primary School, Fareham	6 HI	Sept 2023
Morelands Primary School, Waterlooville	8 ASC	Sept 2023
Guillemont Junior School, Farnborough	8 ASC	Sept 2024

Key

ASC – Autistic Spectrum Condition

MLD – Moderate Learning Difficulty

PMLD – Profound & Multiple Learning Difficulty

SEMH – Social, Emotional & Mental Health

SLD – Severe Learning Difficulty

HI – Hearing Impairment

Table 5 identifies investment projects totalling over £9m for additional specialist SEND school places in Hampshire to be provided by September 2024.

Free Special School Programme

63. Earlier this year, the government announced it will build up to 60 new centrally delivered special and AP free schools as part of the £2.6 billion capital investment in high needs provision across the Spending Review Period, to open from September 2025, creating around 4,500 special school places.
64. The current capacity in Hampshire Special Schools is extremely limited, with the average school operating capacity at over 100%. In depth local data shows a shortfall of 1,625 Special School places by academic year 2024/25 with predominant needs of Social Emotional Mental Health (SEMH) and Severe Learning Difficulties (SLD). As part of Hampshire’s SEND Sufficiency Strategy 2023-2027, and to meet the need for children with SEND in

Hampshire, the Council has bid to the DfE for two new Special Schools as part of this special programme:

- 125-place, co-educational, 8-16 yrs SEMH School in Boorley Green, Eastleigh
- 125-place, co-educational, 4-16 yrs SLD School in Whiteley, Winchester

65. The outcome of bids is expected early in 2023. In the event of the free school bids being unsuccessful, provision has been made within the capital programme to fund both new special schools from programme resources. Land is being made available by the County Council for the Whiteley school which has an opportunity cost estimated at up to £4.2m. Feasibility work is on-going to determine the extent of the red line boundary and this cost is included within the overall scheme budget.

Early Years

66. As part of the Early Years Sufficiency Strategy, £3m of resources has been allocated to create new places and improve the condition of existing provision. Part of this funding will support existing operators to operate more efficiently and therefore remain in the market. The funding is in the financial year 2023/24. Currently, replacement provision at Little Deer's Day Nursery, Burley and a new provision at Denmead Junior, Waterlooville have been approved from this funding.

67. Proposals for further consideration against this funding will be brought to a future Decision Day.

School Suitability Investment Programme

68. The focus of capital investment in recent years has been on Basic Need and Capital Maintenance. However, it is recognised that some buildings are now in need of significant suitability investment that is beyond individual school budgets. Resources of £5m (including fees) were allocated over a three-year programme of investment to ensure facilities are fit for purpose and continue to provide good quality learning environments. This report proposes continuing this investment programme with an allocation of £2m per annum from 2023/24 onwards.

69. Projects from the 2023/24 – 2025/26 allocation have been identified in Primary, Secondary and Special schools within three key areas:

- Improvements to school facilities, such as refurbishment of science laboratories.

- Reconfiguration and accessibility work at Special Schools to better meet current curriculum delivery and learning requirements for all pupils.
- Environmental improvements to the function of ventilation and acoustics of school facilities.

70. The first tranche of projects in 2023/24 and 2024/25 will focus on improving specialist areas and special school environments. The second tranche of projects in 2025/26 will continue the focus on improving school environments. Projects identified for 2023/24 and 2024/25 are detailed for approval at Appendix 7.

Other Formulaic Allocations

71. In addition to the funding for new pupil places, funding is also identified for other priorities as listed in Table 6.

Table 6 – Proposed Allocations for the Three-year programme

	2023/24 (Assumed)	2024/25 (Assumed)	2025/26 (Assumed)	Totals
	£m	£m	£m	£m
New schools and extensions	17.223	87.450	70.500	175.173
Early Years/Childcare Sufficiency	3.000	0.000	0.000	3.000
New modular classrooms	2.000	2.000	2.000	6.000
Other special school and SEN improvements	1.000	1.000	1.000	3.000
School Suitability Programme	2.000	2.000	2.000	6.000
Access improvements in schools	0.500	0.500	0.500	1.500
Social Care projects	0.750	0.500	0.500	1.750
Health and Safety	0.400	0.400	0.400	1.200
Schools' devolved formula capital	3.354	3.354	3.354	10.062
Furniture and equipment and ICT	0.250	0.250	0.250	0.750
Contingency	3.960	3.237	5.450	12.647
Totals	34.437	100.691	85.954	221.082

Note: Individual scheme allocations have been updated to 4Q22 price base.

Other Improvement and modernisation projects

Access Improvements in Schools

72. As in previous years, funding has been made available to fund access improvements to mainstream schools, both at a pupil-led and strategic level. Therefore, it is proposed that £0.5m is included in each year's capital programme to finance specific access improvement projects in schools.
73. Therefore, it is recommended that the projects listed at Appendix 4 are approved from the capital programme for 2023/24.

Foster Care

74. Historically, resources of £0.1m each year have been sufficient to fund adaptations to foster carers' properties to support placements. However, the number and cost of these adaptations have increased, and additional funding is now required. This important area of work enables the authority to avoid significant cost of care revenue costs.
75. Therefore, it is proposed to increase this budget to £0.5m in 2023/24 and £0.25m in each further year of the programme to fund adaptations to foster carer properties.

Adaptation Equipment

76. Funding has been identified within the programme from 2023/24 onwards to provide equipment and adaptations for disabled children and young people to support their independence at home. This is a statutory duty on the local authority and without this support and intervention many of these children and young people would not be able to remain at home resulting in a significant demand on the revenue budget.
77. Therefore, it is proposed to allocate £0.25m each year from the programme to support this essential work.

Schools' Devolved Formula Capital

78. Government grant allocations for schools' devolved formula allocations were announced on 8 May 2022. The assumption is that the allocation for 2023/24 will remain at the 2022/23 level and exclude Academies. The allocation per school will be according to the recently updated DfE formula set out in Table 7 and is intended to fund high priority projects identified through schools' Asset Management Plans.

Table 7 – Schools’ Devolved Formula Capital Allocations

School Phase	2023/24 Formula (assumed) £
Per nursery/primary pupil	11.25
Per secondary pupil	16.88
Per special school or education centre pupil	50.63
Lump sum (all schools)	4,000.00

79. 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.

80. A further capital allocation was made to schools on 6 December 2023. This is covered in more detailed in paragraphs 109-110.

Developers’ Contributions

81. Developers’ contributions are a vital source of resources to the Children’s Services capital programme – these contributions are linked to new housing developments and paid to mitigate the impact of additional school-age pupils moving into the area. Over the period 2013 - 2022 developer contributions, totalling £167m have been secured towards the cost of new school places. However, such funds only cover costs incurred and their availability depends on the rate of house building.

82. The Community Infrastructure Levy (CIL) was introduced to ensure that all development contributes towards the provision of infrastructure and provides transparency to developers about planning obligations. In practice, Section 106 is still the primary mechanism for securing infrastructure funding for strategic development sites, and this includes new schools. Cabinet agreed on 29 September 2020 the principal of the County Council fully utilising existing provisions under Section 106 to secure the necessary infrastructure to mitigate the impact of development, including the cumulative impact of smaller developments.

83. The government launched the white paper on planning reforms on 6 August 2020 entitled ‘Planning for the Future’. The paper proposes significant changes to reform the planning system which are currently being reviewed.

84. The current policy for contributions was approved by the Executive Member for Children's Services and updated in March 2022. Contributions fall into three main 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.
85. There remains a risk that, where Districts/Boroughs propose to use CIL to fund education infrastructure, the levels of funding raised through Section 106 agreements for the provision of additional school places will not be matched through CIL receipts. Discussions are regularly held with the local planning authorities to try and agree the best way forward to ensure the right number of school places are provided in the right location, at the right time.
86. The regular meetings held with local planning authorities ensure a collective understanding of the school places strategy for individual areas and need for developer contributions to meet the cost of the additional school provision. In those areas that do not have an adopted local plan, the opportunity arises for speculative development proposals.

Capital Programme Summary 2023/24 to 2025/26

87. The total amount available to fund starts in 2023/24 is £34.437m. Table 3 in paragraph 27 illustrates how this sum is arrived at.
88. On the basis of the position outlined above, the total value of the capital programmes submitted for consideration for the three years to 2025/26 is shown in Table 8 and attached at Appendix 1.

Table 8 – Capital programmes 2023/24 to 2025/26

	2023/24	2024/25	2025/26	Total
	£m	£m	£m	£m
Schemes within locally resourced guidelines	3.850	5.100	1.100	10.050
Schemes funded with developers' contribution	9.883	38.900	70.500	119.283
Schemes supported by Government grants and borrowing	20.704	56.691	14.354	91.749
Totals	34.437	100.691	85.954	221.082

2024/25 to 2025/26 Programmes

89. As indicated above, it is possible to fund those schemes where starts need to be made in 2023/24. The indicative resources available in 2024/25 total £100.691m and are summarised in Table 9.

Table 9 – Resources for 2024/25

	2024/25
	£m
Basic Need – New pupil places	23.000
New High Needs Provision Grant	30.337
Calls on developers' contributions	38.900
Capital Receipts	1.000
Schools' Devolved Capital grant	3.354
Corporate Resources	4.100
Totals	100.691

Managing Pressures on the Capital Programme

90. The Children's Services capital programme has reached a balanced position between income and expenditure in recent years. However, despite the ongoing primary pressure and secondary impact, indications are that a balanced position will be maintained over the five-year period beyond the scope of this report.
91. Some of the previously reported financial challenges have reduced as a result of extensive negotiations to secure developer contributions and the work undertaken to reduce the cost of school buildings as set out in the following

section. Alongside this, the strategy to pursue free schools has also helped reduce the forecast deficit and officers will keep abreast of any new funding initiatives that may help to reduce the deficit further.

92. It is essential that officers design and deliver at the most economic cost while minimising the impact on the teaching spaces and environment. Future design solutions will also carefully consider the impact of climate change. Detailed project appraisals will cover this in more detail through individual reports for approval by the Executive Lead Member for Children's Services.
93. The construction industry is currently in a period of instability and inflationary pressures are volatile. This is covered in more detail in paragraphs 98-101. Allowance has been made for future inflation costs using national available data and local knowledge. However, inflation, the availability of resource and capacity to deliver in the industry will be kept under review. The three-year programme has been updated to the 4Q22 price base.

Successfully delivering better value school buildings

94. The County Council has established a local and national reputation for the quality of its school buildings. Significant work continues to be undertaken to successfully deliver the capital programme with a focus on:
- Appropriate and sufficient inclusive spaces to accommodate learning and provide flexibility.
 - Climate Change, particularly energy efficiency and lower carbon emissions.
 - The use of good quality and robust materials to ensure longevity and low maintenance over the lifetime of the buildings.
 - Ensuring that building designs are efficient, compact and as economic as possible whilst ensuring that costs are within available funding.
 - Adopting common design approaches and standards, replicating templated proposals across a number of sites where possible.
 - Innovating the construction of the schools with contractors in response to climate change targets using modern methods of construction and engagement with supply chain and manufacturers.
95. The County Council has continued to deliver cost efficient/better value school projects despite the challenges within the building industry. Delivery has been achieved by forward planning, using existing contractor framework arrangements with common design principles and management of supply chain pressures, with minimal impact on quality or scope. Given the scale of the County Council's Capital Programmes (including Children's Services), early and good design judgements, together with innovation in modern methods of construction and robust cost controls, continue to be imperative.

96. The approach to the delivery of Free Schools has been refined through working with the DfE. The 'Local Delivery' route has been established with benefits to the County Council where sufficient funding is not available from other sources such as developer contributions, this route is pursued. The relationship with the DfE continues to develop positively and this gives continued confidence for the future. In addition, the DfE have invited Property Services to undertake further local delivery on their behalf on the Isle of Wight and in Reading, reinforcing the view of Hampshire as a reliable delivery partner.
97. The County Council continues to lead the national study to benchmark the cost of schools across the country. This study is endorsed by the DfE and provides invaluable information on the 'true' cost of providing school places. This evidence is being used to benchmark value for money for Hampshire schools and to inform negotiations with Government, local planning authorities and developers to provide sufficient funding for the provision of additional pupil places across Hampshire.

Emerging construction inflation and resource capacity issues

98. Given the scale of the County Council's Capital Programmes (including Children's Services), early planning and good design judgements, together with innovation in modern methods of construction and robust cost controls, continue to be imperative.
99. There remains volatility in the UK construction market. However, the availability of contractors is now improving across all regions of the UK. Material price increases during 2022 have dropped slightly from a high of 25% to the current rate of 17%. Concerns remain over inflation linked to energy costs for manufacturers. These concerns are greater for energy intensive materials such as bricks, glass, steel, cement and ceramics.
100. Tender price inflation is influenced by the level of risk accepted by the supply chain and how that is priced. The BCIS are indicating an increase of 8% on the year (3Q21-3Q22) which has been evident in recent tender returns. A further increase of 6.2% is forecast for the forward year (4Q22-4Q23). This is considered a reasonable assessment. Consequently, individual projects within the Children's Services capital programme have been updated to the 4Q22 price base.
101. The general fiscal position for the UK economy remains uncertain. There is a risk of higher prices but until energy prices and labour shortages are resolved they are difficult to predict. Market conditions will continue to be closely monitored and the continued use of local and regional construction frameworks together with the early engagement of contractors will be vital in securing value for money and capacity from the industry for the successful delivery of projects within this programme.

Revenue Implications

102. The revenue implications of the proposed capital programme are shown in Table 10.

Table 10 – revenue implications of the three-year capital programme

Schemes within the guidelines	Full Year Cost			Total £m
	2023/24 £m	2024/25 £m	2025/26 £m	
Current expenditure	0	0	0	0
Capital Charges	777	327	371	1,475
Totals	777	327	371	1,475

Amendments to the 2022/23 programme

Hockley House Children's Home, Romsey

103. Hockley House is a new Children's Home providing independent living. The project is jointly funded between the County Council and the DfE. The tender return was returned higher than the budget estimate. Cost reductions have been made to the tender return, but additional funding is required to commence the project.

104. Therefore, it is recommended that additional resources of £0.39m are allocated from the 2022/23 capital programme.

Wyvern College, Fair Oak

105. Wyvern College are undertaking a number of school improvements including a new STP and significant internal refurbishment. An allocation of £2.2m for these works was reported on 17 January 2019. Developer Contributions remain available for Wyvern College and will be used for further improvement works.

106. Therefore, it is recommended that resources of £0.568m are added to the 2022/23 capital programme.

Henry Tyndale Satellite Provision at former Park Children's Centre, Aldershot

107. A new satellite provision for Henry Tyndale School is being established at the former Park Childrens Centre in Aldershot – this will provide for an additional 35 primary pupils with severe learning difficulty & autistic spectrum condition needs. Significant reconfiguration and refurbishment on the building is required together with extensive external landscaping and a new transport drop off/pick up area. Tender returns are significantly higher than forecast due to enhancements in project brief together with increased mechanical & electrical and material costs.

108. Therefore, it is recommended that additional resources of £1.15m are allocated from the 2022/23 capital programme.

Additional School Capital Funding

109. On 6 December the DfE announced additional capital funding for schools. The funding is to be spent on projects prioritising projects that improve the school's energy efficiency. The allocation per school will be according to the DfE formula set out in Table 11.

Table 11 – Schools' Devolved Formula Capital Allocations

School Phase	2022/23 Formula
	£
Per pupil (All phases)	20.06
Lump sum (all schools)	10,000.00

110. Officers will continue to work with schools to ensure that this additional funding is spent in line with DfE guidance. Therefore, it is recommended that resources of £7.144m are added to the 2022/23 capital programme.

Resources for the 2022/23 programme

111. The revised capital programme for 2022/23 reflecting the adjustments made during the year is shown at Appendix 2. This lists all the schemes in the current programme at the latest cost, which, where appropriate, takes account of the latest design specifications and inflation together with a reconciliation of resources.

112. A number of decisions have been taken under delegated officer powers since the last meeting in June 2022. These are all under the officer delegated amount of £0.5m and have been funded from the block vote allocations reported on 8 June 2022 when the current programme was approved.

113. Details of decisions taken since the last report in June 2022 are recorded for information in Appendix 5.

Resources and projects proposed to be carried forward to 2023/24 and 2024/25

114. It is not possible to start the schemes listed in Table 12 during 2022/23. In many cases this is due to the need to obtain the necessary statutory approvals and sometimes as a result of changes in the scope, brief or programming of projects. Therefore, it is proposed to carry forward resources of £16.05m from 2022/23. Additionally, it is proposed to carry forward £30.337m of the High Needs Provision Grant (£15.961 in 2022/23 and £14.376m in 2023/24) to support named projects in 2024/25.

Table 12 – Resources and projects to be carried forward from 2022/23 to 2023/24 and 2024/25

Project/Resource	Cost of Projects & Resources carried forward from 2022/23	Cost of Resources carried forward from 2023/24	Resources carried forward to 2024/25
	£m	£m	£m
Denmead Junior School, Waterlooville	0.700		
Early Years/Childcare Sufficiency	0.600		
Little Deer's Nursery, Burley	0.700		
Liphook Infant & Junior Schools, Liphook	1.300		
Park View Primary School, Basingstoke	0.800		
Sharps Copse Primary School, Havant	1.850		
Winton Academy, Andover	5.600		
Contingency	4.000		
High Needs Grant	0.500		
2022/23 High Needs Provision Grant	15.961		15.961
2023/24 High Needs Provision Grant		14.376	14.376
Total carry forward	32.011	14.376	30.337

115. Therefore, it is proposed to carry forward total resources of £46.387m within the 3-year capital programme as shown in Table 12.

116. Updates relating to individual projects proposed to be carried forward are set out in the following paragraphs.

2022/23 Carry Forward Schemes

Denmead Junior School, Waterlooville

117. This project was reported to ELMCS on 8 June 2022 at an estimated cost of £0.7m. There is a shortfall of nursery places in the wider Waterlooville area that has been assessed as a high priority for additional places. Following discussions with Denmead Junior School, it is proposed to provide an additional 40 places on the Denmead Junior School site.

118. Therefore, it is recommended that resources of £0.7m be carried forward to the 2023/24 programme.

Little Deer's Nursery, Burley

119. This project was reported to ELMCS on 8 June 2022 at an estimated cost of £0.7m. It is proposed to provide either new nursery accommodation or refurbish the existing accommodation. Subject to planning, it is hoped that the project will complete in summer 2023. A detailed costed project appraisal for this scheme will be brought to a future Decision Day.

120. Therefore, it is recommended that resources of £0.7m be carried forward to the 2023/24 programme.

Liphook Infant & Junior, Liphook

121. This developer contribution funded project was reported to ELMCS on 14 January 2022. The scheme, which is estimated at £1.3m, will provide a stand-alone music/drama space that may also be used outside of school hours by the after-school club and the community. A detailed costed project appraisal will be brought to a future Decision Day.

122. Therefore, it is recommended that resources of £1.3m be carried forward to the 2023/24 programme.

Park View Primary, Basingstoke

123. This developer contribution funded project was reported to ELMCS on 8th June 2022. The school caters for 2- to 11-year-olds and it is proposed to relocate the early years children from a modular building into the main school building. This will require internal alterations to create the nursery teaching spaces, a staff office and additional toilets. The project is estimated to cost £0.8m (including fees) and will allow for better integration of pupils within the nursery environment. The scheme is expected to start in April 2023 and finish in July 2023.

124. Therefore, it is recommended that resources of £0.8m be carried forward to the 2023/24 programme.

Sharps Copse Primary, Havant

125. This developer contribution funded project was reported to ELMCS on 14 January 2022 at an estimated cost of £1.85m. The scheme provides additional infrastructure at the school to provide a larger staffroom, additional rooms for work with SEND pupils, a larger room for after school clubs and expand another room to become a full-size classroom. There will also be some internal remodelling to provide Year R toilets and a staff workroom. A detailed costed project appraisal will be brought to a future Decision Day.

126. Therefore, it is recommended that resources of £1.85m be carried forward to the 2023/24 programme.

Winton Academy, Andover

127. This project was reported to ELMCS on 13 January 2021 at an estimated cost of £5.6m. The scheme provides a permanent expansion on the existing school site and is due to start during 2023 and complete in 2024. A detailed costed project appraisal will be brought to a future Decision Day.

128. Therefore, it is recommended that resources of £5.6m be carried forward to the 2023/24 programme.

Schools Programme – Potential Capital Projects 2023 - 2026

129. Table 13 lists the potential school expansions and new school projects through to 2025/26, although this table is not exhaustive. A large proportion of these schemes are planned to be funded by developers' contributions. Developer contributions are dependent upon housing completions which will continue to influence the timing and need for additional school places. The identified project costs are initial allocations only and are not project allocations. There remains a target to reduce the costs of all schemes where possible, albeit this is a challenge in the current economic climate.

130. Recognising the need to progress these schemes, it is recommended that the necessary public consultations are undertaken and that the Director of Universal Services undertake costed feasibility studies for each of the projects listed in Table 13. More detailed cost appraisals will be brought to future Decision Days. The figures quoted in this table are indicative and not project allocations.

Table 13 – Potential Capital Projects 2023 – 2026 with indicative costs

Projects Starting in 2023/24	Planned Works (Additional places)	Estimated Cost £'000	Expected Date Places Available
Bordon Infant & Junior, East Hants	Expansion to 3fe	4,300	Sept 2024
Denmead Junior, Waterlooville	New Nursery provision	700	Sept 2023
Guillemont Junior, Farnborough	New ASC Resourced Provision	940	Sept 2024
Lakeside School, Chandlers Ford	Additional SEMH places	750	Sept 2023
Liphook Infant & Junior, East Hants	School improvements	1,300	Sept 2023
Little Deer's Day Nursery, Burley	Nursery provision	700	Sept 2023
Morelands Primary, Waterlooville	New ASC Resourced Provision	230	Sept 2023
Oakley Infant & Junior, Basingstoke	School improvements	300	Sept 2023
Park View Primary, Basingstoke	Nursery provision	800	Sept 2023
Sharps Copse Primary, Havant	School improvements	1,850	Sept 2023

St Jude's RC Primary, Fareham	New ASC Resourced Provision	270	Sept 2023
Norman Gate School / Vigo Primary School, Andover	Safety improvements	300	Sept 2023
The Romsey School	Internal adaptations	583	Sept 2023
Winton Academy, Andover	1fe expansion	5,600	Sept 2023
Projects Starting in 2024/25	Planned Works (Additional places)	Estimated Cost £'000	Expected Date Places Available
Aldershot Urban Extension 2 nd Primary, Aldershot	2fe New School	10,500	Sept 2025
Hounsoms Fields Primary, Basingstoke	2fe New School	13,300	Sept 2025
West of Waterlooville 2 nd Primary, Havant	1.5fe New School	10,100	Sept 2025
SEND 8-16 School, Eastleigh	New SEMH School	15,000	Sept 2025
SEND 4-16 School, Whiteley, Winchester	New SLD School	20,000	Sept 2025
Alderwood School (secondary), Aldershot	2fe/3fe expansion	9,300	Sept 2025
Oakmoor Academy, Bordon	2fe expansion	9,250	Sept 2025
Projects Starting in 2025/26	Planned Works (Additional places)	Estimated Cost £'000	Expected Date Places Available
Hartland Village Primary, Hart	2fe New School	9,400	Sept 2026
Manydown Primary, Basingstoke	2fe New School	9,400	Sept 2026
One Horton Heath Primary, Fair Oak	2/3fe New School	9,400	Sept 2026
Welborne Primary, Fareham	2fe New School	9,400	Sept 2026
Whiteley Secondary Academy, Winchester	6fe New School	32,900	Sept 2027

Modular Classrooms

131. The use of high-quality modular buildings can be a solution for some accommodation pressures. Such buildings are relatively quick to install and provide for a good quality learning environment, meeting the most recent building regulations. For some schools, modular classrooms may be the only expansion solution, whilst others may find a mixture of both permanent and modular accommodation.
132. Details of the location of planned modular buildings required for September 2023 are listed for information in Appendix 3. In some cases, the units will be rented due to the shorter-term requirement, whilst others will be purchased recognising a longer-term pressure in those locations. In both cases, the movement of existing owned modular buildings will also be considered. The sites currently listed in Appendix 3 may need to be updated following pupil data received later in the academic year. The actual needs of sites will be determined following receipt of updated information on pupil places required for the September 2023 intakes. It is recommended that approval be given to

the Director of Children's Services to determine those sites that require modular buildings for the 2023/24 academic year.

133. The rental of new units and movement of existing owned modular buildings between sites to meet future pupil demand is expected to cost in the region of £1.1 million. The purchase of new units to meet longer term needs is expected to cost in the region of £2 million. It is recommended that approval be given to the Director of Children's Services to allocate £1.1m of identified Dedicated Schools Grant (DSG) revenue funding to support the short-term hire and relocation of existing modular buildings. It is also recommended that approval be given to the Director of Children's Services to allocate £2m to those sites that have been determined as requiring the purchase of new modular buildings.

Action taken by the Director of Children's Services

134. Under delegated powers and following consultation with the Executive Member for Children's Services, the actions set out in Appendix 5 have been taken and it is recommended that these approvals are noted.

Climate Change Impact Assessment

135. A Climate Change Impact Assessment is not applicable to this decision report as it relates to the overall capital programme and is therefore strategic in nature. The major individual projects contained within this report will be subject to individual project appraisals which will cover climate change impact assessment requirements.

REQUIRED CORPORATE AND LEGAL INFORMATION:

Links to the Strategic Plan

Hampshire maintains strong and sustainable economic growth and prosperity:	Yes
People in Hampshire live safe, healthy and independent lives:	Yes
People in Hampshire enjoy a rich and diverse environment:	Yes
People in Hampshire enjoy being part of strong, inclusive communities:	Yes

Other Significant Links

Links to previous Member decisions:	
<u>Title</u>	<u>Date</u>
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	

EQUALITIES IMPACT ASSESSMENT:

1. Equality Duty

The County Council has a duty under Section 149 of the Equality Act 2010 ('the Act') to have due regard in the exercise of its functions to the need to:

- Eliminate discrimination, harassment and victimisation and any other conduct prohibited by or under the Act with regard to the protected characteristics as set out in section 4 of the Act (age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation);
- Advance equality of opportunity between persons who share a relevant protected characteristic within section 149(7) of the Act (age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation) and those who do not share it;
- Foster good relations between persons who share a relevant protected characteristic within section 149(7) of the Act (see above) and persons who do not share it.

Due regard in this context involves having due regard in particular to:

- The need to remove or minimise disadvantages suffered by persons sharing a relevant protected characteristic that are connected to that characteristic;
- Take steps to meet the needs of persons sharing a relevant protected characteristic that are different from the needs of persons who do not share it;
- Encourage persons sharing a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.

2. Equalities Impact Assessment:

Equality and diversity objectives will be considered on an individual project basis by conducting Equality Impact Assessments and are not considered at this stage or within this report.