

# HAMPSHIRE COUNTY COUNCIL

## Decision Report

<b>Decision Maker</b>	Executive Lead Member for Children's Services
<b>Date:</b>	19 January 2024
<b>Title:</b>	Children's Services Capital Programme 2024/25 – 2026/27
<b>Report From:</b>	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 the proposed Children's Services capital programme for 2024/25 and the provisional capital programme for 2025/26 and 2026/27 and the revised capital programme for 2023/24.

### Recommendation(s)

2. To approve submission to the Leader and Cabinet the proposed capital programme for 2024/25 and the provisional capital programme for 2025/26 and 2026/27 as set out in Appendix 1 and the revised capital programme cash limit for 2023/24 as set out in Appendix 2 including the transfers between years and the carry forward of resources as set out in Table 2.
3. That the deferral of resources relating to schemes of £2.1m be approved for submission to Cabinet as shown in Table 10 of this report.
4. That the following variations to the 2023/24 capital programme be approved.
  - That it be recommended that resources of £0.41m be allocated from the 2023/24 capital programme to support the new Riverside School satellite provision at Mill Hill Primary School, Waterlooville.
  - That it be recommended that resources of £0.3m be allocated from the 2023/24 capital programme to support the expansion of Winton Academy.

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 2024/25 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 of Basic Need Grant to those sites that have been determined as requiring the purchase of modular buildings.
7. That approval is given to the Director of Children's Services in discussion with the Executive Lead Member for Children's 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 2024/25 and the provisional capital programme for 2025/26 and 2026/27 and the revised capital programme for 2023/24. The proposals contained within this report represent the highest priority for 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 19 January 2024. It will be reported to the Leader and Cabinet on 6 February 2024 to make final recommendations to County Council on 22 February 2024.
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 Special Educational Needs and Disabilities (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 and Developers 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 year 2025/26 on 28 March 2023 and School Condition Allocation (SCA) for the year 2023/24 on 11 May 2023.
16. The proposals contained within this report are derived from directorate service plan(s) which have been developed to support the Serving Hampshire's Residents – Strategic Plan 2021 – 2025 which was reviewed at County Council on 28 September 2023. Given the challenging financial environment that the County Council is operating in, the development of detailed project appraisals for individual schemes will continue to include robust review and scrutiny to re-confirm the priority for the scheme and its value for money and affordability.

## **Background**

17. Executive members have been asked to prepare proposals for:
  - A locally resourced capital programme for 2024/25 and a provisional capital programme for 2025/26 and 2026/27 within the guidelines set by cabinet in December 2023. The programme for 2025/26 onwards is indicative and subject to change.
  - A programme of capital schemes for 2024/25 to 2026/27 is supported by government grants as announced by the government.
18. The County Council has maintained its capital programme throughout the period of austerity, doing so by making use of external sources to fund a significant proportion of expenditure, supplemented by the use of capital receipts and the County Council's own revenue resources.
19. Any impact on the revenue budget is considered as part of the Medium-Term Financial Strategy (MTFS) and alongside the priorities within Serving Hampshire's Residents – Strategic Plan 2021 – 2025. Given the challenging financial position the County Council faces, any revenue contributions to capital schemes must balance recognition of the importance of capital investment with the need to review and challenge all revenue-based expenditure as part of the overall MTFS.

20. The current MTFS assumes continuing revenue contributions to capital schemes throughout the forecast period. In order to allow the County Council time to continue to consider the evolving MTFS position, the capital cash limit guidelines approved by Cabinet in December 2023 only allocated the funding from these revenue-based contributions to directorates in 2024/25, with the amounts for 2025/26 and 2026/27 to be held centrally pending further review.
21. Through a range of external funding sources the County Council continues to maintain a significant capital programme, resulting in investment in assets to support and enable the provision of local services and delivering benefits to the local economy.

Locally resourced capital programme

22. The cash limit guidelines for the locally resourced capital programme for Children's Services as set by Cabinet have been approved for 2024/25 at £0.1m as shown in Table 2.

**Finance – Capital programme supported by government allocations**

23. The Government has allocated all its future support for the capital programme in the form of capital grants.
24. The Secretary of State has previously announced details of individual local authority Basic Need allocations for 2025/26. Allocations to date for the School Condition Allocation and for Devolved Formula Capital only cover 2023/24.
25. The 2025/26 Basic Need allocation was favourable for Hampshire County Council. However, there is a potential for a zero or low capital allocation in 2026/27 and 2027/28 as the Department for Education (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 2024.
26. 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, SEND and school condition.
27. Table 1 sets out the capital allocations for Basic Need and School Condition Allocation together with an assumed level of funding for 2025/26 and 2026/27. Although no announcements about SCA allocations for 2024/25, 2025/26 and 2026/27 have been announced, further changes to the allocation formula are anticipated from 2024/25. At this stage, 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 1 – Allocation of capital grants to the County Council (excluding schools’ devolved capital)**

Grant	2024/25 (assumed)	2025/26 (assumed)	2026/27 (assumed)
	£m	£m	£m
Basic Need (new pupil places)	0	22.200	0
School Condition Allocation (assumed)	23.164	23.164	23.164
<b>Total</b>	<b>23.164</b>	<b>45.364</b>	<b>23.164</b>

28. As previously reported, the School Condition Allocation is targeted towards major capital repairs and is now received in full by the Executive Lead Member for Universal Services. Officers from across the County Council continue to work together to ensure that this funding is used to address strategic Children’s Services and operational priorities across the education estate.
29. The Children’s Services capital programme is based on government capital grants (as set out in Table 1), developers’ contributions, capital receipts and local resources. The expected availability of government grants, together with developers’ contributions for each of the three forward years up to 2026/27 are set out in Table 2. To address the need to fund a number of major projects in 2027/28, the funding available for starts in 2025/26 and 2026/27 has been reduced, and resources carried forward to 2027/28.

**Table 2 – Three-year capital resources summary**

	2024/25 (assumed)	2025/26 (assumed)	2026/27 (assumed)	Total
	£m	£m	£m	£m
Basic Need – New Pupil Places		22.200		22.200
Basic Need Carried Forward	56.000			56.000
School Condition Allocation	0.500			0.500
Schools’ Devolved Capital	3.338	3.338	3.338	10.014
Developers’ contributions anticipated	44.980	45.800	25.370	116.150
DfE Grant – Childcare Expansion	2.829			2.829
DfE Grant – New Special School	17.400			17.400
Football Federation Grant & School Contribution	0.772			0.772
B&DBC – Local Infrastructure Fund	0.200			0.200
Capital Investment Priorities	5.300	1.000		6.300

Corporate capital resources	0.100			0.100
Capital Receipts Carried Forward	1.300		0.500	1.800
High Needs Provision Grant Carried Forward	20.337	10.000		30.337
Carry forward Basic Need to 2025/26	-24.000	35.000		11.000
Carry forward Basic Need to 2026/27	-8.000	-24.000	32.000	0.000
Carry forward Basic Need to 2027/28		-13.000	-20.000	-33.000
<b>Totals</b>	<b>121.056</b>	<b>80.338</b>	<b>41.208</b>	<b>242.602</b>

30. The carry forward of £33m to 2027/28 will support the future programme which is forecast to increase significantly beyond the scope of this report.

### **Three-year capital allocations 2024/25 – 2026/27 - Overview**

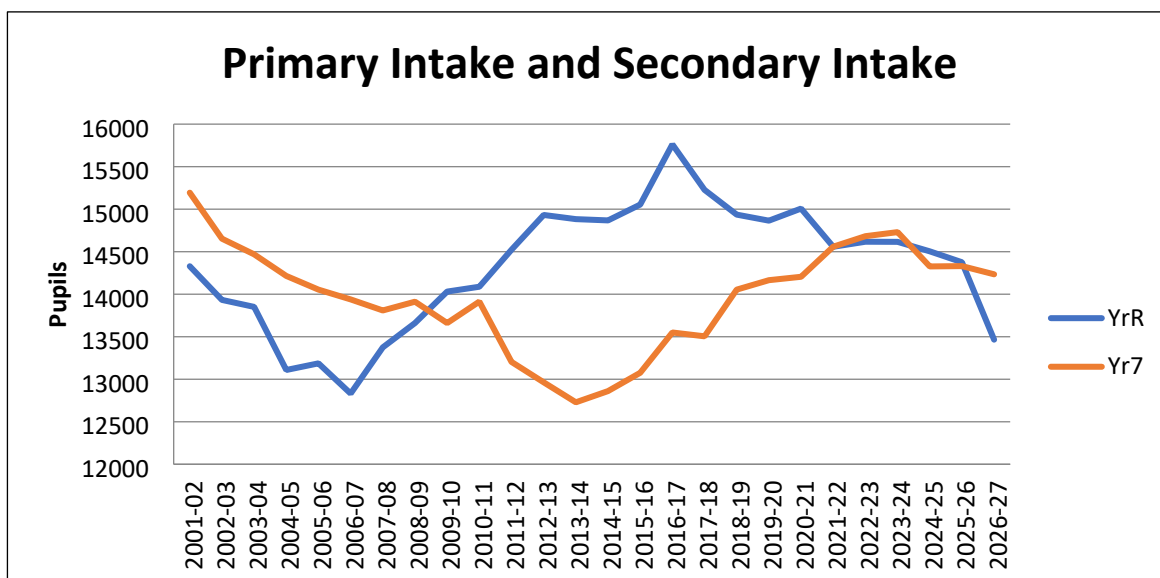
31. The planned investment programme continues with a focus on school places and school condition. The 2025/26 onwards programme is indicative and subject to change.

### **New School Places**

32. 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.
33. 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 2023 the County Council will have delivered 14,677 new school places with projects contained within the 2024/25 to 2026/27 programme totalling a further 5,312 places giving a total of 19,989 new school places by September 2027.
34. There are over 43,000 new dwellings planned for Hampshire between 2022 and 2029 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.

35. The County Council has a statutory duty to ensure a sufficiency of school places for Hampshire children. A revised Hampshire School Places Plan 2024-2028 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 2028 with proposals shared with the Regional Director at the DfE.
36. 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 43,000 dwellings planned from 2022 to 2029) 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.
37. 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, numbers are predicted to grow again due to new housing and continue to grow towards 2030. The School Places 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. Further pressure from resettlement programmes and short-term asylum accommodation continues to be factored into all school place planning decisions.
38. The following graph demonstrates forecast primary numbers and movement into the secondary phase at Year 7.



39. 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.
  
40. Consideration will be given to all new schools having SEND resourced provision.
  
41. The recently enacted Levelling Up and Regeneration Bill introduced the Infrastructure Levy. Infrastructure Levy regulations are now expected to be prepared which will set out how the levy is to be operated, and the relationship with other planning legislation such as Section 106. This may make 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.
  
42. 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 particularly relating to new housing developments. The secondary impact of these pupils is also evident in the programme and is set out further in the School Places Plan.



43. This exciting investment in new school places for Hampshire children is costed at around £200m as part of a total investment programme of £243m over the next three years. The programme is forecast to rise significantly beyond the three-year period of this report.

### **New Schools**

44. 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.
45. 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.
46. 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 local authority 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.
47. The timing of the new provision to serve new developments will be dependent upon the build out of the housing. The master plan 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**

48. 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 need, site availability and resources.

Aldershot Urban Extension (AUE) – New 2fe Primary School

49. The Aldershot Urban Extension (Wellesley) development is set to provide 3,850 new dwellings. Two new primary schools have been planned as part of the development. The first (The Cambridge Primary School) opened in September 2018, providing 420 places with the potential to expand by an additional 210 places should catchment area demand show the need.
50. The second 2fe primary school is planned to open in September 2025 providing a further 420 places. Funding has been added to this scheme to provide resourced provision for 8 places for pupils with a special educational need.
51. Secondary pupil numbers will be managed by the expansion of Alderwood School (senior campus) by two forms of entry (300 places) for September 2025. This new provision will 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

52. The Hounsome Fields and Golf Course developments are set to provide 1,750 new dwellings. A new 2fe primary school is planned at Hounsome Fields to accommodate 420 pupils with a resourced provision for 8 places for pupils with a special educational need and is due to open in September 2025. 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.

Hartland Village, Fleet – New 2fe Primary School

53. 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. Current planning suggests that the new school will open in September 2026.

Manydown, Basingstoke – New 2fe Primary School

54. The Manydown development is set to provide 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 planned to open in 2027. 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 3fe Primary School

55. 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. It is currently proposed that the new school will open in September 2026 and include a resourced provision for pupils with a special educational need.
56. Eastleigh Borough Council are planning to deliver this scheme. For this reason, the scheme and resources are not named within the three-year capital programme in Appendix 1.

### Welborne, Fareham – New 2fe Primary School

57. 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 2027. The other two primary schools will provide for up to 3fe (630 places) and will be opened at the appropriate time to meet the demand from the development. The timescale for the secondary school will be carefully monitored post 2030 in line with the demand from the development.

### West of Waterlooville, Havant – New 1.5fe Primary School

58. 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 primary school already exists on the development (Berewood Primary School) for up to 420 primary age pupils.
59. A second 1.5fe primary school to accommodate up to 315 primary age pupils will open in September 2025. This scheme will include resourced provision of 8 places for pupils with a special educational need.

### North Whiteley, Winchester – New 6fe Secondary School

60. New sites for a second primary school to serve North Whiteley and new secondary school to serve the existing Whiteley development and the North Whiteley development (comprising around 3,500 dwellings) have been reserved as part of the development.
61. The new secondary school is planned to open in September 2027 with planning due to be submitted in 2024. The new secondary school will open at 6fe and provide 900 places. The school will be designed with potential to expand to 8fe should there be a demand from catchment in the future.

62. Pupil forecasts will be monitored as the development progresses to determine if the secondary school expansion is required and the timing of the second new primary school.
63. A list of new schools on the current planning horizon is shown at Table 3. It should be noted that the proposed opening dates are subject to change and will be monitored alongside housing completions.

**Table 3 – Proposed New Schools to September 2028**

<b>Area / School</b>	<b>Size &amp; Type of School</b>	<b>Proposed Opening Date</b>	<b>Sponsor Status</b>
AUE 2 <sup>nd</sup> Primary, Aldershot	2fe Primary	Sept 2025	Engage Enrich Excel Academies
West of Waterlooville, 2 <sup>nd</sup> Primary, Waterlooville	1.5fe Primary	Sept 2025	University of Chichester Academy Trust
Hounsome Fields Primary, Basingstoke	2fe Primary	Sept 2025	Engage Enrich Excel Academies
Boorley Green, Eastleigh	Up to 125 place 8-16 SEMH School	Spring 2026	tbc
Lady Betty's Drive, Whiteley	Up to 135 place 4-19 SLD School	Autumn 2026	tbc
Hartland Village Primary, Fleet	2fe Primary	Sept 2026	tbc
One Horton Heath Primary, Horton Heath	3fe Primary	Sept 2026	tbc
Manydown Primary, Basingstoke	2fe Primary	Sept 2027	tbc
Welborne Primary, Fareham	2fe Primary	Sept 2027	tbc
Whiteley Secondary, North Whiteley	6fe Secondary	Sept 2027	tbc

Special Educational needs and Disability (SEND) Strategy

64. The latest data continues to show a significant increase in pupils with Education Health & Care Plans (EHCP) with 15,307 pupils with EHCPs in Hampshire in May 2023, a 340% increase compared to the number of statements in 2015. Forecasting models indicate that there could be 18,010 EHCPs maintained by Hampshire by 2025/26. This is a 41% growth from 2022. Approximately 40% of those pupils with an EHCP require a specialist school place.

65. To help manage this pressure, capital grant funding has been allocated to deliver a number of new SEND places across the county.

#### Proposed New SEND Schools

65. The increase in the SEND school population has put a significant pressure on existing special schools and resourced provision necessitating the need for expansions of existing provision and new schools.

66. As reported in January 2023, the government announced plans to build up to 60 new centrally delivered special and Alternative Provision (AP) free schools as part of the £2.6 billion capital investment in high needs provision.

67. Hampshire submitted bids for two new Special Schools as part of this programme:

- 125-place, co-educational, aged 8-16 SEMH (Social, Emotional & Mental Health) School in Boorley Green, Eastleigh
- 125-place, co-educational, aged 4-16 SLD (Severe Learning Difficulty) School in Whiteley, Winchester

68. In March 2023, the DfE confirmed that Hampshire had provisionally been successful in its bid for the SLD school at Whiteley. The County Council is working with the DfE to agree the design, programme and funding agreements. The County Council will make the land available on a long-term lease, with the DfE funding the capital costs of the school building. The DfE have also agreed to expand the proposed age range for the school to include Post 16 provision. Subject to DfE processes, it is planned that the new SLD school will open for September 2026.

69. The planned SEMH school will be funded from the capital programme and is also proposed to open in September 2026. Further details on both SEND schools will be brought to future decision days.

#### Expansion and Adaptation Projects

70. The Increased number of SEND pupils alongside advances in medical technology have given rise to some schools having very specific accommodation needs to meet the specialist and often complex requirements of individual pupils.

71. 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.

72. The forward capital programme includes a number of special school projects as set out in Table 4.

**Table 4 – Major SEND Expansion Schemes in Development**

School / Area	Designation of Places	Proposed Opening Date
Riverside School Satellite Adjoining Mill Hill Primary School, Waterlooville	12-16 SLD	Spring 2024
Henry Tyndale School Satellite at the former Park Children's Centre, Aldershot	35 SLD/ASC	Sept 2024
Shepherds Down School, Winchester	16 SLD	Sept 2024
Samuel Cody School, Farnborough	18 MLD	Sept 2024
Perins Secondary School, Alresford	15 SEMH Resourced Provision	Sept 2024
Cams Hill Secondary School, Fareham	15 SEMH Resourced Provision	Sept 2024
Guillemont Junior School, Farnborough	8 ASC Resourced Provision	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 4 identifies investment projects totalling over £6m for additional specialist SEND school places in Hampshire to be provided by September 2024.

Early Years

73. As part of the Early Years Sufficiency Strategy, £3m of resources have 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 remain in the market. This funding is in the 2023/24 programme.

74. The replacement provision at Little Deer's Day Nursery, Burley and a new provision at Denmead Junior, Waterlooville have been approved from this funding leaving a balance of £1.6m for new projects. Projects for consideration against this funding will be brought to a future Decision Day.
75. On 30 November 2023 the DfE announced a new Childcare Expansion Capital Grant to support the phased expansion of Early Years childcare provision for working parents of all children aged 9 months to 3-year-olds and also for the provision of 8am to 6pm wraparound care for primary aged children.
76. Hampshire County Council has been allocated £2.829m from this grant fund. Projects for consideration from this funding will be brought to a future decision day.

### **School Suitability Investment Programme**

77. The focus of capital investment in schools in recent years has been on Basic Need and Capital Maintenance. However, it is recognised that some teaching spaces and facilities 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 from 2020/21 – 2022/23 to ensure facilities were fit for purpose and would continue to provide good quality learning environments.
78. A further £6m was allocated in the January 2023 capital programme report, £2m in 2023/24 and this report proposes continuing this investment programme with further allocations of £2m per annum from 2024/25 to 2025/26.
79. Proposed 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.

80. 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

81. In addition to the funding for new pupil places, funding is also identified for other priorities as listed in Table 5.

**Table 5 – Proposed Allocations for the Three-year programme**

	<b>2024/25 (Assumed)</b>	<b>2025/26 (Assumed)</b>	<b>2026/27 (Assumed)</b>	<b>Totals</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
New schools and extensions	104.122	64.900	30.800	<b>199.822</b>
Early Years/Childcare Sufficiency	4.429	0.000	0.000	<b>4.429</b>
New modular classrooms	2.000	2.000	2.000	<b>6.000</b>
Other special school and SEN improvements	1.000	1.000	1.000	<b>3.000</b>
School Suitability Programme	2.000	2.000	tbc	<b>4.000</b>
Access improvements in schools	0.500	0.500	0.500	<b>1.500</b>
Social Care projects	0.500	0.500	0.500	<b>1.500</b>
Health and Safety	0.400	0.400	0.400	<b>1.200</b>
Schools' devolved formula capital	3.338	3.338	3.338	<b>10.014</b>
Furniture and equipment and ICT	0.250	0.250	0.250	<b>0.750</b>
Contingency	2.517	5.450	2.420	<b>10.387</b>
<b>Totals</b>	<b>121.056</b>	<b>80.338</b>	<b>41.208</b>	<b>242.602</b>

Note: Individual scheme allocations have been updated to their mid-point of construction price base.

### Other Improvement and modernisation projects

#### Access Improvements in Schools

82. 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.



83. Therefore, it is recommended that the projects listed at Appendix 4 are approved from the capital programme for 2024/25.

#### Foster Care

84. 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.

85. Therefore, it is proposed to increase this budget to £0.25m in each year of the programme to fund adaptations to foster carer properties.

#### Adaptation Equipment

86. Funding has been identified within the programme from 2024/25 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.

87. Therefore, it is proposed to allocate £0.25m each year from the programme to support this essential work.

#### Schools' Devolved Formula Capital

88. Government grant allocations for schools' devolved formula allocations were announced on 11 May 2023. The assumption is that the allocation for 2024/25 will remain at the 2023/24 level and exclude Academies. The allocation per school will be according to the updated DfE formula set out in Table 6 and is intended to fund high priority projects identified through schools' Asset Management Plans.

**Table 6 – Schools' Devolved Formula Capital Allocations**

School Phase	2024/25 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

89. This funding is passed in full to individual schools. 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.

### **Developers' Contributions**

90. 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 - 2023 developer contributions, totalling £178m 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.
91. 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.
92. The government launched the Levelling Up and Regeneration Bill earlier in 2023 which included reform of the planning obligation system. The Bill was enacted on 26 October 2023 and the Levelling Up and Regeneration Act introduces the Infrastructure Levy as a replacement for the Community Infrastructure Levy and Section 106 as the primary mechanism for securing funding from developments. The Levy will be administered by lower tier authorities and is calculated based on the gross development value once a development has been completed. Infrastructure Levy Regulations are now expected to be prepared which will set out how the Levy is to be operated, and the relationship with other planning legislation such as section 106. The Levelling Up and Regeneration Bill consultation suggested that section 106 may be retained for larger sites, but this will not be confirmed until the Regulations are published.
93. The Infrastructure Levy is expected to be introduced over a long period of time, using a test and learn approach. Implementation in Hampshire will depend on whether any of the districts or boroughs wish to be early adopters. This could result in different mechanisms for funding infrastructure being used across the County.
94. The current policy for contributions was approved by the Executive Lead 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.

95. Until the Infrastructure Levy is introduced, there remains a risk that, where those Districts/Boroughs that operate CIL and propose to use it 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.

96. 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.

#### **Capital Programme Summary 2024/25 to 2026/27**

97. The total amount available to fund schemes starting in 2024/25 is £121.056m. Table 2 in paragraph 29 illustrates how this sum is arrived at.

98. On the basis of the position outlined above, the total value of the capital programmes submitted for consideration for the three years to 2026/27 is shown in Table 7 and attached at Appendix 1.

#### **Table 7 – Capital Programmes 2024/25 to 2026/27**

	2024/25	2025/26	2026/27	Total
	£m	£m	£m	£m
Schemes funded by local resources including carry forwards	6.700	1.000	0.500	8.200
Schemes funded with developers' contribution	44.980	45.800	25.370	116.150
Schemes supported by Government grants and borrowing	69.376	33.538	15.338	118.252
<b>Totals</b>	<b>121.056</b>	<b>80.338</b>	<b>41.208</b>	<b>242.602</b>

### 2025/26 to 2026/27 Programmes

99. As indicated above, it is possible to fund those schemes where starts need to be made in 2024/25. The indicative resources available in 2025/26 total £80.338m and are summarised in Table 8.

**Table 8 – Resources for 2025/26**

	2025/26
	£m
Basic Need – New pupil places	20.200
New High Needs Provision Grant	10.000
Calls on developers' contributions	45.800
Schools' Devolved Capital grant	3.338
Corporate Resources	1.000
<b>Totals</b>	<b>80.338</b>

### Managing Pressures on the Capital Programme

100. 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.
101. 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 helped the management of resources. Officers will also keep abreast of any new funding initiatives that come forward.

102. The Environment Act 2021 included mandatory biodiversity net gain (BNG), which the government has indicated will come into force from January 2024 or April 2024 for small sites. This will require developments to deliver a minimum 10% gain in biodiversity, calculated using the Biodiversity Metric, and approval of a biodiversity gain plan. This can be delivered on-site, off-site or via a new statutory biodiversity credits scheme. The habitat must be secured via planning obligations or conservation covenants for a period of 30 years. The future financial impact of BNG on the capital programme is being considered and will be reported in more detail at a future decision day.
103. 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.
104. The construction industry is currently in a period of instability and inflationary pressures remain. This is covered in more detail in paragraph's 108-111. 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. Schemes within the three-year programme have been updated to the mid-point of construction price base.

### **Successfully delivering better value school buildings**

105. 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.

106. 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.
107. 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**

108. 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.
109. Following the recent tender price increases, current reports are forecasting that prices will continue to ease to 2.1% in the year (3Q23–3Q24). This is down from a 4.0% increase in the previous year (3Q22-3Q23) and from a 9.4% increase in 2022 (3Q21-3Q22). The main driver for the increase in tender prices is site labour rates which continue to rise faster than wage awards. The long-term forecast is showing a 18% increase to tender prices in the five years to 2028.
110. Material cost inflation has calmed since the peak of a 23.5% increase, which was observed in 2022. This is helped by the increase in availability of the majority of construction materials, however, there still appears to be a premium in pricing and high demand for mechanical (including plumbing), electrical and demolition works.
111. Market conditions will continue to be closely monitored and use of local knowledge 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**

112. Elements of the proposed capital programme will have a positive impact on the revenue budget. For example, the proposed funding to support housing adaptations for foster carers and equipment and adaptations for disabled children and young people to support their independence at home will avoid more expensive specialist placements for these clients. The additional mainstream and special school places will in some cases reduce the home to school journey and thus reduce the cost of school transport in these cases.

113. Expansion to the school estate will result in on-going running costs and these will be covered by the Dedicated Schools Grant. In line with proper accounting practice, the asset value resulting from capital expenditure is depreciated over the expected life of the asset with a corresponding charge to the income and expenditure account. However, this accounting adjustment does not directly impact the cash limited budget of services. The capital charge implications of the proposed capital programme are shown in Table 9.

**Table 9 – Revenue implications of the three-year capital programme**

Schemes within the guidelines	Full Year Cost			Total £m
	2024/25 £m	2025/25 £m	2026/27 £m	
Capital Charges	741	571	270	1,582

**Amendments to the 2023/24 programme**

Riverside School Satellite Unit at Mill Hill Primary School, Waterlooville

114. Subject to the approval of a Public Notice, a new satellite provision is proposed for Riverside School at Mill Hill Primary School in Waterlooville. This will provide for up to an additional 16 places for primary pupils with severe learning difficulties. It is proposed to add two additional classrooms on the existing site along with an external play area.

115. Therefore, subject to the approval of the Public Notice, it is recommended that resources of £0.41m are allocated from the 2023/24 capital programme.

Winton Academy, Andover

116. This project was reported to ELMCS on 11 July 2023 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 high tender return due to increased prices has resulted in additional funding being required.

117. Therefore, it is recommended that resources of £0.3m are allocated from the 2023/24 capital programme.

**Resources for the 2023/24 programme**

118. The revised capital programme for 2023/24 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.

119. A number of decisions have been taken under delegated officer powers since the last meeting in July 2023. These are all under the officer delegated amount of £0.5m and have been funded from the block vote allocations reported on 11 July 2023 when the current programme was approved.

120. Details of decisions taken since the last report in July 2023 are recorded for information in Appendix 5.

**Resources and Projects proposed to be carried forward to 2024/25 and 2026/27**

121. It is not possible to start the schemes listed in Table 10 during 2023/24. 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 £2.1m from 2023/24.

**Table 10 – Resources and projects to be carried forward from 2023/24 to 2024/25 and 2026/27**

<b>Project/Resource</b>	<b>Cost of Resources carried forward from 2023/24</b>	<b>Cost of Resources carried forward to 2024/25</b>	<b>Cost of Resources carried forward to 2026/27</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>
Early Years/Childcare Sufficiency	1.600	1.600	
Social Care Projects	0.500		0.500
<b>Total carry forward</b>	<b>2.100</b>	<b>1.600</b>	<b>0.500</b>

122. Therefore, it is proposed to carry forward resources of £2.1m within the 3-year capital programme as shown in Table 10.

**Schools Programme – Potential Capital Projects 2024 - 2027**

123. Table 11 lists the potential school expansions and new school projects through to 2026/27, 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.

124. 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 11. More detailed cost appraisals will be brought to future Decision Days. The figures quoted in this table are indicative and not project allocations.

**Table 11 – Proposed Capital Projects 2024 – 2027 with indicative costs**

<b>Projects Starting in 2024/25</b>	<b>Planned Works (Additional places)</b>	<b>Estimated Cost £'000</b>	<b>Expected Date Places Available</b>
Aldershot Urban Extension 2 <sup>nd</sup> Primary School, Aldershot	2fe New School	12,500	Sept 2025
West of Waterlooville 2nd Primary School, Winchester	1.5fe New School	11,400	Sept 2025
Hounsme Fields Primary School, Basingstoke	2fe New School	14,550	Sept 2025
Samuel Cody School, Farnborough	18 MLD Primary Places	800	Sept 2025
Shepherds Down School, Winchester	16 SLD Primary Places	800	Sept 2025
SEND 8-16 School, Eastleigh	New SEMH School	17,900	Sept 2026
SEND 4-19 School, Whiteley, Winchester	New SLD School	21,600	Sept 2026
Alderwood School (Senior Campus), Aldershot	2fe expansion	13,500	Sept 2025
Oakmoor Secondary School, Bordon	2fe expansion	9,250	Sept 2025
<b>Projects Starting in 2025/26</b>	<b>Planned Works (Additional places)</b>	<b>Estimated Cost £'000</b>	<b>Expected Date Places Available</b>
Hartland Village Primary School, Hart	2fe New School	12,200	Sept 2026
Whiteley Secondary School, Winchester	6fe New School	42,700	Sept 2027
<b>Projects Starting in 2026/27</b>	<b>Planned Works (Additional places)</b>	<b>Estimated Cost £'000</b>	<b>Expected Date Places Available</b>
Manydown Primary School, Basingstoke	2fe New School	12,900	Sept 2027
Welborne Primary School, Fareham	2fe New School	12,900	Sept 2027

### **Modular Classrooms**

125. The use of high-quality modular buildings can be a solution for some accommodation pressures. Such buildings are relatively quick to install and provide 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.

126. Details of the location of planned modular buildings required for September 2024 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 2024 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 2024/25 academic year.

127. 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 of Basic Need Grant to those sites that have been determined as requiring the purchase of new modular buildings.

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

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

#### **Consultation and Equalities**

129. *Where a consultation has been undertaken insert an analysis of the consultation responses and refer to further details of the consultation which should be included in a separate appendix.*

130. *If equality impacts have been identified in the Equality Statement in integral Appendix B highlight any particular issues, explain any proposed mitigation and consider any other relevant factors that have been taken into consideration in formulating the recommendation.*

#### **Climate Change Impact Assessment**

131. 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 assessments requirements.

**REQUIRED CORPORATE AND LEGAL INFORMATION:**

**Links to the Strategic Plan**

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

**Other Significant Links**

<b>Links to previous Member decisions:</b>	
<u>Title</u>	<u>Date</u>
<b>Direct links to specific legislation or Government Directives</b>	
<u>Title</u>	<u>Date</u>

<b>Section 100 D - Local Government Act 1972 - background documents</b>	
<p>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.)</p>	
<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.