

## HAMPSHIRE COUNTY COUNCIL

### Decision Report

<b>Decision Maker:</b>	Executive Lead Member for Children's Services and Young People
<b>Date of Decision:</b>	10 January 2020
<b>Decision Title:</b>	Children's Services Capital Programme 2020/21 to 2022/23
<b>Report From:</b>	Director of Children's Services and Director of Corporate Resources – Corporate Services

**Contact name:** Peter Colenutt, Interim Assistant Director, Strategic Development and Capital Delivery, Children's Services and Adult Services

**Tel:** 01962 846157      **Email:** peter.colenutt@hants.gov.uk

#### Recommendation(s)

- 1 To approve submission to the Leader and Cabinet the capital programme for 2020/21 to 2022/23 as set out in Appendix 1 and the revised capital programme cash limit for 2019/20 as set out in Appendix 2 including the transfers between years as set out in Table 3.
- 2 That the deferral of resources relating to schemes of £17.366m be approved for submission to Cabinet as shown in Table 10 of this report.
- 3 That the following variations to the 2019/20 capital programme be approved:
  - It is recommended that resources of £0.4m (including fees) be added to the 2019/20 capital programme to complete the expansion project at Kings Copse Primary School.
  - It is recommended that resources of £0.65m (including fees) are removed from the Children's Services capital programme and added to the Policy and Resources capital programme to deliver specialist teaching and learning accommodation at Testbourne School.
  - It is recommended that that resources of £0.31m (including fees) are approved from the 2019/20 capital programme to create additional SEMH accommodation at Woodcot Primary School.
- 4 It is recommended that funding and approval be given for the application of planning permission for modular buildings to be located on the sites listed at Appendix 3.
- 5 It is also recommended that authority be delegated to the Director of Children's Services to revise and fund, in line with the funding set out in Table 5, any additional modular buildings other than those listed in

Appendix 3 following receipt of updated information on pupil places required for the September 2020 intakes.

- 6 That the projects listed at Appendix 4 for Access Improvements in Schools for 2020/21 be approved.
- 7 That the projects approved under delegated powers by the Director of Children's Services in Appendix 5 are noted.
- 8 It is recommended that the necessary public consultations are undertaken and that the Director of Culture, Communities and Business Services (CCBS) undertake costed feasibility studies for each of the projects listed in Appendix 7.
- 9 That the School Suitability Fund projects identified in Appendix 8 be approved.

### **Executive Summary**

- 10 This report seeks approval for submission to the Leader and Cabinet of the proposed Children's Services capital programme for 2020/21 to 2022/23 and the revised capital programme for 2019/20. 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.
- 11 The report has been prepared in consultation with the Executive Lead Member for Children's Services and Young People (ELMCS&YP) and will be reviewed by the Children and Young People Select Committee on 10 January 2020. It will be reported to the Leader and Cabinet on 3 February 2020 to make final recommendations to County Council on 13 February 2020.
- 12 The Children's Services capital programme maintains a balanced position between income and expenditure over the proposed three-year period of the programme. However, the ongoing primary pressure and secondary impact indicates a deficit of resources over a 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.
- 13 The Secretary of State has yet to announce details of individual local authority basic need capital allocations for the years 2021/22 and 2022/23 and School Condition Allocation (SCA) for the year 2020/21. However, indications are that the 2020/21 SCA allocation will be equal to 2019/20. Devolved Formula Capital (DFC) has yet to be confirmed for 2020/21 but again, expectations are that it will be at a similar level to the 2019/20 allocation.

- 14 The proposals contained within this report are derived from the departmental service plan(s) which have been developed to support the Serving Hampshire - Strategic Plan 2017- 2021.

### **Background**

- 15 Executive Members have been asked to prepare proposals for:
- A locally resourced capital programme for the three-year period from 2020/21 to 2022/23 within the guidelines used for the current capital programme including an assumption for 2022/23. The programme for 2021/22 onwards is indicative and subject to change.
  - A programme of capital schemes for 2020/21 is supported by Government grants as announced by the Government.
- 16 The capital guidelines are determined by the medium term financial strategy which is closely linked to the Serving Hampshire – Strategic Plan 2017 – 2021 with its strategic aims and departmental service plans to ensure that priorities are affordable and provide value for money and that resources follow priorities.
- 17 The County Council’s capital programme has been maintained despite the challenging financial environment in which local government has been operating since the start of the decade, continuing the trend of ensuring that we invest wisely in maintaining and enhancing existing assets and delivering a programme of new ones.

#### Locally resourced capital programme

- 18 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**

	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>
Annual Allocation	0.100	0.100	0.100

### **Finance – Capital programme supported by Government allocations**

- 19 The Government has allocated all of its future support for the capital programme in the form of capital grants, and not as borrowing allocations.
- 20 The Secretary of State has previously announced details of individual local authority Basic Need allocations for 2019/20 and 2020/21. Allocations to date for School Condition Allocation and the formula allocation for Devolved Formula Capital only cover 2019/20.
- 21 Hampshire received a favourable Basic Need allocation in 2020/21, but there is the potential for a zero or low capital allocation in 2021/22 and 2022/23 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 2020.

- 22 The focus of the current spending round continues along the lines of previous years by reducing the number of hypothecated grants, thus allowing local authorities to determine their own local priorities, with a focus on school places and school condition.
- 23 Table 2 sets out the capital allocations for Basic Need and School Condition Allocation together with an assumed level of funding for 2021/22 and 2022/23.

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

Grant	2020/21	2021/22 (assumed)	2022/23 (assumed)
	£m	£m	£m
Basic Need New pupil places	14.712	0	0
School Condition Allocation (assumed)	17.426	17.426	17.426
<b>Total</b>	<b>32.138</b>	<b>17.426</b>	<b>17.426</b>

- 24 As previously reported, the School Condition Allocation is targeted towards major capital repairs and is now received in full by Policy and Resources. Officers from Children’s Services and Culture Community & Business Services (CCBS) will 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.
- 25 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 the three forward years up to 2022/23 are set out in Table 3. To address the need to fund a number of major projects in 2022/23, the funding available for starts in 2020/21 has been reduced, and resources carried forward to 2022/23.

**Table 3 – Three-year capital resources summary**

	2020/21 (assumed)	2021/22 (assumed)	2022/23 (assumed)	Total
	£m	£m	£m	£m
Basic Need - new pupil places	14.712	0	0	14.712
Basic Need – Grant c/f	0.890	0	0	0.890
Resources carried forward to 2020/21	10.000	0	0	10.000
Schools’ Devolved Capital	3.308	3.308	3.308	9.924

SEND Grant	1.262	0	0	1.262
Developers' contributions anticipated	7.795	3.421	39.840	51.056
Carry forward resources to 2020/21	17.366	0	0	17.366
Corporate capital resources	0.100	0.100	0.100	0.300
Carry forward resources to 2020/21	3.000	0	0	3.000
Carry forward resources to 2021/22	-1.000	56.000	0	55.000
Carry forward resources to 2022/23	-15.000	-25.000	40.000	0
Carry forward resources to 2023/24			-21.000	-21.000
<b>Totals</b>	<b>42.433</b>	<b>37.829</b>	<b>62.248</b>	<b>142.510</b>

26 Resources totalling £17.366m are proposed to be carried forward to 2020/21. This relates to projects being started in 2020/21.

In addition, and in order to strategically manage the three-year programme to deliver the planned new school places:

- £15m proposed to be carried forward from 2020/21 to 2022/23
- £25m proposed to be carried forward from 2021/22 to 2022/23

### **Three-year capital allocations 2020/21 – 2022/23 – overview**

27 The planned investment programme continues with a focus on school places and school condition. The 2021/22 onwards programme is indicative and subject to change.

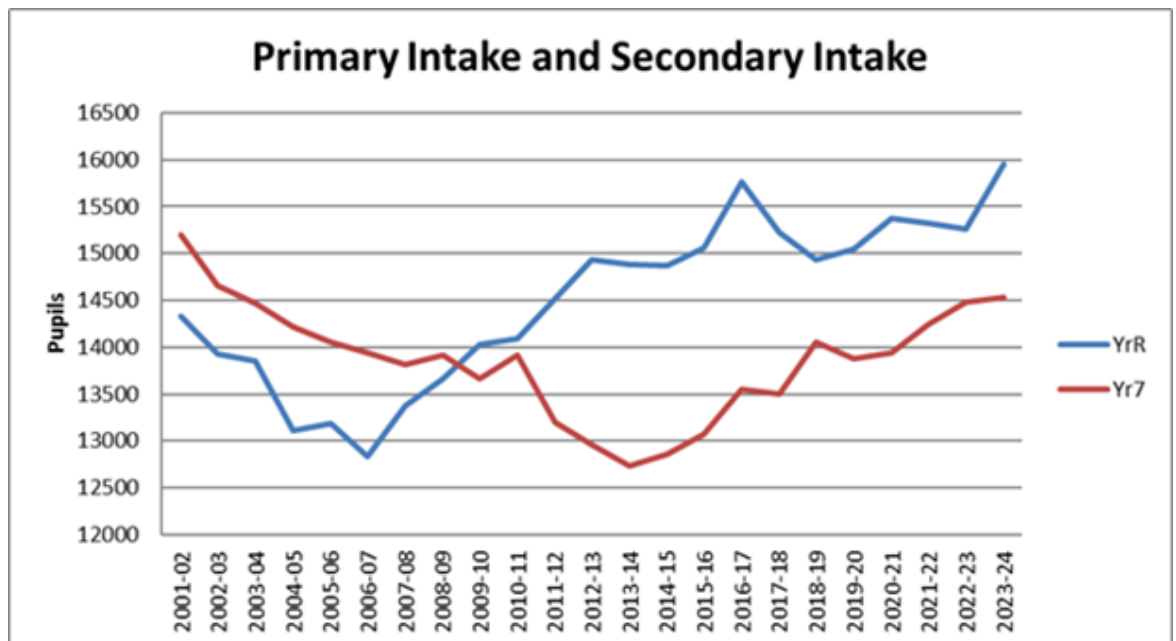
#### New School Places

28 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.

29 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 2019 the County Council will have delivered 12,765 new school places with projects

contained within the 2020/21 to 2022/23 programme totalling a further 6,335 places giving a total of 19,100 new school places by September 2023.

- 30 There are over 44,000 new dwellings planned for Hampshire between 2019 and 2023 for which the majority of the school pupil 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.
- 31 The County Council has a statutory duty to ensure a sufficiency of school places for Hampshire children. A revised Hampshire School Places Plan 2020- 2024 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 2024 and has been shared with the Regional Schools Commissioner (RSC). The document refers to the fact that Hampshire, in keeping with the national picture, has until 2012, experienced a significant rise in births which has now begun to decelerate. This, together with housing development and some in-migration from other areas (within the county and other LAs) has increased the pressure on primary and secondary school places. However, this impact is not uniform across the county due to the complex demography. 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.
- 32 The graph below demonstrates primary numbers and movement into the secondary phase at Year 7.



- 33 The new housing has been identified from existing local plan allocations and proposals emerging from District and Borough Council Local Plans currently in consultation. The investment to deliver these new places

represents a significant and exciting investment for Hampshire children. The timing of the new 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 early indications that the secondary pupil yield is taking some time to have an impact on the school system.

- 34 The Community Infrastructure Levy (CIL) makes the developer contribution funding source more uncertain than before as reported in section 7. Detailed discussions will 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 modular accommodation will have to be considered.
- 35 The proposed three-year programme provides sufficient school places to meet the forecast 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.
- 36 This exciting investment in new school places for Hampshire children is costed at around £95m over the next three years.

#### New Schools

- 37 The current presumption (by the DfE) is that every new school will be an academy/free school. This means that once built the County Council hands over the site and buildings to the Academy on a Full Repairing and Insuring 125-year lease but still retains the freehold of the site.
- 38 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. One 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 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.
- 39 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.

- 40 The timing of the new provision to serve new developments will be dependent upon the build out of the housing. Forecast pupil numbers arising from such housing are based on current completion information. Experience suggests that often these developments take longer than first indicated to come to fruition with indications that the secondary pupil yield is taking some time to have an impact on the school system.
- 41 Master place planning and feasibility work is ongoing for the proposed new schools, particularly where negotiations are taking place with developers and local planners for school sites and developer contributions are being sought. The lead in time to establish a new secondary school is around four years, two years in design and statutory consultation and two years to build.
- 42 Hampshire's first DfE funded free school, to meet the demand for additional school places, opened in Botley in September 2019. A list of new schools on the current planning horizon is shown in Table 4. It should be noted that the proposed opening dates are subject to change and will be monitored alongside housing completions.

**Table 4 – Planned New Schools in Hampshire by September 2023**

<b>Area / School</b>	<b>Size &amp; Type of School</b>	<b>Proposed Opening Date</b>	<b>Sponsor Status</b>
Boorley Park Primary, Botley	2fe Primary (future 3fe)	Sept 2019	Wildern Academy Trust
Barton Farm Primary Academy, Winchester	2fe Primary	Sept 2020	The University of Winchester Academy Trust
Stoneham Park Academy, Eastleigh	1½fe Primary	Sept 2020	The University of Winchester Academy Trust
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 Academies Trust
Deer Park School, Hedge End	7fe Secondary	Sept 2021	Wildern Academy Trust
Berewood Primary, Waterlooville	2fe Primary	Sept 2023	tbc
Hartland Village, Fleet	2fe Primary	Sept 2023	tbc
Hounsome Fields, Basingstoke	2fe Primary	Sept 2023	tbc



Manydown Primary, Basingstoke	2fe Primary	Sept 2023	tbc
Welborne Primary, Fareham	2fe Primary (future 3fe)	Sept 2023	tbc

### Special Educational Needs and Disability (SEND) Strategy

- 43 The overall increase in pupil numbers also impacts on the need for SEND places with 3.4% of our school population having a SEND Education Health and Care Plan. 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. For these reasons, there are some significant suitability issues within special schools across the county.
- 44 A SEND School Places Sufficiency Strategy is due to be launched early in 2020 that will identify any shortfalls in provision together with the need to review the suitability of some of the school accommodation.
- 45 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 detailed projects being brought to future Decision Days.

### Special Educational Needs and Disability – Grant Funding

- 46 National funding of £215m was announced in May 2018 by the DfE to support SEND projects at existing schools for which the County Council will receive £3.786m over three years. Subsequently the DfE announced two further tranches of funding totalling £150m from which the County Council will receive a total of £2.642m. Total funding for the period 2018/19 – 2020/21 totals £6.429m.
- 47 To access this SEND funding, a plan for spend was submitted to, and approved by the DfE. This is published on Hampshire’s local offer webpages. The prioritisation of this grant funding is assessed annually alongside the SEND Sufficiency School Places Strategy and supports the county wide need for SEND places.
- 48 The SEND strategy also proposes expanding the number of Primary and Secondary mainstream schools offering resourced provision. This will focus on support for pupils with autistic spectrum disorder and pupils with social, emotional and mental health needs. Recognising the need to progress these schemes it is recommended that the necessary public consultations are undertaken and that the Director of Culture, Communities and Business Services (CCBS) undertake costed feasibility studies for each of the projects listed in Appendix 7.

### Early Years

49 The Childcare Sufficiency Assessment Plan was reported to the ELMCS&YP on 20 November 2019. This report outlined the current position of early years provision in Hampshire. As part of the sufficiency strategy, it is proposed to allocate £5m of resources 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 will be spread over the financial years 2021/22 – 2023/24.

A further report will be brought to a future Decision Day identifying those schemes where consultations are required.

#### Schools Programme – delivery

50 The continuing size of the programme over future years is significant and requires a structured programme-wide approach with teams geared up to meet the future challenges of fewer financial resources and variability in timing. Taking on the local delivery of Free Schools for the DfE has also required a change of approach with different skills and (reduced) resource capacity required to follow the design and procurement process required by Central Government. However, this is bearing fruit with the County Council having an influence and some control over the design and layout of the new buildings to ensure the best outcome for Hampshire children within the constraints available.

51 Table 11 lists the potential school expansions and new school projects through to 2022/23, although this table is not exhaustive. A large proportion of these schemes are planned to be funded with significant developers' contributions. Developer contributions are dependant upon housing completions which will continue to influence the timing of the 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.

52 Recognising the need to progress these schemes it is recommended that the necessary public consultations are undertaken and that the Director of Culture, Communities and Business Services (CCBS) undertake costed feasibility studies for each of the projects listed in Table 11. More detailed cost appraisals will be brought to future Decision Days.

#### **School Suitability Investment Programme**

53 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. County Council resources of £5m (including fees) have been allocated to start a programme of investment to ensure facilities are fit for purpose and continue to provide good quality learning environments.

54 Projects will be identified in Primary, Secondary and Special schools within three key areas:

- Environmental improvements to the function of the space – light, ventilation, acoustics
- Modernisation of teaching spaces to better meet current curriculum delivery – including specialist rooms
- Related improvements to school facilities, such as refurbishment of toilets

55 The first year of the programme is 2019/20 which has been allocated £1m (including fees). The projects identified to date are listed in Appendix 8. Future projects are currently being prioritised and will be brought to a future decision day.

### Other formulaic allocations

56 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 three-year programme**

	<b>2020/21 (Assumed)</b>	<b>2021/22 (Assumed)</b>	<b>2022/23 (Assumed)</b>	<b>Totals</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
New schools and extensions	27.691	18.421	48.730	<b>94.842</b>
Early years/childcare sufficiency	0.000	1.000	2.000	<b>3.000</b>
New modular classrooms	2.000	2.000	2.000	<b>6.000</b>
Other special school and SEN improvements	2.262	6.000	1.000	<b>9.262</b>
Other improvement projects	2.000	2.000	2.000	<b>6.000</b>
School Suitability Programme	2.000	2.000	0.000	<b>4.000</b>
Access improvements in schools	0.500	0.500	0.500	<b>1.500</b>
Social Care projects	0.350	0.350	0.350	<b>1.050</b>
Health and Safety	0.400	0.400	0.400	<b>1.200</b>
Schools' devolved formula capital	3.308	3.308	3.308	<b>9.924</b>
Furniture and equipment and ICT	0.250	0.250	0.250	<b>0.750</b>
Contingency	1.672	1.600	1.710	<b>4.982</b>
<b>Totals</b>	<b>42.433</b>	<b>37.829</b>	<b>62.248</b>	<b>142.510</b>

Note: Individual scheme allocations include an estimate for future year's inflation at 3.3% per year.

## **Other improvement and modernisation projects**

### Access improvements in schools

- 57 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.
- 58 It is recommended that the projects listed at Appendix 4 are approved for 2020/21.

### Foster Care

- 59 Provision of £0.1m each year is proposed within the programme to fund adaptations to foster carers' properties.

### Adaptation Equipment

- 60 Funding has been identified within the programme from 2020/21 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.
- 61 Therefore, it is proposed to allocate £0.25m each year from the programme to support this essential work.

### Schools' Devolved Formula Capital

- 62 Government grant allocations for schools' devolved formula allocations have yet to be announced. The assumption is that the allocation for 2020/21 will remain at the 2019/20 level and exclude Academies. The allocation per school will be according to the 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 allocation**

<b>School Phase</b>	<b>2020/21 Formula (assumed) £</b>
Per nursery/primary pupil	11.25
Per secondary pupil	16.88
Per special school or education centre pupil	33.75
Lump sum (all schools)	4,000.00

- 63 Officers continue to work closely with schools to ensure that devolved formula capital allocations are spent appropriately on Asset Management Plan priorities. There is particular emphasis on ensuring that they are used in conjunction with County Council and other capital resources so that the maximum number of schools benefit and that resulting projects make

optimum use of available resources. However, the reduced allocations continue to limit individual schools' opportunities to fund capital projects.

### **Developers' contributions**

- 64 Developers' contributions are a vital source of resources to the Children's Services capital programme. Over the period 2013 - 2019 developer contributions totalling £156m have been secured towards the cost of new places. However, such funds only cover costs incurred and their availability depends on the rate of house building.
- 65 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.
- 66 Prior to 1 September 2019, where it was not possible to enter into a Section 106 agreement, the County Council had to rely on CIL to mitigate the cumulative impact of development on school places up to a maximum of five contributions towards one piece of infrastructure. This restriction was lifted on 1 September 2019 and the County Council is now able to once again secure contributions from a number of sites towards school places, providing the local planning authority agree and do not intend to use the CIL. It is hoped that the change in regulations will enable the County Council to revert back to using Section 106 agreements in the main, as they have proved to be a successful mechanism for delivering essential infrastructure.
- 67 The current policy for contributions was approved by the Executive Member for Children's Services and updated in September 2019. Contributions fall into three categories:
- Where funding for a project has been allocated from the capital programme in advance of the contribution being received. The receipt is therefore repaying past expenditure and is available to add to the current year's cash limit;
  - Where funding has been borrowed through the School Balances Loan Scheme or the Prudential Code to enable a project to begin in advance of the contribution being received. The receipt is used to repay borrowing;
  - Where funding is available for a specific project, to be identified, within the area of the housing development to which the contribution relates.
- 68 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.

- 69 The regular meetings 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 2020/21 to 2022/23

- 70 The total amount available to fund starts in 2020/21 is £42.188m. Table 3 in paragraph 4.7 illustrates how this sum is arrived at.
- 71 On the basis of the position outlined above, the total value of the capital programmes submitted for consideration for the three years to 2022/23 is shown in Table 7 and attached at Appendix 1.

**Table 7 – Capital programmes 2020/21 to 2022/23**

	2020/21	2021/22	2022/23	Total
	£m	£m	£m	£m
Schemes within locally resourced guidelines	0.100	0.100	0.100	0.300
Schemes funded with developers' contribution	7.795	3.421	39.840	51.056
Schemes supported by Government grants and borrowing	34.538	34.308	22.308	91.154
<b>Totals</b>	<b>42.433</b>	<b>37.829</b>	<b>62.248</b>	<b>142.510</b>

### 2021/22 to 2022/23 programmes

- 72 As indicated above, it is possible to fund those schemes where starts need to be made in 2020/21. The indicative resources available in 2021/22 total £37.829m and are summarised in Table 8.

**Table 8 – Resources for 2021/22**

	2021/22
	£m
Calls on developers' contributions	3.421
Schools' Devolved Capital grant	3.308
Corporate Resources	0.100
Resources carried forward to 2021/22	56.000
Resources carried forward to 2022/23	-25.000
<b>Totals</b>	<b>37.829</b>

### Pressures on the capital programme

- 73 The Children's Services capital programme has reached a balanced position between income and expenditure in recent years. However, the

ongoing primary pressure and secondary impact indicates a deficit of resources over a five-year period beyond the scope of this report.

- 74 Some of the forecast financial challenges have reduced as a result of the work undertaken to reduce the cost of school building design 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.
- 75 It is essential that officers design and deliver at the most economic cost while minimising the detrimental effect on the teaching spaces and environment. Future reports will cover this in more detail through individual project appraisals for approval by the Executive Member for Education.
- 76 It should also be noted that the construction industry is in a period of instability and inflationary pressures are currently volatile (Brexit etc.). This is covered in more detail in paragraph's 81-84. 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 includes inflation on individual projects at 3.3% per annum.

### **Successfully delivering lower cost school buildings**

- 77 The County Council has a local and national reputation for the quality of its school buildings. Significant work has been undertaken in recent years to successfully deliver buildings at lower cost. Work continues to reduce the cost of delivery within current financial constraints. Design standards remain high with a focus on:
- Appropriate and sufficient space to accommodate learning and provide flexibility.
  - The use of good quality and robust materials to ensure longevity and low maintenance over the lifetime of the buildings.
  - Ensuring that 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
- 78 Better value schools have been delivered over the past 5 years and further work continues to reduce costs. The cost reductions to date have been achieved by batching projects into programmes of work delivered with the least impact on quality or scope. This enables economies of scale to be realised and the forward programme of work now matches the available funding.
- 79 The approach to the delivery of Free Schools has been refined through workings with the DfE. The 'Local Delivery' route is complex and challenging given the governance, funding constraints and controls put in place by the DfE. Where it benefits the County Council and 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 a number of projects passed key Gateways during 2018. This gives 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.

- 80 The County Council is continuing 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 maximise funding for the provision of additional pupil places across Hampshire.

### **Emerging construction inflation and resource capacity issues**

- 81 Given the scale of the County Council's Capital Programmes (including Children's Services), early and robust design judgements, together with cost controls, continue to be imperative.
- 82 The outlook for the UK economy is uncertain, given the uncertainties of Brexit. The UK construction industry performs well but has experienced a significant drop-in confidence in terms of future orders (levels last seen during the recession of 2009) and financial returns. The market nationally is fragile and continues to be monitored closely.
- 83 Tender price inflation is influenced by the level of risk accepted by the supply chain and how that is priced. The BCIS are forecasting 3.3% for 2019/20 – 2020/21 and 6.4% for 2020 – 2021. This is considered a reasonable assessment. Individual projects within the Children's Services capital programme contain an inflation allocation of 3.3% per annum.
- 84 The general fiscal position for the UK economy remains uncertain with no consistent forecast trends of economic and construction industry activity. There is a risk of higher prices given the potential lack of continuity for contractors and their supply chains. Use of local and regional construction frameworks and the early engagement of contractors will be vital in securing value for money from the industry.

### **Revenue Implications**

- 85 The revenue implications of the proposed capital programme are shown in Table 9.



**Table 9 Revenue implications of capital programme**

Schemes within the guidelines	Full Year Cost			Total £m
	2020/21 £m	2021/22 £m	2022/23 £m	
Current expenditure	0	0	0	0
Capital Charges	0.913	0.521	0.443	1.877
<b>Totals</b>	<b>0.913</b>	<b>0.521</b>	<b>0.443</b>	<b>1.877</b>

- 86 The total revenue implications for the three years of the starts programme, including capital charges, represent a real term increase of 0.3% over the 2019/20 original budget of this service.

**Amendments to the 2019/20 capital programme**

Kings Copse Primary, Hedge End

- 87 The project appraisal for this scheme was approved at the 8 November 2017 Decision Day. The main contractor for the 0.5fe expansion went in to liquidation in March 2019. A new contractor has been selected to complete the works and any remediation works required.
- 88 Additional funding is required to complete the project and it is recommended that resources of £0.4m (including fees) be added to the 2019/20 capital programme.

Testbourne Community School, Whitchurch

- 89 A scheme to re-clad a two-storey SCOLA building at Testbourne Community School was approved at 10 July 2019 Decision Day. As part of these works, it is proposed that internal alterations are undertaken to improve the specialist teaching and learning accommodation.
- 90 In order for a single contract to be formed, resources of £0.65m (including fees) have been removed from the Children’s Services Capital programme and added to the Policy and Resources capital programme.

Woodcot Primary, Gosport

- 91 A scheme is proposed to provide an additional 8 places for pupils with social, emotional and mental health (SEMH) needs for Waterloo School, Havant by creating additional accommodation at Woodcot Primary School, Gosport. This project will enable pupils from the local area to attend provision closer to their home.
- 92 The accommodation at Woodcot Primary School will be adapted and improved to provide the necessary facilities including improvements to external areas and necessary works to car parking. Therefore, it is recommended that resources of £0.31m (including fees) are approved from the 2019/20 capital programme. A detailed project appraisal will be brought to a future Decision Day.

### Resources for the 2019/20 programme

- 93 The revised capital programme for 2019/20 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.
- 94 A number of decisions have been taken under delegated officer powers since the last meeting in July 2019. These are all under the officer delegated amount of £0.25m and have been funded from the block vote allocations reported on 10 July 2019 when the current programme was approved.
- 95 Details of decisions taken since the last report in July 2019 are recorded for information in Appendix 5.

### Resources and projects proposed to be carried forward to 2020/21

- 96 It will not be possible to start the schemes listed in Table 10 during 2019/20. 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 defer these projects, with their resources, to 2020/21.

**Table 10 – Resources and projects to be carried forward from 2019/20 to 2020/21**

Project	Cost of Projects & Resources carried forward
<b>Named projects</b>	<b>£m</b>
Fair Oak Infant & Junior, Eastleigh	1.800
Fryern Junior, Chandlers Ford	7.642
Grange Junior, Gosport	7.924
<b>Total carry forward</b>	<b>17.366</b>

- 97 It is proposed to carry forward resources of £17.366m as shown in Table 3 and Table 10.
- 98 Updates relating to individual projects proposed to be carried forward are set out in the following paragraphs.

#### **2019/20 Carry Forward Schemes**

##### Fair Oak Infant & Junior, Eastleigh

- 99 This project was reported to ELMCS&YP on 10 July 2019. Following detailed design work, the cost of the new school is now £2m (including fees). The scheme is due to start during 2020 and complete in early 2021. A detailed costed project appraisal for this scheme will be brought to a future Decision Day.

##### Fryern Junior, Chandlers Ford and Grange Junior, Gosport

- 100 Both these projects were reported to ELMCS&YP on 17 January 2019 at a total cost of £15.566m (including fees). The newly rebuilt schools are now due to open in 2021.

A detailed costed project appraisal for these schemes will be brought to a future Decision Day.

### Potential Capital Projects 2020 – 2023

- 101 Table 11 lists the potential capital projects for the years 2020 – 2023.

**Table 11 – Potential Capital Projects 2020 – 2023 with indicative costs**

<b>Projects Starting in 2020/21</b>	<b>Planned Expansion (additional places)</b>	<b>Estimated Cost £'000</b>	<b>Expected Date Places Available</b>
Fair Oak Infant & Junior	Site improvements	2,000	Sept 2021
Fryern Junior, Chandler's Ford	Major refurbishment	7,642	Sept 2021
Grange Junior, Gosport	Major refurbishment	7,924	Sept 2021
Park View Primary, Basingstoke	Site improvements	245	Sept 2021
South Farnborough Junior, Farnborough	Hall expansion	200	Sept 2021
Stanmore Primary, Winchester	Site improvements	500	Sept 2021
Calthorpe Park, Fleet	Expansion to 11fe	9,180	Sept 2021
<b>Projects Starting in 2021/22</b>	<b>Planned Expansion (additional places)</b>	<b>Estimated Cost £'000</b>	<b>Expected Date Places Available</b>
Bordon Infant & Junior, East Hants	Expansion to 3fe	3,421	Sept 2022
New 8-16 SEMH Provision	90 places	15,000	Sept 2023
<b>Projects Starting in 2022/23</b>	<b>Planned Expansion (additional places)</b>	<b>Estimated Cost £'000</b>	<b>Expected Date Places Available</b>
Berewood Primary, Havant	2fe new School	8,670	Sept 2023
Fareham Primary Places	1fe Expansion	5,380	Sept 2023
Hartland Park, Fleet	2fe New School	8,670	Sept 2023
Hounsome Fields, Basingstoke	2fe New School	8,670	Sept 2023
Manydown Primary, Basingstoke	2fe New School	8,670	Sept 2023
Welborne Primary, Fareham	2fe New School	8,670	Sept 2023

### Modular Classrooms

- 102 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.

- 103 Details of the location of modular buildings required for September 2020 are listed 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. Therefore, it is recommended that funding and approval be given for the application of planning for modular buildings listed at Appendix 3.
- 104 It is also recommended that authority be delegated to the Director of Children's Services to revise and fund, in line with the funding set out in Table 5, any additional modular buildings other than those listed in Appendix 3 following receipt of updated information on pupil places required for the September 2020 intakes.

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

- 105 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.
- .

**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>Reference</u>	<u>Date</u>
Children's Services Capital Programme 2017/18 to 2019/20	7917	18 January 2017
Children's Services Capital Programme update	n/a	19 June 2017
Children's Services capital programme update	n/a	20 September 2017
<b>Direct links to specific legislation or Government Directives</b>		
<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.