

HAMPSHIRE COUNTY COUNCIL

Decision Report

Decision Maker:	Executive Lead Member for Children's Services and Young People
Date:	13 January 2021
Title:	Children's Services Capital Programme 2021/22 to 2023/24
Report From:	Director of Children's Services and Director of Corporate Resources – Corporate Services

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Recommendation(s)

1. To approve submission to the Leader and Cabinet the capital programme for 2021/22 to 2023/24 as set out in Appendix 1 and the revised capital programme cash limit for 2020/21 as set out in Appendix 2 including the carry forward of resources as set out in Table 3.
2. That resources of £0.35m be added to the 2021/22 Capital Programme in respect of Deer Park School.
3. That the deferral of resources relating to schemes of £2.377m be approved for submission to Cabinet as shown in Table 10 of this report.
4. That the following variations to the 2020/21 capital programme be approved:
 - That further to the decision of 11 November 2020, approval is given to an additional £0.2 million (to a total of £2.7 million) of grant provision to create SEND Post-16 Resourced Provisions at Brockenhurst College, Farnborough College of Technology, Queen Mary's College, Basingstoke and Alton College and delegated authority given to the Director of Children's Services to determine grant distribution between the respective Colleges.
 - That in respect of the Samuel Cody Specialist Sports College, Farnborough, approval is given to spend £0.6 million on a Pre-Construction Agreement (PCA) to enable design and feasibility works for the project to be progressed, with the contractor Interserve.

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 2021/22 academic year and that the sites listed in Appendix 3 be noted.
6. It is also recommended that approval be given to the Director of Children's Services to allocate £1.2m of identified revenue funding to support the short-term hire and relocation of existing modular buildings. It is also recommended that approval be given to the Director of Children's Services to allocate £2m to those sites that have been determined as requiring the purchase of new modular buildings.
7. That the projects listed at Appendix 4 for Access Improvements in Schools for 2021/22 be approved.
8. That the projects approved under delegated powers by the Director of Children's Services in Appendix 5 are noted.
9. That the School Places Plan at Appendix 6 be noted.
10. That the School Suitability Programme projects identified in Appendix 7 be approved.

Executive Summary

11. This report seeks approval for submission to the Leader and Cabinet of the proposed Children's Services capital programme for 2021/22 to 2023/24 and the revised capital programme for 2020/21. 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.
12. 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 13 January 2021. It will be reported to the Leader and Cabinet on 9 February 2021 to make final recommendations to County Council on 25 February 2021.
13. 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, secondary and SEND pressures show 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.
14. The Secretary of State for Education has yet to announce details of individual local authority basic need capital allocations for the years 2022/23 and 2023/24 and School Condition Allocation (SCA) for the year

2021/22. However, indications are that the 2021/22 SCA allocation will be equal to 2020/21. Devolved Formula Capital (DFC) has yet to be confirmed for 2021/22 but again, expectations are that it will be at a similar level to the 2020/21 allocation.

15. 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

16. Executive Members have been asked to prepare proposals for:
 - A locally resourced capital programme for the three-year period from 2021/22 to 2023/24 within the guidelines used for the current capital programme including an assumption for 2023/24. The programme for 2022/23 onwards is indicative and subject to change.
 - A programme of capital schemes for 2021/22 is supported by Government grants as announced by the Government.
17. The capital guidelines are determined by the medium-term financial strategy which is closely linked to the Serving Hampshire – Strategic Plan 2017 – 2021. The departmental service plans ensure that priorities are affordable and provide value for money with resources following priorities.
18. The County Council’s locally resourced capital programme has been maintained despite the challenging financial environment in which local government has been operating since the start of the decade, up to and including the impact of the Covid-19 pandemic on the County Council’s financial position. These local resources, together with specific capital resources that come from central government and developers ensure that the County Council continues to invest wisely in maintaining and enhancing existing assets and delivers a programme of new schemes.

Locally resourced capital programme

19. 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

	2021/22	2022/23	2023/24
	£m	£m	£m
Annual Allocation	0.100	0.100	0.100
Additional Allocation	0.350	0	0
Total	0.450	0.100	0.100

Finance – Capital programme supported by Government allocations

20. The Government has allocated all its future support for the capital programme in the form of capital grants, and not as borrowing allocations.
21. The Secretary of State has previously announced details of individual local authority Basic Need allocations for 2020/21 and 2021/22. Allocations to date for School Condition Allocation and the formula allocation for Devolved Formula Capital only cover 2020/21.
22. Hampshire received a favourable Basic Need allocation in 2021/22, but there is the potential for a zero or low capital allocation in 2022/23 and 2023/24 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 2021.
23. 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.
24. Table 2 sets out the capital allocations for Basic Need and School Condition Allocation together with an assumed level of funding for 2022/23 and 2023/24.

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

Grant	2021/22	2022/23 (assumed)	2023/24 (assumed)
	£m	£m	£m
Basic Need New pupil places	40.904	0	0
School Condition Allocation (assumed)	17.412	17.412	17.412
Total	58.316	17.412	17.412

25. 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.
26. The Public Sector De-Carbonisation Scheme (PSDS) announced at the end of September 2020 is a Government scheme offering grants to public sector bodies to fund energy efficiency and heat de-carbonisation measures. The £1 billion scheme is part of Chancellor's 'Plan for jobs 2020' commitment, which aims to boost the UK's economic recovery from Covid-19 and support the Government's net zero and clean growth goals. The initiative will provide skilled jobs in the low carbon and energy efficiency sectors and will be fully funded by government grant. Overseen by the Department for Business, Energy and Industrial Strategy (BEIS), public sector bodies can submit bids for funding until January 11 2021. The

Governments ambition is that works are delivered by 31 March 2021 with a final delivery deadline of 30 September 2021. Property Services have submitted five bids to the fund, totalling £33m with schemes covering Solar PV on the corporate and schools' estates.

27. The Children's Services capital programme is based on government capital grants (as set out in Table 2), developers' contributions, capital receipts and local resources. The expected availability of Government grants, together with developers' contributions and capital receipts for each of the three forward years up to 2023/24 are set out in Table 3. To address the need to fund a number of major projects in 2023/24, the funding available for starts in 2021/22 has been reduced, and resources carried forward to 2023/24.

Table 3 – Three-year capital resources summary

	2021/22 (assumed)	2022/23 (assumed)	2023/24 (assumed)	Total
	£m	£m	£m	£m
Basic Need - new pupil places	40.904	0	0	40.904
Previous Years Basic Need	36.225	6.640	24.250	67.115
Schools' Devolved Capital	3.317	3.317	3.317	9.951
Developers' contributions anticipated	0.487	4.000	23.654	28.141
Capital Investment Priorities	1.000	1.250	6.750	9.000
Capital Receipts	0.665	2.110	0	2.775
Corporate capital resources	0.450	0.100	0.100	0.650
Basic Need Carried Forward	-44.000	0	-5.000	-49.000
Totals	39.048	17.417	53.071	109.536

28. Resources totalling £2.377m are proposed to be carried forward to 2021/22. This relates to projects being started in 2021/22. The carry forward of £49m to 2024/25 will support the future programme which is forecast to rise significantly beyond the scope of this report.

Three-year capital allocations 2021/22 – 2023/24 – overview

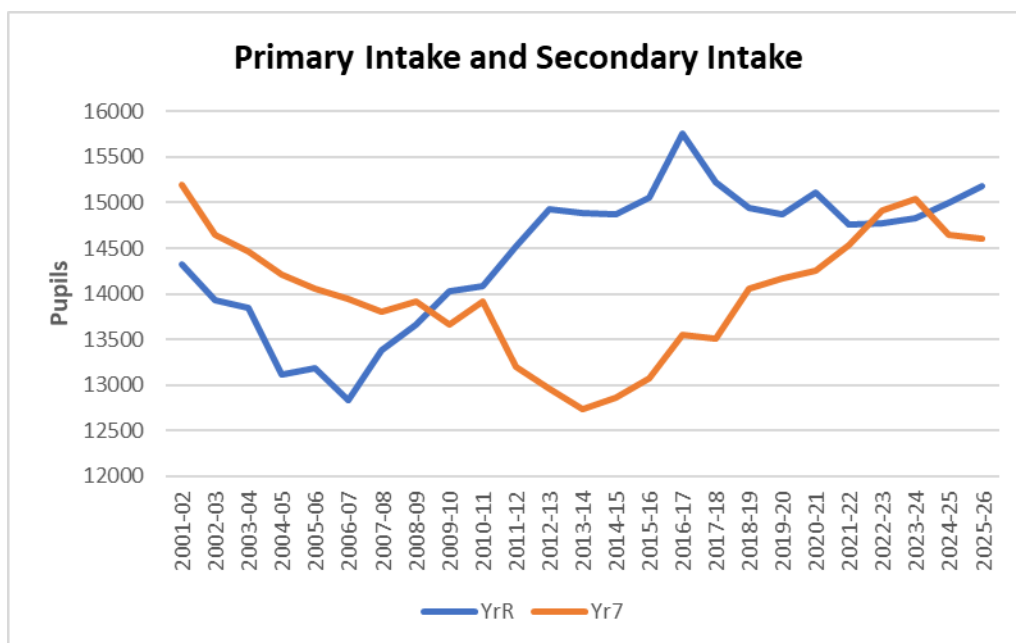
29. The planned investment programme continues with a focus on school places and school condition. The 2022/23 onwards programme is indicative and subject to change.

New School Places

30. Hampshire is proud of the quality of education provided by its diverse and high-performing system of schools, colleges and early years' settings. The county hosts popular and highly successful infant, junior, primary, 11-16 and 11-18 schools as well as new and innovative 4-16 schools and the largest Post-16 college sector in the country. The County Council is committed to ensuring that families in Hampshire have access to a good

local school that offers a rich and varied learning experience, has the highest expectations for their children's success and where parents can be confident that their children will be safe. All children have the right to an enjoyable, inclusive and expansive education and it is the role of the local authority to intervene on behalf of children, especially the most vulnerable, when this is not the case.

31. The proposals contained within this report continue an exciting investment by the County Council for Hampshire children that will not only help raise educational standards, but also create many additional local employment opportunities within its delivery. During the period 2013 to 2020 the County Council will have delivered 13,693 new school places, with projects contained within the 2021/22 to 2023/24 programme totalling a further 4,620 places giving a total of 18,313 new school places by September 2024.
32. There are over 39,000 new dwellings planned for Hampshire between 2020 and 2025 for which most 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.
33. The County Council has a statutory duty to ensure a sufficiency of school places for Hampshire children. A revised Hampshire School Places Plan 2021- 2025 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 2025 and has been shared with the Regional Schools Commissioner (RSC). The document refers to the fact that Hampshire, in keeping with the national picture, had until 2012, experienced a significant rise in births which has now begun to decelerate. Births are predicted to grow again and continue to grow during the next 5-year period. This, together with housing development and some in-migration from other areas (within the county and other LAs) has increased the forecast 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.
34. The graph below demonstrates primary numbers and movement into the secondary phase at Year 7.



35. 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 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 the secondary pupil yield taking some time to have an impact on the school system.
36. The Community Infrastructure Levy (CIL) makes the developer contribution funding source more uncertain than through the use of Section 106 agreements. Detailed discussions continue to take place with the Local Planning Authorities and developers to keep abreast of the situation. Any shortfall in funding will need to be found from alternative capital programme resources or, if resources are not available, the use of reduced specification in the finished form and modular accommodation.
37. 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.
38. This exciting investment in new school places for Hampshire children is costed at around £67m as part of a total investment programme of £110m over the next three years. The programme is forecast to rise significantly beyond the three-year period of this report.

New Schools

39. 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.
40. 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.
41. 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.
42. The timing of the new provision to serve new developments will be dependent upon the build out of the housing. 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.
43. 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 – New and Proposed Schools to September 2025

Area / School	Size & Type of School	Opened and Proposed Opening Date	Sponsor Status

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	1.5fe Primary	Sept 2024	tbc
Hartland Village, Fleet	2fe Primary	Sept 2024	tbc
Hounsome Fields, Basingstoke	1.5fe Primary	Sept 2024	tbc
Hazelton Farm/Land east of Horndean	1fe Primary	Sept 2025	tbc
Horton Heath Primary, Fair Oak	2fe Primary	Sept 2025	tbc
Manydown Primary, Basingstoke	2fe Primary	Sept 2025	tbc
Welborne Primary, Fareham	2fe Primary	Sept 2025	tbc

Deer Park School, Hedge End

44. The Project Appraisal for Deer Park Secondary School was approved at the Executive Member for Education Decision Day on 9 May 2019. The report noted that whilst the project is being funded by the DfE and Developer's Contributions, the County Council as master developer for the Woodhouse Lane site (within which the school is to be located) would be responsible for the provision of the primary services (highways and utilities) to support the school opening in September 2021. The Executive member for Policy and Resources approved a project appraisal for these servicing works known as the Uplands Development Infrastructure (UDI) in March 2020.
45. However, the impact of Covid-19 has meant that the timing of the services being available to commission the new school building have been put back by 5-6 weeks and it is anticipated that additional costs will be incurred. The permanent services are now due to be in place in March 2021 to allow for the school to open for September 2021 as planned. Therefore, it is recommended that resources of £0.35m are added to the 2021/22 Children's Services Capital Programme to cover these additional costs of

the delay from the Covid-19 Capital underwriting funding approved by the County Council on the 16 July 2020 in the Medium Term Financial Strategy.

Special Educational Needs and Disability (SEND) Strategy

46. 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.
47. Forecasting for the future need and type of SEND School Places is complex and the cost per place of provision is significantly more expensive than in mainstream schools. The forward capital programme includes a variety of special school projects, including proposed provision for 90 Social, Emotional and Mental Health (SEMH) places for pupils with SEMH needs and a significant refurbishment of a school for pupils with Severe Learning Difficulties (SLD) and complex needs.
48. 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.

Early Years

49. As part of the Early Years Sufficiency Strategy, it is proposed to allocate £3m 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.
50. Proposals for consideration against this funding will be brought to a future Decision Day.

Schools Programme – delivery

51. The continuing size of the programme 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.
52. Table 11 lists the potential school expansions and new school projects through to 2023/24, although this table is not exhaustive. A large

proportion of these schemes are planned to be funded with significant developers' contributions. Developer contributions are dependent 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.

53. 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

54. 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 deliver a programme of investment to ensure facilities are fit for purpose and continue to provide good quality learning environments.
55. Projects have been 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
56. The first tranche of projects in 2019/20 focused on improving lighting and toilets. The second tranche of projects in 2020/21 focused on improving special school environments. The third year of the programme has allocated £2.4m towards projects that focus on improvements to science laboratories, food technology spaces and toilets. The 2021/22 projects are listed in Appendix 7. The remaining funding will focus on improvements to general teaching spaces in primary and secondary schools and will be brought to a future decision day.

Other formulaic allocations

57. 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

	2021/22	2022/23	2023/24	Totals

	(Assumed)	(Assumed)	(Assumed)	
	£m	£m	£m	£m
New schools and extensions	23.127	4.000	40.370	67.497
Early years/childcare sufficiency	1.000	1.000	1.000	3.000
New modular classrooms	2.000	2.000	2.000	6.000
Other special school and SEN improvements	1.000	1.000	1.000	3.000
Other improvement projects	2.000	2.000	2.000	6.000
School Suitability Programme	3.000	0.000	0.000	3.000
Access improvements in schools	0.500	0.500	0.500	1.500
Social Care projects	0.350	0.350	0.350	1.050
Health and Safety	0.400	0.400	0.400	1.200
Schools' devolved formula capital	3.317	3.317	3.317	9.951
Furniture and equipment and ICT	0.250	0.250	0.250	0.750
Contingency	2.104	2.600	1.884	6.588
Totals	39.048	17.417	53.071	109.536

Note: Individual scheme allocations include an estimate for future year's inflation at 2.4% per year.

Other improvement and modernisation projects

Access improvements in schools

58. 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.
59. Therefore, it is recommended that the projects listed at Appendix 4 are approved for 2021/22.

Foster Care

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

Adaptation Equipment

61. Funding has been identified within the programme from 2021/22 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.

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

Schools’ Devolved Formula Capital

63. Government grant allocations for schools’ devolved formula allocations have yet to be announced. The assumption is that the allocation for 2021/22 will remain at the 2020/21 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

School Phase	2021/22 Formula (assumed) £
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

64. 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

65. Developers’ contributions are a vital source of resources to the Children’s Services capital programme. Over the period 2013 - 2020 developer contributions totalling £164m 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.
66. 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.
67. 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.

68. The Government launched the white paper on planning reforms on 6 August 2020 entitled 'Planning for the Future'. The paper proposes significant changes to reform the planning system in England. The paper has received a high number of representations that are being considered. A detailed report will be brought back to members once a clearer understanding of the way forward is known.
69. 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.
70. 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.
71. The regular meetings held with local planning authorities ensure a collective understanding of the school places strategy for individual areas and need for developer contributions to meet the cost of the additional school provision. In those areas that do not have an adopted local plan, the opportunity arises for speculative development proposals.

Capital programme summary 2021/22 to 2023/24

72. The total amount available to fund starts in 2021/22 is £39.048m. Table 3 in paragraph 27 illustrates how this sum is arrived at.

73. On the basis of the position outlined above, the total value of the capital programmes submitted for consideration for the three years to 2023/24 is shown in Table 7 and attached at Appendix 1.

Table 7 – Capital programmes 2021/22 to 2023/24.

	2021/22	2022/23	2023/24	Total
	£m	£m	£m	£m
Schemes within locally resourced guidelines	2.115	3.460	6.850	12.425
Schemes funded with developers' contribution	0.487	4.000	23.654	28.141
Schemes supported by Government grants and borrowing	36.446	9.957	22.567	68.970
Totals	39.048	17.417	53.071	109.536

2022/23 to 2023/24 programmes

74. As indicated above, it is possible to fund those schemes where starts need to be made in 2021/22. The indicative resources available in 2022/23 total £17.417m and are summarised in Table 8.

Table 8 – Resources for 2022/23

	2022/23
	£m
Basic Need – New pupil places	6.640
Capital Receipts	2.110
Calls on developers' contributions	4.000
Schools' Devolved Capital grant	3.317
Corporate Resources	1.350
Totals	17.417

Pressures on the capital programme

75. 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.
76. Some of the forecast financial challenges have reduced as a result of extensive negotiations to secure developer contributions and 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.
77. 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.

78. It should also be noted that the construction industry is in a period of instability and inflationary pressures are currently volatile (Covid-19 etc.). This is covered in more detail in paragraph's 83-86. 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 2.4% per annum.

Successfully delivering better value school buildings

79. The County Council has a local and national reputation for the quality of its school buildings. Significant work continues to be undertaken to successfully deliver better value buildings. With design standards remaining high and 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.
 - Innovating the construction of the schools with contractors using modern methods of construction and engagement with supply chain and manufacturers.
80. Better value schools have been delivered over recent 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.
81. 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 2019/20. Two new school projects have been successfully completed through 'Local Delivery', namely Boorley Park Primary School, Botley which was opened in 2019 and more recently Austen Academy Special School, Basingstoke completed in December 2020. 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.

82. 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

83. 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.
84. The outlook for the UK economy is uncertain, given the uncertainties of Brexit and the ongoing Covid-19 pandemic. The Office of National Statistics (ONS) is showing that there is growth evident in the UK construction industry returning following three months of decline. Following the record fall of 54% on new construction orders in the second quarter of 2020 there has been an 89% increase in new orders during the third quarter of 2020. However, September was the lowest monthly increase in growth since April and over the year output still remains 7.3% lower than February 2020 pre-Covid-19 levels.
85. Tender price inflation is influenced by the level of risk accepted by the supply chain and how that is priced. The BCIS are indicating an increase of 2.4% on the year (4Q20-4Q21) and a forecast of 3.6% for the year (4Q21-4Q22). This is considered a reasonable assessment. Consequently, individual projects within the Children's Services capital programme contain an inflation allocation for each year of the programme of 2.4%.
86. 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. Continued use of local and regional construction frameworks and 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

87. 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
	2021/22 £m	2022/23 £m	2023/24 £m	
Current expenditure	0	0	0	0
Capital Charges	0.839	0.413	0.687	1.939
Totals	0.839	0.413	0.687	1.939

88. The total revenue implications for the three years of the starts programme, including capital charges, represent a real term increase of 0.2% over the 2020/21 original budget of this service.

Amendments to the 2020/21 programme

Post-16 Resourced Provision at Hampshire Colleges

89. At the Decision Day on 11 November 2020, it was reported that significant revenue funding is committed for Post-16 SEND pupils to attend independent and out of county education provision. The November report recommended that three new SEND specialist Post-16 facilities for up to 40 places be approved at Farnborough College of Technology, Brockenhurst College and Alton College. It is now proposed to add a fourth facility at Queen Mary's College, Basingstoke to provide much needed specialist accommodation for Hampshire pupils and will be run by the college.
90. The colleges will work closely with Hampshire Special School Head Teachers to support the transition of pupils after year 11. The colleges will undertake the remodelling of assigned areas of their sites to provide appropriate classroom, hygiene, independent working areas and therapy spaces. A memorandum of understanding will be agreed for the provision of up to 40 SEND places per year. The places will be available for September 2021. The cost of the works across the four college sites is estimated at £2.7m for which the resources have been identified from the 2020/21 capital programme.
91. Therefore, it is recommended that a further grant agreement with St Mary's College, Basingstoke be approved from a total allocation of £2.7m across the four Hampshire Sixth Form Colleges named above to provide SEND resourced provision for Hampshire SEND pupils.

Samuel Cody Specialist Sports College, Farnborough

92. The proposal to increase the capacity and change the designation of Samuel Cody Specialist Sports College is reported elsewhere on this agenda. The scheme is estimated to cost £13.5m and is planned to start on site in the spring of 2021. To enable the timetable to be met, a Pre-Construction Agreement (PCA) of £0.6m with the contractor, Interserve is required. The PCA will enable the contractor to progress the design and feasibility work for the project to meet the planned September 2022 opening of this scheme.

93. Therefore, it is recommended that resources of £0.6m are approved from the 2020/21 capital programme.

Resources for the 2020/21 programme

94. The revised capital programme for 2020/21 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.

95. A number of decisions have been taken under delegated officer powers since the last meeting in November 2020. These are all under the officer delegated amount of £0.25m and have been funded from the block vote allocations reported on 11 November 2020 when the current programme was approved.

96. Details of decisions taken since the last report in November 2020 are recorded for information in Appendix 5.

Resources and projects proposed to be carried forward to 2021/22

97. It will not be possible to start the schemes listed in Table 10 during 2020/21. 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 2021/22.

Table 10 – Resources and projects to be carried forward from 2020/21 to 2021/22

Project	Cost of Projects & Resources carried forward
Named projects	£m
Poulner Infant, Ringwood	0.487
South Farnborough Junior, Farnborough	0.225
School Suitability Programme	1.000
Stanmore Primary, Winchester	0.500
Swanmore College, Winchester	0.165
Total carry forward	2.377

98. It is proposed to carry forward resources of £2.377m as shown in Table 3 and Table 10.

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

2020/21 Carry Forward Schemes

Poulner Infant, Ringwood

100. This project was reported to ELMCS&YP on 11 November 2020. The scheme provides for new nursery accommodation at the school and is due

to start during 2021 and complete in late 2021. A detailed costed project appraisal for this scheme will be brought to a future Decision Day.

Stanmore Primary, Winchester

101. This project was reported to ELMCS&YP on 10 January 2020. The scheme provides a new reception area along with additional parking and is due to start during 2021 and complete in late 2021. A detailed costed project appraisal for this scheme will be brought to a future Decision Day.

South Farnborough Junior, Farnborough

102. This project was reported to ELMCS&YP on 10 January 2020. The scheme is an extension to the school hall and is due to start during 2021 and complete in late 2021

Swanmore College, Winchester

103. This project was reported to ELMCS&YP on 16 September 2020. The external improvements (windows and roof) scheme is due to start during 2021 and complete in late 2021.

Potential Capital Projects 2021 – 2024

104. Table 11 lists the potential capital projects for the years 2021 – 2024.

Table 11 – Potential Capital Projects 2021 – 2024 with indicative costs

Projects Starting in 2021/22	Planned Expansion (additional places)	Estimated Cost £'000	Expected Date Places Available
Andover Secondary Places, Andover	1fe/2fe Expansion	6,000	Sept 2022
Icknield School, Andover	Significant re-modelling with additional 10 places	2,500	Sept 2022
Poulner Infant, Ringwood	New nursery provision	487	Sept 2021
Samuel Cody Specialist Sports College, Farnborough	New 90 place SEMH provision	12,900	Sept 2022
South Farnborough Junior, Farnborough	Hall expansion	225	Sept 2021
Stanmore Primary, Winchester	Site improvements	500	Sept 2021
Swanmore College, Winchester	Site improvements	165	Sept 2021
Projects Starting in 2022/23	Planned Expansion (additional places)	Estimated Cost £'000	Expected Date Places Available
Bordon Infant & Junior, East Hants	Expansion to 3fe	4,000	Sept 2023
Projects Starting in 2023/24	Planned Expansion (additional places)	Estimated Cost £'000	Expected Date Places Available
Berewood Primary, Waterlooville	1.5fe new School	7,500	Sept 2024
Hartland Village, Fleet	2fe New School	8,670	Sept 2024
Hounsome Fields, Basingstoke	1.5fe New School	5,700	Sept 2024
Overton CE Primary, Basingstoke	Expansion to 2.5fe	2,200	Sept 2024
Whitchurch CE Primary, Basingstoke	Expansion to 2.5fe	2,200	Sept 2024

Modular Classrooms

105. 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.
106. Details of the location of planned modular buildings required for September 2021 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 2021 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 2021/22 academic year.
107. 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 £1.2 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 £1.2m of identified revenue funding to support the short-term hire and relocation of existing modular buildings. It is also recommended that approval be given to the Director of Children's Services to allocate £2m to those sites that have been determined as requiring the purchase of new modular buildings.

Action taken by the Director of Children's Services

108. 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

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

Other Significant Links

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

Section 100 D - Local Government Act 1972 - background documents

The following documents discuss facts or matters on which this report, or an important part of it, is based and have been relied upon to a material extent in the preparation of this report. (NB: the list excludes published works and any documents which disclose exempt or confidential information as defined in the Act.)

<u>Document</u>	<u>Location</u>
None	

EQUALITIES IMPACT ASSESSMENT:

1. Equality Duty

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

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

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

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

2. Equalities Impact Assessment:

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