

Children's Services Committee

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| Report title: | Schools' capital building programme |
| Date of meeting: | 22 May 2018 |
| Responsible Chief Officer: | Sara Tough Executive Director of Children's Services |
| Strategic impact The County Council has a duty to secure sufficient pupil places to meet the demands of the school-age population. It receives schools' capital grant funding to support its strategic plans for the provision of additional places and for improving the quality of existing maintained school buildings. The cost-effective provision of high-quality learning environments is central to meeting the County Council's ambition to ensure high standards of achievement in schools and the Education strategy 'Excellence for all'. | |

Executive summary

Each year the County Council rolls forward its approved schools' capital building programme, making revisions to the existing programme and adding new schemes to reflect pressures and priorities. The programme is developed within the financial envelope made available by Full Council in its budget decisions for the year ahead. Detailed consideration of priorities and costings is given by Capital Priorities Group throughout the year, with a report coming to Committee each May.

This report provides:

- A summary of schools' capital funding sources
- A summary of the priorities which underpin the programme and the financial scale across priorities
- Proposals developed by Capital Priorities Group for the new programme
- A schedule of existing and proposed new schemes to enter the programme
- A financial summary of the proposed forward programme.

The report is based upon the advice and recommendations of the Capital Priorities Group at their meetings in January and March 2018.

Recommendations:

- To endorse the basis of programme prioritisation for the coming three years
- To endorse the proposed amendments to the programme and introduction of new schemes.

1. Proposal and Background

- 1.1 The County Council has a duty to secure sufficient pupil places to meet the demands of the school-age population. The main financial source to support this duty is the annual schools' capital grant funding from the Government. This grant, along with funding from other sources, is used to support the Council's strategic plans for the provision of additional places and for improving the quality of existing NCC-maintained school buildings.
- 1.2 In May of each year, the Committee is asked to either approve the roll-forward its approved schools' capital building programme, or approve a new programme approximately every three years. The May report forms part of an annual Committee reporting cycle as follows:
 - November – identification of emerging capital pressures and priorities for the forward years
 - January - Growth and Investment Plan (summary of strategic pupil place pressures)
 - May – proposed revisions to capital programme in the light of funding allocations.
- 1.3 The Capital Priorities Group continues to support and monitor the progress of the capital programme and considers in detail projects of concern, based on a regular risk assessment. A separate report on today's agenda on Internal and External appointment covers future membership of Capital Priorities Group.
- 1.4 The financial implications of today's report are set within the overall capital approvals made to Children's Services by Full Council in February 2018.
- 1.5 The structure of this report is as follows:
 - A summary of schools' capital funding sources;
 - A reiteration of priorities which underpin the programme and the financial scale across priorities
 - Proposals developed by Capital Priorities Group for amendments to the existing programme as it rolls forward
 - A schedule of proposed new schemes to enter the programme
 - A schedule of school sites which are likely to become available for alternative use or disposal during the course of programme implementation
 - A financial summary of the proposed forward programme.

2 Schools capital funding sources

- 2.1 Government funding sources for the NCC schools' capital programme are as follows:
 - Government grant: 'Basic Need' for growth places at all state-maintained schools and 'Capital Maintenance' for major condition improvements at NCC- maintained schools
 - Specified government grant: currently there are specific grant allocations to NCC for Special Needs places and a new Healthy pupil capital fund.

- 2.2 Government was challenged by the National Audit Office on its 'Basic Need' allocation process and therefore Norfolk and a number of other Local Authorities have received a 'zero rated' allocation for 2020/21 to reflect early allocation against need in previous years.

| £m | 2018/19 | 2019/20 | 2020/21 |
|------------------------------------|---------|---------|---------|
| Basic Need | 2.526 | 25.7m | 0.0m |
| LA Capital Maintenance | 6.713m | - | - |
| SEN provision capital | 0.908m | 0.908m | 0.908m |
| Healthy pupils capital fund | 0.455m | - | - |

- 2.3 Health pupils' capital fund is a new allocation for this year received by all schools' Responsible Bodies, funded by the Soft Drinks Industry Levy. Children's Services will be working with Public Health colleagues to ensure this addresses strategic priorities.

- 2.4 Other sources of capital funding are:

- Developer funding – this funding is received from housing developers via District Council Section 106 agreements. Where the scale of development warrants it, a new school site can be claimed free of charge. See table below for the scale of funding.
- Community Infrastructure Levy – some Norfolk District Councils have adopted the Levy as an alternative to Section 106 agreements and school infrastructure is an eligible claim on these funds collected from developers by District Councils.
- Joint funding – a number of schemes within the programme have been developed with academy trusts using NCC funding (for growth elements) and funding which the Trust has received from the Education Funding Agency

Table of developer contributions

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| Developer contribution collected | Between 2004 and July 2017, £37,918,951 has been collected towards education provision. |
| Developer contribution yet to be collected | Between 2000 and July 2017, £132,700,211 has been secured towards education provision with the figure above already collected, leaving £94,781,260 yet to be collected. |
| Community Infrastructure Levy - Greater Norwich Growth contribution | £2m annual contribution for 2017/18 and 2018/19 based on schedule of growth across South Norfolk, Norwich City and Broadland Districts. |

We have been able to either fully or majority fund some schemes from developer contributions, such as Poringland Primary expansion to two forms of entry and the Sprowston White House Farm new Primary School.

- 2.5 The overall scope of available funding has permitted NCC to fund a capital programme of around £133m across the years 2018- 21 with actual annual expenditure (2017/18) of approximately £40m.

3 Priorities underpinning the programme

- 3.1 Three priorities have been set for the capital programme in recent years:
 A - Growth – developing the capacity of the estate to meet pupil number growth
 B - Implementing specialist, targeted and improvement strategies
 C – Improving the condition and efficiency of the NCC-maintained school estate*.

* NCC has no responsibility for maintaining the estate held by academy trusts. Funding for this purpose is distributed separately by the Education Funding Agency on the basis of pupil numbers in the academy sector and the condition of the estate.

- 3.2 Beneath these priorities the programme has been constructed as in the following table, with funding levels indicated:

| Priority | Scope | Funding up to March 2021 (£m) |
|----------|----------------------------------|-------------------------------|
| A1 | Major growth | 68.280 |
| A2 | Masterplanning for future growth | 7.242 |
| A3 | Area growth and reorganisation | 24.270 |
| A4 | Growth – minor increases | 4.630 |
| B1 | Special Educational Needs | 16.638 |
| B2 | Additional needs | 1.000 |
| B3 | Early years | 1.400 |
| C1 | Rationalisation and efficiency | 1.500 |
| C2 | Major capital maintenance | 5.637 |
| C3 | Statutory compliance | 2.202 |
| | TOTAL | 132.799 |

- 3.3 Within these totals are unallocated sums as follows:

| Priority | Scope | Unallocated as at 1 st April 2018 |
|----------|---------------------------|--|
| A1 | Major growth | 30.544m |
| A1 | Land purchase | 1.528m |
| B1 | Special Educational Needs | 0.908 |
| C1 | Major capital maintenance | 20.147m |
| C2 | Site (condition works) | 0.815m |
| | TOTAL | 53.034 |

- 3.4 The proposals within this report allocate some of this funding – a further table of allocations and residual unallocated funding is at paragraph 7. Early development of schemes are funded to an upper limit of £50K and others to £500K to take schemes through to a planning approval where appropriate and

to allow for appropriate budget development. Consequentially either government funding and/or developer contributions will be required for fully funded schemes for these projects. A high level cost to fully funded for all schemes is approximately £40.6m and in all likelihood will exceed the three year programme set out at Annex B.

4 Priorities for Schools' Capital Strategy 2018-2021 and beyond

A significant priority for the coming year will be the production of a ten year schools' capital investment strategy, incorporating the key areas of priority set out below:

A- Growth

- 4.1 Growth remains a key factor in the capital programme for the next three years, with focus on the schools coming forward as a result of housing delivery across the seven District Council areas. The steep rise in population growth at primary from the past five years has begun to plateau and these numbers are now moving into the secondary phase, reflecting national trends.

4.2 **Wymondham and Hethersett place planning pressures**

Delivery of housing in the A11 corridor results in highest priority for place planning in Wymondham and Hethersett at both primary and secondary age range in the period 2018-2021. As a result of this pressure the key schemes are set out below:

Wymondham- New Primary and expansion of Wymondham High Academy

A new primary school site is becoming available via a housing developer agreement in Silfield. Issues with access to the site are likely to require a request to forward fund an essential level of infrastructure by schools' capital growth funding to ensure delivery of school places to meet the growing pressures in the town.

Two phases of the masterplan for the High School in Wymondham have been delivered in the past three years largely via developer contributions. A further phase is underway via the Capital Programme delivery for school expansion. In addition approval is requested to grant the Academy Trust £500K of developer contributions to take forward a related small project to replace and improve sports changing facilities. This will release the next phase of work to deliver essential pupil places at secondary phase.

Hethersett – primary reorganisation and secondary expansion

There are now place planning pressures at both primary and secondary phases. This forecast pressure has meant a primary reorganisation to change infant and junior to primary providing additional pupil places. In advance of this change, a modular is underway to absorb growth.

At secondary phase a masterplan has been developed with the school and the first phase is now moving towards a planning application. The Academy is now attracting back pupils to its catchment with significant improvement in standards in the past few years, but without sufficient spaces. Those pupils leaving catchment have historically attended Wymondham High School, where is no longer capacity to accommodate them.

The 2017/18 £2m CIL contribution has been allocated for strategic development of Hethersett schools.

- 4.3 With the Greater Norwich Growth Area as CIL rated, and therefore no longer subject to S106 funding for school construction, this is estimated to create a request to the Greater Norwich Growth Board of between approximately £113m and £138m (based on current costs) for school places if all the land allocated for housing in the current Growth Plan is built out. The consultation on the latest iteration of the Greater

Norwich Local Plan up to 2036 continued to suggest that this will remain an area of growth. Liaison with the GNGB has been extensive in the past twelve months to ensure awareness of any potential shortfall created by housing growth in the context of the CIL regime.

Where possible in the last five years we have used the opportunity of growth to address organisational structures to meet with our policy preference for all through primary schools and this will continue into the long term strategy. Policy established in a report to Children's Services Committee in November last year states that the Local Authority promotes grouping of schools with a single governance. In addition, where possible new schools should be opened at 2FE (420 pupils). Both these policies reflect the national approach and will help to shape a ten year Capital Strategy to be developed in the coming months.

B - Special Educational Needs Sufficiency Strategy

- 4.4 In response to the developing SEN Sufficiency Strategy a small number of projects are being taken through early development stages based on the initial analysis of place pressures. The purpose of this is the expedite delivery once the Strategy had been approved. This will initially address the expenditure of the £2.7m allocation and also anticipated to consider a longer term plan of investment to address not only existing but also forecast future demand relating to overall population growth. In order to meet future demand capital costs are almost certain to exceed the £2.7m allocation and will require separate investment.

C - Condition of the School Estate

- 4.5 In the context of a national deficit to address school condition issues of approximately £6.7billion (National Audit Office report 2017) risk to the long-term maintenance of school buildings sit mainly around the fragmentation of funding between a large number of 'responsible bodies' (mainly academy trusts) and the retention of funds by the Education Funding Agency for academy bidding rounds. The size of the estate and per capita cost of maintaining some schools to acceptable standard of safe, warm and dry remains a considerable concern. School leaders have been reminded of their responsibility for their sites in recent correspondence from NCC Capital Priorities Group has asked officers to explore a relatively small condition programme which could result in improved Estate and reduced revenue costs for schools.

In light of the issues set out above alongside revenue funding for schools and Academies there is a strong likelihood that the Local Authority will need to respond strategically in the next ten years to a schools' Estate that is not fit for purpose in some areas. Although in many cases with Academy Trusts as the Responsible Body, the Local Authority might wish to support a structural change where there is an opportunity to address issues of entrenched poor outcomes for children and young people.

Finally, in the context of growth, a large number of older mobile classroom units have been removed from school sites in Norfolk and a small number of sole condition replacement schemes have been delivered in the past year. It is proposed in this capital programme that this strategy is continued wherever appropriate and affordable.

5 Proposals developed by Capital Priorities Group for amendments to the existing programme

- 5.1 In considering the roll-forward the capital programme from May 2018 Capital Priorities Group have
- Identified a number of new priorities for feasibility work
 - Increased the funding allocation for a number of developing priority schemes to ensure that a full scheme may be worked up
 - Identified full funding for schemes to enter the construction programme
- 5.2 The schemes affected under 5.1 above are shown in more detail in Annex B, with the allocations proposed for 2018/2019, 2019/2020 and 2020/2021. All funding has been taken from the unallocated sums in the table at 3.3 above.
- 5.3 The financial information in Annex B sets out the total budget allocations for projects on the programme. These include expenditure to date on project developments to date, and any further allocations requested from the unallocated budgets.

6 Capital receipts from site disposals

- 6.1 The current NCC corporate policy requires all departmental capital receipts to return to the central budgets following site disposals. Departments are able to request that these are applied to unfunded projects via the prioritisation process. There are a number of projects in the programme that are likely to release sites after completion.

7 Financial Implications

- 7.1 Summary of the proposed forward programme

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| Total of programme already budgeted for | £98.946m |
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| Unallocated funding (from para 3 above) | £53.034m |
| Allocated within this report | £33.833m |
| Residual unallocated funding | £19.201m |

8 Issues, risks and innovation

- 8.1 The delivery of all capital investment is accompanied with the risks of time, quality and cost. In addition there are a number of time and financial risks in planning the increase of pupil places to meet changing demand. These include
- the impact of the economic situation on the housing market
 - the availability of full funding under the new Community Infrastructure Levy arrangements
 - the need to accommodate children from the early phases of new housing before a new school comes into operation
 - the revenue sustainability of a new school affecting its opening date

- the need to secure land for necessary expansion
- the ability to secure planning consents on expanding the building footprint on constrained and new school sites.

9 Background reports

Committee papers:

Children's Services Committee – November 2017 (Capital prioritisation)

<http://norfolkcc.cmis.uk.com/norfolkcc/Meetings/tabid/70/ctl/ViewMeetingPublic/mid/397/Meeting/617/Committee/8/Default.aspx>

Children's Services Committee - January 2018 (Growth and Investment Plan)

<http://norfolkcc.cmis.uk.com/norfolkcc/Meetings/tabid/70/ctl/ViewMeetingPublic/mid/397/Meeting/618/Committee/8/Default.aspx>

Policy and Resources Committee January 2018 (NCC budget approvals)

<http://norfolkcc.cmis.uk.com/norfolkcc/Meetings/tabid/70/ctl/ViewMeetingPublic/mid/397/Meeting/640/Committee/21/Default.aspx>

Officer Contact

If you have any questions about matters contained or want to see copies of any assessments, eg equality impact assessment, or if you have any questions about matters contained in this paper, please get in touch with:

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Annex A – Map showing provision of housing growth in Norwich

