

## CABINET

10 MAY 2011

### REPORT OF THE CABINET MEMBER FOR CHILDREN AND EDUCATION

<b>Title:</b> Context and Programme for Investment in Schools	<b>For Decision</b>
<p><b>Summary:</b></p> <p>The Council faces a strongly growing demand for school places (Basic Need (including SEN)) that exceeds its current capacity over the coming decade. It also has an estate which has a significant backlog of repairs, and condition problems. The school sites it has are, on the whole over developed with little space for new buildings. There are few new sites to cope with this level of prospective demand.</p> <p>It is forecast that by 2016/17 the demand for school places will exceed supply: in primary schools by approximately 680 reception places or 23 Forms of Entry (FE) and in secondary schools (ages 11-16) by approximately 550 year 7 places or 18FE. Demand for post 16 places is set to grow by approximately 170 places. In the period from 2016/17 to 2020/21 further growth in demand for places is forecast to occur mainly in the secondary schools - a further 600 Year 7 (or 20FE) places could be needed. It is also a factor, as the population increases, that provision for under 5s needs to be increased not just by the Council but by encouraging the private sector to develop further opportunities. Some opportunities for Education nurseries are being provided as new school buildings come on board.</p> <p>Costs of providing accommodation are approximately as follows: 1 FE of new build primary school accommodation may cost approximately £2m - £3m and temporary accommodation about £1.5m - £1.8m. In terms of cost per classroom space the lowest cost is about £15k per space for permanent accommodation. Costs for secondary schools range between £3m - £4m for 1 FE of permanent accommodation and £2m - £3m for temporary accommodation, and in terms of cost per space about £17k per classroom space for permanent accommodation.</p> <p>The Council's Basic Need allocation from Central Government for 2011/12 is c£14.2m. Estimated number of additional new places required is 322 places or c.11 FE at primary schools, in September 2012. It appears prudent to plan for between 9FE to 12FE new places. This would cost between £14m and £22m, using temporary accommodation; or c£34m for permanent accommodation. This report is designed to secure agreement from Cabinet to progress investment to address immediate need as set out in Appendix A to this report.</p> <p>Demand for Special Needs places is expected to grow by 160 places in the next 5 years. The cost of providing places for Special Needs students is up to ten times greater than for mainstream places.</p> <p>About £3.8m (2011/12) School Modernisation funding has been provided to the Council by Central Government for improving and modernising the Council's school estate and the wider Children's Services property portfolio as a whole. The value of the improvements and modernisation required is however currently estimated at</p>	

c£51m backlog across the estate as a whole. This would mean that the estate is highly likely to deteriorate further over this coming decade.

**Wards Affected: All**

**Recommendations:**

The Cabinet is recommended to:

- 1 Approve the capital programme at (Appendix A) designed to spend the existing allocation, whilst acknowledging the inherent limitations of the present allocation.
- 2 Approve the allocated grant of £14,236,941 being included in the capital programme for 2011-2012. The intended projects are being identified subject to agreement with schools and technical work to identify solutions and costs.
- 3 Approve the procurement route suggested using the Council's Framework Contractors and indicate whether any Member would like to be involved in the procurement process for any of the projects. The exception being the project at VA schools which would be through the Diocese.
- 4 In accordance with Contract Rule 3.6.4, confirm whether it wishes to be further informed or consulted on the progress of the mini-competitions to be held with the contractors on the Council's Construction Framework Agreement (or contractors on an Approved List) in relation to the respective proposed projects, or if it is content for the Corporate Director of Children's Services in consultation with the Director of Finance and Resources to monitor progress of the mini-competitions, and to award the respective project contracts based on the outcome of the mini-competitions..
- 5 Approve the continuation of the lobbying of Central Government for more funds on the Basic Need (including SEN) case. This is a strong position in view of statutory responsibilities locally and at Central Government level. Barking Riverside is a key element of the Basic Need (including SEN) case going forward.
- 6 Approve the use of the School Improvement grant from the DfE in sum of £3,845,253 to support the improvement of condition and modernisation of the Borough's Schools and the wider Children's Services property portfolio. This is to be reflected in the capital programme for 2011-12.
- 7 Approve the continuation of the lobbying of Central Government also for more funds to prevent deterioration of the school estate. In the context of the Council's Capital Strategy to consider favourably the position of the School estate.

**Reason:**

This decision will assist the Council in fulfilling its statutory obligations to provide a school place for every child and achieving its core values of: 'Achieving Excellence' 'Treating each other fairly and respectfully' through making school places available in appropriate settings

### **Comments of the Chief Financial Officer:**

Partnership for Schools has confirmed Capital funding has been confirmed at £14.2m for Basic Need (including SEN) and £3.8m. Although the amount approved for Basic Need (including SEN) is the highest allocation in London, the total amount of funding is still short by up to £8m for temporary accommodation and £20m for permanent accommodation. Nationally, following the Comprehensive Spending Review, the DfE has announced cuts to their capital scheme of around 60%.

The proposal to contribute £1m towards an existing secondary school to create 10 classrooms or 2 forms of entry is extremely good value for money. 2 FE for secondary schools can cost around £5/6m and the cost to the Council for 2 forms of entry will be £1m as the School will be contributing £1.4m of the build costs directly.

In terms of the revenue implications of the additional places required for 2016/17, 680 places in primary will equate to in year costs of c£1.05m and the secondary places will equate to c£950k. This will be need to met within the existing resources of the DSG however we will not receive grant funding for 7/12<sup>th</sup> of the year, due the DSG being calculated on the January census date. Sufficient provision will be required within the DSG to absorb these additional costs. The impact of the national funding is yet to be announced which may also impact on the overall funding available in 2016/17

### **Comments of the Solicitor to the Council**

The Council has a statutory duty under the Education Act 1996 (as amended) to secure efficient primary and secondary education to meet the needs of the population of its area.

To facilitate the carrying out of this statutory duty, Central Government has provided the Council with a Basic Need allocation in the sum of £14,236,941 to assist the Council with meeting the rapidly growing demand for school places; and School Modernisation Funding in the sum of £3,845,253 towards improvement and modernisation of the Council's school estate and wider Children's Services property portfolio.

This report is seeking Cabinet's approval of the inclusion of the said Central Government Basic Need allocation (£14,236,941) and School Modernisation Fund (£3,845,253) in the Council's capital programme for 2011 -2012; and Cabinet's approval of the use of the Basic Need allocation for the proposed projects (set out Appendix 1 to this report), and use of the School Modernisation Fund for the improvement and modernisation of the schools and wider Children's services property portfolio within the Borough.

The report is also recommending that the construction contractors to undertake the proposed projects set out in Appendix 1 to this report, and the proposed schools modernisation and improvement works be procured via the Council's Construction Framework Agreement, and that the IT and furniture suppliers be procured via approved lists.

The Public Contracts Regulations 2006, (the "EU Regulations") empower local authorities to select contractors to undertake specific projects from amongst those

contractors with which it has concluded a framework agreement, provided the framework agreement itself was established in compliance with the provisions of the EU Regulations.

The Council's Construction Framework Agreement was established in accordance with the Council's Constitution and the EU Regulations.

Under the EU Regulations, selection of a contractor from a framework agreement may be undertaken either by way of "call off" or by mini-competition.

The report in Paragraph 4.4 anticipates that a mini-competition involving the invitation of tenders from contractors on the Council's Construction Framework Agreement or on Approved Lists will be undertaken in relation to the respective projects to be let.

In relation to the proposal to use Approved Lists for the procurement of IT and furniture supplies, it should be noted that this will only be appropriate where the value of the respective contracts is below the applicable EU threshold as contracts above EU thresholds need to be procured in the EU , or via a Framework Agreement tendered in the EU. Approved Lists are typically not tendered in the EU.

The report, pursuant to Contract Rule 3.6.4, is furthermore requesting Cabinet to confirm whether it wishes to be further informed or consulted on the progress of the procurement and/or award of the respective proposed project contracts, or if it is content for the Corporate Director of Children's services in consultation with the Corporate Director of Finance and Resources to award the respective project contracts based on the outcome of the mini-competitions held with the Council's Construction Framework contractors, or contractors from an Approved List (where appropriate).

Contract Rule 13.3 provides delegated authority to the commissioning Chief Officer, in consultation with the Section 151 Officer), currently the Corporate Director of Finance and Resources, to award contracts upon conclusion of a procurement process.

Finally, the report highlights that the allocation/ funding received from Central Government is insufficient to meet the growing demand for school places within the borough, and the Council's school improvement requirements.

The report is therefore seeking Cabinet approval to continue lobbying Central Government for an additional Basic Need allocation in order to realistically assist the Council to meet its statutory obligation to provide school places for its rapidly growing population of school children, and for additional School Modernisation Funding to prevent further deterioration of the Council's school estate and wider Children's Services property portfolio.

There are no legal reasons preventing Cabinet from approving the recommendations of this report. The Legal Practice should however be consulted in relation to the contractual aspects of the respective project contracts proposed in this report.

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## 1 Background

- 1.1 The Council faces a strongly growing demand for school places (Basic Need (including SEN)) that exceeds its current capacity over the coming decade. It also has an estate which has a significant backlog of repairs, and condition problems. The school sites it has are, on the whole over – developed with little space for new buildings. There are few new sites to cope with this level of prospective demand.
- 1.2 In the period up to 2016/17 the demand for school places is forecast to exceed supply: in primary schools by approximately 680 reception places or 23 Forms of Entry (FE) and in secondary schools (ages 11-16) by approximately 550 year 7 places or 18FE. Demand for post 16 places is set to grow by approximately 170 places. In the period from 2016/17 to 2020/21 further growth in demand for places is likely to occur mainly in the secondary schools, where forecasts indicate a further 600 Year 7 (or 20FE) places will be needed.
- 1.3 It has been reported previously that the Borough has experienced significant change since 2000 in the number of births, with around a 50% increase. The most recent statistics from the GLA show that since 2000 when births were 2321, the birth numbers increased to 3682 in 2010, which represents an increase in the birth rate by comparison of 58%. It is also worth noting that the position regarding out-Borough pupil applications is now around 20% seek an alternative school place outside the Borough but we have 10% mostly from neighbouring Boroughs applying for school places inside the Borough. We are a net loser of around 10% of pupils at secondary age.
- 1.4 The costs of providing accommodation are not simple to compute with great confidence – due to site constraints and the type of building solution sought. New build costs seem reasonable at around £2,000 per sq metre, inclusive of fees, furniture and fixtures, for permanent buildings. Temporary buildings cost approximately 50% of that figure. 1 FE of primary school accommodation would cost approximately £2m - £3m and temporary accommodation about £1.5m (recent figures for one primary school suggests £1.8m). In terms of cost per classroom space the lowest cost is about £15k per space for permanent accommodation. Site specific issues – can drive these figures higher. Costs for secondary schools range between £3m - £4m for 1 FE of permanent accommodation and £2m – £3m for temporary accommodation, and in terms of cost per space about £17k per classroom space for permanent accommodation.
- 1.5 The allocation for 2011/12 is £14,236,941 for Basic Need (including SEN). Estimated number of additional new places required is 322 places or c11 FE at primary schools, in September 2012. It appears prudent to plan for between 9FE to 12FE new places. This would cost between £14m and £22m, using temporary

accommodation or c£34m for permanent accommodation. It would be prudent also to plan for additional places in secondary schools.

- 1.6 Demand for Special Needs places is expected to grow by 160 places in the next 5 years. The cost of providing places for Special Needs students is up to ten times greater than for mainstream places. The proposals for Barking Riverside School incorporate meeting this need.
- 1.7 A sum of £3,845,253 (2011/12) has been allocated to deal with condition which is currently estimated at c£51m backlog across the school estate and the wider Children's Services property portfolio, as a whole. This would mean that the school estate is highly likely to deteriorate further over this coming decade.

## **2 Proposal**

- 2.1 To accept the current Central Government funding allocation. For primary schools the consequences would be that sites would be developed piecemeal to cope with demand. Site re-configuration to improve schools would be unaffordable. There are few new sites available to be redeveloped, and the nature of the new developments would be restricted to temporary accommodation. New school facilities on the Barking Riverside would be unaffordable except as temporary buildings. Special needs places planned for the Barking Riverside could not realistically be provided in temporary accommodation. Out of borough placements of Special Needs students would increase. Repairs to the estate as a whole would be limited to those that are most urgent and pressing. The prospect thereafter would be one of a high risk of continuing deterioration of the estate. From 2012 for the secondary sector would face a shortage of places which would coincide with continuing excess demand for primary school places. This would exacerbate the current situation. In order to manage the potential risks of non-delivery against a statutory obligation to provide school places, Members are asked to agree the programme given at Appendix A.
  - 2.1.1 This programme has been compiled in the light of the very limited finance and space available and the priority that must be given to statutory obligations, covering both the primary and secondary sectors. In this context, it should be noted that additional funding has been included for The Sydney Russell School to extend by 2 FE at Appendix A – the rationale being that the scheme helps the Council to respond to the growth in Basic Need (including SEN), the scheme cost offers good value for money at c£2.5m for 2 FE. Moreover, Cabinet has agreed that the Governing body could borrow and repay £0.8m of this sum, which ameliorates the financial impact. Secondary Heads were asked at a recent meeting whether they wished to expand their schools. The Head of Sydney Russell School was the only Head to respond positively.
  - 2.1.2 Consideration will be given in forthcoming reports to other options which will support the Council: a report on Free Schools; Expansions to the Secondary School Estate; Shift Working and Use of Alternate premises for School facilities; possible plans for expanding Jo Richardson Community School; for Dagenham Park CofE School – retention of existing buildings and the possible development of a campus with the Diocese of Chelmsford; for Eastbrook Comprehensive School – increasing use of existing site for Primary and Special Needs students. Reviews of the positioning of the Pupil Referral Unit (PRU), together with any potential consequences for the Cambell school

site and the positioning of the Adult College and the consequences for the Fanshawe site will also be undertaken. We will review further all education/children's services' sites with a view to possible future use.

- 2.2 To use the current allocation and to endeavour to reach a new more realistic allocation with Central Government. There are three components to this: agree more realistic forecasts of demand for places ie higher than those underpinning the current allocation; to improve the cost allocation in view of sites over-crowding, and the need to build new, durable accommodation that provides a good environment for teaching and learning; and to lobby for the new school on Barking Riverside which unlocks site potential for secondary, special needs and primary schools as well as creating a new community. This option is being pursued currently. Members are asked to continue to support this option. It should be noted that if Barking Riverside School is not funded, then early expansion of existing secondary schools will become necessary.
- 2.3 To augment the funding allocation made available by Council borrowing. In principle, borrowing by a school from the Council with a back to back agreement with the Governing Body has been agreed (The Sydney Russell School). Extension of this principle should be subject to Members' consideration of the forthcoming Capital Strategy.
- 2.4 In view of the pressing nature of the condition of many school buildings, consideration must be given to seeking and obtaining other sources of investment and funding, as far as practicable. The Asset Management Plan (AMP) for schools, instigated by Government, indicates a potential spend of £51m which has never been achieved. In practice, building systems eg boilers, lifts, electrical systems as well as building fabric are presenting significant annual problems which require urgent remedial work. In addition, Members have indicated schools and other Children's Services' buildings where they would wish to bring about improvements. Some of these are listed at Appendix A.

### **3 Financial Issues**

- 3.1 Inadequacy of central government funding for the provision of school places poses a question over whether meeting the Council's statutory obligations can be financially neutral going forward, for the Council.
- 3.2 The demand for investment which the Council has to satisfy is quite significant and the Corporate Director of Finance and Resources is currently preparing a Council Capital Strategy for consideration by Cabinet. Amongst a range of issues this report will cover the longer term issues of the School Estate and pupil place provision.

### **4 Procurement**

- 4.1 In order to secure projects identified in the programme, colleagues in Asset Management and Capital Delivery have been asked to map out a programme for delivery. It is intended to utilise the Council's construction framework contractor to benefit from the partnership relationship this will give.

- 4.2 It may be that there will need to be different types of contracts with the framework contractors and advice will be sought from Corporate Procurement and the Legal Partnership about the most appropriate contract arrangement for each scheme.
- 4.3 Approved contracted suppliers are to be used for Information and Communications Technology (ICT) and furnishings and fittings.
- 4.4 The decision about the most beneficial tender will be determined on price and quality.

## **5 Legal Issues**

- 5.1 There is a statutory duty on the Council to provide school places. The investment proposed in this report will help the Council to fulfil that statutory duty.

## **6 Other Implications**

### **6.1 Risk Management**

- 6.1.1 Risk that funding levels will not be sufficient to create new school places needed. This risk is high impact (4) and medium (3) probability = 12 red. This risk is being managed by purchasing the most affordable accommodation which is temporary. Post control the risk is high impact (4) and low (2) probability = 8 amber.
- 6.1.2 Risk that funding levels will not be sufficient to create suitable new school places. This risk is high impact (4) and high (4) probability = 16 red. This risk is being managed by purchasing the most affordable accommodation which is temporary, and blending it with site specific proposals. Post control the risk is high impact (4) and medium (3) probability = 12 red.
- 6.1.3 Primary schools: risk that site availability would prevent delivery of school places in the areas where demand is highest. This risk is high impact (4) and medium (3) probability = 12 red. This risk is being mitigated, as far as practicable, by expanding all available sites in high demand areas, and reviewing other buildings for potential school use. Post control the risk is still high impact (4) and medium (3) probability = 12 red.
- 6.1.4 Secondary schools: risk that Barking Riverside site and funding is not available for development on a timescale compatible with demand for places. This risk is high impact (4) and medium (3) probability = 12 red. This risk is being mitigated as far as practicable by lobbying DfE and other central government departments and the Mayor for London. Post control the risk is still high impact (4) and medium (3) probability = 12 red.
- 6.1.5 Secondary schools: risk that school expansions will be confined to existing sites, low quality and insufficient. This risk is high impact (4) and high (4) probability = 16 red. This risk is being mitigated as far as practicable by lobbying DfE for improvements in funding, and reviewing existing sites and opportunities. Post control the risk is high impact (4) and medium (3) probability = 12 red.



6.1.6 Risk that the cost of the rate of deterioration of school estate will outrun the funding available to maintain it. This risk is high impact (4) and high (4) probability = 16 red. This risk is being mitigated as far as practicable by lobbying DfE for improvements in funding. Post control the risk is high impact (4) and medium (3) probability = 12 red.

## 6.2 Customer Impact

6.2.1 The short term impact of the recommendations for the coming year would be positive for customers on all counts of: race, equality, gender, disability, sexuality, faith, age and community cohesion.

6.2.2 The longer term outlook is unlikely to be positive on the proposed funding levels.

## 6.3 Safeguarding Children

6.3.1 Adoption of the recommendations in the short term would contribute to the Council's objectives to improve the wellbeing of children in the borough, reduce inequalities and ensure children's facilities are provided in an integrated manner, having regard to guidance issued under the Children Act 2006 in relation to the provision of services to children, parents, prospective parents and young people.

6.3.2 The longer term outlook is unlikely to be positive on the proposed funding levels.

## 6.4 Health Issues

6.4.1 In the short term there are no specific implications, but in the longer term the outlook is unlikely to be positive on the proposed funding levels.

## 6.5 Crime and Disorder Issues

6.5.1 In the short term there are no specific implications, but in the longer term the outlook is unlikely to be positive on the proposed funding levels.

## 6.6 Property / Asset Issues

6.6.1 This proposed decision would facilitate the improvement and renewal of Council assets.

## 7 Options appraisal

7.1 See risk management section at 5.1 above. The main option outside of the report's immediate proposals is to do nothing more than accept the current and proposed levels of funding which then exposes the Council to risks of poor accommodation and a challenge to its ability to fulfil its statutory obligations.

7.2 In addition to the risk management details given above, we are also collating information about sites and possible expansion or additional provision opportunities. Site analysis is attached at Appendix C.

**8 Background Papers Used in the Preparation of the Report:**

None.

**9 List of Appendices**

Appendix A Utilisation of School Basic Need (including SEN) Funding 2011-12