

CABINET

14 FEBRUARY 2012

Title: School Capital Programme – Basic Need Allocation 2012/13							
Report of the Cabinet Member for Finance and Education							
Open Report	For Decision						
Wards Affected: All Wards	Key Decision: Yes						
Report Author: Mike Freeman, Group Manager School Estate and Admissions	Contact Details: Tel: 020 8227 3492 E-mail: mike.freeman@lbbd.gov.uk						
Accountable Divisional Director: Jane Hargreaves – Divisional Director Education							
Accountable Director: Helen Jenner – Corporate Director Children’s Services							
Summary							
<p>The Council faces a strongly growing demand for school places (Basic Need including Special education Needs (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. As reported to Cabinet on 18 October 2011 (Minute 51 refers), it is forecast that by 2016/17 the demand for school places will exceed supply by:</p> <ul style="list-style-type: none">• at least 23 additional forms of entry at Reception;• at least 34 additional forms of entry at Year 7;• at least 400 sixth form places. <p>Central Government have recently announced the following allocations to support the Council’s School and other children’s services estate and to provide for the additional capacity to support school place demand.</p> <table><tr><td>○ Redirected Basic Need Allocation</td><td>£23,914,831</td></tr><tr><td>○ Basic Need Allocation</td><td>£21,890,118</td></tr><tr><td>○ Maintenance - capitalised repairs [LA Schools]</td><td>£ 3,759,770</td></tr></table> <p>The redirected basic need is additional Government money targeted to areas of highest need. Unlike other allocations it is not time bound.</p> <p>This report is the first of two designed to set out proposals for investment based on the outline investment matrix “Programme for Developing School Places” approved by Cabinet at its meeting on 18 October 2011 in a report entitled ‘Strategy for Ensuring Sufficient School Places 2011/12 - 2016/17’, minute 51 refers. This first report seeks agreement to a two phased approach to deal with this increased allocation. It requests permission now to move forward with mainly primary schemes to provide the of the seven additional reception forms of entry required from September 2013 and to complete some of the schemes in the current programme, and to provide additional facilities at Valence, Rush Green Infants, and for Special Educational Needs. A subsequent report will be presented later in the Spring, dealing with mainly secondary schemes and additional forms of entry</p>		○ Redirected Basic Need Allocation	£23,914,831	○ Basic Need Allocation	£21,890,118	○ Maintenance - capitalised repairs [LA Schools]	£ 3,759,770
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for reception. The additional funding will allow for more detailed work to be done with secondary schools to bring forward schemes that were in a later phase of developments. At the time of writing we await the outcome of Public Finance Initiative (PFI) bids for 3 secondary schools which will affect the overall programme. A further report will be presented to Cabinet concerning procurement options in relation to the second phase consisting of the secondary schools once these have been clarified in order to comply with the Council's Contract Rules.

Recommendation(s)

The Cabinet is recommended to:

- (i) Agree that the allocated grant of £45,804,949 be included in the Council's Capital Programme for 2012-2013 to support the provision of additional school places;
 - a. Approve the allocation of £15.6m to provide additional, mainly primary school places, at the schemes detailed in paragraph 2.2 of the report, subject to all schemes being approved via the Corporate CPMO process;
- (ii) Note that a report will be presented to a later Cabinet meeting on proposals for the allocation of the remaining £30.2m which will focus on additional secondary school places and provision for reception classes;
- (iii) Agree the inclusion of the School Improvement grant for capitalised repairs from the DfE in sum of £3,759,770 in the capital programme for 2012/13, to support the improvement of condition and modernisation of the Borough's Schools and the wider Children's Services property portfolio; and
- (iv) Approve the procurement route as set out in section 8, being the use of the Council secured Local Education Partnership (LEP), for the current year projects to ensure that they will be operational for this coming academic year starting September 2012.
- (v) Further to (iv) indicate whether the Cabinet wishes to be further informed or consulted on the progress of the procurement process and the award of the contracts for the projects, or whether it is content for the Corporate Director Children's Services, in consultation with the Corporate Director of Finance and Resources, to award the respective project contracts based on the checked and independently validated prices.

Reason(s)

This decision will assist the Council in fulfilling its statutory obligations to provide a school place for every child and achieving its core values as set out in the Council Plan through Policy house which aims for a better life for all. This report's proposals will in particular support the objective of Better Future and the value of achieving excellence.

1. Introduction and Background

- 1.1 The Council faces a strongly growing demand for school places (Basic Need) including Special Education Needs 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 the level of prospective demand.

- 1.2 In the period up to 2016/17 the demand for school places is forecast to exceed supply:
1. at least 23 additional forms of entry at reception over the coming 5 years.
 2. at least 34 additional forms of entry from September 2012 at year 7 over the coming 5 years;
 3. at least 400 sixth form places, over the coming 5 years. These matters were reported to the Cabinet on 18 October 2011 (minute 51 refers).

- 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 the annual birth rate was 2,321, the birth numbers increased to 3,682 in 2010, which represents an increase in the birth rate of 58%.

- 1.4 Central Government have recently announced the following allocations to support the Council's School Estate to provide for the additional capacity to support school place demand.

Redirected Basic Need Allocation	£23,914,831
Basic Need Allocation	£21,890,118
Total	£45,804,949

The redirected basic need is additional government money targeted to areas of highest need. Unlike other allocations it is not time bound.

- 1.5 A sum of £3,759,770 (2012/13) has been allocated to address issues related with condition of the buildings, for example that it is safe and functions correctly, which is currently estimated at c£50m 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 as these are insufficient funds to carry out all the desired repairs to school buildings.

2. Proposal and Issues

- 2.1 Set out below are proposals for investment based on the outline investment matrix "Programme for Developing School Places" approved by Cabinet at its meeting on 18 October 2011 in a report entitled 'Strategy for Ensuring Sufficient School Places 2011/12 - 2016/17' (Minute 51 refers). Appendix 3 from that report is appended for ease of reference as Appendix 1 to this report. This report seeks agreement to a two phased approach to deal with this increased allocation. A subsequent report will be presented in March, dealing with mainly secondary school schemes. The additional funding will allow for more detailed work to be done with secondary schools to bring forward schemes that were in a later phase of developments. At the time of writing the Council awaits the outcome of PFI bids for 3 secondary schools which will affect the overall programme. This proposed programme will provide the 4 additional forms of entry required from September 2013, plus some additional facilities across the primary phase and some SEN provision.
- 2.2 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 below:

School	Scheme Output/Project	Amount £m
Dagenham Village Expansion and Possible amalgamation (Additional)	1fe	1.4
William Bellamy Expansion and Possible Amalgamation(Additional)	1fe	0.5
Contingency - summer 2012 for unplanned classes	Various One Off Classes	1.0
Roding Cannington	1fe	1.8
Richard Alibon	1fe	1.5
Warren/Furze	1fe	1.8
Manor School	1fe	2.0
Fanshawe	3fe	2.5
Valence Halbutt Street Yr5/6	6 classes	1.0
Rush Green Infants	Nursery/Reception	0.3
SEN/Additional Resource Provision [asperger/behaviour]	Additional Units	1.0
Contingency - summer 2013	Various One Off Classes	1.0
	Sub Total	13.3
Feasibility and Contingency	[17.3%]	2.3
	Total	15.6

2.3 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 the primary sector. By setting this £15.6m aside to address the most needy in terms of school places this will deal with the provision of the majority of places to September 2013 in the primary phase. By investing this sum the balance will be held in reserve of £30.2m for developing further schemes in a report later in Spring 2012.

- 2.4 In particular it is intended that consideration will be given in forthcoming reports to other options which will support the Council particularly in respect of expansions to the secondary school estate to respond to demand for basic need in the secondary school phase.
- 2.5 In view of the pressing nature of the condition of many school buildings, work is continuing to identify priority projects with appropriate advice from technical officers and consultants advising the Council. The Asset Management Plan (AMP) for schools, instigated by Government, indicates a potential spend of c£50m to meet repairs and maintenance needs which has never been achieved. In practice, building systems e.g. boilers, lifts, electrical systems as well as building fabric have presented significant annual problems which require urgent remedial work. A particular issue over the last year has been the supply of services into school sites with some major failures particularly of electrical and water supplies. This year's allocation from Central Government of £3,759,770 is to be designated for programmes which support continued development of sites in these priority areas, particularly the delivery of initial repairs in accordance with the Asset Management Plan database held by Children's Services and in consultation with Schools

3. Options Appraisal

- 3.1 See risk management section at 7.1 below. 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. Clearly the Council needs to adopt a position to utilise the funding to invest in schools to provide additional school places responding to demand and meeting the statutory requirements on the Council.

4. Consultation

- 4.1 This report sets out an investment schedule based on earlier proposals as set out the report to Cabinet at its meeting on 18 October 2011. This included an investment matrix "Programme for Developing School Places" approved by Cabinet in a report entitled 'Strategy for Ensuring Sufficient School Places 2011/12 - 2016/17': minute 51 refers. This report was been widely circulated and discussed, in with particular Headteachers.
- 4.2 Further consultation on individual projects will need to take place when this report is approved with Headteachers, Schools and Governors to agree individual schemes within the financial boundaries which have been indicated where this is possible.

5. Financial Implications

Implications verified by: Gaspare Nicolini, Group Accountant

- 5.1 Central Government announced an allocation of £45.8m to support the Council's School Estate to provide for the additional capacity to support school place demand.
- 5.2 This report sets out proposals for investment based on the outline investment matrix "Programme for Developing School Places" approved by Cabinet at its meeting on

18 October 2011 in a report entitled Strategy for Ensuring Sufficient School Places 2011/12 - 2016/17. This report seeks agreement to a two phased approach to deal with this increased allocation, the first phase being £15.6m for the primary sector. A subsequent report will be presented in March, dealing with mainly secondary school schemes.

- 5.3 This first phase contains a contingency of £4.3m to cover rising costs and an increase in pupil numbers not planned but which we need to respond by providing demountables. The recent summers have seen such need as people move into the Borough over late spring and summer.

6. Legal Implications

Implications verified by: Rachel Murray, Contracts Solicitor

- 6.1 The Council has a statutory duty to provide a school place for every child. The Council also has a commitment to achieve its core values as set out in the Council Plan through the Policy House to ensure a 'better life for all'.
- 6.2 This report is seeking Cabinet's approval to procure the project contracts herein referred to utilising the funding detailed in Paragraph 2 of this report.
- 6.3 The value of each contract exceeds the EU threshold for services, therefore, there is a legal requirement to tender the contracts in the EU.
- 6.4 Furthermore, the Council's Contract Rules (Contract Rule 3.6) require the strategy for the procurement of contracts above £400k in value to be submitted to Cabinet for approval prior to the procurement of such contracts.
- 6.5 As the value of the proposed contracts for phase one exceed £400k, the proposed strategy is set out in Paragraph 8 of this report for approval by the Cabinet.
- 6.6 It is proposed that the project contracts for phase one, consisting of primary schools are secured through the Local Education Partnership (LEP) for being operational for September 2012.
- 6.7 The LEP was procured by the Council in compliance with the EU public procurement regulations and the scope of the works/ services advertised under OJEU notice published in respect of the LEP is wide enough to cover the proposed procurement in respect of phase one.
- 6.8 The report sets out a number of potential procurement options that may be followed in the procurement of the contracts for phase two projects for September 2013 (involving secondary schools) and confirms that when the specific procurement option to be followed in relation to procurement of the contracts has been determined, a further report to Cabinet will be made.
- 6.9 Advice should be sought from Corporate Procurement as to the procurement option that secures the best for value for money for the Council in respect of the phase two contracts for 2013 projects.

- 6.10 The report is furthermore seeking a decision pursuant to Council Contract Rule 3.6.4, as to whether or not Cabinet should be kept informed on the progress of the procurement process or would wish to be involved in the award of the project contracts or whether it is content for the commissioning Chief Officer to award the contract to the successful Contractor.
- 6.11 Under Contract Rule 13.3, a commissioning Chief Officer acting in consultation with the Council's Section 151 Officer has the power to award contracts of this value, in the absence of direction to the contrary from Cabinet.
- 6.12 The Legal Practice confirms that there is no legal reason preventing Cabinet from approving the recommendations of this report. It is, however, expected that the Legal Practice will review the proposed form of contracts and be involved in the planning and preparation of the terms and conditions that will be applicable to these contracts, and will be consulted for advice on the legal implications of the selected procurement option re the phase two contracts.

7. Other Implications

7.1 Risk Management

The following risks appear as the most significant on the project's risk register:

- 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 system build where possible. Post control the risk is high impact (4) and low (2) probability = 8 amber.
- 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 system build, and blending it with site specific proposals. Post control the risk is high impact (4) and low (2) probability = 8 amber.
- 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.
- 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.

7.2 **Contractual Issues** - Advice will be sought regarding the appropriate procurement and contractual agreements to secure individual projects from technical and procurement advisers in respect of the projects which fall within the second phase, consisting of the secondary and primary school schemes.

It is anticipated that projects will be secured through options related either to the Local Education Partnership or through the Council's Framework of Contractors. It will also be necessary to explore other specialist providers where there is value for money and a clear support from the Government or its agents to secure projects in this way.

A further report setting out the strategy for procuring contracts will come forward once this has been clarified as 7.2.1 above.

7.3 **Staffing Issues** - There are no specific staffing issues although the growing demand for school places will create additional opportunities in the primary phase of schools where there are additional classrooms which attract the need for more staff.

7.4 **Customer Impact** - The short term impact of the implementation of the recommendations for the coming year would be positive for children and families on all counts of: race, equality, gender, disability, sexuality, faith, age and community cohesion.

However, until funding is confirmed for the longer term, the impact on these groups remains uncertain.

7.5 **Safeguarding Children** - 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.

7.6 **Health Issues**- In the short term there are no specific implications, until funding is confirmed for the longer term the impact on these groups remain uncertain.

7.7 **Crime and Disorder Issues** - 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.

Appropriate consideration of the development of individual projects will take into account the need to design out potential crime problems and to protect users of the building facilities.

7.8 **Property / Asset Issues** - This proposed decision would facilitate the improvement and renewal of Council assets.

8 **Progress on 2011/12 Programme for schemes planned to be in use by September 2012.**

8.1 Schemes progressed.

There was a report to Cabinet on 10 May 2011 setting out a number of projects to be undertaken this academic year minute 133 refers. It was reported at the time that the intention was to procure schemes using the construction contract framework which was in place. Regrettably, this frame work expired at the end of last year and as a result we have had to make some changes to the procurement options.

A list of schemes is set out below and cabinet is asked to note progress is being made and where we have changed procurement route to utilise the Borough secured Local Education Partnership (LEP)

Utilisation of School Basic Need (including SEN) Funding 2011 – 2012

School	Project Outline Description	Procurement
St Joseph's RC Primary Barking	Provision of 6 classroom block extension tot eh front and side of the school with ancillary and toilet facilities	Diocese of Brentwood out to design
Monteagle Primary	Quadrangle infill 8 classrooms plus external works, toilets and group room.	LEP – in design
Eastbury Primary	Expand by 1FE including developing early years and converting original Infant building.	LBBD surveyors separately tendered phases.
Gascoigne Primary	Provide 2 new Junior Classrooms	LEP – in design
Parsloes Primary	Expansion by 1 (2) form of entry 7 classrooms, toilets and ancillary	LEP – in design
Godwin Primary	Expansion by 1 form of entry 6 classrooms plus replacement	LEP – in design
William Bellamy Infants/Junior	Expansion by 1 for of entry	LEP – in design
Dagenham Village Rectory Road Library	Expansion by 1 form of entry Project on hold subject to amalgamation	Diocese of Chelmsford project
Southwood Primary	Expansion of 1 form of entry, 7 classrooms, toilets and ancillary.	LEP – in design
Contribution to Secondary Places provision The Sydney Russell School (Partnership funded with the School		LEP in design

Background Papers Used in the Preparation of the Report:

Cabinet Report - Context and Programme for Investment in Schools - 10 May 2011
(minute 133 refers).

Cabinet Report - Strategy for Ensuring Sufficient School Places 2011/12 –2016/17, -18
October 2011 (minute 51 refers).

DfE Letter dated 3 November 2011 advising about additional capital allocation.

DfE Letter dated 13 December 2011 advising about capital allocation for 2012/13.

List of appendices:

Appendix 1 - Strategy for Ensuring Sufficient School Places 2011/12 - 2016/17
(previously presented to Cabinet as Appendix 3 to the 18 October report)