

**CHILDREN'S SERVICES CAPITAL PROGRAMME UPDATE**

- 1 In December 2010 the Department for Education (DfE) announced the capital allocations for schools for 2011/12. This is a one year settlement pending a review commissioned by the Secretary of State from Sebastian James into the system of allocation and commissioning school capital projects. This also encompassed consideration of the Building Schools for the Future programme, substantially curtailed by the incoming government in July 2010.
- 2 The James Review report was released by the DfE on Friday 8 April 2011 and makes a number of wide ranging recommendations. The Secretary of State is expected to issue his response shortly.
- 3 For the 2011/12 programme, the Secretary of State set out two main priorities for capital spending, and these are the provision of new places to meet the anticipated growth in rolls, and building condition. He also indicated that, although capital resources overall would be substantially reduced because of the decisions around the BSF programme, the broad level of funding indicated for 2011/12 would continue for this Parliament regardless of the outcome of the James review.
- 4 The settlement includes the continuation of the locally controlled voluntary aided programme for schools (LCVAP) as well as Devolved Formula Capital (DFC), although this latter was reduced to 20% of its previous level. This will have a significant impact on local school level budgets for capital renewal and modernisation. LCVAP and DFC for VA schools continues at 90%, with governors meeting the balance of 10% on all projects.
- 5 The Southwark settlement is as follows:
- |                                       |         |
|---------------------------------------|---------|
| • Basic Need                          | £9.33m  |
| • Capital maintenance                 | £3.16m  |
| Total centrally held                  | £12.49m |
| • LCVAP (100%)                        | £1.63m  |
| • Devolved Formula Capital (non VA)   | £0.45m  |
| • Devolved Formula Capital (VA, 100%) | £0.29m  |
| Total DFC and LCVAP                   | £2.37m  |
| Total                                 | £14.86  |
- 6 For comparison purposes, the primary capital programme for 2009/11 was £24m, with an additional £12m granted in 2009 for additional primary places. With other resources, this supported a primary capital programme of just over £35m. In addition, LCVAP was just over £2m per year.
- 7 In contrast to previous years, all the resources announced for 2011/12 are classified as grant. Although the 2009/11 allocation was nominally larger than shown above, a significant element was made up of borrowing approvals which the Council did not take up because of the revenue cost.
- 8 The DfE statement set out that Basic Need grant is to cover new places at all tax payer funded schools, regardless of status.

**CAPITAL STRATEGY**

- 9 The previous capital programme was based upon a 'primary strategy for change' process set out by the DfE, agreed locally with head teachers and by the DfE as a basis on which funds were passed to the Council. The strategy was required to set out ambitious targets for the renewal and modernisation of the primary estate, including at least one new school. In Southwark this was agreed to be Cherry Garden primary special school.
- 10 A key principle emerging from the local plan was to establish the 2FE model as the optimum size of primary schools, although recognising that very successful schools existed both smaller and larger. Where possible, 1.5 FE schools would be enlarged and larger schools reduced. Other strands included the modernisation of kitchens with an emphasis on healthy eating, and improvements to early years, as well as fabric and condition issues.
- 11 Three major primary school projects were included in the primary capital programme funded from previous years. Two of these, Michael Faraday and Eveline Lowe, are now virtually complete and involved rebuilding and enlargement from 1.5 to 2 FE. These projects were seen as exemplars of the national strategy for excellence, addressing the particular needs in the inner city, and included both Victorian and post war listed buildings. The third of these, Southwark Park, is being redesigned in order to secure greater cost certainty and should now be completed in 2013.
- 12 With the rapid increase in primary rolls emerging in 2009, the emphasis changed from modernisation towards the provision of new places. The additional funds received from the DfE for this purposes were allocated towards schemes supporting both permanent enlargement and bulge classes. Capital investment was made where needed to ensure that bulge classes resulted in permanent improvements. Temporary accommodation has only been used as a first stage where permanent expansion is planned.
- 13 It is proposed that these themes are continued into the 2011/12 capital programme, taking into account the priority for new places and capital maintenance. Where investment is being made, whether as part of permanent expansion or for bulge classes, the opportunity is taken to upgrade the building fabric, teaching spaces and infrastructure to current standards.
- 14 The need for primary places continues with growth projected in all areas of the borough. Whereas previously the pattern had indicated that the high demand experienced in the south would fall back, the latest projections from the GLA suggest that the growth is likely to be sustained. Although the dwelling stock in the south is largely unchanged, this indicates a shift in the underlying demographic pattern towards more homes in long term family occupation. In the centre and north, the growth is driven largely by regeneration and new housing.
- 15 There will be a continuing need to expand primary schools to meet this level of demand. In the short term, this can be achieved by bulge classes but where there is a long term need for permanent enlargement this will be considered, with the 2FE model as a guide.
- 16 The capital strategy would also encompass the need to provide for children with special educational needs, whether in mainstream or special schools or

- supported units. The standard brief requires inclusive provision in all adaptations and extensions, and that would include access. No additional specific SEN provision is proposed in 2011/12.
- 17 The requirement for greater community use of and access to school facilities continues, and where capital work is being done consideration is given to the scope to maximise out of hours use for local residents. However, no specific new proposals are being made at this stage.
  - 18 Along with the demand for new places there is a need to ensure that the school estate is modernised and adapted to meet the changing demands of the curriculum. The replacement of poor quality and unsuitable buildings, such as temporary classrooms needs to continue as these often incur high running and repair costs, whilst at the same time offering inadequate teaching spaces, often not connected with the main building or separated from other classrooms teaching the same age range. Temporary classrooms should be integrated in permanent accommodation where necessary and possible.
  - 19 Another driver for modernisation is the need to ensure that classrooms are large enough to accommodate 30 children. In a number of cases, the teaching spaces in many older schools are smaller and it can mean that schools either have to sustain very cramped conditions or pay the additional staff costs in order to operate smaller class sizes, where rooming permits. The remodelling of teaching accommodation also provides the opportunity to carry out modernisation and to support the raising of standards.
  - 20 Schemes will also be prioritised where schools need urgent assistance to be supported out of Ofsted categories, i.e. 'notice to improve' or 'special measures'. The Secretary of State has made it a requirement for schools in the latter category to come out within a year. In cases where building issues are compounded with budget difficulties, the required improvements can be challenging to overcome and in these cases it is necessary to support schemes with short term assistance to make changes where needed.
  - 21 There is a continuing need for the renewal of plant and fabric as well as modernisation of the school estate. These are indicated by condition surveys carried out in the course of modernisation proposals as well as by schools as part of their delegated maintenance responsibilities. These would include major rewiring, renewal of heating and pipework, roof and window repairs as well as internal changes to improve management, access and delivery of the curriculum such as the development of the foundation stage. Such repairs would be prioritised to minimise the disruption to schools and to prevent the loss of curriculum time because of failure of plant or machinery.
  - 22 The Council has committed to introducing free healthy school meals for all children in Southwark's primary schools. The programme includes capital improvements to kitchens to provide for the increase in capacity where required.
  - 23 In the light of the recently published James Review of School Capital Funding and the change in the infrastructure of local schools the capital strategy is under review and will be refreshed for 2012-13.

**CAPITAL PROPOSALS**

- 24 The broad balance of the recommended programme is to allocate some £3.5m to the provision of new places and modernisation, and a further £3.1m to plant, fabric and maintenance projects and the balance to meet existing commitments. Many of the new places proposals will also include an element of renewal and modernisation.

**Commitments from previous years**

- 25 The difficulties and challenges of building in the inner city were highlighted in the major three school rebuilding project. Whilst some of the additional costs could be met by savings elsewhere within the 2009-11 capital programme, it is considered prudent to make allowance for a further £1.5m to meet additional costs and commitments arising from the 2009-11 programme.
- 26 The scope and funding for Southwark's Phase 3 BSF programme was agreed by Executive in March 2010. This included an additional allocation of £4m of funding from the Primary Capital Programme 2009-11 to the BSF Capital Contingency in relation to the primary element of the proposed New School Rotherhithe project. At present, the DfE has not yet confirmed its revised allocation in that regard, and therefore the funding of the 2009-11 primary programme is still at risk. It is recommended that for the present a sum of £4m be allocated from the 2011-12 capital budget to meet that funding gap, to enable the relocation and enlargement of Cherry Garden Special and refurbishment of Gloucester Primary Schools to go ahead. This will supplement the existing provision in the 2009-11 PCP of £8.5m.
- 27 When the funding envelope for any new Rotherhithe secondary school project has been confirmed it may be possible to release some or all of this £4.0m allocation. At that stage, projects to provide new school places can come forward for approval to Cabinet, subject to the availability of resources within the overall Children's Services capital programme.

**Provision of new primary school places**

- 28 The most pressing need for new places remains in the south of the borough in Nunhead and Peckham Rye, Camberwell and Dulwich where the demand continues at around 2 forms of entry above the current capacity. Although this can continue to be managed by bulge classes at this level for the next two years, the long term position with regard to permanent capacity may have to be reconsidered.
- 29 The proposed 2011/12 programme includes £2.5m for new permanent places in primary schools. Proposals are under consideration to meet the needs set out in this report and will be subject to separate cabinet approval. Additional funding may become available to meet the requirement for new places of up to £4m from the Rotherhithe project as described in paragraphs 25 & 26 above.
- 30 The opening of bulge classes is intended to meet the immediate need for additional primary places and by bringing in additional resources is in line with the strategy of strengthening outstanding, good and popular local schools. Further analysis of late applications for places in September 2011 will inform the planning process for further new places in addition to those identified below.

- 31 The Harris Federation has been given approval to open a primary Free School of 2 forms of entry within surplus accommodation at the Peckham Academy from September 2012. This will assist in meeting the demand for places in the centre of the borough.
- 32 In the Bermondsey and Rotherhithe areas in the north of the borough, projections indicate that at least two forms of entry [of additional capacity] is required. This will be met by bulge classes and permanent expansion. Borough and Bankside, by contrast, has sufficient places to meet medium term requirements and should require no adjustment.
- 33 As part of the strategy to meet the demand for additional places in the Bermondsey area, proposals are in hand to expand St. Joseph's RC Primary School from 1.5 to 2 FE. This is expected to become available in 2012/13 and is unlikely to represent a call on this programme.
- 34 The remaining requirements in the north of the borough would be found from bulge classes in the short to medium term. This would provide the flexibility from year to year to add more places without the need for substantial additional investment at this stage. There is scope to enlarge other existing 1.5FE schools to 2FE but this would require further assessment later in the programme, and would be subject to ongoing funding.
- 35 The strategy to provide additional places by bulge classes will require the investment in minor works to secure associated changes on school sites. A block sum of £1m is proposed at this stage to support schemes of this nature. This would be to provide permanent alterations to meet the foundation stage requirements such as age appropriate toilets and playgrounds in schools taking bulge classes. It is recommended that named schemes be approved as necessary in consultation with the schools concerned, by the Strategic Director of Children's Services in consultation with the Cabinet member.
- 36 Where schools are rationalised to a lower planned size, for instance to avoid half form entry classes and mixed age teaching, some accommodation may become available in the medium term. It may then be possible to open bulge classes at a later date, maximising the use of the available space but retaining the principle of single age classes. In these circumstances, some alteration and modernisation may be required.
- 37 A block sum of £300,000 is included to support the costs of making improvements to Alma Primary School as part of the proposal to amalgamate with St. James CE School, Bermondsey. This is a programme of necessary repairs and improvements to ensure that the school building is in good condition and appropriate for the planned model for delivery of the curriculum, in order to underpin the required improvement in standards. This would include upgrading of the kitchen, the toilets, external doors and windows as well as improvements to the main reception area.

**Plant, fabric and modernisation**

- 38 An overall programme of £3.1m is proposed to secure plant, fabric and modernisation at community and foundation schools is proposed as part of the capital programme based on outstanding recommendations from condition surveys done as part of the asset management plan. Each proposal is subject to assessment to validate its priority and the outline budget allocation required. This would include rewiring, replacement of building services, replacement of fabric such as roofing and cladding as well as internal modernisation. The James review recommends the continuation and development of asset management plans as the basis for maintaining the school estate.
- 39 Approval is sought to support the cost of heating works at Crawford Primary School, currently in special measures, at a cost of £150,000 including fees. This work, to boilers and pipework is required to start this summer in order to ensure that the system is fully operational in the autumn term for the start of the heating season.
- 40 Work is required at Langbourne Primary School to deal with mechanical and electrical services, some of which is urgent. A sum of £150,000 is recommended to be set aside pending the resolution of current investigations.
- 41 Similar work is also needed at Camelot Primary School. The electrical services in these buildings, including the fire alarm have been assessed and have now reached a point where it should be renewed in order to ensure ongoing compliance. Replacement parts cannot now be obtained for the lighting system, and renewal would also secure carbon savings. The estimated cost is £200,000.
- 42 The reduction in devolved capital by some 80% compared with the previous year was noted above. This will reduce substantially schools' ability to meet their responsibilities for capital repairs, maintenance and ICT. It is proposed that a £0.5m challenge fund should be established within the capital maintenance allocation to allow schools to bid for up to 50% of the cost of eligible schemes, using corporate services and contractors on the approved list. The contribution would take into account school balances. These schemes would generally be under £50,000.
- 43 It is proposed that access schemes should be included in the challenge fund. Schools may put forward proposals as part of their access plans to make permanent adaptations to meet the needs of users with motor disabilities. Where changes are required to ensure that a pupil can be admitted to a school, the contribution may be reduced.
- 44 It is also proposed to support capital improvements to meet schemes for carbon reduction at schools where the payback periods are within five years, thus reducing the Council's carbon tax. A number of schools have already entered a programme to identify appropriate savings, with the incentive that suitable schemes are considered for funding, and this would be continued. These projects would be found within the £0.5m block sum above. Some higher cost projects with significant CO<sup>2</sup> savings may be more appropriately done within the plant replacement programme.

- 45 Hitherto, where major plant, fabric and modernisation schemes have been programmed at schools, such as the renewal of windows, roofs and boilers, a contribution of 10% up to £50,000 has been required, reflecting the schools' joint responsibility for their buildings. In recognition of the reduced DFC allocations it is proposed to lower the minimum contribution to 50% of the equivalent 3 years DFC allocation, i.e. for 1FE schools £10,000, 2FE £14,000 and 3FE £18,000, unless schools hold higher balances.
- 46 A block sum of £0.5m is also included for the improvement of school kitchens and dining areas to ensure delivery of free healthy primary school meals. This would be allocated to schemes identified in the recent audit of kitchens where additional facilities or modernisation is required. This is the first instalment of a three year programme to support the roll out of the free healthy primary school meals initiative.
- 47 It is recommended that named schemes be approved for the balance of the plant, fabric and modernisation programme (£1.68m) as necessary, the challenge fund (£0.5m), and the works to school kitchen in consultation with the schools concerned, by the Strategic Director of Children's Services in consultation with the Cabinet member.
- 48 Arrangements are in hand with the Diocesan Boards to allocate the LCVAP funding of £1.63m across a range of fabric and modernisation projects at voluntary schools, broadly in proportion to the number of school in each denomination but based on assessed need. It would also include some contribution to meeting the need for additional places where these are being provided as part of a capital scheme, although in such cases governors' contribution may be met in part by the Council. This would be found from the block allocation for bulge classes.

### **Value for money**

- 49 There is increasing emphasis on demonstrating value for money in all capital projects. The Government is reviewing the methods of procurement in the James review to seek ways of streamlining the commissioning of building works in an attempt to reduce costs. In Southwark's case, this is being done in part through an extension of the Local Education Partnership with 4 Futures, established to deliver the £200m Building Schools for the Future programme. There was scope within the original OJEU to increase the value of works by up to another £200m across the Council. Three major capital projects in the 2009-11 primary capital programme are being found by this route, and it offers greater certainty of cost outcome and significant risk transfer. With the same approach to design and consultation as for BSF schools, there is scope to deliver a high quality product within cost parameters set at a relatively early stage in the scheme.
- 50 This approach would continue to be considered for the larger projects in the programme, of the order of £2m and above. Below that level the costs of assessment by this route are less easy to justify, and the economies of scale more difficult to secure for the contractor. Although 4Futures is looking at the scope for smaller projects including plant and fabric maintenance, at this stage conventional procurement remains the recommended way forward. For these smaller projects, conventional procurement is likely to continue although consideration would be given to other appropriate routes dependent upon the individual circumstances in each case.

**ANNEX 1 - Proposed Children's Services 2011-12 Capital Programme****2009-11 Programme:**

		Budget £
Reallocation of funding from 2009-11 associated with the Cherry Garden project	New places and improvements	4,000,000
Expenditure brought forward from 2009-11 primary capital programme to meet additional costs of the three primaries programme	New places and improvements	1,500,000
		<u>5,500,000</u>

**2011-12 Proposed Allocations:**

Crawford	Plant, fabric and modernisation	150,000
Langbourne	Plant, fabric and modernisation	150,000
Camelot	Plant, fabric and modernisation	200,000
Improvements to Alma Primary School	New places and improvements	300,000
		<u>800,000</u>

**2011-12 Programme - Delegated Decision:**

Bulge classes at primary schools	New places and improvements	1,000,000
Plant fabric and modernisation (subject to confirmation)	Plant, fabric and modernisation	1,688,687
Challenge fund for schools (including CO <sup>2</sup> ) - 50% school match funding	Other	500,000
Improvements to school kitchens to deliver the Free Healthy Primary School Meals	Other	500,000
		<u>3,688,687</u>

**2011-12 Programme - Future Cabinet Report**

Provision for new permanent places in primary schools - enlargement/extension	New places and improvements	2,500,000
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<b>Total</b>	<b>12,488,687</b>
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**CONFIRMED RESOURCES - DfE Grant**

Basic Need	9,329,105
Capital Maintenance	3,159,582
<b>Total confirmed incl DCSF</b>	<b>12,488,687</b>