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Children's services capital strategy 2022/23 to 2026/27

Introduction

1. This report provides additional narrative on Children's Services current plans for capital investment in the school estate, including the steps being taken to increase the availability of specialist places as part of the Council's strategy to address priorities for improvement in SEND. The report also summaries available capital funding and outlines an indicative programme of investment set against key budget headings to deliver priority works for the period 2022/23 – 2026/27.

Background

2. The Council's constitution sets out the budget and policy framework. The Council is required to calculate budget requirements for each financial year and to set a balanced budget. The Children's services capital programme supports the delivery of the Council's strategic Asset Management Plan and is consistent with the Medium-Term Financial Plan and importantly, with Children's Services strategic plans for the provision of sufficient and well-maintained education infrastructure.
3. Capital expenditure is defined as spending that creates an asset for the Council (e.g. buildings, vehicles and equipment), and spending which meets the definition in regulations specified under the Local Government Act 2003 which includes spend on non-current assets that are not owned by the Council such as academies and the award of capital grants and funding agreements.
4. The updated programme for the period 2022/23 – 2026/27 includes details of progress on previously approved schemes and those nearing completion, and new proposals for investment from 2022/23 summarised under investment headings. Further work will be required in the forthcoming quarter to build the final capital programme.
5. Academies and Free Schools are allocated condition funding through the Education and Skills Funding Agency, so maintenance works in academies are not part of this capital programme. The Council may fund sufficiency and SEND works at Academies and Free Schools as well as at maintained schools in order to ensure there are sufficient school places, and sufficient and suitable provision for SEND.

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6. **Sources of funding:** Table 1 below outlines the forecast capital funding sources available for the 2022/23 Capital Programme. This includes estimated annual allocations of School Condition Grant funding totalling £3.6 million between 2022/23 and 2026/27. This is an estimated figure, with actual grant allocations confirmed annually (February or March of each year). Forecasted capital funding available is £22.7 million. Of this £11.4 million capital funding relates specifically to SEND provision, £6.2 million for school estate condition related works and £0.5 million Basic Need Grant funding for the supply of new school places. The remaining £3.9 million is made up of residual unapplied supported borrowing, capital receipts and other amounts allocated to the children's capital programme. The planned expenditure of available capital is set out in this report and shows a balanced budget.

Table 1: capital funding sources

| Capital funding | Basic Need | SCA | SEND grant | SEND £10m | Capital Receipts | Borrowing | Other | Total |
|--|------------|--------------|--------------|---------------|------------------|--------------|------------|---------------|
| | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 |
| Grant funding available as at 31 March 2022 | 566 | 2,591 | 1,914 | 10,000 | 900 | 2,724 | 340 | 19,035 |
| Assumed in-year allocations 5-year indicative | 0 | 3,650 | 0 | 0 | 0 | 0 | 0 | 3,650 |
| Forecast capital funding available as at 1 April 2022 | 566 | 6,241 | 1,914 | 10,000 | 900 | 2,724 | 340 | 22,685 |

Issues

7. **Capital programme 2022/23 – 2026/27:** The capital programme for the period 2022/23-2026/2027 is summarised in the table below. This includes the following key elements:
- carried forward amounts from schemes in progress and approved as part of the 2021/22 capital programme,
 - new schemes/priority budget allocations requiring approval listed under key budget headings.

Details of both carried forward amounts and new schemes requiring approval are set out below.

8. **Carried forward amounts from schemes in progress:** Schemes nearing completion and amounts carried forward relate to schemes totalling £1.8 million with spending profiled across the 2022/23 and 2023/24 financial years.

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9. **New schemes / priority budget allocations requiring approval:** The updated programme 2022/23 – 2026/27 is established to address the priority needs of the school estate and implement actions necessary to create additional specialist places and invest in SEND provision as part of the work of the Written Statement of Action (WSOA). At this stage, various capital allocations are aligned to priority budget headings to indicate the direction of capital investment. Headline details are set out in table 2 below.

Table 2: Proposed capital programme 2022/23 – 2026/27

| Headline Priority Budget Allocations | 2022/23 £'000 | 2023/24 £'000 | 2024/25 £'000 | 2025/26 £'000 | 2026/27 £'000 | Total £'000 |
|---|------------------|------------------|------------------|------------------|------------------|----------------|
| Schemes Approved pre 2022/23 | | | | | | |
| Schemes in Progress - Carried Forward | 1,740 | 70 | 0 | 0 | 0 | 1,810 |
| New Budgets Requiring Approval | | | | | | |
| Planned Repairs and Maintenance | 813 | 300 | 300 | 150 | 100 | 1,663 |
| Urgent Work | 150 | 150 | 150 | 150 | 150 | 750 |
| Climate Change/Low Carbon Reduction | 50 | 200 | 200 | 0 | 0 | 450 |
| Advanced Design Fees Maintained Schools | 50 | 50 | 50 | 0 | 0 | 150 |
| Advanced Design Fees SEND | 75 | 75 | 75 | 75 | 75 | 375 |
| Total | 2,878 | 845 | 775 | 375 | 325 | 5,198 |

10. Budget heading allocations should be viewed as indicative and will be updated as details of new schemes emerge and are presented for approval throughout the course of the 2022/23 financial year. Further details of these budget headings are set out below. It is planned that approval for schemes will be sought in line with the existing parameters/levels of delegation set out in the Council’s Financial Regulations as follows:

- **Schemes under £500k:** Recommendations for decision/drawn down of funding under each heading are delegated to Officers attending the Children’s Services Capital Board
- **Schemes over 500k under £1m:** Recommendations for decision will be presented to Cabinet
- **Schemes over £1m:** Recommendations for decision will be presented to Full Council.

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11. **Capital Improvement Partnership:** Looking ahead the Council is planning to major change in order to further strengthen the management of the capital programme. As a client department with responsibility for delivering the Children's Services capital programme, it is important to demonstrate that capital projects are well executed, that decision making is sound and that existing governance practices are fit for purpose. For this purpose, it is planned that Children's Services will adopt practices and procedures aligned to construction industry standards. This would introduce 'client side' familiarity with the Royal Institute of British Architects (RIBA) work stages which set out standardised outcomes and outputs necessary to achieve efficient delivery of schemes and will ensure Children's Services act as an intelligent client capable of reviewing sometimes technical and complex project information. This will be achieved by working with construction industry professionals in a as part of a Capital Improvement Partnership appointed using the Southern Construction Framework. This is a key part of introducing radical and positive change in BCP's Children's Services Department designed to implement robust processes and procedures and further strengthen governance.
12. **Planned Repairs & Maintenance:** Based on the age of the existing school buildings, this budget heading will provide a programme of investment planned to ensure that schools remain safe, open/operational and fit for purpose. A robust analysis of the school estate will be obtained from updated condition surveys of all LA maintained schools. A programme of surveys is underway and the pace of these will be intensified in this financial year. This will be met from the Council's SCA grant allocation and will be used to address top priority condition works in school such as re-roofing, major re-wiring and upgrading hot and cold-water systems. In some circumstances, the works may address other issues such as suitability issues achieved through remodelling and renewing in order to enhance teaching and learning environments and achieve value for money from works contracts already on site. The current amount available is equal to £2.6 million. Further grant allocations from the DfE of approximately £3.7 million is anticipated in year and will be reported in future monitor reports.
13. In the financial year 2022/23 the planned R&M programme includes 2 schemes for which the brief, scope feasibility and initial design elements are completed. Cost estimates setting out the total budget provision for these schemes are due to be reported to the Children's Service Capital Board for approval.
14. **Urgent Works:** In order to address urgent works identified during the course of the year which cannot be anticipated or otherwise planned in the R&M programme, it is proposed to set aside a total budget sum of £0.8 million over 5 years. Works will be identified in a number of ways as follows:
 - interim use of the emergency out of hours Property Maintenance Team where minor works are commissioned and resolved and subject to approval of the Children's Services Client team, work will be charged to the capital programme of reimbursement will be sought from schools devolved capital;

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- urgent Health and safety issues which could otherwise prompt an unplanned school closure or harm to life;
 - safeguarding and security of premises issues arising from risk assessments
 - mechanical and electrical components which are otherwise unaffordable by school use of DFC and agreed working with the Children's Service Client-side commissioning team;
 - fabric of the building elements otherwise unaffordable provided that schools are able to demonstrate good estate management including an Asset Management Plan of priorities for which their DFC is used to contribute
15. **Advanced Design Fees:** In order that schemes are progressed through the feasibility stage, specific provision to cover the costs of advanced design fees are required. This covers the cost of professional fees and consultant costs in respect of two main strands of work:
- I. Work to progress schemes in mainstream schools to address basic need and work to progress repairs and maintenance schemes in maintained schools
 - II. Work to progress SEND schemes in all schools regardless of their legal status
16. **Climate Change/Carbon Reduction:** Example: Consideration to improving the lighting quality and reducing Co2 emissions and maintenance costs through a programme of replacement LED lighting. This may be funded by savings generated by energy efficient lighting via energy saving loan schemes. The least energy efficient schools may be targeted, and schools may be asked to contribute a proportion of the total cost of replacing lighting using a Salix energy efficiency loan. The loan is paid back over a period of 8 years.
17. It will be important that opportunities to improve the energy and efficiency of buildings are viewed as part of all refurbishment and maintenance of schemes and where possible and affordable are taken forward. It is important to note that the extent to which older school buildings can be adapted and the benefits of measure introduced may be limited by the original design. It is also that case, that there may be significant cost implications of/ Nonetheless, opportunities to include renewable energy will be assess as will the opportunity to reduce energy costs and better performing accommodation for the benefit of children and young people and the staff and local community. To that end, it is anticipated the Children's Service Capital Programme will contribute to the Council's carbon emission reduction targets and to the delivery of the Climate Change Strategy.

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18. Details of these priority budget headings against the funding available are set out in Table 3 below.

Table 3: Available capital funding, proposed budget allocations and amounts for profiling 2022/23 – 2026/2027

| Capital funding | Basic Need | SCA | SEND grant | SEND £10m | Capital Receipts | Borrowing | Other | Total |
|---|------------|---------|------------|-----------|------------------|-----------|-------|---------|
| | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 |
| Capital funding available - (Table 1) | 566 | 6,241 | 1,914 | 10,000 | 900 | 2,724 | 340 | 22,685 |
| Allocated to existing approved schemes (Table 2) | 0 | (200) | (130) | 0 | (900) | (400) | (180) | (1,810) |
| Allocated to new proposed capital schemes - (Table 2) | | (3,213) | (505) | 0 | (900) | (400) | (180) | (5,198) |
| Remaining capital funding to be profiled | 566 | 3,028 | 1,409 | 10,000 | 0 | 2,324 | 160 | 17,487 |

19. **Remaining capital funding to be profiled:** The table shows remaining capital funding yet of £17.5 million yet to be profiled over the lifetime of the capital programme. £13.7 million of this funding is earmarked for the provision of new specialist places and remaining amounts will support the provision of additional school places (basic need). Details of these are set out below.
20. **Basic Need -** Basic need capital funding will be used to support the investment necessary to meet the Council’s statutory duties to secure sufficient provision. At this current time, proposals to increase the supply of primary and secondary school places and associated plans for investment are in development and details of schemes will follow in a future monitor report.
21. **High Needs Specialist Provision Capital:** Members will recall that the 2021 Appreciative Inquiry into Inclusion Practice in BCP Schools published in 2021, the recent Ofsted inspection of SEND provision in BCP and the appointment of a Director of Education, has prompted the commissioning of an updated SEND Strategy which will result in a programme of SEND capital works to create additional specialist places, promote inclusion and contribute to achievement of SEND revenue savings. For this purpose, the Council has invited expressions of interests from local school leaders and has agreed a process to assess and evaluate schemes for progression and consideration by the High Needs Board and Capital Programme Board. A copy of Phase 1 of the process is contained at **Appendix 1** which includes the development of a business case for shortlisted schemes where savings will be modelled. The deadline for submission of expressions coincided with the timing of submission of this report. An oral update will provide details of the total number of expressions received.

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22. **Winchelsea School satellite at Somerford Primary School:** One of the major schemes that will utilise the specialist provision capital includes the scheme to provide a satellite at Somerford Primary School. A decision to create a satellite of Winchelsea School at Somerford Primary School was taken by Cabinet on Wednesday 10 February 2021. Members will recall that the project was previously paused to enable the scope of the project fully to take account of the new strategy/pending a future decision about the overall strategy for SEND and inclusion in BCP. Following the analysis of data about the pattern of SEND needs identifying increased need for places for children with ASD, SLCN and SEMH, work is underway to re-initiate the scheme. The timescales for next steps and key milestones are as follows:

- Obtain outcome of the updated condition survey report - 14 January 2022
- Outcome/review existing feasibility study and updated cost estimate – 28 February 2022
- Approval of budget update will be reported - March 2022

Summary of financial implications

23. The £19.0 million of grant funding received / secured (**Table 1 above**) is expected to increase by in-year school condition grant allocations as identified in the report. These are normally confirmed in February/March of each year.

Summary of legal implications

24. This report sets out the current position of the capital programme.

Summary of human resources implications

25. The commissioning of Children's Services capital projects rests principally with the Director of Education staff within the directorate. This includes client-side project management. Technical project management is provided by or commissioned through the Council's Asset Investment Team. The ongoing staffing of schools and academies is the responsibility of governing bodies and academy boards, with day-to-day professional leadership and management provided by headteachers and school staff. During the delivery phase of a capital programme additional technical staff, such as surveyors, may be required: such costs are generally capitalised.

Summary of sustainability impact

26. Any new project will take account of sustainability at the design stage as set out above.

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Summary of public health implications

27. Children with special educational needs and disabilities often have associated health needs, in some cases lifelong medical needs. The health needs of children will be taken into account as part of the options appraisal and design works for any project. This would include, for example, the provision of hygiene and first aid rooms. The provision of outdoor play space and facilities for physical education will be considered as part of any project, as will the promotion of walking and cycling to school by the provision of appropriate facilities. An approach to SEND which enables more children to attend a school in their local community will reduce journey times and distances, and potentially reduce emissions.

Summary of equality implications

28. All proposed capital projects will be developed in accordance with the Council's Equalities Policy. Children with SEND often have a range of disadvantages, such as economic deprivation. Better SEND provision is a means of mitigating these disadvantages and enabling children to achieve more. Some types of SEND affect either boys or girls disproportionately. Proposals for new SEND accommodation will help to address any such disadvantage.

Summary of risk assessment

29. This report concerns ongoing projects. It also sets out a process for the development of a programme of works associated with the SEND Strategy, however it does not ask for approval of any new projects at this stage. The main risks and mitigations are set out below.
- a. Risk: project costs exceed the approved budget. Mitigation: all projects will be based on a professionally conducted feasibility study that takes account of all relevant site and building data, and current market conditions in respect of materials and labour.
 - b. Risk: the project is not delivered on time. Mitigation: all projects will have a professionally produced project plan setting out the timescale for critical products.
 - c. Risk: the project is not delivered to the quality expected. Mitigation: all projects will have a clear specification in terms of service outcomes (usually defined within Children's Services), and technical specifications (usually defined within the Asset Investment Team)
 - d. Risk: the project does not deliver facilities that are required. Mitigation: all projects will have a business case that clearly sets out the rationale for the project and the results that are expected from it.
 - e. Risk: there is not a clear understanding of the respective responsibilities of the council and academy trusts in the delivery of a project on an academy site. Mitigation: a development agreement, or memorandum of understanding, or "letter of comfort" will be agreed for every scheme to ensure responsibilities are understood and agreed.

SEND Specialist Places – Process for Inviting and Evaluating Expressions of Interest

Phase 1 – Evaluation of Expressions of Interest

1

Send to BCP an Expression of Interest

Expressions should be in the form of a brief outline of your proposal referring to the *Evaluation Criteria* attached. Please send your proposal to tanya.smith@bcpcouncil.gov.uk by **7 January 2022**

2

Evaluate Expressions of Interest

BCP will complete an initial evaluation of all expressions of interest against the criteria. Practical criteria including the ease and extent of adaptations needed to develop specialist places and the location of your school will be important.

3

BCP and School/Trust Initial Meeting

Following the initial evaluation of your expression of interest, BCP will arrange for a visit to your school to engage in a professional dialogue to learn more about the detail of your proposal. Input from colleagues with knowledge of the school estate will help to sense-check the outline proposal.

4

Co-Develop a Business Case for Proposals

Following the initial visit, BCP/local school partners will co-produce the Business Case. This involves clarifying project outcomes/quality aspirations, analysis of need, modelling cost implications, staffing implications and so on. This will enable BCP to understand how the proposal contributes to the strategic need for places and identify risks, mitigations and any unintended consequences.

5

Presentation of Proposals to HNB/CCPB

BCP to evaluate all business cases and present schemes to the High Needs Board and the Children's Capital Programme Board for initial approval to proceed to either: the *Feasibility Stage* (for projects with capital implications) or for projects with no capital implications, approval to move to consider the *Service Specification*.

6

Feasibility or Service Specification

For schemes with approval to move to the *Feasibility Stage*, develop the project brief and undertake site investigations to help understand the capital, design, spatial, site implications.

For schemes with no capital implications, work will begin on the *Service Specification*.

7

Review Feasibility/Service Specification and Obtain Approval for Schemes

Following completion of the *Feasibility Stage* or *Service Specification*, review outcome of outline Feasibility Studies/Service Specification. Recommend schemes for BCP approval