

Report to: Schools Forum

Subject: Schools Modernisation Capital Programme 2014/15

Date of meeting: 30 April 2014

Report from: Julian Wooster, Director of Children's and Adults Services

Report by: Mike Stoneman, Strategic Commissioning Manager

Wards affected: All Wards

Key decision: No

Full Council Decision No

1. Purpose of report

- 1.1 The purpose of this report is to provide the Schools Forum with an update of the Council's Schools Capital Modernisation Programme 2014/15 and to determine the methodology that should be used to secure a contribution from schools that are included in the programme.
- 1.2 The programme was approved by Members at the Education and Children's Services Portfolio meeting on 13 February 2014 but on the basis of securing a contribution from schools for the majority of the approved projects.
- 1.3 A summary of the condition projects is set out in Appendix 1.

2. Recommendation

- 2.1 It is recommended that Schools Forum
 - a) Endorse the Council's £1.3m Schools Modernisation Capital Programme for 2014/15.
 - b) Approve the continued application in 2014-15, of the existing methodology for calculating a maintained school's contribution to capital schemes for condition works.
 - c) Approve a school contribution of £5,000 for urgent works up to the value of £15,000; and for Schemes over £15,001 that the methodology set out in paragraph 3.3 be applied, subject to a minimum contribution of £5,000.

3. Background

- 3.1 The projects that relate to condition have been identified through Asset Management Plan meetings, condition surveys and recommendations by Education officers concerning the needs of specific pupils. The original bid was for £5,894,000 based on Priority 1 works that needed to be undertaken. Due to the budget available (circa £1.136m) these have been re-prioritised based on a risk assessment (likelihood and impact). Those with a score of 23 and above are included in the allocation. The calculations and an explanation of the risk categories are provided in [Appendix 1](#).
- 3.2 Schools will continue to be expected to contribute to the schemes with the exception of the removal of friable asbestos since the local authority carries the statutory burden in these areas. Contributions from the schools are currently based on the size of the scheme with a maximum threshold of 25% of the total costs for Primary Schools. The proposed contributions from the schools are also set out in [Appendix 1](#).
- 3.3 Options for calculating the schools contribution were considered at the Schools Forum meeting on 1 May 2013. It was agreed by Schools Forum that the approach used for 2012/13 (with the exception that the 25% threshold applied to all schools and contributions were not sought for emergency lighting and fire risk associated schemes), and which officers consider to be the most affordable for schools, would continue to be applied for 2013/14 on the following basis:

Minimum DFC contribution proposed from schools (25% maximum threshold for Primary Schools)

- Scheme Value £15,001 - £50,000 – equivalent of 1 year's Devolved Formula Capital allocation
 - Scheme Value £50,001 - £190,000 – equivalent of 2 year's Devolved Formula Capital allocation
 - Scheme Value above £190,000 – equivalent of 3 year's Devolved Formula Capital allocation
- 3.4 For schools where there are multiple schemes, the methodology described above would be applied to each scheme.
- 3.5 Where schools convert to Academy status, the outstanding contributions will be deducted in calculating their final surplus of deficit.
- 3.6 In all cases contributions will be subject to affordability. The existing criteria for this is set out below:
- All maintained schools are expected to financially contribute to capital works, related to school condition projects carried out at their school. The level of the contribution will be in accordance with scales agreed by Schools Forum.

- In the following circumstances, the contributions from the schools in respect of condition projects may be recovered over an extended period (the extension will be by one financial year):
 - the school already has an on-going commitment to contribute to a previous condition project; or
 - the school has had more than one scheme approved in the current financial year which attract a contribution; and
 - the schools financial reserves (capital and revenue) at 31 March of the previous financial year are less than 4% (Primary/Special) and 2% (Secondary) of the schools delegated budget share.

- In the following circumstances, the contributions from the schools in respect of condition projects may be waived:
 - the school already has an on-going commitment to contribute to a previous condition project; and
 - the schools financial reserves (capital and revenue) at 31 March of the previous financial year are less than 1% (Primary/Special), 0.5% (Secondary) of the schools delegated budget share

or,

 - the expected contribution would cause the school to have an in-year and overall deficit balance.

4. Options for calculating the schools contribution

- 4.1 It is proposed that the methodology set out in section 3 continue to be applied for the 2014/15 School Modernisation Programme.
- 4.2 Due to the volume of condition works that have been identified in the Asset Management Plan meetings and the reducing amount of capital funding available it is proposed to look at different methods of increasing the level of school contributions for 2015/16. This would enable the limited amount of funding to be used on a greater number of projects.
- 4.3 It is proposed to look at increasing the contributions for schools with a reasonable level of balances. Initial ideas of how this could be done are:
- review the existing contribution mechanism (*including, the value at which the contributions are triggered and the number of years of DFC equivalent contributions expected*)
 - a contribution based on a percentage of budget share allocation (after de-delegation and excluding NNDR and PFI factors)
 - look at removing the Primary School cap of 25%
 - a combination of the above.
- 4.4 An affordability mechanism would continue to be applied.

- 4.5 A paper setting out the options in more detail will be brought to a future meeting of the Schools Forum

5. Condition projects

- 5.1 The proposed allocation of Council funding is set out below (this is not the total cost of the scheme as it excludes the school contribution)

- 5.2 The proposed allocation of corporate funding is set out below:

Highbury Primary School – existing oil fired boiler is unreliable and has a limited life. Urgent need to replace the boiler with a more energy efficient gas boiler and to replace all the existing cast iron pipes and heaters. Feasibility study and detailed designs were completed during 2013/14.	£359,798
St Jude's CofE Primary School – existing oil fired boiler is unreliable and has a limited life. Urgent need to replace the boiler with a more energy efficient gas boiler and to replace all the existing cast iron pipes and heaters. The risk of failure has increased as a result of recent refurbishments which is placing increasing demands on their use. Feasibility study and detailed designs were completed during 2013/14.	£143,120
The City of Portsmouth Boys' School – urgent need to replace the saturated flat roof of the science block including insulation installation.	£85,766
St George's Beneficial CofE Primary School – urgent need to replace decayed flat roof to the three storey block.	£53,300
Meredith Infant School – replacement of first floor windows in Annex. The 1 st floor of the Annex is currently being managed by Isambard Brunel Junior School but will be transferred to Meredith Infant School once the capital works are completed.	£70,000
Charles Dickens Primary School – replacement of saturated flat roof including insulation installation.	£163,274
Mayfield School – replacement of flat roof to main hall.	£28,264
Moorings Way Infant School – replacement of saturated flat roof including insulation installation.	£65,614
Wimborne Infant School – urgent need to replace slate roof (re-laying of slate and insulation).	£38,750
Various schools – removal of friable asbestos (9 schools)	£100,000
Contingency	£28,114

6. Contingency and risk management

- 6.1 Within the budget for each project, there is a level of contingency of between 6 - 10% of the project value. Additionally, a contingency of £28,114 has been provided to cover unforeseen rises in costs. Should an emergency project be identified during the year that is not within the school modernisation capital programme, as shown in Appendix 1, then the following will be considered:
- to establish if any further savings within the existing programme of works can be made to fund any additional work identified
 - a review of the identified projects to establish if there are any project savings that can be made or if any project can be re-phased without causing a health and safety concern
 - finally, any urgent works that cannot be funded by the other actions would have to replace the lowest priority projects providing works have not commenced. The projects have been ranked in priority order of risk (see Appendix 1) should this need arise.
- 6.2 If the urgent works cannot be funded from within the existing portfolio resources, then an additional capital bid may be submitted to the Council during the financial year. Any in year bids for additional capital funding, must follow the procedures set out within the Council's constitution, which includes approval by Full Council.
- 6.3 In the case of urgent works in 2013/14 schools were required to make a minimum contribution of £5,000. In 2014/15 it is recommended that for any urgent works as described above, the school would continue to fund the first £5,000 for schemes up to a value of £15,000. For schemes of £15,001 and over the same methodology as described in paragraph 3.3 would apply looking at the equivalent of DFC contributions whilst still ensuring there is a minimum contribution of £5,000.

7 Equality Impact Assessment (EIA)

- 7.1 A preliminary EIA has been completed. A full EIA is not required. The implementation of the school modernisation programme will not have a negative impact on any of the equality groups. The programme will improve access to schools for all equality groups, particularly with regard to those pupils who have learning difficulties and / or a disability.

8. Legal implications

- 8.1 The works proposed are within the Council's powers to approve the recommendations as set out above on the basis of the following:
- the Council is required to provide school premises in respect of foundation or voluntary controlled schools under the School Standards and Framework Act 1998, Schedule 3
 - the Council has an obligation to ensure that school premises are maintained to prescribed standards in accordance with section 542 of the Education Act 1996 and regulations made under that section
 - the aforementioned provisions are further supported by the Council's general power of competence contained in section 1 of the Localism Act 2011.
- 8.2 The procurement process for the contracts for the works will need to be undertaken in accordance with the City Council's Contract Procedure Rules, at Part 3A of the constitution.
- 8.3 Under Part 2, Section 3, of the City Council's constitution the Portfolio Holder for Children & Education has the authority to approve the recommendations set out in this report.

9. Head of Finance comments

- 9.1 Corporate funding of £1,136,000 was approved by Council on 12 November 2013 and the subsequent allocation of this funding to support specific priority schemes within schools was approved by the Cabinet Member for Children and Education on the 13th February 2014.
- 9.2 The report sets out the proposals for continued school contributions towards the cost of the condition projects from their delegated budgets. Contributions will not be sought for schemes relating to the removal of friable asbestos since the local authority carries the statutory burden in these areas. Additionally, contributions will continue to be subject to the affordability criteria set out in paragraph 3.6.
- 9.3 Any on-going revenue implications will be met by individual schools through their individual budgets which are funded from the Dedicated Schools Grant (DSG).

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Signed by:

Background list of documents: Section 100D of the Local Government Act 1972

The following documents disclose facts or matters, which have been relied upon to a material extent by the author in preparing this report:

Title of document	Location
Asset Management Plan files	Housing Property Services
Condition Survey Reports	Housing Property Services – Concerto database
School Organisation Plan	Education

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Signed by:
Julian Wooster
Director of Children's and Adults' Services