

Appendices B and C and D of this report contain information of the type defined in paragraph 3 of Part 1 of Schedule 12A Local Government Act 1972 (as amended).

NORTH YORKSHIRE COUNTY COUNCIL

EXECUTIVE

22 May 2018

SCHOOLS CONDITION CAPITAL PROGRAMME – 2018/19

Report of the Corporate Director – Children and Young People's Service

1.0 PURPOSE OF THE REPORT

To seek Executive approval for the Schools Condition Capital Programme, including the Voluntary Aided Capital Maintenance Programme, for 2018/19

2.0 EXECUTIVE SUMMARY

- 2.1 In announcements made in March 2018 the DfE allocated Schools Condition funding totalling £11,588,948 to North Yorkshire County Council for 2018/19. The DfE also allocated capital funding for 2018/19 of £1,396,134 in 100% grant terms (£1,256,521 in 90% terms) to the Voluntary Aided programme which the local authority coordinates on behalf of Dioceses and non-Denominational Aided schools. The Devolved Formula Capital methodology is unchanged. Lump sum and per pupil rates are fixed for 2015/16 to 2018/19.
- 2.2 In addition new capital funding has also been awarded to North Yorkshire County Council for 2018/19 through the Healthy Pupils Capital Funding (HPCF). This funding is intended to improve children's and young people's physical and mental health by increasing availability to facilities for physical activity, healthy eating, mental health and wellbeing and medical conditions. Funding is provided from the Soft Drinks Industry Levy for 2018/19 only. The available funding through this initiative for 2018/19 is £608,112 with an additional £119,183 in 100% grant terms (£107,265 in 90% terms) for Voluntary Aided schools.
- 2.3 This is a further one year allocation. A one-year programme for 2017/18 was approved by the Executive in May 2017 and is currently being delivered. It is monitored through the quarterly capital report.
- 2.4 Funding is provided separately for the provision of additional school places (through the Basic Need Grant). A £58m programme was approved by the Executive on 30 September 2014. A further £1m of grant was allocated for 2017/18 in an announcement in February 2015. There was no further Basic Need funding for North Yorkshire for 2018/19. The three year Basic Need programme running from April 2014 to March 2017 was reviewed and proposals for investment in additional places up to 2018/19 were agreed by members in May 2016. A further £4.435m of Basic Need grant was announced in April 2017 for 2019/20. Priorities for places beyond September 2019 will be brought forward when the programme is reviewed during 2018 following the expected funding announcement for this year.

- 2.5 The amount of funding allocated to the LA to meet the condition needs of maintained school buildings will continue to reduce as schools convert to academy status.
- 2.6 This report proposes a one year programme of investments to address the condition and suitability needs of school buildings in 2018/19.

3.0 GOVERNMENT ANNOUNCEMENTS

- 3.1 Schools Condition Grant for 2018/19 was announced on 15 March 2018.
- 3.2 The Schools Condition Grant is part of the Single Capital Pot and may be used for all local priorities, although they are intended specifically for investment in schools (and notionally for children’s centres). Schools Condition funding does not have to be used strictly for maintenance; it is the only capital funding stream available to support other capital improvement works e.g. compliance, suitability, invest to save projects or investment required to address strategic service priorities.
- 3.3 Academies receive their funding for condition related investment and devolved capital direct from the Education and Skills Funding Agency (ESFA) so are not included in these figures. The amount deducted from Schools Condition Grant for 2018/19 is based on open academies at the beginning of November 2017 and those expected to open on or before 31 March 2018. This means that no projects have been included in the proposed 2018/19 programme for any schools which were expected to convert by 31 March 2018 (including those where conversion has been delayed). It is proposed that where projects have been included in the programme but schools later become an academy, a judgement will be made about whether the scheme should proceed or not. This will take account of the nature and value of the project, the stage of design development reached and the extent to which the project will extend beyond the date of conversion. This reflects the policy that schools convert to academy status in their existing condition.
- 3.4 Academies can bid for capital funding to the Academies Condition Improvement Fund (CIF). The window for CIF applications for 2018/19 closed in December 2017 and the next bidding round will be later in 2018 for 2019/20. School buildings will continue to be maintained safely for as long as they remain maintained by the local authority. If essential work is needed in Summer 2018 then this will continue to completion. This approach is consistent with DfE arrangements for Voluntary Aided schools which convert.
- 3.5 The allocation is once again 100% grant funded (no borrowing approvals or PFI). There is no time-limit on expenditure so can be carried forward if unspent at the end of the financial year without risk of claw back. The following tables compare the allocations over the past three years:

Capital Funding Allocation – LA Schools (Community, Voluntary Controlled and Foundation)

	2016/17	2017/18	2018/19
LA School Condition Allocation	£12,491,584	£11,940,118	£11,588,948
Devolved Formula	£1,980,062	£1,861,100	Allocation

Capital (LA Schools)			pending
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Capital Funding Allocation – VA Schools

	2016/17	2017/18	2018/19
VA Schools Condition Allocation	£1,283,861	£1,289,346	£1,256,521
Devolved Formula Capital (VA Schools)	£326,282	£290,000	Allocation pending

- 3.6 Funding for VA programmes is made on the basis of 90% with the remaining 10% the responsibility of governors.
- 3.7 There is no indication at this stage of capital funding for condition beyond 2018/19. It is difficult to estimate the scale and speed of academy conversions and therefore the potential level of reduction year on year.

Other Funding Streams for Condition Related Investment

- 3.8 The Department for Education is providing £215m of Special Provision Capital Fund allocation for the financial years 2018/19 to 2020/21. These allocations announced on 4 March 2017 are to support Local Authorities to make capital investments in provision for pupils with special educational needs and disabilities. Local Authorities can invest in new places and improvements to facilities for pupils with education, health and care (EHC) plans in mainstream and special schools, nurseries, colleges and other provision. The allocation for North Yorkshire is:

2018/19	2019/20	2020/21	Total
£166,667	£166,667	£166,667	£500,000

- 3.9 Consideration is currently being given to priorities for investment in special schools from this new funding stream and proposed schemes for 2018/19 have already been agreed by Executive.

4.0 IMPACT OF EDUCATION REFORM

- 4.1 On 17 March 2016 a White Paper entitled 'Educational Excellence Everywhere' was published indicating the intention that all schools should become academies by 2020 or have a plan that would see them convert no later than 2022.
- 4.2 The White Paper signalled the creation of a new duty on local authorities to facilitate conversion, with existing duties on asset management to continue until such point as all schools have converted.
- 4.3 Subsequent announcements by the Secretary of State rowed back from the element of compulsion for all schools but schools continue to convert. Increasingly this is in the form of Multi Academy Trusts where a number may convert simultaneously. As schools convert the local authority's Schools Condition allocation will continue to reduce. This will continue to have an

impact on flexibility within the programme to address strategic investment needs.

5.0 CAPITAL PLAN 2017/18

5.1 The programme historically includes a small amount of general contingency which helps to address high tenders and to respond to emerging condition issues. The general contingency in the 2017/18 programme has been used to address in year top ups and overspends for the 2017/18 programme and programmes in previous years. This has meant there is no general contingency to roll forward into 2018/19. Carry forwards from individual programme budgets are shown in Appendix A.

6.0 THE CAPITAL ALLOCATION 2018/19

6.1 It is proposed to set a further one year programme for LA capital in line with the funding announcement.

7.0 PRIORITIES FOR INVESTMENT

7.1 The Local Priority Statement which spells out the County Council's priorities for investment in schools was reviewed and approved by full council in February 2015 following consultation. A further review may be necessary in future to take account of the changing role of the local authority in education.

7.2 The key priorities contained within the revised statement are reflected in the proposed 2018/19 capital programme. They are:

- Providing new school places in areas of growth
- Supporting school improvement through collaboration between schools and the restructuring of educational provision
- Meeting key local service priorities or statutory service obligations
- Enabling savings or efficiencies to be made in the use of property
- Ensuring compliance with statutory and regulatory requirements
- Maintaining the condition of the school estate to ensure buildings continue to be safe, warm, weather-tight and fit for their purpose.

8.0 PROPOSED SCHOOLS CONDITION CAPITAL PROGRAMME 2018/19

8.1 Appendix A provides a proposed Capital Programme for 2018/19. The following sections of the report provide the rationale for each element of the programme. Appendix B (not for publication) indicates the proposed local priorities for investment in 2018/19. For reasons of commercial sensitivity individual project budgets are not published.

General Compliance issues

8.2 Provision has been made in previous programmes to address priorities arising out of gas ventilation, technical fire risk, window glazing assessments and legionella. Legionella assessments are ongoing with any significant issues being incorporated into the planned maintenance contingency rather than needing to form a separate programme.

- 8.3 A initial corporate strategy on Radon protection has been developed and is being implemented with monitoring underway in a number of schools in high risk areas at present. Mitigation works have been completed at a number of schools to reduce levels and further monitoring will be undertaken. Further development of the strategy will be undertaken in 18/19.
- 8.4 The County Council continues to help schools with issues emerging from Ofsted inspections around the health, safety and welfare of pupils, including boundary and internal security issues which may have a bearing on judgements around the safeguarding of children. With reduced DFC schools often have insufficient funding to address these issues themselves and look to the local authority for support. The costs of such adaptations can be significant. A number of such schemes were undertaken in programmes over the last three years. It is proposed that any further urgent schemes should be funded from compliance sums in-year if concerns arise.
- 8.5 It is proposed that the £166,500 of unallocated compliance funding from 2017/18 plus an additional allocation of £33.5k should form the £200k budget for compliance in 2018/19.

Capital Planned Maintenance

- 8.6 The total maintenance backlog in schools across the County continues to be significant despite the ongoing programme of planned capital work. This reflects a national picture where a recent NAO report indicated a national backlog of £6.7bn. The DfE's evaluation in 2014 of relative condition need in schools showed that the County Council's school estate was in the highest category of need nationally. It is therefore important that investment continues to be made in maintaining and preventing further deterioration in the fabric of school buildings.
- 8.7 The continued low value of Devolved Formula Capital (DFC) impacts on the level of funding available from schools to contribute towards the Capital Planned Maintenance Programme which addresses structural issues such as roof and window replacements, mechanical and electrical upgrades etc. Since 2011/12 with the agreement of the Schools Forum/Education Partnership a flexible approach has been adopted whereby contributions by schools to these projects have been individually negotiated. In 2016/17 this approach was discontinued because of the resource required to negotiate individual contributions with large numbers of schools. Projects will now only be included in the programme on the understanding that schools will contribute all of their available DFC. In some cases this means that schools will be asked to fully fund maintenance projects that have been identified through condition surveys as a high priority rather than other projects they might have hoped to progress. On this basis an assumption has been made that £200k will be contributed by schools to the Capital Planned Maintenance budget in 2018/19.
- 8.8 Some schools still have large DFC balances, others are re-paying licensed deficits or loans. Account has been taken of this in putting together a Capital Planned Maintenance programme to ensure that funding is maximised towards essential condition items.

- 8.9 A Capital Planned Maintenance budget of £4.5m (including fees and contingency) is proposed for schools and children's centers in 2018/19.
- 8.10 The one-year programme has been developed taking account of the highest priority condition items, as identified through the annual condition survey and discussions with schools, with the remainder as a contingency for urgent unplanned work which emerges mid-year. Once again this year it will contain a smaller number of larger value projects than in previous years as there are some schools which still have growing maintenance backlogs requiring significant investment.
- 8.11 Emergency replacement of boilers will be funded from within this contingency. Work to increase electrical capacity which emerges as a significant additional cost will need to be accommodated within project costs or prioritised from contingencies if necessary.
- 8.12 Appendix C (not for Publication) provides a list of the proposed schemes for inclusion in the 2018/19 programme. Advance planning has been undertaken once again this year to ensure that this programme can be commissioned and delivered in a timely fashion.

Condition and Asbestos Surveys

- 8.13 In previous years the County Council paid an annual fee to Jacobs and later Mouchel for undertaking condition and asbestos surveys, in line with the contract. These surveys help to inform investment priorities and are not replaced by the national Property Data Survey/Condition Data Collection which looks at higher level condition in order to inform central government capital allocations. The costs of this work were uplifted annually in line with inflation.
- 8.14 This work was brought back in-house in 2016. It has been provisionally agreed that CYPS will be recharged in 2018/19 on the same basis pending agreement of a permanent fee structure so it is proposed to make financial provision equivalent to the previous costs to fund this work in 2018/19 i.e. £380,000.

Asbestos Management

- 8.15 A large number of the County Council's school buildings contain asbestos which is managed in situ. New guidance has been issued for the management of asbestos in schools this year. As a result it is proposed to undertake some risk based assessment of asbestos to ensure school asbestos management plans are available. It is intended that the unspent allocation of £187,500 from 2017/18 is carried forward to allow these investigations to continue.

Lath and Plaster Ceilings

- 8.16 Lath and Plaster ceilings are inspected and reviewed by Maintenance Surveyors as part of the annual condition data inspection, with condition being recorded on the survey. Further inspection and investigations are undertaken if condition causes concern. We continue to address failing ceilings from contingencies in the planned maintenance programme. This

strategy has been agreed between the property Risk Manager and the Investments and Delivery Property Maintenance Officers.

Planning Advice

- 8.17 It has been agreed corporately that departments which seek pre application planning advice from NYCC planning or other associated services will contribute a fixed amount towards these services so that they may remain viable. This was previously funded by the services themselves with no recharge to Directorates. It is anticipated that CYPS will be asked to contribute £190,000 in 2018/19 towards this service. This is additional to the fee paid for planning applications which is met from project budgets.

Accessibility Related Works

- 8.18 Schools Access Initiative funding was withdrawn in 2011/12. It is necessary to continue to make provision for some accessibility work in the programme to address the needs of individual children and for any significant access related work that emerges from other developments. In addition to a carry forward of £133,900 it is proposed to set aside an additional block sum of £100k from the 2018/19 allocation for such projects.

Proposed Capital Investment – Strategic Priorities:

- 8.19 A number of strategic priorities are proposed as described in the following sections. The total value of these strategic priority investments is circa £4.5m. Further detail is included in Appendix B. It will not be possible to include all of the projects which schools have asked the local authority to support. Remaining bids will be reconsidered in future years.

School Modernisation

- 8.20 It is proposed to undertake a further programme of strategic priorities to bring teaching accommodation at a number of schools up to modern standards. The 18/19 programme will prioritise 14 projects. These projects match the key priorities described at 7.2 of this report. Most of the schemes identified for inclusion have had advance feasibility work undertaken in 17/18 to provide more cost certainty moving forward.

Replacement of Prefabricated Classroom Units

- 8.21 A review of the condition of Prefabricated /Portable Classroom Units has been undertaken again this year to determine whether there are any which are beyond economic repair or at risk of becoming unsafe. Where the school has no further use for them in the long term they are removed or demolished to reduce the school's maintenance liabilities. The local authority will continue to support this wherever possible.
- 8.22 Where new or replacement teaching accommodation is required this will be with permanent buildings wherever viable although in some cases it will be necessary to consider portable or modular solutions for cost or technical reasons. Portable solutions will also be provided where accommodation is genuinely temporary. These would be to a specification which is energy efficient, meets all current building regulations and provides a pleasant environment for teaching and learning. Schools are giving good feedback

about the quality of recent portable and modular teaching spaces. It is proposed to replace a small number of temporary classrooms in this year's modernisation programme.

- 8.23 Previous school modernisation programmes have included the replacement of HORSAs buildings. The condition of such buildings is monitored and buildings maintained but none are scheduled for replacement this year.

Development of Future Programme – Advanced Feasibility

- 8.24 It is proposed to make a provision of £100,000 in 2018/19 for advance feasibility work required as part of the early development of projects for the Capital Programme in 2019/20. It is hoped this will comprise of approximately 10 feasibility studies depending on their individual complexity. The purpose of this is to provide greater cost certainty moving forward. The advanced feasibilities will include some of the bids received from schools. If appropriate, following completion of feasibility work, capital allocations for a project(s) may be made against the general contingency or other uncommitted elements of the 18/19 Capital Programme. Should this be required any additional commitments would be reported through the quarterly capital monitoring report.

Strategic Support for Capital Delivery

- 8.25 The Capital Programme and individual projects within it are commissioned and sponsored by CYPS Strategic Planning staff but following restructuring of the property function they are now delivered by staff working within the corporate Property Service. It is proposed to continue funding one Band 15 post, now within the Infrastructure and Delivery Team. This post provides support for the delivery of the CYPS Planned Maintenance Programme and other parts of the CYPS Capital Programme. Monitoring arrangements will be in place by the Property Service to record the work undertaken in respect of individual schemes.

Healthy Pupil Funding

- 8.26 Priorities for the £608,112 Healthy Pupils Capital Funding (HPCF) are still being determined. It is proposed to allocate a small sum to develop a feasibility study at The Wensleydale School in this financial year which will help to inform a future programme. Allocations may be made during 18/19. Should this be required any additional commitments would be reported through the quarterly capital monitoring report.

General Contingency

- 8.27 It is necessary to retain an element of client contingency within the programme to ensure that funding is available where unforeseen additional costs arise as schemes develop through feasibility and into detailed design and procurement. There is an element of contingency included within the proposed Capital Planned Maintenance Programme to meet unforeseen emergency work which emerges during the year relating to asbestos or other urgent and unplanned infrastructure requirements. The general contingency, will address any additional costs associated with 2017/18 schemes yet to be completed as well as those in the proposed 18/19 programme. The value of the proposed contingency is £2,049,848.

9 DELIVERY OF PROGRAMME

- 9.1 CYPS will commission the programme via the Corporate Property Service's Investment and Delivery Team in line with established corporate arrangements. The Property Service will be responsible for directly delivering and/or procuring, via the recently formed North Yorkshire consultancy, the required technical and professional advice and for procuring schemes from the County Council's framework contractors.

10 PROPOSED VOLUNTARY AIDED SCHOOLS CAPITAL PROGRAMME

- 10.1 The VA Capital Maintenance Programme was formerly known as the Local Authority Co-ordinated VA Programme (LCVAP). An announcement from the DfE for the 2018/19 was made on 15 March 2018 which allocated capital funding to enable VA schools to undertake condition related works, suitability and accessibility schemes, purchase ICT hardware and to cover any works that may be required due to changes in legislation.
- 10.2 It is for the Local Authority, in consultation with Diocesan Directors and non-denominational schools, to determine the programme and allocate funding to specific projects. It covers expenditure which is Governors' liability. It must cover commitments from previous years' programmes as well as new schemes. There is no upper limit for projects funded through this programme.
- 10.3 Capital funding for the provision of additional places is provided to the LA for all types of schools in the form of Basic Need grant so no such projects are included in the proposed VA programme.
- 10.4 Given the funding announcement a proposed programme has been defined. The available funding for 2018/19 is £1,396,134 in 100% grant terms (£1,256,521 in 90% terms). Unlike the capital allocation for community and voluntary controlled school the VA funding must be spent in the year in which it is allocated.
- 10.5 Additional capital funding has also been awarded for 2018/19 through the Healthy Pupils Capital Funding (HPCF). This funding is intended to improve children's and young people's physical and mental health by increasing availability to facilities for physical activity, healthy eating, mental health and wellbeing and medical conditions. Funding is provided from the Soft Drinks Industry Levy for 2018/19 only. The available funding through this initiative for 2018/19 is £119,183 in 100% grant terms (£107,265 in 90% terms). The proposed programme includes projects which will be funded through the HPCF allocation.
- 10.6 The maintenance programme used to be supported quite significantly by schools Devolved Formula Capital (DFC) contributions. However, the DFC allocations to all schools continue to remain at the lower levels that were introduced in 2011/12. Therefore, only schools who have built up DFC reserves for a project will be able to contribute substantially.
- 10.7 There are no financial and legal implications as the allocations are only made "on paper" to the Authority and does not feature in the Capital Plan. Also,

contracts for professional services and construction are let by the Governors/Diocese. No funding comes through the LA accounts.

- 10.8 Bids have been invited from Diocesan Directors and direct from non-denominational VA schools. Dioceses have prioritised and agreed their bids prior to them being submitted to the LA. The bids received are in excess of £1.68m. Details of the bids from each Diocese and from the single non-denominational schools are detailed below at Appendix D (not for publication) Further information was sought and included for the schemes that are likely to be included in the programme.
- 10.9 The recommended 2018/19 programme is also set out in Appendix D (not for publication). The proposed programme has been discussed with Diocesan Directors. It contains a significant number of condition schemes and takes account of Diocesan priority, as far as possible, having regard to the funding that is available. The retention of 2.5% on schemes cannot be claimed from the DfE until final account stage.
- 10.10 The programme will fully commit the allocation.
- 10.11 If funding is not spent by the DfE deadline it is lost - it cannot roll forward. Therefore, officers will work carefully with Diocesan Directors during the year to ensure that the available funding is maximised and that nothing is lost – maximum spend is usually achieved each year.
- 10.12 The DfE have previously confirmed the position about schools converting to an Academy. If they have an approved project that has not yet started on site, or been approved by the DfE, then the allocation will no longer be available for that school. Should that occur, then officers will discuss with Dioceses how to reallocate the returned funding.

11. **RECOMMENDATIONS**

It is recommended that Executive:

- 11.1 Approve the proposed Schools Capital Programme for 2018/19 as summarised in Appendix A
- 11.2 Approved the list of strategic priority schemes as set out in Appendix B
- 11.3 Approve the Planned Capital Maintenance Programme as set out in Appendix C
- 11.4 Approved the Voluntary Aided Capital Programme as set out in Appendix D
- 11.5 Agree the approach for dealing with any schools which convert following the approval of the programme as laid out in paragraph 3.3.

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8 May 2018
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Appendix A

Proposed School Condition Capital Programme 2018/19

	Amount (£)
Potential Capital Funding Available:	
General compliance/H&S 17/18 carry forward	166,500
Accessibility Schemes 17/18 carry forward	133,900
Asbestos 17/18 carry forward	187,500
Estimated contribution from School's DFC	200,000
Healthy Pupils Capital Funding	608,112
School Condition Allocation 18/19	11,588,948
Total Potential Capital Funding Available	12,884,960
Capital Maintenance and Compliance/Regulatory Requirements:	
General Compliance and Health & Safety (c/f from 17/18 + £33.5k)	200,000
Capital Planned Maintenance Programme	4,500,000
Condition Survey & Asbestos Surveys – internal fee	380,000
Asbestos Inspections (c/f from 17/18)	187,500
Pre-application Planning Advice – internal fee	190,000
Accessibility Schemes (c/f from 17/18 + £100k)	233,900
Total Capital Maintenance and Compliance/Regulatory Requirements	5,691,400
Proposed Capital Investment – Strategic Priorities:	
Prefabricated Classroom Replacement Programme	1,295,000
Advanced Feasibility	100,000
Modernisation/Suitability Schemes	3,125,000
Healthy Pupils Capital Fund Schemes	10,000
Total Proposed Capital Investment - Strategic Priorities	4,530,000
Strategic Support for Capital Projects (Band 15 post) – Investment and Delivery Team	50,600
Total Proposed Investment	10,272,000
General Contingency	2,014,848
Unallocated Healthy Pupils Capital Fund	598,112