

BIRMINGHAM CITY COUNCIL

PUBLIC REPORT

Report to:	CABINET
Report of:	STRATEGIC DIRECTOR, PEOPLE
Date of Decision:	28th June 2016
SUBJECT:	SCHOOLS' CAPITAL PROGRAMME 2016-17
Key Decision: Yes	Relevant Forward Plan Ref: 001126/2016
If not in the Forward Plan:(please "X" box)	Chief Executive approved <input type="checkbox"/> O&S Chairman approved <input type="checkbox"/>
Relevant Cabinet Member(s):	Cllr John Clancy – Leader Cllr Brigid Jones - Cabinet Member, Children, Families & Schools Cllr Majid Mahmood - Cabinet Member, Value for Money and Efficiency
Relevant O&S Chairman:	Cllr Susan Barnett - Schools, Children and Families Cllr Mohammed Aikhlaq - Corporate Resources & Governance
Wards affected:	City Wide

- 1. Purpose of report:**
 - 1.1 To inform Cabinet of the latest Education Sufficiency Requirements.
 - 1.2 To update on progress of the delivery of Stages 1 to 3 of the Schools Capital Programme.
 - 1.3 To update on the implications of capital funding allocations for the delivery of Stage 4 of the Schools Capital Programme 2016-17 through which the Council will continue to meet its statutory duty to provide sufficient school places in safe and compliant school buildings.
 - 1.4 To seek approval to the Project Definition Document for the Stage 4 Basic Need and Capital Maintenance Programmes and the release of development funding.
 - 1.5 To seek approval to allocating £1.5m of Capital Receipts to supplement the Capital Maintenance resources (£1m) and support urgent IT investment in education systems (£0.5m). Initial clearance has been granted by the Capital Receipts Board on 29th February 2016.
- 2. Decision(s) recommended:**

That Cabinet:

 - 2.1 Notes the current requirements for school places to meet demographic growth across the City from 2016 as set out in Appendix 1, Education Sufficiency Requirements 2015-2020/21.
 - 2.2 Notes the progress on the delivery of Stages 1 to 3 of the Schools Capital Programme, as outlined in Appendix 2.
 - 2.3 Notes the anticipated requirements for Stage 4 of the Schools Capital Programme as outlined in Appendix 2.
 - 2.4 Approves the Project Definition Documents for the Stage 4 Basic Need (Appendix 3) and Capital Maintenance Programmes (Appendix 4) and the allocation of £37.15m confirmed capital funding for delivery of Stage 4 of the Schools Basic Need Programme and £13.22m confirmed capital funding for delivery of Stage 4 of the Capital Maintenance Programme, as detailed in Appendix 2.
 - 2.5 Approves the allocation of £3m of Basic Need Grant for Acivico and Edsi to develop Feasibility Studies, etc. in order to progress the Stage 4 Basic Need Programme to FBC stage.
 - 2.6 Approves the allocation of £1.5m of capital receipts to supplement funding for the Capital Maintenance Programme (£1m) and support urgent IT investment in education systems (£0.5m).
 - 2.7 Authorises the City Solicitor to negotiate, execute, seal and complete all necessary

documents to give effect to the above recommendations.

Lead Contact Officer(s): Jas Didi ally – Head of Education Infrastructure

Telephone No: 0121 303 8847

E-mail address: Jaswinder.Didially@birmingham.gov.uk

3. Consultation

3.1 Internal

The Council is required to meet its statutory duty to provide sufficient Early Years and school places in safe and compliant school buildings. The proposals contained within this report, together with the annual Education Sufficiency Requirements, have been shared with Ward Councillors and Executive Members and they support the proposals.

Officers in Legal Services and City Finance have been involved in the preparation of this report.

3.2 External

The requirements for sufficient Early Years and school places have been shared with Head Teacher representatives from Primary, Secondary and Special School Forums, representatives from the Early Years sector, Professional Associations and Trade Unions. A series of workshops sharing the Education Sufficiency Requirements were run during February 2015 to which all Schools, Accountable Bodies and Elected Members were invited. The outcomes of these workshops were the receipt of expressions of interest from interested schools to have either temporary or permanent expansions. Ongoing consultation has taken place with key external stakeholders in all projects within the Schools Capital Programme.

4. Compliance Issues

4.1 Are the recommended decisions consistent with the Council's Policies, Plans and Strategies?

The Schools Capital Programme 2016-17 is necessary for the Local Authority to meet its statutory duty to provide sufficient pupil places in safe and compliant Early Years settings and school buildings. City-wide Basic Need and Capital Maintenance programmes will support the Council Business Plan and Budget 2016+, particularly a Prosperous and a Fair City, by ensuring the provision of school places and safe, suitable school buildings, enabling children to benefit from education.

Projects have been developed and delivered to maximise alignment with local priorities, in particular to impact on developing skills, employment opportunities, public health and community cohesion.

Birmingham Business Charter for Social Responsibility (BBC4SR)

Compliance with the BBC4SR is a mandatory requirement that will form part of the conditions of this contract for all contractors selected to deliver City-wide Basic Need and Capital Maintenance projects (including school led programmes) will be required to sign up to the principles of the Birmingham Business Charter for Social Responsibility (BBC4SR) which will form part of the conditions of the contract. Prior to contract award an action plan proportionate to the contract sum will be evaluated and agreed with them on how the Charter principles will be implemented and monitored during the contract period.

4.2 Financial Implications

- 4.2.1 The total capital funding for these schemes is contained within the approved Schools Capital Budget 2016/17. The programme will be funded in line with the existing resources set out in the Council's Business Plan and Budget 2016+. The programme is primarily funded from the Department for Education's Basic Need and Capital Maintenance grants. The £1.5m of Capital Receipts to supplement the Capital Maintenance resources (£1m) and support urgent IT investment in education systems (£0.5m) are from the sale of Council owned children's Homes.
- 4.2.2 In the event that capital resource availability for these purposes is changed, then the programme will be amended to reflect such changes through the existing quarterly review process with detailed approval to be sought through the appropriate governance procedures.
- 4.2.3 Progress on delivery of Stages 1 to 3 of the whole programme is reported in Appendix 2. In summary the programme reduced by £2.1m as the Hall Green project was removed as this requirement has been met by a Free School.
- 4.2.4 A financial model for Stage 4 Basic Need requirements is also set out in Appendix 2. The Stage 4 Basic Need investment will be £37.15m. The options and recommended approach are set out in the Project Definition Document (Appendix 3). Individual schools are not identified in the Project Definition Document for the stage 4 programme as they are in various stages of identification and development, with further changes likely as the landscape moves with free schools and changing patterns of migration. Individual schools will be identified at FBC stage.
- 4.2.5 Stage 4 also sets out a 2016/17 Capital Maintenance programme for schools of £7.22m plus £0.5m to implement urgent IT investment to ensure education systems are up to date and fit for purpose, as part of the Education Improvement Plan, with the options and approach for this set out in the Project Definition Document (Appendix 4). Key themes underpinning both the Basic Need and Capital Maintenance programmes are to ensure sufficient school places are provided and to reduce the risk of school closure resulting from asset failure.
- 4.2.6 In the 2015/16 accounts the capital expenditure incurred by schools from their delegated budgets was identified and in line with proper accounting practice this expenditure transferred to the City's capital ledger. £6m of this has been funded from the Capital Maintenance grant, in line with the Council Business Plan 2015+, and the balance funded from the schools delegated budget. A further £6m will be treated in the same way for 2016/17 again in line with the Council Business Plan and Budget 2016+ and explains why the total funding supporting Capital Maintenance in Stage 4 is £13.22m i.e. £7.22m in respect of the schools programme and £6m in line with Council Business plan requirements.
- 4.2.7 Schools that demonstrate experience and capacity in delivering their own capital schemes and agree to part fund the works will be able to submit a dual funding application.
- 4.2.8 Consequential revenue costs of additional staffing and any ongoing day to day repair and maintenance of the asset will be met by schools via the formulaic Dedicated Schools Grant.

4.3 Legal Implications

This report exercises legal powers which are contained within Section 14 of the Education Act 1996, section 22 of the School Standards and Framework Act 1998, by which the LA has a responsibility to provide places and maintain schools, this includes expenses relating to premises.

4.4 Public Sector Equality Duty

A Full Equality Analysis (EA0001202) was carried out in May 2016 for Education and Skills Infrastructure's Education Development Plan and Schools' Capital Programme 2016–2017. The outcomes from consultation demonstrate that proposed capital developments support positive outcomes for children, young people, their families and carers. No negative impact on people with Protected Characteristics was identified. It was concluded that sufficiency of educational places and opportunities for all children and young people contributes to providing positive life chances, and supports a positive approach to Safeguarding in Birmingham: actively reducing the number of children and young people out of school helps to mitigate risk to their safety and wellbeing.

5. Relevant background/chronology of key events:

5.1 Background

The Education Development Plan (EDP) sits under the umbrella of the Birmingham Development Plan in order to integrate the development of the education infrastructure with the wider development and regeneration plans for the city. The EDP sets out the City's approach to developing the education and skills infrastructure to support the learning journey of each child. The EDP addresses how we will secure sufficient, sustainable education places to meet population growth, both in Early Years and School Age education settings. The plan also sets out how we will promote the full participation of all young people to acquire the skills that they need for further education, training and employment opportunities. The key purpose of the plan is to create the best possible education offer for all our young people.

5.2 The EDP is being implemented during a time of rapid growth in the early years and school age population. To date there have been 70 primary school expansions creating more than 14,000 additional primary school places in Birmingham in the first six phases of the Additional Primary Places Programme (stages 1 to 3) and 98% of those places made available are filled. The programme creates the physical capacity in advance, which is then filled on a year on year basis. Full details of the places created to date in Stages 2 and 3 are given on pages 47 to 52 of Appendix 1 Education Sufficiency Requirements 2015-2020/21 and an explanation of the different types of expansion is given on page 17 of the same document. There have been 26 expansions aligned to special schools (some schools have been expanded more than once) creating 769 additional places. In the context of significant changes to the landscape of education providers and the funding for education, the statutory duty for sufficient pupil places remains squarely with Birmingham City Council.

5.3 Pupil Numbers

Planning of medium to long-term requirements for additional early years, primary, secondary and special school places takes into account a number of factors such as birth rates, housing and migration patterns. However, the requirements for school places are subject to ongoing amendment both due to the unpredictable nature of some of these variables and as a result of Central Government Academy and Free Schools programmes.

5.4 In November 2013, the first iteration of Education Sufficiency requirements to 2019 were shared with elected members and key stakeholders based on a full review and refresh of

our Early Years and school place forecasts to reflect increased demographic growth. Schools were asked to express interest in expansion. Academies and Free Schools were invited to share their expansion intentions in order to support a co-ordinated approach for the provision of additional places and reduce the risk of over-provision and duplication.

- 5.5 Annual forecasts of school place requirements informed the second iteration of the Education Sufficiency Requirements 2014-19/20. As anticipated, requirements have changed significantly as a result of the combined impact of increased cohort growth (more children joining our schools than leaving them) and increased supply of school places (new places provided by Free Schools, additional places provided by schools that are their own admissions authorities and additional places provided through the BCC Basic Need programme). It remains a challenge to predict with certainty where and when places will be needed. Regular meetings are planned with the Free School and Academies department of the Education Funding Agency and the Regional Schools Commissioner to secure improved co-ordination of central government Free School proposals with BCC Basic Need proposals.
- 5.6 While the LA maintained schools portfolio has been reduced as a result of the Academies programme, the LA remains the single largest Accountable Body and Landlord for education in Birmingham and receives annual grant funding to fulfil its statutory duties in relation to the schools' estate. As at January 2016, Birmingham City Council maintained 295 schools, 202 of which are owned by the City Council, 7 are Voluntary Controlled, 65 are Voluntary Aided and 21 are Foundation Schools. At that time, the City was leasing a further 95 school assets to Academies at a peppercorn rent.
- 5.7 Update on Stage 3 and Funding for Future Stages
Stage 3 of the Schools Capital Programme, which totalled £39m and was approved by Cabinet in July 2015, identified the requirements to provide sufficient school places identified in the Education Sufficiency Requirements 2014-19 Edition 2 February 2015. Appendix 2 provides an update on the delivery of this programme against the anticipated requirements and proposed funding envelopes that were outlined in the Schools Capital Programme 2015-17 Cabinet Report in July 2015.
- 5.8 The 2017/18 Basic Need allocation is confirmed to be £15.05m and the 2018/19 Basic Need allocation is confirmed to be £40m. The Capital Maintenance Grant for 2017/18 is indicated to be £12.3m with an indication that the following years will be of the same value – subject to adjustment for further academy conversions.
- 5.9 Proposals for Stage 4
Requirements for Stage 4 of the capital programme have been modelled at high level based on the Education Sufficiency Requirements 2015 -2020/21 Edition 3 November 2015 and are set out in Appendix 2. The Basic Need (£37.15m) and Capital Maintenance (£7.22m) capital requirements will be reviewed and refined as forecasts are revised and as Academy and Free School proposals are confirmed.
- 5.10 It is expected that the large majority of the Basic Need requirements identified in the Project Definition Document (Appendix 3) will be met through planned expansions that provide places from Reception in order to maximise educational continuity. However, the impact of year-on-year cohort growth is leading to pressure for places in some parts of the City from years 1 to 6. There is an increased requirement to open additional classes across these year groups to ensure we meet our statutory duty to provide sufficient places. £37.15m has been proposed in Stage 4 to fund these requirements. Individual projects will be subject to approval through the Council's Gateway process, utilising a programme approach where appropriate.

- 5.11 The school capital programme is subject to the Council's Lean Review of its non-housing construction and building related services. The Lean Review was commissioned in order to develop processes for capital projects with the aim to unlock major blockages, which lead to delays and therefore major increases in cost. This approach has developed lean skills and collaboration between the partners involved in delivering these schemes i.e. Education Infrastructure, Birmingham Property Services, Corporate Procurement Services, Acivico and Construction West Midlands (CWM) framework contractors. The main principle of the lean process is to set a construction cost target based upon industry benchmark rates, with an expectation of achieving at least 20% savings through the introduction of lean delivery processes. In order to do this a number of projects have been identified to participate in a pilot scheme.
- 5.12 In line with the recommendations of the Lean Review, a Constructing West Midlands construction partner for the pilot schemes was selected via a mini-competition using approved criteria to achieve best value for money. The selected contractor is signed up to the principles of the Birmingham Business Charter for Social Responsibility and will work on individual action plans, proportionate to the contract sum, demonstrating how the principles of the Charter will be implemented with each school and the local community. These action plans will be agreed prior to the works order being placed.
- 5.13 Early indications are that savings will be realised in comparison with similar projects delivered earlier on in the programme, bearing in mind that buoyancy in the construction industry has resulted in much higher labour and material costs. An Alliance Board has been set up to monitor the ongoing impact of the lean review – an evaluation of the process will take place once the pilot scheme projects are complete and, if successful, will be rolled out to further projects.
- 5.14 As proprietor, the Council must fulfil responsibilities in relation to the health and safety and statutory compliance of the LA maintained schools portfolio. In addition, the City has contractual obligations in relation to schools rebuilt through major capital investment programmes (Public Private Partnerships 1 & 2 and Building Schools for the Future). The approach to managing obligations with regard to LA maintained schools is captured in the Schools Maintenance and Sustainability Strategy as set out in the EDP. The Schools Capital Maintenance Programme, which sits within the Schools Capital Programme 2016-17, addresses these issues through annual planned maintenance projects and reactive emergency repairs to LA maintained schools, with the exception of PFI operated schools. The maintenance grant funding that the city receives is not sufficient to meet the substantial backlog maintenance requirements across our schools estate and prioritisation of maintenance projects, based upon the risk of a maintenance issue resulting in school closure, is therefore necessary, along with leveraging of joint funding with schools wherever possible.
- 5.15 Under the £7.22m centrally managed Capital Maintenance Programme, the works identified in the Project Definition Document (Appendix 4) will be subject to approval through the Council's Gateway process. It is anticipated that the majority of the works will be under the Strategic Director's delegated authority threshold level, but will be subject to approval of a Full Business Case through the Council's Gateway process where appropriate. The works will be carried out using existing and approved contractor framework partners who will be project managed by Acivico, with the exception of school managed dual funding projects. Project implementation will be fully compliant with planning approval and building regulations as required. Officers from the Education & Skills Infrastructure team will work with Acivico to ensure that schemes are programmed with minimum disruption to schools. Both the Education & Skills Infrastructure team and Acivico have extensive experience of delivering capital maintenance projects in schools.

5.16 Annual Capital Maintenance allocations will be directed to implementation of the Schools Maintenance and Sustainability Strategy through a combination of planned preventative maintenance and reactive emergency repairs.

5.17 Key risks associated with the Schools Capital programme 2016-17 are detailed in the respective Project Definition Document for Basic Need (Appendix 3) and Capital Maintenance (Appendix 4).

5.18 Future Governance and reporting back

An annual report will be presented to Cabinet, updating Cabinet on progress/delivery/outcomes and to seek approval for future stages.

6. Evaluation of alternative option(s):

6.1 The option of delaying provision of permanent additional places and implementing temporary solutions would mean that affordability was easier to achieve in the short term but would ultimately lead to greater expense due to the fact that permanent places will be required to meet the sustained growth in the city.

6.2 The option of relaxing the LA commitment to providing school places within recommended travel distances would reduce risk of capital funding shortfalls but would increase the need for young people to travel further to attend school with the subsequent, documented risk of non-attendance and underachievement .

6.3 The option of reducing the maintenance programme to emergency repairs only would lead to increased risk of school closure from asset failure and would reduce the value for money that can be secured from the annual maintenance grant allocation through effective planned maintenance.

7. Reasons for Decision(s):

7.1 To support delivery of the Schools Capital Strategy as an integrated strand within the City's development and regeneration strategy, to maximise opportunities and prioritise resources to meet local needs, in order to improve outcomes for children, young people, their families and the wider community.

7.2 To fulfil the Council's statutory duty to provide sufficient, local, safe school places for all Birmingham young people.

Signatures:

Cllr John Clancy Date:
The Leader

Cllr Brigid Jones Date:
Cabinet Member for Children, Families and Schools

Cllr Majid Mahmood Date:
Cabinet Member for Value for Money and Efficiency

Peter Hay Date:
Strategic Director for People

List of Background Documents used to compile this report:

1. Schools Capital programme 2012-14 Cabinet Report, January 2013
2. Schools Capital Programme 2013-2017 Cabinet Report March 2014
3. Schools Capital Programme 2015-2017 Cabinet Report July 2015
4. Education Sufficiency Requirements Edition 2, November 2014
5. Birmingham Development Plan
6. Council's Business Plan and Budget 2016+

List of Appendices accompanying this Report:

1. Education Sufficiency Requirements Edition 3 November 2015
2. Schools Capital Programme 2016-17 Requirements and Financial Model
3. Project Definition Document, Stage 4 Basic Need Programme
4. Project Definition Document, Stage 4 Capital Maintenance Programme

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