

# BIRMINGHAM CITY COUNCIL

## PUBLIC REPORT

<b>Report to:</b>	<b>CABINET</b>
<b>Report of:</b>	<b>INTERIM CORPORATE DIRECTOR, CHILDREN &amp; YOUNG PEOPLE</b>
<b>Date of Decision:</b>	<b>18<sup>th</sup> April 2017</b>
<b>SUBJECT:</b>	<b>SCHOOLS' CAPITAL PROGRAMME 2017-18</b>
<b>Key Decision: Yes</b>	<b>Relevant Forward Plan Ref: 003450/2017</b>
<b>If not in the Forward Plan:(please "X" box)</b>	<b>Chief Executive approved</b> <input type="checkbox"/> <b>O&amp;S Chairman approved</b> <input type="checkbox"/>
<b>Relevant Cabinet Member(s):</b>	<b>Cllr John Clancy – Leader</b> <b>Cllr Brigid Jones – Cabinet Member, Children, Families &amp; Schools</b> <b>Cllr Majid Mahmood – Cabinet Member, Value for Money and Efficiency</b>
<b>Relevant O&amp;S Chairman:</b>	<b>Cllr Susan Barnett – Schools, Children and Families</b> <b>Cllr Mohammed Aikhlaq – Corporate Resources &amp; Governance</b>
<b>Wards affected:</b>	<b>City Wide</b>

<b>1. Purpose of report:</b>
1.1 To inform Cabinet of the latest Education Sufficiency Requirements.
1.2 To update on progress of the Schools Capital Programme.
1.3 To update on capital funding allocations for delivery of the next stage of schools capital investment 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 Documents (PDDs) for the Stage 5 Basic Need and School Condition Programmes and the release of development funding.

<b>2. Decision(s) recommended:</b>
That Cabinet:
2.1 Notes the current requirements for school places to meet demographic growth across the City from 2017 as set out in Appendix 1, Education Sufficiency Requirements 2016/17 - 2022/23.
2.2 Notes the progress on the delivery of Stages 1 to 4 of the Schools Capital Programme, as outlined in Appendix 2.
2.3 Notes the anticipated requirements for Stage 5 of the Schools Capital Programme as outlined in Appendix 2.
2.4 Approves the PDDs for the Stage 5 Basic Need (Appendix 3) and School Condition Programmes (Appendix 4) and the allocation of £30.635m confirmed capital funding for delivery of Stage 5 of the Basic Need Programme and £18m confirmed capital funding for delivery of Stage 5 of the School Condition Programme, as detailed in Appendix 2.
2.5 Approves the allocation of £3m of Basic Need Grant for Acivico and Education and Skills Infrastructure (EdSI) to develop Feasibility Studies, etc. in order to progress the Stage 5 Basic Need Programme to Final Business Case (FBC) stage.
2.6 Authorises the City Solicitor to negotiate, execute, seal and complete all necessary documents to give effect to the above recommendations.

<b>Lead Contact Officer(s):</b>	<b>Jas Didially – Head of Education Infrastructure</b>
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<b>3. Consultation</b>
<p>3.1 <u>Internal</u></p> <p>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.</p> <p>Officers in Legal Services and City Finance have been involved in the preparation of this report.</p> <p>3.2 <u>External</u></p> <p>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 November/December 2016 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.</p>
<b>4. Compliance Issues</b>
<p>4.1 <u>Are the recommended decisions consistent with the Council's Policies, Plans and Strategies?</u></p> <p>The Schools Capital Programme 2017-18 is necessary for the Council to meet its statutory duty to provide sufficient pupil places in safe and compliant early years' settings and school buildings. City-wide the Basic Need and School Condition programmes will support the Council Priorities, 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.</p> <p>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.</p> <p><u>Birmingham Business Charter for Social Responsibility (BBC4SR)</u></p> <p>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). 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.</p> <p>4.2 <u>Financial Implications</u></p> <p>4.2.1 The programme is primarily funded from the Department for Education's Basic Need and SCA capital funding allocations and other resources as indicated in Appendix 2.</p> <p>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.</p>

#### 4.2.3 Update on Stage 4

Appendix 2 provides an update on the key outcomes and achievements from the 2016/17 Schools Capital Programme, together with the schemes and projects that are ongoing into 2017/18. It includes the current expenditure forecast for Stage 4 against the anticipated requirements and proposed funding envelopes that were outlined in the Cabinet Report approved in June 2016.

#### Proposals for Basic Need Stage 5

4.2.4 The key investment priorities for Basic Need Stage 5 are set out in the Basic Need PDD (Appendix 3). They seek to address the projected shortfall of pupil places identified in the Education Sufficiency Requirements and ensure sufficient school places are provided (Appendix 1).

4.2.5 Requirements for Stage 5 Basic Need investment have been modelled at high level based on the Education Sufficiency Requirements 2016/17 - 2022/23 and are set out in Appendix 2. The requirement will be £30.85m and the options and recommended approach are set out in the Basic Need PDD (Appendix 3).

4.2.6 Individual schools are not identified in the PDD for the Stage 5 Basic Need 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/Chief Officer delegation stage.

4.2.7 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.

#### Proposals for School Condition Stage 5

4.2.8 The key investment priorities for School Condition Stage 5 are set out in the School Condition PDD (Appendix 4). They seek to address the state of repair of school buildings and reduce the risk of school closure resulting from asset failure.

4.2.9 The Stage 5 School Condition programme will be £18m and the options and recommended approach are set out in the School Condition PDD (Appendix 4).

4.2.10 Individual schools are not identified in the PDD for the Stage 5 School Condition programme as they are in various stages of identification and development. Individual schools will be identified at FBC/Chief Officer delegation stage.

4.2.11 Structural investigations have identified a number of school buildings with major structural issues that are beyond economic repair. In order to mitigate any potential health and safety risks these buildings need to be demolished and rebuilt.

4.2.12 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.

4.2.13 Consequential revenue costs of any ongoing day to day repair and maintenance of the asset will be met by schools via the formulaic Dedicated Schools Grant.

#### Priority School Building Programme

4.2.14 The Priority School Building Programme (PSBP) has previously been delivered centrally by the Education Funding Agency (EFA). However, in phase 2 (PSBP2) some of the school buildings are being delivered locally by the Council. To date the Council has been asked to deliver Kings Norton Boys School. This will be subject to a separate grant from the EFA.

- 4.2.15 The capital cost will be funded directly by central Government using DfE's Capital Grant. The amount of funding and when this will be allocated has not yet been advised by the EFA. Consequential revenue costs and day to day repair and maintenance of the assets are the responsibility of the school and will be funded from their delegated school budget grant.
- 4.2.16 Whilst PSBP2 does include funding for certain fixed furniture, fittings and equipment and for ICT network infrastructure, it does not include any funding for loose furniture and equipment (including ICT equipment). As such the school will be expected to re-use as much of its existing furniture and equipment as it considers necessary in the new building and to make up any deficit for itself.
- 4.2.17 The Local Authority, as landowner, is expected to pick up costs with regard to ground contamination and for works outside the site boundary e.g. Section 278 highway works, which are unknown and un-quantified at this stage. Any such costs will have to be funded from the Council's School Condition Allocation and will be confirmed at FBC/Chief Officer delegation stage.

#### Capitalisation

- 4.2.18 In the 2016/17 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 SCA, in line with the Council Business Plan and Budget 2016+, and the balance funded from the schools delegated budget.

#### 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 the Schools' Capital Programme 2017–2018. The outcomes from the 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

In November 2013, the first iteration of the Education Sufficiency Requirements was published. Annual forecasts of school place requirements informed the second (February 2015), third (November 2015) and fourth (December 2016) iterations of this document. As anticipated, requirements have changed significantly during this time 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 Local Authority's 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 Schools, Academies, the EFA and the Regional Schools Commissioner to secure improved co-ordination of central government's Free School proposals with the Local Authority's Basic Need proposals.

- 5.2 To date there have been 61 primary school expansions creating more than 15,000 additional primary school places in Birmingham. There have been 26 expansions aligned to special schools (some schools have been expanded more than once) creating 769 additional places.

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 change due to the unpredictable nature of some of the variables listed above and as a result of Central Government's Academy and Free School programmes.

- 5.4 While the Council's maintained schools portfolio has been reduced as a result of the Academies programme, the Council remains the single largest Accountable Body and Landlord for education in Birmingham and receives an annual grant funding to fulfil its statutory duties in relation to the schools' estate. As at January 2017, the Council maintained 209 schools, 185 of which are owned by the Council, 6 are Voluntary Controlled and 18 are Foundation Schools. There are also 64 Voluntary Aided schools that receive LCVAP capital funding from DfE, which is administered by EdSI. At that time, the City was leasing a further 113 school assets to Academies at a peppercorn rent.

- 5.5 As proprietor, the Council must fulfil responsibilities in relation to the health and safety and statutory compliance of the council's maintained schools portfolio. In addition, the Council has contractual obligations in relation to schools rebuilt through major capital investment programmes (Public Private Partnerships (PPP) 1 & 2 and Building Schools for the Future (BSF)). The School Condition Programme, which sits within the Schools Capital Programme 2017-18, addresses these issues through annual planned maintenance projects and reactive emergency repairs to LA maintained schools (with the exception of Private Finance Initiative (PFI) operated schools). The SCA that the Council receives is not sufficient to meet the substantial backlog maintenance requirements across our maintained schools estate. Therefore, 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.

5.6 Future Governance

Projects will be subject to approval through the Council's Gateway process, utilising a programmed approach 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. EdSI Officers will work with Acivico to ensure that schemes are programmed with minimum disruption to schools. Both the EdSI team and Acivico have extensive experience of delivering capital projects in schools.

- 5.7 Key risks associated with the Schools Capital Programme 2017-18 are detailed in the respective PDDs for Basic Need (Appendix 3) and School Condition (Appendix 4).

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

<b>6.</b>	<b>Evaluation of alternative option(s):</b>
6.1	The option of relaxing the Council's 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 .
6.2	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 through effective planned maintenance.

<b>7.</b>	<b>Reasons for Decision(s):</b>
7.1	To support delivery of the Schools Capital Strategy as an integrated strand within the Council'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

Colin Diamond ..... Date: .....  
Interim Corporate Director, Children & Young People

<b>List of Background Documents used to compile this report:</b>
1. Schools Capital Programme 2016 - 2017 Cabinet Report June 2016
2. Education Sufficiency Requirements, November 2015
3. Birmingham Development Plan
4. Council's Financial Plan 2017+

<b>List of Appendices accompanying this Report:</b>
1. Education Sufficiency Requirements December 2016
2. Schools Capital Programme 2017-18 Requirements and Financial Model
3. Project Definition Document, Stage 5 Basic Need Programme
4. Project Definition Document, Stage 5 School Condition Programme

<b>Report Version 9</b>	<b>Dated 05 April 2017</b>
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