

# Cabinet

9 September 2021

## Education (Schools) Capital Programme 2021/22

### Recommendations

That Cabinet:

- 1) Recommends to Council that £49.5 million be added to the capital programme to deliver the new all-through provision in South Leamington/Warwick (Oakley Grove).
- 2) Authorises, subject to Council approving the necessary addition to the Capital Programme, the Strategic Director for Communities, in consultation with the Portfolio Holder for Children, Families and Education, to invite tenders and enter into contracts that he considers necessary on terms and conditions acceptable to the Strategic Director for Resources.

### 1. Executive Summary

- 1.1 This report recommends proposals for allocating resources in the Education (Schools) Capital Programme to the specific project set out in Section 2. The proposal includes funding from developer contributions.
- 1.2 Further information relating to how the Council plans for and anticipates the growth in demand for school places, is laid out in the Education Sufficiency Strategy and Annual Sufficiency Update.
- 1.3 All proposed education capital projects are considered against independently published third-party data to benchmark the cost to the Council of providing school places and ensuring effective allocation of resources. The cost per additional mainstream place utilises the Department for Education Local Authority School Places Scorecard 2019.
- 1.4 The current available funding is set out in section 3.
- 1.5 Warwickshire County Council (WCC) knows that there are insufficient school places in the South Leamington/Warwick area for 2023, regardless of how quickly families move into new homes.
- 1.6 There has recently been a significant increase in construction cost inflation with contributing factors such as HS2, EU exit and to a lesser extent Covid-

19. This is resulting in both labour and material shortages which has inevitably increased prices. As such, contractors are having to factor in both known and likely further increases to tenders which has led to a sizeable increase in inflation. Due to the ongoing impact of HS2 and EU exit over the next few years it is anticipated these pressures will continue. In accordance with the Council's project management policies and arrangements, projects will be robustly monitored. The budget set out includes contingencies for additional costs at 15% and contingency plans are in place for the education of the incoming Year 7 cohort via temporary accommodation if required.

## **2. Proposals for addition to the 2021/2022 Capital Programme**

### **New All-through Provision, South Leamington/ Warwick (Oakley Grove)**

- 2.1 Based on pupil forecasting data, it is estimated that 4500 new homes in the South Leamington/ Warwick area will generate an additional 1022 children, or 6 to 7 forms of entry (FE), per year group.
- 2.2 In order to meet this demand, the first new primary provision opened in September 2017 and has since expanded to accommodate 2 FE entry (420 places). It is proposed that a further three new primary schools will be required across the area, one of which will be included in the primary phase of the proposed all-through school (Oakley Grove). Developer contributions and land secured via s106 agreements are key to delivery of the necessary provision.
- 2.3 Following funding approval by Council in December 2019, phase 2 of the expansion at Champion School is currently underway to accommodate an additional 550 pupils. While further bulge classes could be accommodated in some of the existing local secondary schools in the short term, the expected number of additional places associated with the housing growth in the local plan is significant enough to mean a new secondary school is required by 2023.
- 2.4 As outlined in the Education Sufficiency Strategy 2018-2023, where new housing developments justify additional primary and secondary school provision the preferred option is to open all-through schools to attain economies of scale. In order to deliver the new all-through school, an 11-hectare site has been secured at no cost to the Council via s106 agreement.
- 2.5 Without the delivery of this new education provision a shortfall of school places is inevitable, and WCC would not be able to meet need in the local area. This would require the transportation of children, potentially at some distance, to other secondary schools within Warwickshire or possibly outside the County, with a resulting increased revenue cost pressure on the Home to School transport budget.
- 2.6 Warwick District Council (WDC) Planning Committee granted outline

planning permission in November 2019, under application W/19/1030, for the Oakley Grove school site. Several planning conditions have been attached and the proposed new school will need to provide out of hours access for both community use of the sports provision and car parking for the neighbouring country park.

- 2.7 Current pupil forecast data shows the need for both the primary and secondary school element of the new provision to open for entry in September 2023. The aim, subject to Cabinet and Council approval, would be for secondary provision to open for Year 7 entry only in the first year and grow by one additional year group at a time over the next 5 years. This is a standardised approach and the preferred approach when opening schools that support new development because it means that the school grows with the local community rather than drawing in pupils from wider afield.
- 2.8 Similarly, it is expected the primary school will open from reception only and grow with each admissions year for the same reason as presented above. The exact timing to open the primary provision and the number of places initially available will depend on the delivery of any additional new primary provision in the wider local area.
- 2.9. Securing the contractor is key to confirming delivery costs and sequencing. Given market conditions and the current unknowns, engagement on cost pressures, contingencies and the delivery programme will be critical. This will need to include consideration of and approval for any temporary or interim accommodation needs pending practical completion and formal opening of the new school building.
- 2.10 The proposed Oakley Grove school will consist of:
- early years provision (50 places);
  - 2 FE (420 place) primary school;
  - 6 FE (900 place) secondary school; and
  - SEND resource provision attached to both the secondary and primary provision (8 places at primary and 10 to 14 places at secondary for SEMH).
- 2.11 The existing planning permission includes an option for future delivery of a 300-place 6th form and the current design proposals include the option on site for this provision. Current DfE guidance relating to new secondary schools places a presumption against inclusion of post-16 provision in new schools. Capital costs for the required 6th form teaching space have been ascertained but are excluded at this stage from the current proposal and will be submitted to Cabinet for consideration at a future date if required.
- 2.12 Sufficiency of post-16 provision across the wider local area is currently being reviewed and opportunities for expansion to meet projected need will include other local post-16 provision alongside future delivery of provision on this site.

- 2.13 This new school will be opened via the free school presumption route and the responsibility for delivery and funding of this project will reside with the County Council. As part of this process, a competition will be undertaken for Multi-Academy Trusts to bid for the opportunity to operate the new school. The presumption competition to select the sponsor Academy Trust, will run in Autumn 2021, with the successful Trust being appointed in early 2022. This process is determined by the Department for Education for all local authorities when delivering new schools.

## Secondary need for places

- 2.14 Table 1 below outlines the current forecast need for secondary places in this area. Table 2 outlines the impact of this capital proposal towards meeting the need outlined in Table 1.

**Table 1: Current expected shortfall in secondary school places (age 11-16) in the Leamington and Warwick planning area**

Planning Area	Academic Year	Year 7 Capacity -PAN	Year 7 Forecast Pupil Numbers	Available Capacity (4% target)	Forms of Entry Available / Shortfall
Warwick and Leamington	2021/22	1081	1080	0%	0.0
	2022/23	1081	1145	-6%	-2.1
	2023/24	1081	1265	-17%	-6.1
	2024/25	1081	1213	-12%	-4.4
	2025/26	1081	1226	-13%	-4.8
	2026/27	1081	1340	-24%	-8.6
	2027/28	1081	1270	-18%	-6.3

Source: 2021 Forecast Pupil Numbers, Leamington and Warwick Secondary Year 7 entry (1 form of entry = 30 places)

**Table 2: Impact of proposed new secondary school provision (showing additional places available from September 2023)**

Planning Area	Academic Year	Year 7 Capacity -PAN	Year 7 Forecast Pupil Numbers	Available Capacity (4% target)	Forms of Entry Available / Shortfall
Warwick and Leamington	2021/22	1081	1080	0%	0.0
	2022/23	1081	1145	-6%	-2.1
	2023/24	1261	1265	0%	-0.1
	2024/25	1261	1213	4%	1.6
	2025/26	1261	1226	3%	1.2
	2026/27	1261	1340	-6%	-2.6
	2027/28	1261	1270	-1%	-0.3

Source: 2021 Forecast Pupil Numbers, Leamington and Warwick Secondary - Expected impact of new provision opening from September 2023 (1 form of entry = 30 places)

- 2.15 Prior to the opening of this new provision, the increased demand for 2022 entry will be accommodated via bulge classes and discussions have already taken place with existing schools. Following the opening of this new secondary provision, any future shortfalls associated with current predicted growth will be accommodated via bulge classes in existing secondary schools in the area. Current designs for this new secondary provision allow for longer term future expansion on site, subject to available funding and planning consents.

### Primary need for places

- 2.16 Table 3 below outlines the current forecast need for primary places in this area. Table 4 outlines the impact of this capital proposal towards meeting the need outlined in Table 3.

**Table 3: Current expected shortfall in primary school places (age 4-11) in the South Leamington planning area**

Planning Area	Academic Year	Reception Capacity - PAN	Reception Forecast Pupil Numbers	Available Capacity (4% target)	Forms of Entry Available / <b>Shortfall</b>
South Leamington	2021/22	478	457	4%	0.7
	2022/23	478	456	5%	0.7
	2023/24	478	534	-12%	-1.9
	2024/25	478	524	-10%	-1.5
	2025/26	478	551	-15%	-2.4

Source: 2021 Forecast Pupil Numbers, South Leamington Primary (1 form of entry = 30 places)

**Table 4: Impact of proposed new primary school provision (showing additional places available from September 2023)**

Planning Area	Academic Year	Reception Capacity - PAN	Reception Forecast Pupil Numbers	Available Capacity (4% target)	Forms of Entry Available / <b>Shortfall</b>
South Leamington	2021/22	478	457	4%	0.7
	2022/23	478	456	5%	0.7
	2023/24	538	534	1%	0.1
	2024/25	538	524	3%	0.5
	2025/26	538	551	-2%	-0.4

Source: 2021 Forecast Pupil Numbers, South Leamington Primary - Expected impact of new provision opening from September 2023 (1 form of entry = 30 places)

- 2.17 Table 4 above shows the impact of this new primary provision opening with a published admission number of 60 from 2023 onwards. This approach is designed to provide future proofing for planned housing development in the locality over the coming years. Given the geographical spread of housing development in the area this will be kept under review as it may be more appropriate to limit the intake of this primary provision to 30 places initially and to open additional new primary provision elsewhere in the local area to meet the need, thus providing local places for local children. . Any such proposal will need to account for the

practicalities of primary age children accessing new provision, including travel safety, while widescale building works continue and will be subject further to a separate report to Cabinet. It is more financially viable to build a 2FE school for a primary, based on future projected housing, than to add on additional capacity at a later date. Consideration must also be given to the location of any future additional provision.

- 2.18 Exact timings on the need for places will depend on the building schedule of housing development across the wider area and officers will liaise with Warwick District Council, as the local planning authority, to monitor progress.
- 2.19 It should be noted that neighbouring primary planning areas, including North Leamington and Warwick, are forecast to retain available capacity. All new provision in South Leamington will deliver local places for local children as per the key priorities outlined in the Education Sufficiency Strategy 2018-2023 and are sized according to immediate local need of the accompanying housing development.

### **Site Master Planning and Conditions**

- 2.20 Feasibility and master planning exercises have been undertaken to review delivery options for the site. The required accommodation has been produced to DfE building guidelines and factoring in the requirements for community use and country park access as required in the outline planning consent. The location of this site allows the opportunity to integrate the pedestrian entrances into the surrounding housing and the proposed neighbouring country park. The school site has been designed in collaboration with Warwick District Council's design for the country park to ensure walking and cycle routes through the park maximise sustainable travel to the new school. Throughout the design and development process the project team has engaged with partners at Warwick District Council and Bishops Tachbrook Parish Council and will continue to do so as the project moves forward.
- 2.21 The current planning consent outlines conditions requiring an agreement for community use of the school sport facilities outside of school hours. To satisfy the wider community use requirements stipulated by Warwick District Council, an uplift to the total floor area for the sports hall has been included to provide additional changing facilities, storage space, office and reception area and an enlarged main hall space. In comparison to an equivalent standard facility for school use this equates to an additional £679,000 in construction costs and associated fees. Officers are exploring with partners potential alternative funding contributions for these additional elements.
- 2.22 In addition, current designs and cost plan include an enlarged Artificial Grass Pitch to meet the requirements for wider community use which equates to an additional £388,000 in construction costs compared to a standard school use facility. In partnership with Warwick District Council,

a bid will be submitted to the Football Foundation to secure funding towards the total cost of the artificial pitch which is expected to cover the uplift in cost. The next opportunity to apply for this funding will be July 2022 and a condition for successful bids will include the need for the sports hall facility to include the wider community use uplifts outlined above.

- 2.23 This gives a total cost increase over £1 million to uplift the sports facilities to meet the requirements for wider community use as stipulated by Warwick District Council. This amount is currently included within the total project costs to allow design work and preparation of planning documents to proceed. If external funding is secured, education capital resources allocated to this project will be returned to the Education Capital pot and will be available for other schools' investment projects. If external funding is not secured, consideration will need to be given as to the optimal scheme design taking into account the planning conditions and any relevant known costs pressures at the appropriate time.
- 2.24 There has recently been a significant increase in construction cost inflation with contributing factors such as HS2, and regionally, the Commonwealth Games. In addition, EU exit and Covid-19 have disrupted supply chains. This is resulting in both labour and material shortages which is increasing prices. As such, contractors are having to factor in both known and anticipated further increases into tenders which has led to a sizeable increase. Due to the ongoing impact of HS2 and EU exit in the next few years it is expected these pressures will continue. Additionally, the nature of the site and access has also resulted in higher costs for groundworks and highways access. Topography of site requires extensive groundworks to create level plateaus for the formal sports pitches which has also resulted in increased costs for the external works. Prior to the securing of the outline planning consent an options appraisal was undertaken with Warwick District Council on possible alternative sites for this new provision and no other sites were found to be appropriate and available.
- 2.25 When compared to national benchmarking data, adjusted for inflation, the secondary phase of the works is significantly higher than the national benchmark for a new build secondary school. This has been reviewed during the feasibility work and it has been ascertained this increase relates to the anticipated general increased construction costs, site-specific community use requirements of the sports hall and the extensive abnormal ground works required to create the level plateaus required to construct the school buildings and sports pitches. The primary phase of the works concerning the primary school and early years provision compares with the DfE benchmark cost per place for new build primary school provision. All abnormal groundwork costs are attributed to the secondary school phase of the construction.
- 2.26 Given this project is significantly above national benchmarking for comparable schemes, cost estimates will continue to be rigorously monitored and kept under review. Value engineering will be undertaken

continuously to minimise costs and achieve best value. The figures provided in this report are the most accurate we have available, including contingencies, at the time of submission to allow delivery work to commence.

2.27 Work will be required once a construction contractor has been appointed to review the phasing of construction in detail and plan for mitigating options with the aim of the site being able to accommodate an initial September 2023 intake of pupils in Reception and Year 7. This will focus on a phased handover and completion of the buildings but is likely to require the use of temporary accommodation the costs of which would need to be considered and funding identified when there is greater certainty.

2.28 Total cost estimate for the proposed scheme is £50.05 million. To date £550,000 has been approved for design and development work undertaken for this scheme and has therefore been excluded from the total proposed allocation below.

2.29 Cabinet is asked to recommend to Council the proposal to allocate £49.5 million as follows:

Developer funding £11.23 million

Education capital resources £38.27 million

### 3. Financial Implications

#### Overall Package (Table 5)

Total estimated project cost:	£50.050 million
Current approved funding:	£550,000 (excluded from total funding sought & taken from Developer contribution s106 funding)
Available developer contributions (s106) funding:	£11.230 million
Education Basic Need grant funding (from Department for Education):	£38.270 million
<b>Total funding approval sought:</b>	<b>£49.500 million</b>



## Basic Need Grant

- 3.1 Education Basic Need Capital resources currently available for all education projects totals £38.270 million. Due to projected costs for this project, all of the current available education capital resource is required and therefore it can be expected there will be challenges in funding future education capital projects.
- 3.2 £10 million of Basic Need Grant is currently forward-funding future s106 receipts. When these receipts are delivered, they will be returned to the Education Capital pot and will be available for other schools' investment.
- 3.3 Limited future Basic Need Grant funding is expected in the 2021-26 MTFS period, currently forecast at £4 million per annum.
- 3.4 Future education capital projects will need to utilise a combination of future Basic Need Grant and received and forecasted developer contributions. The balance of funding will be a call on corporate funds (mostly Capital Investment Fund) to ensure school places can be delivered in the right place to meet the need of growing cohorts.

## Current s106 Developer Agreements

- 3.5 Table 6 below shows that developer contributions towards education provision secured within existing legal agreements countywide to date is in excess of £230 million, of which £139 million\* is still to be received.
- 3.6 The timing for receipt of those funds still due will vary depending on the trigger points included within the individual legal agreements. All due funds once received will be required to be utilised in line with the obligations of the individual agreements.

- 3.7 **Table 6: S106 Developer Contributions in Respect of Education (as at 30<sup>th</sup> July 2021)**

Planning Authority	Contribution Required in S106	Received	Due
North Warwickshire Borough Council	£2,029,758	£669,192	£1,360,566
Nuneaton and Bedworth Borough Council	£27,955,624	£11,867,855	£16,087,769
Rugby Borough Council *	£90,484,434	£21,945,760	£68,538,676

Stratford Council	District	£62,096,045	£22,901,217	£39,194,828
Warwick Council	District	£49,297,567	£34,987,584	£14,309,984
<b>Totals</b>		<b>£231,863,428</b>	<b>£92,371,607</b>	<b>£139,491,821</b>

*\* It should be noted that these figures include the S106 for Houlton (Mast Site). This agreement allows the developer to deliver the schools rather than pay a financial contribution if they wish.*

- 3.8 To date £92 million of developer contributions have been received with £55 million spent or allocated to previous education capital projects. This leaves £37 million in received developer contributions currently available for future education capital projects countywide, reducing to £26 million once the proposal within this report is accounted for.
- 3.9 In total £35.1 million has been included in s106 agreements to date from developments in the South Leamington/ Warwick area towards providing new education provision. To date £27.1 million has been received and £13.6 million of received developer contributions have been allocated to existing education capital projects in the area. This includes the delivery of the new Heathcote Primary School and the expansions of Champion School and Whitnash Primary School to meet the initial increases in pupil numbers in this area.
- 3.10 There are a number of live s106 agreements where funding can be allocated to support the Oakley Grove project. £0.550 million has previously been allocated from S106 and a further £11.2m collected is being proposed to allocate to the project outlined in this report.
- 3.11 There are a number of live agreements where trigger points have not yet been reached but where funding in support of the Oakley Grove project is identified. Subject to continued development and reach of trigger points, we could expect to receive a further £5.5 million (which is in addition to the £10m of 'forward funding' referred to in paragraph 3.2 that is also to be returned to the Capital Education Pot in due course). These amounts will be subject to indexation and so could increase. If, and when these amounts are received, these will be applied to the project in order to return Basic Need funding to corporate funds.
- 3.12 A further £4.25 million due or received in this area relates to specific obligations within the associated legal agreements in the local area and will be utilised for future education capital schemes, including SEND and Post 16 sufficiency.

- 3.13 It should be noted not all housing developments approved have included education contributions in s106 agreements, despite the requests and evidence provided by the County Council, as a result of historical challenges from developers relating to the financial viability of the developments.

### **Future s106 Developer Agreements**

- 3.14 National planning guidance expects developers to pay for the full cost of providing the additional school places made necessary by their development, unless exceptionally viability considerations preclude that. Should further housing development come forward in the area, further contributions to this scheme will be sought where the statutory criteria for contributions are met.

### **Capital Investment Fund**

- 3.15 Due to the significantly reduced Basic Need Grant expected in future years and forecast infrastructure requirements exceeding the amount of developer contributions secured through existing agreements, any funding gap which cannot be met by future developer contributions will require additional borrowing via the Capital Investment Fund (CIF). The fund currently has £90.9 million available over the 2021-26 MTF period. Were this specific scheme to be funded from this source instead of Basic Need Grant (in order to maintain Education Capital resources for other pressures) then WCC will incur an opportunity cost in being unable to utilise CIF for other strategic investment opportunities.
- 3.16 Work is being undertaken on the Education Capital forward plan to ascertain the future capital requirements for new projects required over the short, medium and longer term and to identify any shortfalls in funding to inform the pipeline for future Capital Investment Fund priorities.

### **Revenue Contributions**

- 3.17 Revenue funding for pre and post opening costs associated with the new school will be funded from the DSG Growth Fund allocation.

See Appendix for breakdown of income and expenditure.

## **4 Environmental Implications**

- 4.1 Where feasible, the County Council will look to use modern methods of construction to achieve efficiencies and benefits particularly in terms of time, cost, and the environment.

- 4.2 Environmental risk assessments, together with mitigation statements to reduce any potential environmental impacts, are required for any capital project.
- 4.3 Larger scale projects will follow design objectives to ensure revenue costs are reduced and sustainable schemes are delivered within the financial envelope. This will be done incorporating design features to minimise heating and cooling demands, the careful selection of building materials, air tightness, and the inclusion of renewable energy features where economically feasible.
- 4.4 Proposed schemes aim to ensure the sufficiency of, and accessibility to, provision in local settings avoiding the need to travel further afield to access education or childcare provision.

## **5 Timescales associated with the decision and next steps**

- 5.1 Subject to Cabinet approval, this report will be submitted to Council for approval on 28<sup>th</sup> September 2021.
- 5.2 In reviewing the future education capital programme requirements, every effort will be made to secure delivery by other routes where possible including the DfE Wave process (as has been successfully achieved with the proposed Higham Lane North School at Top Farm in North Nuneaton) or by utilising available additional capacity in existing schools where possible.

## **Appendix**

Schools Capital Programme 2021-22 Finance Breakdown

### **Background Papers**

None

### **Supporting Papers**

- 1. Education Sufficiency strategy 2018-2023.
- 2. Annual Education Sufficiency Update 2020.

	<b>Name</b>	<b>Contact Information</b>
Report Author	Bern Timings	berntimings@warwickshire.gov.uk
Assistant Director	Ian Budd	ianbudd@warwickshire.gov.uk
Strategic Director	Strategic Director for Communities	markryder@warwickshire.gov.uk
Portfolio Holder	Portfolio Holder for Children, Families and Education	jeffmorgan@warwickshire.gov.uk

The report was circulated to the following members prior to publication:

Local Member: Cllr Jan Matecki