

Cabinet

14 July 2022

Education Capital Programme 2022/23

Recommendations

That Cabinet:

1. Recommends to Council that it:
 - a) Increase the Capital Programme allocation for Oakley Grove All-through School by £6.000 million to £56.000 million to be funded from Department for Education Grant.
 - b) Increase the Capital Programme allocation from Stratford-upon-Avon High School by £2.2 million to £13.773 to be funded from the Department for Education grant
 - c) Add the scheme for refurbishment and remodelling of Shipston High School and the addition of a sports hall to the Capital Programme at a cost of £10.532 million funded by £10.023 million from the Department for Education grant and £0.509 million from developer contributions
2. Approves the addition to the capital programme of £2.361m funded from the Department for Education grant and developer contributions to deliver the remaining schemes outlined in Section 3.
3. Authorises, subject to Council's agreement to the required addition to the capital programme, the Strategic Director for People, in consultation with the Portfolio Holder for Finance and Property, to invite tenders and enter into the appropriate contracts on terms and conditions considered 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 projects set out in Section 3. The proposals include funding from developer contributions.
- 1.2 Proposals to increase the number of pupils admitted at schools across a wide area of Warwickshire are explained within this report. 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.
- 1.4 Whilst the issue of sufficiency of provision has to take priority, it is important to ensure that schools that are not expanding are able to continue to operate within their existing accommodation. Details of proposed schemes to make improvements to existing schools are set out below. It is also important to recognise that whilst we are committed to offering good or outstanding places and investing in these schools, we are also committed to investing in schools struggling with improvements where the investment addresses capacity, education delivery, half forms to whole forms of entry and defects.
- 1.5 Where possible, and where economies of scale allow, expansions and building works will also address other factors such as: encouraging infant and junior to become primary, pre-school requirements in an area, providing specialist SEN provision, and any outstanding DDA requirements.
- 1.6 The current available funding is set out in Section 2.
- 1.7 There has recently been a significant increase in construction cost inflation with contributing factors such as international conflicts, rising energy prices, HS2, EU exit and to a lesser extent Covid-19 impacting the market. This is resulting in both labour and material shortages resulting in higher tendered prices than have been usual in recent years. The likely ongoing impact of HS2 and EU exit over the next few years mean that these pressures are anticipated to continue. As a result, contractors are factoring in both known and likely future cost increases into their tenders. Further, inflation provision within contracts may mean price adjustments over the life of longer term projects.
- 1.8 Although Education Services are the overall commissioner of the schemes outlined in this report, there is a close working relationship with Strategic Asset Management and Enabling Services to ensure a joined up approach across the Council at each stage of project delivery.

2. Financial Implications

- 2.1 The total estimated cost of the proposals in this report is £21.093 million. The spend will be funded from £0.673million of developer funding and £20.420 million of Basic Need capital grant funding from the Department for Education.
- 2.2 The current balance of Basic Need capital grant received but unallocated is £11.007 million. The Department for Education have confirmed the Council will receive further Basic Need capital grant allocations of **£40.850 million** in 2023/24 and **£21.366 million** in 2024/25.

- 2.3 The proposals in this report will be funded from within the remaining unallocated DfE capital grant available in 2022/23, plus draw down on future years' confirmed funding as shown in the table below.

	Total Education Capital Funds £m	Proposed Use £m	Remaining Basic Need Grant £m
Balance of Unallocated Education Capital Funds	73.223	20.420	52.803

- 2.4 In order to mitigate against a shortfall in available resources in any given year, regular monitoring of the profile of expenditure on Basic Need funded projects is undertaken to ensure alignment between the timing of the expenditure being incurred over multiple years and receipt of the grant. Current monitoring indicates that no shortfall is expected.
- 2.5 Where the use of developer contributions is outlined in section 3 it has been confirmed that those funds have been received and that the outlined use is in line with the obligations set out in the relevant S106 agreement.
- 2.6 If the current market conditions continue some projects within the current Education Capital Programme, where we haven't already costed in excess inflation, could see a further increase in costs over the next 6 to 12 months. It is difficult to predict what the exact increases might be, but Consumer Price Index (CPI) for the construction sector currently is running at 25-30%. The size of any increases will be largely dependent on when original estimates we drawn up, the level of contingency originally provisioned for and what mitigations are realistically possible for a project.
- 2.7 It should be appreciated that costing accuracy typically increases as a project proceeds through its development through to delivery. Projects that are at the stage of Strategic Business Case development have about a 40% costing confidence evolving through the outline business case (60%); detailed business case (planning) 85% and to the point where a Contractor is under contract (97%).
- 2.8 As part of project assurance, the Council will work with cost consultants to scrutinise and challenge contractor costs where needed. There is also ongoing work within projects to value engineer certain elements of a project where feasible. Options such as splitting out different parts of a project to different contractors and putting in early orders on materials where possible to prevent further price increases are also considered.

3. Proposals for addition to the 2022/2023 Education Capital Programme

Bishops Tachbrook CofE School, Warwick District

- 3.1 The delay to the building of Oakley Grove All Through School has left a forecast shortfall in Reception places for September 2023 of between 1 to 2 forms of entry (30 to 60 places). The proposal is to provide these places in existing schools and pupils would remain in the schools for the seven years.
- 3.2 It is forecast that there will to be a higher than usual birth cohort in Bishops Tachbrook CofE Primary School's priority area. An additional class at the school would allow the school to accommodate all likely demand from the village and some of the development in the Oakley Grove/Heathcote area. A permanent modular classroom with toilets plus a new kitchen opening to facilitate the flow of additional pupils is proposed. The total cost of the project is £0.400 million.
- 3.3 It should be appreciated that costing accuracy typically increases as a project proceeds through its development through to delivery. This project is still at an early stage of development (Strategic Business Case) with a 40% costing confidence and therefore could be subject to further cost increases prior to a contract being awarded.
- 3.4 Cabinet are asked to agree the proposal to allocate £0.400m funded as follows:
- | | |
|-----------------------------|----------------|
| Education Capital Resources | £0.400 million |
|-----------------------------|----------------|

Briar Hill Infant School and St Margaret's CofE Junior School, Warwick District

- 3.5 A further solution to resolve a shortfall of reception places in the South Leamington / Warwick area caused by the delay to Oakley Grove opening that would be utilised if necessary is works to Briar Hill Infant School and its federated junior school, St Margaret's CofE Junior School. Works would have to take place at both schools as the infant children would move into the junior school.
- 3.6 All relevant data will continue to be reviewed to determine whether this solution at Briar Hill / St Margaret's is still required, leaving enough time for the works to be completed for the start of the 2023/24 academic year if it is deemed necessary.
- 3.7 At Briar Hill the internal courtyard would be converted into learning space and incorporate an extension to the undersized hall. At St Margaret's there would be a classroom extension. The construction period for all options is circa 5-6 months. The total cost of the projects at is £0.786m.
- 3.8 It should be appreciated that costing accuracy typically increases as a project proceeds through its development through to delivery. This project is still at an

early stage of development (Strategic Business Case) with a 40% costing confidence and therefore could be subject to further cost increases prior to a contract being awarded.

- 3.9 Cabinet are asked to agree the proposal to allocate £0.786m funded as follows:

Education Capital Resources	£0.786 million
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Oakley Grove All Through School

- 3.10 In September 2021, Cabinet approved delivery of a new All-through School in South Leamington/ Warwick (Oakley Grove) with a budget of £50.150 million to accommodate the expected increase in pupil numbers. A main contractor has been appointed and are aiming to submit a reserved matters planning application in July/August 2022, with start on site for January 2023 and completion June 2024.
- 3.11 The original feasibility study by the architects set the approved budget at £50.050 million (subject to site surveys), making this one of the highest value & high profile construction projects delivered by the Council. The main contractors have now completed their own Feasibility Study Review and high level cost estimate to check the validity of the current outline design & Order of Cost Estimate. The total estimated project cost is now estimated to be in the order of £55.738 million. This updated figure is still an estimate and is still subject to the results of all the site surveys and development of the detailed design.
- 3.12 Based on Willmott Dixon's current cost estimate of £55.738 million an additional funding of £5.738 million would be necessary at this time, without significant alterations to the scheme. A further 0.262 million is estimated to be required for highways works to create the right-hand turn lane and the diversion of overhead electricity cables. The total additional funding required is £6.000 million. It is proposed this addition would be funded from unallocated education capital resources. The most significant increases in funding are attributed to inflation and complying with Building Regulation changes which came into force June 2022, with further increases also attributed to enabling / site works, works to the sports hall and fees. There is limited opportunity to reduce project scope, however value engineering is ongoing to help reduce further cost increase on the budget as the impact of inflation is likely to continue.
- 3.13 It should be appreciated that costing accuracy typically increases as a project proceeds through its development through to delivery. This project is considered to be at the detailed business case stage with an 85% costing confidence.
- 3.14 Cabinet are asked to agree the proposal to allocate £6.000 million funded as follows and recommend to Full Council its addition to the Capital Programme:

Education Capital Resources

£6.000 million

Griffin School (Rugby Gateway)

- 3.15 Cabinet approved the project to deliver a new 1 form entry primary school in July 2015. Delays outside the Council's control led to the transfer of the site and the school's opening date being pushed back. As a result of these delays the budget was increased to £5.415 million in November 2019. Further delays in reaching the trigger point together with the impact of market volatility resulted in a further shortfall on the current project of £0.744 million the funding of which was approved by Cabinet in March 2022.
- 3.16 The land trigger has now been reached but the Council are currently negotiating with the developer regarding the transfer and servicing of the land and securing access to the site meaning the project team's estimated start date on site is likely to be pushed back from June 2022 to July/August 2022.
- 3.17 The main contractor has recently reported back costs from suppliers subsequently increasing costs above budget. Package returns have been 5% to 15% higher than originally estimated. The cost consultant has reviewed and challenged the costs with the contractor and some value engineering has taken place to reduce the shortfall by £0.200 million. The revised total cost is £6.970 million making the final shortfall £0.811 million, this includes a £0.200 million contingency. A further 0.200 million is also estimated to be needed to rectify the level change on the school site as a result of previous site occupation since designs for the school were determined. The total additional funding required is £1.011 million. Further developer funding is due to be received from the development. It is proposed to fund the shortfall from education capital resources prior to the developer funding being received.
- 3.18 The reasons for the cost uplift are primarily a result of significant market volatility particularly in relation to the increasing cost of materials. In looking to manage the variable and increasing costs the order for steel has been placed, to lock in the cost and to prevent further price rises on this material.
- 3.19 It should be appreciated that costing accuracy typically increases as a project proceeds through its development through to delivery. This project is considered to be at the detailed business case stage with an 85% costing confidence.

- 3.20 Cabinet are asked to agree the proposal to allocate £1.011m funded as follows:

Education Capital Resources

£1.011 million

Stratford upon Avon High School

- 3.21 Cabinet approved a project to deliver a 2FE (300 place) expansion in December 2020 with a budget of £11.573 million. The project would also deliver additional post 16 spaces. Prior to this, in July 2020 Cabinet approved a £1.3 million extension to the dining hall, kitchen and servery. These works

were completed in July 2021.

- 3.22 The current project is aiming for the planning application to be submitted July/August 2022, with, subject to planning, a start on site of Spring 2023 and completion for September 2024. Planning approval has been obtained for the additional land adjacent to the school and works to create additional recreational space and parking for the school will start in Autumn 2022.
- 3.23 Cost consultants have reviewed the works with an estimated construction cost for the proposed project of £13.773 million. This is an increase on the current budget of £2.200 million. The primary reason for the increase is the inflation increase to an estimated mid-point of contract quarter 3 2023 from the previously budgeted quarter 2 2022. This is a construction inflation of 31% and forecasts have been based upon the latest information available from the supply chain.
- 3.24 The project underwent considerable value engineering before approval in December 2020 with further deductions in December 2021 to reduce budget creep, but further reductions would impact on the curriculum requirements and the necessary accommodation for over 2000 pupils.
- 3.25 It should be appreciated that costing accuracy typically increases as a project proceeds through its development through to delivery. This project is considered to be at the detailed business case stage with an 85% costing confidence.
- 3.26 Cabinet is asked to agree the proposal to allocate £2.200m funded as follows and recommend to Full Council its addition to the Capital Programme:
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| Education Capital Resources | £2.200 million |
|-----------------------------|----------------|

Shipston High School, Stratford-upon-Avon District:

- 3.27 Shipston High School is the only school in the Shipston planning area in the South of Warwickshire. The planning area is currently forecast to require more capacity moving forward due to housing development and larger primary cohorts moving through into secondary. The planning area is large and rural in nature, consequently there can be longer travel times to the next nearest school with places available. The school offered additional places over PAN for September 2021 and have done the same for September 2022. The number of places they can offer over their PAN is restricted by the accommodation available.
- 3.28 The proposal looks to refurbish and remodel existing buildings, provide a new sports hall and related changing and storage facilities, and convert a pond area to courtyard to provide additional informal hard standing / external teaching areas. These works will facilitate a much needed 1FE expansion (150 places) increasing the school's PAN from 120 to 150. Provision has also been made for additional parking on site.
- 3.29 The sports hall will be sized to reflect any potential future expansion to 6FE

based on BB103 requirements (DfE area guidelines for schools). The sports hall size is important for teaching PE and for the location of examinations. The school are currently lacking the appropriate indoor sports and examination facilities and therefore the provision of the sports hall is essential for them to be able to operate at the increased PAN. It is not typical to provide a new sports hall as part of a secondary school expansion and therefore costs will be higher than benchmark comparisons.

- 3.30 In Stratford District Council (SDC)'s January 2019 Sports Facility Strategy, Shipston High is itemised as being key to delivery. SDC endorse the principle of the programme including the location for the new sports hall.
- 3.31 The total cost of the project is £10.532 million. It is proposed it will be funded by £0.508 from developer funding contributions and £10.532 from unallocated education capital funding. The project is still at an early stage of development and therefore vulnerable to further budget increase. LA officers have included a level of contingency to absorb some of the further inflationary increase that is likely to occur and any abnormalities that may arise as surveys and design work progresses.
- 3.32 It should be appreciated that costing accuracy typically increases as a project proceeds through its development through to delivery. This project is considered to be at the strategic business case stage with a 40% costing confidence and therefore could be subject to further cost increases prior to a contract being awarded.
- 3.33 Cabinet are asked to agree the proposal to allocate £10.532 million funded as follows and recommend to Full Council its addition to the Capital Programme:
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|-----------------------------|-----------------|
| Education Capital Resources | £10.023 million |
| Developer Funding | £0.508 million |

Lighthorne Heath Primary School refurbishment, Stratford-upon-Avon District:

- 3.34 As part of the 3,000 new dwellings planned for Gaydon Lighthorne Heath, with the early phases now under construction, it is proposed to relocate and expand the existing Lighthorne Heath Primary School. This relocation is not expected to be undertaken until at least September 2025.
- 3.35 Section 106 funding has been secured from developers delivering the initial phases of housing explicitly for improvements to the existing Lighthorne Heath Primary School prior to the new school being built. It is anticipated that these improvements will provide a more attractive and stimulating learning environment, for existing pupils and those pupils moving into the area as part of the development.
- 3.36 The programme of improvements will include full refurbishment of the Early Years, Infant and Junior toilets, conversion of a group space into an additional classroom and the conversion of an existing ICT space to an intervention/nurture space.

3.37 The total cost of the project is £0.164 million and will be funded from developer contributions.

3.38 Cabinet are asked to agree the proposal to allocate £0.164m funded as follows:

Developer Funding	£0.164 million
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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, those schemes requiring Council approval will be submitted to Council for approval on 19 July 2022.

Appendices

1. Appendix 1

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

Local Member(s): Cllr Jan Matecki, Cllr Judy Falp, Cllr Jill Simpson-Vince, Cllr Jenny Fradgley, Cllr Kate Rolfe, Cllr Jo Barker, Cllr Chris Mills, Cllr Peter Butlin