

County Council

19 July 2022

Education Capital Programme 2022/23

Recommendations

That Council agrees:

- a) To increase the Capital Programme allocation for Oakley Grove All-through School by £6.000 million to £56.150 million to be funded from Department for Education Grant.
- b) To 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) To add the scheme at Shipston High School set out at paragraph 3 below 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

1. Executive Summary

- 1.1 This report sets out proposals for allocating resources from within the Education (Schools) Capital Programme to the specific projects set out in Section 3. The Schemes at Oakley Grove All through School and Stratford Upon Avon High School are already within the Capital Programme but have revised cost estimates for the reasons set out within this report. The scheme at Shipston High School is a new scheme requiring addition to the Capital Programme for the first time.
- 1.2 The Council's constitution requires that Council approves the addition to the Capital Programme of projects with a value in excess of £2,000,000.

2. Financial Implications

- 2.1 The total estimated cost of the proposals in this report is £18.732 million. The spend will be funded from £0.509million of developer funding and £18.223 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 £8.810 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	71.026	18.223	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

Oakley Grove All Through School

- 3.1 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. This was added to the Capital Programme by Council in September 2021. 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.
- 3.2 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.
- 3.3 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.
- 3.4 This project is considered to be at the detailed business case stage with an 85% costing confidence.
- 3.5 Council are asked to add to the Capital Programme the additional £6.000 million required for the project which will be funded from education capital resources.

Stratford upon Avon High School

- 3.6 Cabinet approved a project to deliver a 2FE (300 place) expansion in December 2020 with a budget of £11.573 million which was added to the Capital Programme by Council in December 2020. 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.
- 3.7 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.
- 3.8 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.
- 3.9 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.
- 3.10 This project is considered to be at the detailed business case stage with an 85% costing confidence.
- 3.11 Council is asked to add to the Capital Programme the additional £2.200m for the project funded from Education Capital Resources

Shipston High School, Stratford-upon-Avon District:

- 3.12 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.
- 3.13 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.

- 3.14 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.
- 3.15 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.
- 3.16 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 £10.023 from unallocated education capital funding. The project is still at an early stage of development and therefore vulnerable to further budget increase. A level of contingency has been included to mitigate against further inflationary pressures and any additional costs that may arise as surveys and design work progress.
- 3.17 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.
- 3.18 Council is asked to add the project at Shipston High School to the Capital Programme at a value £10.532 million to be funded from Education Capital Resources of £10.023 million and Developer Funding of £0.508 million

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. Background Information

- 5.1 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](#).
- 5.2 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.
- 5.3 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.
- 5.4 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.
- 5.5 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.
- 5.6 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.

Appendices

1. Appendix 1

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

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