

Cabinet

8 September 2022

Education Capital Programme 2022/23

Recommendations

That Cabinet:

1. Recommends to Council that £13.400 million be added to the capital programme to deliver the scheme at Myton Gardens, to be funded from Department for Education grant.
2. Approves the addition to the capital programme of £0.470m funded from developer contributions, Department for Education grant and academy trust contributions to deliver the remaining schemes in section 3 of the report, provided that the release of funding for the scheme at Long Itchington Primary School is subject to confirmation of the remaining funding by the Diocese of Coventry Multi Academy Trust.
3. Authorises, subject to Council's agreement to the required addition to the Capital Programme and prior agreement from the Strategic Director for Resources as to whether a project will be school led or not, the Strategic Director for People in consultation with the Portfolio Holder for Finance and Property, to invite tenders and enter into the appropriate contracts or (where the scheme is school led) to make the necessary funding arrangements for these schemes 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 proposal includes 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 The 2021 census highlights that the population of Warwickshire has increased by 9.4% between 2011 and 2021. Importantly for education sufficiency, while

numbers of pre-school children declined slightly during that period in some areas of the county, this was not the case for Rugby Borough or Stratford District. County wide the number of children aged five to fourteen increased by over eight thousand during that period, representing a 13.5% increase in the school age population of Warwickshire.

- 1.4 As such the county has seen significant education capital investment over recent years. However, this growth has not been uniform across the county and in some areas there are schools that have capacity. These schools are sometimes not in areas where there is predicted growth in pupil numbers at a local level, and there may be action required to reduce capacity or reorganise provision to stabilise in-take numbers and assist schools with being able to set balanced revenue budgets.
- 1.5 The table below outlines the population growth for each of the Districts and Boroughs between 2011 and 2021, as outlined in the 2021 Census, along with the corresponding education capital investment in those areas.

Area	Population growth ONS 2021 Census (% change 2011 to 2021)	Education Capital Investment 2011 to 2022
North Warwickshire Borough	4.80%	£55 to £66 million
Nuneaton and Bedworth Borough	7.10%	£85 to 100 million
Warwick District	7.90%	£146 to 156 million
Stratford District	11.80%	£110 to £120 million
Rugby Borough	14.30%	£115 to £130 million

- 1.6 The figures shown include projects delivered by WCC and the Department for Education (DfE), along with some academy trust led projects, and is shown as a range as the final costs of DfE delivered free schools or rebuilds are not always known to WCC. This includes both completed projects and live schemes that have received funding approval and are due to be delivered within the next 3 years. Projects outlined in this report are not included in the above figures.
- 1.7 The general trend confirms that areas with the highest population growth have received the highest level of education capital investment. However, it should be noted that the investment figures for both Nuneaton and Bedworth Borough and Warwick District include proposed new schools and school relocations intended to meet current and future population growth that is expected as a result of current housing developments. These developments are building out at present and therefore this growth is not yet fully reflected in the census figures. This includes the DfE free school Higham Lane North Academy in Nuneaton, the relocation and expansion of Kenilworth School and the new all through Oakley School in Warwick.

- 1.8 The Education Capital Programme is driven by the long-term strategic planning outlined in that Education Sufficiency Strategy and annual updates to ensure Warwickshire can meet its statutory duty to provide school places.
- 1.9 Forecasts of expected future pupil numbers are produced and published annually and consider current and expected future population growth. This includes growth from approved housing development. Where these forecasts predict a shortfall of school places, and local schools do not have enough physical space to admit the expected numbers of additional children, education capital projects are developed to provide those additional places.
- 1.10 Projects are prioritised and brought forward according to the date the additional places will be required, as evidenced in the pupil forecast data, combined with the expected time required to design and deliver each scheme.
- 1.11 The expected education capital requirements associated with proposed strategic housing development across the county are identified as part of the District and Borough Local Plan process. As strategic housing developments progress across the county, and planning permission is granted, the pupil forecast data is updated and the prioritisation of education capital projects amended as needed to ensure sufficient school places exist to meet the expected demand. Availability of education capital resources limits the ability to deliver additional school places in advance of the requirement for those places being evidenced in the pupil forecast data.
- 1.12 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 meet existing sufficiency needs and to operate within their existing accommodation. Details of proposed schemes to make improvements to existing schools are set out in section 3.
- 1.13 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 disability access requirements.
- 1.14 The current available funding is set out in Section 2.
- 1.15 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 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.
- 1.16 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 current balance of total Basic Need capital grant confirmed but unallocated is £52.803 million following July 2022 Cabinet approvals. This includes (net of approvals) the remaining amounts that the DfE have confirmed the Council will receive in further Basic Need capital grant allocations of **£40.850 million** in 2023/24 and **£21.366 million** in 2024/25.

2.2 The Service holds resources for school investment which are not currently included in the approved Capital Programme, this is largely from the following:

- confirmed Basic Need grant to be received up to 2024/25,
- other grants/contributions held for specific purposes,
- developer contributions currently held but unallocated; and
- one historically earmarked capital receipt.

2.3 This is summarised as follows:

Available Resources (unallocated)	2022/23	2023/24	2024/25	2025/26	Total
	£'000	£'000	£'000	£'000	£'000
Basic Need Grant	0	31,437	21,366	0	52,803
High Needs Grant	7,671	6,008	0	0	13,679
Schools Condition Allocation	2,197	0	0	0	2,197
Special Provision Fund	19	0	0	0	19
s.106*	46,759	0	0	0	46,759
Earmarked Capital Receipts	2,113	0	0	0	2,113
	58,759	37,445	21,366	0	117,570

** The s.106 balance consists of funds the authority currently holds in cash as received from developers but is linked to over 200 separate s.106 agreements and, therefore, flexibility of funding is limited to the conditions of the individual agreements.*

2.4 The project costs outlined within this report total **£13.870 million** of which £13.430 is funded from Basic Need funding, £0.356 million is from developer funding and £0.084 is from school contributions (Myton Gardens at £13.400 million and the other projects laid out in section 3 total £0.470 million). Therefore, £13.430 million will be drawn down from available Basic Need funding, reducing the total Basic Need unallocated resource to **£39.373 million**.

2.5 There is no remaining education capital funding available for allocation from the balances held and received in 2022/23. However, the allocation within this

report will be drawn down against the remaining 2023/24 funding of £31.437 million with estimated spend due to be in 2023/24 and 2024/25.

- 2.6 In order to ensure that the decisions in this report do not directly lead to a cashflow shortfall between when the Basic Need grant instalments are received and when they are spent, an analysis of the grant available compared to the profile of expenditure once approved is provided in the table below:

Available Resources	2022/23	2023/24	2024/25	Total	Remaining Unallocated Basic Need
	£'000	£'000	£'000	£'000	
Basic Need Grant (Cash)	19,402	40,850	21,366	81,618	81,618
May Cabinet	-325	-4,658	-3,069	-8,052	73,566
July Cabinet	-790	-11,330	-7,465	-19,585	53,981
September Cabinet	-1,505	-6,809	-4,486	-12,800	41,181
	18,782	18,053	6,346	41,181	

- 2.7 The table demonstrates that current approvals do not leave a cash flow funding shortfall in the Capital Programme in any year in which Basic Need grant is held or received.
- 2.8 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%).
- 2.9 Where cost confidence is lower appropriate contingency figures are included in the cost estimates to account for this. Inclusion of contingency figures are expected to mitigate the majority of cost increases experienced as the project progresses and costs become more certain. An internal process is currently being devised to strengthen governance regarding contingency funding to ensure appropriate use. This will include enhanced officer oversight and scrutiny of requests to utilise project contingency funding.
- 2.10 Any contingency allocation not required to deliver the scheme as specified will be returned to the remaining unallocated balance of basic need funding and available to be allocated to meet future demand.

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

Myton Gardens (new primary school in Warwick)

- 3.1 4500 new homes in the South Leamington/Warwick area will generate an estimated additional 6 to 7 forms of entry or FE (1260 to 1470 pupils), per year group in Warwick District. This is in excess of what could be accommodated on existing school sites and is directly aligned to housing growth with new provision being delivered within these new communities.
- 3.2 Myton Gardens is the third of four primary schools proposed to meet the need for school places as a result of the large scale housing development in the area. The first new primary school, Heathcote Primary School, opened in September 2017 and has been expanded to accommodate 2FE entry. The second primary provision will be within the all-through provision at Oakley Grove due to open in September 2024. The fourth is likely to be beyond the 5 year forecast period.
- 3.3 The new primary school will consist of early years provision (40 fte places ages 0-4), a 2FE (420 places) primary school with capacity on site to expand to 3FE longer term, with a SEND resource provision included within the primary provision (8-14 places).
- 3.4 The design of the primary school and site layout has been future proofed to accommodate expansion to 3FE if required in future years, based on current forecasts this is not expected to be required within the next five years. In addition, the vehicle access and car parking will be configured to allow future shared access to the existing Evergreen School adjacent to the site if required should expansion of the special provision be undertaken.
- 3.5 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 2022, with the successful Trust being appointed in Spring 2023. The presumption competition process is determined by the Department for Education for all local authorities when delivering new schools.
- 3.6 The total cost of the project has been estimated at £13.400 million. The project is still evolving through to outline business case, with the outcome of ecological surveys continuing to be assessed, therefore contingency has been included to provide against possible cost increases experienced as the project progresses and costs become more certain.
- 3.7 The developer funding collected for this area has already been allocated to the new all-through school at Oakley Grove, the delivery of Heathcote Primary School and the expansion of Campion School.

- 3.8 Cabinet is asked to agree the proposal to allocate £13.400 million funded as follows and recommend to Full Council its addition to the Capital Programme:

Education Capital Resources £13.400 million

Long Itchington CofE Primary School, Stratford on Avon District

- 3.9 Long Itchington CofE Primary school serves the village of Long Itchington which has seen circa 200 to 300 homes built out over the last five to seven years, increasing reception cohorts and the number of in year applications. To meet the demand the school increased their PAN from 28 to 30.
- 3.10 Classroom sizes at the school are circa 7 to 14m² under current DfE guidelines. The Diocese of Coventry Multi Academy Trust has allocated £30k School Condition Allocation (SCA) funding (2021/22) to begin the process of addressing suitability and sufficiency issues regarding the school accommodation.
- 3.11 The Trust have put forward a scheme to enable the school to increase classroom areas closer to DfE guidelines to comfortably accommodate 30 children in their classrooms across the key stages now and for the future.
- 3.12 The first phase of the works would involve modifications to four classrooms and is estimated to cost between £0.450 and £0.500 million. The second phase would be factored into a timeline likely to be beyond five years and dependent on the availability of other Trust funding and other priorities across the school estate.
- 3.13 There is developer funding available totalling £0.254 million to support internal modification and increase teaching space to facilitate an increase in PAN from 28 to 30 at Long Itchington CofE Primary School.
- 3.14 The Trust would seek approval from the Trust Board to allocate further SCA funds of circa £0.200 million to combine with the developer funding and allow the first phase of modifications to four classrooms to go ahead at the earliest opportunity.
- 3.15 Confirmation of the allocation of the remaining funding from SCA will not be received until Summer 2023. However, approval of this developer funding will increase the likelihood of the project progressing further.
- 3.16 It is proposed that Cabinet approve the use of the developer funding to support the first phase of works with the condition that funding will be released on confirmation from the Trust that the remaining funding to complete the first phase of works has been secured.
- 3.17 Cabinet is asked to agree the proposal to allocate £0.254m as follows:

Developer funding £0.254 million

Aylesford School washroom refurbishment, Warwick District

- 3.18 Current student sanitary facilities in the secondary school fall well below reasonable standards. The school has too few toilets and those that are available are cramped and poorly designed. The school are proposing the renovation, redesign and expansion of the existing four sets of toilets and washroom facilities. This creates a more pleasant environment and will enable more students to use the sanitary facilities in a shorter amount of time and assist with time-keeping throughout the school day.
- 3.19 The total cost of the project is approximately £0.106m. The school are funding £0.004m of the cost, and it is proposed to provide £0.102m developer funding conditioned specifically for improvements at Aylesford School.
- 3.20 Cabinet are asked to agree the proposal to allocate £0.106 million funded as follows:

Developer funding	£0.102 million
School contributions	£0.004 million

Burton Green CofE Primary School, Warwick District

- 3.21 In July 2020 Cabinet approved a proposal to allocate £0.260m to fund a two classroom block at Burton Green CofE Primary School. This would be funded from developer funding, with approximately half being forward funded from Basic Need (the vast majority of the developer funding has now been collected). The school are funding the remaining £0.030m of the original budget of £0.290m.
- 3.22 Following the original approval the project has experienced a number of issues including the original contractor pulling out, and an elongated waiting time for planning permission approval. The escalation in industry wide costs means the original budget will now not meet the current build cost. Quotes have been tendered on a like for like specification and the lowest cost returned is £0.400m, leading to a shortfall of £0.110m against the approved budget. To meet this shortfall the school's Trust have increased their contribution by £0.080. They are also requesting a further £0.030m from the County Council to enable delivery of this scheme.
- 3.23 The project is for the construction of a new single storey modular 2 classroom block. The additional classes would allow the school to reorganise themselves and provide flexibility in class organisation to offer an additional 5 places per year group in line with any increased demand from new houses (93 dwellings) in the immediate area.
- 3.24 The Trust have considered the option of revising the scope and seeking approval for a change of use for the original funding of £0.260m approved. If a

revised scope is pursued, this would require a full revision of the planning approval which for the original project has taken several months. The delay in planning has already had a significant impact on the increased cost. In order to prevent additional delays and likely associated further additional cost increases it is proposed to allocate an additional £0.030m from education capital resources along with an additional £0.080m from the Trust to ensure the original specification can be maintained and the project can be delivered in a timely manner.

- 3.25 Cabinet are asked to agree the proposal to allocate £0.110m funded as follows:

Education Capital Resources	£0.030 million
School contribution	£0.080 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.
- 4.5 All future schools will be developed in accordance with to statutory regulations which include the revised Building Regulations 2021. These new building regulations include significant changes to the regulations around ventilation, energy efficiency and overheating, electric vehicle charging and a number of smaller supporting elements of the regulations. Schools will therefore be built to new standards that are expected to produce lower carbon dioxide omissions compared to previous standards and will also be assessed using primary energy metrics.

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 29 September 2022.

Appendices

1. Appendix 1 – September Cabinet Education Finance

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

Local Member(s): Cllr Singh Birdi, Cllr Kettle, Cllr Cooke, Cllr Holland