

# Cabinet

15 December 2022

## Education Capital Programme 2022/23

### Recommendations

That Cabinet:

1. Approve the addition to the capital programme of £1.028m funded from the Department for Education grant to deliver the scheme at The Queen Elizabeth Academy, Atherstone; and
2. Authorise the Strategic Director for People, in consultation with the Portfolio Holder for Finance and Property, to make the necessary funding arrangements for this scheme.

### 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 3. The proposals include funding from developer contributions.
- 1.2 The proposal within this report looks to increase the number of pupils admitted at a school in the North of Warwickshire. 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 The current available funding is set out in Section 2.
- 1.5 Capital projects are currently experiencing significant increases in construction cost inflation and supply chain issues. This level of fluctuation will also be influenced by stage of the project. The scheme outlined in this report has now received planning permission and a tender sum agreed with the preferred contractor; therefore, there can be more certainty around the costs.

## 2. Financial Implications

- 2.1 The total estimated cost of the proposal in this report is £1.028 million. The spend will be funded from the Basic Need capital grant funding from the Department for Education.
- 2.2 The Basic Need capital grant balance for 2022/23 has been allocated to projects within the Capital Programme. 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 proposal in this report will be funded by drawing down on future years' remaining confirmed funding as shown in the table below. The figures do not include the reduction in funding that would occur if further funding is allocated to the Oakley School capital project due to be presented to Council on 13<sup>th</sup> December. The remaining basic need grant with the inclusion of additional funding for Oakley School would be £33.948m.

	Total Education Capital Funds £m	Proposed Use £m	Remaining Basic Need Grant £m
Balance of Unallocated Education Capital Funds (as at 2024/25)	39.287	1.028	38.259

- 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 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 were drawn up, the level of contingency originally provisioned for and what mitigations are realistically possible for a project.
- 2.6 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%).
- 2.7 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**

#### **The Queen Elizabeth Academy, Atherstone**

- 3.1 In May 2022, Cabinet approved delivery of a project at The Queen Elizabeth Academy to provide a new two storey modular classroom block containing 7 general teaching classrooms and ancillary space to facilitate a 1 form entry expansion (150 places) increasing the school's PAN from 120 to 150 with an education capital resources allocation of £2.265 million.
- 3.2 The block is of modular construction, pre fabricated design. This option has been chosen as it provided the best value for money, the shortest construction time, and the option that had been discussed in detail with planners and the Education and Skills Funding Agency.
- 3.3 Original estimates were collated in December 2021. In the 12 months since the original quote was obtained there has been an unanticipated inflationary impact on capital projects. Obtaining planning approval for the scheme has also taken longer than anticipated consequently delaying the programme. Planning approval has now been secured subject to highways and safety zone conditions.
- 3.4 Following a procurement process and review of all prices submitted, a tender sum of £3.100 million was the most competitive price that could meet the requirements of the project and deliver the works by September 2023. The price of works which will begin in Q1 2023 has increased by £1.1m from £2m due to rising inflation, 40-year high cost of materials, supply chain issues affecting the market and additional site constraints not fully clear at the time of the original submission.
- 3.5 The inclusion of a 5% contingency and 1% for WCC clerks of works increases the total construction budget to £3.293 million, with a £1.028 million shortfall on the current allocated budget of £2.265 million. The total cost of the project remains within the DfE benchmark cost for secondary school expansion.
- 3.7 There are additional costs (temporary accommodation and hard play space) that are required to meet the additional pupil places and maintain the operation of the academy during construction. The Trust will be providing the funding to meet these additional costs totalling circa £0.275 million.
- 3.8 It is proposed to allocate further Education capital resources to this project. With large scale strategic development planned for North Warwickshire, the

Local Authority will look to secure S106 funds from developments in North Warwickshire in order to reduce the pressure on Basic Need Funding

- 3.8 Cabinet are asked to agree the proposal to allocate £1.028 million funded as follows to the existing project:

Education Capital Resources £1.028 million

## 4 Environmental Implications

- 4.1 Where feasible, 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.

## Appendices

None

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

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Other Member(s): Cllr Dahmash