

Cabinet

13 July 2023

Education Capital Development Fund

Recommendation:

That Cabinet approves the allocation of £1.4m from the Basic Need Grant to create and implement a fund (the Education Capital Development Fund) that will be used to develop education capital schemes to RIBA Stage 3 prior to requesting authority for procurement and implementation.

1. Executive Summary

- 1.1 This report recommends the creation of an Education Capital Development Fund (ECD Fund) to support the Education (Schools) Capital Programme.
- 1.2 It is proposed that the fund is provided from the Basic Need allocation provided by Department for Education which predominately funds Education Schools Capital projects.
- 1.3 The proposed ECD Fund will not create an additional burden on the Education Capital Programme. It is funding that would in any event be used for preparatory work on the development of schemes. It is simply proposed that the funding is spent at an earlier stage to provide greater cost certainty before projects are added to the capital programme and authority to procure and implement schemes is sought from Cabinet. The pot will be replenished as individual or groups of projects are approved from existing budgeted resource. The use of the ECD Fund will be closely monitored via existing internal governance.
- 1.4 An annual block header of £0.200m was approved by Cabinet in March 2017 to undertake initial planning and development work up to (Royal Institute of British Architects) RIBA Stage 1 (development of project brief and feasibility studies). The ECD Fund does not replace this block header but will support the next stage of more comprehensive pre-planning and assessment for individual projects up to RIBA Stage 3 (which includes concept design, costing exercises and coordination of architectural and engineering information required for planning) prior to Cabinet approval.
- 1.5 Currently, Education Capital schemes are approved at RIBA Stage 1. This means individual projects are costed on very early feasibility work

prior to more detailed survey works being undertaken. A confidence rating is given to Cabinet at that stage, However, in the current volatile construction climate, projections based on feasibility work are becoming more challenging and the ability to confidently estimate price is reduced.

- 1.6 These challenges have seen costs increase on several schemes in the last 18 months following initial approval, requiring requests for additional funding during the life of projects. This has also impacted on key project milestones and critical paths which are vital in education due to places being required by specific school year deadlines.
- 1.7 The recommended proposal would support all preliminary work up to the end of RIBA Stage 3 and the timeline of formal approvals for future education capital projects would be re-profiled. The ECD Fund would ensure surveys, building design, ground conditions, Highways phases and archaeological works to be undertaken in advance of requesting funding, and any known abnormalities for the project could thus be investigated further. This will not eliminate all cost increases during the life of projects. Contingency funding would still be required for individual projects as many things occur during a project build which can affect cost including unexpected ground conditions, weather and matters beyond either party's reasonable control which affect either programme or cost and for which a contractor is generally entitled to be compensated. What the fund will do is ensure we start from a realistic baseline and understand the conditions of the project much more before attempting to quantify cost.
- 1.8 Analysis of RIBA stage activity has been forecasted against the pipeline of future proposed projects in the future Education (Schools) Capital programme. It is estimated that an annual ECD Fund of £1.4m would support relevant feasibility, surveys and investigations up to the point of formal planning approval.
- 1.9 The proposed the ECD Fund mirrors the model approved at full council in February 2023 for the Capital Investment Fund.
- 1.10 Delegation is already assigned to the Director for Education to authorise spend of up to £0.500m on individual projects and it is intended that this delegation would be utilised to approve spend within the ECB Fund envelope.

2. Financial Implications

- 2.1. The ECD Fund is a capital pot and therefore all expenditure should meet the criteria for capital expenditure. If expenditure from this fund does not meet the criteria for creating or enhancing an asset then the expenditure will be written off to revenue. This could potentially create one-off pressures on the Education Services revenue budget, however, it is expected that the current list of education development projects will ultimately result in the creation of

assets as there is a statutory requirement to provide school places, so the risk of revenue write offs is low.

- 2.2. The full £1.4 million requirement for the fund will be top sliced from the unallocated Basic Need grant balance, currently this stands at £31.568 million. The fund will act as a revolving fund with a maximum balance of £1.4 million to be reviewed annually. As and when development schemes are fully costed and taken forward for approval, the development costs will be transferred to the main project and will replenish the Development Fund. The profiling of the schemes in the Appendix has been reviewed to ensure there will always be sufficient balance within the fund to cover development costs and no additional resources from the Basic Need balance will be required for these specific schemes.
- 2.3. The intention of this fund is that more accurate costings can be secured and achieved prior to full budget approvals being given, this will ensure sufficient full project budget is ultimately allocated and will improve planning of the financial resources available to the Education Service.

3. Environmental Implications

- 3.1 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.
- 3.2 Environmental risk assessments, together with mitigation statements to reduce any potential environmental impacts, are required for any capital project.
- 3.3 All future school capital projects will be developed in accordance with statutory requirements 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.
- 3.4 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.
- 3.5 As part of the feasibility work on future capital projects, where feasible net zero options will be explored. The approval of this fund will allow these options to be fully developed and associated costs to be produced and considered before recommendation to Cabinet.

4. Timescales associated with the decision and next steps

- 4.1 Subject to Cabinet approval, the implementation of the fund will come into effect immediately.

Appendices

None

Background Papers

None

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

Local Member(s): N/A Countywide matter

Other Members: Cllr Sue Markham – Portfolio Holder for Children and Families, Councillors Jonathan Chilvers, John Holland and Jerry Roodhouse.