

# County Council

24 September 2024

## Additions to the Education Capital Programme 2024/25

### Recommendations

That Council:

1. Approves the addition of £2.188m to the capital programme to deliver the scheme at Shipston High School, to be funded by developer contributions.
2. Approves the addition of £16.500m to the capital programme to deliver the new primary school at Callendar Farm to be funded by developer contributions and education capital funding from the Education Capital Investment Fund

### 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 and requests that the projects be added to the capital programme.
- 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 Council receives Basic Need Grant and High Needs Capital funding from the Department for Education and seeks to secure financial contributions from housing developers (s106) to fund the education capital projects required as a result of the impact of new housing developments.
- 2.2 All of the Basic Need capital grant for 2024/25 was allocated to schemes as part of the report presented to Council on 14 May 2024. The Department for Education has confirmed the Council will receive zero in 2025/26 and has not confirmed an allocation for 2026/27 onwards.

- 2.3 The Department for Education (DfE) has announced that the Council has been allocated High Needs Capital Funding of £7.015 in total for 2023/24 (additional £4.987m) and 2024/25 (£2.028m).
- 2.4 In November 2023 the government announced the Childcare Expansion Capital Grant to support local authorities in delivering the expansion of the 30 hours early years entitlement for working families for children over the age of 9 months. Warwickshire County Council received a total of £0.999 million.
- 2.5 In July 2024, a report was presented to Cabinet and Council highlighting the shortfall in funding to deliver school places over the medium term and to seek £20.155 million from the Capital Investment Fund to meet the estimated shortfall in funding. This report uses £11.158 million of the £20.155 million approved for allocation to the capital programme for new primary provision in the Nuneaton North East Planning Area (recommendation 2 above) that was previously outlined in the sufficiency funding report that was approved by Council on 23 July 2024. This would reduce the allocated £20.155 million from the Capital Investment Fund to £8.997 million available for the remaining projects specified in the report approved by Council on 23 July 2024.
- 2.6 Available resources and the investment required for school sufficiency is summarised in the following table:

	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30 & Future Years	Total
Pipeline	£m	£m	£m	£m	£m	£m	£m
<b>Proposed further Expenditure Approvals 2024 to 2028</b>	57.900	26.400	42.400	31.400	-	-	158.100
<b>Funding:</b>							
Basic Need - Received or Confirmed	-	-	-	-	-	-	-
Basic Need - Estimated	-	-	10.000	10.000	10.000	10.000	40.000
School Condition Allocation - Estimated	2.830	2.000	2.000	2.000	2.000	2.000	12.830
s.106 received and allocated	12.253	3.000		4.000			19.253
Basic Need Funding Swaps - Future Receipts	0.468	0.929	4.079	2.498	1.647	9.366	18.987
s.106 agreed but yet to be collected:	0.583	4.494	4.749	0.347	3.110	31.593	44.876
Earmarked Capital Receipts	-	-	2.000	-	-	-	2.000
<b>Total Funding</b>	<b>16.134</b>	<b>10.423</b>	<b>22.828</b>	<b>18.845</b>	<b>16.757</b>	<b>52.959</b>	<b>137.946</b>
<b>Funding Gap</b>	<b>41.766</b>	<b>15.98</b>	<b>19.57</b>	<b>12.56</b>	<b>(16.757)</b>	<b>(52.959)</b>	<b>20.15</b>

- 2.7 The project costs outlined within this report total **£18.688 million** of which **£11.158 million** is from the Education Capital Investment Fund, **£5.867 million** is from received developer contributions, and **£1.663 million** from agreed but yet to be received developer contributions.

<b>Recommendation</b>	<b>Total (£m)</b>	<b>Education Capital Investment Fund</b>	<b>S106 Funds Received</b>	<b>S106 Funds Agreed but not yet received</b>
Rec 1	£2.188		£2.188	
Rec 2	£16.500	£11.158	£3.679	£1.663
<b>Total</b>	<b>£18.688</b>	<b>£11.158</b>	<b>£5.867</b>	<b>£1.663</b>

- 2.8 £1.663m of the allocation requested in relation to Callendar Farm reflects future S106 receipts not yet received as part of the funding model, with a further £3.679 being funded from S106 contributions already received. Although the use of 'temporary borrowing' to forward fund S106 monies not yet received introduces significant increase in financial risk for the Authority in the event that those contributions are not received at all, this approach was approved by Cabinet and Council in July 2024 as a means of supporting the significant additional financial contributions that will be required to fund school builds and/or expansions over the coming years. The balance of S106 forward funding versus funding received will be kept under close review to minimise the Authority's exposure to risk in this context.
- 2.9 The larger scale capital project at Callendar Farm is at a stage which requires further design and development and surveys to be undertaken to increase the level of cost certainty. Contingency and risk allowance are included in the project budgets to provide some mitigation against further cost increases.
- 2.10 Funding from developer contributions can only be used for a limited range of purposes specified in the relevant agreement. Officers from Finance and the Infrastructure Team have confirmed the availability and use of the funding for the schemes within this report.

### **3. Proposals for addition to the 2024/25 Education Capital Programme**

#### Shipston High School

- 3.1 The project to deliver a 1FE expansion, an additional 150 pupils, was approved by Cabinet 19th July 2022 with a budget of £10.532 million.
- 3.2 At the time of approval in July 2022, and prior to the Council's approach to aiming to bring projects for funding approval at the end of RIBA Stage 3, the project was at an early stage of design and more susceptible to an increase in costs as the project has progressed through design and development.
- 3.3 The proposal looks to refurbish and remodel existing buildings and provide a new sports hall and related changing and storage facilities. These works will facilitate a much needed 1FE expansion (150 places) increasing the school's

PAN from 120 to 150.

- 3.4 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.
- 3.5 In July 2023 a value engineering exercise was carried out when forecast project costs indicated an overspend. £0.655 million of savings was achieved by omitting various elements of the project including extensions to the dining hall and activity studio.
- 3.6 Following the receipt of tendered costs by the contractor, the overall project cost has increased to £12.720 million; £2.188 million shortfall on the approved budget. The increase in costs can be attributed to the following key factors:
- More external works/ external services works and drainage required than allowed for in the original budget,
  - Haul road costs higher than anticipated;
  - Actual overall inflationary impact on construction costs higher than understood in July 2022;
  - Additional asbestos found in the building as part of the internal refurbishment works.
  - Prolonged planning application for new Sports Hall has increased programme length and the additional costs associated with this.
- 3.7 Additional funds will allow the approved project to deliver the 1FE expansion and sports hall providing the required facilities to effectively accommodate the increase in pupils in line with the curriculum requirements.
- 3.8 Council is asked to agree the proposal to allocate £2.188 million funded as follows:

Developer Funding (Agreed and Received)	£2.188 million
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#### New Primary School, Callendar Farm Nuneaton

- 3.9 There is a significant amount of housing development located to the North and East of Nuneaton corresponding to the reduced capacity in the respective school planning area forecasts.
- 3.10 Lower Farm Academy opened in 2019, a 2FE primary school delivered by the DfE on land secured via S106 in the Weddington area of North Nuneaton. This primary school has recently increased their Published Admissions Number (PAN) from 30 to 60 at reception and opened up additional in year classes to meet demand within this Nuneaton North East planning area. Further key stage 2 classes are also due to be opened up at another existing primary school in this planning area from September 2024.

- 3.11 Over 4,000 homes were allocated within the Nuneaton and Bedworth Borough Plan as HSG 1 'North of Nuneaton'. Around a quarter of this development has been building out in recent years with 2500 of the remaining allocation to be built over two larger sites – Top Farm and Callendar Farm.
- 3.12 Reception forecasts indicate a shortfall of places in this area of Nuneaton from September 2025. It is proposed to provide a new 2FE primary school (420 places) with early years and resourced provision places on land safeguarded for primary education on the Callendar Farm development. The development of a new primary school in this location will improve accessibility to primary education provision from housing developments in this area of Nuneaton and increase the sufficiency of school places to limit the transportation of pupils to school places circa four to five miles away.
- 3.13 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.
- 3.14 As part of this process, a competition will be undertaken for Multi-Academy Trusts (MAT) to bid for the opportunity to operate the new school. A MAT needs to be in place by June 2025 therefore the presumption competition to select the sponsor Academy Trust will run for 10-12 weeks from Autumn 2024, with the successful Trust being appointed in Summer 2025.
- 3.15 In order to initiate the presumption competition, capital commitment from the Council to deliver the schools needs to be demonstrated to the DfE. As a result of these timescales, the scheme is being brought forward to Council for approval ahead of completion of stages 2 and 3 of design and development. Due to the early stages of design the cost certainty on this capital project is lower than what would have been achieved had the project progressed to the end of stage 3 and therefore at greater risk of further increase in cost as development continues. Higher levels of contingency and costed risk are incorporated into the budget to try to mitigate for potential cost increases as design and development progresses.
- 3.16 Council is asked to agree the proposal to approve the allocation of £16.500 million to the Capital Programme, to be funded as follows:

Education Capital Funding (CIF)	£11.158 million
Developer Funding (Agreed and Received)	£3.679 million
Developer Funding (Agreed but not yet Received)	£1.663 million

## **4. Environmental Implications**

- 4.1. The 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. All future school capital projects will be developed in accordance with 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.
- 4.4. As part of the feasibility work on new build capital projects, where feasible Net Carbon Zero and associated costs has been explored and considered. However, due to the approximate 20% uplift in cost on new build projects and current funding constraints, Net Carbon Zero has not be taken forward.
- 4.5. Extensions to existing buildings make environmental improvements a challenge. However, where possible new build elements will be fossil fuel free.
- 4.6. 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. The provision and access to local education provision supports the promotion of active travel and the health and well-being, economic and environmental benefits this can bring.

## **5. Supporting Information**

- 5.1 Local Authorities are responsible under Section 14 of the Education Act 1996 for ensuring sufficient school places exist in an area to meet local demand.
- 5.2 Under this statutory duty Warwickshire County Council is expected to fund any required expansions at existing schools for the delivery of new schools to ensure sufficient school places continue to exist to meet expected pupil numbers.
- 5.3 The Warwickshire Education Sufficiency Strategy 2024 – 2029, approved by Council on 23 July 2024, is a core strategy which sets out how the Council will plan, develop and commission education provision and encompasses early years, school places, Post 16 and SEND. 'A key objective in the strategy is providing the right places at the right time'.

- 5.4 The Education Capital Programme is driven by strategic planning outlined in the Education Sufficiency Strategy and the [annual sufficiency update](#) to ensure Warwickshire can meet its statutory duty to provide school places. 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.
- 5.5 The 2021 census highlighted that Warwickshire's child-age population increased by almost 7% between 2011 and 2021, an increase of nearly 10,000 pupils. As such the county has seen significant education capital investment over recent years. To accommodate this growth Warwickshire County Council has delivered over 10,000 new permanent school places in the last ten years through numerous school expansions across the county and the opening of 12 new schools, comprising seven Primary, two Secondary, one All-through and three special schools.
- 5.6 Over the next 10 years we expect a further increase in the total school age population (age 4-16) as a result of the housing developments that have received planning permission or are building out at present. This growth will require additional school places.
- 5.7 Warwickshire has also experienced increased demand for specialist education provision year on year with the number of children with EHCPs increasing annually by 9% over the past 5 years. This trend for increased demand for specialist education provision is anticipated to continue. As part of the Delivering Better Value (DBV) programme of work, the Council is seeking to increase the number of resourced provision places commissioned over the next five years, from the current position of just under 200 places to over 500 places by 2028.
- 5.8 New primary schools will incorporate accommodation for early years provision and resourced provision.
- 5.9 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.
- 5.10 All capital projects are delivered in accordance with Contract Standing Orders and procurement legislation. They are procured either through Warwickshire County Council recognised/approved frameworks or via a competitive open market tender, with Overheads, Profits and Preliminaries and construction sub-contractor packages captured. The Strategic Asset Management team manage the design process from RIBA Stages 0-3 and appoint multidisciplinary consultants via recognised frameworks/open market and

challenge consultant fee bids. The Investment Services team manage RIBA Stage 4-7, appoint the contractor and provide project oversight alongside the professional team; challenging contractors package prices against budgets allocated and provide value management and value engineering.

## Appendices

None

## Background Papers

None

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

Local Member(s): Cllr Jo Barker, Cllr Robert Tromans, Cllr Brett Beetham

Other members: Chair and Spokespersons of the OSC.: Cllr Marian Humphreys, Cllr Jerry Roodhouse, Cllr Barbara Brown.