

REPORT FOR: **CABINET**

Date of Meeting:	17 October 2013
Subject:	Capital Programme 2013/14 - additional schools grant funding
Key Decision:	Yes
Responsible Officer:	Catherine Doran, Corporate Director of Children and Families Simon George, Director of Finance and Assurance Terry Brewer, Divisional Director Commercial, Contracts and Procurement
Portfolio Holder:	Councillor Janet Mote, Portfolio Holder for Children and Schools Councillor Tony Ferrari, Portfolio Holder for Finance Councillor Stephen Wright, Portfolio Holder for Property and Major Contracts
Exempt:	No
Decision subject to Call-in:	Yes, except where the decision is reserved to Council and where it has been noted
Enclosures:	Appendix A: Schools included in the Targeted Basic Need Programme Appendix B: Targeted Basic Need Funding Terms and Conditions

Section 1 – Summary and Recommendations

This report updates Cabinet about the Targeted Basic Need Programme (TBNP) and the delivery of the school projects and identifies the recommended procurement route to achieve value for money within the timescales.

Recommendations:

Cabinet is requested to:

1. Note the additional funding secured through the TBNP process of £34.3m.
2. Recommend to Council to adjust the 2013/2014 capital programme to include £9.583m TBNP funding and the 2014/15 and 2015/16 programmes will be agreed as part of the budget setting process.
3. Agree to delegate the procurement and implementation of contracts to the value of £60m to the Corporate Director of Children and Families in consultation with the Portfolio Holder for Children and Schools and the Portfolio Holder for Property and Major Contracts. This is subject to none of the additional funding being spent prior to the Council approval of the amended budget.
4. Note that in order to minimise risk and to meet the tight deadline conditions of the TBNP funding, officers will use the Council's Major Works, Maintenance and Repairs Framework contract with Keepmoat together with existing major works frameworks established by other Public Buying Organisation to deliver the projects.

Reason: (For recommendation)

To increase the amount in the Council's capital programme for 2013 – 2014 and carry out the procurement process to deliver the projects within tight timescales.

Section 2 – Report

Introduction

1. The Local Authority has a statutory responsibility to provide sufficient school places for its area. There is an increasing population and more school places are required. The current pressure is for primary school

place and overtime this will move to the secondary schools. In addition there is growing pressure for special school places.

2. At its meeting on 20 June 2012 Cabinet approved the statutory proposals to expand nine schools on seven sites from September 2013. A building programme is underway to ensure that there is sufficient accommodation for the additional pupils at these schools
3. In November 2012, Cabinet agreed that a second phase of primary schools should be moved to the statutory process for permanent expansion. Since then work has been progressed with schools to identify the schools that will be proposed for expansion. In July 2013, Cabinet agreed the schools that would be moved to the statutory process for permanent expansion. The statutory consultations were opened on 16 September and will end on 18 October 2013.
4. In July 2013, Cabinet also agreed the Special School and SEN Placement Planning Framework and this included creating additional capacity in special schools and additional provision in mainstream schools. A report will be presented to Cabinet in November with proposals for the secondary school place planning strategy.
5. There are significant capital implications to school expansions. To accommodate additional pupils, all schools being considered for permanent expansion require a combination of new buildings, refurbishment or remodelling.
6. This report up-dates Cabinet on the current funding allocations from the Government's Education Funding Agency and the impact on the agreed Capital programme for 2013/14.

Options considered

7. The Council agreed a school place planning strategy that includes permanent and temporary school expansions. The Government makes annual funding allocations to councils for school places, and has also launched two other capital schemes for schools – the Priority Schools Building Programme (PSBP) and Targeted Basic Need Programme (TBNP).
8. To increase the grant funding provided by the Government to Harrow, officers have submitted bids for these programmes. The capital programme funding has been reviewed in the light of successful bids.

Targeted Basic Need Programme and 16-19 Demographic Growth Capital Fund

9. On 1 March 2013, the Government announced the details of the school capital funding allocations for the next two financial years 2013/14 and 2014/15. The announcement included the launch of the Targeted Basic Need Programme and the 16-19 Demographic Growth Capital Fund for additional spend during these same two financial years.
10. Harrow's allocation for Basic Need (£14.69m over the two years 2013/14 and 2014/15) is higher than the previous allocations which reflects the

hard work done to present as fully as possible the needs of Harrow's community for more school places.

11. The Targeted Basic Need Programme is additional funding of nearly £1billion over the next two years announced by the Chancellor in his Autumn Statement and is over and above the Basic Need allocations for new school places.
12. The 16-19 Demographic Growth Capital Fund is funding of £80m to support the cost of additional places needed by young people.
13. The Government set key criteria for applications and set a very tight deadline of 30 April 2013 for applications to be submitted to these funds. Letters were sent on 13 March 2013 to Harrow schools, colleges and to diocesan bodies inviting interest in having applications submitted. This was followed by letters sent on 28 March 2013 to schools that had not responded and that fitted the key criteria for the Targeted Basic Need Programme stating that Harrow would consider them as part of the bid. This was because Harrow wanted to maximise this opportunity for the benefit of the residents of Harrow.
14. Officers held discussions with relevant schools, colleges and diocesan bodies about applications that fit with the school place planning priorities to meet projected increased demand up to 2015. 16 applications were submitted to the Targeted Basic Need Programme covering expansions in primary and special schools, future secondary expansion, and one bid for 16/19 to 25 years provision for learners with learning difficulties and disabilities (LLDD).
15. On 18 July August 2013, the Government announced the outcome of the TBNP bids and 15 of Harrow's TBNP bids and the LLDD bid were successful. A list of the schools that were subject of a successful bid is at Annexe A.
16. The Teachers Centre and Whitefriars Primary School bid includes proposals to increase the primary provision at Whitefriars Primary School and create secondary provision. Since the submission of the bid, the local authority has received an Academy Order for the conversion of Heathland/Whitefriars Federation to an academy.
17. Since the July announcement, the EFA have confirmed the TBNP grant conditions and the level of funding as £34.3m
18. The conditions of the TBNP grant require all funding to be expended by the end of August 2015, and places to be available. Officers are working with all schools that were subject of a successful bid.
19. The Council has a single supplier framework contract in place for the provision of building works and repairs (the Major Works, Maintenance and Repairs framework). This contract was awarded 3 years ago to Keepmoat (formerly Apollo) and ends in April 2014. Use of this framework will provide a quick route to market and enable key projects to commence quickly. However given this framework is nearing the end of its duration and to avoid over-reliance on one contractor, officers

consider that it would be sensible to allocate work to other contractors as well, officers have explored alternative options to provide a route to market.

20. One option would be to establish a new Harrow major projects framework; an alternative would be to issue tenders for specific projects in the schools expansion programme. The difficulty with both these options is timescales as both would take several months to establish and divert officer time from project delivery. Work has therefore been undertaken to assess whether it would be possible to use an alternative existing framework agreement.
21. At the time of writing this report discussions were being held between officers and the Education Funding Agency (EFA) about the possibility of additionally using the EFA framework for the Whitefriars/Teachers' Centre projects. These discussions are on-going and an update will be provided to Members at the Cabinet meeting but given that these projects represent a substantive portion of the costs of the overall programme this would greatly reduce the risks to the Council from putting all the projects with Keepmote.
22. In the event that the EFA framework is not available for use, there are a number of construction frameworks that have been established by Public Buying Organisations (PBOs) and are available for the Council to draw down services from. From an examination of these, the LHC Schools and Community Buildings framework has been identified as being potentially the most suitable for the requirements the Council has for the schools expansion programme and discussions are on-going with representatives from the LHC on using this arrangement. Use of another framework also brings some risk as the supply market is likely to be quickly saturated and contractors will 'pick and choose' which work they wish to bid for. Following further meetings and discussions with Keepmote, EFA and LHC a decision will be made as to the optimum balance of work to be allocated to Keepmote and via the EFA or LHC framework to minimise risk and ensure the programme can be successfully delivered.

Legal Implications

23. The Council has a statutory duty under the Education Act 1996 to ensure the provision of sufficient schools for the provision of primary and secondary education in their area.
24. There is a statutory process for permanently expanding maintained schools. This process includes statutory consultation and the publication of proposals with a formal representation period. The statutory requirements and national guidance will be followed when progressing any proposals of expansion of an individual school.
25. The Local Authority has a statutory entitlement under Sections 15 and 19 of the Education and Inspections Act 2006, to issue statutory proposals in respect of school reorganisation.

Financial Implications

26. Phase 1 of the primary school expansion programme is expected to cost £26.2m over five years. Phase 2 is estimated to cost £25m. A further £12m is estimated for the SEN expansions and £14.5m for Secondary expansion.
27. The 2013/14 capital programme was for one year only and included a total of £11.315m for Children and Families. It was anticipated that DfE funding would account for £5.104m, council funding £1.3m (£0.8m of which is for Children's and Families Services IT upgrades), and the remaining £4.911m was expected to be borrowing funded from Section 106 monies.
28. After the capital programme was agreed, the DfE announced its yearly allocation which provided two years Basic Need funding, and one year capital maintenance funding. The funding for FY13/14 was £9.517m against the assumed amount of £5.104. This effectively reduced the amount of borrowing required from £4.911m to £0.498m.
29. As a result of the successful TBNP bids, Harrow council will receive an additional £34.3m capital funding over two years linked to specific projects to provide new school places. In accordance with the grant conditions, school places must be provided by September 2015 and all of the funding has to have been spent by this date. Full grant conditions are attached at Appendix B.
30. The EFA will give the first instalment of the TBNP funding in September 13 with two further instalments expected in December 2013 and March 2014 totalling £9.583m.
31. It is therefore proposed that Cabinet recommend to Council to adjust the 2013/2014 capital programme to include £9.583m TBNP funding and the 2014/15 and 2015/16 programmes will be agreed as part of the budget setting process.
32. The funding received in this financial year will have to be spent by end of August 2014. It is anticipated that this will be achieved.
33. Current estimates, which are based upon continuation the current level of yearly allocations by DfE, and on initial project cost estimates for the projects in Phase 2 of the expansion programme show that no council funding would be required for the whole of the expansion programme up to and including 2017/18.
34. Even without reliance on any further on DfE funding, based on the project cost estimates, no council funding would be required until 2015/16 with approximately £5m needed to complete the current programme.
35. Further details of the Primary School Expansion Programme Phase 2 capital programme and the secondary place planning strategy will be

reported to Cabinet in November with the outcomes of the statutory consultation in the Autumn Term.

36. The combined total value of the Primary School Expansion Phase 2, the SEN expansion and the Secondary school expansions currently planned is circa £60m. This is based on initial estimates of project cost. Whilst we are only asking for the additional £9.583m to be added to this year's capital programme, we do need to commit at this stage to the procurement of the entire programme which will include future year's capital.
37. Cabinet are requested to agree to delegate the procurement and implementation of contracts to the value of £60m to the Corporate Director of Children and Families in consultation with the Portfolio Holder for Children and Schools and the Portfolio Holder for Property and Major Contracts. This is subject to none of the additional funding being spent prior to the Council approval of the amended budget.

Performance Issues

38. Harrow is a high performing Local Authority and the large majority of local services are judged to be good or better by Ofsted. Schools in Harrow perform well in comparison to national and statistically similar local authorities. The vast majority of primary schools and secondary schools are judged good or outstanding.
39. The Schools White Paper and Education Act 2011 maintain a focus on driving up standards in schools, and place more of the responsibility with the schools directly for their improvement. The role of the Local Authority in measuring performance and driving improvement has changed significantly and is reduced from its previous level. However, the Local Authority maintains a strategic oversight and enabling role in local education, and is likely to retain some role in monitoring educational achievement and key measures such as exclusions and absence. The Local Authority is also statutorily responsible for supporting and improving underperforming schools.
40. The Local Authority continues to monitor key education indicators. The indicators are used locally to monitor, improve and support education at both school and local authority level; they are also used within information provided to the DfE.
41. The indicators fall within the following areas:
 - Attendance and exclusions - remain a statutory duty for the Local Authority to monitor and improve;
 - Narrowing the Gap - is a fundamental part of Ofsted's school inspection process, and accordingly the Local Authority monitors the attainment of identified groups of pupils in its schools, for example SEN children;
 - Underperforming schools – schools are assessed at Key Stage 2 & Key Stage 4 against defined floor standards.

Environmental Impact

42. Phase 2 of the school expansion programme will have an environmental impact that will need to be considered. It will be essential that this work minimises any growth in carbon emissions.
43. Schools account for 50% of the council's total carbon emissions (62% of emissions under the Carbon Reduction Commitment scheme – [CRC]) and will need to play a full part in meeting the council's target of reducing carbon emissions by 4% per annum, as set out in the council's climate change strategy. This applies to new build as well as existing schools.
44. The Government has issued revised guidance under the CRC scheme which removes all school emissions from local authority responsibilities - from March 2014. The intention is that the DfE will organise a national scheme covering schools' emissions.
45. For those schools that are proposed for expansion, planning applications will be required and part of the application will be a school travel plan. Through this process and the development of the solutions for the schools, the impact of the additional pupils and their travel modes will be addressed.

Risk Management Implications

46. The directorate and corporate risk management implications for the council arising from school place planning are included on the directorate and corporate risk registers.
47. The key risks for this programme are affordability and an over or under estimate of pupil growth.
48. The additional funding secured through the Government's TBNP contributes significantly to the affordability of the capital programme to deliver additional school places. The expenditure of this funding has to comply with the grant conditions, one of which is to expend by September 2015.

Equalities implications

49. Equalities Impact Assessments were undertaken during Phase 1 of the school expansion programme. The conclusion of these assessments is that the implications are positive or neutral in that the school expansion programme will ensure sufficient school places for the increasing numbers of children in Harrow.
50. Harrow's schools are successful and inclusive and provide a diversity of provision. The continuing school expansion programme will ensure sufficient school places for the increasing numbers of children in Harrow and will build on the successful provision that already exists in Harrow's schools. The Special School and SEN Placements Planning Framework seeks to address the projected increased demand for school places for children with disabilities arising from the growth in the school age population overall.

51. Equality Impact Assessments will be undertaken on all the schools in the final list of schools that will be taken forward for statutory permanent expansion processes.

Section 3 - Statutory Officer Clearance

Name: Simon George	<input checked="" type="checkbox"/>	on behalf of the Chief Financial Officer
Date: 30 September 2013		
Name: Linda Cohen	<input checked="" type="checkbox"/>	on behalf of the Monitoring Officer
Date: 1 October 2013		

Section 4 – Performance Officer Clearance

Name: David Harrington	<input checked="" type="checkbox"/>	on behalf of the Divisional Director Strategic Commissioning
Date: 27 September 2013		

Section 5 – Environmental Impact Officer Clearance

Name: Andrew Baker	<input checked="" type="checkbox"/>	on behalf of the Corporate Director (Environment & Enterprise)
Date: 27 September 2013		

Section 6 - Contact Details and Background Papers

Contact: Simon George, Director of Finance and Assurance, Corporate Finance, simon.george@harrow.gov.uk, 020 8420 9269

Background Papers:
None

**Call-In Waived by the
Chairman of Overview
and Scrutiny
Committee**

NOT APPLICABLE

*[Call-in applies, except where the
decision is reserved to Council and
where it has been noted]*