

## 2018/19 Capital Investment Programme – Schools Programme

Cabinet Member(s): Cllr David Hall - Cabinet Member for Resources and Economic Development

Division and Local Member(s): All

Lead Officer: Kevin Nacey - Director of Finance, Legal and Governance

Author: Lizzie Watkin – Service Manager Chief Accountant

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|   | <b>Seen by:</b>  | <b>Name</b>  | <b>Date</b> |
|---|--|--|-------------|
|   | County Solicitor   | Honor Clarke   | 20.04.2018  |
|   | Monitoring Officer   | Scott Wooldridge   | 20.04.2018  |
|   | Corporate Finance  | Lizzie Watkin  | 20.04.2018  |
|   | Human Resources  | Chris Squire   | 20.04.2018  |
|   | Property / Procurement / ICT   | Claire Lovett  | 20.04.2018  |
|   | Senior Manager   | Kevin Nacey  | 20.04.2018  |
|   | Local Member(s)  | All  |             |
|   | Cabinet Member   | Cllr David Hall  | 20.04.2018  |
|   | Opposition Spokesperson  | Cllr Simon Coles   | 23.04.2018  |
|   | Relevant Scrutiny Chairman   | Cllr Tony Lock<br>Cllr Leigh Redman<br>Cllr Hazel Prior-Sankey | 23.04.2018  |
| <b>Forward Plan Reference:</b>                          | FP/18/02/11  |  |             |
| <b>Summary:</b>   | This report provides an update on the Capital Investment Programme 2018/19 and future years to ensure the full extent of the Schools and Early Years building programme is understood and Lead Commissioners can enter contracts to deliver school places in advance of the approval of the future years full Capital Investment Programmes. |  |             |
| <b>Recommendations:</b>                                 | <b>That the Leader and Cabinet endorses and recommends to County Council the approval of:</b><br>A commitment to fund the full Capital Investment Programme requirement for the Schools and Early Years 2018/19 starts of £109,372,000 shown in table 1, noting the capital resources set out in section 2 of the report.                    |  |             |
| <b>Reasons for Recommendations:</b>                     | To deliver sufficient, fit for purpose school places for all children in Somerset and meet the Local Authority's statutory duty. This requires the Lead Commissioners to enter into contracts prior to the need to ensure buildings are built in time to keep pace with the demand for school places.  |  |             |
| <b>Links to Priorities and Impact on Service Plans:</b> | The Capital Investment Programme is a vehicle that allows the Council to identify investment and resources to help support the delivery of the key priorities in the County Plan.  |  |             |
| <b>Consultations undertaken:</b>                        | Members have been consulted on the School Place Planning Infrastructure Growth Plan for Somerset which identifies our  |  |             |

|  |   |                   |          |                   |          |                   |          |
|--|---|-------------------|----------|-------------------|----------|-------------------|----------|
|  | <p>school place requirements for the next 14 years.</p> <p>Scrutiny Committee endorsed the need for an annual School Place Planning Infrastructure Growth Plan on 13<sup>th</sup> May 2016</p> <p>Cabinet endorsed this approach to school place planning on 8<sup>th</sup> June 2016. The 2017 School Place Planning Infrastructure Growth Plan was published on the 30 June 2017<br/> <a href="http://www.somerset.gov.uk/EducationIGP">www.somerset.gov.uk/EducationIGP</a></p>  |                   |          |                   |          |                   |          |
| <b>Financial Implications:</b>                                 | The financial implications arising from this report are all included within the detail of the report.   |                   |          |                   |          |                   |          |
| <b>Legal Implications:</b>                                     | In determining its Capital Investment Programme, the Council is required to have regard to the “Prudential Code” established in the Local Government Act 2003. This was considered as part of the approval of the Capital Investment Programme in February 2018.  |                   |          |                   |          |                   |          |
| <b>HR Implications:</b>  | There are no direct HR implications arising from this report. However, staffing levels to deliver the programme, design and implementation needs to be considered and have been taken into account in the individual Capital Investment proposals.  |                   |          |                   |          |                   |          |
| <b>Risk Implications:</b>                                      | <p>Failure to identify and provide sufficient capital funding could reduce the ability to meet the County Plan priorities as well as the quality of the council’s assets and therefore services provided.</p> <table border="1"> <tr> <td><b>Likelihood</b></td> <td><b>2</b></td> <td><b>Impact</b></td> <td><b>4</b></td> <td><b>Risk Score</b></td> <td><b>8</b></td> </tr> </table>   | <b>Likelihood</b> | <b>2</b> | <b>Impact</b>     | <b>4</b> | <b>Risk Score</b> | <b>8</b> |
| <b>Likelihood</b>  | <b>2</b>  | <b>Impact</b>     | <b>4</b> | <b>Risk Score</b> | <b>8</b> |                   |          |
| <b>Other Implications (including due regard implications):</b> | <p>It is essential that decision makers ensure that consideration is given to the legal obligations and in particular to the need to exercise the equality duty under the Equality Act 2010 to have due regard to the impacts based on sufficient evidence appropriately analysed.</p> <p>When formulating Capital Investment proposals, services are required to consider the potential impact of any proposals on protected and vulnerable groups and specific cross-cutting issues-covering key areas such as Equalities, Community Safety, Sustainability, Health and Safety, Business Risk and Privacy.</p> <p>This is done with a view to identifying possible actions to mitigate negative impacts, considering whether proposals should be taken forward and identifying any opportunities to promote equality.</p> <p>This consideration was undertaken as part of the Capital Investment Programme approved by County Council in February 2018 and the detail of the proposal documents can be found within the background papers in section 3.</p> |                   |          |                   |          |                   |          |
| <b>Scrutiny comments / recommendation</b>                      | The relevant Scrutiny Committees for Policies and Place, Adults and Health and Children and Families met in January. The  |                   |          |                   |          |                   |          |

(if any):

outcomes of the deliberations of Scrutiny Committees was made available to Cabinet and Full Council in February 2018.

## 1. Background

- 1.1. During its meeting of 12 February 2018 Cabinet approved and recommended to County Council a Capital Investment Programme (CIP) for 2018/19. This CIP included a significant investment in our schools. There will be 14 new schools and improvements to current capacity on another 10 sites over the four year programme. In year one much of the design and planning will take place with the majority of the build in year two. This programme of works is required to deliver sufficient, fit for purpose school places for all children in Somerset and meet the Local Authority's statutory duty.
- 1.2. The overall approval for the Schools and Early Years programme was £14.980m (excluding St Augustine School and Special Provision). This approval covers the anticipated costs to be incurred in 2018/19.
- 1.3. The nature of the Schools and Early Years building programme means that although cost will be incurred across several years contracts have to be entered into committing the authority to the total cost of the programme. The indicative costs were shown in Appendix B of the CIP report in February 2018 and approval is now sought for the total commitment. This is shown in the table below:

### 1.4. Table 1

| Scheme                          | 2018.19<br>Profiled<br>Requirement | 2019.20<br>Profiled<br>Requirement | 2020.21<br>Profiled<br>Requirement | 2021.22<br>Profiled<br>Requirement | Total              |
|---------------------------------|------------------------------------|------------------------------------|------------------------------------|------------------------------------|--------------------|
| Schools Basic Need              | 9,900,900                          | 64,122,400                         | 19,850,200                         | 2,974,000                          | 96,847,500         |
| Schools Condition               | 990,000                            | 3,190,000                          | 220,000                            | 0                                  | 4,400,000          |
| Schools Access Initiative       | 385,000                            | 245,000                            | 70,000                             | 0                                  | 700,000            |
| Schools Safeguarding & Security | 1,700,000                          | 800,000                            | 0                                  | 0                                  | 2,500,000          |
| Early Years Basic Need          | 1,400,000                          | 1,400,000                          | 0                                  | 0                                  | 2,800,000          |
| Early Years Condition           | 604,098                            | 1,520,402                          | 0                                  | 0                                  | 2,124,500          |
| <b>Total</b>                    | <b>14,979,998</b>                  | <b>71,277,802</b>                  | <b>20,140,200</b>                  | <b>2,974,000</b>                   | <b>109,372,000</b> |

## 2. Capital Resources

- 2.1. Funding of the Capital Investment Programme (CIP) can come from a diverse range of resources, which includes Capital Grants, Capital Receipts, and Contributions from Third Parties, Borrowing and Revenue.
- 2.2. Predicting capital grants creates an element of volatility in our funding assumptions. They form a significant proportion of funding for the Capital Investment Programme. The grants are received from government departments including the Department for Education (DfE) and these are the main source of external funding for the Schools and Early Years programme.
- 2.3. The external funding sources of the Schools and Early Years programme is subject to further announcements by government either in our future finance settlements or separately as the DfE and other government departments reveal their capital allocations. It is not clear how much resource SCC will have towards funding its

needs. There is greater uncertainty in future years as to the level of funding and the assumptions in CIP that was approved by County Council in February were prudent.

- 2.4. At present we are estimating that we will receive £15m of Schools Basic Need Grant and Schools Condition Allocation and that the balance will be funded by new borrowing. This was also the estimate included in the CIP report in February 2018.
- 2.5. The level of borrowing is subject to the confirmation of the external funding sources and therefore will be confirmed once the amount of external funding is known. It is important to note that the above figures are forecasts and as such are subject to change. The risk of change to our future available funding increases the further into the future we try and forecast. At present, we are estimating that we may need up to £120m of new borrowing to fund our capital programme, which is predominantly building new schools building works as detailed in section 1 of this report.

### **3. Background Papers**

- 3.1. County Council 21 February 2018: [Report of the Leader and Cabinet](#);  
Cabinet 12 February 2018: [2018/19 Capital Investment Programme](#);  
Capital Investment proposal documents: [2018/19 CIP Proposal Documents](#)