

Children and Families Committee

Date of Meeting:	20 March 2023
Report Title:	School Organisation –overview of planned capital schemes including funding revisions.
Report of:	Deborah Woodcock, Executive Director of Children’s Services.
Report Reference No:	CF/76/22-23
Ward(s) Affected:	All Wards

1. Purpose of Report

- 1.1. The purpose of this report is to provide committee with a comprehensive overview of the school capital programme both in terms of current/projected schemes and those which have been completed over the recent 5-year period. This strategic overview is summarised in appendix 1.
- 1.2. The supporting documentation details planned capital investments into schools in response to our statutory duties of providing sufficiency of school places across the borough for both mainstream and specialist SEN provisions. The requirement to make financial changes to schemes have been undertaken in conjunction with finance leads. Appendix 2 provides a summary of ongoing capital programmes across priority planning areas based upon approved MTFs block allocations. This summary is the basis upon which decision making is progressed in meeting our constitutional requirements to be both compliant and transparent in the progression of schemes from concept to delivery.

- 1.3. The key purpose of the overview of programmes is to provide committee with oversight of the range of capital investment into the school's estate from concept to delivery. The basis of this work stems from the strategic function of securing sufficiency of school places and this is delivered through the school sufficiency framework as delivered by the School Organisation service. The overarching framework uses detailed forecasting methodology and evaluation of trend data to shape the future needs of school places for both mainstream and specialist SEN provisions.
- 1.4. Significant work is undertaken to work closely with corporate finance leads to effectively manage capital expenditure, ensure value for money against available funding streams and make appropriate variations to MTFS block funding as schemes progress to fully costed schemes. The current economic climate and demands to meet carbon reductions are adding to funding pressures as schemes progress and such factors are outlined in detail in section 6.3.
- 1.5. Two further appendices attached to this report provide details of specific named schemes, where committee are requested to give approvals to increased budgets: -
- Springfield school, Crewe campus. This is a critical scheme for the council in terms of providing urgently needed additional special school places to help mitigate pressure on the high needs funding, as detailed in the High Needs Management Plan that committee approved in September 2023. Appendix 3 sets out the decision making over time relating to this scheme, budget variations and causes of increased costs.
 - Kingsley Fields – New Primary Free school in Nantwich. Appendix 4 sets out the decision making over time relating to this scheme, budget variations and causes of increased costs.
- 1.6. In responding to the critical need for additional SEN special school places across the borough, it is pleasing to report that the two SEN free school applications (as reported to committee in January) have both been successful and this should be celebrated in terms of important investment in Cheshire East utilising national capital funding.
- 1.7. This report builds upon the significant work undertaken via the 'Strategic Programme Board' (SPB) which is chaired by the Executive Director and includes leads from key Council services. This group utilises project management office (PMO) methodology and acts as a key monitoring forum for capital schemes ahead of seeking approvals through the committee system.

- 1.8 It is important for committee to note the recent national announcement regarding the SEN Free School applications which were considered by committee in January. It is to be celebrated that both of these applications were successful and the decision to award Cheshire East two new SEN special schools in Middlewich and Congleton will make a significant contribution in providing additional SEN specialist places. This is highlighted in recommendation 3.5 in terms of referencing potential abnormal costs linked to the progression of both schemes.

2. Executive Summary

- 2.1. As the Strategic Commissioner of school places, Cheshire East Council has a statutory duty to ensure that there are sufficient places in our schools to meet the needs of residents. Having the right educational placement for all children and young people is key to supporting children and young people achieve their potential and to develop the range of skills and experiences they need to equip them for adulthood.

- 2.2. As strategic commissioner we are also required to ensure we have sufficient provision for pupils with special educational needs. Due to the increasing level of complexities of children and young people identified through assessment, the demand for specialist SEN places continues to increase and is most acute in SEN special schools. We are currently over-reliant on high cost out of borough independent schools to meet the needs of children and young people with complex needs which can also include long travel journeys. Therefore, the need to increase local specialist provisions is essential to enable us to deliver high quality local schools for our children and young people and at the same time, reduce revenue costs.

- 2.3. Appendix 1 – Overview of Mainstream and SEN Places

This information outlines the full range of schemes which have delivered additional schools places across the borough. These places include both mainstream provisions (in both local authority maintained and academy schools) as well as specialist places for SEN and includes the two new Free Special schools as result of the successful bids. It is worth noting and celebrating that over £40 Million (£26M into mainstream and £15M into SEN provisions) has been committed over the last 5 years in capital schemes. Funding for these programmes utilises a range of funding streams including ring fenced DfE capital grants as well as Section 106 developer contributions.

2.4 Appendix 2 – MTFS

This information outlines the schemes included in the MTFS and highlights the following: -

- Changes from the 2022/23 to 2023/24 programmes
- Where applicable, details of schemes within block allocations as agreed with finance leads.
- Stage of works currently being progressed (March 2023)
- Rational for any changes
- Budget uplifts
- Details of unallocated funding (March 2023)

2.5. Appendix 3 - Springfield school, Crewe campus

The information provided in appendix 3 outlines the chronology relating to the progression of this critical scheme and provides the rationale regarding the increase in costs for this planned expansion of Springfield school, Crewe campus. These increased costs relate to a variety of factors including the impact of the current economic climate, the costs of materials, carbon reduction and associated services to manage and deliver capital projects within agreed timescales.

2.6. Appendix 4 – Kingsley Fields, Nantwich, new primary free school.

The information provided in appendix 4 outlines the timeline and key milestones and provides an explanation regarding the increase in costs for the proposed new build primary school in Nantwich.

3. Recommendations

3.1. For Children and Families Committee to receive the strategic overview of capital planned programmes, as outlined in appendix 1, and to note the progression of these schemes over time to meet our statutory duties of sufficiency of school places.

3.2 Note that the size and complexity of the school estate necessitates regular and timely decision making, and that all such decisions will continue to be captured and reported to the Committee. Noting also that the constitution establishes the necessary authority for such decisions, and that this may require the Committee to note decisions made under delegated powers or approve delegate decisions or note decisions that may require Council approval.

- 3.3 To note the required budgetary changes in appendix 3 and to approve a further capital virement of £1.13M from the uncommitted grant funding to the Springfield School, Crewe campus capital scheme thereby increasing the scheme budget to £7.13M.
- 3.4. To note the information in appendix 4 which shows the revised funding allocation for the new primary school at Kingsley Fields, Nantwich capital scheme which has increased to £7.78m.
- 3.5 Approve the virement of £500,000 from the uncommitted grant funding which supports the two new SEN Free Schools in managing potential site abnormality costs (total £1.0 Million)
- 3.6. Note Council's approval, as part of the Medium-Term Financial Strategy (MTFS) of the School Condition Funding grant of £2.868m, noting also that the Executive Director of Childrens Services will regularly report on decisions taken or required on the spending of this and other schools' capital projects as the programme of works is finalised.

4. Reasons for Recommendations

- 4.1. The necessity to commit to the significant capital investment in our schools as shown in appendices 1 and 2 is fundamentally in response to our statutory requirement to provide sufficiency of school places for Cheshire East families. Failure to meet this requirement would result in increased anxieties in families to be able to attend a local school and added competition between schools many of whom set their own admission arrangements. The recommendation to seek approval from committee to progress with these priority schemes and allocate funding accordingly will allow for the effective management of each of these programmes of work and avoid the need to return to committee meetings on a regular basis to present individual reports. It is very much hoped that committee can recognise the significant work undertaken by officers to effectively manage this capital investment in our schools and work within existing financial processes linked to the MTFS. There is much to celebrate in achieving a comprehensive programme of capital investment in Cheshire East schools to allow families to attend a successful and local school of their choice.
- 4.2. Committee have been previously informed about the current pressures on funding which are resulting in costs of scheduled schemes increasing due to a range of factors which are outlined in 6.3.

5. Other Options Considered

- 5.1. The option to do nothing and not increase mainstream and special school provisions across the borough would result in a failure to meet our statutory duties as a commissioner of school places and occur increasing costs for out to borough SEN places.
- 5.2 There is an option that officers continue to provide individual committee reports for each scheme within appendix 2. This is both timely for officers and for consideration on committee agendas.
- 5.3 In each of the schemes in appendix 2, detailed consultations are planned or will have taken place with school leaders, local ward members and local school communities to ensure that feedback and option appraisals are thorough and take into account local views. These processes will identify a range of options in terms of identifying schools to expand. Consultation responses are available as required to show that there is a robustness and openness to ensure that effective decision making is applied.
- 5.4 In terms of SEN programmes of works, the option to continue to place SEN learners in placements out of borough or in independent specialist provisions is not considered appropriate as this will result in a continuation of financial pressures on the High Needs DSG budget. This approach aligns with the detailed work undertaken as part of the 'Developing Better Value' (DBV) programme to increase local provisions which reduce travel costs and time and offers increased value for money.
- 5.5 The service has considered very carefully the option to abort certain programmes where costs have risen considerably especially relating to new SEN to increased costs as the 'value added' from providing additional SEN provisions. To help to try to compare such localised costs to the position nationally, valuable data is presented below to help to determine the levels of risk.

The organisation Educational Building and Development Officers Group (EBDOG) have benchmarking documents showing annual increases in SEN build costs and the challenges across the sector. Based upon this comparative dataset, the following data is available for 2022

2022 publication (July 2022) had an average cost per pupil place of £81,003 for buildings 750 – 1500sqm. It is important to note that this benchmarking data does not include statutory fees, survey costs, loose furniture and equipment, client department costs including programme management, legal and land acquisition costs.

Looking specifically at the Springfield School, Crewe campus scheme as outlined in appendix 2, based on the latest cost estimate for this scheme, providing 80 additional places would be £86,590 per pupil. Considering our project costs do include associated fees, surveys and carbon neutral costings, this comparison does show that even with the increased costs, the Crewe campus scheme is not significantly different to national comparisons for similar educational build schemes.

- 5.6. There is an option to consider further alternative sites for the increasing SEN demand. The service works closely with colleagues in the assets team to identify other potential local sites to address the forecast need for specialist school places across the borough. However, the timescales require the education directorate to progress at pace and seeking an alternative site and commencing all necessary stages to deliver to opening would be both lengthy and may not necessarily result in financial savings.
- 5.7 The option to include member(s) within our SPB forum to review the detailed and robust processes followed at each stage ahead of consideration by committee.
- 5.8 There is a potential option not to provide new free schools as per Kingsley Fields but to continue to expand existing schools to accommodate more pupils. However, there are a growing number of existing school sites which cannot expand further as well as the fact that having a new school in the heart of a large housing development provides a local community school, and which reduces travel for families and congestion in roads.

6. Background

- 6.1. The various funding streams which are utilised to support the capital investment into our schools include Basic Need Grant (DfE funded), Schools Condition Allocation Grant (DfE funded), SEN/High Needs Capital Allocation (DfE funded), Special Provision Fund Capital Grant (DfE funded), Section 1056 Developer Contribution and Approved Council Prudential Borrowing. Many of the grant allocations from the DfE are based upon annual returns which the Council completes outlining our levels of need.
 - 6.1.1. Detailed below is our current position regarding uncommitted grant funding. This information provides reassurance to committee that where changes are required to financial allocations to agreed schemes, that there are available budgets to be able to address such changes.

Uncommitted Funding (Grant Allocation) profiled spent as per MTFS approved February 2023	Total Approved Budget
	£000
Basic Need Grant Allocation	7,319
Schools Condition Capital Grant	2,868
SEN/High Needs Provision Capital Allocation	2,483
Total	12,670

- 6.1.2. The DfE provides basic need capital grant funding to local authorities to support them to meet their statutory responsibility to ensure there are enough school places available in their area for every child aged 5 to 16, as set out under section 14 of the 1996 Education Act. The annual 'School Capacity Survey' return (SCAP) as submitted to DfE in July provides the summary of priority areas where additional places are needed, and this is used to generate basic need allocations. As part of this return and our forecasting process, our 5-year plan of additional places is generated, see appendix 1
- 6.1.3. The DfE provides School Condition Allocations (SCA) on an annual basis for local authority-maintained schools only and provides the council with the mechanism to maintain/improve school building infrastructures. In line with DfE guidance, investment should be prioritised on keeping school buildings safe and in good working order by tackling poor building condition, building compliance, energy efficiency, safeguarding concerns as well as health and safety issues. An indicative budget for the anticipated 2023-24 School Condition Allocation (SCA) grant of £2.868m is included in the Medium-Term Financial Strategy (MTFS) 2023-27, which was approved at full council in February 2023.
- 6.1.4. The DfE have provided High Needs Provision Capital Allocation to meet the capital costs associated with providing new places and improving existing provision for children and young people with complex needs, who have Education, Health and Care plans (EHCPs), and where appropriate, other children and young people with SEND who do not have an EHCP.
- 6.2. As detailed in appendix 1, over the last 5 years we have provided over 1700 new mainstream places, with proposals for a further 3000+ places in the next 5 years. For pupils with SEN, we have provided over 230 new places in our Special Schools and Resource Provisions with proposals for a further 330 places planned for the next 5 years.

- 6.3. The critical themes which combine to present the position of having to potentially increase any budget envelope for our named capital schemes are outlined below.
- a. Inflation – whilst it is recognised that the overall inflation rate is in the region of 10%, some building associated costs are showing higher rates than this which is impacting on overall costs. As an example, costs of glass are showing significant increase.
 - b. Planning requirement – during the planning process, there are often conditions set on a planning decision which require additional costs to be added to the overall budget.
 - c. Design and development – as schemes progress from an initial feasibility stage, associated costs may change as a result of more detailed investigations. This can often relate to the outcomes of required surveys and can often relate to ground conditions/stability.
 - d. Carbon Neutral – the Council is committed to being carbon neutral by 2025 which results in capital build schemes being required to modify buildings to align with this expectation.
 - e. School infrastructure/condition – any scheme will attempt to improve certain conditions of existing buildings and/or to ensure existing infrastructure has the capacity to cope with the increase of school places. Meeting catering /dining hall requirements or additional toilets are examples of common infrastructure changes
- 6.4. The delivery of a growing number of SEN schemes detailed in appendix 1 will ultimately support the Council’s ambitions to provide more in borough specialist school placements to support its residents whilst helping the Directorate with its management plan in reducing the overall deficit within its dedicated schools grant budget.

7. Consultation and Engagement

- 7.1. Prior to and during the scoping and progression of capital programmes of work, engagement events, both formal and informal take place to seek views and feedback from key stakeholders on proposed schemes. Such events involve meetings with Headteachers/Governors individually and across planning areas, briefings for local members as well as structured consultations.
- 7.2. In accordance with the guidance issued by the Department for Education, making significant Changes (‘prescribed alterations’) to maintained schools, section 5, formal consultation is undertaken as required on all schemes where specific criteria are met. Similar national guidance applies

to academies; Department for Education, making significant changes to an open academy.

- 7.3 Detailed records of consultations are kept for all schemes where formal consultation is required, and the feedback received is carefully considered as part of the finalisation of a scheme to ensure community views are considered.

8. Legal Implications

- 8.1 The committee terms of reference state:

“2.3 discharging the Council’s functions and powers in relation to the provision of education and Schools Forum.

2.6 discharging the Council’s functions in relation to Special Educational Needs and/or Disability (SEND).”

- 8.2 The Committee under 2.3 must be assured that the report on the school capital programme is an accurate reflection of and gives effect to the Council’s obligation to provide sufficient education provision in our area the details are usually encapsulated in the schools sufficiency plan. The capital programme should give effect to the sufficiency plan and must be assessed against that plan. The committee should satisfy itself of the need by reference to the sufficiency plan.
- 8.3 It is a constitutional requirement for the committee to review the school’s capital programme each year.

Chapter 3 – Part 4: Section 4

“3.16 Major recurring programmes of capital expenditure will require a detailed annual report to be submitted to the relevant Service Committee covering all the schemes within each programme of works and will include total projected cost, expenditure profile and the full financial implications, both capital and revenue. This will include, but not be limited to, the programmes for Schools & Corporate Landlord Planned Maintenance, ICT Investment and the Local Transport Plan. The Council may determine specific virement responsibilities for such recurring programmes.

3.17 The Capital Programme will distinguish between committed expenditure from schemes already approved, recurring programmes and new proposals, both medium and longer term.”

And

“3.21 Council will approve the re-profiling of spend on approved capital schemes across financial years and carry forward of slippage/accelerated spend into future financial years as part of the budget process in February.”

- 8.4 The committee may consider if the updating information contained in the sufficiency plan and capital programme should be sequenced to ensure the committee has all the relevant up to date information and ensure compliance with paragraph 3.16,3.17 and 3.21.
- 8.5 The committee must be clear what information on the capital programme is being reported and if the committee are proposing to authorise further elements of the programme it will require specific, precise recommendations or decisions. The committee may place on its work programme a forward looking report to assess the programme and/or seek to monitor progress.
- 8.6 This report identifies additional spending. The committee approval to initiate the original school build set a budget envelope which cannot be exceeded without further approval. This report provides for explicit approval for two current builds and a further contingency for two proposed school builds. The committee must assure itself the existing approvals are in place and align with and support the delivery of the correct education provision in the correct geographical area.
- 8.7 The Committee must satisfy itself that the proposed increases in budget are justified, proportionate, and represent value for money for the taxpayer.
- 8.8 If additional cost is incurred on any project it must impact on other possible proposals, the committee must have a clear understanding of the impact of authorising additional funding and the potential impact on the wider programme.
- 8.9 The budget set by full council provided for a capital programme by planning area. Page 258-259 [MTFS 2023-27 - app C.pdf \(cheshireeast.gov.uk\)](#) Full Council has set the budget allocation for each planning area. This is the budgetary framework set by full council. The committee must be satisfied that the cumulative increases and changes in costs do not infringe or alter the planning area limits set out in the budgetary framework.

9. Finance

- 9.1. Funding for Children and Families capital programme is through a range of routes with the main ones relating to the use of the 'Basic Need' grant along with agreed Section 106 developer funding for education to mitigate the need for additional school places due to the impact of new housing. In addition to this external DfE grant was allocated in March 2022 that supported SEN/High Needs schemes including provision of additional places. There is an annual allocation of School Condition funding, but this can only be used for local authority-maintained schools.
- 9.2. The Authority receives differing allocations of Basic Need grant which is based upon our submitted annual SCAP return. This funding is used to meet the additional places required in priority planning areas as referenced in the SCAP
- 9.3. The School Condition Grant allocation is based on the number of maintained schools within the authority and can change subject to the number of schools that have converting to an academy or an academy order has been submitted.
- 9.4. We are awaiting details of future Basic Need and School Condition grant allocations, which the DfE have not yet given any dates for publication of this information. In addition to this the DfE has not confirmed if there will be future allocations of the SEN/High Needs grant. An indicative budget for the anticipated 2023-24 School Condition Allocation grant of £2.868m is included in the Medium-Term Financial Strategy 2023-27, which was approved at full council on 22 February 2023. Once the formal announcement from the DfE is made the allocation in the MTFS will be adjusted accordingly.
- 9.5. For the New Primary School at Kingsley Fields, Nantwich, the additional funding, as detailed in appendix 4 has already been detailed within the MTFS as report and has been fully funded.
- 9.6. The ringfenced funding of £500,000 per site for the purpose of meeting any potential site abnormal costs for the 2 new special free schools, these will be new lines within the Children and Families Capital Programme and will be funded from the uncommitted SEN/High Needs Provision Capital funding.
- 9.7. In terms of estimating the mitigation of further SEN spending on specific schemes, this would be factored into the overall DSG High Needs recovery plan. The information below is based on average cost to the council per

pupil per year for placing children in a Cheshire East Council SEND school and the average placement cost per pupil per year for buying placements at independent non maintained schools.

- The average cost per pupil at a CEC School is £13,800 pa.
- The average cost per pupil at an independent non maintained school is £55,500 pa.

This equates to a per pupil mitigation of costs of £41,700 pa.

10. Policy

- 10.1. Local authorities are under a duty to ensure sufficiency of school places in their area (section 14 of the Education Act 1996) and over the last 5 years, the percentage of parents receiving one of their three preferences has remained very strong and above the national average.
- 10.2 The programme of works for additional SEN special school provision would support the council in meeting its duty to provide sufficient school places. The SEND Code of Practice requires us to consult with parental preference schools and parents have a right to appeal where we are unable to name their preference school through the tribunal process.

11. Equality

- 11.1. Equality Impact Assessments are completed informally and formally to determine the varying needs of learners and their families to be able to access schools. Such factors are built into all stages of the progression of a scheme.

12. Human Resource

- 12.1. There are no direct human resource implications for the council, but if any additional school provision forms part of a current maintained school, the local authority will work with the school in the appointment of additional specialist staffing to ensure high quality staffing is achieved, both teaching and non-teaching. Levels of support will be dependent upon buy back of certain services including Hr and payroll.

13. Risk Management

- 13.1. As outlined in the finance section, the DfE have confirmed capital funding grants which allows for the virement of funding. This funding is already available and therefore is not reliant on future funding allocations
- 13.2. Appendix 2 outlines the availability of unallocated funding which is currently in the region of £12.6 Million. This does reduce levels of risk where scheme costs are increasing. However, we often have no ability to predict future grant allocations.
- 13.3. Force Majeure – The global Covid pandemic has identified that there can be some risks that on impact cannot be mitigated against and will inevitably cause some delay, disruption, and any additional costs.

14. Rural Communities

- 14.1. The creation of additional school places would potentially bring benefit to rural communities in that it will result in residents having a more reasonable travel distances to transport pupils if a local school place cannot be met.

15. Children and Young People/Cared for Children

- 15.1. In accordance with the programme to provide additional school places within Cheshire East, the schemes as outlined will provide more spaces for young people to learn and develop friendships with other local children within a local school thus promoting local community cohesion.
- 15.2. The school organisation service wherever possible will directly involve the young people in some of the design elements of schools as well as decision making with the appointment of sponsors for new schools.

16. Public Health

- 16.1. There are no direct implications for public health however, some children and young people currently travel significant distances to access the specialist provision they may require. This can have an impact on their emotional wellbeing and can significantly lengthen the school day. The successful applications for new SEN free schools will mean more vulnerable children getting a placement in their local area thus keeping supporting their needs within their local community.
- 16.2. By reducing the distances which children are having to make to attend school the programme of works as outlined will also help reduce congestion on the roads and therefore reduce emissions improving the air quality and making a better local environment to live in.

16.3. Any increase in SEND provision will require strategic joint commissioning of specialist health services to ensure resources for such services as physiotherapy are sufficient to meet increased demand as more localised school places are generated.

17. Climate Change

17.1. Providing additional school places will enable Cheshire East children the ability to secure at place at their local school thus reducing the need to travel outside of the area which will reduce energy consumption.

17.2. Cheshire East Council are very aware of their environmental education and stewardship role and are very interested in promoting sustainability in general.

17.3. Cheshire East Council is committed to being carbon neutral by 2025 and our capital build schemes are required to align with this expectation.

17.4. It is noted that any funding is for a capital project and not for the ongoing revenue costs. Therefore, as part of the detailed design process, the design team will be exploring how the expansion could be designed to minimize future running costs. Systems that save on energy consumption will be considered, particularly for electricity, with absence detection being the preferred lighting strategy

Access to Information	
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Background Papers:	<p data-bbox="306 197 1043 232"><u>3a. Springfield Expansion.pdf (cheshireeast.gov.uk)</u></p> <p data-bbox="306 282 683 318"><u>Information relating to 2.4:</u></p> <p data-bbox="306 353 1369 425">May 22 C&FC RESOLVED (unanimously): That the Children and Families Committee:</p> <ol data-bbox="306 465 1385 810" style="list-style-type: none"><li data-bbox="306 465 1385 609">1. Approve the proposed expansion of Springfield School from 170 to 250 places for implementation in September 2023 having given due consideration to the responses to the statutory public notice and consultation process without modification.<li data-bbox="306 654 1385 810">2. Provide authority to the Executive Director of Children’s Services to procure and award a construction contract for the provision of additional places at Springfield School (Crewe), inclusive of any other agreements associated with or ancillary to the contract.
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