
CAPITAL PROGRAMME 2008-09

**Responsible Cabinet Member – Councillor Chris McEwan, Children and Young People
Portfolio
Responsible Director – Murray Rose, Director of Children’s Services**

Purpose of Report

1. To seek Members’ agreement to:
 - (a) the proposed Children’s Services Capital Programme for 2008/09; and
 - (b) releasing the capital funds in relation to this programme.

Information and Analysis

2. The Authority funds the capital maintenance and improvement of schools from a variety of sources including capital allocations received from the Department for Children, Schools and Families (DCSF), bid based submissions for Central Government funding programmes (complied and submitted by Children’s Services) and Darlington Borough Council corporate funding. In addition, the Department receives funding for specific schemes e.g. improvements to ICT, provision of Children’s Centres, etc.
3. Attached at **Appendix A** is a summary of all the capital allocations Children’s Services have secured for 2008/09. Additional funding may be secured throughout the year and if this occurs, reports will be brought to Cabinet to formally request the release of the additional funding.
4. There have been some movements in secured funding since the Capital Medium Term Financial Plan (MTFP), which are detailed below in Table 1:

Table 1

	£ms
Medium Term Finance Plan 2008/09	17.253
Additional Funding Secured	
Computers for Pupils	0.052
Eastbourne Academy – Release of funding for 2008/09	15.077
Hummersknott School – Prudential Borrowing for Sprinklers	0.080
Hummersknott School – Capital Contribution	0.010
Heighington Primary School – Revenue Contribution to	0.014

Capital Outlay	
Less Funding Previously Released	
Hummersknott School – TCF Contribution	- 5.645
Total	26.841

Prioritisation Process

5. Children’s Services is responsible for working with schools to ensure all funding is targeted to meet the highest priority needs. The prioritisation process is led by an overarching Strategy for Capital Investment (similar to the Statement of Priorities which used to be part of the Asset Management Plan), which is developed in line with Darlington Borough Council’s corporate vision and the Children and Young People’s Plan.
6. This overarching strategy is then used to guide local 'cluster' priorities and develop a Local Asset Management Plan Agreement (LAMPA) with each individual school. These partnership agreement plans with schools initially concentrate on the allocation of school based Devolved Formula Capital whilst highlighting any urgent needs at a school that may require a larger capital investment from centrally held Children’s Services allocations.

Programme of Works

7. The annual programme of works for larger capital projects is developed by Children’s Services after collating, evaluating and considering the needs of each individual school against other priority capital works across all Darlington schools. Data is collated from a number of sources through regular surveys of the schools (condition, sufficiency, suitability, legionella, asbestos, health and safety, etc). Once the works have been identified and prioritised a programme of works is taken forward and implemented. The 2008/09 proposed programme of works is attached at **Appendix B**.
8. The programme has historically been biased towards condition rather than suitability issues but increasingly we are attempting to ensure more emphasis is given to ensuring we have the right environments in which our teachers teach and our children learn. The LAMPA process is helping with this by challenging schools to look at the suitability of their building to deliver the national curriculum in the 21st Century.
9. In addition the Authority is currently managing a position of increased demand for school places, particularly in the primary school sector and as such we are currently considering whether it will be necessary to increase provision in certain areas of the Borough. Further details regarding this issue will be brought to Cabinet in the near future as part of the Primary Capital Programme – Strategy for Change.

Devolved Formula Capital

10. Devolved Formula Capital (DFC) funding is devolved directly to schools to support them in the priority capital needs of the educational building and environment. The grant is allocated to every school on the basis of a lump sum and a balance calculated on the number of pupils on roll, which is a slightly different formula than has been used in previous years.

Although schools have a high level of autonomy in deciding how to spend this funding, they are required to prioritise in line with Government priorities, Local Authority priorities (as set out in the Local Authority's Asset Management Plan), and in line with the identified priorities for the school (as agreed in the Schools' LAMPA). DFC is allocated annually, but can be drawn down up to three years in advance to enable larger projects to be funded. **Appendix C** provides a summary of each school's DFC, identifying the amount to be spent in 2008/09 and the balance currently uncommitted/anticipated carry forward for 2009/10.

Large Scale Capital Projects

11. There are a number of large scale capital projects currently underway which are being managed within Children's Services.

Eastbourne Church of England Academy

12. The project to provide a new building for Eastbourne CE Academy is progressing well through the detailed design stage. The accelerated nature of the project is challenging but current expectations remain that the Academy will be able to occupy the new building from September 2009.
13. Release of funding of £15.377M is requested to take the project to the building stage.
14. Outline planning permission was applied for in September 2007 and a final planning application was submitted in January 2008. Observations have been received from Sport England (who are signatories to the Final Business Case) and the Highways Officer which have raised awareness to some additional works that will have to be undertaken so that planning permission can be granted. As this a fast track project, it was necessary for Darlington Borough Council to engage external technical and specialist advisors to prepare the outline business case and to do preliminary work with the project Sponsors. This effectively used the £261,000 allowed by the Academies division for professional fees. Through the Design and Build phase, it will be necessary to have continued access to specialist support. This will amount to £200,000 and will be drawn from our allocated resources within Children's Services for operational and management support.
15. Consideration has also been given to the management of risk. A copy of the risk register for the project is attached to this report as **Appendix D**. As the project is managed through a 'Design & Build' contract, the majority of the possible risks fall to the contractor. The risks to the Council are front-loaded risks, and arise if it is not possible to start the build on time.
16. Now that the additional information following the submission of an application for final planning consent and the completion of a risk workshop are known, a final estimate of costs for the Academy can be presented.
17. Detail:

Work	£k
Continuing professional, technical and legal fees	200
Improvements to access road	50
Establishment of footpaths	50
Total:	300

18. To cover this work, a sum of £300k will be factored into the Children's Services capital estimates for the 2009/10 capital programme.
19. Management of Risk
As stated above, the 'Design & Build' contract shields the Council from the majority of risks. The greatest risk to the Council arises should it not be possible to start work on site as planned. As recorded in the Appendix, a delay in starting on site could incur significant financial consequences. Officers are confident that work on the Academy should continue to progress in line with the timetable proposed in the outline business case.
20. The development and progress of the project will be reported regularly to the Cabinet.
21. Final Estimate
With the inclusion of resources for the additional work, and the assumption that the work starts on time, the Final Estimate for the Eastbourne Church of England Academy is £15.377M.

Hummersknott School & Language College

22. In 2005 the Council secured funding for the refurbishment and partial rebuild of Hummersknott School and Language College. The initial funding allocation was through a Targeted Capital Fund bid to DCSF of £11,632,800 and Council funding of £2,736,156.
23. In July 2007 the school received notification that they had been successful in securing capital funding of £536,880 from the Football Foundation in order to develop one all-weather floodlit pitch, six drained grass pitches and changing facilities. In addition, the school will be match funding the Football Foundation contribution by putting an additional £270,000 to the project from their own devolved formula resources, also with a £10,000 contribution from Spraire Lads and Lasses Football Club which has strong links with the school and will use the facilities upon completion.
24. As the refurbishment project is already on site it is our intention to bring the Football Foundation element of the project within the main contract, and this report seeks approval for the release of funds in keeping with the funding package identified in Table 2.
25. The school has also worked with the Local Authority to secure £80,000 funding to support the project in respect of prudential borrowing against the provision of sprinklers in the new building which will in turn reduce the costs of annual premiums.
26. As agreed by Cabinet on 5th June 2007, the Local Authority has committed to support the project with an allocation of £300,000 to be committed from modernisation funding. Cabinet is asked to release £100,000 in the 2008/09 financial year with the remaining allocation being released in future years.

27. A summary of additional funding secured for the project is provided in Table 2:

Table 2	2006-07	2007-08	2008-09	2009-10	Total
Targeted Capital Funding	1,000,000	10,632,800			11,632,800
Corporate Funding - Capital Receipts		2,736,156			2,736,156
Modernisation Funding			100,000	200,000	300,000
Football Foundation Funding			536,880		536,880
Spraire Lads & Lasses FC Contribution			10,000		10,000
Prudential Sprinkler Borrowing			80,000		80,000
Total	1,000,000	13,368,956	726,880	200,000	15,295,836

Schools Devolved Formula Capital		603,417	270,000		873,417
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Total Project Resources	1,000,000	13,972,373	996,880	200,000	16,169,253
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North Road Primary School

28. In 2005 the Government announced a capital programme to enable Local Authorities to make strategic investment in their primary school building stock. The main programme, commencing in 2009/10, aims to support significant capital investment to replace, refurbish or re-new up to 50% of the primary schools nationally. As a forerunner to this Programme, Darlington was selected as a regional pathfinder to develop one of 23 'test-case' examples as good practice for other Local Authorities joining the programme next year. As detailed in the Cabinet Report of July 2007 (Minute Reference – C37 July 07), North Road Primary School was selected as the pathfinder school for Darlington and through a £6.5 million investment will see a new school built on the playing fields with the old school demolished to make way for new play and sporting provision. The project is due to start on site in July and the school will be complete in September 2009.

Basic Need Funding

29. In the 2007 Comprehensive Spending Review, Darlington received an allocation of £2,319,120 over the next three years to support the need for new pupil places across the school sector. The guidance suggests that as far as practicable, new pupil places should be provided for schools where parents want them and where standards are high.
30. Of the £773,040 allocated for 2008/09 only £260,210 has, as yet, been allocated to projects identified to supply additional places or remodelling projects that will support better organisation of pupils within the school sector.
31. Darlington is currently experiencing a high demand for primary school places due to an increase in birth rate and an unprecedented rise in inward migration to the Borough. A review of primary school places is currently underway and the results along with details of how the remaining £512,830 basic need funding is to be allocated, will be presented as part of the Primary Capital Programme – Strategy for Change to be presented to Cabinet in June 2008. Using this funding in a strategic way to support the Primary Capital Programme –

Strategy for Change will allow a greater range of projects to be completed, benefiting more schools and ultimately offering parents and their children greater flexibility and choice.

Locality Strategy and Early Years Strategy

32. Children's Services is implementing the Locality Strategy which will improve the way key services are delivered to the community. In addition, a review of the Early Years provision across Darlington and the development of an Early Years Strategy due to be published in the next few months, will see the transformation of services. These two key strategic developments will have a significant impact on the delivery methods for these services and the accommodation required.
33. Three funding streams have been identified to support the capital requirements of delivering these strategies: Extended Schools funding, Children's Centre funding, and PVI Capital funding. A further Cabinet report will be prepared to detail the specific projects for these schemes and will report on how the strategy is to be delivered.

Outcome of Consultation

34. By developing individual asset plans for each school and linking to key strategic objectives, we can ensure that all needs are highlighted and through dialogue, a comprehensive capital investment programme be defined that identifies and begins to address the full range of needs at the school. This programme takes into account:
 - (a) Physical Condition of buildings;
 - (b) Suitability for provision of education; and
 - (c) Sufficiency of school places, either geographically or in educational sectors.

Risk

35. The capital programme is designed to ensure all funding is targeted at the highest priority works in Darlington schools. However, it is impossible to cover all eventualities and the Authority remains exposed to potential emergency works, particularly resulting from extreme adverse weather conditions. The contingency sum of £50,000 allows for small-scale emergency works to be addressed but any major, serious failures may require the re-programming of some works into future years.

Legal Implications

36. This report has been considered by the Borough Solicitor for legal implications in accordance with the Council's approved procedures. There are no issues which the Borough Solicitor considers need to be brought to the specific attention of Members, other than those highlighted in the report.

Section 17 of the Crime and Disorder Act 1998

37. The contents of this report have been considered in the context of the requirements placed on the Council by Section 17 of the Crime and Disorder Act 1998, namely, the duty on the Council to exercise its functions with due regard to the likely effect of the exercise of those functions on, and the need to do all that it reasonably can to prevent, crime and disorder in

its area. It is not considered that the contents of this report have any such effect.

Council Policy Framework

38. The issues contained within this report do not represent change to Council policy or the Council's policy framework

Decision Deadline

39. For the purpose of the 'call-in' procedure this does not represent an urgent matter except for the drawing down of funds for Eastbourne Church of England Academy (see paragraph 12). As explained in the report, delay in starting the project exposes the Council to financial risk.

Key Decisions

40. This is a key decision in relation to the amount of funding this report is requesting Members to agree to release to move the projects forward, and also because it affects all schools in the Borough.

Recommendations

41. It is recommended that Members:-
- (a) Agree to the release of funds for the Eastbourne Church of England Academy of £15.377m;
 - (b) Agree to formally release the capital funding of £26.841m to undertake the agreed works (**Appendix A**); and
 - (c) Agree the proposed capital investment programme for Children's Services (**Appendix B**).

Reasons

42. The recommendations are supported by the following reasons :-
- (a) Through the LAMPA process schools have agreed to the proposed programme of works; and
 - (b) Detailed planning to target need has been undertaken which ensures effective use of all investment.

Murray Rose
Director of Children's Services

Background Papers

Comprehensive Spending Review – 3 year Schools Capital Allocations 2008-09 to 2010-11

Rachel Jones : Extension 2026