



DERBY CITY COUNCIL

COUNCIL CABINET **28 September 2010**

Report of the Strategic Director for Children and
Young People

ITEM 7

Primary Capital Programme (PCP) – Proposed Funding Revisions

SUMMARY

- 1.1 In 2007, the Government announced a major national long-term programme of capital investment for primary schools. In order to access funding, local authorities were required to produce a Primary Strategy for Change indicating how the funding would help address issues such as low attainment, deprivation, building condition need and surplus places. Detailed guidance was provided on the format of the Strategy which was considered and approved by Council Cabinet at its meeting on 3 June 2008 before being submitted to the Department for Education (then Department for Children, Schools and Families) for final approval.
- 1.2 In Derby, we received £3.8m in the 2009/10 financial year and £6.2m in 2010/11. Initial advice from the Department for Education was to plan on the basis of additional funding of around £3m a year up until 2023. However, due to the current economic climate, we can no longer assume that this funding will become available. There have also been some potential cost increases for some of the PCP schemes as a result of detailed design work and feasibility studies. These schemes remain a priority for PCP investment. However, it is now necessary to reconsider the level of funding for some of the schemes to ensure delivery within a two-year budget.

RECOMMENDATION

- 2.1 To consider and approve the revised levels of funding for the seven capital schemes identified within Derby's Primary Strategy for Change as set out in paragraph 4.8 of this report.
- 2.2 To approve commencement for the schemes detailed in paragraph 4.8 and Appendix 2.

REASONS FOR RECOMMENDATIONS

- 3.1 The seven proposed schemes outlined in the Primary Strategy for Change were identified as investment priorities over a four-year funding period. The proposal is to amend the schemes to ensure that they are affordable within the two years' funding that has been approved through the PCP and committed locally from school modernisation funding allocated to the Council. There have also been some potential cost increases for some schemes as a result of detailed design work and feasibility studies and there is a need to ensure that all schemes are deliverable within the existing budget of £14.204m.

SUPPORTING INFORMATION

Primary Strategy for Change

- 4.1 In order to access PCP funding, all local authorities were required to produce a Primary Strategy for Change indicating how funding will help address issues such as low attainment, deprivation, building condition need and surplus places. A set of criteria were developed to identify which schools had the highest levels of need in relation to these issues. One of the key requirements of the Primary Strategy for Change was to set out long-term aims for investment based on what local authorities would like to achieve over a 14-year period.
- 4.2 As part of this strategy, it was agreed to provisionally set aside £2m a year from the school modernisation funding as part of the Schools Capital Programme, which is a significant proportion of a relatively small funding stream, and also to join up other available funding (including Section 106, Schools Access Initiative and devolved contributions) to support the schemes and maximise the proposed investment.
- 4.3 Following consultation with Headteachers and other stakeholders within the Children and Young People's Partnership, the Primary Strategy for Change was approved by the Department for Education (then Department for Children, Schools and Families). Based on the criteria, the following schools were identified as priorities for schemes:
- Arboretum Primary (£3.5m)
 - Ashgate Primary (£7.3m)
 - Firs Estate Primary (£1.0m)
 - Markeaton Primary (£1.8m)
 - Meadow Farm Primary (£0.7m)
 - Ravensdale Junior (£1.3m)
 - Learning Platforms ICT (£0.3m)

- 4.4 Given tight timescales for the preparation of the Primary Strategy for Change, it was not possible to carry out detailed feasibility studies to established costs of the schemes for the above schools and therefore estimates were produced and included in the document. The total estimated cost of the above schemes, which formed part of the original submission, was £15.9m. However, as a result of more detailed design and feasibility work, additional costs of approximately £2.7m have been identified in relation to the following:
- complications with the kitchen / boiler plant locations at Markeaton Primary - £900k
 - significant additional enabling work at Firs Estate Primary to allow zero carbon works to be done - £600k
 - additional accommodation required at Ravensdale Junior School to address issues raised by Ofsted - £700k
 - site restrictions and complicated decanting arrangements at Arboretum Primary School - £500k,
- 4.5 The original proposal was to fund the schemes with PCP funding over a four-year period. Given the change in the economic climate, it no longer seems likely that four years of PCP funding will become available and, as set out above, there have been cost increases for some of the schemes. Therefore, it is necessary to re-evaluate what can be delivered within the funding available.
- 4.6 The proposal is to revise the schemes to bring them in line with the two years committed funding of £14.204m that we know is available for the schemes. If further funding becomes available through the PCP, it may be possible to increase the scope of the projects, although this would need to be carefully considered against other priorities and demands on the Schools' Capital Programme. Due to increasing budget pressures and increasing building needs across the primary sector, it is not possible to allocate further modernisation funding towards the PCP schemes beyond the amounts that has already been committed and factored into the £14.204m. Future years' modernisation funding is already under significant pressure from known commitments and does not have sufficient levels of funding to provide the original commitment of an additional £2m a year.

Proposed funding revisions – PCP Schemes

- 4.7 The funding available for each of the schemes listed in paragraph 4.3 has had to be reconsidered based on the nature and urgency of the work required, also taking into account the current design development stage reached by each scheme. After rigorous consideration of each scheme, and to ensure schemes are developed in line with the funding available, regrettably it is essential that reductions take place for the schemes at Ashgate Primary and Firs Estate. This is the only way to ensure the PCP programme remains affordable and the schemes progress quickly. It is recognised that the PCP schemes have not progressed quickly and it is now essential to align funding to design development and urgently progress the remaining PCP schemes. Schools will be assured that the remaining PCP schemes will be progressed urgently. It is recognised that schools will be disappointed with some schemes having to be scaled back to ensure affordability.

- 4.8 The schools remain a priority for PCP funding and, although the proposal is to scale back some of the schemes, there will still be significant capital investment in these schools which would not have been possible if it were not for PCP funding and a further commitment of £2.8m modernisation funding over a two year period. There is no proposal to remove any scheme from the programme. This will ensure each school in the PCP programme will receive capital investment. The proposed revised funding for each scheme is shown below and the suggestion is that the scope of work for these schemes will be developed to this level of maximum funding investment:

	PCP	Mods. Funding	S106 Developer Contributions	Schools Access Initiative Funding	Devolved Capital	Total / Proposed revised funding
	£'000	£'000	£'000	£'000	£'000	£'000
Total Funding Available	9,950	2,800	1,027	110	317	14,204
School (Original PCP funding)						
Arboretum Primary (£3.5m)	3,500	228	0	100	150	3,978
Ashgate Primary (£7.3m)	2,214	1,786	0	0	0	4,000
Firs Estate Primary (£1.0m)	157	310	0	0	52	519
Markeaton Primary (£1.8m)	1,800	476	327	0	115	2,718
Meadow Farm Primary (£0.7m)	700	0	0	0	0	700
Ravensdale Junior (£1.3m)	1,279	0	700	10	0	1,989
Learning Platform (£0.3m)	300	0	0	0	0	300
Total (£15.9m)	9,950	2,800	1,027	110	317	14,204

Further detail on the rationale for changes to funding for each of the schemes is set out in Appendix 2.

Area Reviews

- 4.9 In addition to the priority schools identified through the Primary Strategy for Change, area reviews were proposed in those areas of the city where schools had a high level of need in terms of surplus places, deprivation and building condition issues. The purpose of the area reviews was to identify a list of priority schemes that could go ahead in future years subject to funding becoming available through the Primary Capital Programme.
- 4.10 One of the proposals, through the Chaddesden, Derwent and Oakwood review was to combine Chaddesden Park Infant and Junior Schools as a 420-place primary school. The recommendation was subject to PCP funding becoming available in 2012 and this position was confirmed with schools during the review. Other proposals have been around reductions in admissions numbers and school sizes to reduce surplus places and therefore have not involved capital costs. These proposals were subject to future levels of Primary Capital Programme funding. The Government is currently undertaking a review of all schools capital spending, and we await the outcome of that review which is expected towards the end of this year.

OTHER OPTIONS CONSIDERED

5. The schools identified in the Primary Strategy for Change remain a priority for PCP funding. The proposal is to revise the schemes identified within the Primary Strategy for Change to ensure that they are deliverable and affordable within existing funding. Due to increasing budget pressures and increasing building needs across the primary sector, it is not possible to allocate further modernisation funding towards the PCP schemes beyond the amounts that have already been committed. Therefore, other options have not been considered.

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Background papers:	Primary Strategy for Change: http://www.derby.gov.uk/NR/rdonlyres/A69AC3E3-8FF5-4FAC-8583-E45FDCDA7301/0/PrimaryStrategyforChangeMay2009.pdf
List of appendices:	Appendix 1 – Implications Appendix 2 – Proposed changes to funding for each PCP scheme

IMPLICATIONS

Financial

- 1.1 Derby City Council, through the Primary Capital Programme, received £3.8m in the 2009/10 financial year and £6.2m in 2010/11. Initial advice from DfE (then DCSF) was to plan on the basis of additional funding of around £3m a year up until 2023. However, due to the current economic climate, we can no longer assume that this funding will become available and it is now necessary to reconsider the extent of some of the PCP schemes to ensure delivery within a two-year budget.
- 1.2 The proposal is to revise the schemes to bring them in line with the two years committed funding of £14.204m that we know is available for the schemes. If further funding becomes available through the PCP, it may be possible to increase the scope of the projects, although this would need to be carefully considered against other priorities and demands on the Schools' Capital Programme. Due to increasing budget pressures and increasing building needs across the primary sector, it is not possible to allocate further modernisation funding towards the PCP schemes beyond the amounts that has already been committed and factored into the £14.204m. Future years' modernisation funding is already under significant pressure from known commitments and does not have sufficient levels of funding to provide the original commitment of an additional £2m a year.
- 1.3 Although the proposal is to scale back these schemes, there will still be significant capital investment in these schools which would not have been available if it were not for PCP funding and a further commitment of £2.8m modernisation funding over a two-year period. We are not proposing to remove any scheme from the programme. The proposed revised funding for each scheme is set out in paragraph 4.8 and the suggestion is that schemes will need to reflect these figures.

Legal

2. There are no legal implications arising from this report.

Personnel

3. There are no personnel implications arising from this report.

Equalities Impact

4. Raising attainment in areas of deprivation is a high priority and has been taken into account in the weightings used to score individual schools in the Strategy.

Corporate objectives and priorities for change

5. The proposal supports the Corporate Priority of building ambition, aspiration and achievement in the city's young people.

Proposed changes to funding for each PCP scheme

Arboretum Primary

A detailed feasibility study has indicated drainage issues on site and this has resulted in additional costs which must be met for the work to go ahead. Therefore, the funding for this scheme has increased from £3.5m to £3.978m.

Ashgate Primary

The proposal was originally for a new build school. However, due to various site constraints, including listed building status, it is unlikely that a new build can be delivered on this site. A refurbishment scheme is proposed with a reduction in budget from £7.3m to £4m. Although this is a considerable reduction in funding, it is necessary to ensure affordability. This still represents a significant level of investment that would not have been possible without PCP and local modernisation funding. The proposal is for a revised scheme to be drawn up within this revised budget in close consultation with the school.

Firs Estate Primary

The Primary Strategy proposal was for refurbishment with a cost estimate of £1m. A bid was made for £600,000 zero carbon funding to tie in with the scheme. However, the additional cost of meeting zero carbon bid requirements is approximately £1.2m and therefore unaffordable within the two years' funding available to deliver the schemes. It is therefore proposed to remove this element of the work from the design brief to ensure that the scheme is affordable. The external zero carbon funding for £600k will need to be returned.

The proposal is for the scheme to be delivered within the revised budget of £519,000 to ensure overall affordability of the schemes. Again, this level of investment would not have been possible without PCP and school capital programme funding. The proposal is for the scheme to be drawn up within this revised budget and a revised scope of works developed in close consultation with the school. There is a need to replace the boilers at the school at a cost of £50,000 and this will be factored into the scheme within the overall budget of £519,000.

Markeaton Primary

The proposal is to replace the school's kitchen and dining block. The original total budget for the scheme was £1.8m. A full feasibility has revealed that initial indicative budget cost estimates did not fully take account of complications with the location of the school's boiler plant and alterations to external areas. The proposal is for the replacement kitchen and dining area to be delivered within a budget of £2.718m.

Meadow Farm Primary

Work has already taken place at the school to relocate the nursery within the main building and create a Children's Centre. This was funded by a Children's Centre capital grant and was supported by £120,000 of PCP funding. There is a balance of £580,000 for the final phase of works to remodel the main school buildings to create a single form intake school. The overall PCP budget for this scheme is unchanged at £700,000.

Ravensdale Junior

The proposal is to expand the school to accommodate pupils from housing developments within the school's catchment area and developer contributions have been tied in with PCP funding to meet the cost of the expansion. Costs have increased from £1.3m due to site constraints and also the need to address Ofsted issues. The proposal is for the scheme to be delivered within the revised budget of £1.989m.

Learning Platforms

Capital investment requirements for Learning Platforms have now been addressed through the Authority's work on platforms. However, the latest curriculum changes for primary schools promote the integration of ICT into classrooms and there is a move away from a traditional ICT suite. The PCP Funding of £300,000 has therefore now been switched to integration of ICT into classrooms.