



Children's Capital Maintenance – BSF Secondary and Special Schools

Decision to be taken by: City Mayor
Decision to be taken on: 20 October 2016
Lead director: Matthew Wallace

Useful information

- Ward(s) affected: All
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- Report version number plus Code No from Report Tracking Database: 01

1. Purpose of report

- 1.1 To describe the arrangements for the on-going capital maintenance of secondary and special schools rebuilt and refurbished under the Building Schools for the Future (BSF) Programme.
- 1.2 To seek approval to draw down £4m of funding from the Citywide BSF Lifecycle Fund for a planned programme of priority works to retained estate at BSF schools.
- 1.3 To seek approval to make a further contribution of £1m to the Lifecycle Fund.

2. Summary

- 2.1 The BSF programme has delivered significant improvements across the secondary and special school estate, including significant amounts of new school buildings. However, national BSF funding reductions affecting the later phases meant that not all major maintenance and improvement works could be afforded at some schools. Hence some still have retained buildings and services which require investment to bring them up to a reasonable standard.
- 2.2 A number of different arrangements pertain for capital maintenance across the secondary and special schools, reflecting factors such as the earlier and later phases, the use of the Private Finance Initiative and subsequent academy conversions.
- 2.3 The Council has previously set aside in an earmarked fund some £5m of General Fund resources for 'landlord' lifecycle responsibilities across the BSF schools for which it has responsibility. The Council also undertook to underwrite further contributions to the fund.
- 2.4 It would be equitable and advantageous for these retained buildings and services to be brought up to a similar maintenance and repair standard as the areas covered by the BSF investment, as originally intended. This report proposes to use £4.0m of the earmarked fund for a programme of priority works.
- 2.5 The recent Children's Capital Maintenance Report 2016/17 has not allocated any significant funding to secondary and special schools, in the light of the extensive BSF capital investment in these sectors and the alternative capital maintenance arrangements described in this report.

3. Recommendations

3.1 It is recommended that:

- a) The arrangements for capital maintenance at secondary and special schools be noted.
- b) £1m be added to the BSF Landlord Cycle Fund, in pursuance of the Council's commitment to make further underwritten contributions, funded from a review of maintenance and lifecycle earmarked reserves.
- c) £4.0m be released from the BSF Landlord Lifecycle Fund to meet the costs of the programme of planned priority works outlined in this report, and added to the capital programme.
- d) Authority to vary the programme to address any emerging issues or priorities be delegated to the Director of Estates and Building Services in consultation with the Strategic Director, City Development and Neighbourhoods.

4. Report

4.1 Capital Maintenance arrangements across secondary and special schools

The arrangements for capital maintenance across secondary and special schools reflect factors such as the earlier and later phases of BSF, the use of the Private Finance Initiative for four schools (as directed by the Government) and subsequent academy conversions. A summary of the capital maintenance provision across the secondary and special schools estate is shown at Appendix 2.

It should be noted that the Central Maintenance Fund of c£1.6m p.a. for schools is underwritten by the Dedicated Schools Grant. Hence its continuance is subject to annual Schools Forum approval. Additionally, DfE approval will be required for 2017/18 as national school funding regulations continue to develop in the expectation that more funds are delegated to schools.

The recent Children's Capital Maintenance Report 2016/17 has not allocated any significant funding from the Government's capital maintenance grants to secondary and special schools. This is in the light of the extensive BSF capital investment relative to other sectors and the alternative capital maintenance arrangements described in this report.

BSF schools in the more recent phases also agreed to set aside funds to lifecycle 'tenant' items for which they are responsible, typically including internal fixtures, fittings, I.T. equipment, decorations and floor coverings.

4.2 The BSF programme and Retained Estate

The BSF programme has delivered significant improvements across the secondary and special estate from 2007 through to 2016. This includes new school buildings, with some ten schools entirely rebuilt and a further eleven partially rebuilt and partially refurbished. The total capital expenditure was circa £350m.

However, national BSF capital funding reductions of typically some 15% affecting the later phases meant that not all major maintenance and improvement works could be afforded at some schools, hence some still have retained buildings and services.

Retained estate has been identified at seven schools for which the Council has capital maintenance responsibility, namely Babington, Hamilton, Lancaster, Millgate, Moat, New College and Sir Jonathan North. The extent of retained buildings/services and their condition varies from school to school.

There is also retained estate at English Martyrs and St Paul's, which were part of the BSF programme. However, the Council is not generally responsible for capital maintenance as they are Voluntary Aided schools.

4.3 Use of the BSF Landlord Lifecycle Fund for priority works

The Council has previously set aside some £5m of General Fund resources for 'landlord' lifecycle/capital maintenance responsibilities across the BSF schools for which it has capital maintenance responsibility. This was agreed with the Government when the BSF capital funding for the later phase projects was released in the spring/summer of 2013.

The Council also agreed to make further underwritten contributions to the fund. It is proposed that £1m should be added at this stage, from a review of maintenance and lifecycle earmarked reserves. The total fund value would therefore become £6.0m.

If the funding is retained only to lifecycle the areas replaced or improved by BSF, it is unlikely to be called upon to any significant degree for perhaps ten years, by which time some capital renewals or replacements may start to be required.

Schools and the statutory Schools Forum have however suggested that it would be appropriate to release some of the funding now to enable priority capital maintenance works to the retained estate. Using the funds to complete the BSF vision of consistently better school buildings across the secondary and special estate, and thus reducing future maintenance costs for schools and the Council, could be a better way forward than retaining the funds for a long period. A more level playing field across the schools in terms of future capital maintenance requirements/costs could also be achieved.

4.4 Retained Estate Works Required

Comprehensive condition surveys have been undertaken at the seven schools with significant retained estate for which the Council has responsibility, to establish the remedial works required.

A range of works graded at priorities 1 and 2 and with an estimated value of £4.0m (£3.2m works plus 25% provision for fees and contingencies) has been identified from the condition surveys and discussions with schools. An example of the works is described at Appendix 1. It is proposed that the Council should undertake to commit these works, subject to remaining within an overall £4.0m funding envelope. This is a similar approach to that taken recently for the allocation of Children's capital maintenance funds.

A priority 1 grade is assigned to urgent works required on health and safety or legislative grounds within a year; and priority 2 to essential works required within two years, that will prevent or remedy serious deterioration of building fabric or services

and which may present a medium health and safety or legislative risk.

Where schools are converting to academy status, the works should be undertaken before conversion where possible. Where this is not achievable, the Council would commit to fund the specified outstanding works post-conversion.

It should also be noted that £630k has recently been released from Children's Capital Maintenance funds to address a large number of minor remedial and completion works across all the later phase BSF schools. Work is well underway.

5. Financial, legal and other implications

5.1 Financial implications

5.1.1 This report presents proposals to release £4.0m from the BSF Landlord Lifecycle Fund to enable priority 1 and 2 works to retained estate. Releasing funding now will reduce future capital maintenance liabilities and costs for the Council and schools.

5.1.2 It is also proposed to add a further £1m to the Fund, funded from a review of maintenance and lifecycle earmarked reserves. The net balance remaining in the fund will therefore be £2m. This will be available to fund further works for which the Council as landlord is responsible, as may be determined in the future.

5.1.3 Works to BSF schools for which the Council has capital maintenance responsibilities may also be funded from other sources, in particular the Central Maintenance Fund and Children's Capital Maintenance grants.

Colin Sharpe, Head of Finance, ext. 37 4081

5.2 Legal implications

5.2.1 It is noted in the report that the works prioritised are ones intended to meet health and safety obligations in order to ensure the safety of the schools. As the reports states, these are ones which we are legally required to undertake and, without doing so, we would be at risk of liability in the event of an incident.

5.2.2 The report seeks the application of funds from a General Fund reserve which are earmarked to meet the liability of landlord responsibilities arising from the BSF estate. Whilst this is a reactive responsibility, and liabilities are not able to be identified as a result, it should be noted that in the event that landlord liabilities relating to statutorily required works exceed the figure retained in the reserve, the Council will be required to find the funds to undertake any required works regardless of any agreement regarding the proposed works with the schools and Schools Forum. Whilst we remain landlord for a school we will retain the associated responsibilities and liabilities.

Emma Horton, Head of Law (Commercial, Property & Planning), ext. 37 1426

5.3 Other Implications (You will need to have considered other implications in preparing this report. Please indicate which ones apply?)

5.3.1 Climate Change and Carbon Reduction

Many of the proposed BSF retained estate priority works will improve the energy performance of the buildings and therefore reduce carbon dioxide emissions and provide operational cost savings.

- Mark Jeffcote, Environment Team, x37 2251

5.3.2 Equalities

Unless individual proposed capital works address physical access issues for disabled pupils in a school, there are no direct equalities implications arising from the proposed Children's capital maintenance proposal. The improved physical maintenance of school environments benefits pupils and staff in schools by improving their learning and working environment and maximising opportunities for learning (promoting equality of opportunity being one of the aims of our Public Sector Equality Duty).

- Irene Kszyk, Corporate Equalities Lead, ext. 37 4147

6. Background information and other papers:

- Capital Budget Monitoring Outturn 2015/16, City Mayor individual decision, 23 June 2016
- Children's Capital Maintenance Report 2016/17 - City Mayor individual decision, 1st September 2016

7. Summary of appendices:

- Appendix 1 – BSF Retained Estate –Example of Priority 1 and 2 works at schools where the Council is generally responsible for capital maintenance
- Appendix 2 – Summary of Capital Maintenance arrangements at maintained secondary and special schools (with secondary provision)

8. Is this a private report (If so, please indicated the reasons and state why it is not in the public interest to be dealt with publicly)?

No.

9. Is this a “key decision”?

Yes.

10. If a key decision please explain reason

Capital expenditure of over £1m is proposed on schemes not specifically authorised by Council.

Appendix 1

BSF Retained Estate –Example of Priority 1 and 2 works at schools where the Council is generally responsible for capital maintenance

Babington

Reinstate the heating, ventilation and the fire alarm after the retained sports hall was separated from the new school. The existing heating plant was designed to support the whole school, but as the new school is relocated to the school site across the road with its own services, the existing plant is oversized for the sports hall. In addition the removal of operational heating has resulted in flooring issues, which require repair/replacement.

Hamilton

Replace heat emitters and heating pipework; in block 3 replace corridor, changing room and high level sports hall lighting with LED fittings and replace vinyl flooring.

Lancaster

Replace a flat roof, replace a water boiler serving the gym, repair woodblock flooring, internally redecorate areas, upgrade fire alarm and address limited emergency lighting. In addition, replacement fasciae, weldmesh fencing to the MUGA and heating system works including school-specific controls.

Millgate

Repair perimeter wall (subject to ownership being established), replace switchgear/distribution boards, replace heating pumps, repair/replace heat emitters, repair/replace roofs and replace steel framed windows. In addition, works to improve the front entrance.

Moat

Replace poor condition manual boiler controls, replace convector fan heaters, internally redecorate and repair/replace internal doors/windows.

New College

Replace suspended ceilings, replace internal lighting with LED, replace steel framed windows, repair/replace floor finishes, replace internal fire doors, replace heat emitters, internally redecorate, externally redecorate (if windows not replaced) and replace flat roofs. Address the significant issues with the heating system and relocate the plant room.

Sir Jonathan North

Repair/replace suspended ceilings, replace switchgear/distribution boards, replace emergency lighting central battery system, repair external masonry/stonework, repair/replace floor finishes, repair/replace internal fire doors, repair/replace heat emitters, repair/replace heating controls including school specific controls, internally redecorate and repair/replace flat roofs.

Appendix 2

Summary of Capital Maintenance arrangements at maintained secondary and special schools (with secondary provision)

Phase 1 BSF – Design and Build schools, 2009

Fullhurst (new build and refurbished) and Beaumont Leys (new build). The all-encompassing BSF Facilities Management contract at both schools was terminated earlier in the year, in agreement with the schools. Both schools have access to funds for any immediate condition issues, together with a specific fund each for future lifecycling requirements. They can also access the Central Maintenance Fund and Education Capital Maintenance funds on a prioritised basis. Capital maintenance responsibility is shared, as per the Landlord/Tenant agreement. Broadly the Council is responsible for major, 'landlord' items, whilst the schools continue to be maintained.

Phases 1 and 2 BSF- Private Finance Initiative (PFI) schools, 2009-2013

Soar Valley and Judgemeanow (2009), Crown Hills and City of Leicester (2013) – all new build, with some retained satellite buildings. All maintenance and lifecycle is included in the 25 year PFI agreements (to 2034/2038) and contractual standards must be met. Some pre-existing standalone buildings are however excluded, e.g. the Soar Valley Netball Centre and the Mel Berry Training Centre. The PFI agreements will survive any academy conversions.

Phases 3 – 6 BSF - Design and Build secondary schools, 2014-2016

Babington, Hamilton, Lancaster, Moat, New College, Sir Jonathan North – all varying degrees of new build, refurbishment and retained estate. Capital maintenance responsibility is shared as per the Landlord/Tenant agreement. Broadly the Council is responsible for major, 'landlord' items, whilst it continues to maintain the schools. Funding will come from the balance of the BSF citywide lifecycle fund, Education Capital Maintenance and the Central Maintenance Fund, subject to prioritisation.

Phases 3 – 6 BSF - Design and Build special schools, 2014-2016

Westgate, Ellesmere, Keyham Lodge and Netherhall (all new build), Millgate (new build, refurbishment and retained estate) – as per the phases 3-6 secondary schools, above.

Phases 3-6 BSF Voluntary Aided schools, 2014-2016

St Paul's and English Martyrs - both varying degrees of new build, refurbishment and retained estate. Capital maintenance is the responsibility of the Diocese, however some issues are expected to be addressed via building works with Basic Need funds as the schools expand to accommodate more pupils.

Other schools

Madani – was not in BSF; capital maintenance is the responsibility of the VA Trust.

Rushey Mead and Ashfield, BSF phases 2b and 3-6 respectively – as academies, the Council now has no maintenance responsibilities (although they were part of the BSF programme and Rushey Mead had an all-encompassing FM agreement which was terminated upon academy conversion).