

EXECUTIVE BOARD – 22 DECEMBER 2015

Subject:	Expansion of Special Schools – Phase 1		
Corporate Director(s)/ Director(s):	Alison Michalska, Corporate Director for Children and Adults		
Portfolio Holder(s):	Councillor Sam Webster, Portfolio Holder for Schools		
Report author and contact details:	Sarah White, Major Programmes Telephone : 0115 876 3410 Email: sarah.white1@nottinghamcity.gov.uk		
Key Decision	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Subject to call-in	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Reasons: <input checked="" type="checkbox"/> Expenditure <input type="checkbox"/> Income <input type="checkbox"/> Savings of £1,000,000 or more taking account of the overall impact of the decision			<input type="checkbox"/> Revenue <input checked="" type="checkbox"/> Capital
Significant impact on communities living or working in two or more wards in the City			<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Total value of the decision: £4,750,000			
Wards affected: Bilborough		Date of consultation with Portfolio Holder(s): 17 November 2015	
Relevant Council Plan Key Theme:			
Strategic Regeneration and Development			<input type="checkbox"/>
Schools			<input checked="" type="checkbox"/>
Planning and Housing			<input type="checkbox"/>
Community Services			<input type="checkbox"/>
Energy, Sustainability and Customer			<input type="checkbox"/>
Jobs, Growth and Transport			<input type="checkbox"/>
Adults, Health and Community Sector			<input type="checkbox"/>
Children, Early Intervention and Early Years			<input checked="" type="checkbox"/>
Leisure and Culture			<input type="checkbox"/>
Resources and Neighbourhood Regeneration			<input type="checkbox"/>
Summary of issues (including benefits to citizens/service users):			
<p>Nottingham City Council has seen increasing pressure on primary school places and significant investment has been made to ensure that places are available. There is also increasing pressure on special schools across the City, but there has been no investment to provide additional space. Schools have been flexible, adapting existing spaces to provide the required spaces, but the need for places is increasing and it is likely that, in the near future, the City will not be able to provide the places required. This report sets out a solution for addressing this issue by investing in the expansion of Westbury Special School and Oakfield Special School.</p> <p>This report seeks approval for Phase 1 – the expansion of Westbury Special School, using funding identified in Appendix A.</p>			
Exempt information:			
None			
Recommendation(s):			
1 To approve the allocation of funding totalling £4.750,000 as set out in section 4, towards the expansion of Westbury School (Special Schools Expansion Phase 1).			
2 To approve the procurement of a design team to develop and deliver the Westbury project using the EMPAii framework, and approve the use of consultants, and delegate authority to the Head of Legal Services to appoint the design team following the procurement process, subject to the project being within the agreed budget figures.			
3 To approve the procurement of the expansion works, as set out in the Business Case at Appendix A, and delegate the authority to the Head of Legal Services to enter into contract to deliver the construction works for the expansion, subject to the project being within the			

1 REASONS FOR RECOMMENDATIONS

- 1.1 Local Authorities must ensure that there are school places available in areas of need, promote diversity and increase parental choice. This requirement includes special school places for pupils.
- 1.2 The demand for specialist maintained provision across a range of special educational needs is increasing and now the requirement for places exceeds those available. This need is increasing every year and without further expansion the City Council would have to purchase additional places from outside the city boundaries

2 BACKGROUND (INCLUDING OUTCOMES OF CONSULTATION)

- 2.1 The City Council has considered a number of options to ensure that there is sufficient capacity in alternatives to mainstream school. Due to the limited capacity in other areas, and the increased costs associated with places in the private sector, the preferred option is a programme of capital investment to increase capacity at two special schools: Westbury Special School and Oak Field Special School. Investment in Westbury and Oak Field schools will ensure that sufficient space is provided to increase capacity and ensure a robust curriculum can be delivered to enable these young people achieve their highest possible academic and social outcomes. As the first phase of works, the priority is Westbury Special School. Further work must be done to understand the capital and revenue funding implications of expanding Oak Field Special School due to this being a Private Finance Initiative (PFI). This work will be undertaken in the next few months and a further report issued in the future to secure funding for this expansion.
- 2.2 A feasibility study has been commissioned to ascertain whether it is possible to expand Westbury and what investment might be required. The outcome is summarised in the Business Case at Appendix A. The Business Case includes details about the number of spaces required and sets out a programme for delivery, along with an assessment of risks and benefits. An options appraisal is appended to the Business Case to demonstrate how the preferred building solution has been identified. The Business Case also outlines why this project has been prioritised.

3 OTHER OPTIONS CONSIDERED IN MAKING RECOMMENDATIONS

- 3.1 A do nothing option is not viable in this instance as the City Council has a duty to provide suitable places for children. A full options appraisal has been undertaken to consider which special schools require expansion and which design solution is preferred. Please see the options appraisal appended to the Business Case.

4 FINANCE COMMENTS (INCLUDING IMPLICATIONS AND VALUE FOR MONEY/VAT)

Capital

- 4.1 In October 2014 Full Council approved (pending business cases) the Investment Strategy which included a number of school expansion projects. This included two special school expansions: Westbury and Nethergate with a total indicative cost of £4.33m. The funding for these schemes was expected to be:

- £2.000m from Prudential Borrowing; and
- £2.330m from Basic Needs Grant.

4.2 Since the above approval additional work has been carried out to ascertain area specific need and to work up more accurate costs. It is now proposed that:

- Nethergate scheme does not go ahead; and
- the funds are diverted to the Westbury scheme which is now expected to cost £4.750m;
- the proposal is now to fund the expansion wholly from Basic Needs Grant.

4.3 Basic Needs is grant funding from the Department for Education (DfE) which is allocated to Local Authorities (LA's) each year to help ensure they can fulfil their statutory duty to provide sufficient schools places in their area. It is allocated three years ahead to allow authorities time to plan to create the new places required.

4.4 Current practice for the capital programme is to include both confirmed and indicative Basic Needs Grant in order to compile a five year programme. The grant allocation for 2017/18 has recently been confirmed at £11.686m which is significantly more than originally anticipated. It is proposed that the additional grant is used to fund the Westbury scheme which will mean the Council will not have to borrow the £2.000m originally allocated to this scheme.

4.5 The capital programme and the funding allocations will be amended accordingly..

Revenue

4.6 The increase in demand for special educational needs places creates a risk for the Dedicated Schools Grant (DSG). LA's are being informed, by the DfE, to assume no funding growth in 2016/17 for any additional High Needs places.

4.7 Special schools are funded from the High Needs block of the LA's DSG. The allocation of the DSG is in accordance with the national high needs funding arrangements introduced in 2013.

4.8 Table 1 below sets out the High Needs funding for 2015/16 and the element of this that relates to Special Schools.

TABLE 1: 2015/16 BUDGET DETAIL	
	£m
Overall DSG budget	233.001
High Needs block	25.007
Special Schools budget	9.871
Of which:	
Place funding	3.971
Top Up funding	5.110
Other (Building Schools Future allocations)	0.790

4.9 The funding per school is based on an annual £10,000 per planned place plus top-up funding per pupil on roll.

4.10 Planned places are reviewed annually to take account of anticipated demand.

4.11 Top-up funding rates are set locally and agreed with the institution to reflect additional support costs over and above the place funding. In Nottingham we have agreed standard top-up rates per pupil for each special school reflecting the costs of the overall pupil cohort in that setting.

4.12 Table 2 below shows the current top up values per pupil for each City Special School.

School	2015/16 £
Westbury School	14,628
Rosehill School	11,209
Woodlands School	9,952
Oakfield School	9,502
Nethergate School	6,662

4.13 In previous years, LA's have received additional funding to reflect a contribution towards growth in high needs places. However, as mentioned in 4.6, for 2016/17 LA's are being told to assume no additional high needs funding for place changes and therefore any increase in costs will need to be managed within the existing DSG budget.

4.14 For 2017/18+ the basis of high needs funding to LA's is unknown. The DfE recently commissioned research into Special Educational Needs funding arrangements and the findings were published in July 2015. Recommendations included a new approach to funding LA's for high needs based on a basket of indicators and a more explicit role for local planning and commissioning of places in specialist settings.

4.15 Until the future high needs funding framework and implications are clarified, it will need to be assumed that the revenue funding to provide additional place and top-up funding to the expanded schools will have to be met from the existing high needs DSG budget. This will necessitate:

- identification of links with other high needs budgets/proposals such as those arising from the behaviour and alternative provision review being led by the Directors of Schools;
- a review of the level of top-up funding rates, for any expanding school to take into account economies of scale;
- the support of the schools, Schools Forum and the Secretary of State as special schools are subject to the minimum funding guarantee which protects them from reductions in top-up funding rates of more than 1.5%;
- a review of the charging policy to other LA's for placing their pupils in City special schools;
- work with the Children in Care service to look at invest to save opportunities for providing education for a defined cohort of looked after children within the new school. This should provide better quality education support and better value for money for this group of young people. Strategic discussions are to be held with commissioning to progress this option and children in care services.

4.16 If proposals are not taken forward to increase capacity in local special schools, the LA will need to procure additional places for pupils outside of the City. Indications are that neighbouring LA's are also under pressure for places so these are likely to

have to be with private providers at a significantly higher cost compared to our special schools.

5 LEGAL AND PROCUREMENT COMMENTS (INCLUDING RISK MANAGEMENT ISSUES, AND INCLUDING LEGAL, CRIME AND DISORDER ACT AND PROCUREMENT IMPLICATIONS)

- 5.1 The recommendations set out within the report pose no significant procurement concerns. The Scape/EMPA Framework Agreements provide a compliant route to undertake both the design and construction works. Any procurement activity that falls outside of these frameworks agreements will need to be procured in line with Public Contract Regulations.
- 5.2 From a legal perspective the proposals set out in the report raise no significant legal issues and, on the basis of the rationale outlined, are supported.

6 STRATEGIC ASSETS & PROPERTY COMMENTS (FOR DECISIONS RELATING TO ALL PROPERTY ASSETS AND ASSOCIATED INFRASTRUCTURE)

Delivery team

Internal resources:

- 6.1 The project will be managed by a Project Manager reporting to Programme Manager within Major Programmes. A Quantity Surveyor from the City Council will act as the contract administrator; this responsibility includes the validation of any change requests, verifying the costs for the project and managing the project budget.
- 6.2 Design Services, under the Commercial & Operations Department will provide a Design Challenge Service, assisting clients and providing a support service to review and quality assure the design process.
- 6.3 Design Services will also assist the client team in their duties under the Construction and Design Management Regulations (CDM) 2015, including the assembly of pre-construction information.

External resources:

- 6.4 For the capital projects, Wates Construction will act as the contractor and will lead the design team-
- 6.5 It is proposed that this project will be delivered as a Design and Build contract; the contractor will procure the preferred design team on behalf of the City Council.
- 6.6 Wates will act as the Principal Designer to ensure the Council fulfils Construction and Design Management (CDM) requirements.

7 SOCIAL VALUE CONSIDERATIONS

- 7.1 There are no social value considerations.

8 REGARD TO THE NHS CONSTITUTION

- 8.1 There are no implications on the NHS constitution.

9 EQUALITY IMPACT ASSESSMENT (EIA)

9.1 Has the equality impact of the proposals in this report been assessed?

No

Yes

Attached as Appendix B, and due regard will be given to any implications identified in it.

10 LIST OF BACKGROUND PAPERS RELIED UPON IN WRITING THIS REPORT (NOT INCLUDING PUBLISHED DOCUMENTS OR CONFIDENTIAL OR EXEMPT INFORMATION)

10.1 None

11 PUBLISHED DOCUMENTS REFERRED TO IN THIS REPORT

11.1 Delegated Decision 2015 'Feasibility study into the expansion of special schools' 28 May 2015.

12 OTHER COLLEAGUES WHO HAVE PROVIDED INPUT

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