

**Executive Board**  
**21 June 2022**

<b>Subject:</b>	School Capital Maintenance Grant Allocations 2022-23
<b>Corporate Director(s)/Director(s):</b>	Catherine Underwood, Corporate Director for People
<b>Portfolio Holder(s):</b>	Councillor Cheryl Barnard, Portfolio Holder for Children, Young People and Schools
<b>Report author and contact details:</b>	Caroline Butrymowicz, Project Manager – Major Projects <a href="mailto:caroline.butrymowicz@nottinghamcity.gov.uk">caroline.butrymowicz@nottinghamcity.gov.uk</a>
<b>Other colleagues who have provided input:</b>	Robert Caswell, Programme Manager – Major Projects Martin Williams, Commercial and Governance Manager – Major Projects
<b>Subject to call-in:</b> <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
<b>Key Decision:</b> <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
<b>Criteria for Key Decision:</b>	
(a) <input checked="" type="checkbox"/> Expenditure <input type="checkbox"/> Income <input type="checkbox"/> Savings of £750,000 or more taking account of the overall impact of the decision	
<b>and/or</b>	
(b) Significant impact on communities living or working in two or more wards in the City	
<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
<b>Type of expenditure:</b> <input type="checkbox"/> Revenue <input checked="" type="checkbox"/> Capital	
Date considered by the Capital Board: 18 May 2022	
<b>Total value of the decision:</b> £3,329,416	
<b>Wards affected:</b> All	
<b>Date of consultation with Portfolio Holder(s):</b> 26 May 2022	
<b>Relevant Council Plan Key Outcome:</b>	
Clean and Connected Communities	<input type="checkbox"/>
Keeping Nottingham Working	<input type="checkbox"/>
Carbon Neutral by 2028	<input type="checkbox"/>
Safer Nottingham	<input checked="" type="checkbox"/>
Child-Friendly Nottingham	<input checked="" type="checkbox"/>
Healthy and Inclusive	<input type="checkbox"/>
Keeping Nottingham Moving	<input type="checkbox"/>
Improve the City Centre	<input type="checkbox"/>
Better Housing	<input type="checkbox"/>
Financial Stability	<input type="checkbox"/>
Serving People Well	<input type="checkbox"/>

**Summary of issues (including benefits to citizens/service users):**

The annual capital maintenance grant allocation from the Department for Education (DfE) for 2022/23 was confirmed in April 2022. The total value of this grant is £2,679,416, to improve the condition of school buildings maintained by the Council.

This report seeks approval to accept the 2022/23 grant and to approve the five schemes that have already been prioritised using the draft strategy document (which is a place-holding document that underpins the prioritisation of schemes ahead of the full development of the of the Council's Asset Management Strategy), as noted at the 21 December 2021 Executive Board meeting. The schemes are listed in Enc. 2.

In addition, approval is sought to allocate a Health and Safety contingency of £270,000. The Health and Safety contingency is to be delegated to the Corporate Director for People to approve and authorise how this is spent, in accordance with the criteria that was noted in the report approved at the 21 December 2021 Executive Board meeting.

Approval is also sought to allocate funding from the Building Schools for the Future lifecycle fund for Rosehill Special School and Ellis Guilford School to allow maintenance to be carried out at the respective schools, and to approve the transfer of the Ellis Guilford School lifecycle fund to the academy.

**Does this report contain any information that is exempt from publication?**

No

**Recommendation(s):**

1. To accept the Capital Maintenance Grant for 2022/23 of £2,679,416 from the Department for Education, and to approve the five schemes already prioritised using the draft strategy document as set out at the 21 December 2021 meeting of the Executive Board.
2. To approve a Health and Safety Contingency of £270,000 million and delegate authority to the Corporate Director of People to approve and authorise how the contingency is allocated, in accordance with the criteria as set out at the 21 December 2021 meeting of the Executive Board.
3. To authorise the procurement of any necessary contracts to carry out the programme of schemes for 2022/23 and delegate authority to the Corporate Director for People to award any such procured contracts.
4. To approve a payment of up to £150,000 from the Building Schools for the Future (BSF) Lifecycle Reserve fund to Rosehill Special School to undertake condition and maintenance works to the school building.
5. To approve a payment of up to £500,000 from the BSF Lifecycle Reserve fund to Ellis Guildford School to undertake condition and maintenance works to the

school building.

6. To delegate authority to the Corporate Director for People to enter into the necessary documentation and make any necessary payments in relation to changing the current contractual arrangement for the BSF Lifecycle Reserves in relation to the Ellis Guilford Academy.

## 1. Reasons for recommendations

- 1.1 The prioritisation of the annual school capital maintenance grant is based on technical advice and a review of the condition of the Nottingham City school estate. The process is articulated in the appended Business Case (Enc. 1) and the prioritisation process and draft strategy document (which is a place-holding document that underpins the prioritisation of schemes ahead of the full development of the Council's Asset Management strategy). There are two areas where funding is prioritised:
- health and safety issues likely to impact on children and staff to ensure the safeguarding of pupils within the school site, ensuring buildings are structurally sound and the building can be safely evacuated in the event of an emergency; and
  - condition issues likely to impact on the operation of the school, to ensure that school buildings are warm and dry to negate the potential of schools closing and loss of learning for the pupils.
- 1.2 The programme of works is prioritised in line with the draft Capital Maintenance Strategy for Schools. This will be reviewed and reflect the priorities that are included within the overarching Corporate Asset Management Plan that is currently being developed as part of the wider Corporate Landlord role.
- 1.3 The grant for 2022/23 has now been received for a value of £2,679,416 and will be used to deliver schemes for 2022/23. Five schemes that have already been identified as high priorities and have been included as to delay these works would impact the respective schools over the next year.
- 1.4 Delegating authority to the Corporate Director for People to approve and authorise how the Health and Safety contingency is allocated will ensure a timely response to any urgent health and safety issues that may arise.
- 1.5 Both Rosehill Special School (maintained) and Ellis Guilford School (academy) were part of the Building Schools for the Future (BSF) programme and were significantly remodelled and refurbished under the programme. As part of the programme, there was an agreement with the DfE that a lifecycle fund would be held for 25 years to pay for maintenance issues in that time period. Both projects completed over 10 years ago and it is becoming necessary to spend money on the maintenance of the buildings to keep them to the original standard.
- 1.6 In the past, the ring-fenced BSF Lifecycle Reserve has been transferred upon a school becoming an academy. In the case of Ellis Guilford School, when it originally converted the academy, it left the responsibility of managing the lifecycle with the

Council. Consultation is ongoing with the Academy Trust that runs the school to have the lifecycle fund transferred to the Trust.

## **2. Background**

- 2.1 The Council receives an annual capital grant from the DfE to address the priority condition and maintenance issues at Nottingham City schools and seeks Executive Board approval yearly to both accept the grant and to carry out a list of prioritised schemes. The grant for 2022/23 has been received for the value of £2,679,416 and five projects have been prioritised. In addition to these schemes, a contingency allocation of £270,000 has been identified to address any urgent Health and Safety schemes that may arise and need addressing in 2022/23. This proposal seeks approval to delegate to the Corporate Director for People the Health and Safety contingency allocation and authority to approve and authorise how this is spent. The decisions under this delegation will be published.
- 2.2 The grant is to improve the condition of school buildings maintained by the Council. The highest priorities for approval relate to health and safety requirements, for example ensuring the safeguarding of pupils within a school site, ensuring buildings are structurally sound and the safe evacuation of a school building in the event of an emergency. The next priorities are those condition issues that mean schools are not weather-proof or warm in winter, which could lead to school closing temporarily and to a loss of learning. This could include schools that need roof replacements, new windows, repair to existing boilers or replacement heating systems or electrical infrastructure.
- 2.3 The overall condition liability for schools in Nottingham is approximately £23 million and is significantly greater than the funding available. As there is insufficient funding to complete all works, the Council has to ensure that all schemes are prioritised in a consistent manner. The appended Business Case (Enc. 1) and prioritisation process explain how schemes will be prioritised to support the health and safety and condition needs for pupils in Nottingham City schools.
- 2.4 The (BSF) lifecycle fund, which is ringfenced for named schools, was established to ensure that schools which were not funded via Public Finance Initiative (PFI) had sufficient funding to be maintained over a 25-year period. Where schools converted into academies prior to the BSF finishing, this was the responsibility of the academy. Several schools converted to academy status after the completion of the BSF programme, where this happen generally the lifecycle fund was transferred to the academy immediately. In the case of Ellis Guildford, this was not what happened and the lifecycle fund remained with the Council. There are currently consultations ongoing with Academy Trust to see if they still want the Council to hold the reserve on their behalf or hand these and their responsibilities that go with the reserves back to the Academy Trust.

## **3. Other options considered in making recommendations**

- 3.1 To combine the 2022/23 Schools' Capital Maintenance Grant with the Basic Need funding to address the shortfall of places across the city: this option is rejected as it could leave schools at risk of temporary closure due to health and safety or condition issues. It could also mean that school buildings continue to deteriorate and may be subject to forced closure whilst emergency repairs are carried out.

3.2 To do nothing with regard to the Rosehill and Ellis Guildford Schools: this option has been rejected as whilst this would retain the funding within the lifecycle reserve, it would not support the maintenance of the schools as a positive environment for education and learning.

#### 4. Consideration of Risk

4.1 Construction inflation is high and there is continued pressure on both the supply and labour market. In order to mitigate this, contingencies will continue to be allocated for all future programme schemes above the level of construction inflation at the time. If programmes of work are not carried out then there is a risk that temporary school closures could have to be managed – for example if a school heating system fails. If programmes of work are not carried out then schools may struggle to address maintenance issues at a time when school budgets are under immense pressure. The condition liability of the school estate will not be reduced if programmes of works do not take place.

#### 5. Finance colleague comments

- 5.1 **Capital Comments:** Following the approval of this decision, projects will be set up and funded from Capital Maintenance Grant as detailed in Enc. 2. The projects within this decision formally commits £1.4 million from the awarded grant of £2.7 million. Allocating the balance to projects will require formal approval.
- 5.2 The Health and Safety contingency of £300,000 will be added to the existing unallocated Capital Maintenance Grant of £400,000, which has previously been delegated to the Corporate Director for People for allocation. When the Corporate Director for People either adjusts the projects or approves new schemes, copies of the relevant reports are to be shared with Technical Finance, ensuring the Capital Programme is updated accordingly.
- 5.3 The Capital Maintenance Grant has an allocation within the planned element of the Capital Programme as approved at the 22 February 2022 Executive Board meeting of £1.5 million, compared to actual grant award of £2.7 million. Following the approval of this decision, the schemes will be moved into the approved stage of the Capital Programme and the planned section of the programme will be amended to £2.1 million to take account of the unallocated grant of £1.4 million plus the Health and Safety contingency of £700,000.
- 5.4 The £700,000 BSF academy maintenance works within this report are funded from a ringfenced reserve, as the projects in question relate to academy sites and therefore any revenue implications of the works are the academies' responsibility and the reserve is ringfenced for this purpose. The projects as defined in this report are supported on the basis that any risk of project overspend does not sit with the Council and is either funded by the academy or via another request to use this reserve.
- 5.5 **Revenue Comments:** If the funding allocations are approved then any ongoing maintenance costs which arise after the completion of capital works will need to be funded from the schools budget.

Comments provided by Tom Straw, Senior Accountant – Capital Programmes, on 27 May 2022

## **6. Legal colleague comments**

- 6.1 There are no significant legal issues arising under this decision. In addition to acceptance of the funding, there is a request to procure contracts to carry out works at those schools identified in Enc. 2 and have a contingency amount available for health and safety matters arising. Spend of the remaining funding against future projects will be subject to further approval.
- 6.2 Any procurement of contracts must be subject and in compliance with the Council's Contract Procedure Rules and the Public Contracts Regulations 2015.
- 6.3 The proposed use of funding from the Building Schools for the Future is consistent with the fund's intended purpose and therefore raises no concerns. With regard to the potential transfer of the fund across to the Ellis Guilford Academy, this needs to be done in accordance with any fund conditions. Legal Services will provide support on this and the drafting of appropriate documentation as required.

Comments provided by Naomi Vass, Team Leader – Contracts and Commercial, on 31 May 2022

## **7. Procurement colleague comments**

- 7.1 There are no significant procurement concerns with the recommendations set out in the report. Procurement will work alongside the client to ensure that all procurement activity is in line with Public Contract Regulations and the Council's Contract Procedure Rules.

Comments provided by Sue Oliver, Procurement Category Manager – Places, on 18 May 2022

## **8. Building Services colleague comments**

- 8.1 Building Services fully supports the school condition works 2022/23 programme.

Comments provided by Trevor Bone, Acting Head of Building Services, on 16 May 2022

## **9. Property colleague comments**

- 9.1 The Strategic Assets and Property team has not been involved in delivering these proposals. The report states that there are two areas of funding where funding has been prioritised, firstly health and safety issues likely to impact on children and staff and secondly condition issues likely to impact on the operation of the school. The report also advises that consideration will be given as to how carbon emissions can be reduced during the design stage for any intended works (particularly in relation to heating replacement schemes). This all seems a sensible approach. Going forward, it is

anticipated that the Council's emerging Asset Management Strategy will inform how such matters will be managed, ensuring that there is a corporate approach.

Comments provided by Steve Sprason, Interim Head of Property, on 31 May 2022

## **10. Social value considerations**

10.1 The proposed SCAPE framework procurement route for some of the schemes contains a number of social value key performance indicators, such as diverting waste to landfill, local spend and local employment targets, to which the schemes will be measured.

## **11. Equality Impact Assessment (EIA)**

11.1 An EIA is attached as Enc. 3, and due regard will be given to any implications identified in it.

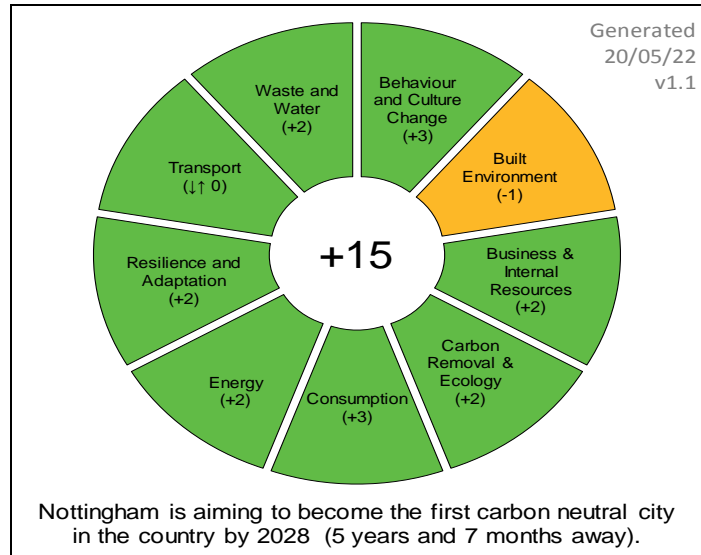
## **12. Data Protection Impact Assessment (DPIA)**

12.1 A DPIA is not required because this programme of works will have limited data collected.

## **13. Carbon Impact Assessment (CIA)**

13.1 A CIA is attached as Enc. 4, and due regard will be given to any implications identified in it.

13.2 The carbon impact assessment wheel reflects a score of fifteen for this programme of works and highlights the rationale for the scoring. Where applicable (and as articulated in the business case) for the individual schemes proposed, post evaluation benefits analyses will be carried out to establish the impact on the energy usage for schools by way of reviewing utility bills. The key performance indicators submitted by contractors will be monitored to measure carbon reduction indicators such as environmentally friendly waste removal options. It will be ensured for any proposed schemes that, during the design development stage, serious consideration will be given to how carbon emissions can be reduced to support this outcome. For example, the practicality of decarbonising existing heating systems in schools by introducing carbon neutral heating interventions where and when possible will be assessed.



**14. List of background papers relied upon in writing this report**

14.1 None.

**15. Published documents referred to in this report**

15.1 None.