

## Executive Board – 23 May 2023

<b>Subject:</b>	Remainder of the School Capital Maintenance Grant Allocation 2022-23.
<b>Corporate Director(s)/Director(s):</b>	Catherine Underwood – Corporate Director for People. Nick Lee – Director of Education Services.
<b>Portfolio Holder(s):</b>	Portfolio Holder with responsibility for schools
<b>Report author and contact details:</b>	Robert Caswell – Programme Manager, Major Projects Robert.caswell@nottinghamcity.gov.uk
<b>Other colleagues who have provided input:</b>	Tom Straw – Senior Accountant Capital Programmes. Tony Heath – Solicitor Sue Oliver – Category Manager – Places
<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 checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
<b>Type of expenditure:</b> <input type="checkbox"/> Revenue <input checked="" type="checkbox"/> Capital If Capital, provide the date considered by Capital Board Date: 17 <sup>th</sup> February 2023	
<b>Total value of the decision: £2.129.416</b>	
<b>Wards affected: All</b>	
<b>Date of consultation with Portfolio Holder(s): 21<sup>st</sup> April 2023</b>	
<b>Relevant Council Plan Key Outcome:</b>	
Green, 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"/>
Living Well in our Communities	<input type="checkbox"/>
Keeping Nottingham Moving	<input type="checkbox"/>
Improve the City Centre	<input type="checkbox"/>
Better Housing	<input type="checkbox"/>
Serving People Well	<input type="checkbox"/>
<b>Summary of issues (including benefits to citizens/service users):</b>	
<p>The annual capital maintenance grant allocation from the Department for Education (DfE) for 2022-23 was confirmed in April 2022. The total value of the grant was £2,679,416 of which £1,350,000 has already been allocated in an Executive Board report approved in June 2022. This report allocates the remaining £1,329,416 for new schemes.</p> <p>The schemes that have been identified in this report for funding allocations have been prioritised using the draft strategy document that is being used prior to the full development of the Council's Asset Management Strategy. All the schemes are identified in Appendix 2.</p> <p>Included within the allocations is a Contingency of £179,416. The contingency is to be delegated to the Corporate Director of People to approve and authorise how it is spent in line with previously agreed criteria.</p>	

Approval is sought to allocate funding from the Building Schools for the future (BSF) lifecycle reserve for Rosehill Special School and Ellis Guilford School to allow maintenance to be carried out at the respective schools.

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

None

**Recommendation(s):**

**1** To approve the seven schemes shown in appendix A prioritised using the draft strategy document.

**2** To approve a Contingency of £129,416 and delegate authority to the Corporate Director for People to approve and authorize how the contingency is allocated.

**3** To authorise the procurement of any necessary contracts to carry out the programme of schemes using the 2022-23 funding and delegate authority to the Corporate Director for People to award any procured contracts.

**4** To approve a payment of up to £300,000 from the Building Schools for the Future (BSF) Lifecycle Reserve fund to Rosehill Special School to undertake condition and maintenance works to the school buildings.

**5** To approve a payment of up to £500,000 from the BSF Lifecycle Reserve fund to Ellis Guilford Academy to undertake condition and maintenance works to the school buildings.

**1. Reasons for recommendations**

1.1 The prioritisation of the school capital maintenance grant is based on technical advice and a review of the condition of the Nottingham City schools estate. The process is articulated in the appended Business Case (Appendix B) and the draft strategy document which is being used until the Corporate Asset Management plan is fully developed. There are two areas where funding is prioritised:

- Health and safety issues likely to impact on children and staff to ensure the safeguarding of the pupils within the school site, ensuring buildings are structurally sound and 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 in 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 was £2,679,416, initial approval was given in June 2022 for five high priority schemes to the value of £1.350 million. This report seeks approval for the remaining £1,329,416 of the grant and includes seven schemes.

- 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 issues that arise.
- 1.5 Both Rosehill Special School (maintained) and Ellis Guilford School (Academy) were part of the BSF programme and were significantly remodelled and refurbished under the programme. As part of the programme, there was an agreement with the Department for Education (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 in the original condition.

## **2. Background (including outcomes of consultation)**

- 2.1 The Council receives an annual grant from the DfE to address the priority condition and capital maintenance issues at Nottingham Schools. Approval to accept the 2022-23 grant was gained from Executive Board in June 2022 and £1.350 million of the grant was allocated to schemes leaving £1,329,416 unallocated. This report seeks to allocate that funding towards seven schemes and a contingency of £179,416 which has been included to address any urgent schemes that may arise in 2022-23. This proposal seeks to delegate approval for allocating the contingency to the Corporate Director for People.
- 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 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, repairs to existing boilers or replacement heating systems or electrical infrastructure.
- 2.3 The overall condition liability for schools in Nottingham is approximately £25 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 (Appendix B) and the prioritisation process explains how schemes will be brought in to the programme to support the Health and Safety and Condition needs for pupils in Nottingham schools.
- 2.4 The BSF Lifecycle fund, which is ring fenced for named schools, was established to ensure that schools which were not funded via the Public Finance Initiative (PFI) had sufficient funding to be maintained over a 25 year period. Where schools converted into academies prior to BSF finishing, this was the responsibility of the academy. Several schools converted to academy status after the completion of the BSF programme, where this happened generally the lifecycle fund was transferred to the academy immediately. In the case of Ellis Guilford, this was not the case and the lifecycle fund has remained with the Council. While there are currently consultations ongoing with the Academy Trust around the transfer of the fund these have not yet been concluded, hence the approval to spend the funding.

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

- 3.1 To combine the remainder of the 2022/23 Schools' Capital Maintenance Grant with Basic Need funding and the SEND capital funding to address the shortfall of SEND capacity and secondary places across the city. This option was rejected as it would 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 Guilford 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 Currently construction inflation is high and there is a continued pressure on both 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 this programme of works does not take place.

### **5. Best Value Considerations, including consideration of Make or Buy where appropriate**

- 5.1 There are two routes to procure these works, using Building Services to deliver the replacement heating or boiler projects and to use a framework contractor off the Scape framework to deliver the remaining schemes.
- 5.2 Building Services provide servicing for boilers and heating systems in the school estate and are therefore, very familiar with the heating systems in schools. This supports efficient operations and identifies those most at risk of failure.
- 5.3 The Scape Framework provides value for money through the ability to get early engagement, free feasibility costs and to build a long term relationship that allows prioritisation of the programme, which is critical in an environment where work is being completed in a live school.

### **6. Finance colleague comments (including implications and value for money/VAT)**

- 6.1 **Capital Comments:** Following the approval of this decision, projects will be set up and funded from Capital Maintenance Grant as detailed in the relevant appendix. The projects within this decision formally commits the remaining **£1.3m** from the awarded grant of **£2.7m** awarded in 2022-23.
- 6.2 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.

- 6.3 The Capital Maintenance Grant has an allocation within the planned element of the Capital Programme as approved at February 2023 Executive Board. 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 reduced by this approval.
- 6.4 The **£0.8m** 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.
- 6.5 **Revenue Comments:** Any ongoing maintenance costs which arise after the completion of capital works will need to be funded from the relevant school's budget.

Tom Straw, Senior Accountant – Capital Programmes 1 February 2023

## **7. Legal colleague comments**

- 7.1 This report seeks approval spend the balance of the 2022-23 annual capital maintenance grant as described; the report does not present any significant legal issues.
- 7.2 In spending the balance of funds, the Council must ensure it complies with any grant conditions imposed by the DfE and the Council's Constitution in both procuring works and contracting for such works. In complying with the Council's Constitution, the Public Contract Regulations 2015 should be complied with.
- 7.3 The schemes identified in the report have been chosen using a draft strategy document. This might represent a risk if the final strategy document changes substantially. It is understood the principles set out in the draft strategy document are the principles that have been applied for some considerable time when making such decisions, suggesting it is highly unlikely that the final strategy document will change substantially. The risk of challenge, and the risk of that challenge being successful, based on this decision being contrary to the final strategy document seem low.
- 7.4 The allocation of funds from the BSF Lifecycle Reserve fund should be in accordance with any conditions and/or requirements imposed by that fund.

Anthony Heath, Senior Solicitor, Contracts and Commercial, 19<sup>th</sup> January 2023.

## **8. Other relevant comments**

### **8.1 Procurement Comments**

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 Procurement Contract Procedure rules.

Sue Oliver – Category Manager 9<sup>th</sup> February 2023

## 8.2 Building Services Comments

Building Services fully supports the school condition works programme.

Trevor Bone – Head of Building Services, 6<sup>th</sup> February 2023

## 8.3 Property Comments

The Strategic Asset and Property team have not been involved in delivering these proposals. The report states that there are two areas of need 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 to low carbon emissions and how they can be reduced during the design stage of any intended works (particularly in relation to heating schemes). This 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.

Deborah Millar - Business Partner Strategic Assets and Property. 7<sup>th</sup> Feb 2023

## 9 Crime and Disorder Implications (If Applicable)

9.1 This is not applicable.

## 10 Social value considerations (If Applicable)

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 from landfill, local spend and local employment targets by which the schemes will be measured.

## 11 Regard to the NHS Constitution (If Applicable)

11.1 This is not applicable

## 12 Equality Impact Assessment (EIA)

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

No

Yes

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

## 13 Data Protection Impact Assessment (DPIA)

13.1 Has the data protection impact of the proposals in this report been assessed?

No   
A DPIA is not required because this programme of works will have limited data collected.

Yes

**14 Carbon Impact Assessment (CIA)**

14.1 Has the carbon impact of the proposals in this report been assessed?

No

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

**15 List of background papers relied upon in writing this report (not including published documents or confidential or exempt information)**

15.1 None

**16 Published documents referred to in this report**

16.1 None