
Meeting of Executive Members and Children's Services Advisory Panel

14 March 2007

Report of the Director of Learning, Culture and Children's Services

Progress Report on Major Capital Schemes in York Secondary Schools

Summary

- 1 The report informs Members of recent progress with four major secondary school capital schemes in York (Huntington, York High, Manor and Joseph Rowntree Schools). The report also details a proposal from Fulford School to enter into a prudential borrowing arrangement with the LA in order to finance a scheme that will significantly improve teaching facilities.

Background

- 2 Members will be familiar with the regular capital monitoring reports that are brought to EMAP. This additional report is prompted by the significant size of the current programme and the intensive work being undertaken to deliver various major schemes. The report describes the progress on each of the schemes, the estimated timescales to completion and the latest financial profiling. The report also includes a proposal for a capital scheme at Fulford School for which the school is seeking to borrow funds from the Local Authority.

Consultation

3. All of the major schemes have been, or will be, subject to extensive consultation as proposals are developed.

Analysis

4. Progress updates on each of the four schemes are contained in the following paragraphs.

Huntington School

5. The new £5.5 million Community Arts and classroom blocks are nearing completion and will open to pupils on 16 April 2007. This will enhance facilities for both the school and the local community and gives the entrance to the school an attractive new focus.

York High School

6. Work is progressing well to establish the York High School. The scheme is a complex and ambitious project that includes the merger of Lowfield and Oaklands schools in September 2007. An interim Governing Body was established in 2006 which managed the recruitment of the Senior Leadership Team. The recruitment of teaching and support staff is now substantially complete.
7. In the first year of the new school's life it is planned to provide accommodation for all students and staff on the existing Lowfield site, whilst work is undertaken on the Oaklands site to undertake refurbishment and new building work. This approach seeks to minimise disruption to the education of children in the school and will avoid the difficulties of staff and students having to travel extensively between the two sites. This approach will assist effective health and safety management of building works on the Oaklands site. The whole school will then move back to the Oaklands site when the work is completed, which is expected to be in January 2009.
8. The capital scheme will also incorporate a new public swimming pool facility on the Oaklands site.
9. Constructors and a design team were appointed last year. Work on the detailed design of the school and pool facility is progressing and the necessary planning applications are being prepared. If permission is granted, construction work is planned to start on the Oaklands site in July 2007.
10. The capital expenditure profile for this scheme needs to be revised given both the integration of the Swimming Pool into the scheme and the additional time that has been needed to secure an agreed design for the school building within the available budget. The current and revised expenditure profiles are set out in the table below:

York High School Expenditure Profile	2006/07 £m	2007/08 £m	2008/09 £m	2009/10 £m	Total £m
Current approved scheme profile	0.500	5.400	6.050	0.250	12.200
Revised scheme profile	0.150	5.750	6.050	0.250	12.200
Pool Scheme profile (in Leisure Programme)	-	1.000	4.000	0.400	5.400

Joseph Rowntree One School Pathfinder

11. The Joseph Rowntree One School Pathfinder (OSP) was announced in June 2006. One school pathfinders are significant projects, funded by "Building Schools for the Future" capital. The DfES budget for this scheme is £25.5m.

OSP funding gives selected local authorities the chance to test how they will approach educational transformation in their area.

12. Since last summer, the school has made good progress in developing the project, supported by the authority and the Joseph Rowntree Trust. The Trust has provided valuable and enthusiastic support and has also sponsored a local architect to provide expert advice and guidance in the early stages of this project. The directorate is providing dedicated project management for the scheme. Various well-attended consultation events have been held with the local community, students, staff, governors and parents in order to develop a vision for the new school. The DfES approved the Council's initial submission in January 2007 and work is now underway to complete a Business Case. This document will need to be approved by the DfES and Partnership for Schools before the project can progress to the next stage of procurement. PfS is a Non-Departmental Public Body (NDPB), wholly owned by the DfES but jointly funded with Partnership UK.
13. The project will be procured via a national framework for the design and construction of Academies and One School Pathfinders that has been established by PfS.
14. The process will include a competition element which will result in the appointment of one of six construction companies that have already been shortlisted nationally by PfS. On 22nd February, a familiarisation day was held at Joseph Rowntree School where all six of the framework companies had the opportunity to visit the school and to meet key members of the Project team. The overall programme is to have the outline business case (OBC) approved by mid May 2007 so that a design and build partner can be selected by October 2007 at which time a full planning application will also be submitted.
15. The scheme will need to be added to the Children's Services Capital Programme once the DfES approves the OBC.

The allocations from DfES will probably be as shown in the table below, but the spending profile has yet to be determined.

Joseph Rowntree OSP	2006/07 £m	2007/08 £m	2008/09 £m	2009/10 £m	Total £m
Estimated funding profile	0	35%	50%	15%	25.5

Manor School

16. Members will be aware that the Diocese was successful in a targeted capital fund (TCF) bid to replace the existing Manor School with a new and enlarged school. Grant funding of £13.5m was announced by the DfES in 2006 with the LA contributing £3.5m to the scheme from capital receipts arising from the eventual disposal of the existing Lowfield School and/or Manor Sites. The success of this bid and the TCF grant awarded to York High School made it possible for the Authority to implement the proposals agreed by members following the review of secondary education on the west side of the city.

17. The school and the Diocese, with support from the local authority, have now developed design proposals for the new school building. A detailed planning application has been submitted and is due to be considered on 5 March 2007. If planning permission is approved, and that decision is supported by the Secretary of State, the project will move forward with a constructor appointed and building work commencing later this year.

Fulford School – proposed capital scheme

18. Fulford School has recently approached the LA requesting to borrow funds from the LA in order to secure the finance necessary for a proposed building project that will provide new science laboratories suitable for KS3, KS4, and sixth form teaching. The scheme will also allow the school to develop modern and appropriate facilities and to remove a double mobile classroom.
19. The total cost of the scheme is estimated at £1.266m. The table below details the funding proposal that has been agreed by the Governing Body.

	£'000's
Proposed Capital Scheme cost	1,266
Funded by: Devolved Capital – 2006/07, 07/08, 08/09	454
School Capital	205
Borrowing from LA	607
Total:	1,266

20. The proposal assumes a loan for £607k, with the repayment of principal and interest over 4 years (year 1 being 2009/2010) and assumes that the principal is met from future years' Devolved Capital, with the interest being met from the school's revenue budget, as required by accounting regulations. The annual interest costs reduce from £28,286 in year 1 to £7,072 in year 4.
21. In the event that Devolved Capital is withdrawn beyond 2007/2008, the school will be required to repay the loan over a longer term, as allowed by the regulations, with combined principal and interest repayments of £65,451 per annum for 17 years. This cost would have to be met from the school's revenue budget. This position would only be triggered in the unlikely event that the DfES withdraws Devolved Capital Funding.
22. The figures are based on the Council's current consolidated interest rate of 4.66% but the rate would be fixed at the time the loan is drawn down in 2008/2009 at the prevailing rate, which will determine the interest payments due.
23. The headteacher has confirmed that he and the chair of Governors have considered the figures carefully and are aware that the borrowing proposal will commit devolved capital for this year (2006/2007) and for the next 6 years, together with the interest payments set out above.

24. This project would provide four new classrooms and two laboratories in permanent accommodation by September 2008 and remove some elderly temporary classroom units from the site. It would add to the coherence of the faculty arrangements in the school, relieve some of the pressure on space and enhance the learning experience for pupils by providing an up to date environment.

The Local Authority is able to make use of Prudential Borrowing powers to fund the capital cost of the work via a loan to the school, which will then be repaid from the schools budget.

Corporate Priorities

25. The schemes described support two of the corporate priorities: increase people's skills and knowledge to improve future employment prospects, and improve the life chances of the most disadvantaged and disaffected children, young people and families in the city.

Financial Implications

26. The amendment described above (para 10) and its effect on the overall Children's Services Capital Programme is summarised in the table below.

Summary of Amendments to the 2006/10 Capital Programme

Gross Children's Services Capital Programme	2006/07	2007/08	2008/09	2009/10	Total
	£m	£m	£m	£m	£m
Current Approved Capital Programme	12.879	16.485	9.550	0.250	39.164
<u>Adjustments: -</u>					
York High School Reprofiling	(0.350)	0.350			-
Revised Capital Programme 2006/10	12.529	16.835	9.550	0.250	39.164

- **Human Resources (HR)**

none

- **Equalities**

none

- **Legal**

none

- **Crime and Disorder**

none

- **Information Technology (IT)**

none

- **Property**

Property implications for each scheme are dealt with within the main body of the report.

- **Other**

none

Risk Management

27. The risks associated with major capital schemes relate to:
 - a. actual costs exceeding budget
 - b. funding not being spent within the allocated timescale and therefore being withdrawn
28. Costs associated with the proposals are currently estimates. In order to minimise the risk of overspending on budget:
 - a. all individual projects are costed in detail before being put out to tender and any adjustments brought for approval in the quarterly monitoring reports
 - b. once designs are agreed and work starts, variations are kept to an absolute minimum
 - c. risk funds are built in to all budgets
29. Careful monitoring of spending and movement of funding streams between projects ensures that spending is within time constraints.
30. For all capital projects that are approved, a risk management approach is adopted. Large and complex projects will require a risk register that will be considered and monitored by the project board.
31. The Fulford scheme includes a risk that the DfES will withdraw devolved capital funding. The Governing Body has considered the risks and has agreed to an alternative repayment model should this occur.

Recommendations

32. The Executive Member is recommended to:
 - note the updates to the major schemes within the Children's Services Capital Programme
 - approve the amendment to the capital programme reported above and summarised in paragraph 25 above

- recommend to the Executive for approval the request from Fulford School to use prudential borrowing of £607k to fund part of the cost of the building project, and to include this in the capital programme
- recommend to the Executive for approval the revised capital programme summarised above

REASON: in order to allow the effective monitoring of the capital programme.

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Report Approved Date 27 February 2007

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Wards Affected: *List wards or tick box to indicate all*

All

For further information please contact the author of the report

Background Papers: