

NORTH YORKSHIRE COUNCIL

EXECUTIVE REPORT

4 July 2023

SCHOOLS CONDITION CAPITAL PROGRAMME – 2023/24

Report of the Corporate Director – Children and Young People’s Service

1.0 PURPOSE OF THE REPORT

1.1 To seek Executive approval for the Schools Condition Capital Programme for 2023/24.

2.0 EXECUTIVE SUMMARY

2.1 In announcements made in March 2023 the Department for Education (DfE) allocated Schools Condition funding of £6,044,988 to North Yorkshire Council for 2023/24.

2.2 A new allocation methodology was introduced by the DfE in 2021/22, using their own condition data for schools. To support the introduction of the new methodology, the DfE implemented transitional protections which means for 2023/24 no responsible body will receive less than 50% of the allocation they received in 2020/21. This is the first year North Yorkshire has not benefitted from the transitional protections.

2.3 This is a further single year allocation. A one-year programme for 2022/23 was approved by the Executive in May 2022 and is currently being delivered. The Programme is monitored through the quarterly capital report.

2.4 Funding is provided separately for the provision of additional school places (through the Basic Need Grant). A £29m programme (including developer contributions) for 2022-25 was approved by the Executive in March 2022 and is currently being delivered. A further DfE announcement was made in March 2023 allocating a sum of £3.4m to support the creation of places needed for September 2026.

2.5 The amount of funding allocated to the Council to meet the condition needs of maintained school buildings is expected to continue to reduce as schools convert to academy status.

2.6 This report proposes a one-year programme of investments to address the condition needs of school buildings in 2023/24.

2.7 A draft of this report (excluding the private appendix B) was presented to the Schools Forum on 18 May 2023.

3.0 GOVERNMENT ALLOCATION ANNOUNCEMENTS

3.1 The Schools Condition Allocation for 2023/24 was announced on 28 March 2023.

3.2 The Schools Condition Grant is part of the single capital pot and may be used for all local priorities, although it is specifically intended for investment in schools. Schools Condition funding does not have to be used strictly for maintenance; it is the only capital funding stream available to support other capital improvement works e.g. compliance, suitability, invest to save projects or investment required to address strategic service priorities.

- 3.3 Academies receive their funding for condition related investment and devolved capital direct from the Education and Skills Funding Agency (ESFA) so are not included in these figures. The amount usually deducted from Schools Condition Allocation for each year is based on open academies at the beginning of November and those expected to open on or before 31 March prior to the relevant allocation year. This means that no projects have been included in the proposed 2023/24 programme for any schools that were expected to convert by 31 March 2023 (including those where conversion has been delayed). It is again proposed that where projects have been included in the programme but schools later become an academy, a judgement will be made about whether the scheme should proceed or not. This will take account of the nature and value of the project, the stage of design development reached and the extent to which the project will extend beyond the date of conversion. This reflects the policy that schools convert to academy status in their existing condition.
- 3.4 Academies either receive a direct School Condition Allocation or can bid for capital funding to the Academies Condition Improvement Fund (CIF), with the determining factor of the required process being the overall size of their multi academy trust. School buildings will continue to be maintained safely for as long as they remain maintained by the local authority. If essential work is needed in summer 2023 then this will continue to completion.
- 3.5 The allocation is once again 100% grant funded (no borrowing approvals or PFI). There is no time-limit on expenditure so can be carried forward if unspent at the end of the financial year without risk of claw back. The following table compares the allocations over the past three years:

Capital Funding Allocation – LA Schools (Community, Voluntary Controlled and Foundation)

	2021/22	2022/23	2023/24
LA School Condition Allocation	£9,783,429 including £3,413,928 transitional award	£7,337,571 including £968,126 transitional award	£6,044,988
Devolved Formula Capital (LA Schools)	£1,360,086	£1,313,187	£1,242,978

- 3.6 The allocation announcement for 2021/22 signalled the introduction of a new methodology to reflect the results of the DfE programme named Condition Data Collection, which completed in 2019. Transitional protection funding has been applied to North Yorkshire's allocations in previous years. This is the first year that has not applied as the allocation for 2023/24 is greater than 50% of the 2020/21 allocation. The next DfE programme of condition data collection is not expected to complete until potentially 2026, so the baseline data currently in use may well remain in place for some years.
- 3.7 Annual allocations are usually reduced to reflect the number of academy conversions and therefore the reducing pupil numbers in the maintained sector. It is difficult to estimate the scale and speed of academy conversions and therefore the potential level of reduction year on year.

	Voluntary conversions	Sponsored conversions (directed cases)
2017/18	27	2
2018/19	13	5
2019/20	12	5
2020/21	12	3
2021/22	3	5

2022/23	10	2
2023/24 Projected	3	3

- 3.8 As at 1 April 2023 there remained 215 maintained schools in North Yorkshire; 3 Nursery, 187 Primary, 15 Secondary, 6 Special schools and 4 Pupil Referral Units. This represents 60% of all 363 schools in North Yorkshire.
- 3.9 The Council is the responsible body for asset management purposes for 194 of the 215 maintained schools. The remaining 21 are voluntary aided schools who receive their school condition allocations via separate arrangements.
- 3.10 The DfE used pupil census data as part of their allocation methodology for this latest allocation and will do so in future. The following table shows the cumulative pupil numbers for the relevant categories of schools based on the January 2023 census:

	Maintained C, VC & Foundation	Maintained VA	Academies, free schools and UTC	Total Pupils
Primary	21517	2086	18430	42033
Secondary	10096	838	26331	37265
Special & PRU	852		354	1206
Total Pupils	32465	2924	45115	80504

4.0 IMPACT OF EDUCATION REFORM

- 4.1 In March 2016 a White Paper entitled 'Educational Excellence Everywhere' was published indicating the intention that all schools should become academies by 2020 or have a plan that would see them convert no later than 2022.
- 4.2 The White Paper signalled the creation of a new duty on local authorities to facilitate conversion, with existing duties on asset management to continue until such point as all schools have converted.
- 4.3 The March 2022 White Paper, and specifically chapter 4 on 'a stronger and fairer school system', reiterated that Government policy expectation was for a fully trust led system. Their aim was that 'by 2030, all children will benefit from being taught in a family of schools, with their school in a strong multi academy trust or with plans to join or form one.' The intention to legislate on that basis was subsequently withdrawn in December 2022, but nevertheless the direction of travel towards academisation remains in place from the Government's perspective.
- 4.4 There are a small number of anticipated conversions in 2023/24. As schools convert to academy status the local authority's Schools Condition Allocation is expected to continue to reduce. Year on year this will have an impact on flexibility within the programme to address strategic investment needs.

5.0 CAPITAL PLAN 2022/23

- 5.1 The programme historically includes an amount of general contingency which helps to address high tenders and to respond to emerging condition issues. The general contingency in the 2022/23 programme has been partially utilised to address some in year top ups and overspends for the 2022/23 programme and programmes in previous years.

Carry forwards from individual programme budgets are shown in Appendix A including £521k of planned maintenance.

6.0 PRIORITIES FOR INVESTMENT

- 6.1 On 19 April 2022 the NYCC Executive approved the School Estate Strategy following consultation with Councillors and North Yorkshire Schools. The strategy documents are aligned to the DfE recommended approach known as Good Estate Management for Schools (GEMS) [Good estate management for schools - Guidance - GOV.UK \(www.gov.uk\)](https://www.gov.uk/guidance/good-estate-management-for-schools). The approved strategy replaced earlier Council statements on priorities that pre-dated the GEMS guidance.
- 6.2 The 2023/24 capital programme will be based on the priorities contained within the 2022 School Estate Management strategy document which are:
- Maintain school place sufficiency – provide additional school places as the need arises
 - Ensure the safety and security of all school estate users – supporting schools with their delegated responsibility for health and safety
 - Maintain the school estate - invest in capital maintenance to ensure that facilities remain fit-for-purpose
 - Modernise and improve school estate facilities - help young people achieve by ensuring their accommodation is to modern standards
 - Improve SEND provision - addressing the needs identified in the SEND Strategic Plan
 - Sustain and improve schools through re-organisation of provision where appropriate
 - Improve Accessibility where appropriate – support investment in facilities to enable access by children with medical or mobility needs
 - Contribute to the Council's target of achieving net carbon neutrality by 2030, or as near to that date as possible.

7.0 CARBON REDUCTION

- 7.1 The size of the school estate means that it is an important factor in the Council's overall carbon reduction plan. In developing and delivering schemes every opportunity will be explored to provide a solution that assists with carbon reduction. However, given the current size of the maintenance backlog, estimated at c. £21.5m, and the limited funding available it is unlikely that schemes will be prioritised for inclusion in future programmes solely on the basis of carbon reduction. A Climate Change Impact Assessment has been developed in support of a Schools Condition Capital Programme, and this is attached as Appendix C.
- 7.2 All works undertaken are done so in accordance with Building Regulations, and with regard to the November 2022 DfE School Output Specification on sustainability, which provide for high standards in respect of energy efficiency. As a result, much of the work via the planned maintenance programme (e.g. roof, window and boiler replacements) will have a positive impact upon carbon emissions, in addition to addressing essential backlog maintenance.
- 7.3 In addition to the above, work is being undertaken via the corporate programme Beyond Carbon to investigate the cost and other implications associated with the decarbonisation of heat, including within schools and corporate properties, and this will be utilised to inform the planning of future work programmes.

- 7.4 In autumn 2022 NYCC commissioned a technical review of the available decarbonisation solutions for 50 buildings within North Yorkshire, including 5 primary schools. The reports investigate options to consider in order to reduce the buildings carbon emissions. These have now been completed and shared with those schools involved in the review.
- 7.5 In 2022/23 schools eligible to receive Devolved Formula Capital funding received an additional grant of capital funding to improve the school estate's energy efficiency. This funding must be spent within three years and the DfE have produced energy efficiency guidance, published in December 2022, that includes a range of advice from everyday behavioral changes to more complex interventions that will need investment and planning.

8.0 PROPOSED SCHOOLS CONDITION CAPITAL PROGRAMME 2023/24

- 8.1 Appendix A provides a proposed Capital Programme for 2023/24. The following sections of the report provide the rationale for each element of the programme. For reasons of commercial sensitivity individual project budgets are not published.

General Compliance and Health and Safety issues

- 8.2 The Council continues to help schools with issues emerging from Ofsted inspections around the health, safety and welfare of pupils, including boundary and internal security issues that may have a bearing on judgements around the safeguarding of children. Schools often have insufficient funding to address these issues themselves and look to the local authority for support. The costs of such adaptations can be significant. A number of such schemes have been successfully undertaken over recent years. It is once again proposed that any further urgent schemes should be supported in-year from compliance sums.
- 8.3 It is proposed that an allocation of £200k should be included within the programme for compliance and health and safety related projects in 2023/24.

Capital Planned Maintenance

- 8.4 The total maintenance backlog in schools across the County continues to be significant despite the ongoing programme of planned capital work. It is therefore important that investment continues to be made in maintaining and preventing further deterioration in the fabric of school buildings. The total backlog is estimated at c. £21.5m and is split as follows: £0.64m D1 and D2, £5.37m C1 and £15.5m C2. The backlog work is categorised based on DfE methodology. The condition grading of 'D' represents life expired and 'C' represent major defects/not operating as intended. Priority 1 is 'urgent' and Priority '2' is essential. These four categories represent the 'backlog'.

The £21.5m figure is a conservative estimate and is being reviewed in light of current cost inflation. In addition, the estimate only reflects the expected costs for the repair or replacement of individual elements and does not include provision for any associated costs including, for example, asbestos removal or the provision of temporary accommodation during the works. As a consequence of both of these factors it is likely that the actual cost of addressing the identified backlog would be in excess of £21.5m.

- 8.5 The continued low value of annually allocated Devolved Formula Capital (DFC) impacts on the level of funding available from schools to contribute towards the Capital Planned Maintenance Programme which addresses structural issues such as roof and window replacements, mechanical and electrical upgrades etc. With the previous agreement of the Schools Forum projects are now only to be included in the Programme on the understanding that schools will contribute all of their available DFC in that financial year. In

some cases this means that schools will be asked to fully fund maintenance projects that have been identified through condition surveys as a high priority rather than other projects they might have hoped to progress. On this basis, an assumption has been made that £150k will be contributed by schools to the Capital Planned Maintenance budget in 2023/24.

- 8.6 A Capital Planned Maintenance budget of £5.21m (including fees and contingency) is proposed for schools in 2023/24. This is made up of a carry forward of £521k, a new allocation from the 23/24 funding of £4.54m and also £150k in anticipated DFC contributions.
- 8.7 The one-year programme has been developed taking account of the highest priority condition items, as identified through the annual condition survey and discussions with schools, with the remainder as a contingency for urgent unplanned work which emerges mid-year.
- 8.8 In 2021 the DfE issued guidance that required all responsible bodies to undertake survey works to establish if Reinforced Autoclave Aerated Concrete (RAAC) has been used in any school building between the mid-60's to mid-80's. An initial desktop exercise was undertaken by NYC consultants followed by visual inspections and investigation work across 107 sites. An allocation of £50,000 was included within the 2022/23 Programme for survey work and any immediate work needing to be undertaken. To date there have been no instances where RAAC has been found. However, there were a number of sites where it was not possible to access voids or high level areas to determine with sufficient confidence that RAAC is not present. NYC is therefore conducting another series of inspections at a limited number of sites. No further funding has been allocated in 2023/24. Any immediate work needing to be undertaken following further surveys will be met from the Planned Maintenance contingency for 23/24 in the first instance.
- 8.9 Unplanned emergency works that arise during the year will be met by either the General Compliance or contingency funding. Within the Planned Maintenance budget this year, an allocation has been set aside for priority compliance related work identified following the 5 yearly fixed electrical testing surveys, further water hygiene compliance works that arise during the year following water hygiene risk assessments, and failure of other compliance elements during the year i.e. fire alarms. Work to increase electrical capacity which emerges as a significant additional cost will need to be accommodated within project costs or prioritised from contingencies if necessary.
- 8.10 Appendix B (confidential) provides a list of the proposed schemes for inclusion in the 2023/24 Programme. Advance planning has been undertaken once again this year to ensure that this Programme can be commissioned and delivered in a timely fashion.

Condition and Asbestos Surveys

- 8.11 In previous years the County Council paid an annual fee to Jacobs and later Mouchel for undertaking condition and asbestos surveys, in line with the contract. These surveys help to inform investment priorities and are not replaced by the national Condition Data Collection which looks at higher level condition in order to inform central government capital allocations. The costs of this work were uplifted annually in line with inflation.
- 8.12 This work was brought back in-house in 2016. It has been agreed that in 2023/24 CYPS will continue to be recharged on the basis of a proportionate contribution to internal costs for Building Surveyors in the Property Service undertaking the survey work. The financial provision in 2023/24 will be £245k, which represents a £25k reduction on the previous year in recognition of Academy conversions.

Asbestos Management

- 8.13 A large number of the County Council's school buildings contain asbestos which is managed in situ. Following 2018 guidance on the management of asbestos in schools it was proposed to undertake some risk based assessment of asbestos to ensure school asbestos management plans are available. The costs of any further investigations required in 2023/24 will be met through the contingency element of the Capital Planned Maintenance Programme.

Lath and Plaster Ceilings

- 8.14 Lath and plaster ceilings are inspected and reviewed by Maintenance Surveyors as part of the annual condition data inspection, with condition being recorded on the survey. Further inspection and investigations are undertaken if condition causes concern. There are two schemes to address the condition of lath and plaster ceilings included in the proposed programme for 2023/24. We also continue to address failing ceilings from contingencies in the planned maintenance programme, in accordance with the agreed approach.

Accessibility Related Works

- 8.15 Schools Access Initiative funding was withdrawn in 2011/12. It is necessary to continue to make provision for some accessibility work in the programme to address the needs of individual children and for any significant access related work that emerges from other developments. It is proposed to set aside a sum of £300k from the 2023/24 allocation for such projects.

Specialist Provision Capital Investment

- 8.16 In June 2020 Executive approved the creation of a Specialist Provision Targeted Capital Programme (SPTCP) to support the ambitions contained in the SEND Strategic Plan. The background to this initiative was that North Yorkshire specialist provisions have become stretched in terms of meeting all needs in all localities. Significant growth in the number of Education Health and Care Plans (EHCPs) have accentuated the pressure and led to the authority having to deploy a significant number of placements in the independent sector placing additional pressure on the High Needs budget.
- 8.17 It was particularly the pressure on the High Needs budget that led to the creation of the Specialist Provision Targeted Capital Programme as it is considered that significant investment in both extending the range and remit of specialist and targeted provisions, and enhancing the suitability and quality of learning environment in our existing facilities, could both improve the learning outcomes and experience for a wider cohort of young people and reduce the dependency on out-of-county placements.
- 8.18 Over the previous two years a total of £4.3m has been approved to be allocated to the SPTCP. The unallocated figure being carried forward into 2023/24 is £2.74m. The largest funding commitment to date has been for the successful project to establish satellite provision in Ripon for Mowbray School. Smaller projects to establish Targeted Mainstream Provision are also funded from SPTCP with further completions expected in 2023. The proposed Schools Capital Programme 2023/24 does not include an allocation of new funds for SPTCP purposes.
- 8.19 In April 2021 the Government announced the newly titled High Needs Provision Capital Allocations (formerly Specialist Provision Capital Fund) and NYCC has been allocated

£716k for 2021/22, £3.9m for 2022/23 and £4.5m for 2023/24. Although this would now appear to be annual funding stream for Local Authorities, there is no certainty of the future funding levels. This allocation is the only funding we could reasonably use should we wish to collaborate with academy schools to deliver some of the SEND strategic priorities such as further phases of the Targeted Mainstream Provision initiative.

Welburn Hall School

- 8.20 In summer 2022 the Children and Young People's Service (CYPS) was alerted to a potentially critical failure in the heating and drainage systems at Welburn Hall School. Investigations are currently ongoing looking at a range of options for the optimal investment strategy and feasibility studies have identified a number of investment requirements. In addition, if work were to be taken forward, consideration would need to be given to budget for appropriate contingencies and inflation, further works to enable the school to accommodate up to 120 pupils, and whether there are any other condition related works that would be undertaken at the same time. For these reasons a cost estimate of around £6 - £6.5m is currently being presumed to facilitate the works and re-open provision from the academic year 2025-26. This estimate will need to be kept under review and reflect the final scope of the agreed scheme and in the context of the prevailing market conditions in the construction industry.

On 20 June 2023 the NYC Executive determined that £3m of Community Infrastructure Levy (CIL) which transferred from Ryedale DC should be allocated to education capital schemes in the former Ryedale district. The Executive report reflected that works at Welburn Hall School would be one such scheme suitable for the use of this CIL. The officer proposal, subject to future ratification, is that £2m of CIL should be allocated to the Welburn Hall project.

It is therefore currently proposed that the funding envelope for the Welburn Hall School project will consist of a contribution of £3m to be allocated within the CYPS Capital Programme in 2023/24, with the remainder of the funding secured from both CIL and High Needs Provision Capital Allocations.

School Modernisation

- 8.21 In previous programmes a number of strategic priority schemes have been included to bring accommodation up to modern standards. Due to the reduced level of funding this year it has not been possible to commit funding to modernisation / suitability projects that have already had advanced feasibility work completed in previous programmes. These will be reviewed again in 2024.

Replacement of Prefabricated Classroom Units

- 8.22 A rolling review of the condition of Prefabricated /Portable Classroom Units is maintained to determine whether there are any that are beyond economic repair or at risk of becoming unsafe. Where the school has no further use for them in the long term they are removed to reduce the school's maintenance liabilities. The local authority will continue to support this wherever possible. As the numbers of poor condition units is reducing, and in the context of less capital availability, it was agreed in 2022/23 not to make a specific block sum allocation in future programmes. Alternatively individual cases will be considered alongside modernisation schemes in traditional school buildings to determine the relative priority.
- 8.23 Where new or replacement teaching accommodation is required this will be with permanent buildings wherever viable, although in some cases it will be necessary to consider portable or modular solutions for cost or technical reasons. Portable solutions will also be provided

where accommodation is genuinely temporary. These would be to a specification which is energy efficient, meets all current building regulations and provides a pleasant environment for teaching and learning. Schools are providing positive feedback about the quality of more recent portable and modular teaching spaces.

Development of Future Programme – Advanced Feasibility

- 8.24 It is proposed to make a modest provision of £15k in 2023/24 for advance feasibility work required as part of the early development of newly emerging projects for the Capital Programme in 2024/25. This is a much reduced figure given the anticipated capital reductions and the fact that it has not been possible to fund several 'pipeline' schemes in 2023/24. As in previous years, if appropriate, capital allocations for a project(s) may be made against the general contingency or other uncommitted elements of the 2023/24 Capital Programme. Should this be required, any additional commitments would be reported through the quarterly capital monitoring report.

Strategic Support for Capital Delivery

- 8.25 The Capital Programme and individual projects within it are commissioned and sponsored by CYPS Strategic Planning staff but following restructuring of the property function they are now delivered by staff working within the Corporate Property Service. It is proposed to continue funding one Band N post, now within the Capital Programme Team. This post provides support for the delivery of the CYPS Planned Maintenance Programme and other parts of the CYPS Capital Programme. Monitoring arrangements will be in place by the Property Service to record the work undertaken in respect of individual schemes.

General Contingency

- 8.26 It is necessary to retain an element of general contingency within the Programme. This is to ensure that funding is available where unforeseen additional costs arise as schemes develop through feasibility and into detailed design and procurement. There is an element of contingency included within the proposed Capital Planned Maintenance Programme to meet unforeseen emergency work which emerges during the year relating to asbestos or other urgent and unplanned infrastructure requirements. The general programme contingency will address any additional costs associated with 2022/23 schemes yet to be completed, as well as those in the proposed 2023/24 Programme.
- 8.27 The current value of the proposed contingency for 2023/24 is £871k. It is considered prudent at this stage to retain this level of contingency given the apparent construction cost inflation, and in light of the anticipated reduction in future allocations.

9.0 DELIVERY OF PROGRAMME

- 9.1 CYPS will commission the Programme via the Property Service's Capital Programme Team in line with established corporate arrangements. The Property Service is responsible for delivering the programme, either directly or via the North Yorkshire consultancy 'Align Property Partners', and also for providing the required technical and professional advice. The Property Service is also responsible for procuring contractors for schemes and will thoroughly evaluate all procurement options for school projects, including the DfE construction frameworks and output specification, to demonstrate value for money.

10.0 RECOMMENDATIONS

It is recommended that the Executive:

- i. Approve the proposed Schools Capital Programme for 2023/24 as summarised in Appendix A
- ii. Approve the Planned Capital Maintenance Programme for 2023/24 as set out in confidential Appendix B
- iii. Agree the continuation of the approach for dealing with any schools that convert to Academy status following the approval of the Programme as laid out in paragraph 3.3

Stuart Carlton
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COUNTY HALL, NORTHALLERTON
21 June 2023

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Appendix A – Schools Capital Programme 2023/24
Appendix B – Planned Capital Maintenance Programme 2023/24 - Confidential
Appendix C – Climate Change Impact Assessment

Background documents:

Executive report CIL funding from Ryedale DC – 20 June 2023
CYPS Executive Members report SEND Capital Programme – 18 April 2023
Executive report 22/23 Programme – 31 May 2022
Executive report School Estate Management – 19 April 2022
North Yorkshire Council SEND Strategic Plan