

<b>DECISION-MAKER:</b>	<b>CABINET</b>
<b>SUBJECT:</b>	<b>PROPOSED EXPANSION TO NEWLANDS PRIMARY SCHOOL</b>
<b>DATE OF DECISION:</b>	<b>17 JANUARY 2023</b>
<b>REPORT OF:</b>	<b>COUNCILLOR PAFFEY CABINET MEMBER FOR CHILDREN &amp; LEARNING</b>

<b><u>CONTACT DETAILS</u></b>			
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<b>STATEMENT OF CONFIDENTIALITY</b>
N/A

<b>BRIEF SUMMARY</b>		
<p>Southampton has a number of resource bases which are located within mainstream schools. These bases provide specialist teaching and support for pupils with specific special educational needs allowing them to be educated in a mainstream setting. All pupils who attend a resource base have an Education, Health and Care Plan (EHCP).</p> <p>In December 2020 Cabinet approved £1.11M to build a new resource base for 14 deaf children at Newlands Primary School. Construction projects generally have been significantly affected by rising inflation, supplies and services and energy costs and as a result recent tenders have been higher than the budget originally allocated. This report seeks approval to increase the budget within the capital programme to successfully deliver the project.</p>		
<b>RECOMMENDATIONS:</b>		
	(i)	To approve the virement of £0.66M within the Children & learning capital programme to enable the project to progress to delivery, as detailed in paragraphs 10, 11 and 12.
	(ii)	To approve the spend of £0.66M in 2023/24.
	(iii)	Cabinet notes that use of government grant funding of £0.66M towards the increased costs of this scheme, as outlined in paragraph 12, means it will not be available to reduce borrowing costs for other schemes. Therefore applying in this way does not help offset the considerable budget pressures the authority currently faces.

## REASONS FOR REPORT RECOMMENDATIONS

1.	<p>There has been an increase in recent years of pupils with complex needs relating to their hearing impairments. These pupils were accommodated at Tanners Brook School. In agreement with the Department for Education this facility closed in August 2022 and in September 2022 officially opened at Newlands Primary School (awaiting building works to commence).</p> <p>A temporary modular facility has been installed in the grounds of Newlands Primary School until the build is complete. The revenue cost of providing this facility from October 2021 to date has been £100,000. Ongoing costs are £2500 per month. These facilities do not meet the needs of primary aged hearing impaired pupils and a purpose-built facility is required to enable the pupils to have a more specialist provision.</p> <p>The new resource base will be an extension of the current school. This will ensure that the pupils are fully included in all aspects of school life.</p> <p>This proposal ensures that the Council can meet the needs of all deaf pupils in the City by increasing the number of available places locally.</p>
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## ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

2.	Do nothing. If the modular unit was to remain and SCC fail to invest in specialist provision locally then the pupils would not be taught in fit for purpose facilities and SCC would be failing in their statutory responsibilities and there would be an indefinite cost of £2500 per month for the continued hire of the modular provision.
3.	<p>Remove the provision of facilities on this site by bringing the hire of the temporary facilities to an end and not construct a purpose-built building. This would result in unnecessary out of county independent residential placements for these children. The cost to SCC would be up to £540,000 per pupil over the course of their education. This financial commitment would equate to £7.6M over the coming years based on 14 children.</p> <p>Withdrawing the programme would result in significant reputational damage to the Council as children, parents, Newlands Primary School and the National Deaf Children's Society are strong supporters of the build.</p>

## DETAIL (Including consultation carried out)

4.	Southampton has a number of resource bases which are located within mainstream schools. These bases provide specialist teaching and support for pupils with specific special educational needs allowing them to be educated in a mainstream setting. All pupils who attend a resource base have an Education, Health and Care Plan (EHCP).
5.	In December 2020 Cabinet approved £1.11M to build a new resource base for 14 deaf children at Newlands Primary School (as the base at Tanners Brook Primary School was due to close). Since that time Newlands Primary School has admitted children to the school to ensure educational continuity until the new base was completed. The provision is open from a Department for Education perspective (e.g. for the purposes of school census collections). The

	pandemic has had a considerable impact on the timing and delivery of this project which is now expected to be completed and ready by Spring 2024.
6.	The original budget was agreed at £1.11M for all professional fees and construction costs including contingency. The final costs have recently been confirmed as £1.77M. This is due to factors outside the council's control including increased building costs. The construction market is in flux and tender values have been affected by rising inflation, the higher costs of supplies and services together with energy costs. A briefing note was circulated on the 25 May 2022 explaining that the pre-tender estimate (PTE) forecast that the tenders would be returned above budget and sought permission to still go out to tender to secure accurate costs. SCC has now received tenders and subsequent cost certainty.
7.	This report is to request an additional £0.66M funding to allow for the appointment of a contractor and professional team to complete the works, based on the Tender report, as detailed in paragraphs 10, 11 and 12.
8.	The Corporate Estates and Asset Management division has taken the project as far as RIBA stage 4 and await approval of additional funding in order to progress to completion.
9.	A full statutory consultation was carried out in advance of the Cabinet meeting in December 2020 for which the papers and minutes can be found here <a href="#">Agenda for Cabinet on Tuesday, 15th December, 2020, 4.30 pm   Southampton City Council</a> All consultation has been concluded and the only outstanding element is delivery of the facility.

## RESOURCE IMPLICATIONS

### Capital/Revenue

10.	<p>The approved capital budget is £1.11M, currently funded by borrowing. Spend has been incurred on the project, to complete design and procurement as follows:</p> <table border="1"> <thead> <tr> <th></th> <th>£M</th> </tr> </thead> <tbody> <tr> <td>2021/22</td> <td>0.10</td> </tr> <tr> <td>2022/23 to date</td> <td>0.05</td> </tr> <tr> <td><b>TOTAL</b></td> <td><b>0.15</b></td> </tr> </tbody> </table> <p>Should the project not proceed these costs would become abortive and be charged to the GF revenue account, creating £0.15M budget pressure.</p>		£M	2021/22	0.10	2022/23 to date	0.05	<b>TOTAL</b>	<b>0.15</b>
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11.	Following the tender process, the budget now required to complete the project is £1.77M, an increase of £0.66M. This is primarily due inflationary pressures in the construction market. Material shortages along with increasing energy prices, has contributed to intense inflationary pressure on the construction sector. The better than anticipated economic recovery has increased the demand for materials both in the UK and globally forcing costs higher and lengthening delivery times. These significant increases together with the rise in energy prices and fuel costs in the economy have resulted in higher than previously forecast levels of tender pricing.								

12.	<p>Therefore, approval is sought for the virement of £0.66M in 2023/24 to be funded by government grants, as follows:</p> <table border="1" data-bbox="357 327 1289 633"> <thead> <tr> <th data-bbox="357 327 1094 470">Project</th> <th data-bbox="1094 327 1289 470">Addition/ (Reduction) £M</th> </tr> </thead> <tbody> <tr> <td data-bbox="357 470 1094 524">Healthy Pupil Fund</td> <td data-bbox="1094 470 1289 524">(0.02)</td> </tr> <tr> <td data-bbox="357 524 1094 577">Schools Condition Works</td> <td data-bbox="1094 524 1289 577">(0.64)</td> </tr> <tr> <td data-bbox="357 577 1094 633"><b>Newlands Resource Base for Deaf Children</b></td> <td data-bbox="1094 577 1289 633"><b>0.66</b></td> </tr> </tbody> </table>	Project	Addition/ (Reduction) £M	Healthy Pupil Fund	(0.02)	Schools Condition Works	(0.64)	<b>Newlands Resource Base for Deaf Children</b>	<b>0.66</b>
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13.	<p>The Council is currently reviewing the overall capital programme to reduce budget and ultimately borrowing costs, given the significant increase in interest rates and the major financial pressure the Council is currently facing, in particular without a draft balanced budget yet for 2023/24 and a shortfall in subsequent years. All new spend proposals need to be seen in the context of the overall financial pressures the Council faces in future and the requirement to set a robust and balanced budget for 2023/24 at February Council. Cabinet received an update on the budget position at its meeting on 8 November 2022, available here:  <a href="#">Agenda for Cabinet on Tuesday, 8th November, 2022, 4.30 pm   Southampton City Council</a></p> <p>Decisions taken now with resources, will limit future options over the life of the Medium Term Financial Strategy with an update on future budget shortfalls part of what will be considered at February Council. Cabinet is therefore asked to carefully consider all new commitments, including use of grant in this way in support of extra costs in the capital programme. It should be noted that there are other uses for these grants. They could be applied to other schemes, which may potentially help offset borrowing cost in future years. Applying to this scheme treats their use as the first priority and they will be unavailable to fund other projects, which could include ways of reducing the Council's costs for capital financing as one of the budget pressures we face.</p>								
<b><u>Property/Other</u></b>									
14.	The resource provision at Tanners Brook Primary School (academy) has now been closed (children have moved to Newlands Primary School which is a maintained school).								
<b>LEGAL IMPLICATIONS</b>									
<b><u>Statutory power to undertake proposals in the report:</u></b>									
15.	A decision to not proceed with the build will require a new Cabinet decision reversing the previous statutory school organisation decision to proceed with the establishment of a unit on the site.								
16.	The new resource provision at Newlands Primary School was opened in September 2022 in line with statutory guidance when exercising functions under The School Organisation (Prescribed Alterations to Maintained Schools)								

	(England) Regulations 2013 ('the Prescribed Alterations Regulations'). To be read in conjunction with Parts 2 and 3 and Schedule 3 of the Education and Inspections Act (EIA) 2006 and the Prescribed Alterations Regulations. It is the responsibility of LAs and GBs to ensure that they act in accordance with the relevant legislation when making changes to a maintained school.
<b>Other Legal Implications:</b>	
17.	Special educational needs and Disability Code of Practice: 0-25 Years The Code of Practice provides statutory guidance on duties, policies and procedures relating to Part 3 of the Children and Families Act 2014 and associated regulations and applies to England. It is relevant as all pupils who attend a resource base have an Education, Health and Care Plan which states the provision required to meet their needs.
<b>RISK MANAGEMENT IMPLICATIONS</b>	
18.	There is a significant risk of reputational damage should the additional funds not be agreed. Newlands School already hosts the provision. Children are attending the interim provision arrangements (Revenue cost). Not progressing the project would likely be met with significant challenge.
19.	A dynamic risk register has been implemented and kept updated from the initial development of the scheme. This will continue to be reviewed and updated throughout the project delivery.
<b>POLICY FRAMEWORK IMPLICATIONS</b>	
20.	The provision of this resource base is consistent with the Council's policies and strategies.

<b>KEY DECISION?</b>	Yes
<b>WARDS/COMMUNITIES AFFECTED:</b>	All
<u>SUPPORTING DOCUMENTATION</u>	
<b>Appendices</b>	
1.	Full Council minutes February 2020 - Capital Programme <a href="http://www.southampton.gov.uk/modernGov/documents/s44115/Appendix%202%20-%20Annex%202.3%20-%20Capital%20Strategy.pdf">http://www.southampton.gov.uk/modernGov/documents/s44115/Appendix%202%20-%20Annex%202.3%20-%20Capital%20Strategy.pdf</a>
2.	Equality Impact Assessment

#### Documents In Members' Rooms

1.	None.
<b>Equality Impact Assessment</b>	
<b>Do the implications/subject of the report require an Equality and Safety Impact Assessment (ESIA) to be carried out.</b>	<b>Yes</b>
<b>Data Protection Impact Assessment</b>	
<b>Do the implications/subject of the report require a Data Protection Impact Assessment (DPIA) to be carried out.</b>	<b>No</b>
<b>Other Background Documents</b>	

**Other Background documents available for inspection at:**

<b>Title of Background Paper(s)</b>	<b>Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)</b>
1. Special educational needs and disability code of practice. 0-25 years.	<a href="https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/398815/SEND_Code_of_Practice_January_2015.pdf">https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/398815/SEND_Code_of_Practice_January_2015.pdf</a>
2. Making significant changes ('prescribed alterations') to maintained schools	<a href="https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/756572/Maintained_schools_prescribed_alterations_guidance.pdf">https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/756572/Maintained_schools_prescribed_alterations_guidance.pdf</a>