

IMPLICATIONS AND RISKS

Financial implications and risks:

Capital

Estimated costs and funding details are summarised below – details of individual schemes are included as exempt Appendix 3 due to discussions with external providers. Inclusion of funding available within a public document may prejudice negotiations.

Cabinet 12 October 2016

Phase 3 and 4	Cost of Schemes included in this report	Cost of Schemes already approved	Total Cost of Schemes Costs	15/16	16/17	17/18	18/19	19/20 onwards
	£'000's	£'000's	£'000's	£'000's	£'000's	£'000's	£'000's	£'000's
Estimated Cost of Phase 3 schemes	15,020	12,840	27,860	2,438	11,340	12,707	1,375	0
Estimated Cost of Phase 4 schemes (costs of schemes include the £1m spend on feasibility studies previously approved)	35,250	0	35,250	0	0	2,413	15,125	17,712
Total Cost Phase 3 and 4 schemes	50,270	12,840	63,110	2,438	11,340	15,120	16,500	17,712
FUNDING AVAILABLE								
<i>Schemes within Phase 2 Programme</i>								
A1843 Parsonage Farm Permanent Expansion			(2,000)	(2,000)	-	-	-	-
A1844 Romford Planning Area Permanent Expansion			(2,500)	(2,500)	-	-	-	-
A1873 Upminster Permanent Expansion			(2,200)	(2,200)	-	-	-	-
<i>Other funding</i>								
Unallocated phase 1 funding – estimate			(294)	(294)	-	-	-	-
Unallocated phase 2 funding – estimate			(1,750)	(1,750)	-	-	-	-
2016-17 Basic Need Grant			(15,355)	-	(15,355)	-	-	-
2017-18 Basic Need Grant			(16,756)	-	-	(16,756)	-	-
Secondary s106 funds earmarked for post 16 SEN			(1,000)	(1,000)	-	-	-	-
Interest on s106 funds received and not yet earmarked			(282)	(282)	-	-	-	-
Early Years Funding – Capital Grant			(422)	(422)	-	-	-	-
Early Years Funding – Topslice of DSG			(1,850)	(1,850)	-	-	-	-
18-19 Basic Need Grant*			(10,941)				(10,941)	-
Additional Early Year Grant – subject to bid*			(1,475)			(1,475)		
19-20 Basic Need Grant – ESTIMATED*			(5,000)					(5,000)
Education S106 contributions received not earmarked*			(2,500)		(2,500)			
Contribution from Education Maintenance Programme*			(1,000)			(1,000)		
TOTAL CONFIRMED FUNDING			(65,325)	(12,298)	(17,855)	(19,231)	(10,941)	(5,000)
In year (Excess)/Shortfall in Funding				(9,860)	(6,515)	(4,111)	5,559	12,712
Cumulative (Excess) Funding			(2,215)	(9,860)	(16,375)	(20,486)	14,927	(2,215)

There is sufficient funding available to deliver the expansion requirements if the Capital Programme is increased in line with the recommendations within this report, to include the additional (*) items above. All funding has already been confirmed with the exception of the 19/20 Basic Need Allocation. Based on returns submitted to the EFA we are anticipating receiving funding to provide an additional 2FE of secondary places.

The EFA currently provide funding of around £3.2m per FE but to be prudent only £5m additional funding has been included within this report. Confirmation of the grant allocation is expected in April 2017 and it is envisaged that this will be prior to the award of tenders for some of the schemes identified within this report and as such overall funding can be adjusted to reflect the final grant award.

A bid has been submitted for additional early years grant funding and a decision due in December 2016. There is a risk that this bid will be unsuccessful. If this is the case consideration will be needed as to whether the schemes cease, or continue, which will be subject to further reports. If the places are needed the costs will need to be contained within the funding available.

At present there is £2.2m of funding unallocated which could accommodate some reduction in grant award in relation to the 19/20 Basic Need or Early Years Grant. Should the expected grant allocations be more than £2.7m less than expected costs of individual schemes will need to be reviewed with a view to containing spend within the funding available. Alternatively further funding, such as additional developer contributions, may be available by that time.

The anticipated timing of spend and funding available also means that there are no longer term cash flow implications anticipated from this programme. Any in year issues will be covered as part of normal treasury management activities of the Council.

It should be noted that Basic Need Grant Allocations do not include any additional funding for pupils with SEN, as such, provision of more expensive SEN places put a strain on the funds remaining to fund mainstream primary and secondary places.

Future capital repairs costs of any new places delivered will either be the responsibility of the local authority in respect of mainstream schools, or the school themselves in respect of Academies, as is the case for the existing school estate. The responsible party will need to prioritise schemes to manage costs within the funding available to them, as they do currently.

Revenue Implications for the Local Authority

A annual revenue budget of £135k exists for feasibility studies costs are expected to be contained within this budget.

It should be noted that an increase in school admissions across the Borough may also have a 'knock-on effect' on other LA budgets such as Special Educational Needs, home to school transport, etc. The details of this are currently being quantified and any pressures arising will be addressed through the appropriate

channels. The DSG allocation to the LA is based on pupil numbers and will therefore increase each year as pupil numbers rise. The majority of this increase will be allocated to the schools with the additional pupils through the Schools Funding Formula although there may be some available to meet other school-related pressures.

Revenue

Revenue Implications for schools

The revenue implications for schools are that in creating additional classes, additional resources will be incurred particularly for teaching and support staff. The funding received by the LA for allocation to schools through a mainly pupil-led formula is based on the numbers on roll at Havering schools as at an October census point. Schools therefore receive funding for a financial year based on the preceding October pupil numbers (other data is also used to recognise deprivation and special educational needs). Any additional pupils who are placed in schools after the October census are not funded by the DfE even though schools will need to appoint additional staff. In consultation with the Schools Funding Forum, the LA has top-sliced a budget of £2.7m from the DSG (Dedicated Schools Grant) from which to fund schools for mid-year increases in pupil numbers where a new class is required.

In 2015/16 financial year this budget has been largely committed to fund the growth already in the school system from previous years as the larger cohorts move through the school but there is sufficient to fund the seven bulge classes required in the current financial year mentioned in this report.

In 2016/17 the seven bulge classes from 2015/16 will need to be funded in full from the DSG Pupil Growth Fund as it will only be when the pupils are on roll in October 2016 that the LA will receive funding to allocate to the school through the pupil-led formula. The Pupil Growth Fund will also need to fund the eight additional bulge classes that may be required from September 2016 as well as the continuing commitment for previous year growth as the cohorts move through the schools. Should there be significant growth in any secondary school this will also need to be funded from the Pupil Growth Fund.

The demand for increased funding to be held as a pupil growth contingency from a ring-fenced DSG is likely to result in less funding being available for distribution to schools putting at risk the ability of schools to maintain current levels of expenditure. Schools are, however, guaranteed through DfE financial regulations to not have their funding reduced by greater than 1.5% per pupil.

Funding to LAs for pupils with behavioural or special educational needs is to LAs through a High Needs Block. Each Additional Resource Provision whether ASD or SEBD (as set out in the report) will require funding at £10,000 per place plus a needs led top up. The Additional Resourced Provisions will help increase capacity and ultimately reduce the costs of expensive out of borough provision.

LAs receive funding for Early Years places on the basis of participation measured against numbers on roll at a January census point at early years settings. The LA

funds provision on the basis of a Single Funding Formula consisting of an hourly rate and supplements for deprivation and quality. Further guidance is awaited from the DfE on how the increase to 30 hours per week is to be funded.

Schools will also be responsible for the on-going running costs and revenue maintenance costs of any new buildings. Such costs will need to be contained within their overall revenue budgets.

Risk

There is a risk that pupil numbers continue to grow and that the places delivered as a result of phase 3 and 4 are insufficient, leading to the need for additional places and funding. It is also possible that if plans are not delivered in time short term arrangements will need to be introduced to ensure that places are available. Delivery of places at short notice may require temporary accommodation to be hired. Any such costs are classified as revenue expenditure for which no funding has been identified. There is also possibility that suppliers becoming aware of urgent demands increase their prices accordingly thus putting further financial pressure on the Council. As such every effort should be made to avoid these situations

A further risk is that places will be delivered and then not be taken up leading to unnecessary levels of spend. However, the pupil forecasting methodology used is robust and take up levels are regularly monitored in order to minimise this risk. To date the vast majority of places predicted have been filled.

Further risks are that, as capital projects develop, costs increase over and above the funding available and/or that additional costs are incurred as a result of the short timescales available for the delivery of additional classrooms and/or in relation to temporary measures needed following delays in delivering permanent expansions. In addition to the financial risks the timescale also puts the delivery of the programme at risk. Wherever possible measures are being taken to minimise these risks. In respect of previous schemes, once the detailed specifications are finalised costs have been in line with estimates.

There is also a risk that should spend be incurred on schemes which are later aborted for any reason, such as lack of planning approval, it will no longer be possible to capitalise these costs needing additional revenue funding to be identified. At present no funding has been set aside for this.

As a significant level of the predicted need is based on an expected demand arising from the Rainham and Romford Housing Zone and Romford Development Framework any significant slip, either forward or backward, in the delivery of these developments could mean that places are needed sooner/later than forecast.

It should be noted that 14 out of 18 secondary schools within Havering are Academies who may wish to deliver the building works themselves, albeit funded by the Council. There is a risk that in order to obtain the agreement of third parties costs will exceed those likely to deliver places in community schools. As such careful negotiations need to take place with the relevant Academies and wherever

possible payments to academies should be phased to both minimise cash flow implications and also ensure that key delivery milestones are monitored.

Some schools identified for expansion are also the site for projects under the EFA funded priority schools build programme 2. With large expansions projects at the same sites the EFA may look for the LEA to lead delivery of both projects with a contribution of funding from the EFA. There is a risk that this funding will be insufficient leaving the local authority to meet any shortfall. As such careful negotiations will be needed with the EFA to minimise this risk.

It is difficult to assess the amount of additional accommodation or remodelling required until detailed analysis has been carried out and the school has been consulted and provision formally agreed. There may also be a need to consider some temporary provision to enable the school to remain fully operational whilst building works/ remodelling is taking place. However, in order to be consistent and manage the financial allocations as required by the Education Funding Agency, it is recommended that the final delivered solution in the case of each school will be limited to the minimum requirements of BB103 for primary and secondary school provision and BB104 for Alternative Resource Provision.

The Regional Schools Commissioner will be involved in the process of agreeing an appropriate provision for each Academy and as such has the authority to enforce academies to accept expansions. Whilst a mutually agreed solution is preferable, it may be necessary for the Regional Schools Commissioner to adjudicate and direct accordingly and this may delay delivery. The statutory processes for Academies is different to that for Community Schools and it is the Academy's responsibility to submit and agree business plans etc. with the EFA which is another potential risk of delay being outside the Council's control.

It is not possible to deliver additional capacity by September 2017 in Rainham.

The planned expansion of Parsonage Farm has been deferred to 2018/19 as a revised project is being drafted to address the concerns regarding local traffic that includes the potential of purchasing nearby land to create a parking solution, leaving both Rainham Village Primary School and Brady as potential solutions. An expansion of Rainham Village Primary School would entail the building of a 1FE expansion on the existing school site with, where possible, extensive refurbishment of existing parts of the school. The Brady site is presently too small to allow a 1FE expansion and so any expansion would require the purchase of an appropriate amount of adjacent land the cost of purchase and willingness of parties to engage in any sale in at present unknown. It is unlikely a permanent built solution can be in place at either of these sites in time and so temporary solutions are likely to be needed.

Similarly, the planned expansion of Broadford School by 2 Forms of Entry will not be complete until Easter 2018 and alternative measures will need to be considered.

Legal implications and risks:

The Council has a statutory duty to secure that efficient primary education and secondary education is available to meet the needs of the population of their area (Section 13 Education Act 1996).

At present certain types of school organisational change (including change of age range, change of character, expansion through enlargement of premises, increase/decrease or change of provision for pupils with special educational needs) are subject to statutory processes of consultation and decision-making.

A number of the recommendations require the Local Authority to bring forward proposals which must be the subject of statutory notifications. In such cases the Authority should ensure that it conscientiously considers the responses to the statutory process before making any final decisions. As such the recommendations which require statutory consultation should not be considered to be finalised until the outcome of the consultation is known and a fresh decision has been made following that.

Academies wishing to expand, make age range changes (by up to two years), add boarding provision or amend admissions need to seek approval from the Secretary of State, through the EFA, to make such changes.

The recommendations which set out the guiding principles for the Council to address the rising school roll issues are of a generic nature and there is no apparent risk in adopting them. As and when individual decisions come to be made legal advice is likely to be necessary.

The Council has a duty under section 149 Equality Act 2010 in the exercise of its functions to have due regard to the need to —

- (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
- (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
- (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

The Council conducted an equality analysis in respect of Phase 3 of the school expansion programme and this is attached. This sets out the general issues applicable to the school expansions and due regard should be given to the matters identified in the Analysis. As individual proposals come forward these will be the subject of a further Equality Analysis.

Human Resources implications and risks:

The human resources implications for the schools to be proposed for expansion will be managed by the schools themselves. There is likely to be a need to recruit additional teaching and support staff and the relevant schools will undertake the recruitment and selection process in accordance with the appropriate policies and procedures. There are growing difficulties in recruiting to teaching posts and

therefore schools will need to consider that additional resources and a longer recruitment timescale may be required to fill vacancies. The Havering Education HR service will provide support as appropriate and required to all schools, academies or free schools that purchase relevant services.

Equalities implications and risks:

An Equality Analysis was conducted for Phase 3 of the Primary Expansion Programme and is attached as Appendix 4 to this report. The issues arising from that analysis are in general still applicable and should be given due regard. A similar analysis will be undertaken for Phase 4 of the Expansion programme as firm proposals emerge to fully assess their impact on children with protected characteristics and their families. The Commissioning Plan for Education Provision 2015/16 - 2019/20 which identifies needs was also the subject of Equalities Analysis.

Expanding school capacity to meet the rising demand means that the Authority will be able to offer as many children as possible a local school place in their home authority. A primary objective of the expansions programme is to ensure that high quality education is available to all children in Havering. Officers will ensure that the consultation process is thorough and inclusive. Mitigating actions will be undertaken where an adverse impact has been identified in the EA.

BACKGROUND PAPERS

1. Do the Maths 2016 – London’s school places challenge.