

Division(s):

CABINET– 29 JANUARY 2013

South West Bicester, New Primary School – Funding Agreement

Report by Director for Environment and Economy

Introduction

1. Delivery of the Kingsmere housing development (1,585 homes in south west Bicester) is now underway. Provision of a new primary school is included as part of the development.
2. In November/December 2010 the governing body at St Edburg's CE (A) Primary School Bicester ran a public consultation to gauge opinion on the proposal to expand the school from 1 to 2 Form Entry and to alter the lower age range to admit 3 year olds. As part of the proposal, the school would be relocated to the Kingsmere development and become its designated area school in a new purpose-built building.
3. The formal representation (Statutory Notice) phase was from 18th April 2012 to 30th May 2012. A Statutory Notice was publicly displayed at St Edburg's CE (A) Primary School, made available on the County Council website and published in The Bicester Advertiser newspaper on 18th April 2012. The notice was also posted at the school gate and sent to the local library. A copy of the full proposal and the notices was sent to the governing body and the Secretary of State for Education and made available on the Oxfordshire County Council website.
4. The decision to permanently expand St Edburg's CE (A) Primary School (to a 2 Form Entry) and alter its lower age range with effect from 1 September 2014 was approved by Cabinet on 17 July 2012.
5. As part of the Section 106 Agreement related to the planning permission for Kingsmere, the developer (Countryside Properties) is required to transfer the land for the new school to the County Council and to contribute towards the cost of delivering the new Primary School. The timing of the financial contributions is linked to predetermined trigger points related to the occupation of new properties.
6. The new school will be commissioned from and delivered by the Diocese of Oxford, using the contributions delivered through a formal funding agreement. The funding provided by the County Council for the project will be capped at the level received under the Section 106 agreement, with delivery risks transferred to the Diocese.

Pupil Pressures

7. As set out in July 2012 the size of the Kingsmere development is such that a 2 Form Entry primary school is required to provide sufficient pupil places for the new community. When Kingsmere is fully occupied it is expected that almost all St Edburg's pupils will live within the development.
8. Pupil numbers across Bicester are rising; with the various housing developments (in addition to Kingsmere) expected in the town additional pupil places will be needed, quite apart from the expansion of St Edburg's. The pressure is exemplified by the fact that there were virtually no spare first year entry school places across Bicester last September.
9. This increased demand for pupil places in Bicester is forecast to be sustained and to increase in the coming years. Pupil planning pressures demand additional school places in Bicester by September 2014, which require funding to be made available by April 2013 if the pressures are to be met through the construction of the school.

Options for Delivery

10. In order to deliver the new school to meet the needs identified in Bicester the proposal is that the County Council forward fund the delivery of the construction of the new primary school so that it is ready to open in September 2014. By that time it is expected that the S106 payments from the Kingsmere development are expected to have been received or close to being received by the County Council.
11. Once the existing St Edburg's school transfers to Kingsmere it is proposed that the site will be placed on the market for disposal. The capital receipt of a subsequent disposal would then be released to the school trustees who would in turn pass it across (net of the Trustees' costs of sale) to the County Council in order to support further improvements to the educational infrastructure serving Bicester.
12. The alternative approach to meeting the growing primary place needs of the Kingsmere development would be to provide temporary accommodation at the existing St Edburg's school site, and await receipt of the S106 contributions before progressing with the delivery of the new school.
13. Were the County Council to forward fund delivery of the new school, the funding agreement would limit its financial exposure to the total amount due under the S106 agreement: thereby transferring the risk associated with potential cost over runs to the Diocese. There would remain the risk that the timing of the S106 payments to the County Council might be delayed given that they are linked to the occupation of new properties. However with a number of developers now active on the site, and with the prospect of a new school being delivered in the short term, new sales are expected to receive a stimulus.

14. The alternative of relying on the use of temporary accommodation in the short term to meet pupil pressures until such time as the S106 payments have been received would incur costs the majority of which would not be recoverable. Those costs would have to be funded from the Basic Needs budget. In addition such an approach would not meet the aspirations of the school.
15. On balance, the preferred way forward is for the County Council to forward fund delivery of the new school.

Funding Agreement

16. In order to deliver the preferred way forward the County Council will need to enter into a funding agreement with the Diocese. The agreement will make provision for an initial transfer of funds so as to enable the Diocese to develop the design of the new school, gain statutory consents and obtain tenders for its construction. Upon gaining gateway authorisation the remaining funds will be transferred in stages to enable construction and fitting out, up to the maximum amount secured through the S106 Agreement.
17. Provision will be included to cover circumstances where the Diocese fails to deliver the new facilities by the agreed date.
18. Provisions will be included to ensure that the Diocese meet the obligations of EU and other legislation regarding procurement of public works.
19. The detailed scheme and cost estimates will be subject to review by OCC in line with capital governance requirements.

Outline Communication Strategy

20. The architects for the new school have been instructed by the Diocese (acting on behalf of the School Trustees), and are therefore consulting the Head Teacher, School Trustees/governors on design issues, and are also liaising with OCC on design, costing and timescales. The new school plans will be subject to public consultation as part of the planning process.

Financial Assessment

21. The capital budget provision for the project is £6.664m (plus indexation). The scheme is identified in the Capital Programme within the Growth Portfolio section of the CEF Capital Programme. The S106 Agreement provides for Countryside Properties to make £6.2m of contributions for the Primary School, broken down into three staged payments, plus a further payment of up to £0.464m: together the payments cover the estimated cost of the project.
22. Once the school has transferred to the new site the existing (St. Edburg's) site is proposed to be placed on the market for disposal. The resultant funding is expected to be in the region of £700,000, which is intended to be re-invested in the provision of places on existing school sites serving Bicester.

Timing of contributions

23. In order to deliver the primary school by September 2014 construction needs to have started in June 2013, before the receipt of the main education contribution under the S106 Agreement.
24. The cash flow implication of the preferred way forward for delivering the new primary school is that the County Council funds up to £6.264m from its capital programme reserve in anticipation that this is repaid in full upon receipt of the outstanding S106 monies (forecast to be received in 2014/15).
25. If the payment of the outstanding S106 monies is delayed beyond 2014/15 this would create a cashflow pressure within the capital programme which could impact on the delivery of other capital projects within the capital programme. If that was looking likely the County Council could seek from the Countryside Properties earlier payment of the outstanding education contribution.

Outline Revenue Costs/Benefits & Value for Money Analysis

26. The new school building running costs will be more cost efficient than the existing building due to benefits gained from modern building techniques and improvements, incorporating the latest design technology for windows systems, lighting, insulation etc. which are all aimed at reducing energy costs. This will partially compensate for the increase in costs arising from the increased building area.
27. The school is responsible for all running costs which will be funded from the school's delegated School Budget Share. There will be additional costs to the school in relation to extra staff for the increased number of classes, and for maintaining the increased building area. The school budget share will increase in proportion to increases in pupil numbers. Resources for school budget shares are provided by government through the Dedicated Schools Grant, which will increase proportionately to increases in overall pupil numbers in Oxfordshire.
28. In addition to the school budget share, current financial arrangements can provide some financial support for schools which are forming additional reception classes at the request of the authority.
29. The revenue costs of managing the move to another site will be met by the School Budget Share. The school is currently facing some financial challenge due to small cohorts moving through some year groups, which appear likely to mean that the school will enter into the new build and relocation project without significant reserves. It may be necessary at a later date to consider making a loan to the school to assist with the transitional costs.

RECOMMENDATION

30. The Cabinet is RECOMMENDED to:

- (a) authorise the Director of Environment & Economy to enter into a funding agreement with the Diocese of Oxford which enables transfer in stages of a maximum capital grant of £6.664m; and**
- (b) transfer (in accordance with such funding agreement) funds from developer contributions forward funded from the Capital Programme reserve, having deducted any direct costs incurred by the County Council in supporting delivery of the project.**

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