

SCHOOLS CAPITAL REPAIRS & MAINTENANCE 2016/17 UPDATE

Report of the Director of Children's Services

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1. Purpose of the Report

- 1.1. To provide an update on changes to the planned schools repairs and maintenance programme for 2016/17.

2. Recommendations

- 2.1. Schools Forum is asked to note the budget pressures and proposed actions.

3. Programme delivery concerns

- 3.1. The 2016/17 Schools R&M budget is £23.048m. This comprises the £18.75m DfE grant together with additional unspent grant from previous years that has been re-programmed.
- 3.2. The current forecast expenditure is £27.237m and represents a potential £4.189m overspend should all projects complete at the current costs.
- 3.3. The situation has arisen due primarily to significant rising costs on boiler and heating works at 34 schools (Batch 24). These increases are unavoidable in order to address all the condition related problems discovered at each site and not to create future issues. This includes extending the scope to include piped systems in addition to boiler plant, addressing significant asbestos as well as the need to install upgraded gas and electrical supplies at several sites.
- 3.4. Each previous year has included over-programming of £2-3m to allow for programme delays and projects that do not deliver as planned. The current year is therefore not abnormal in this respect.

- 3.5. £9.8m is still subject to tendering and £1.5m still subject to detailed design. These are therefore subject to change and uncertainty.
- 3.6. A high proportion of the forecast work is well progressed for this time in the financial year. There is therefore a lower than usual risk of NOT delivering the work in the financial year and therefore a need to take some early action.

4. Options appraisal

- 4.1. Option 1 – Do nothing: This assumes that some projects will stall or need to be deferred as programme or other issues arise. Whilst this avoids having to tell schools that projects are being delayed it carries a significant and unacceptable risk of overspend to HCC. Projects will not be possible to stop once on-site.
- 4.2. Option 2 – Planned overspend. Continue as option 1. Monitor closely in order to quantify potential over-spend and if necessary submit an in-year request to bring forward some of next year's expected EFA Capital funding.
- 4.3. Option 3 – Cancel remaining Batch 24 projects where scope and budget requirements increase has become unaffordable. This approach would protect those subsequent programmes where costs are relatively stable and is therefore easier to explain to individual schools. Boiler / heating projects are however in the programme due to their priority. It is expedient that these are delivered before the 2017 heating season to remove the risk of failure during the winter. An additional contingency fund would be needed if this option were pursued.
- 4.4. Option 4 – Defer programmes of work. Identify projects or programmes that can be re-programmed for delivery in 2017/18. A number of schools will have to be told that schemes will no longer be delivered within the financial year. Some potential reputational risk for HCC. It is proposed however that work will continue to be tendered to ensure future costs are confirmed and projects ready to mobilise at relatively short notice.

5. Discussion

- 5.1. It is appealing to be able to continue with the programme in the knowledge that 2017/18 funding has been indicated (Option 1). There will however remain a risk of over-spending if all projects are completed as currently programmed. It is recognised that the overall HCC budget position means it is unlikely to support an in-year bid to bring forward funding from a future year (Option 2).

- 5.2. It is accepted that the rising costs of key programmes of work (i.e. Batch 24 boilers) and the continued level of uncertainty means it is necessary to take some early pre-emptive action regarding the budget (Option 3). The risk of not-completing the Batch 24 works would present operational risks to schools over the winter season. Many of these projects have already been deferred from the previous financial year. It is not possible to reduce the scope of these projects. Two projects have already been deferred to 2017/18 (Barclay school, Furneux Pelham).
- 5.3. The best option appears to be managing the latest programmes where there is a natural opportunity to slow down work (Option 4). All schemes will continue through the design process however consultants will be asked to make tenders clear that prices should reflect 2017/18 delivery. Schools will be notified where their project is being deferred for implementation after April 2017. The schemes affected by this proposal are set out below. An analysis of the current workload and potential options is attached.
- 5.4. Delivery of planned projects will continue to be monitored closely and should other projects slip then work can be accelerated again.

6. Lessons for the future

- 6.1. A significantly larger contingency factor will be applied to all future mechanical and electrical system projects to enable improved accuracy when planning programmes.
- 6.2. Future batches will be reduced in size to allow more flexibility in the programme and to help better manage school expectations.
- 6.3. Project delivery will be more clearly separated from design so that greater cost certainty can be achieved before raising expectations.

Schemes with potential to defer	Total Project Budgeted Costs	16/17 Forecast (excludes capital spend to date)	Amount with potential to defer	Risks
CRPM Batch 24 - Boilers/Mechanical Package 17 - Furneux Pelham Church of England School	10,987	6,438	200	Project already deferred from 2015/16 – immediate risk of boiler failure addressed – design work well progressed but scheme yet to be tendered – school aware
CRPM Batch 32 - Window walling	2,150	2,150	2150	All 14 schools informed about delay – proceeding with design work anyway
CRPM Batch 33 - M&E	407	407	407	Consultants to be appointed – schools advised
R&M Mobile Replacements - Little Heath Primary School - Skyswood Primary School	1,030	872	480	Schools advised that project may not go ahead until 2017/18. Design work underway.
Total			3237	