

MUNICIPAL YEAR 2013/14 REPORT NO. **232**

MEETING TITLE AND DATE:

Cabinet - 9 April 2014

REPORT OF:

Director of Schools and
Children's Services

Agenda – Part: 1

Item: 9

**Subject: Preparing Enfield's School
Kitchens for the Introduction of Free
School Meals for Pupils Under Seven and
the Impact on Capital Investment**

Wards: All

Key Decision No: KD3889

Cabinet Member Consulted:

Councillor Ayfer Orhan

Contact officer and telephone number:

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1. EXECUTIVE SUMMARY

- 1.1. In September 2013 Deputy Prime Minister Nick Clegg announced that every child in reception, year 1 and year 2 in state-funded schools will receive a free school lunch from September 2014. This report identifies schools which will not be able to cope with the increase in the number of meals and proposes a strategy to resolve and fund the issues.

2. RECOMMENDATIONS

- 2.1. It is recommended that approval be given to
- (a) the proposed programme of works including professional and technical expenses detailed in Appendix 1 to this report or any other emergency schemes proceeding up to the total Programme value of £3.848m over three years, subject to funding being available.
 - (b) the Director of Schools & Children's Services approving tenders through an operational decision for individual schemes or schemes of aggregated value up to a maximum of £250,000 including professional and technical expenses.
 - (c) a portfolio decision being secured to approve tenders for any proposals exceeding £250,000 in value including professional and technical expenses.
 - (d) the Director of Schools & Children's Services being authorised to manage the Programme in a flexible way within the overall budget available to take account of variations between estimates and tender costs and the need to substitute schemes having a greater technical priority if the need arises using the tender acceptance report pro forma,
 - (e) note that funding of the 2015/16 and 2016/17 programme is dependent on future years' capital grant allocations from Central Government that have not yet been confirmed and should these not be forthcoming there would be insufficient funds to complete the works at Eidon. Officers would need to review the funding strategy and bring a further report to Cabinet for approval to proceed.

3. BACKGROUND

- 3.1. The Council as Corporate Landlord is responsible for major works to address the condition of community and foundation schools. Such works mainly relate to building such as roof replacement, electrical and mechanical services. The responsibility for major works includes kitchen and dining halls. Under the Scheme for Financing Schools, the de minimis limits for delegation for repairs and maintenance is £36,000 for primary and special schools and £53,000 for secondary schools. Separate funding streams are available for Voluntary Aided Schools for kitchen and dining hall work through the LCVAP Programme.
- 3.2. In September 2013 the Deputy Prime Minister, Nick Clegg, announced every child in reception, year 1 and year 2 in state-funded schools will receive a free school lunch from September 2014. The government will be providing revenue funding of £450 million in 2014 to 2015 and £635 million in 2015 to 2016 to the Department for Education (DfE) to fund this commitment. It will also make £150 million of capital available to ensure that schools can build new kitchens or increase dining capacity where necessary.
- 3.3. In December 2013 the DfE announced Capital allocations for universal infant free school meals (UISFM) and basic need. Enfield received UISFM funding of £817,893 for mainstream schools and £230,875 for Voluntary Aided Schools. Voluntary Aided school projects are prioritised by the relevant Diocesan Board or schools in conjunction with SCS Officers.
- 3.4. A project team consisting of SCS and Catering services staff has been created to evaluate the Central Government's UISFM initiative. The priority task of the project team has been to review all mainstream schools which are affected by the UISFM in terms of health and safety, kitchen condition in terms of building, ability to deliver an increase in meals (increased meal production on an average additional 100 meals) and kitchen equipment. This review identifies nine schools as being unable to cope with the meal increase or at risk of closure due to equipment breakdown or building condition. A further school Hazelbury Junior which although not affected by the UISFM has been included because of the risk of closure due equipment failure and issues in meal production.

Identified school kitchens unable to increase meal production or at risk of closure:

Bowes Primary
Brimsgate School
Eldon Federated Schools
Galliard Primary
Hazelbury Infant
Hazelbury Junior
Lavender Primary
Oakthorpe Primary
Worcesters Primary

- 3.5. Building condition reports on both Eldon Federation and Brimsdown Primary have also identified the kitchen and dining hall blocks as life expired. Both school buildings styles are referred to as HORSAs huts which were constructed post war, 1946, as a short term measure (predicted 10 year lifespan), to meet educational needs caused by buildings being destroyed in the war, the post war baby boom and the raising of the school leaving age by the 1944 Education Act (the 'Butler' Act), (HORSAs = Hutting Operation for the Raising of School Leaving Age). The rebuilding of Brimsdown Primary kitchen and dining block was the subject of a report to March Cabinet, Key Decision 3869; with approval that Brimsdown Primary School's kitchen and dining facilities be re-provided at an estimated cost of up to £3m including contingency, from within the PEP2 project costs already included in the Council's Capital Programme. It was proposed that these facilities be provided in such a way which would facilitate either an improvement of the current building stock or the re-provision of the school on site.
- 3.6. In line with previously agreed procedures, it is proposed that the Director of Schools and Children's Services should continue to be authorised to approve tenders for individual schemes or schemes of aggregated value up to a maximum of £250,000 including professional and technical expenses. Any schemes exceeding £250,000 will be the subject of a portfolio decision and lodged as a Key Decision within the Council's Democratic process.
- 3.7. It may be necessary to amend the Programme to take account of variations between estimates and tender costs and the need to substitute schemes having a greater technical priority such as breakdowns of heating systems or plant, if the need arises. It is proposed that the Director of Schools and Children's Services should continue to be authorised to take relevant action in such cases.

4. PROPOSAL

- 4.1. The improvements to the eight schools identified in section 3.4 (excluding Brimsdown Primary) are currently estimated to cost a total of £3.85m (note all scheme budgets include professional and technical expenses). This value exceeds the USIFM funding of £818k. Officers have reviewed other opportunities for funding the USIFM schemes, in particular the 2014/15 Maintenance Grant allocation from Central Government of £4.1m which is ring-fenced to school building maintenance including kitchens.
- 4.2. Maintenance Grant had already been allocated to high priority schemes such as works identified in Fire Officer Surveys or potential building or building services failure. Officers have reviewed the list of priority projects and have managed to reduce some of the scheme budgets to enable a contribution of £430k (£630k including a contribution to Eldon), to the 2014/15 USIFM programme, bringing the total available grant funding to £1.448m in 2014/15

- 4.3. The proposal for funding a rebuild of Eldon Federated Schools kitchen and dining hall (estimated at £2.6m) is to profile the project over three years; £200,000 in 2014/15 to develop designs, £1,500,000 in 2015/16 to deliver the main part of the rebuilding and completing the project and demolishing the existing building in 2016/17 by allocating £900,000. This requires a further £200k from the 2014/15 Maintenance Grant and the balance as first call from future Maintenance Grants in 2015/16 and 2016/17. However this strategy still allows funding to be allocated to high priority school maintenance projects in consequent years.
- 4.4. The risks is that Central Government does not allocate Enfield a Maintenance Grant in 2015/16 or 2016/17, meaning there would be shortfall in funding and the only opportunity for completing the projects would potentially be additional Council borrowing. Additional borrowing would be a last resort and SCS Officers would explore other funding opportunities to deliver the project during the course of the financial year 2015/16. However if the only option was additional borrowing then SCS would bring a further report to Cabinet asking for authority to complete the Eldon Federated schools kitchen and dining rebuild project through additional borrowing.
- 4.5. A separate list of schemes showing the proposed allocation of Maintenance Grant to the Kitchen, Condition, Fire and Access programmes for 2014/15 to 2016/17 has been included in Appendix A. This assumes Maintenance Grant of £4.2m in 2015/16 and 2016/17. As above the programme will need to be reviewed if the full grant is not received.

5. ALTERNATIVE OPTIONS CONSIDERED

- 5.1. In considering potential projects, the Schools and Children's Services Asset Management Unit reviewed all primary school kitchens affected by the new legislation and because of the limits on available funding it was necessary to prioritise certain categories of schemes and defer proposals having lesser priority to arrive at the schools listed in section 3.4.

6. REASONS FOR RECOMMENDATIONS

- 6.1. The recommendations have been made to enable work to be commissioned on kitchen works in schools for 2014/15 and meet the requirements of the Central Government UISFM initiative.

7. COMMENTS OF THE DIRECTOR OF FINANCE, RESOURCES AND CUSTOMER SERVICES AND OTHER DEPARTMENTS

7.1. Financial Implications

- 7.1.1. The Department for Education has announced capital funding of £818k to deliver kitchen improvements. A further £630k has been allocated from the Maintenance Grant 2014/15. (See Appendix 1)

- 7.1.2. The total cost of the proposed immediate kitchen programme works is estimated to be £3.848m. The costs have been re-profiled over three years to enable funding from capital grants; £1.448m in 2014/15, £1.5m in 2015/16 to deliver the main part of the rebuilding of Eldon Federated Schools and a final allocation in 2016/17 £0.9m to complete the project. There is a risk that the government capital grant funding may be lower than estimated in 2015/16 and 2016/17. These should be announced in December 2015.

7.1.3. VAT Implications

VAT Recovery

The supply of statutory education by the Council is deemed to be a non-business activity for VAT purposes. The council is generally able, under the provisions of S33 of VAT Act 1994, to recover VAT incurred in relation to expenditure for which it is responsible. The Council can therefore recover VAT incurred toward its supply of statutory education and in relation to its responsibilities as corporate landlord at community and foundation schools, but subject to the normal rules for VAT recovery. Therefore, the Council must procure/contract for the works, receive the supply, receive a VAT invoice in its name and pay with its own funds- including grant funding awarded to it by central government.

Special VAT rules apply at Voluntary Aided schools because the council is responsible for ongoing repair and maintenance but not capital expenditure. The Governing Body own the premises so VAT incurred in relation to the premises at Voluntary Aided Schools can be recovered by the council only to the extent that it relates to expenditure for which the council is responsible – in line with the de-minimis limit for delegation of repairs and maintenance specified in the Scheme for Financing Schools. However, HMRC accept that the Council may recover VAT that it incurs on expenditure for which the Governing body of a Voluntary Aided School is responsible, on the condition that the Council procures the supply (places the order directly with the supplier), pays from its own funds, and receives a VAT invoice in its own name. It cannot recover VAT incurred on expenditure paid for from D of E grant funding awarded specifically to the Governing body, for example LCVAP; or any other funds belonging to the Governing body.

7.1.4. Partial Exemption

This project is not expected to have any significant impact on the council's partial exemption position.

Legal Implications

- 7.2.1 Section 14 of the Education Act 1996 requires that an authority ensures that sufficient school places are available within its area for children of compulsory school age. Case law upon this statutory duty confirms that compliance with the duty requires an education authority to actively plan to remedy any shortfall. In addition, section 111 of the Local Government Act 1972, includes the power to do anything ancillary to, incidental to or conducive to the discharge of any of its statutory functions. The provision of appropriate kitchens is incidental to the statutory function to provide school places, therefore the recommendations within this report are in accordance with these powers.
- 7.2.2 All goods, services and works commissioned (including the procurement and award of contract) under this report will be in accordance with the Council's Constitution, in particular, the Contract Procedure Rules to ensure compliance with UK/EU law. This will also ensure that the Council achieves value for money in accordance with the Best Value principles under the Local Government Act 1999.
- 7.2.3 Any contracts for goods, services and works will be in a form approved by the Assistant Director of Legal Services.

7.2. Property Implications

- 7.2.1. The implementation of the Kitchen Programme will increase schools capacity to provide additional school meals by improving the school kitchen / dining facilities. This will not only enable existing facilities to remain operational but also extend their life. The improvements will enhance the value of assets.

8. KEY RISKS

- 8.1. Unless the Council is able to undertake a comprehensive UISFM programme in resolving kitchens issues the schools identified in section 3.4 will not be able to meet the requirements of the Governments UISFM initiative. In addition there is a serious risk of building closures due to failure of structure at Eldon Federated Schools kitchen and dining, potentially 950 children will be without a lunchtime cooked meal.
- 8.2. If Central Government does not allocate Maintenance Grant to Enfield in 2015/16 or 2016/17, the UISFM programme will not completely resourced. This will affect the second and third year costs of the Eldon Federation scheme and other means of financing would need to be identified.

9. IMPACT ON COUNCIL PRIORITIES

9.1. Fairness for All

- 9.1.1. This proposal will assist the Authority in meeting its objective of providing high quality school meals and improved educational attainment for all children and young people by ensuring that pupils are adequately nourished.

9.2. Growth and Sustainability

9.2.1. The proposed works will improve school buildings and lead to savings on maintenance and energy costs.

9.3. Strong Communities

9.3.1. The proposed programme will ensure all children are adequately nourished.

10. EQUALITIES IMPACT IMPLICATIONS

10.1 An Equality Impact Assessment has been carried out. A strategy has been developed to ensure that there are sufficient pupil places across the Borough to meet demand, that these places are not discriminatory and to ensure that all children have access to quality education.

11. PERFORMANCE MANAGEMENT IMPLICATIONS

11.1. Unless circumstances dictate otherwise, the various works will be procured in full compliance with the Council's Contract Procedure Rules and competitive quotations or tenders invited from contractors on the Council's Approved List to ensure best value for money.

12. PUBLIC HEALTH IMPLICATIONS

12.1. There are no public health implications.

13. HEALTH AND SAFETY IMPLICATIONS

13.1. The works concerned will be undertaken in full accordance with Health and Safety and CDM Regulations.

Background Papers

None.

APPENDIX 1

Kitchen Programme Funding		2014/15		2015/16	2016/17
School	Budget	Maintenance Grant	Kitchen	Maintenance Grant	Maintenance Grant
Bowes	£ 150,000	£ 50,000	£ 100,000		
Brimsgate	£ -	£ -	£ -	£ -	£ -
Eldon	£ 2,600,000	£ 200,000		£ 1,500,000	£ 900,000
Galliards	£ 300,000		£ 300,000		
Hazelbury I	£ 150,000		£ 150,000		
Hazelbury J	£ 150,000	£ 150,000			
Lavender	£ 198,000	£ 50,000	£ 148,000		
Oakthorpe	£ 200,000	£ 100,000	£ 100,000		
Worcesters	£ 100,000	£ 80,000	£ 20,000		
Totals	£ 3,848,000	£ 630,000	£ 818,000	£ 1,500,000	£ 900,000
	Total for Year		£ 1,448,000	£ 1,500,000	£ 900,000

Revised Condition, Access & Fire Prevention Programme 14/15 onwards				
	2014/15	2015/16	2016/17	Total
13/14 Condition Works				
Brettenham	£ 186,000			£ 186,000
Brimsgate	£ 158,000			£ 158,000
Carterhatch	£ 590,000			£ 590,000
De Bohun	£ 500,000			£ 500,000
Edmonton County	£ 135,000			£ 135,000
Oakthorpe	£ 102,000			£ 102,000
West Lea	£ 350,000			£ 350,000
Other Priorities 15/16 Onwards				
De Bohun		£ 353,000	£ 300,000	£ 653,000
Broomfield		£ 220,000		£ 220,000
Broomfield		£ 56,000		£ 56,000
Walker		£ 45,000		£ 45,000
West Lea		£ 350,000	£ 100,000	£ 450,000
Aylands		£ 56,000		£ 56,000
Bush Hill Park		£ 110,000		£ 110,000
Walker		£ 56,000		£ 56,000
Eldon Junior			£ 200,000	£ 200,000
Grange Park		£ 67,000		£ 67,000
Hazelbury Infants		£ 110,000		£ 110,000
Hazelbury Junior		£ 90,000		£ 90,000
Lavender			£ 45,000	£ 45,000
Raynham			£ 220,000	£ 220,000
West Lea		£ 398,000	£ 272,000	£ 670,000
13/14 Fire Safety Works				
Chesterfield	£ 90,000			£ 90,000
Durants	£ 82,000			£ 82,000
Highfield	£ 170,000			£ 170,000
Prince of Wales	£ 69,000			£ 69,000
West Lea	£ 100,000			£ 100,000
Alma	£ 137,000			£ 137,000
Southbury	£ 86,000			£ 86,000
Worcesters	£ 87,000			£ 87,000
Broomfield	£ 220,000			£ 220,000
13/14 Schools Access				
13/14 Contingency	£ 50,000			£ 50,000
SAI Contingency	£ 229,595			£ 229,595
SAI Contingency	£ 200,000	£ 200,000	£ 200,000	£ 600,000
Condition Contingency	£ 228,000	£ 589,000	£ 1,463,000	£ 2,280,000
Fire Contingency			£ 500,000	£ 500,000
Total	£ 3,769,595	£ 2,700,000	£ 3,300,000	£ 9,769,595

Estimated Grant Available	2014/15	2015/16	2016/17
Maintenance Grant Available	£ 4,123,595		
Estimated MG in future years		£ 4,200,000	£ 4,200,000
Estimated Balance of 13/14 MG	£ 276,000		
Total Grant Available	£ 4,399,595	£ 4,200,000	£ 4,200,000

Proposed Spending of Maintenance Grant		AT RISK	AT RISK
School Kitchen	£ 630,000	£ 1,500,000	£ 900,000
Condition, Fire & Access	£ 3,769,595	£ 2,700,000	£ 3,300,000
Total	£ 4,399,595	£ 4,200,000	£ 4,200,000

Grant Balance	£ -	£ -	£ -
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