

Report to the Cabinet Member for Children, Young People and Schools
Report submitted by: Head of Service Policy, Information and Commissioning
(Start Well)
Date 5 November 2015

Part I

Electoral Division affected:
All

Capital Strategy for Schools 2015/16 to 2017/18

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Executive Summary

This report provides information on the schools capital allocation for 2015/16 to 2017/18 and the proposed strategy for expenditure based on the priorities contained within the approved Strategy for the Provision of School Places and Capital Investment 2015/16 to 2017/18.

This is deemed to be a Key Decision and Standing Order 25 has been complied with.

Recommendation

The Cabinet Member for Children, Young People and Schools is recommended to:

- (i) approve the proposed expenditure priorities for 2015/16 to 2017/18 as outlined in section 3 (a) of this report;
- (ii) note the Targeted Basic Need fund and request officers to submit bid(s) that are consistent with DfE criteria and the strategic approach for the provision of additional school places, as required; and
- (iii) note that further reports will be presented on individual project costs; any further in year allocations of capital funding; and any adjustments to the three year programme as required.

Background and Advice

1. Background

Basic Need

On 12 February 2015, the Department for Education (DfE) announced details of the schools capital allocation for local authorities for Basic Need for 2015/16 to 2017/18, to support local authorities with their strategic school place planning responsibilities. £1.3 billion has been provided to local authorities by the DfE for the financial year 2017-18. This has been allocated based on data collected from local authorities in

the 2014 School Capacity Survey (SCAP). This collects information on the capacities of schools in each planning area of each local authority, as at May 2014, and local authorities' forecasts of pupil numbers for several years ahead.

Basic need funding is allocated on the basis of a comparison of forecast pupil numbers with school capacity, with shortfalls in capacity attracting funding. The allocations for financial year 2017-18 are based upon the projected need for new places by September 2018.

The allocation for Lancashire for 2017/18 is £29,006,239 which is an increase on recent allocations since 2013/15, which average at around £8.5 million per year. This reflects the need that Lancashire is projecting for additional school places, at least part of which is attributable to the amount of new housing forecast for the County.

Condition

The DfE announced on 9 February, indicative allocations for school condition funding for the 3-year period covering financial years 2015-18. These allocations are based on a new approach to investing in the condition of the education estate and are made in respect of:

- Direct funding for individual institutions through Devolved Formula Capital; and
- Funding via School Condition Allocations for those bodies responsible for individual institutions.

The budget for School Condition Allocations for local authorities is set at £1.2 billion a year for the next 3 years. Responsible bodies will receive a fixed allocation for 2015-16, which is also indicative of their second and third year allocations. Allocations will be revised annually for 2016-17 and 2017-18 to reflect new or closing schools and where a school moves to a new responsible body, in which case the pupil-led core condition funding will move with the schools.

The overall maintenance budget is split across various sectors using weighted pupil numbers as at the January 2014 census. The funding methodology is likely to change in future years as DfE is in the process of conducting a property data survey and will soon have up to date, validated condition information for the entire school estate. From 2015/16, funding will be targeted where it is most needed by utilising the condition survey information for schools capital maintenance, including the Locally Co-ordinated Voluntary Aided Programme (LCVAP), and Devolved Formula Capital (DFC) the latter of which is allocated directly to schools.

Devolved Formula Capital (DFC)

£200 million has been made available to schools in the form of DFC and is allocated based on the pupil census data in January 2014. DFC is designed to assist schools to address building and ICT needs identified in asset management and school development plans. DFC is allocated on the basis of a lump sum plus an amount per pupil formula, the amounts of which have not altered since the 2012/13

allocation. The amount provided is provisional and is based on published lists as at November 2014 of open Academies and those expected to be open by April 2015.

The table below provides details of the DFC allocation:

Lump Sum Per School	Per FTE Nursery / Primary Pupil	Per Secondary Pupil	Per FTE Special / AP Pupil
£4,000	£11.25	£16.88	£33.75

2. Schools' Capital Funding Available 2014/15 to 2016/17

Available Funding	2015/16	2016/17	2017/18	Total (Basic Need)
Basic Need (all state maintained schools)	8,467,705	8,891,090	29,006,239	46,365,034
Maintenance (community, voluntary controlled and foundation schools)	11,318,963	*	*	

* Indicative allocations for maintenance have been given of £11,318,963 for years 2016/17 and 2017/18, these have however still to be confirmed and are therefore not included at this time.

Additional funding from the DfE made available to schools, but outside the scope of the Authorities capital strategy				
Maintenance (LCVAP for voluntary aided schools)	7,936,887			
DFC (community, voluntary controlled and foundation schools)	2,555,770			
DFC (voluntary aided schools)	1,981,080			

All the allocations are in the form of unringfenced capital grant with no expressed deadlines for expenditure. All state maintained schools are eligible for funding via Basic Need (provision of additional school places) funding, subject to strategic commissioning from the local authority. Academies and Free Schools have separate funding arrangements for capital maintenance, DFC and infant free school meals.

The amount of funding under all funding categories is similar to that received by Lancashire in 2014/15. There continues to be a small reduction in the DFC and maintenance programmes due to the continued national increase in Academies and Free Schools and funds being passported directly or retained centrally for this purpose.

3. Capital Investment Strategy for Schools

The current Strategy for the Provision of School Places and Schools' Capital Investment 15/16 to 17/18 contains three main strands for capital investment:

- Supporting growth in pupil places
- Targeted investment in mainstream and special schools
- Strategic maintenance of the building stock

These priorities remain relevant for the foreseeable future. As in previous years, it is anticipated that the majority of the capital allocation will need to be utilised to provide additional primary school places, though in the forthcoming period, additional secondary school places will also be needed. Targeted investment is intended for special schools, mainstream and short stay provision with emphasis on co-location or additional provision.

It is proposed that the emphasis for local authority expenditure over the next three years will be as follows:

- the provision of additional mainstream primary and secondary school places, including regularising (by increasing) admission numbers at primary schools in areas of high future demand to make them compatible with class size 30 requirements;
- targeted investment on identified projects in special and alternative provision schools, including the provision of additional places and addressing serious suitability and condition issues.
- Suitability projects in mainstream schools aimed at addressing accommodation issues that impede the delivery of provision either:
 - as identified by Ofsted; or
 - In schools identified as requiring improvement, particularly in geographical areas where the demand for school places is predicted to outstrip supply in the future.
- Condition led projects that address serious condition issues at community, voluntary controlled and foundation schools.

Capital Investment Strategy- Financials

Expenditure on the Schools' Capital Programme is phased over a number of years and the information presented below reflects the position of the programme as at October 2015.

a) Basic Need

£ (000)

Funding Available

Confirmed Basic Need Allocation 2015/16, 2016/17 & 2017/18	46,365
Current commitments	-16,438
Balance available for further programming over the 3 year period	<u>29,927</u>

Proposed Use of Available Basic Need Funding

Supporting growth in pupil places (Basic Need) (all maintained schools)

Projects identified to provide additional permanent and Temporary Primary School places in: Poulton-le-Fylde; Rural North Lancaster; Clayton-le-Woods	10,000
Projects identified to provide additional permanent and temporary Secondary School places in: Chorley; Preston	9,000
Total Basic Need	<u>19,000</u>

Targeted Investment (Community, Voluntary Controlled, Special and Local Authority maintained Alternative Provision schools)

Projects in special and alternative provision schools, including the provision of additional places, suitability and condition issues	5,000
Suitability projects at mainstream schools including addressing accommodation related standards issues in growth areas	300
Regularising Published Admission Numbers	5,000
Access projects at mainstream schools for pupils with Disability	327
Removal of surplus primary places in West Lancashire	300
Total Targeted Investment	<u>10,927</u>
Grand Total	<u>29,927</u>

b) Condition **£ (000)**

Funding Available

Condition Allocation 2015/16	<u>11,319</u>
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Proposed Use Of Available Condition Funding

Strategic maintenance of the building stock Priority 1 projects at community and VC schools 2015/16	10,000
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Current Commitments	-13
Contingency	1,306
Total	<u>11,319</u>

c) Further Potential Funding

Section 106 capital receipts have recently begun to materialise and these are not currently reflected in the schools capital programme. On receipt, they will be added to the programme and used to deliver school places in the areas where housing is being delivered.

It is considered prudent, at this stage, to retain funding for additional school places that are currently unplanned for. There is evidence of recovery in the housing market and planned housing developments are now beginning to be delivered in a number of locations across the County.

As the report sets out the programme for the following three years, it is likely that the programme may need adjustment to reflect future unanticipated events. In particular, the maintenance funding for 2016/17 and 2017/18 has not been announced and the programme assumes the same level of funding as for 2015/16. However, the methodology for allocating maintenance funding is altering and will be targeted to areas of greatest need, so the amount of maintenance funding for Lancashire may well alter in future years. The allocations are not ring-fenced to specific items of expenditure and the DfE has expressed no deadlines for expenditure. Further reports will be submitted to Cabinet Member if future variations to the programme need to be made.

Consultations

The capital priorities were consulted upon as part of the consultation on the Strategy for the Provision of School Places and Schools' Capital Investment 2014/15 to 2016/17.

Implications:

This item has the following implications, as indicated:

Risk management

By prioritising additional school places, the authority is safeguarding its statutory obligations around the provision of school places as required under s14 (1) of the Education Act 1996.

Financial

The financial implications are included in the report.

Property Asset Management

Failure to allocate and commit the grant funding to address these priorities could lead to the authority being in breach of its statutory obligations and present significant risk to the maintenance of the school estate, presenting longer term implications around sustainable provision.

List of Background Papers

Paper	Date	Contact/Tel
The County Councils Quarter 1 Capital Programme Financial Position 2015/16 and Beyond.	5.11.15	Christine Kings / 01772 533702

Reason for inclusion in Part II, if appropriate

N/A

