

MEETING:	SCHOOLS FORUM
DATE:	6 JULY 2012
TITLE OF REPORT:	SCHOOLS' CAPITAL INVESTMENT PROGRAMME
REPORT BY:	HEAD OF SUFFICIENCY & CAPITAL COMMISSIONING, PEOPLE'S SERVICES

CLASSIFICATION: Open

Wards Affected

County-wide

Purpose

To receive information on capital funding arrangements for 2012/13.

Recommendation(s)

THAT The Forum note and comment on the report as part of its advisory function.

Key Points Summary

- Herefordshire Council has seen a £2.5m (38%) reduction in Government capital grant compared to last year. Whilst approximately £1m of this is due to the number of schools that have become Academies and therefore have access to other capital funds through the Education Funding Agency, the remaining £1.5m is largely a reduction in Basic Need Grant.
- The reduction in Basic Need Grant is due to a change in the national funding allocation formula.
- As Herefordshire's 2012/13 Basic Need Grant includes a transitional element to mitigate the full impact of the change in the funding allocation formula, it may be anticipated that Herefordshire's 2013/14 allocation will be further reduced.
- 2013/14 capital grant allocations will be announced in late autumn.
- The much reduced Basic Need Grant for 2012/13 has been allocated and earmarked in line with the Capital Strategy, as approved by the Capital Strategy Consultative Group.
- The Locally Controlled Voluntary Aided Programme (LCVAP) has been set by the LCVAP Group in line with Anglican and Roman Catholic Diocesan priorities.
- The Capital Maintenance Grant has been allocated to address the highest capital maintenance priorities, including allocations to address the main areas of health and safety priority works.

Alternative Options

- 1 This report is for information and therefore alternatives are not provided.

Reasons for Recommendations

- 2 To provide sufficient information and opportunity for Schools Forum to comment on and to make recommendations on the 2012/13 capital programme arrangements for schools.

Introduction and Background

- 3 This report is to provide information on the key areas of progress and challenge within the capital programme for 2012/13.

Key Considerations

- 4 **Herefordshire Local Authority Capital Grant Allocations – 2011/12**

Grant	2012/13 Allocation (£000)	2011/12 Allocation (for comparison) (£000)	Difference (£000)
Basic Need	807	2,154	(1,347)
Capital Maintenance – Local Authority Maintained Schools	1,807	2,696	(889)
Capital Maintenance – Locally Co- ordinated Voluntary Aided Schools Programme	950	1,080	(130)
Devolved Formula Capital	548	679	(131)
Total	4,112	6,609	(2,497)

Basic Need Grant

- 5 This is a Government grant provided to help the Local Authority meet additional demand for school places although it may also be used to improve and develop existing accommodation to address suitability issues. The grant is available to spend on any tax payer funded schools, including academies.
- 6 The Government has allocated Herefordshire £807k for 2012/13. This compares to an allocation of £2.154m in 2011/12. The reduction in allocation is the result of a change in the methodology which the Government uses to allocate funds to Local Authorities from a total national budget of £800m.

- 7 Significantly for Herefordshire, the methodology now takes into account a Local Authority's ability to accommodate new pupils. Herefordshire's significant number of surplus school places puts the County at a disadvantage as the Government's Basic Need funding is now targeted to those Local Authorities that are struggling to meet demand for school places. These are predominantly metropolitan urban areas.
- 8 The Government recently allocated a further £600m Basic Need grant nationally, targeted entirely to those Local Authorities needing to provide significant additional pupil places. Herefordshire, as expected, did not receive any of this further allocation.
- 9 Even more worrying for Herefordshire is that this year's far reduced allocation of £807k is based on 50% of the Government's old distribution formula (which was based purely on forecast pupil number) and the new distribution formula which takes into account the Local Authority's capacity to meet demand for new places. Our 2013/14 allocation will be based entirely on the new formula and so, assuming there is no increase in the national Basic Need pot, we may assume a further reduction next year.
- 10 This assumption may be tempered slightly by a new format for Local Authorities to report on surplus school places. Each summer, every Local Authority must provide the Department for Education with details of surplus school places. Whilst this has always been requested by the DfE at individual school level, it has had to be presented as one Local Authority planning area. The return for this summer offers scope to present data on school planning areas within the Local Authority. This will better reflect the issue we have in Herefordshire with some areas experiencing demand for places at and over the planning area capacity.

Capital Maintenance Grant

- 11 This Government grant is provided to the Local Authority to address the highest priority condition issues in the Community, Voluntary Controlled, Foundation and Trust schools stock. Herefordshire's 2012/13 grant allocation is £1.8m. Although this is £800k less than last year's allocation, this can be accounted for by the number of schools that have become academies during 2011/12. Academies apply direct to the Education Funding Agency for capital maintenance funding for specific condition related schemes. The Local Authority is allocated separate capital maintenance funding for Voluntary Aided schools through the Locally Coordinated Voluntary Aided Programme (see paragraphs 13 and 14)
- 12 It is interesting to note that for 2012/13, academies have been allowed to bid to the Education Funding Agency not only for Capital Maintenance, but also for extensions to buildings. As academies are also eligible for Basic Need funding through the Local Authority, it would seem that academies have more access to capital funding than Local Authority maintained schools. Research by the Local Government Association confirms that the Government is making significantly more capital funding available to academies and free schools than to Local Authority maintained schools.

Locally Coordinated Voluntary Aided Programme (LCVAP)

- 13 Herefordshire's 2012/13 allocation is £950k (inclusive of Governors' 10% contribution) which compares to a 2011/12 allocation of £1.08m.

14 The LCVAP Group met on 16 April. The following schemes were supported:

Commitments		Allocation (£000)	Budget (£000)
			950
St Mary's RC High	Fire doors and staircases	100	
Lea Primary	Heating	13	
Much Marcle Primary	Hygiene room	30	
Much Marcle Primary	Boiler	13	
Weston Under Penyard	Roof	40	
Weston Under Penyard	Connect to mains drainage	46	
Leintwardine Primary	Heating	85	
Bishop of Hereford's Bluecoat School	Various urgent condition works	118	
St James' Primary, Hereford	Entrance improvements	350	
Whitchurch Primary	Toilet refurbishment	3	
Whitchurch Primary	Flat roof/windows	5	
Kimbolton St James	Alterations to Foundation stage	7	
St Paul's Primary	Retention on 2011/12 remodelling scheme	9	
St Michael's, Bodenham	Retention on 2011/12 classroom remodelling	2	
	Contingency	129	
	Total	950	

Commitments, Pressures & Priorities for Capital Funding

15 Basic Need

Commitments	Allocation (£000)	Budget (£000)
		807
Leominster Primary School (approved previously by Cabinet)	176	
Barrs Court Hub – Sixth Form Remodelling to create an additional classroom space due to increased pupil numbers	100	
Individual Pupil Access Needs (Buildings and curriculum)	175	
Total committed	451	
Other pressures/priorities		
The Ledbury and Credenhill/Stretton Sugwas/Burghill areas are experiencing sustained basic need issues in terms of sufficiency of school places. There is also an issue to be addressed with significant over capacity at Aylestone business & Enterprise College. The Capital Strategy Consultative Group has given its support to the balance of the basic need grant being reserved to fund any proposals for addressing these priority issues.	356	
Total	807	

- 16 As a consequence of the above commitments, pressures on school places in the Ledbury, Credenhill/Stretton Sugwas/Burghill areas and the much reduced grant available, the Capital Strategy Consultative Group has supported a proposal not to operate a Basic Need 'match funding' bid process for 2012/13.

17 **Capital Maintenance allocations**

Commitments	Allocation (£000)	Budget (£000)
		1,807
Contribution to insurance	300	
Roof repairs/replacement	360	
Electrical/lighting	70	
Curtain walling	50	
Flood relief works	40	
Fire safety	140	
Resurfacing hard play	30	
Boilers/heating	270	
Removal of mobiles	100	
Condition surveys	20	
Display Energy Certificates	7	
Radon testing/mitigation	35	
Legionella/asbestos removal	85	
Safety glazing	50	
Gas/oil safety	20	
Lightening conductors	5	
Contingency	225	
Total	1,807	

18 The Government wishes to ensure that its national funding pot for schools' capital maintenance is allocated between Local Authorities and academies and free schools on the basis of actual need. The Government is therefore commissioning a survey of the condition of all English tax payer funded schools. These will be high level surveys to be used purely to assist in resource allocation. It will still be necessary for the Local Authority to commission detailed condition surveys of Local Authority maintained schools to determine specific condition issues and their relative priority for local determination of specific works to be funded.

Community Impact

- 19 The capital investment programme of the People's Directorate, including schools and early years settings, has wide ranging community impacts, benefiting children and young people and their families across Herefordshire.

Financial Implications

- 20 These are contained in the body of the report

Legal Implications

- 21 The use of capital funding including grants must comply with the legal requirements associated with each funding stream and the conditions of specific grants

Risk Management

- 22 The risks are set out in the body of the report.

Consultees

- 23 None applicable.

Appendices

- 24 None.

Background Papers

- None identified.