

## ROTHERHAM BOROUGH COUNCIL – REPORT TO SCHOOLS FORUM

1.	<b>Meeting:</b>	<b>SCHOOLS FORUM</b>
2.	<b>Date:</b>	<b>21st January 2011</b>
3.	<b>Title:</b>	<b>Update on Building Schools for the Future and results of capital spending review</b>
4.	<b>Directorate:</b>	<b>Children and Young People's Services</b>

### 5. Summary:

On 5th July, 2010 the Department for Education ceased the Building Schools for the Future Programme. For Rotherham this ended the plans for new secondary and special schools for 20,000 young people as well as a 'state of the art' ICT infrastructure. In total, the programme was worth £222m alongside £24m for ICT. It was a massive loss for all our Learning Communities in Rotherham.

Nevertheless, the Secretary of State for Education, Michael Grove, emphasised to all local authorities that this did not mean the end of capital spending on schools. He established a Capital Review Group to make recommendations on the future direction for capital expenditure on schools, with a special emphasis on how it should be procured.

This report provides an update on the results of the capital review and the financial settlement on education capital spending for 2011/2012.

### 6. Recommendations:

**It is recommended that:**

**Schools Forum notes the financial settlement for Rotherham education capital spending 2011/2012.**

### 7. Proposals and Details:

On 5th July, 2010, the Department for Education (DfE) decided that all BSF projects which had not reached financial close with the private partner would stop. Until then Rotherham had completed all of its milestones successfully and on time.

The Secretary of State for Education emphasised to all local authorities that this did not mean the end of capital spend on schools. However following the comprehensive spending review announcement by the Coalition Government on the 20<sup>th</sup> October

2010, the capital settlement for education was extremely tight with a 60% reduction in 2014/15 when compared to 2010/11.

National capital allocation shown below:

	<b>£ billion</b>				
	<b>2010/11</b>	<b>2011/12</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>
<b>Capital</b>	<b>7.6</b>	<b>4.9</b>	<b>4.2</b>	<b>3.3</b>	<b>3.4</b>

A capital review group led by Sebastian James (The James Review) was formed to make recommendations on the future direction for capital expenditure on schools, with a special emphasis on how it should be procured. Preliminary findings were to be announced prior to the October Comprehensive Spending Review with the actual recommendations in December 2010 / January 2011.

The DfE announced on the 13<sup>th</sup> December 2010 that the recommendations of the James review of DfE's capital programmes would not inform the allocation of capital until 2012/13. However the DfE have indicated that whilst the methodology of allocation and management of the capital funding to the authority may change, they have confirmed that the headline amounts of funding for basic need and for capital maintenance will for 2012/13 until 2014/15 be in line with the amounts shown within the table in Section 8 – Finance, of this report.

Whilst the coalition Government will claim not to have stopped major capital expenditure on school programmes they have effectively pressed “pause” and not surprisingly our BSF Phase 1 and 2 schools that have missed out on new build and refurbishment will feel particularly unfairly treated.

For Rotherham there has been a reduction in the capital allocation for education from £17,400,863 for 2010/11 to £8,233,139 for 2011/12.

Devolved Formula Capital (DFC) which is the amount of funding allocated each year to primary and secondary schools to be spent by them on their priorities in respect of buildings, ICT and other capital needs has seen a significant reduction from £4,493,053 in 2010/11 to £901,446 in 2011/12. It is anticipated that schools will use their allocation to maintain ICT infrastructures and equipment.

Our initial discussions with Partnership for Schools (PfS) and construction Industry contacts lead us to believe that priorities would concentrate on condition and new places for primary school pupils. This assumption has shown to be correct within the Modernisation - Capital Maintenance and Basic Need allocation being increased.

Modernisation Capital Maintenance are funds that are devolved to Local Authorities to improve the infrastructure of the school estate and to upgrade existing school buildings or build new ones in line with local asset management plans priorities and for Rotherham this has been increased from £3,189,944 in 2010/2011 to £4,347,484 for 2011/12. This is seen as the DfE's response to the Audit Commission criticism that the allocation of large amounts of Devolved Formula Capital funding to schools

was not being targeted to the building needs. It also places the emphasis clearly on the Local Authority to prioritise essential building condition work within their school estate; which includes Primary, Secondary, Special Schools, City Learning Centres (CLC's) and now Sure Start Centres.

Basic Need, the programme designed to enable Local Authorities to provide additional school places to cope with growing numbers has also risen from £950,255 in 2010/2011 to £2,128,678 in 2011/12. This recognises the increase in school places in the primary age and the migration patterns to Rotherham, particularly within the town centre corridor; that is Coleridge, St Anns, Ferham, Thornhill, Kimberworth and Meadow View.

Rotherham's Primary Capital Programme (PCP) has received no funding for the 2011/12. However we are still committed to providing a new through school for Maltby Lilly Hall Junior and Maltby Hall Infant School with an anticipated operational date of September 2013. This will be funded from the remaining PCP funding for 2010/11 and from the Modernisation - Capital Maintenance budget 2011/12.

Access initiative funding to improve the accessibility of mainstream schools to disabled pupils and those with special educational needs has received no funding for 2011/12. Any additional adaptations will need to be sourced from the Modernisation – Capital Maintenance or designed within any new buildings or extensions funded from Basic Need.

Likewise Extended Schools funding that provided pump priming capital funding to develop extended schools across an area, received no funding for 2011/12. Again any allocation will need to come from Basic Need and Modernisation funding.

At the cessation of BSF the Secretary of State for Education confirmed to us that there would be support for Maltby Academy and the DfE would continue to work with the lead sponsor and the local authority (co-sponsor) on the project. This indeed has been the case with the recent confirmation that the Academy would receive £11.1 million of capital funding. Further work needs to be done with the Academy on the extent of the development work.

Finally the Voluntary Aided (VA) schools sector will receive its fair share of the funding and the DfE have confirmed that they will retain the Local Contribution to Voluntary Aided Programme (LCVAP) for a further year.

## **8. Finance**

Following the DfE announcement on the 13<sup>th</sup> December 2010 the table below shows the capital allocation for Rotherham of basic need and capital maintenance and capital allocations to schools for the financial year 2011/12. As a comparison this is shown against the previous year 2010/11.

<b>Capital Allocation</b>	<b>2010/11</b>	<b>2011/12</b>
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Devolved Formula Capital (DFC)	£4,493,053	£901,446
VA Schools	£712,852	£138,674
Primary Capital Programme (PCP)	£6,217,692	£0
Modernisation – Capital Maintenance	£3,189,944	£4,347,484
Basic Need	£950,255	£2,128,678
Local Contribution to Voluntary Aided Programme (LCVAP)	£1,104,968	£716,857
Access Initiative	£615,305	£0
Extended Schools	£116,794	£0
Total	£17,400,863	£8,233,139

Basic need and capital maintenance allocations are not ring fenced. Local Authorities are free to use them for their capital priorities; i.e. they can be used for non-school purposes. There is also no time constraint on spending the capital, the capital allocation can be spent as and when we need and we are allowed to carry over to subsequent financial years if required to do so.

Other grant streams are subject to annularity and must be spent in the year in which they are allocated.

The capital maintenance funding must take account the needs of all schools; that is maintained, foundation, trust, special and Sure Start centres. By working closely with our schools, colleagues in Children and Young People Services (CYPS) and Environmental and Development Services we will identify the priorities and ensure that our schools are safe, warm and dry places to learn and work.

## **9. Risks and Uncertainties:**

The ending of the BSF programme has produced much uncertainty about current and future capital investment in our schools and learning communities.

There are still significant needs for our schools, with essential capital costs totalling around £45m over 5 years for all schools; and £73m over 15 years. This would increase significantly if we were to plan to actually replace schools.

Some of the schools have negative DFC and have already spent their allocation for 2011/12.

## **10. Policy and Performance Agenda Implications:**

The BSF programme was part of the strategy for Transforming Rotherham Learning. Despite the cessation of the BSF programme, we should continue to deliver improved and excellent standards for our children and young people through the learning community partnerships. This is one of the '4 big things' in our CYPS Plan supporting the principles;

"We are all responsible for all Rotherham's Children and Young People"  
"All Rotherham's learners will achieve; no one will be left behind"

We have started to plan now in relation to the condition and suitability of our schools. Work will continue on drawing up an action plan for secondary, primary and special schools which will reflect the available budget with the priority of all our school buildings being safe, warm and dry.

#### **11. Background Papers and Consultation:**

Transforming Rotherham Learning Strategies for Change Parts 1 and 2.  
Secretary of State's Letter of 5th July, 2010 on BSF and Capital Programme  
Secretary of State's Letter of 6th August, 2010 on Academy Capital Projects  
Report to Cabinet Member for Safeguarding and Developing Learning Opportunities for Children 22<sup>nd</sup> September 2010 – Building Schools for the Future.  
DfE Spending Review – Press notice 20<sup>th</sup> October 2010  
Secretary of State's statement on school financial statement - Education spending 13<sup>th</sup> December 2010.

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