

ROTHERHAM BOROUGH COUNCIL – REPORT TO CABINET

1.	Meeting:	CABINET
2.	Date:	18th September 2013
3.	Title:	Proposed new Central Primary School.
4.	Directorate:	Environment & Development Services

5. Summary:

There is an unprecedented increase in the numbers of pupils needing to access schools places within the authority. As a consequence of the increasing pressure on school places, it is necessary to increase the number of school places in the authority.

There is particular pressure for school places within the central catchment areas of Rotherham that is Eastwood and St Ann's.

In response to this pressure a bid was submitted by the Council to the Department for Education (DfE) through their Targeted Basic Need Programme to fund a 1.5 form new central primary school (ages 3 to 11) to be located within the central catchment area of the authority.

The Council was successful with their bid and has secured a grant of £3,216,065 plus £150,000 for project support funding. The estimated cost of the new school would be c£5.2m. The additional £2m will need to be funded by the Council.

The times scales for the development are a two year programme of design and construction with an anticipated opening at the start of the 2015/2016 school year.

This report requests the Cabinet approve the recommendations as detailed in Section 6 of this report.

6. Recommendations:

- **That the report is received and approval given for the Council to fund the additional £2m utilising Prudential Borrowing over a payback period of 60 years.**
- **Approval is given to reflect the pressure this additional borrowing will create in the Council's capital financing budget.**
- **Approval is given to the Eldon Road allotment site for the proposed location of the new Central Primary School.**
- **Approval is given for the Council to negotiate the purchase of the Donfield Tavern and associated land.**

7. Background

There is an unprecedented increase in the numbers of pupils needing to access schools places within the authority. As a consequence of the increasing pressure on school places, it is necessary to increase the number of school places in the authority.

There is particular pressure for school places within the central catchment areas of Rotherham that is Eastwood and St Ann's. A "snapshot" count taken on the 19th August 2013 showed there to be 62 children without a school place in the authority of which 25 were within the Eastwood and St Ann's catchment area.

Additionally Eastwood and St Ann's is an area of deprivation and with a high proportion of EU migrants. A study of the census data shows that the population of the area has grown by 7.8% compared to the Rotherham average of 3.7% from 2001 to 2011. The census data confirms that the BME population is greater in this area than the rest of Rotherham, 34.2% compared to 8.1%. The 0 to 4 age population percentage of the Eastwood area is also greater than the Rotherham average, 11.8% compared to 6.1%. Birth projections also show an increase which substantiates the census data and in addition the total admission number is regularly below the births in the area.

Further places are currently being created at Herringthorpe Infant and Junior Schools, which is able to be expanded by 20 pupils per year group. This will increase the published admission number in the area to 514, which is still below the number of births which is 527 in 2013/14 rising to 585 in 2014/15.

In response to this pressure the Council submitted a bid to the DfE Targeted Basic Need Programme to fund a new 1.5 form entry Primary school (ages 3 to 11) to provide a long term solution to pupils needing to access school places within the central catchment areas of the authority. The estimated cost of providing this provision was c£5.2m.

On the 18th July 2013 the Council was informed that the bid had been successful.

On the 20th August 2013 the Education Funding Agency (EFA) informed the Council that a provisional funding grant of £3,216,064 had been awarded with a further £150,000 project support funding. A further £2m would need to be funded by the Council.

The EFA required a declaration of funding which required the Council to confirm they would provide the additional £2m should the project proceed. This was approved by the Chief Executive under delegated powers and signed by the Council Section 151 Officer and returned to the EFA on the 23rd August 2013.

As part of a initial desk study, six potential sites were considered with the Peck House/Backer Electric site being chosen as the preferred site. This site

was used as the location of the new school for the bid to the DfE Targeted Basic Need Programme.

However, following discussions with the owners of the Peck House/Backer Electric site, the difference on the value placed on the site by the owners against that valued by the Council Valuation Surveyor were irreconcilable and as such it was decided not to proceed further with the purchase of the Peck House/Backer Electric site.

Following a site meeting on Eldon Road with Ward Members for Rotherham East, the Cabinet Member for Children and Young People Services and the Strategic Director for Children and Young People, it was suggested that Eldon Road allotments could provide the site for the new school. Appendix 1 shows a plan with the allotment site marked as "A" which equates to approximately 11,300M² in area.

Also on the plan there is an area marked as "B" which is the site of the empty (derelict) Donfield Tavern Public House and equates to 1,450M² in area. This would provide an entrance to the proposed school site and appropriate parking. The site is owned by a private landowner and the Council Corporate Land and Property Team is to approach the owner to negotiate a possible sale.

Under the Allotment Act 1950, a Local Authority is required to maintain an "adequate provision" of land and the Local Authority would need to seek approval of the Secretary of State for Environment, Food and Rural Affairs for the land to be allocated to alternative use. An application is being prepared to the Secretary of State to request the reallocation of the allotment land to education.

The Council has accepted the DfE Academy presumption process that as a new school it will be an academy. The Council has advertised for expressions of interest from potential sponsors with a closing date of the 26th September 2013. As of the 10th September 2013, expressions of interest have been received from Aston Academy in Rotherham, Heath Park (Central Learning Partnership Trust) Wolverhampton and the EMLC Trust, Milton Keynes.

The times scales for the development are a two year programme of design and construction with an anticipated opening at the start of the 2015/2016 school year.

8. Finance

The project has received a provisional funding grant of £3,216,064 with a further £150,000 project support funding. The grant funding covers building and site costs associated with the new build, as well as abnormalities, professional fees, fixtures, fittings, ICT infrastructure and ICT hardware. This funding will not cover the preparation of the site in terms of flood defence or the negotiation or the purchase of Donfield Tavern and associated land.

To achieve a quality provision additional funding will be required from the Council and this has been estimated at £2m.

There are three funding options for the £2m, these are:

- *CYPS Capital Programme* – Projected new capital funding for the financial years 2014/15 and 2015/16 equates to £7.66m based upon DfE funding:

Basic Need	2014/15	£1.46m - Confirmed DfE funding
Capital Maintenance	2014/15	£2.50m - Estimated DfE funding
Basic Need	2015/16	£1.20m – Estimated DfE funding
Capital Maintenance	2015/16	£2.50m - Estimated DfE funding
		<u>£7.66m</u>

Basic Need and Capital maintenance are not ring fenced and can be spent wherever the priorities are deemed to be.

Consequently for the financial years 2014/15 and 2015/16 the CYPS Capital programme has committed to the following:

£3.23m – Primary expansions
£0.30m – Support to schools/secondary schools
£4.00m – Capital maintenance programme
£7.53m

The £2m cannot be funded from primary expansions as this relates to the projected need for school places which is a statutory requirement. The other large commitment is the £4m for the Capital Maintenance programme. If the £2m capital funding for the new central primary was taken from the Capital Maintenance programme this would leave only £2m capital maintenance over two years to in excess of 90 schools, any of which could need major maintenance work and could require other essential capital programme works to be deferred or cancelled indefinitely

- *CYPS pay for supported prudential borrowing* – Two initial proposals have been considered by Finance. The repayments are based on the annual payments being calculated on a reducing principal balance basis. The options are:

Borrowing £2m with a pay back over 25 Years – this is based upon an annual repayment of £80k per annum. This equates to borrowing £2m with a total interest payment of £1.3m resulting in an overall payment of £3.3m

Borrowing £2m with a pay back over 60 Years – this is based upon an annual repayment of £33.333k per annum. This equates to borrowing £2m with a total interest payment of £3.050m resulting in an overall payment of £5.05m

With the CYPS supported prudential borrowing option there will be a serious consequential effect on the CYPS revenue budget as there is no allowance for this within the CYPS financial medium term strategy.

- *Centrally supported prudential borrowing* – This figures quoted above are the same but as this scheme is a corporate priority the borrowing cost would be borne by the Council's capital financing budget. In common with the CYPS revenue budget there is currently no allowance to absorb this new cost. As such the cost of the £2m borrowing will need adding to the Council's base budget.

Taking account of all these factors, funding the borrowing over a 60 year period via the capital financing budget is the preferred option.

9. Risks and Uncertainties:

As part of the Targeted Basic Need Programme application the Council must demonstrate and evidence a range of potential sponsors for the Academy. The funding would be dependant upon approval by the Secretary of State for Education that the Sponsor for the Academy was of a high quality. Because of the timescales this would require the Council to progress procurement of the new build at risk that the Sponsor was not deemed to be of a high quality and the funding could be withdrawn.

The three academy trusts that submitted expressions of interest to be the Academy sponsor have been approved by the DfE as acceptable and of a quality to proceed with the project.

There is a statutory requirement that the Council provides a school place for a child. If the project were to fail then the Council would be unable to provide the school places and would be failing in its statutory requirement.

The preferred site is currently an allotment. Under the Allotment Act 1950, a Local Authority is required to maintain an "adequate provision" of land and the Council would need to seek approval of the Secretary of State for Environment, Food and Rural Affairs for the land to be allocated to alternative use. An application is being prepared to the Secretary of State to request the reallocation of the allotment land to education. If this application were rejected then the DfE could withdraw the grant funding for the project.

The site is located on a flood plain and approval will be needed from the Environment Agency if the project is to proceed. An Exception Test is currently being prepared to demonstrate that:

- the development provides wider sustainability benefits to the community that outweigh flood risk, informed by a Strategic Flood Risk Assessment where one has been prepared; and
- a site-specific flood risk assessment demonstrates that the development will be safe for its lifetime taking account of the

vulnerability of its users, without increasing flood risk elsewhere, and, where possible, will reduce flood risk overall.

If the Environment Agency were to reject the Exception Test the planning approval would be refused and the DfE could withdraw the grant funding for the project.

10. Policy and Performance Agenda Implications:

The major theme supported by the forward planning and provision of school places is 'to ensure that everyone has access to skills, knowledge and information to enable them to play their part in society'. The expansion of school places would enable more parents to access their first preference school for their child and therefore increase that performance indicator.

11. Background Papers and Consultation:

Background Papers include:

- Children & Young People's Plan
- Transforming Rotherham Learning Plan
- Briefing to the Leader 5th February 2013 - Proposal to manage increasing pressures on school places with the Rotherham Central catchment area
- Cabinet Report, 24th April 2013, School Place Planning.
- CSART Report, 24th April 2013, Proposed new central primary school
- Targeted Basic Need Programme – Briefing to department management and Cabinet Member for CYPS
- Report to Chief Executive 22nd August 2013 – Approval for the Authority Section 151 Officer to sign the Education Funding Agency declaration for funding

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