

# North Tyneside Council

## Report to Cabinet

### Date: 12 March 2011

**ITEM 7(f)**

**Title: Education Capital Investment**

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<b>Portfolio(s):</b> Children, Young People and Learning	<b>Cabinet Member(s):</b> Councillor David Lilly
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**Report from Directorate:** Children, Young People and Learning

**Report Author:** Mark Longstaff, Head of Commissioning and Resources **Tel: (0191) 643 8089**

Iain Betham, Senior Manager, Education Capital Planning **Tel: (0191) 643 8092**

**Wards affected:** All

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## **PART 1**

### **1.1 Purpose:**

To provide information on the 2012/2013 formulaic capital funding allocations awarded to North Tyneside Council and to seek authority to finalise the capital investment priorities to ensure a comprehensive investment strategy for the education school estate.

### **1.2 Recommendation(s):**

It is recommended that Cabinet:

- (1) Authorise the Strategic Director of Children, Young People and Learning, in consultation with the Elected Mayor and the Cabinet Member for Children, Young People and Learning, to proceed with a school investment Strategy based on the current asset management data and priorities which will be reviewed on an annual basis;
- (2) Agrees a five year capital maintenance investment plan which takes account of all priorities across the school estate to meet our priorities;
- (3) Receive a future report from the Strategic Director of Children, Young People and Learning detailing the outcomes of the Priority School Building Programme bid and future years funding allocations.

### **1.3 Forward Plan:**

This report appears on the Forward Plan for the period 1 February 2012 to 31 May 2012.

## 1.4 Council Plan and Policy Framework

This report relates to the following Council Plan 2011/2015 priorities:

Priority 1: Our People – Theme: ‘help children and young people be ambitious and achieve their ambitions’.

## 1.5 Information:

### 1.5.1 Background

As part of the Local Government Finance Settlement published on 13<sup>th</sup> December 2010, the Government provided all Local Authorities with information detailing the spending decisions made as part of the Government’s Spending Review with specific reference to capital allocations for 2011/12. A total of £15.8 billion of capital was identified to be invested into the school estate over the Spending Review Period 2011/12 to 2014/15. Specifically for North Tyneside the 2011/2012 settlement was £7.792m (including £822k Voluntary Aided funding). Future years funding allocations to 2014/2015 were expected to stay in line with the total amounts allocated for 2011/12. The mechanisms for allocation and management will however depend on the ongoing national capital review.

Through the Finance Settlement, the Government considered how the balance of capital funding allocated would ensure that it is targeted to the areas of greatest need. The Government highlighted significant pressures for additional school places because of rising birth rates and changed migration patterns. Hence priorities included the provision of additional pupil places where they are needed and addressing priority building condition needs.

### 1.5.2 Current Position

The Secretary of State for Education announced on 13 December 2011 details of over £2 billion of capital funding for 2012/2013 to schools and local authorities. The announcement provides all Local Authorities with a further one-year allocation and confirms that this will allow the Secretary of State to further reflect, for subsequent allocations, the changing situation in local areas on both demographic growth and numbers of schools converting to Academy status.

The announcement included details on the allocations of:

- £800 million of basic need funding to local authorities to ensure that there are sufficient pupil places where needed, in all categories of publically-funded schools (including voluntary aided schools and academies);
- £686 million of capital maintenance funding to local authorities to support the needs of the schools that they maintain (including Sure Start children’s centres);
- £276 million of capital maintenance funding for Academies;
- £174 million of locally-coordinated Voluntary Aided programme capital to support the capital maintenance of voluntary-aided schools;
- £200 million of devolved formula capital for schools; and
- a total of £104 million for 16-19 capital maintenance, devolved formula capital and basic need funding.

The Department for Education (DfE) has confirmed that at a national level, overall capital funding remains the same as 2011/2012. However, the methodology for allocating funding for pupil places has been changed to better reflect local need which may see some reductions for individual Local Authorities. In addition, the funding available for capital maintenance awarded to all local authorities, has now been determined by school and weighted pupil numbers from the most recent data held. The voluntary-aided sector has also been allocated a 'fair share' of the overall allocations based on pupil numbers, and also reflecting the governors' 10 per cent required contribution and eligibility for VAT. In addition, allocations to Local Authorities have been abated where schools have been, or are about to be, modernised through the Building Schools for the Future programme, or through other privately financed projects.

The only outstanding funding for the Department to allocate is in relation to the £600m for basic need announced as part of the autumn statement. The Secretary of State for Education has indicated that he is considering how best to allocate this funding so that the allocations for the remainder of the spending review period are better targeted towards need.

1.5.3 Following the work originally undertaken as part of the Mayoral Task group on school Capital investment, further work has now been undertaken with a sub group of headteachers to assist in the formulation of a comprehensive programme of investment, with a view that all of the processes and actions necessary for approval of a plan for the school estate be agreed with all responsible bodies. Officers have reviewed asset management condition data to ensure that all information held centrally is up to date. This has allowed the Group to draft a new 5 year Capital Maintenance Investment Programme (Appendix 1) that ensures that all urgent works are initially addressed during 2012/13 with a programme of investment that will continue up to and including 2016/17 (subject to receiving confirmation of future years funding allocations). The investment will ensure that our school estate is made fit for purpose with specific reference to condition.

1.5.4 In addition to the review of asset management condition information, the Group have also looked at how best to deliver an investment programme across the school estate with specific reference to basic need & suitability (Appendix 2). In reviewing all of the projects that may be identified as suitable, and to be included within this investment programme, the Group of Headteachers have also worked with officers with a view to agreeing a set of local criteria to support investment. It was agreed that the following local criteria would be used in the prioritisation of works and would be based on:

- Health and Safety;
- Teaching inhibited by current provision and/or location;
- Accommodation beyond useful life;
- Isolated location (e.g. if there is teaching accommodation separate to a school building);
- School expansion;
- Removal of surplus accommodation.

#### 1.5.5 Priority School Building Programme

Cabinet will recall that the DfE launched a new priority school rebuilding programme in July 2011 that will initially cover the equivalent of building or rebuilding approximately 100 secondary schools nationally but will, once finalised, include a mix of Primary, Special and Secondary schools and alternative provision taking the total anywhere between 100 – 300.

Local Authorities were requested to formally register interest to the programme and submit bids for this new funding initiative by Friday 14 October 2011.

An initial assessment of the school estate across North Tyneside identified the following schools as meeting the initial criteria and were therefore included within a formal bid to the DfE:

- John Spence Community High School
- Longbenton Community College
- Marden High School
- Norham Community Technology College
- Whitehouse Primary School

The target date for informing Local Authorities of the outcome of all bids was December 2011. To date, the Department has not formally announced which local authorities/individual schools will benefit from this funding initiative. However, should North Tyneside Council receive a favorable announcement, officers will be required to revisit the investment priorities identified in paragraphs 1.5.3 and 1.5.4 above to ensure that the identified priorities reflect new build solutions on one or more school sites.

## **1.6 Decision options:**

The following decision options are available for consideration by Cabinet:

### Option 1

Formally receive the report and agree to all of the recommendations as set out in paragraph 1.2 above

### Option 2

Formally receive the report and agree some of the recommendations as set out in 1.2 above

### Option 3

Formally receive the report but decline to agree with its recommendations

Option 1 is the recommended option.

## **1.7 Reasons for recommended option:**

Option 1 is recommended for the following reasons:

Should Cabinet decide not to accept option 1, this would not allow the Council the opportunity to continue with the investment priorities identified for the school estate and not being able to deliver the 2012/13 investment programme. In addition, we would not be in a position to maximise the opportunities to complete works during the summer period 2012.

## **1.8 Appendices:**

Appendix 1 - Proposed 5 year Capital Maintenance Investment Plan  
Appendix 2 - Proposed 5 year Basic Need/Suitability Investment Plan

## 1.9 Contact officers:

Mark Longstaff, Head of Commissioning and Resources, tel. (0191) 643 8092  
Iain Betham, Senior Manager – Education Capital Planning, tel. (0191) 643 8092  
Anthony Gollings, Finance Business Manager supporting Children, Young People and Learning and Finance and Resources, tel. (0191) 643 8071

## 1.10 Background information:

The following background paper/information has been used in the compilation of this report and is available at the office of the author:

- (1) Report to Cabinet 10 October 2011 – Education Capital Investment.

## PART 2 – COMPLIANCE WITH PRINCIPLES OF DECISION MAKING

### 2.1 Finance and other resources

Specifically for North Tyneside the formulaic allocations awarded to North Tyneside provide a 2012/13 settlement of £6.353m (including £513k VA funding). This award is built into the 2012/13 budget proposals and is shown in the summary below with the comparative 2011/12 allocations for information (a reduced overall allocation for 2012/13 of £1.439m). There is no Council contribution required to fund this investment programme.

It should be noted that in drafting the 5 year investment plan(s) officers have assumed the same level of funding for 2013/14 onwards. As referenced at paragraph 1.5.2 above, the Secretary of State for Education has provided all local authorities with a one-year allocation for 2012/13. Details of capital allocations for 2013/14 onwards are expected to be confirmed during the 2012/13 financial year. It is however anticipated at this stage that the level of support for Basic Need and for Capital Maintenance for each year to 2016/17 is expected to stay in line with the total amounts allocated for 2012/13. Should funding allocations for future years not be in line with anticipated budgets, the investments plans will need to be reviewed to further reflect future funding allocations or changes in the asset management data.

	2011/12	2012/13
LA Capital Maintenance	£3.526m	£2.896m
VA Capital Maintenance	£700k	£427k
Basic Need	£2.833m	£2.335m
LA Schools Devolved Formula Capital	£611k	£609k
VA Schools Devolved Formula Capital	£122k	£86k
<b>Total</b>	<b>£7.792m</b>	<b>£6.353m</b>

### 2.2 Legal

There are no specific legal implications arising from this report. The procurement and contracting arrangements for the investment in the school estate will be subject to Treasury requirements, the Council's Contract Standing Orders and applicable EU/UK procurement rules.

## **2.3 Consultation/community engagement**

### **2.3.1 Internal Consultation**

The Cabinet Member for Children, Young People and Learning has been fully consulted in relation to the proposals.

### **2.3.2 External Consultation/Engagement**

Consultation has been held with all schools and the dedicated Headteacher Capital Sub Group as per previous agreement with the Mayoral Task Group and the Children, Education and Skills Sub Committee.

## **2.4 Human rights**

There are no human rights issues directly arising from this report.

## **2.5 Equalities and diversity**

There are no equality and diversity issues directly arising from this report. However, should the projects proceed further, Equality Impact Assessments will be carried out for the individual projects.

## **2.6 Risk management**

There are no risk management issues directly arising from this report. There will be an extensive risk register established for all agreed projects directly linked to school capital investment that will be regularly reviewed by the Education Capital Planning Team.

## **2.7 Crime and disorder**

There are no crime and disorder issues directly arising from this report.

## **2.8 Environment and sustainability**

There are no environment and sustainability issues directly arising from this report. However, there are a number of energy efficiency projects included in the capital maintenance plan that will reduce the carbon footprint of our schools.

## **PART 3 - SIGN OFF**

- Strategic Director(s)
- Mayor/Cabinet Member(s)
- Chief Finance Officer
- Monitoring Officer
- Strategic Director with responsibility for Community Engagement