



To: Finance and Corporate Services Scrutiny Board (1)

Date: 14th April 2014

Subject: 2014/15 Capital Programme Update

1. Purpose

This note provides an update on issues relating to the Council's Schools Capital Programme including an update on proposed reductions to the Council's Schools Basic Needs Capital Programme.

2. Recommendation

Board is recommended to note the contents of the report.

3. Schools Capital Programme

- 3.1. The City Council's main priority remains the provision of additional primary school places in response to the on-going increase in early years numbers. As these pupils move into the secondary phase from 2018/19 there will be an increasing need for additional secondary places. The City Council has been allocated no Basic Need funding for either 2015-16 or 2016-17 and while this is being challenged, this will have a significant impact upon the deliverables within the programme. There remains uncertainty around future allocations beyond the current settlement period.
- 3.2. The City Council receives annual funding from the DfE in relation to Basic Need (additional school places) and capital maintenance. The historic allocations are shown in appendix 1. These funding streams are periodically supplemented by specific grants such as Safety Basic Need and Targeted Basic Need. Again these are detailed in the appendix 1. The provision of additional primary places remains a high priority for the Council and has seen the creation of some 1,000 extra places since 2008. The City Council has a statutory duty under the 1996 Education Act to ensure there are sufficient school places.
- 3.3. Over the last 5 years the vast majority of grant allocations have been directed towards increasing pupil places (both in the LA and VA sector), supplemented by other City Council corporate resources, Section 106 funding and school contributions. The Diocesan Authorities have also allocated the majority of LCVAP funding to increasing places in voluntary aided primary schools.
- 3.4. The DfE announced in December 2013 and January 2014 capital grant allocations for both Basic Need and Capital Maintenance. Coventry had already been allocated Basic Need of £6.25 million for 2014-15 as part of the settlement announced in December 2012. For 2015-16 and 2016-17 Coventry has received a nil allocation. Officers are currently challenging the decision and have raised three key issues with the DfE:

4. The methodology used to calculate the funding assumes that the 2013/14 and 2014/15 basic need allocation was sufficient to provide 1,771(75% of 2,361) additional school places. This number of places has therefore been subtracted from the number of additional places needed, based on projections for the 2017/18 academic year supplied in the 2013 SCAP (Annual Statistical return). The Council however is of the view that the basic need funding provided for 2013/14 and 2014/15 was not sufficient to provide 1,771 places.

a) Coventry's basic need funding allocation for 2013/14 and 2014/15 was £12,500,576. In order to provide 1,771 additional primary pupil places within the funding provided, the Council would have needed to provide primary places at a cost of £7,058 per pupil. This per pupil figure is well below the DfE's basic allocation of £11,569 (weighted for Coventry) per place for primary places. Coventry's shortfall in funding is therefore £7,988,981. This is based on a funding gap of £4,511 per pupil, multiplied by the 1,771 places.

For each planning area, the DfE take SCAP 2013 capacity data and add school places already funded through 3 other programmes, where this is not captured in the SCAP 2013 figures. The three programmes are: Targeted Basic Need, Building Schools for the Future, and new free schools which opened in September 2013. The City Council received some £9.2million through the Targeted Basic Need Programme in 2013-14 to provide an additional 1,050 YR to Y7 places. These have therefore been taken into account in terms of assessing future capacity. Free school additional capacity has not been taken into account in the DfE calculation as this adjustment was only in relation to free schools opening in September 2013. Both Coventry free schools are not due to open until September 2014, but it should be noted that the additional places created, will be taken into account in future allocations.

It also should be noted that DfE has introduced this year an additional allowance for a 2% planning margin; Coventry has historically sought to maintain a 5% planning margin in line with previous DfE guidance, to enable a reasonable degree of parental preference to be exercised. Coventry will therefore need to reconsider its position on this and specifically whether to realign its local policy with the national funding position on Basic Need.

b) In addition to continuing pressures on mainstream primary school places, Coventry is experiencing significant growth in pupils with Special Educational Needs (SEN). These pupils require a place at either a special school or within enhanced resource provision within a mainstream school. A nil allocation seriously undermines our ability to respond to this growing demand and also deliver our SEN Broad Spectrum Strategy. The cost of providing SEN places is, of course, much higher than mainstream school places. It is disappointing that DfE does not take account of the need for additional SEN provision in allocating schools capital funding, specifically when this has been referred to in the SCAP commentary.

c) While we accept the rationale for a nil allocation for additional secondary places given that the requirement will not be needed until 2017/18 it should also be noted that the lead in time for commissioning additional secondary school places is significant. None of our 19 secondary schools are now LA maintained (12 academies, 3 VA schools and 4 Trust Schools) and therefore it is important that engagement takes place in a timely way, given that we are effectively dealing with 19 autonomous institutions and the impact of two new free schools opening in September 2014. Coventry is faced with a need to provide an additional 3,000 Year 7 to Year 11 places phased in from 2017-18 to 2023/24. The City Council is already committing resources to identify how these additional places can be delivered. Funding is now unlikely to be available until 2017/18 when some additional

places will be need to be available. The allocations process is therefore not reflective of the actual commissioning process involved in delivering new secondary school places.

If this challenge is unsuccessful and further funding is not forthcoming then this will have significant implications for the capital programme over the next 5 years.

- 4.1. The reduction in the Council's Basic Needs funding is a Government decision that was unheralded and which has affected a number of authorities in a similar way to Coventry. Although we have requested a response from the Department of Education we are yet to receive any answers to the detailed points made. Subject to the outcome of the Council's current challenge to Government it remains very unlikely that this decision will be reversed.
- 4.2. With regards to Capital Maintenance funding the City Council has received a 2014/15 allocation of £3.134 million for local authority maintained schools which is marginally better than expected but the year on year reduction is a reflection of an increasing number of Coventry schools converting to academy status. A further £1.143 million has been made available for the voluntary aided sector as part of the LCVAP Programme.
- 4.3. For 2014/15 the City Council has also been allocated capital grant to support the introduction of Universal Infant Free School Meals from September 2014. The total funding available is £954,036, comprising £755,762 for LA maintained schools and £198,276 for Voluntary Aided schools.
- 4.4. Officers have prepared a five year capital programme which reflects the current funding position:

BASIC NEED SCHEMES

Previous Years Schemes (6 schemes):

Includes provision of funding to complete previous extensions to primary schools. Largest commitment is against Spon Gate (£500k) where we are committed to complete the expansion scheme, by providing additional KS2 accommodation through conversion of the Moat Building. Forecast numbers support taking this project forward.

Primary Increasing Pupil Places (IPP) 2014 (11 schemes):

Projects were approved by Cabinet in March 2013 following extensive consultation. Design and contractor teams already appointed. Individual school schemes agreed and additional reception places will be in place for September 2014 – schemes completed early January 2015. Additional places are essential to meet the anticipated demand in September 2014. Additional funding totalling £9.22 million was secured through the Targeted Basic Need Programme which will support the delivery of five schemes – Hollyfast, Whitley Abbey, Corpus Christi, Little Heath and Edgewick .These will be supplemented by the additional 210 places created at Wyken Croft through the Priority Schools Building Programme.

Primary IPP 2015 (4 Schemes)

The Council has recently completed a consultation on a proposal to rebuild Edgewick at 2FE, replacing the current building and providing an additional form of entry to meet local demand. A report was taken to Cabinet on 4th March detailing the outcome of the consultation. Cabinet agreed to publish a statutory notice and a final decision on whether to proceed or not taken in May. Forecast numbers indicate a need to provide additional

places in this part of the city. The majority of other schools in the area have already been expanded. The existing building is of CLASP construction and is time expired/ requires replacement.

The capital programme also has provision for a further three primary expansion schemes from the ten deferred by Cabinet in March 2013. A decision on which three schools will be taken forward has yet to be taken.

Primary IPP 2016 & 2017

No further primary expansion schemes have been identified at this stage and no funding allocated.

Secondary IPP

The city will require an additional 3,000 (20FE) Year 7 to Year 11 secondary places by 2023-24 in response to rising secondary school rolls over the next 10 years. Feasibility studies are therefore currently being undertaken on each of the existing 19 secondary schools (including academies and VA schools) to establish the potential for expansion on existing sites. This work will be completed by April 2014. Provision has been made in 2014-15 for further detailed investigative work should this be required. **There is currently no funding identified within the programme to secure the additional places which will be phased in from 2018/19 onwards.**

SEN IPP

An additional two classrooms are required at Castle Wood in September 2014 due to rising demand for places.

CONDITION SCHEMES

Priority Schools Building Programme (PSBP)

Six schools are currently being rebuilt under the PSBP through capital grant – Whitmore Park, St Thomas More Catholic, Richard Lee, Wyken Croft, Ernesford Grange Secondary and Alice Stevens. President Kennedy is to be rebuilt through PF2 (Private Finance). There remain a number of liabilities for the Council moving forward regarding the Programme including S278 and ICT infrastructure works. Cabinet has also approved capital funding for the integration of the Richard Lee Children's Centre into the new school building.

Priority Schools Condition Programme

We try to continue with a school replacement programme. Edgewick is part funded and provision is made for two further whole school replacements in 2016 and 2018. Coventry has an aging estate with a number of schools in poor condition which are uneconomical to refurbish/ modernise.

Special School Condition Programme

Provision has been made for the Hospital Education Service at Whitmore Park due in response to OFSTED report.

Planned Condition Fund

The proposed establishment of this Fund is now deferred until 2017-18. The intention is to develop a portfolio of condition related projects (e.g. roofs, boilers) which could be addressed and reflects reducing DFC allocations to schools. EFA will conclude their national building condition survey later this year and there is concern that this may adversely impact on the future Capital Maintenance settlements as Coventry's share will be influenced by the overall condition of our buildings stock in comparison to the rest of the country.

Emergency Condition Fund

The Fund will be reduced from £1m in 2013-14 to £750k in 2014-15 and to £500k from 2015-16 forwards.

Broad Spectrum Delivery Programme

Provision has been made within the programme in 2016-17 and 2017-18 for the delivery of a second primary Broad Spectrum Special School. This has been effectively deferred by a year due to the failure to secure a Basic Need allocation in 2015-16 and 2016-17.

5. Conclusions

- 5.1. As the presentation made as part of today's agenda makes clear the Council's Capital Programme tends to have very limited scope for new Capital schemes. Therefore, there are likely to be limited options for filling the gap caused by the withdrawal of Basic Needs funding. This will need to form part of consideration of the wider discussion with schools and in relation to the 2015/16 Capital Programme through the course of this year.

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Appendix 1

Coventry Capital Allocations - 2008/09 to date

Year	Basic Need	Condition /Maintenance or Modernisation	Primary Capital Programme	Safety Net Basic Need	Targeted Basic Need	Other	Total
	£	£	£	£	£		£
2008/09	5,776,264	2,967,513					8,743,777
2009/10	5,776,264	2,487,969	4,523,698				12,787,931
2010/11	5,776,264	2,487,970	6,901,698	7,427,000			22,592,932
2011/12	6,507,521	4,556,528		3,431,000			14,495,049
2012/13	5,455,658	3,710,436		4,270,165			13,436,259
2013/14	6,250,288	3,309,958			9,221,786		18,782,032
2014/15	6,250,288	3,134,182				755,762	10,140,232
2015/16	0	TBA					0
2016/17	0	TBA					0
							0
Total	41,792,547	22,654,556	11,425,396	15,128,165	9,221,786	755,762	100,978,212