



**Lord Agnew Kt DL**

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[Sent electronically]

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I am writing to you to highlight the Department for Education's support to local authorities to ensure effective delivery of school capital projects; and – in light of the Spending Round announcement on 4 September – provide an update on the next Basic Need allocation.

### **Basic Need Allocations**

As you will be aware, the Chancellor last week confirmed details of the Spending Round. The Spending Round focused on day-to-day departmental resource budgets for 2020-21 (as well as a 3-year settlement for core schools' resource funding as an exception). It did not consider departmental capital budgets, as these have already been set for 2020-21. A full multi-year spending review will follow in 2020.

One practical consequence for local authorities is that the DfE will not therefore be able to announce Basic Need allocations in 2019 for places needed in 2022. As you know, we have historically tried to announce basic need allocations 3.5 years ahead of when places are needed, and therefore recognise that this delay may have some implications for the way that local authorities plan and deliver basic need projects.

We are continuing to review local authorities' recently submitted SCAP 19 data, and expect this data to inform the next set of Basic Need allocations.

### **Delivering School Capital Projects Efficiently**

We are working with the Education Building and Design Officer Group (EBDOG) to encourage greater collaboration between local authorities to drive down school delivery costs and improve efficiency and effectiveness. This includes encouraging local authorities to take advantage of the rates offered through our Framework.

Becoming more efficient, will free up local authority funding to invest elsewhere, for example on improvements to existing school buildings. This could help reduce school expenditure on maintenance, for example.

### **School Place Scorecards**

The department published the latest [local authority School Place Scorecards](#) on 27<sup>th</sup> June. These are a key monitoring and transparency tool for the performance of local authorities in providing sufficient school places, their accuracy in forecasting demand, the quality of the schools where those places are being added, and the cost per place of projects. If you have not already, I hope that you will take the opportunity to study your authority's performance compared to the rates that some of your peers are already achieving and those that could be achieved through DfE Frameworks.

### **Peer support and guidance on efficiency**

The Scorecards include a link to offers we have been working on with EBD OG: a peer support initiative and a joint guidance note on making efficient use of capital funding in education. I would like to congratulate those local authorities that are delivering cost effectively and in particular to thank those which have agreed to offer advice to others. I would encourage higher cost local authorities to take advantage of the guidance and support on offer, including on procurement.

### **DfE traditional and offsite construction frameworks**

The [National School Delivery Cost Benchmarking Study](#) published by EBD OG in June 2019 highlighted that between 2012 – 2018, primary schools procured through the DfE frameworks were delivered 15 – 30% cheaper than local authority self-procured schools. The 2019 report further highlights that DfE derives such efficiencies through standardisation of design and purchasing at scale.

The 2017 DfE (traditional) construction framework was procured to include use by local authorities, for the development of school infrastructure as well as other educational facilities. To date, a number of local authorities – Kent, Essex, Oxfordshire, Central Bedfordshire – are using this framework to deliver their school projects. Other local authorities have this under active consideration.

The contractors on the DfE (traditional) construction framework were appointed on the basis that they would construct schools at a specified rate per square metre which has been proven to be value for money. The DfE (traditional) construction framework rate structure operates on the basis of capping the maximum percentage margin that a contractor can make on any project.

The DfE are also shortly launching the next offsite schools framework, titled

MMC1. This will enable up to £3bn of offsite school construction over the next 4 years. MMC1 will be available to local authorities in the same manner as the DfE (traditional) construction frameworks. This is because in recent years, there has been an increase in the proportion of projects being constructed through 'offsite construction', in which large-scale building components are manufactured in offsite production facilities then brought to the site for rapid assembly to form finished buildings. This has the benefit of shortening programme durations, reducing disruption on site and benefitting productivity within the construction sector.

The DfE frameworks are unique in that they do not charge an access/usage fee which other frameworks do. For example, fees paid to a third-party framework operator which can range from 1 – 2.5% of the capital value of a project and represent a significant cost to the local authority. Any user of the DfE frameworks can engage with the contractors in the same manner as DfE projects do and can rely on DfE senior management leveraged relationships with the contractors.

The frameworks are structured to deliver and respond to a broad value range of capital projects. The contractors on the DfE frameworks range from SMEs to larger contractor firms and the frameworks have the capability of delivering both offsite and traditional construction solutions for projects.

Given the proven efficiencies, I would therefore ask that you give serious consideration to using the DfE frameworks for the delivery of your school infrastructure. Local Authority officers can engage with the DfE framework team and process through the [following weblink](#).

Thank you for your ongoing work and collaboration.

A handwritten signature in black ink, appearing to read 'Theodore Agnew', with a long horizontal stroke extending to the right.

THEODORE AGNEW