

**TO: SCHOOLS FORUM
20 JUNE 2013**

**CAPITAL FUNDING BIDS
Director Children, Young People & Learning**

1 PURPOSE OF REPORT

- 1.1 To advise Schools Forum on the bids to Department for Education (DfE) for grant funding to support the Education Capital Programme.

2 RECOMMENDATIONS

That the Schools Forum NOTES:

- 2.1 The bids to DfE for grant funding to support the Education Capital Programme.**
- 2.2 The potential revenue pressure that may arise in the short to medium term in developing a new in-borough SEN facility.**

3 REASONS FOR RECOMMENDATIONS

- 3.1 It is appropriate for the Forum to be aware of, and where relevant, comment on the capital grant funding bids on behalf of schools.

4 ALTERNATIVE OPTIONS CONSIDERED

- 4.1 Not bidding for funding would have foregone the opportunity to secure additional capital investment into the school estate.

5 SUPPORTING INFORMATION

Education Capital Programme

- 5.1 The Council's Education Capital Programme is shaped by the identified priorities and the availability of funding. Since the cancellation of the Building Schools for the Future and Primary Capital Programme by the coalition government, the strategic priorities for the Education Capital Programme over the last three years can be summarised as Capacity, Compliance and Condition.
- 5.2 In recent years funding on the Education Capital Programme has been limited to the amount of the capital grants received from the DfE, which are set out on Table One below:

Unrestricted

Table One: DfE Grant Funding 2011-15

DfE Grant	2011/12	2012/13	2013/14	2014/15	TOTAL
Devolved Formula Capital Maintained Schools	£0.310m	£0.313m	£0.316m	tbc	£0.939m
Devolved Formula Capital VA Schools	£0.058m	£0.037m	£0.043m	tbc	£0.138m
Capital Maintenance Maintained Schools	£2.040m	£1.885m	£1.843m	tbc	£5.768m
Capital Maintenance VA Schools (LCVAP)	£0.366m	£0.217m	£0.229m	tbc	£0.812m
Basic Need Grant	£5.373m	£6.538m	£2.937m	£2.937m	£17.784m
TOTAL:	£8.147m	£8.990m	£5.368m	£2.937m	£25.441m

Basic Need Grant

- 5.3 Basic Need Funding is used by the Council to create the additional school places required to keep pace with rising rolls.
- 5.4 In their most recent funding announcement, DfE have made a two year allocation of Basic Need Grant for 2013/14 and 2014/5 of £5.874m, providing £2.937m in 2013/14 and £2.937m in 2014/15. This is, however, at 40% a significant reduction of funding when compared to the level of grant received in 2012/13 as indicated on Table One above.
- 5.5 The Education Capital Programme has been reviewed in the light of the reduced funding and is no longer affordable as originally envisaged. In the same grant funding announcement, however DfE have created two new grant funding schemes as set out below, which Local Authorities (LAs) can apply for. Details are set out in the following paragraphs. The Council has made applications in respect of all eligible projects on the Education Capital Programme to maximise investment into the school estate.

16-19 Demographic Growth Fund (DGF)

- 5.6 This is a new DfE Capital Grant Funding allocation of £80m of additional funding available in 2013/15 to support the cost of additional places needed by young people 16-19 years of age as a result of increases in population and/or participation and by young people 16-25 years of age who have learning difficulties and/or disabilities. LAs had to apply by 3 May 2013 and announcements of funding allocations are expected to be made in July 2013.
- 5.7 There was only one project on the Education Capital programme that met the eligibility criteria and the Council has applied for DGF funding in respect of the following projects set out in Table Two below:

Table Two: DGF Grant Applications

Project	Pupil Places Created	Funding Shortfall
Proposed SEN Facility	16 (post 16)	£0.660m

Unrestricted

- 5.8 The proposed SEN facility is in an early stage of development but it might specialise in working with secondary aged pupils with Autistic Spectrum Disorder (ASD). Site options for this are currently being explored.

Targeted Basic Need Programme (TBN)

- 5.9 There is further £982m of additional funding available in 2013/15 under the DfE Targeted Basic Need programme (TBN) to fund the provision of new, high quality school places in locations experiencing basic need pressures in order to prepare for further rises in pupil numbers. This programme is intended provide additional support to those LAs experiencing the greatest pressure on places through the funding of new Academies and Free Schools, as well as enabling investment to permanently expand good and outstanding schools with high levels of demand. LAs had to apply by 30th April 2013 and announcements of funding allocations are expected to be made in June 2013.
- 5.10 There were four potential projects that met the eligibility criteria and the Council has applied for TBN funding in respect of the following projects as set out in Table Three below:

Table Three: TBN Grant Applications

Project	Pupil Places Created	Funding Shortfall
Garth Hill Expansion	330	£1.700m
Proposed SEN Facility	56 (secondary)	£0.660m
North Bracknell Surge Classroom	30	£0.300m
Owlsmoor Expansion	98	£1.826m
Total:	514	£4.486m

Eligibility Criteria

- 5.11 Unfortunately the eligibility criteria for the new DGF and TBN grant funding did not perfectly match all of the intended projects so all do not qualify. Eligibility criteria included having a "Good" or "Outstanding" Ofsted report and having above the national average point scores for attainment. In addition the grant could only be used in respect of school capacity projects to be completed by March 2015.
- 5.12 Individual schools and academies and Diocesan Authorities were also eligible to apply for this grant through the LA, and details were sent to all schools and Diocesan Authorities prior to the closing dates however no applications were received.

Likely Outcomes

- 5.13 Schools Forum will wish to note that there can be no certainty that all or any of our grant applications will be successful. Moreover we cannot be certain how much funding may be secured because applications are based on creating school places at Education Funding Agency construction cost per m2 rates which do not correspond to actual costs of projects on the ground.
- 5.14 If all of our applications for DGF and TBN are successful then all of the above projects will be able to proceed as currently envisaged.

Unrestricted

- 5.15 If some of our applications are successful then the programme will need to be adjusted to fit the available funding. This might mean phasing/deferring some of the works, in which case the likely impact will be that the works will cost more overall but would be affordable within each financial year.
- 5.16 If only 1-2 or none of our applications are successful then some projects may need to be radically redesigned to make them affordable, but the scope and scale of any changes required to be made to projects cannot be known until after the determination date in July 2013. Once the outcomes from funding allocations are known, a further update report will be presented to the Forum.

Revenue implications

- 5.17 The DfE allocates the ring-fenced Dedicated Schools Grant (DSG) to LAs to meet school revenue costs. In terms of funding mainstream schools, the DSG has always been adjusted to take account of increases in pupil numbers. Therefore, there is an expectation that increases in pupil numbers in mainstream schools will result in increased funding to meet the additional running costs, although this is not guaranteed and will be largely dependent on the outcomes of the 2013 Spending Review.
- 5.18 There is a different funding arrangement for pupils with high needs that attend specialist education providers, such as special schools. There is no automatic change in DSG funding if an LA increases the number of high needs places in its schools, with funding generally set for the next 2 years. However, the DfE have indicated that there may be an opportunity to bid for growth funding in 2014-15 but it is too early for any decisions on this.
- 5.19 It is therefore possible that if the SEN facility proceeds, no additional revenue funding will be received to meet running costs. This is likely to create a significant funding pressure on the schools budget in the short to medium term as the facility has low numbers and relatively high running costs. There is an expectation that in the long term there will be savings / future cost avoidance as numbers of SEN pupils increase in line with growth in the general population, but managing the financial pressures in the short term will be a challenge that may ultimately require money to be diverted from mainstream school budgets. Further modelling is being done on predicted pupil numbers to consider the full impact and risks.

6 ADVICE RECEIVED FROM STATUTORY AND OTHER OFFICERS

Borough Solicitor

- 6.1 No legal implications arise directly from the matters discussed in this report.

Borough Treasurer

- 6.2 The financial implications are set out in the supporting information. It will not be possible to confirm which capital projects can proceed and the likely revenue implications until funding decisions are confirmed by the DfE.

Impact Assessment

- 6.3 Not required.

Strategic Risk Management Issues

6.4

ISSUE		RISK	COMMENT
1	Cost Risk	HIGH	The Education Capital Programme as currently envisaged is not affordable. There could be a significant impact on revenue costs from the creation of a new SEN facility.
2	Affordability Risk	MEDIUM	Projects will be re-phased and/or re-designed to fit the available budgets.
3	School Places Risk	HIGH	Forecast demand for pupil places remains high in the short to medium term.
4	Grant Funding Application Risk	MEDIUM	The chances of successfully bidding for additional grant funding are difficult to assess. Our success will also be subject to the quality of the application/s and the level of competition from other LAs.
5	Planning Risk	HIGH	All of the options will involve significant planning risk most notably in respect of Highways issues including drop-off and pick-up.

7 CONSULTATIONPrincipal Groups Consulted

- 7.1 All headteachers and Diocesan Authorities were sent details of the DGF and TBN funding opportunities prior to the closing dates.
- 7.2 Projects at individual schools have been subject of consultation with Headteachers and Governors.

Method of Consultation

- 7.3 Letters were sent to all headteachers and Diocesan Authorities were sent details of the DGF and TBN funding.
- 7.4 Meetings have been held with Headteachers and Governors at the individual schools.

Representations Received

- 7.5 No grant applications were received from individual schools or Diocesan Authorities for DGF or TBN funding.
- 7.6 The feedback from Headteachers and Governors has been captured into the designs of the projects at individual schools.

Background Papers

Details of the DGF funding stream and eligibility criteria can be found on the DfE website at:
<http://www.education.gov.uk/schools/adminandfinance/schoolscapital/a00210672/16-19-demographic-growth-and-sixth-form-college-fund>

Details of the TBN funding stream and eligibility criteria can be found on the DfE website at:
<http://www.education.gov.uk/schools/adminandfinance/schoolscapital/a00222248/targeted-basic-need-programme>

Contact for further information

Chris Taylor
(01344 354062)

Head of Property & Admissions
chris.taylor@bracknell-forest.gov.uk