

Report of the Built Environment Asset Management Planning Manager

Report to the Director of Children & Families

Date: 28th January 2019

Subject: Design & Cost Report for Schools Devolved Formula Capital Budgets for 2018/19 and 2019/20



Capital Scheme Number: 32986 000 000

Are specific electoral Wards affected? If relevant, name(s) of Ward(s): Various	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Is the decision eligible for Call-In?	<input checked="" type="checkbox"/> Yes	No
Does the report contain confidential or exempt information? If relevant, Access to Information Procedure Rule number:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Summary of main issues

- On 9th June 2017 and 11th July 2018 respectively, Leeds City Council received confirmation of the actual Devolved Formula Capital (DFC) grant allocations for the 2017/18 & 2018/19 financial years. Indicative funding allocations had previously been injected into the capital programme based on previous year allocations and the programme was subsequently updated following receipt of confirmed allocations which take into account schools that have converted or are due to convert to academy status.
- The purpose of this report is to request authority to incur expenditure of £3,059,926 in respect of the 2017/18 and 2018/19 Devolved Formula Capital grants. This amount comprises £1,554,699 in respect of 2017/18 and £1,505,228 in respect of 2018/19. Schools are allowed three years to spend their DFC grant allocations, and this report reflects the fact that previous authority to spend requests account for grants received up to and including the 2016/17 funding allocation. Approval of this report will enable schools to progress their DFC spending plans for the current year, and for 2019/20. DFC funding is devolved into individual school budgets for use on school buildings and other capital priorities, in line with school priorities and in the context of the LEA's Asset Management Plan.

Recommendations

- 3 The Director of Children & Families is requested to:
 - a) Give authority to incur expenditure of £3,059,926 in respect of the 2017/18 & 208/19 Devolved Formula Capital grants.
 - b) Note that the deadline for implementation is 31st March 2019 and the responsible officer is the Built Environment Team Lead.

1 Purpose of this Report

- 1.1 The purpose of this report is to seek approval from the Director of Children's Services to incur expenditure of £3,059,926 in respect of the 2018/19 & 2019/20 Devolved Formula Capital grants.

2 Background information

- 2.1 As in previous years, Leeds City Council has continued to receive Devolved Formula Capital grant allocations on behalf of schools. Actual grant allocations where known, or anticipated allocations, are injected into the programme as part of the annual budget process. Where based on anticipated allocations these amounts are updated in the programme following their confirmation by the ESFA.
- 2.2 On 9th June 2017 and 11th July 2018 respectively, Leeds City Council received confirmation of the actual Devolved Formula Capital (DFC) grant allocations for the 2017/18 & 2018/19 financial years. Indicative funding allocations had previously been injected into the capital programme based on previous year allocations and the programme was subsequently updated following receipt of confirmed allocations which take into account schools that have converted or are due to convert to academy status. Academy and voluntary aided schools receive their DFC funding allocations direct, rather than via the LA. The capital grant, which is provided by the Education and Schools Funding Agency (ESFA), is made up of a lump sum amount of £4,000 per school plus a per pupil amount of £11.25 for Primary Schools, £16.88 for High Schools, £22.50 Post-16 and £37.75 for Special Schools.

3 Main Points

- 3.1 The funding is for use on school buildings, in line with school priorities and in the context of the LEA's Asset Management Plan. It may be used to fund small capital projects or towards essential capital expenditure needs in relation to individual school Asset Management Plans. Examples of the type of works eligible for funding include health and safety works, refurbishment works, conversions, fire safety works and security works.
- 3.2 Particular types of investment that schools may wish to consider include:
- improvements to security, protecting both people and property;
 - improvements supporting better delivery of the curriculum, including specialist teaching areas such as science and technology;
 - support for pupils with behavioural problems;
 - accommodating increased numbers of adults and a wider range of support staff, improving accommodation to support effective non-pupil contact time, or providing innovative and flexible spaces for teaching and learning needs;

- the development of community use of facilities and integrating education and other local authority services within the school. This can include investment in such areas as nurseries, childcare facilities, lifelong learning facilities;
- improvement to social, play and recreational areas where these address curriculum or behavioural needs;
- improvements to staff areas and accommodation.

3.3 Additionally, with effect from 2006/07 the DfE (then known as the DCSF) has advised that schools should consider how they may use DFC to ensure that they provide at least one healthy meal per day on the premises, in reasonable comfort, and in suitable dining facilities. In the same year, DFC was adjusted to include an allowance for capital investment in ICT equipment, due to the discontinuation of the separate ICT capital grant. However, as a result of the spending review carried out by the previous coalition government, the level of DFC grant provided to local Authorities from 2011/12 onwards has been significantly reduced.

3.4 Schools have previously been able to request to draw down against future years allocations of DFC to fund projects costing in excess of existing balances for the period where future allocations have been identified by the Education Funding Agency. However, from 2016/17 onwards, this arrangement has no longer been available as the LA no longer has the cash flow capability to provide such a facility. In addition, if a school is able to draw down future funding but subsequently converts to academy status, the LA is unable recover the funding that has been drawn down.

3.5 Schools are requested to complete a Premises Development Plan in identifying and addressing Building condition issues in school buildings. These plans assist schools in prioritising DFC allocations. The PDP also assists the Authority in ensuring Asset Management Data is maintained centrally. Officers from the Children & Families Service use the above plans to assist in the prioritisation of future works.

4 Corporate Considerations

4.1 Consultation and Engagement

4.1.1 Schools are responsible for ensuring that the terms and conditions of the DFC grant are adhered to. The DFC grant may be used to fund improvements to buildings and other facilities including ICT or capital repairs/refurbishment in accordance with the priorities set by each school and in line with the Asset Management Plan.

4.1.2 All projects in excess of £5k will require approval by Children & Families Service Asset Management Board prior to commencement of the works.

4.1.3 The Executive Member for The Executive Member for Learning, Skills and Employment has been consulted around the content of this report.

4.2 Equality and Diversity / Cohesion and Integration

4.2.1 This grant is devolved into individual school budgets, generally to fund projects on a relatively minor scale. If, at a later stage, an element of this funding is used to

contribute towards the cost of larger projects, screening documents will be prepared and the need for individual equality impact assessments will be considered

4.3 Council policies and Best Council Plan

- 4.3.1 All proposed works will be required to be procured in accordance with LCC School Contract Procedure Rules.
- 4.3.2 The devolution of DFC funding to schools will contribute towards the modernisation of the school estate within the city, allowing schools to further develop an environment which meets the ever changing needs of pupils, staff and the local community.
- 4.3.3 This contributes to the 2018/19 – 2020/21 Best Council Plan outcomes for everyone in Leeds to ‘Do well at all levels of learning and have the skills they need for life’; ‘Be safe and feel safe’ and ‘Enjoy happy, healthy, active lives’. It also supports the vision in the supporting with a focus Children and Young People’s Plan 2018 - 2023 to build a child-friendly city on ensuring all children and young people are safe from harm; do well at all levels of learning and have the skills for life; enjoy healthy lifestyles; have fun growing up; are active citizens who feel they have a voice and influence.
- 4.3.4 This also contributes to the achievement of targets within Children and Young People’s Plan, such as our obsession to ‘improve behaviour, attendance and achievement’ whilst also helping with future staff retention, through schools being able to adapt their learning environments to suit their needs.

4.4 Resources and value for money

4.4.1 Capital Funding and Cash Flow.

Previous total Authority to Spend on this scheme	TOTAL £000's	TO MARCH 2018 £000's				
			2018/19 £000's	2019/20 £000's	2020/21 £000's	2021 on £000's
LAND (1)	0.0					
CONSTRUCTION (3)	0.0					
FURN & EQPT (5)	0.0					
DESIGN FEES (6)	0.0					
OTHER COSTS (7)	0.0					
TOTALS	0.0	0.0	0.0	0.0	0.0	0.0
Authority to Spend required for this Approval	TOTAL £000's	TO MARCH 2018 £000's				
			2018/19 £000's	2019/20 £000's	2020/21 £000's	2021 on £000's
LAND (1)	0.0					
CONSTRUCTION (3)	3059.9		1500.0	1559.9		
FURN & EQPT (5)	0.0					
DESIGN FEES (6)	0.0					
OTHER COSTS (7)	0.0					
TOTALS	3059.9	0.0	1500.0	1559.9	0.0	0.0
Total overall Funding (As per latest Capital Programme)	TOTAL £000's	TO MARCH 2018 £000's				
			2018/19 £000's	2019/20 £000's	2020/21 £000's	2021 on £000's
Devolved Formula Capital Grant	3059.9		1500.0	1559.9		
Total Funding	3059.9	0.0	1500.0	1559.9	0.0	0.0
Balance / Shortfall =	0.0	0.0	0.0	0.0	0.0	0.0

Parent Scheme Number: 32986 000 000

Title: Devolved Formula Capital Grant 2018/19 & 2019/20

4.5 Revenue Effects

4.5.1 Any additional revenue costs that may arise from this scheme will be managed within the relevant school budget.

4.6 Legal Implications, Access to Information and Call In

4.6.1 The recommendations of this report will be classified as a Key Decision and will be subject to call in. Notice of this proposed decision was first published on 5th December 2018, and as such, the decision will not be implemented until after the 28-day notice period has expired on 4th January 2019.

4.6.2 The decision maker's authority to take the decision is outlined in the City Council Constitution, within the Officer Delegation Scheme Executive Function – General Delegations to Officers paragraph 2a.

4.7 Risk Management

- 4.7.1 Where applicable, operational risks associated with capital projects will be addressed by effective use of CDM regulations, close supervision with contractors and continual liaison with schools.
- 4.7.2 The proposal to withdraw the facility for schools to draw down future year's allocations of DFC reduces the risk of financial loss for the authority when schools convert to academy status, whilst also reducing the impact on the Council's cashflow position.

5 Conclusion

- 5.1 Leeds City Council received £3,059,926 in respect of the 2018/19 & 2019/20 Devolved Formula Capital Grant, which is to be used by schools to fund small capital projects or towards essential capital expenditure needs in relation to individual school Asset Management Plans.
- 5.2 As in previous years, the funding will be devolved into individual school budgets and any works undertaken will contribute towards the modernisation of school buildings within the city, thereby helping to raise standards and increase the level of educational attainment amongst pupils.
- 5.3 Financial risk to the Council has been reduced through the proposal to withdraw the facility for schools to draw down future year's allocations of DFC.

6 Recommendations

- 6.1 The Director of Children & Families is requested to:
 - a) Give authority to incur expenditure of £3,059,926 in respect of the 2017/18 & 2018/19 Devolved Formula Capital grants.
 - b) Note that the deadline for implementation is 31st March 2019 and the responsible officer is the Built Environment Team Lead.

7 Background documents¹

- 7.1 None.

The background documents listed in this section are available to download from the Council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.