

Report of the Director of Children and Families

Report to the Leeds Schools Forum

Date: 6th October 2022

Subject: The Vine rebuild

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Summary of main issues

1. A business case to rebuild the Vine educational centre was approved by the council's Executive Board in December 2020.
2. The council has borrowed money to fund the Vine rebuild on behalf of the Dedicated Schools Grant (DSG), on the basis it would cost the High Needs Block more in external placements if the rebuild did not go ahead.
3. The cost of the borrowing repayments should be shown in the High Needs Block and this has been assumed in the budget. However we need to ask for approval from the Education, Skills and Funding Agency (ESFA) to charge the costs directly from the council's budget to the High Needs Block. This will avoid a more complicated and potentially more costly charging mechanism.
4. This report seeks Schools Forum's support for the request to the ESFA.

Recommendations

5. Schools Forum is asked to support charging the Vine borrowing costs directly from the council's budget to the High Needs Block.

1 Background information

- 1.1 A [business case](#) to rebuild the Vine educational centre was approved by the council's Executive Board in December 2020. The new centre is expected to be ready in late 2022.
- 1.2 The Vine is a commissioned service funded from the High Needs Block, providing adult education for young people aged 19-25 with complex special educational needs who have an Education Health and Care Plan.
- 1.3 The Vine rebuild was an 'invest to save' business case to avoid the use of more costly external provision, by ensuring the building is fit for purpose and can meet demand for places. Although the rebuild required borrowing of £10.8m, costing £374k per year over 60 years, it was expected to cost the High Needs Block more without the rebuild due to the need for additional external placements.
- 1.4 To enable the rebuild to happen the council borrowed money on behalf of the DSG. The annual cost of repaying this borrowing should be charged to the High Needs Block. This has already been assumed in the post-16 High Needs budget for 2022/23 as well as the DSG medium term financial strategy.

2 Main issues

- 2.1 The decision to rebuild Vine has already been taken and repayment of the borrowing costs is budgeted for within the High Needs Block. In this report we are asking Schools Forum to support the mechanism we plan to use for charging costs to the High Needs Block.
- 2.2 In order to charge the council's borrowing costs directly from the council's budget to the High Needs Block, we need to ask the ESFA to approve a 'disapplication request'. As part of our submission we will be asked to show support from Schools Forum.
- 2.3 If a disapplication request is not approved, the alternative would be to give the provider more funding from the High Needs Block, then the council would invoice them for the same amount to repay the borrowing costs. This would have the same effect of showing costs against the High Needs Block but would be a more complicated and less efficient transaction due to the extra steps. There would also be a risk of additional costs for the High Needs Block or council due to potential VAT implications.
- 2.4 We are therefore asking Schools Forum to support a disapplication request to the ESFA, so we can use the simplest mechanism for charging the Vine borrowing costs directly from the council's budget to the High Needs Block. Schools Forum has previously supported a similar request relating to borrowing for the Social, Emotional and Mental Health (SEMH) provision.

3 Recommendations

- 3.1 Schools Forum is asked to support charging the Vine borrowing costs directly from the council's budget to the High Needs Block.