

Local Members Interest
N/A

Prosperous Staffordshire Select Committee - Friday 26 July 2019

Capital Funding for New Schools

Recommendations

I recommend that the Select Committee considers the:

- a. work to date to open 6 new schools in Staffordshire
- b. forecast and funding for new schools over the next 5-years and beyond
- c. best value delivered in the building of new free schools

Report of Cllr Philip White, Cabinet Member for Learning and Employability

Summary

What is the Select Committee being asked to do and why?

1. Whilst, the role of local authorities has diminished - as the autonomy and accountability of individual schools and trusts and the Regional Schools Commissioner have increased - the county council still retains the duties to manage the supply and demand for primary and secondary school places in its area and to secure a place for every child of statutory school age who wants one.
2. By September 2019, the county council will have successfully opened 6 new free schools at a cost of around £60 million (in addition to the value of land used for the schools).
3. Where local population growth is forecast, largely from local plan housing by borough and district councils, more school places will be necessary through school expansion or new schools.
4. There is a degree of complexity and uncertainty to the capital funding for school places and it is important that the county council manages its capital programme well, gains best value from its investment and takes advantage of partnership working

Report

Background

5. The county council has determined its Strategic Plan for the next four years and one of its five strategic priorities is to "Improve Education and Skills provision in our

schools, colleges and universities so that more people gain the training and qualifications they need to succeed”.

6. The quality, availability and affordability of school places are vital.

New free schools

7. New schools are considered “free schools”; with the same legal status as academies, and new schools can be opened by one of two routes:

- a. [Free school presumption](#) – a local authority-managed process, where the local authority (LA) seek applications from academy trusts to open a new free school and recommends a preferred sponsor to the Department. However, the LA would be responsible for any capital funding shortfall.
- b. [Free School wave](#) - a Department for Education-managed process, where the Department invites applications to open new free schools and informs the local authority of the successful sponsor. Schools with less than 420-places (2FE) must follow the presumption route.

8. Under both routes, the final decision on the successful sponsor is taken by the Secretary of State for Education.

New schools in Staffordshire

9. Over the last five years, the county council will have opened 5 primary free schools and 1 secondary free school.

Primary Schools

- a. Veritas Primary Academy in Stafford - opened in 2015
- b. Five Spires Academy in Lichfield - opened in 2015
- c. Henhurst Ridge Primary Academy in Burton - opened in 2018 (wave route)
- d. Poppyfield Primary Academy in Cannock – opening in 2019
- e. Streethay Primary School near Lichfield – opening in 2019

(N.B. This excludes Scientia Academy in Burton, which opened in 2013).

Secondary Schools

- a. John Taylor Free School near Burton – opened in 2018 (wave route)

10. The county council publishes a list of [potential new free schools](#) on-line, which is updated annually, see Appendix 1. (N.B. 1FE and 2FE primary schools would have 210 and 420 places, respectively). The location of new schools is normally determined as part of the Local Plan process (led by district and borough councils in Staffordshire and local planning authorities bordering the county) and all new schools have gained planning permission.

11. The opening of further new free schools will be dependent, largely, on the actual rates of housebuilding on individual sites, which are often slower than the forecasts provided to the county council by district/borough councils and developers.

12. Although dates are indicative, over the next 5 years, the county council expects to open 7 more new schools:

- a. * North of Stafford – expected in 2021
- b. * Anker Valley, Tamworth - expected in 2021
- c. * Land West of Uttoxeter (a first school) - expected in 2021
- d. Branston Locks in Burton – expected in 2021 (wave route)
- e. Fradley Park near Lichfield - expected in 2022
- f. South of Shortbutts Lane in Lichfield - expected in 2022 (wave route)
- g. Deanslade Farm in Lichfield – expected in 2022

(* N.B. The free school presumptions for these 3 schools can be viewed [here](#)).

Capital funding for additional school places

13. Local authority capital programmes for school places rely on funding from:

- a. contributions from housing developers (capital and land)
- b. “basic need” funding from central government
- c. additional government funding for schools opened under the “wave” route
- d. local authority funding, borrowing or sale of assets

14. Housing developers help fund the cost of additional school places for children generated from new housing developments. More than one developer can contribute to a new school project, usually through Section 106 agreements, which are published by district and borough councils. Regulations require that “planning obligations” must only be sought where they meet all of the following tests:

- a. necessary to make the development acceptable in planning terms;
- b. directly related to the development; and
- c. fairly and reasonably related in scale and kind to the development

15. Central government allocate “basic need” funding to help local authorities.

16. Whilst there is a loss of influence for the local authority in schools opened through the Department for Education (DfE) “wave” route, the DfE will contribute to a shortfall in capital for a new school.

17. In some cases, local authorities have been forced to contribute to shortfalls in funding.

Capital funding for additional school places in Staffordshire

18. Given the uncertainty of housing development and pupil demographics over the long term, the county council focusses on a 5-year basic need capital programme for new schools and new school places.

19. Over the last 5 years, £64m has been spent to build 5 primary free schools and 1 secondary free school.

20. Over the next 5 years, £37m is forecast to be invested to build 7 primary free schools.
- Using the [county council's education planning obligations policy](#), officers in the School Organisation Team lead negotiations with developers. The planning obligations cover capital costs and, where necessary, sites for new schools. Over the last 5 years, almost £30m has been received in education planning obligations from developers. Tens of £millions more have been secured in Section 106 agreements although payment is dependent upon if, when and how each housing location is developed.
 - Over the last 5 years, the DfE have allocated £37m of basic need funding to Staffordshire. £13m has been allocated over the next 2 years (2019/20 and 2020/21).
 - In respect of the two wave schools that opened in Burton in 2018, the DfE contributed over £11m. The county council will be working with the DfE to agree the level of funding to support the next 2 “wave” schools (South of Shortbutts Lane in Lichfield and Branston Locks in Burton).
 - To date, the county council has managed its overall capital reserves to avoid borrowing to fund new schools.
21. The basic need capital programme has a high degree of complexity and uncertainty. In most cases school places must be added before all the funding is received; in others, the funding is retained until the project can be delivered. Funding from developers is difficult to predict as it is dependent on when (or even if) the housing development starts and the rate of housebuilding. There is uncertainty about future funding from government for basic need and towards the cost of new “wave” schools.
22. Table 1 forecasts that the county council will need to invest £241m of capital expenditure in new and expanded schools over the next 10-15 years, with a shortfall of £24m in funding. Whilst the 5-year programme is forecast to be fully funded, it is essential that the county council continues to negotiate contributions from developers and lobby for continued support from government.

Forecasts (figures are rounded)	5-year Basic Need Capital Programme					Basic Need to 2030+	Total
	2019/20	2020/21	2021/22	2022/23	2023/24		
	£m	£m	£m	£m	£m	£m	£m
Expenditure	37	25	26	8	5	139	240
Funding	(41)	(21)	(29)	(40)	(6)	79	(216)
Difference	(4)	4	(3)	(32)	(1)	60	£24m shortfall

Table 1: Forecast expenditure and funding for basic need projects to 2030+

Best Value

23. The county council has continued to deliver good value as the [2019 national benchmarking study](#) showed the costs of new free schools in Staffordshire were between 2.5% and 13% below the mean for 140 local authorities.
24. County council officers work closely together (e.g., from school organisation, strategic property, planning policy, legal, finance, highways, transport connectivity, early years and admissions) with Entrust and school building contractors, district and borough councils and the Department for Education and academy trusts to ensure that every new free school in Staffordshire has opened on time, unlike many free schools in other local authority areas.
25. Through active engagement in the planning process, officers, have sought to influence the location of new schools to maximise the opportunities to walk, cycle and scoot to school, benefitting the health of children and young people through activity and reducing the impact on air quality of pick up and drop off vehicles outside schools. Considering the availability of safe walking routes helps minimise the impact on school transport revenue budgets. Co-ordination of county council budgets across projects has helped finance necessary off-site highway and safety improvements that benefit both pupils and parents travelling to new schools.

Link to Strategic Plan

Staffordshire County Council Strategic Plan 2018 - 2022

List of Background Documents/Appendices:

Appendix 1 – Published list of sites for potential new free schools (as at October 2018)

Contact Details

Report Commissioner: Andrew Marsden
Job Title: County Commissioner for Access to Learning
Telephone No.: 01785 278787
E-Mail Address: andrew.marsden@staffordshire.gov.uk