

# BRIEFING NOTE

Agenda Item

No. 7

TO: Children Services Scrutiny Panel

DATE: 8<sup>th</sup> November 2010

## RE: Transforming Learning in Walsall - Capital investment update

### Purpose

Scrutiny Panel has requested a regular update on what the position is with the capital investment in schools buildings since the cessation of the Building Schools for the Future (BSF) programme on the 5<sup>th</sup> July by the Education Secretary Michael Gove

### Future of Capital Investment in schools

The Government has been clear that the end of the BSF programme does not signal the end of new school buildings. BSF accounted for just a third of all the money spent on education capital investments. The Government is committed to ensuring there will be a fairer, more effective and more efficient system for allocating capital money to schools, to best meet the need of the schools system during the next spending period.

The Chancellor announced on the 20<sup>th</sup> October in the CSR the commitment to spend £15.8 billion on 600 unspecified schools within England during the next spending period. What has become clear is that the 600 schools mentioned in the CSR are the 547 unaffected plus the 44 sample schools and academies approved in August. Those programmes where schools have not yet been built are facing 40% cuts in capital budgets. What remains unclear is what is going to happen to those that were stopped in July which include our schools.

The statement below was published on the Department for Education's (DfE) website shortly after the announcement by the Chancellor. We are currently seeking clarification from Partnership for Schools (PfS) and the DfE on what this means for schools in Walsall.

*"There will be a 60% reduction in real terms in capital spending over the Spending Review period. Following the decision to end the wasteful BSF programme there will be enough funding to meet demographic pressures and to address maintenance needs. The independent review of education capital will ensure that the Department for Education's capital budget is allocated in the most cost-effective way and targeted where there is most need. Over the Spending Review period there will be a total of £15.8 billion of capital spending. The average annual capital budget will be higher than the average annual capital budget in the 1997-98 to 2004-05 period"*

The DfE worked with academy sponsors after the announcement on the 5th July to ensure they could move forward with their academies. The 44 academies at the most advanced stage in their capital planning with PfS were approved on the 6th August and will receive their capital now. Capital allocations for the remaining 75 allegedly will be decided in the Comprehensive Spending Review (CSR) including Walsall's UTC.

The two schemes reinstated in Walsall are the academies at Darlaston and Shelfield which were approved to proceed as planned. The expression of interest for the University Technical College (UTC) on the Sneyd school site has been approved by the DfE and we have now formally entered the feasibility stage. A consultancy team from the DfE will be working with the sponsors and the local authority to work up the detailed business case. A site visit by PfS has taken place but we are not likely to know the capital allocation until early in the New Year.

On 5 July the Secretary of State for Education also announced a review of all areas of education capital spending. Its purpose is to change the way schools building are delivered in the future so that waste of both time and money is eliminated as far as possible.

The DfE also set up a Call for Evidence process and took views on the above proposals by the 17th of September 2010. These views will be fed into the Capital Review process and used to inform the CSR on the 20th October and will be reported in full by the end of 2010.

What has become clear is that any future capital investment will have different drivers than BSF and will be directed towards basic school needs with special focus on ensuring sufficient primary school places. In addition ensuring that buildings are in a suitable condition to deliver successful education contracts will receive greater importance along with new forms of more cost effective construction and delivery of any new school buildings.

### **Positioning Walsall's schools for future capital investment**

The aim of the national review is to ensure that future capital investment is better value-for money; less bureaucratic and more cost-efficient. Its priority is to ensure that every school place is fit for purpose and that rising numbers, especially in primary education, are addressed.

In anticipation of potential funding streams an analysis of existing school buildings and the potential impact of future pupil numbers across the Primary and Secondary estate will be required. Enabling the preparation of a matrix of information on all our schools which can be used to either respond to directions from the DfE or ensure that Walsall can focus and direct any available capital funding towards those schools with greatest need first. Following completion of condition and suitability surveys a review and prioritisation of the schools can take place with an accurate phasing strategy developed across all the schools both secondary and primary.

In addition to the reasons above the Council has a responsibility under the Education Contract with Serco and for reasons of health and safety to maintain an accurate condition survey of its entire education assets. The condition of the secondary estate would have been dealt with as part of the BSF first and subsequent waves but as result of the cessation of the programme is an outstanding and potentially critical issue that needs to be resolved.

Cabinet on the 13<sup>th</sup> of October approved the principal of proceeding with the secondary estate condition surveys and the preparation of the basic data necessary to prepare for the outcomes of the Capital Review. It also approved the principal of inviting the secondary schools to contribute funds to assist with this process.

This will enable us to have a clear picture of the condition of the entire education estate in Walsall and prepare any targeted investment programme that the Coalition Government will require in the future.

### **Financial**

Schools Forum on the 28<sup>th</sup> September passed a motion asking for the return of the money contributed by schools to BSF as soon as possible. In addition they asked for a paper setting out how the sums invested by the schools and Council had been spent and the percentages they would all be receiving. This paper has been presented by Dan Mortiboys at the Schools Forum on the 19<sup>th</sup> October. We understand that the principals set out in the paper were approved by the Forum and sums have already been paid back to many of the schools.

Broadly just over £2million was spent by the Council on BSF up to its cancellation on the 5<sup>th</sup> June. Of the remaining £3.45m of unspent funds £1.95m will be returned to the Council and £1.5m returned to the Schools. These sums of money also have to be returned in the correct percentage of revenue and capital that they were invested by both parties. This is an important point as only revenue can be used to carry out preliminary surveys and feasibility studies on the estate in future.

Early indications have shown that to carry out all the work that will be required to prepare our secondary schools for capital investment will require a budget of circa £500,000. We believe that by carrying out due diligence on the information gathered on the six secondary schools in BSF and information that Serco already have on the remainder will enable us to bring the costs down closer to £400,000

It is therefore the Council's intention to use its unspent revenue (£158,000) to start the process of carrying out the surveys. Pauline Pilkington Executive Director for Children's Services has written to secondary Head Teachers advising them of this intention and inviting them to consider assisting the Council by providing a sum from their unspent revenue (£779,000). Once we have a clear understanding of the amount available we will be able to proceed with the programme of surveys in full or depending on the amount a reduced or targeted programme.

## **Conclusion**

We have to conclude that any new programme that enables Walsall to put itself in a strong position to respond to the outcomes of the national Capital review has to be money well spent. In addition it is our contractual obligation to ensure that we have an accurate position of all our schools condition and suitability. As previously mentioned the secondary estate would have been picked up by BSF and it is therefore imperative that this work is now carried out as a priority.

In addition the Council needs to assess if there are any other opportunities for additional capital from other areas including the outstanding Section 77 applications. This will enable us to develop a strategy for the delivery of capital investment to the schools and young people of Walsall that they deserve.

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