

BUDGET 2008/09 – FUNDING FOR DUAL USE SPORTS FACILITIES

Report of the Director of Children Schools and Families

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1. Purpose

- 1.1 To consult the Forum on a proposed change to the school funding formula regarding funding for dual use sports facilities.

2. Background

- 2.1 At a number of secondary schools, sports facilities were established in the 1970's under long term dual use agreement between the District and County Councils. The costs were shared according to proportions laid down in the agreements, usually at 40% for the County Council (representing school use) and 60% for the District Council (representing community use).
- 2.2 On the introduction of local management particular funding arrangements were put in place for schools with these original dual use facilities. The dual use agreements were ill-suited to the circumstances of local management of schools, as the schools had only limited control over the operation or costs of the facilities. Special funding arrangements were not extended to schools which developed new community use sports facilities such as lottery schemes. This is because the schools had the choice over whether to develop them in the first place and the opportunity to agree the financial arrangements within the context of local management.

3. Existing Financial Arrangements for Dual Use Facilities

- 3.1 In general the facilities are operated by the District Councils who then recharge the County Council for 40% of the costs. In some instances, however schools pay particular costs directly, due for example to the metering arrangements (Leventhorpe as a Foundation school pays the whole cost direct as the agreement is between the school and the District). On the introduction of LMS the attempt was made to integrate these arrangements with delegated school budgets. The system introduced in 1991 has remained substantially in place ever since and operates as follows:
- 3.1.1 The District Council's invoice is divided into items normally delegated to schools (such as energy, rates etc) and costs that are more specific to the dual use

arrangements (such as a centre manager). The County Council pays for the more specific costs. Those items which will normally be delegated are charged to schools through the direct debit system.

3.1.2 Schools receive funding through three routes:

- a) The floor areas of the dual use facilities are included in the schools floor areas for the calculation of budget shares.
- b) Rates – any dual use rates are funded on actual costs through the budget share like the school's rates.
- c) An additional allocation of earmarked funding is made. The system of calculating this is somewhat archaic. There are three elements:
 - i) an energy and water allocation intended to top up the school's energy and water funding for the difference between its budget share allocation and the overall site cost (including the dual use). The overall site costs are still based on 1989/90 data which is adjusted for inflation each year.
 - ii)+iii) Amounts for repairs and maintenance and cleaning.

Annex A lists the dual use facilities and details the costs and funding for each of the schools affected, for the last complete financial year, 2006/07.

3.2 This funding system is complex, out of date and not very accurate at reflecting current costs. Furthermore the cost of the earmarked funding and of the specific items which the County Council pays for direct, falls on budgets managed by the Authority rather than the Schools Budget. It is proposed to revise the funding system so that it is simpler and more logical and so that all the costs are met from schools delegated budgets.

4. Current Developments with the East Herts Swimming Pools

4.1 There are two issues likely to impact on the arrangements for operating the three East Herts pools.

4.1.1 EHDC is reviewing the pools and how they will in future be run and managed.

4.1.2 A health and safety issue has arisen over the extent to which the schools should carry the responsibility and liability for health and safety at the pools during the school day. Further legal opinion is being sought and the resolution of this issue may involve changes to the management arrangements of the pools.

The County Council is involved in discussion on both topics. It is unclear at this stage whether or how these developments will impact on the level of costs attributed to school use.

5. Proposed New Funding Arrangements

5.1 It is proposed that the responsibility to pay the entire school use share of the dual use costs should be delegated to schools.

Additional funding for the additional responsibility would be delegated in budget shares. There are two options for delegating the funding currently held centrally.

5.1.1 Using a formulaic distribution between the schools.

5.1.2 Regarding the dual use payments to the districts as "rents payable" in funding terms and thus funding them at actual costs.

- 5.2 The advantage of formulaic distribution is that it separates funding from the actual costs, thereby giving schools an incentive to negotiate efficiencies with the District Councils (and rewarding schools that have already done so). It is also less bureaucratic and funding would not need to be adjusted following the receipt of final invoices from the districts. Furthermore some costs are paid directly by the schools, without having been recharged by the Districts. Establishing the dual use element of these could be difficult.
- 5.3 However, there is some disparity between the costs charged by the different District Councils reflecting different practices and modes of operation. It is difficult to replicate these by formula. Furthermore a formula established now would not take account of any cost changes resulting from any new management arrangements at the East Herts pools.
- 5.4 Having considered a number of options it is proposed to fund the dual use facilities formulaically.
- a) The dual use premises would continue to be counted as part of the school when calculating floor area and rates funding within school budget shares. For Fernhill this would seem to provide an adequate level of funding.
 - b) However, for the other six schools an additional lump sum would be allocated. These lump sums (at 2006/07 prices) would be £90,000 for a pool and £40,000 for a sports hall. Where a facility has both, the pool allocation would apply.

The value of the lump sums would be reviewed annually and consideration would be given to adjusting them if there was a significant change in the level of costs for school use of the facilities.

Annex A shows the impact of the proposal based on 2006/07 data.

- 5.5 The Planning Team will take forward the discussions with East Herts District Council. It will also consider whether any changes agreed in due course in the management arrangements relating to the East Herts pools could then usefully be extended to the other dual use facilities.

6. Contract Management

- 6.1 An effect of the change to funding arrangements would be that the management of dual use contract would be delegated to the school. The Authority will continue to provide legal advice on the dual use contract.
- 6.2 If the dual use agreement with the District Council ceases to exist, public access to the facility would become entirely the responsibility of the school, which would also receive any income generated. The dual use allowances would therefore cease to be provided at the date of the contract termination.

7. Conclusion

The Forum is asked to comment on the proposals.