

**HERTFORDSHIRE COUNTY COUNCIL**

**CABINET**

**MONDAY 11 February 2002 AT 2.00 P.M.**

Agenda Item No.

Other Part 1

Business

**B**

**SUBJECT: CAPITAL PROJECTS AT SCHOOLS – PROPOSED  
AMENDMENTS TO THE FORMULA FOR SCHOOL CONTRIBUTIONS**

Report of the Director of Children, Schools and Families

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**1. Purpose of report**

- 1.1 To propose a simpler formula for schools contributions to capital projects.
- 1.2 At the moment school contributions are only required for minor works but the proposal is to extend this to cover major projects (over £100,000).
- 1.3 For “basic need” schemes, to require a contribution to any improvement element over and above the work to provide extra places.

**2. Summary**

- 2.1 The proposed formula is as set out in the tables at 5.5 and 5.6 in this report.
- 2.2 It would apply to major and minor capital projects.
- 2.3 The proposed new formula would be totally transparent.
- 2.4 In the light of comments from the Resources Partnership Group officers wish to consult with all schools on the proposal before a final decision is agreed.

**3. Conclusion**

- 3.1 If the cabinet supports the proposal it could be adopted for capital schemes which have funding for 2002/03 onwards subject to the outcome of the consultation with schools. This could mean that approximately an extra £75,000 would be available in year one to fund additional major capital schemes starting in 2002/03. The total available over a four year period would be £300,000.

#### **4. Background**

- 4.1 Two years ago Members took the decision to require a contribution from all schools which had a successful minor works bid.
- 4.2 This followed the introduction of devolved formula capital for all schools. Next year (2002/03) there will be an increase of 20% on this years allocation and in 2003/04 the allocation will be even greater.
- 4.3 Currently there is a fairly complicated formula for working out the required contribution for minor works.
- 4.4 The formula takes account of:
  - 4.4.1 The condition of the school buildings, but that information is based on data which is only collected once every three years.
  - 4.4.2 School balances: but that information could be used at an earlier stage in the process of prioritising the need for funding.
- 4.3 Because of the above constraints it is not possible to work out how much a school will be asked to contribute until the start of the financial year for which the funding has been allocated.
- 4.4 With a two year rolling programme (at least for minor works) schools know that they will have a project 12 months hence but they do not know how much they will be asked to contribute to the scheme until much nearer the time.
- 4.5 There is a certain “unfairness” in that school contributions are required for minor works but not major works.
- 4.6 Schools are receiving more devolved capital funding and therefore the Cabinet may want to encourage a more widespread application of the policy for contributions to capital projects so that more schemes can be funded.

#### **5.0 New Proposals**

- 5.1 To adopt a simple formula for schools contributions for both major and minor works schemes so that, from the outset, schools will know what contribution they will have to make.
- 5.2 The suggested formula has been amended following discussion at the Resources Partnership Group on 6 February 2002.
- 5.3 A number of the representatives on that group were concerned about:
  - i) The level of the required contribution.

- ii) The significant “steps” in the proposal.
- iii) The fact that schools could be left with no devolved capital for other essential small projects in a particular year.
- iv) The fact that all schools did not have a chance to comment on the proposal.

5.4 As a consequence of that discussion the issues could be addressed in the following ways:

- i) The level of the contribution for schemes would never be higher than 50% of the total cost. This affects smaller schemes where there was a greater concern..
- ii) More “steps” have been built in to the formula and therefore the “jump” between steps is not so significant.
- iii) Schools contributions could be spread over two years for the smaller projects (minor works) and over four years for major works
- iv) Officers recommend consultation with schools before a decision on the level of contributions is finally agreed.

#### 5.5 Primary and Special Schools

<b>Scheme Costs</b>	<b>School Contribution</b>	<b>Approximate amount *</b>
£20,000 - £50,000	1 year devolved capital	£12,000 *
£50,001 - £75,000	1 ¼ years devolved capital	£15,000 *
£75,001 - £100,000	1½ years devolved capital	£18,000 *
£100,001 - £250,000	1 ¾ years devolved capital	£21,000
£250,001 - £500,000	2 years devolved capital	£24,000
£500,001 - £1,000,000	2¼ years devolved capital	£27,000
£1,000,001 +	2½ years devolved capital	£30,000

#### 5.6 Secondary Schools

<b>Scheme Costs</b>	<b>School Contribution</b>	<b>Approximate amount*</b>
£50,000 - £100,000	1 year devolved capital	£40,000 *
£100,001 - £250,000	1 ¼ years devolved capital	£50,000
£250,001 - £500,000	1½ years devolved capital	£60,000
£500,001 - £750,000	1 ¾ years devolved capital	£70,000
£750,001 - £1,000,000	2 years devolved capital	£80,000
£1,000,001 +	2¼ years devolved capital	£90,000

\* No contribution to be more than 50% of the total cost.

5.7 The figures in the right hand column of the above tables are approximate amounts for a one form entry primary school (5.5) with 210 pupils (5.6) and a six form entry secondary school with 1000+ pupils.

- 5.8 The actual contribution will vary in line with the devolved formula allocation.
- 5.9 As the devolved formula increases so will the contribution required.
- 5.10 It is proposed to discuss the proposal at the next Resources Panel on 8 February 2002 and Members comments will be tabled at the Cabinet meeting.

## **6.0 Impact of the Proposal Changes**

- 6.1 This means that for the first time schools with a successful major bid (over £100,000) would be required to contribute to the overall cost of the scheme.
- 6.2 For most schools the contribution for smaller projects (£20,000 - £70,000 for primaries) and (£50,000 - £100,000 for secondaries) would be slightly greater than this year but that is partly because schools will have more devolved capital next year.
- 6.3 For schools with “basic need” schemes i.e. where funding is provided to accommodate extra pupils, the school contribution will be added to, not form part of, the “basic need” funding. This will allow more to be achieved than the “bare minimum” in terms of new and/or refurbished accommodation.
- 6.4 The Authority must retain the right to waive the contribution in exceptional circumstances.
- 6.5 In circumstances where there are many more identified needs than can be financed more schemes will be completed if schools make the required contribution.
- 6.6 For the major capital programme in 2002/03 there would be a further £75,000 (approx) available in year one (i.e. 2002/03) for other new starts.

The draft capital programme for 2002/03 has not been able to include several high priority schemes. If the proposal in this report is approved (subject to consultation with schools) offices will agree with the schools in the programme their contribution and then suggest additional schemes to the Executive Member.