

# **CHILDREN'S SERVICES SCRUTINY COMMITTEE**

## **CEF CAPITAL PROGRAMME- 2011/12 to 2016/17**

### **Report by the Director for Children, Education & Families**

#### **Purpose**

1. This report informs the Children's Services Scrutiny Committee of the CEF Capital Programme. It focuses on three key areas:
  - a) The overview of the proposed CEF Capital Programme for council approval in February 2012;
  - b) The changes made to the proposed CEF Capital Programme since the last update to the Committee on 15<sup>th</sup> December 2011;
  - c) Future considerations and uncertainties in the context of the development of the Capital Investment Strategy

#### **Background**

2. On 15<sup>th</sup> December 2011, the Committee considered the proposed investment priorities for the CEF Capital Programme. The Committee also noted that the Department of Education (DfE) has announced a £3.514m reduction in the settlement on 14<sup>th</sup> December 2011. During the meeting, it was reported that this reduction would likely to be reflected in the level of investment in the Schools Structural Maintenance Programme over the 5-year programme planning period.
3. This report follows that discussion and informs the Committee on the revised investment proposals following the DfE announcement.

#### **The Overview of the CEF Capital Programme & Key Investment Blocks**

4. The Council manages a 5-year Capital Programme and the CEF Capital Programme is the largest part of this overall programme. Overall, the Council plans to invest just under £169m<sup>1</sup> in the CEF Programme between 2011/12 and 2016/17. This equates to 46.7% of the total planned capital investment over the same period.<sup>2</sup>
5. The key investment priority for the CEF Capital Programme is the Basic Needs Programme (£41.7m). This follows the fact that one of the key investment challenges for the Council is the rapid and substantial growth in demand for primary school places forecast over the period 2011/12 – 2016/17 in Oxford City, Witney, Wantage and Henley in particular. Although, there remain surplus school places across the secondary schools estate, a general demand for secondary places is likely to emerge from 2015/16 onwards or earlier in some areas given pressures in some areas due to the mis-match between available

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<sup>1</sup> This sum excludes the schools led investment of £20.390m.

<sup>2</sup> This percentage level is calculated on the Directorates Capital Programme (£361.7m).

places and the demand pattern. Similarly, a substantial part of the CEF Capital Programme (£51.5m) is composed of schemes directly related to the housing growth. These are schemes primarily funded by developer contributions. In February 2011, the Council also agreed to create a Schools Structural Maintenance Programme. The proposed investment total for this programme is £29.4m as per cabinet papers dated 17<sup>th</sup> January 2012. This programme is dependent on the number of schools that convert to academy status over the course of the five year period and the level of basic needs pressure in the future. All together, these three blocks of investment represent 72.6% of the overall investment total for the CEF Capital Programme.

### **The DfE Announcement & Its Impact on the CEF Capital Programme**

1. On 14<sup>th</sup> December, both capital maintenance and basic needs allocations were reduced by £1.735m and 1.778m respectively for 2012/13. Because the Council plans the programme across a 5-year period, the longer term implication of these reductions had to be addressed as part of the Service & Resource Planning process.
2. The reduction in the capital maintenance allocation was a due to the schools that have converted to academy status or are about to do so. This position indicates that the DfE is likely to manage the capital funding for academies at the central level and therefore relatively large reductions may be expected on an annual basis. The scale of the reduction also meant that it is more appropriate to manage the risk adjustment to this funding stream in line with what may be the possible mix of providers of education in the sector in Oxfordshire in 2016/17. Therefore, the Council revised its resources assumptions to expect about a 50% reduction (from £11.580m in 2011/12 to £5.790m in 2016/17) in the level of capital maintenance allocation over a 5-year period.
3. This reduction in the estimated level of funding meant that the Council needed to change the level of investment in the schools' structural maintenance programme. The programme is now projected to be reduced in size on an annual basis (from £7.654m to £3.250m per annum). *The cumulative impact of this reduction is £14.270m.*<sup>3</sup> This revision is in line with the Council's earlier decision on adjustments to the size of this programme.
4. The reduction in the basic needs allocation is mainly due to a change in the methodology for allocating funding for pupil places; the methodology now includes both numbers on roll and capacity data. In order to reduce the impact of this reduction on the overall programme, the size of Schools Access Initiative Programme has now been

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<sup>3</sup> This sum includes a reduction of £10.366m in the current SSM programme and a reduction of £3.904m in 2016/17 SSM programme expenditure estimates.

reduced by over 50%<sup>4</sup> to £3.166m across the six year period (including the current year). This adjustment enabled the Council to match the reduction in the basic needs settlement without having a further impact on the Basic Needs Programme and limit the level of reduction in the Schools Structural Maintenance Programme.

5. The table below shows that proposed investment priorities for the CEF Programme following these changes:

<b>Priority Investment Proposals</b>	<b>17/01/2012 £m</b>
Basic Needs Programme	10.630
Schools Structural Maintenance Programme (Including £500k contribution to School Energy Reduction Programme)	3.750
Schools Access Initiative Programme	0.400
Health & Safety Programme	0.400
Schools Energy Reduction Programme (Prudentially Funded Element)	1.000
Contribution to the School Led Development in Great Tew Primary (Conditional Approval)	0.100
<b>Total</b>	<b>16.280</b>

### **The Capital Strategy - Future Consideration and Uncertainties**

6. It is difficult to predict the changes to future years' local government finance settlements for local authorities in this area given the ongoing education capital review. Therefore, it is important to remember that both the size of the programme and the resources figures need to be taken as provisional at this stage as they are subject to future years' settlements by central government, the realisation of an estimated level of contributions from external parties and the delivery of the disposal programme.
7. The future shape of the education sector is still uncertain as the policy framework continues to evolve and a new market develops. Free Schools and Academies proposals will influence the Council's strategy around how investment is shaped across the schools' estate in the medium to long-term. Over the coming years, the Council will shift away from being the direct provider of education towards being a commissioner.

<sup>4</sup> The total reduction from 2011/12 to 2016/17 is £3.51m which includes £2.766m in the current capital programme and £0.742m in 2016/17 estimated programme total.

8. There will be new models of school organisation including the creation of more federations, trusts and academies and other arrangements that generate greater collaboration between early years, primary, secondary and post-16 providers. These models will be encouraged as a means of improving the educational experience of children and young people. These changes to school organisations are likely to have an impact on the required school infrastructure and lead to the use of available capital funding to support more collaborative working among schools and other education partners.

**Jim Leivers**  
**Director for Children, Education & Families**

Contact Officers:

Roy Leach, Schools Organisation & Planning Manager, CEF, 01865 816458  
Arzu Ulusoy-Shipstone, Capital Investment & Business Development  
Manager, E&E, 07824 416661

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