

Appendix 2: Schools Capital Programme 2016-17 Stages 1 - 4 Requirements and Financial Model.

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1. Financial Modelling Approach

The number of school places required may change during the development of options for the Schools Basic Need Capital programme as a result of Free Schools and Academy expansions and as a result of changes to net migration.

In order to deliver the Schools Capital Programme within available resource the following approach is taken:

Step 1: Requirements for each Stage

Define requirements for each stage of the capital programme:

- i) how many additional places are required in Special, Primary and Secondary schools to meet Basic Need
- ii) Priority maintenance requirements to prevent school closure

Step 2: Resources available for each Stage

Set out the confirmed funding for the delivery of the capital programme and identify how many of the requirements can be met from the available capital funding

Step 3: Affordability measures for each Stage

Quantify the requirements that must be found either through

- i) maximising use of existing space
- ii) identifying alternative funding sources (Section 106, school contributions, bidding opportunities, LCVAP, Community Infrastructure Levy, future Basic Need / Capital Maintenance allocations, capital receipts)

2. Basic Need Funding Allocations

The Basic Need funding allocations announced to date are:

Confirmed Basic Need Allocations			
2016/17 £,000	2017/18 £,000	2018/19 £,000	TOTAL £,000
49,318	15,052	40,054	104,424

3. Capital Maintenance Funding Allocations

The Capital Maintenance funding allocations announced to date are:

Capital Maintenance Allocations*			
2016/17 £,000	2017/18 £,000	2018/19 £,000	Total £,000
12,316**	12,316*	12,316*	36,948

* subject to change depending upon number of academy conversions

** confirmed

The sections below set out how we intend to deliver the requirements of each stage within the resource available. However, as independent decisions taken by Academies and Free Schools change the education landscape and as the development of preferred options clarifies the costs of each individual solution, there will be a degree of re-profiling within the funding available.

This is part of the annual update to Cabinet and covers

- i) Changes to requirements based on demographic analysis and updates regarding Academy and Free School expansions
- ii) Update on funding including any new funding streams or capital allocations
- iii) Modelling of requirements for the current and next stages of the capital programme
- iv) Update on solutions developed and any re-profiling of capital requirements within resources available
- v) Update on delivery against capital programme outputs

4. Basic Need High Level Summary of Total Programme Cost

Expenditure

Basic Need	Total cost to date as per July 2015 Cabinet Report £'000	Total cost to date as per June 2016 Cabinet Report £'000	Variance £'000	
Stages 1 & 2	122,578	120,456	(2,122)	See 4(a) below
Stage 3	39,000	39,000	0	
Total	161,578	159,456	(2,122)	

Resourcing

Basic Need	Total resource to date as per July 2015 Cabinet Report £'000	Total resource to date as per June 2016 Cabinet Report £'000	Variance £'000	
Stages 1 & 2	122,578	120,456	(2,122)	See 4(a) below
Stage 3	39,000	39,000	0	
Total	161,578	159,456	(2,122)	

- 4(a) The reduction in Stage 1 and 2 Basic Need costs and resourcing is due to the Hall Green project not proceeding as this need had been met by a Free School. £2.25m had previously been allowed for Hall Green in Stage 1 (APP4).

5. Capital Maintenance High Level Summary of Total Programme Cost

Expenditure

Capital Maintenance	Total cost to date as per July 2015 Cabinet Report £'000	Total cost to date as per June 2016 Cabinet Report £'000	Variance £'000	
Stages 1 & 2	53,155	57,610	4,455	See Note 5(a) below
Stage 3	18,000	14,700	(3,300)	See Note 5(b) below
Total	71,155	72,310	1,155	

Resourcing

Capital Maintenance	Total resource to date as per July 2015 Cabinet Report £'000	Total resource to date as per June 2016 Cabinet Report £'000	Variance £'000	
Stages 1 & 2	53,155	57,610	4,455	See Note 5(a) below
Stage 3	18,000	14,700	(3,300)	See Note 5(b) below
Total	71,155	72,310	1,155	

5(a) The increase in Stage 1 and 2 costs and resourcing is due to: -

- £5.23m capitalisation of spend directly incurred by schools
- Reduction of £0.7m for Elms Farm project being deferred from Stage 2 to Stage 4 due to the project being delayed as a result of the design not being progressed as planned, partially due to having to carry out works to a trial area first and partially due to slow progress in design.

5(b) The reduction in Stage 3 costs and resourcing is due to: -

- Transfer of £1m of forecast 2015/16 expenditure and £1.9m of forecast 2016/17 expenditure from Stage 3 to Stage 4 as commitments have not been incurred as expected (£1.55m asbestos works, £0.35m kitchen extract upgrades and £1m planned maintenance)
- Stirchley Primary (£300k in 2016/17) heating project has been deferred from Stage 3 to Stage 4 so that work can be undertaken outside of the heating season and Yardley Wood Primary (£120k in 2016/17) roofing project has been deferred from Stage 3 to Stage 4 in order to seek clarity regarding the prioritisation of this scheme

6. Stage 1 and 2 Programme Update

Stage 1 and 2 requirements and funding were reported to cabinet in July 2015. This section provides an update on how and why the requirements have changed and shows how these changes are being funded.

a. Stage 1 and 2 requirements

Stage 1 & 2 Programme Requirements	July 2015 Cabinet Report				June 2016 Cabinet Report				Variance in Total Position from July 2015
	Total £'000	2012-15 Outturn £'000	2015/16 projected £'000	2016/17 projected £'000	Revised total £'000	Actual 2012-15 £'000	2015/16 Outturn £'000	2016/17 projected £'000	
Additional Primary Places, APP Phases 1 - 5	65,934	42,153	18,601	5,180	63,465	42,153	13,063	8,249	-2,469
Special School Additional Places, SSAP, Phase 1 - 2	33,088	5,637	21,196	6,255	33,299	5,637	21,934	5,728	211
Additional Secondary Places, ASP Phase 1a – 1b	20,493	3,941	9,798	6,754	20,493	3,941	11,660	4,892	0
Demographic Growth Capital Funding 2013, LDD Provision 16-25	3,063	1,892	1,171		3,199	1,892	1,158	149	136
Additional Places Sub-Total	122,578	53,623	50,766	18,189	120,456	53,623	47,815	19,018	-2,122
Repayment in respect of existing land commitments	5,923		2,923	3,000	5,923	0	2,923	3,000	0
Early Years Capital	1,399	115	1,284		1,399	115	694	590	0
Capital Maintenance Programme	38,594	29,047	9,547		37,820	29,047	8,620	153	-774
Capitalisation of spend directly incurred by schools	14,561	14,561			19,790	14,561	5,229	0	5,229
Universal Infant Free School Meals	2,821	1,858	963		2,821	1,858	850	113	0
Total Requirement	185,876	99,204	65,483	21,189	188,209	99,204	66,131	22,874	2,333

b. Resource available for Stage 1 and 2 requirements

Resource for Stages 1 & 2	July 2015 Cabinet Report				June 2016 Cabinet Report				Variance in Total Position from July 2015	
	Total	2012-15 Resource Profile	2015/16 Resource Profile	2016/17 Resource Profile	Revised total	Actual 2012-15	2015/16 Outturn	2016/17 projected		
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Basic Need Budget 2012/13 cumulative position	69,597	65,145	4,452		69,597	65,145	4,452	0	0	School contributions reduced by £1m, as it is anticipated that the majority of schemes will be school led and will be paid for by a grant to the school, rather than receipt of a contribution from the school
Basic Need Allocation 2013/14 & 2014/15	21,916	4,312	17,604		21,916	4,312	17,604	0	0	
Basic Need Allocation 2015/16	37,390		19,201	18,189	36,268	0	19,883	16,385	-1,122	
Basic Need Allocation 2016/17	0				0	0	0	0	0	
Targeted Basic Need	3,493	890	2,603		3,493	890	2,603	0	0	
Demographic Growth Capital Funding	2,295	1,124	1,171		2,295	1,124	1,158	13	0	
Capital Receipts	2,100		2,100		2,100	0	2,100	0	0	
School contributions	3,356	2,054	1,302		2,347	2,054	167	126	-1,009	
Section 106	248	37	211		257	37	0	220	9	
Capital receipts to fund land commitments	5,922		2,922	3000	5,922	0	2,923	2,999	0	
Early Years 2 year old grant 2015/16	2,899	115	2,784		1,399	115	694	590	-1,500	
Capital Maintenance Grant 2013/14	11,526	11,526			11,526	11,526	0	0	0	
Capital Maintenance Grant 2014/15	10,497	2,681	7,816		10,497	2,681	7,816	0	0	
Capital Maintenance Grant 2015/16	2,352		2,352		3,079	0	652	2,427	727	
Prudential Borrowing	2,297	2,297			2,297	2,297	0	0	0	
Revenue Contribution (DRF)	8,566	8,566			13,795	8,566	5,229	0	5,229	
Universal Infant Free School Meals	2,267	1,304	963		2,267	1,304	850	113	0	
Total	186,721	100,051	65,481	21,189	189,055	100,051	66,131	22,873	2,334	

7. Stage 3 Programme Update:

Stage 3 requirements and funding were reported to cabinet in July 2015. This section provides an update on how and why the requirements have changed and shows how these changes are being funded.

a. Stage 3 requirements

Stage 3 Programme Requirements	July 2015 Cabinet Report				June 2016 Cabinet Report				Variance in Total Position from July 2015	
	Total	2012-15 Outturn	2015/16 projected	2016/17 projected	Revised total	Actual 2015/16	2016/17 projected	2017/18 projected		
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Additional Primary Places, APP Phase 6	30,000		4,500	25,500	30,000	1,145	18,857	9,998	0	See Note 7(a)
Special School Additional Places, SSAP, Phase 3	9,000		1,800	7,200	9,000	149	5,122	3,729	0	See Note 7(a)
Additional Places Sub-Total	39,000	0	6,300	32,700	39,000	1,294	23,979	13,727	0	
Capital Maintenance Programme	12,000		5,409	6,591	8,700	3,953	4,747	0	-3,300	See Note 7(b)
Capitalisation of spend directly incurred by schools	6,000		6,000		6,000	6,000	0	0	0	
Total Requirement	57,000	0	17,709	39,291	53,700	11,247	28,726	13,727	-3,300	

7(a) The actual expenditure in 2015/16 and profiled 2016/17 expenditure is less than forecast in the July Cabinet Report due to delays in the programme as a result of undertaking a mini competition to procure a contractor following the Lean Review of the Capital Programme. The requirement for pupil places in these years is being met on a temporary basis where required. A class base was/will be provided on a temporary basis at Maney Hill Primary School, Mere Green Primary School, Yenton Primary School and Osborne Primary School, to take the initial class.

7(b) Capital Maintenance Programme expenditure is less than forecast in the July Cabinet Report due to transfer of £1m of forecast 2015/16 expenditure and £1.9m of forecast 2016/17 expenditure from Stage 3 to Stage 4 as commitments have not been incurred as expected (£1.55m asbestos works, £0.35m kitchen extract upgrades and £1m planned maintenance) together with Stirchley Primary (£300k in 2016/17) heating project being deferred from Stage 3 to Stage 4 so that work can be undertaken outside of the heating season and Yardley Wood Primary (£120k in 2016/17) roofing project being deferred from Stage 3 to Stage 4 in order to seek clarity regarding the prioritisation of this scheme.

b. Resource available for Stage 3 requirements

Resource for Stage 3	July 2015 Cabinet Report				June 2016 Cabinet Report				Variance in Total Position from July 2015	
	Total	2012-15 Resource Profile	2015/16 Resource Profile	2016/17 Resource Profile	Revised total	Actual 2015/16	2016/17 projected	2017/18 projected		
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Basic Need Allocation 2015/16	9,578		6,300	3,278	8,578	1,294	7,284	0	-1,000	See Note 7(a)
Basic Need Allocation 2016/17	29,422			29,422	30,341	0	16,614	13,727	919	See Note 7(a)
Section 106	0				81	0	81	0	81	See Note 7(a)
Capital Maintenance Grant 2015/16	10,407		10,288	119	9,679	9,679	0	0	-728	See Note 7(b)
Capital Maintenance Grant 2016/17	5,981			5,981	4,409	255	4,154	0	-1,572	See Note 7(b)
Early Years grant in support of capital maintenance	500		500		500	0	500	0	0	
School contributions in support of capital maintenance	1,112		621	491	112	19	93	0	-1,000	See Note 7(b)
Total	57,000	0	17,709	39,291	53,700	11,247	28,726	13,727	-3,300	

7(a) APP6 and SSAP 3 resource in 2015/16 was less than forecast in the July Cabinet Report as a result of delays in the programme due to difficulties in identifying schools for expansion and a contractor to deliver the programme. As such the funding has been re profiled across 2016/17 and 2017/18.

7(b) Capital Maintenance Programme resource is £3.3m less than forecast in the July Cabinet Report due to transfer of £1m of forecast 2015/16 expenditure and £1.9m of forecast 2016/17 expenditure from Stage 3 to Stage 4 as commitments have not been incurred as expected (£1.55m asbestos works, £0.35m kitchen extract upgrades and £1m planned maintenance) together with Stirchley Primary (£300k in 2016/17) heating project being deferred from Stage 3 to Stage 4 so that work can be undertaken outside of the heating season and Yardley Wood Primary (£120k in 2016/17) roofing project being deferred from Stage 3 to Stage 4 in order to seek clarity regarding the prioritisation of this scheme.

Stage 4 Capital Programme Requirements:

Stage 4 Programme Requirements	June 2016 Cabinet Report				
	Revised total	Actual 2015/16	2016/17 projected	2017/18 projected	2018/19 projected
	£'000	£'000	£'000	£'000	£'000
Additional Primary Places, APP Phase 7	26,000	174	5,129	19,697	1,000
Special School Additional Places, SSAP, Phase 4	8,652	0	3,730	4,922	0
Additional Secondary Places, ASP Phase 2	2,500	0	500	2,000	0
Additional Places Sub-Total	37,152	174	9,359	26,619	1,000
Early Years Capital	0	0	0	0	0
Capital Maintenance Programme	7,220	128	4,280	2,812	0
Education IT Investment	500	0	500	0	0
Capitalisation of spend directly incurred by schools	6,000	0	6,000	0	0
Total Requirement	50,872	302	20,139	29,431	1,000

8. Resource available for Stage 4 requirements*

Resource for Stage 4	June 2016 Cabinet Report					
	Revised total	Actual 2015/16	2016/17 projected	2017/18 projected	2018/19 projected	
	£'000	£'000	£'000	£'000	£'000	
Basic Need Allocation 2015/16	2,123	174	1,949	0	0	
Basic Need Allocation 2016/17	18,977	0	7,410	11,567	0	
Basic Need Allocation 2017/18	15,052	0	0	15,052	0	
Basic Need Allocation 2018/19	1,000	0	0	0	1,000	
Capital Maintenance Grant 2016/17	7,908	128	7,780	0	0	
Capital Maintenance Grant 2017/18	2,812	0	0	2,812	0	The balance of the grant will be utilised in future stages of the programme
Early Years grant in support of capital maintenance	1,500	0	1,500	0	0	
Capital receipts	1,500	0	1,500	0	0	
School contributions in support of capital maintenance	0	0	0	0	0	
Total	50,872	302	20,139	29,431	1,000	

* Funding subject to change depending upon number of academy conversions