

Meeting: CABINET CAPITAL ASSETS COMMITTEE
Place: Council Chamber - Council Offices, Bradley Road, Trowbridge, BA14 0RD
Date: Wednesday 18 January 2012
Time: 2.30 pm

Urgent Late Business

Please see attached report for the above meeting, which the Chairman has agreed to accept as Urgent Late Business due to the information which has come to light since the publication of the agenda.

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Wiltshire Council

Cabinet Capital Asset Committee

18 January 2012

Subject: Schools Funding Settlement 2012/13 – Capital Allocations

**Cabinet member: Councillor Lionel Grundy
Children's Services**

Key Decision: No

Executive Summary

The report outlines the detail of the schools funding settlement 2012/13, specifically the capital allocation for Wiltshire and the impact on Wiltshire's School capital programme.

Proposal

a. Note the capital allocation for 2012/13 for Education projects, the impact on the capital programme and the actions being taken.

Reasons for Proposals

To inform cabinet of the announcement made by the Secretary of State in December 2011 and the levels of capital grant to be received for Education programmes in 2012/13.

Carolyn Godfrey Corporate Director

Wiltshire Council

Cabinet Capital Asset Committee

18 January 2012

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Children's Services**

Key Decision: No

Purpose of Report

1. To update Cabinet on the capital allocations from the Department for Education (DfE) announced in the School Funding Settlement 2012/13.

Background

2. On 13th December 2011 the Secretary of State made his announcement of the schools funding settlement for 2012/13. As in the previous year figures have been announced for one year only. The announcement included details of the capital funding allocations for local authorities in 2012/13 and includes allocations for basic need (funding for additional pupil places), maintenance and devolved formula capital.
3. At a national level, overall capital funding remains the same as last year - £800 million to address the shortage in pupil places and £1.4 billion for maintenance, including £200 million for devolved formula capital.
4. Maintenance funding for local authorities will remain at the same level as last year and will be allocated in the same way.
5. Nationally, Devolved Formula Capital will remain at similar levels to last year. The lump sum and per pupil amounts have remained unchanged for 2012/13.
6. It has been confirmed that capital funding for 2012/13 will come as grant funding.
7. The announcement on 13th December did not include the additional £600 million for basic need allocated in the Chancellor's autumn statement. The £600 million has since been allocated and Wiltshire has not received any funding through this route.

Implications for the Wiltshire Capital Programme 2012/13

8. Allocations for Wiltshire in 2012/13 are as follows:

Item	£	
Basic Need		
LA Allocation for all schools	5,147,057	a
Maintenance		
LA Allocation	5,890,485	b
LCVAP allocation for VA Schools	1,983,352	c
Devolved Formula Capital		
LA Maintained Schools	1,078,245	d
VA Schools	367,802	e
Total All Schools in LA Area	14,466,940	
Total LA Funding including DFC	12,115,787	a + b + d

9. The allocations are outlined in more detail in Appendix 1 to this report with an analysis of the movement in capital allocations from 2010/11 through to 2012/13.
10. The total LA allocation (including DFC) of £12.116 million compares with an allocation of £17.748 million in 2011/12. Because a one year announcement was made for 2011/12 the Wiltshire capital programme assumed a stand still position for 2012/13 and hence a capital budget of £17.7 million. In the light of the announcement for 2012/13 this now needs to be revised to the new grant level of £12.1 million.
11. Allocations for maintenance and devolved formula capital (DFC) for Wiltshire are lower than for the current year because these allocations are in respect of maintained schools only. As the number of academies in Wiltshire increases so the capital allocation is reduced. The lump sum and per pupil amounts for DFC are unchanged. The maintenance allocation has been reduced in the same proportion as the DFC although it should be noted that this allocation has to cover maintenance for all maintained property including Children's Centres and so does cover more than just schools.
12. The allocation for basic need covers the provision of pupil places across all state schools in Wiltshire and so includes academies and any free schools that may be established. The national total has remained unchanged however the methodology for allocating the grant has changed. In 2011/12 the calculation was based 100% on pupil growth, in 2012/13 it is based 50% on pupil growth and 50% on growth compared with shortfall in capacity. Wiltshire has lost out under this new methodology. The technical guidance notes do state that any authority that loses more than 20% under the new methodology will receive protection. Wiltshire's allocation has reduced by 39% compared with

2011/12 but no protection has been applied. This indicates that Wiltshire would have lost funding relative to other authorities even if the existing methodology had been retained.

13. Detailed proposals on how the capital allocation is to be spent will be brought to a future meeting for consideration. The reduced allocation for basic need reduces the number of major projects that can be carried out.

Proposals

14. Members note the capital allocations announced in December 2011 and agree that the capital programme for 2012/13 be revised to reflect the lower level of grant.

Environmental Impact of the Proposal

15. The LA will be less able to upgrade some of the ageing school stock that will have to continue for more years to come. Some of the buildings due to be replaced are poorly insulated and contribute heavily to the Council's carbon footprint. We will be less able to decrease our carbon footprint by continuing with inefficient boilers and poorly insulated buildings.

Equality and Diversity Impact of the Proposal

16. No equality and diversity issues have been identified arising from this report

Risk Assessment

17. The capital budget for 2012/13 will need to be revised to reflect the lower level of grant allocation for 2012/13. This means projects will need to be reviewed and only high priority projects able to be progressed within the revised funding level.

Financial Implications

18. These have been examined and are implicit throughout the report

Legal Implications

19. None have been identified as arising directly from this report.

Carolyn Godfrey
Corporate Director

Report Author: Liz Williams and Nick Glass

Unpublished documents relied upon in the preparation of this report: NONE
Environmental impact of the recommendations contained in this report: NONE

Comparison of schools capital grant allocations for Wiltshire 2010-11 to 2012-13

	<u>2010-2011</u>	<u>2011-2012</u>	<u>Change</u>	<u>Change</u>	<u>2012-2013</u>	<u>Change from</u> <u>2011-12</u>	<u>Change</u>	<u>Notes</u>
	£	£	£	%	£	£	%	
Basic Need								
LA for all schools	4,029,188	8,472,070	4,442,882	110%	5,147,057	-3,325,013	-39%	See Note 1 below
Capital Maintenance								
LA maintained schools*	13,780,375	7,922,771	-5,857,604	-43%	5,890,485	-2,032,286	-26%	Allocation is for maintained schools only so reduction at least partially accounted for by academy conversions. Allocation to LA in same proportion of national total as proportion of DFC.
LCVAP for VA Schools	2,665,664	2,327,244	-338,420	-13%	1,983,352	-343,892	-15%	
DFC for maintained schools								
LA maintained schools	4,132,231	1,353,600	-2,778,631	-67%	1,078,245	-275,355	-20%	Lump Sum and amount per pupil unchanged from 2011-12 - reduction in allocation relates to academy conversions as academies not included here
VA schools	2,131,196	408,404	-1,722,792	-81%	367,802	-40,602	-10%	
Total - LA funding	17,809,563	16,394,841	-1,414,722	-8%	11,037,542	-5,357,299	-33%	
Total - all schools in LA area	26,738,654	20,484,089	-6,254,565	-23%	14,466,940	-6,017,149	-29%	
Total LA funding including DFC for maintained schools	21,941,794	17,748,441			12,115,787			

Note 1
Basic Need

National allocation is unchanged from 2011/12 however the methodology for calculating allocations for individual authorities has changed. Previously the calculation was based 100% on pupil growth and is now based 50% on pupil growth and 50% on growth compared with shortfall in capacity.

The guidance indicates that authorities will receive protection if they lose more than 20% funding compared with what they would have received under the current methodology. Wiltshire's allocation has reduced by 39%, and has not been protected, which suggests that Wiltshire would have lost funding under both methodologies. It is worth noting that some authorities have gained significantly under the new methodology. The additional £600 million Basic Need funding announced in the Chancellor's Autumn Statement has yet to be allocated and is therefore not included in these figures.

Note 2
Overall Allocation

The initial assumption in the capital programme of £17.7 million was an assumption of a stand still position.

Reductions in the allocations for DFC and Maintenance are largely accounted for by the reduction in the number of pupils in Wiltshire in maintained schools - this accounts for £2.962 million of the movement.

The remaining reduction is accounted for by a change in methodology for the calculation of allocations for Basic Need (described above) and this seems to have affected the relative need for Wiltshire.

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