

# **Response to Schools Capital Consultation on Programme Proposals 2008 – 2011**

## **Introduction**

The Department issued for consultation in June 2007 a prospectus setting out proposals for changes to the Schools Capital programmes.

We are very grateful to all those who responded to the consultation. Particular thanks go to those respondents providing thoughtful comments and supporting information to illustrate their views – unfortunately, we cannot reflect the detail of those comments in this document. We acknowledge the difficulties for some respondents caused by the short timescale for the consultation.

£21.9 billion investment will be supported between 2008 and 2011. Programme budgets and allocations to local authorities were published on 10 October 2007. We are committed to ensuring that every school, local authority and diocese will continue to receive resources to invest in national and local priorities. To complement these resources, we are investing in strategic programmes to improve primary, secondary and special schools, and targeted programmes focused on national priorities.

The Department wishes to better align the aims of the individual programmes to make the most of the resources and to put local authorities, as commissioners of school places for their area, at the heart of the strategic decision making process locally. The consultation sought views from local authorities, dioceses, school representatives and others with an interest in capital investment in schools to help shape the Department's thinking about the Comprehensive Spending Review. This report summarises the consultation responses received and explains how these have informed the final settlement.

## **The Consultation**

The consultation document set out that through the Schools Capital programmes for 2008 to 2011, the Department wants to:

- a. encourage better long-term, strategic planning of capital investment, linked to the delivery of services to children, young people and families;
- b. drive the strategic programmes as quickly as possible, so that more schools that need it can be rebuilt or refurbished;
- c. concentrate other investment on high need in areas not involved in Building Schools for the Future (BSF), again so that more schools, or parts of schools, can be modernised sooner;
- d. tackle key national priorities decisively, and continue to give schools, local authorities and dioceses flexibility to address local needs;
- e. embed excellent, sustainable design, and ensure efficient procurement,

- construction and removal of excess surplus places;
- f. ensure proper maintenance of buildings, once modernised, with local ownership of asset management best practice;
- g. enable efficient administration, given the level of staffing and resources in schools, local government, dioceses and DCSF.

The consultation aimed to take a view from stakeholders on the proposed ways that such aims could be met. The key changes to the programmes proposed were:

For the Devolved Formula Capital (DFC) Programme:

- removing the abatement system and replacing it with a dual-rate system to better reflect whether the school has been modernised or not;
- removing the higher rate for statemented pupils in mainstream schools and directing an equivalent amount into the School Access Fund, from where funds to support pupils with additional needs can be better targeted.

For the Modernisation programme:

- tying the modernisation allocations to the size of the DFC for the schools in that area, rather than continuing to use asset management data.

For the Basic Need programme:

- moving to use pupil forecasts at district level to ensure additional demand for school places can be funded where there are localised changes to pupil numbers that would otherwise be masked by the use of local authority aggregate data.

For ICT programmes:

- merging 3 programmes into a single ICT formula-based programme.

For the Targeted Capital Fund (TCF):

- removal of the general bidding round;
- focus on increasing diversity and raising standards;
- new priority to develop kitchen facilities for schools in those local authorities with exceptional need.

Overall, we received 187 formal responses and a further 45 representations on issues relating to the impact of the proposals on a particular school in Surrey. The Department also took views from the Capital Strategy Consultative Group and a meeting of voluntary aided (VA) representatives. There was widespread support for the aims behind the proposed changes and many helpful points were raised that have informed our proposals. Issues raised in response to the specific consultation questions are summarised below.

## Overview

The majority of respondents supported the Department's aim to ensure the capital programmes complemented the strategic programmes. **In the light of the broadly positive response to the consultation, we do not propose to make significant changes to the principles behind the proposed changes to Schools Capital programmes set out in the prospectus.** However, we have made an important alteration to the way we calculate DFC allocations. In order to ensure all stakeholders are clear on the purpose of our programmes, we will be issuing revised guidance as soon as possible.

## Summary of Responses to Consultation Questions

As some respondents may have offered a number of options for questions, total percentages listed under any one question may exceed 100%. Throughout the report, percentages are expressed as a measure of those answering each question, not as a measure of all respondents. Not all respondents answered all 9 questions.

The organisational breakdown of respondents was as follows:

Local Authority	104
Other*	26
School	41
Diocesan Representatives	16

*\*Those which fell into the 'other' category include unions, independent and public organisations and those respondents who did not specify a type.*

The prospectus included eight specific proposals on aspects of the Schools Capital programmes. This section summarises the points raised and the total number (and percentage) of respondents for each question (not the full consultation).

## Detailed analysis

**Question / Proposal 1** – Removing the abatement system from the Devolved Formula Capital (DFC) programme and replacing it with a dual-rate system to better reflect whether the school has been modernised or not – defining modernised as being 50% or more of its floor area renewed or refurbished within the last 10 years.

	Local authority	School	Diocese	Other	Total	
<b>Agree</b>	53	20	13	7	93	68%
<b>Disagree</b>	9	12	1	0	22	16%
<b>Not Sure</b>	12	5	2	3	22	16%
<b>TOTAL</b>	<b>74</b>	<b>37</b>	<b>16</b>	<b>10</b>	<b>137</b>	<b>100%</b>

The majority of respondents agreed with the principle behind the change, believing it to be simpler and in line with need. 62 (45%) respondents requested a clearer definition of “modernised”. 50 (36%) respondents raised concerns about schools that have been “part modernised” and have the view that schools that are 50% modernised would still have significant needs, particularly associated with ICT provision. Among the 127 respondents flagging up drawbacks, 33 (26%) expressed concern about the schools that have received no DFC over the past 3 years and 29 (23%) expressing concerns about the length of time schools will receive the lower rate.

### Our response

We recognise that a clear definition of “modernised” is crucial for the successful implementation of our proposal – resources need to be made available where they are needed most. However, based on the representations made through this consultation, we are persuaded that only schools with 80% or more of its floor area renewed or refurbished (in the last 10 years) should receive the lower rate – schools which have had (in the last 10 years) 50-80% floor area renewed or refurbished still have needs for the higher rate to be justified. But going forward, all schools that have been included in the BSF programme will receive the standard rate; we will consider how this applies to the Primary Capital Programme in due course. A small allocation has also been given to each local authority in 2008-09 to respond to any individual difficult cases in applying the new dual rate.

Further details will be provided in the guidance published shortly.

**Question / Proposal 2** – Removing the higher rate in the DFC programme for statemented pupils in mainstream schools and directing an equivalent amount into the School Access Initiative programme, from where funds to support pupils with additional needs can be better targeted. This was to bring DFC into line with policy not to use statementing data in funding formulae.

	Local authority	School	Diocese	Other	Total	
<b>Agree</b>	50	9	7	4	70	58%
<b>Disagree</b>	4	16	4	1	25	21%
<b>Not Sure</b>	12	6	5	3	26	21%
<b>TOTAL</b>	<b>66</b>	<b>31</b>	<b>16</b>	<b>8</b>	<b>121</b>	<b>100%</b>

Once again, a majority of respondents agreed with the proposal, with 24 (20%) specifically commenting that the proposal would simplify matters. Some concerns (17) were raised about the effect this would have on schools with high numbers of pupils with special educational needs.

### Our response

We will press ahead with the proposed change, transferring £12m to the Schools Access Initiative programme, and, for VA schools, £3m to the Locally Coordinated VA programme, as set out in the consultation document. The department looks to local authorities to work with schools and other partners to strategically plan how best to meet the varied needs of pupils with special educational needs and improve access to all schools.

**Question / Proposal 3** – Tying the modernisation allocations to the size and share of the DFC for the schools in that area, rather than continuing to use asset management data

	Local authority	School	Diocese	Other	Total	
<b>Agree</b>	38	21	12	3	74	62%
<b>Disagree</b>	12	4	1	2	19	16%
<b>Not Sure</b>	19	4	3	1	27	23%
<b>TOTAL</b>	<b>69</b>	<b>29</b>	<b>16</b>	<b>6</b>	<b>120</b>	<b>100%</b>

Once again, the majority of respondents supported our proposals, with 25 (21%) specifically commenting that the change was a welcome change and provided much needed simplicity. 26 respondents specifically asked for additional modelling to be provided to demonstrate the impact of the change to the methodology.

### Our response

We are pleased that the majority of respondents supported our proposal – we believe it to be a much simpler process for the department to administer, and hence will give local authorities greater confidence in the allocations and greater scope to use the resources strategically to complement investment through other programmes. Since the revised methodology for calculating DFC reflects some building need, we believe that linking the Modernisation programme to the relative proportions of DFC the schools in an authority receive will retain the link between building need and the

Modernisation programme. We acknowledge the concern made by a number of respondents about the move away from the use of Asset Management data. Despite the effort that the Department has put in to improve the quality of such data, it remains impossible to ensure that all authorities submit an accurate and timely return in order to inform funding allocations. Additionally, Government is moving away from specifying such detailed data collection by local government. We still expect local authorities, schools, dioceses and other stakeholders to manage their assets properly and to use local asset data to inform their investment decisions.

We have identified a small number of authorities that either gain or lose significant sums of money compared to previous years' funding. Whilst such differences are likely given the new methodology, the Department is aware of local authorities that have already planned investment in their school estate based on future predictions of funding. As such, we have decided to provide a "floor" at 90% of 2007-08 funding in 2008-09 and 75% of 2007-08 funding in year 2009-10. No transitional funding will be given in 2010-11. We have capped the additional resources available to a local authority that gains funding under the new methodology at 110% of 2007-08 funding in 2008-09 and 125% of 2007-08 funding in year 2009-10. This should allow a smooth transition to the new arrangements.

Allocations will be made for 3 years so that local authorities can work with their partners locally to determine priorities and how Modernisation programme can best complement the investment funded by the school itself, or that going through BSF or the Primary Capital Programme.

For VA schools, we have taken the opportunity to ensure that the total level of the Locally Co-ordinated VA Programme (LCVAP) is proportionate to the equivalent programmes for other schools – Modernisation, Basic Need, and Schools Access Initiative. Allocations to individual LAs are calculated on a similar basis as for those programmes.

**Question / Proposal 4 – Moving to use pupil forecasts at district levels (of counties) to ensure additional demand for school places can be funded where there are localised changes to pupil numbers that would otherwise be masked by the use of local authority aggregate data.**

	<b>Local authority</b>	<b>School</b>	<b>Diocese</b>	<b>Other</b>	<b>Total</b>	
<b>Agree</b>	37	21	14	4	76	68%
<b>Disagree</b>	4	1	0	1	6	5%
<b>Not Sure</b>	22	5	0	2	29	26%
<b>TOTAL</b>	<b>63</b>	<b>27</b>	<b>14</b>	<b>7</b>	<b>111</b>	<b>100%</b>

Only 5% of respondents disagreed with this proposal. 26 (23%) of respondents explicitly welcomed the change with a further 26 (23%) commenting that it depended on the definition of "district".

## Our response

We believe that by basing allocations on local authority district level data, funding for new school places better matches the projected growth of numbers of school age children in specific localities, rather than local authority averages. This is particularly the case for larger authorities.

The Education (Information as to Provision)(England) Regulations provide that “district” means the area of the council of a district where that council is not a unitary authority; and “unitary authority” has the same meaning as in section 261(3) of the Housing Act 2004. There are 237 districts within the 34 county councils in England.

Funding for the exceptional need for new pupil places will still be accessed through the Basic Need “safety valve”, part of the Targeted Capital Fund (TCF). Guidance on how local authorities can apply for this funding will be published shortly.

**Question / Proposal 5** – Merging the 3 existing ICT programmes into a single ICT formula-based programme – the Harnessing Technology Grant

	Local authority	School	Diocese	Other	Total	
<b>Agree</b>	44	21	12	10	87	50%
<b>Disagree</b>	45	11	2	13	71	41%
<b>Not Sure</b>	10	4	2	1	17	10%
<b>TOTAL</b>	<b>99</b>	<b>36</b>	<b>16</b>	<b>24</b>	<b>175</b>	<b>100%</b>

The proposal was welcomed by 50% of respondents, with significant numbers (47, 27%) welcoming the opportunity for further simplification of the funding streams. 80 respondents (46%) commented that local authorities should maintain control of a significant proportion of funding.

Of the 155 respondents that commented on specific drawbacks with the proposal, 66 commented that ICT funding should not be delegated to schools, and 67 commenting that merging the funding streams would end the local authority’s strategic leadership of ICT investment. 46 respondents specifically recommended that some funding was kept separate to secure future technical developments – including upgrading broadband speeds. 33 respondents also urged the Department to consider how to reflect deprivation and sparsity factors through the funding formula.

## Our response

The Harnessing Technology Grant brings together the previous Connectivity, Infrastructure and e-learning credits grants. This change has been made to meet the objectives of the e-strategy “Harnessing Technology” published in March 2005. It recognises the progress that has been made around connectivity and infrastructure but reflects the need to move to support personalised learning.

We recognise the concerns of local authorities and regional networks that delegating all the ICT capital funds directly to schools could lessen the strategic role of local authorities in ensuring all schools have the infrastructure in place to deliver a modern curriculum. We therefore have decided that local authorities should retain up to 25% of the grant to ensure that all schools receive the benefits of aggregated purchasing, including the provision of broadband through regional broadband consortia. With the agreement of schools (through the schools forum), local authorities can retain a further proportion of the funding where there is evidence that this will achieve efficiencies from aggregation. Funding for broadband connectivity should be matched with equal revenue funding provided by the local authority.

In light of the consultation responses, the Department has worked closely with Becta to ensure that the funding formula for the new Harnessing Technology grant strikes the right balance between targeting additional resources to more deprived areas and ensuring resources cover the costs of infrastructure developments in rural areas. Between 2008 and 2011, we will change the formula slightly each year so that by 2010-11, deprivation and sparsity factors are equally weighted. In addition, we will ensure that no local authority will see a reduction in funding of more than 10% in 2008-09, 15% in 2009-10 and 20% in 2010-11 compared to 2007-08 allocations.

**Question / Proposal 6** – Removing the general bidding round for the Targeted Capital Fund (TCF) to target resources more clearly on national priorities and to prevent costly preparation of unsuccessful bids.

	Local authority	School	Diocese	Other	Total	
<b>Agree</b>	43	18	7	3	71	59%
<b>Disagree</b>	10	6	5	4	25	21%
<b>Not Sure</b>	12	7	4	2	25	21%
<b>TOTAL</b>	<b>65</b>	<b>31</b>	<b>16</b>	<b>9</b>	<b>121</b>	<b>100%</b>

32 respondents (26%) specifically welcomed the removal of the bidding process for TCF, whilst urging the Department to set clear criteria for applications to avoid receiving speculative applications. Of those 96 respondents commenting on potential drawbacks, 26 (27%) felt that the TCF should provide additional funding to those local authorities not in early waves of the BSF programme and consider particularly the needs of special schools.

In addition to the 187 responses to the consultation, there were 45 responses about the implications of our proposals for one VA school in Surrey, specifically objecting to the removal of the VA specific TCF bidding round.

## Our response

The Department has decided to continue with the proposed changes to the TCF - there will be no general VA or LA TCF bidding round. We believe it possible to address urgent priorities from the devolved and strategic resources available.



VA schools will receive a fair, proportionate share of resources through LCVAP. Funding that was previously used to support TCF bids will now be switched to LCVAP, making it a larger fund than in previous years so that investment can be prioritised locally alongside the strategic programmes. We will work with VA and local government representatives to address the perception of some that VA schools do not always get fair consideration for such programmes.

The Department is committed to reducing the cost of unsuccessful applications to the TCF and will be publishing more detailed guidance in due course.

**Question / Proposal 7** – Drawing together several existing categories into a single pot within the TCF focused on increasing diversity and raising standards

	Local authority	School	Diocese	Other	Total	
<b>Agree</b>	43	19	12	4	78	68%
<b>Disagree</b>	2	6	0	0	8	7%
<b>Not Sure</b>	20	3	3	3	29	25%
<b>TOTAL</b>	<b>65</b>	<b>28</b>	<b>15</b>	<b>7</b>	<b>115</b>	<b>100%</b>

Of the 85 respondents commenting on operational details, 40 (47%) requested clear criteria for the revised diversity and standards part of the TCF.

### Our response

We are committed to producing guidance on the TCF, including the process for applying for funding from the Diversity and Standards pot, as soon as possible.

**Question / Proposal 8** – Creating a new priority within the TCF to develop kitchens for schools in those local authorities with exceptional need.

	Local authority	School	Diocese	Other	Total	
<b>Agree</b>	39	7	6	4	56	47%
<b>Disagree</b>	13	21	8	0	42	35%
<b>Not Sure</b>	14	2	2	3	21	18%
<b>TOTAL</b>	<b>66</b>	<b>30</b>	<b>16</b>	<b>7</b>	<b>119</b>	<b>100%</b>

Of the 95 respondents commenting on the drawbacks to the proposal, 39 (41%) made the point that by providing funding for kitchens, we would be rewarding those authorities that have failed to maintain, or chosen to remove kitchens.

## Our response

Whilst we acknowledge the majority of responses disagreed with our proposal, we are clear that with the introduction of more stringent nutrient-based standards, stipulating the nutrients required for school lunches, good kitchen and dining facilities are required in schools. We expect that the installation of new kitchens and improving existing ones, where not included in BSF or Primary Capital Programme projects, will usually be funded as a priority from the devolved capital resources allocated to local authorities and schools. However, we recognise that where there are large concentrations of schools without kitchens, this may not be affordable without diverting resources from other capital priorities. This would unfairly penalise local authorities that took at-the-time reasonable decisions that are now not in line with the 2006 changes to national policy.

Therefore, we have decided to allocate resources as a TCF for the installation of new kitchens in areas of high need. This will be provided on 50% matched funding basis on a national costing formula based on the size of school / kitchen required. We wish to avoid a burdensome bidding round for this additional fund, and therefore will publish guidance shortly and invite any local authorities meeting these criteria to submit an application.

**Question 9** – How might our capital programmes further incentivise the removal of excess surplus places (more than 10% across the LA, and/or schools with greater than 25% surplus (where there are at least 30 places))? There are 32 local authorities with 20% of primary or secondary schools with at least 25% surplus and 30 surplus places.

	Local authority	School	Diocese	Other	Total	
<b>Rewards and Penalties</b>	5	3	0	1	9	23%
<b>Specific TCF to finance surplus place removal</b>	26	1	2	1	30	77%
<b>TOTAL</b>	<b>31</b>	<b>4</b>	<b>2</b>	<b>2</b>	<b>39</b>	<b>100%</b>

## Our response

Efficiency targets at national and local government level mean that surplus place removal becomes a more important priority. Strategies for Change in BSF and the Primary Capital Programme will address this, and we also expect local authorities to use devolved capital resources as well.

We will invite those authorities with the greatest number of excess surplus places to apply for additional funding through the TCF to supplement their self-funded efforts to remove surplus places.