

PROPERTY SERVICES H:DOCS:devcap

21 May 2002

School Name

Dear Head Teacher

Title:	Devolved Capital 2002-03, Community & Foundation Schools
Summary:	Spending guidelines
Circular Number:	20133
Previous Papers:	Circular 20043, Education Asset Management
Action Required:	Implementation of scheme and completion of attached proforma
Reply By:	
Contact Officer:	Area Teams: North: 303 3767/303 8733 South: 303 2492/303 8731 Central: 303 2194/303 8732

1 Basis of allocation

1.1 As part of the DfEE's on going Capital Investment strategy, a further capital allocation has been devolved to schools. Notification of this amount was provided in Circular 20043, Education Asset Management (Appendix A) in February 2002. The value of the allocation is based on the Annual Schools Census and is made up of a lump sum and an allowance per pupil. Schools operating in completely new buildings will not receive grant for 3 years.

1.2 DfES guidance is that '**all capital funding (including Devolved Capital) should be invested in locally agreed priorities as set in the Authority's Asset Management Plan**'. A copy of the complete policy statement as endorsed by the Property Working Group is available on the Property Services web site downloads page and I have included an abridged version as Appendix A to this letter.

1.3 Devolved Capital represents a fundamental element of the partnership between schools and the LEA to manage school buildings and for schools to meet their duty of stewardship. This money should therefore be spent on essential and affordable capital projects identified in your Asset Management Plan (AMP). This data can be viewed on the Property Services web site AMP School Data and a report is available which lists all of your identified issues for Condition and Suitability. (Please note new Condition surveys should be completed by this summer). Although Access Audit information forms part of the Asset Management Plan, we have not yet been able to incorporate this information into our database and schools should therefore rely upon current Access Audit reports issued to them.

1.4 Where schools have not fully spent their Devolved Capital allocation from 2000-01 and /or 2001/02, Education Finance will shortly notify you of the balance remaining for your various Standards Fund allocations including Devolved Capital. As you will recall, this funding is available by annual allocation and **your allocation must be spent within 3 years** (i.e. this allocation must be spent by March 2005). It is of particular importance that schools who have not spent their allocation from 2000-01 do so by 31 March 2003 otherwise it will be lost. I will also soon be writing separately to these schools.

1.5 Schools may also wish to consider the following methods of maximising the value of the Devolved Capital available:

- **"Clustering funds"**: There is an opportunity for schools to form clusters to pool their capital and undertake a significant scheme at one site (e.g. within a consortium or between schools with particularly strong links).
- **Accumulating or advancing funds**: You may accumulate your allocation during the 3-year period in order to undertake a larger scheme, rather than spend each year's funds year on year. However, you should not accumulate at the expense of ignoring higher priority works that are affordable that year. If the project is critical, you can request the advancement of funds to year 1. Accumulation or advancement will require our agreement. Advancement will only be possible if sufficient other schools were prepared to accumulate theirs. We will only consider advancement to finance schemes identified in your AMP as:
 - a) Ofsted significant criticism (evidence required), or
 - b) Condition D1/ C1, or
 - c) Suitability grade A/B, or
 - d) Health & Safety or Security High risk.

1.6 **Please advise us of your decision by completing and returning the attached Notification of Scheme form (Appendix B) to us as soon as possible.** The following sections only apply if you intend to undertake a scheme this year.

2 Scheme identification

2.1 Schools will need to gain agreement from the LEA for projects to be undertaken. DfES guidance defines eligible capital expenditure as including:

- Health and Safety Works (major roof repairs, rewiring, upgrading fire / security systems, resurfacing play areas)
- Refurbishment – (which could include upgrading boiler plant, or could include cabling to provide ICT equipment);
- Conversions (for example, general teaching area to specialist use);
- Security (improvement to / provision of lighting and fencing, CCTV).
NB: Other standards fund grant may be available specifically for this purpose.

The DfES also indicate examples of **ineligible** expenditure as being:

- **Any** expenditure (including works identified above) costing less than the threshold for capital of £5,000.

- General Maintenance
- Redecoration or Day to Day repairs
- Purchase of books, ICT software or training materials / services
- Equipment purchases unless part of a larger new build scheme and does not form a large part of the expenditure
- Repayment of loans
- Funding operating leases unless eligible for specific capital grant
- Hire of temporary accommodation

These definitions of capital expenditure are in line with those applied to schools under Fair Funding. Works you propose to carry out must be identified as a high priority in your Asset Management Plan Condition or Suitability assessments. Expenditure on ineligible items may result in grant having to be repaid.

- 2.2 We are keen to target priority 1 grade D and C Condition items in partnership with you. If the project is not affordable (i.e. in excess of your devolved capital sum) we will consider requests from you to finance the shortfall in order that the work may proceed. However, the level of funds available centrally is finite and we cannot guarantee that finance will be available.

It will also be feasible, subject to detailed DfES criteria, to use devolved capital to put to the cost of a project bid for Seed Challenge Initiative subject to the bid meeting both Devolved Capital and Seed Challenge criteria. It can also be used as your contribution to Dual Funding projects.

3 Scheme approval

- 3.1 If you plan to undertake a scheme this year, please complete the Notification of Scheme form attached detailing the project you will undertake. Costs can be based upon your Consultant's estimate - it is not necessary to wait for quotations. **We will advise you of our approval to your proposed scheme by endorsing your form appropriately, returning it to you and arranging for the funding to be made available.**
- 3.2 Where alterations are made to the building you are reminded that you must also obtain any necessary statutory approvals such as compliance with Building Regulations and Planning Permission. You are also reminded of your obligations under Schools Financial Regulations, Health and Safety legislation and of the need in appropriate cases to secure 'Landlord Approval' from the LEA. **We would strongly advise that for anything other than the simplest scheme you should obtain professional advice from a competent consultant (e.g. Chartered Surveyor or Architect. These services are available from the City's Urban Design Department as well as Private Sector consultants which schools may approach). This is especially applicable where work is done to the structure of a building, gas/electric services or where asbestos might be present. Contravention of Health & Safety legislation can result in extensive fines or even imprisonment for the responsible person.**

3.3 Schools who wish to discuss their proposals further should contact their Property Services Area Team Manager on the phone numbers above.

4 Finance

4.1 This Devolved Capital funding is grant eligible and therefore it is important that costs relating to it are recorded accurately to ensure an audit trail is available.

To enable this audit trail a new fifth and sixth digit has been set up and the subjective code J76 should be used to record all eligible costs as detailed below;

Grant 39 – Devolved Capital -: EA**6G - J76 – A0
(* - Insert your unique school digits)

4.2 To enable those schools who operate as either a non-cheque book or partial cheque book school to use this code, two documents are available on the BGfL entitled, “**LRM4 - Standards Fund - Devolved Capital – 2002/2003**” and ‘**FMS6 – Standards Fund – Devolved Capital – 2002/2003**’. These guidance notes give details of the procedure to follow to set up this code. The documents can be found in **Education Service | Education Service Index | Standards Fund | Downloads**.
(<http://www.bgfl.org/services/fundsf/download.htm>)

In addition could all schools please note the following:

- (i) Schools who notify us of their wish to accumulate this years funding to a future financial year will **not** need to set the fund up in 2002/03.
- (ii) When forwarding orders for services to internal providers (e.g. Urban Design Department) “**please ensure that the GLAMIS cost centre (as above) is written on the order**”.
- (iii) If you are not able to spend all or some of this funding please inform your Education Property Services Area Team Manager immediately so that we can make it available to schools wishing to advance funds.

4.3 Finally, if your school operates under either the partial or full cheque book scheme then a cheque will be forwarded to you for your 2002/03 allocation only, unless an agreement has been made with Education Property Services for either advancement or accumulation as indicated in (i) above, and those schools operating under the full cheque book scheme will be required to provide details of actual expenditure incurred on Form CBS2.

Queries regarding schemes (sections 1,2,& 3) please contact your Area Team (see top of letter) but if finance related (section 4) please contact Education Finance on either 303 5229 or 2788.

Yours sincerely

Chris Gilbert

Deputy Property Services Manager

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Facsimile Number 0121 303 1348

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Major Capital Priorities April 2002 – March 2005
Devolved Capital potential funding source

APPENDIX A

<u>Ref.</u>	<u>Element</u>	<u>Plan Link</u>	<u>Item</u>	<u>Funding Source</u>
3	Standards	EDP/SOP/ SEN	Access Initiative	Access/NDS Modernisation/ Devolved Capital
4	Condition/ Standards	EDP	AMP Priority C2.1 roofs C2.1 external walls, windows/doors C2.1 mechanical C2.1 electrical	NDS condition/ Devolved Capital/ Revenue
6	Condition/ Suitability	EDP/ SOP/ Access	Implementation of major 'joined up' schemes at sites with complex needs (following feasibility studies in 2001/2)	NDS modernisation/ Devolved Capital
7	Condition/ Suitability/ Standards	EDP/ SIP/ Access	Implementation of minor 'joined up' schemes	Devolved Capital/ Seed Challenge/ Dual Funding
8	Standards	EDP/ SEN	Major schemes to enhance breadth of curriculum delivery to groups in units/ centres	TCF/NDS modernisation/ Devolved Capital

TO: EDUCATION PROPERTY SERVICES, MARGARET STREET

DEVOLVED CAPITAL 2002-03 – NOTIFICATION OF SCHEME

1) NAME OF SCHOOL _____

2) CONTACT NAME _____

3) PHONE NO. _____ FAX _____

4) **DECISION ON ALLOCATION:**

a) We will accumulate this years allocation and spend it in future years

b) We will spend our single year allocation this year

c) We wish to bring forward future years allocation to undertake the following priority scheme

If you have indicated b) or c) above, please complete the remainder of this form. If a), the form need only be signed by the Head Teacher and dated.

5) **PROJECT DETAIL (if building alterations are involved please enclose a location and floor plan. If Ofsted, please include details)**

6) **SCHEME COST (inc. fees and all associated costs) £** _____

7) **PLEASE STATE NAME AND PHONE NUMBER OF YOUR CONSULTANT**

8) **WHERE SCHEME COST EXCEEDS YOUR DEVOLVED CAPITAL ALLOCATION FOR 2002/03, HOW WILL THIS GAP BE FINANCED?**

9) IF A CONTRIBUTION IS SOUGHT FROM THE LEA (SECTION 2.2 OF LETTER REFERS), PLEASE INDICATE HOW MUCH IS REQUIRED
£ _____

10) WHAT PRIORITY IS GIVEN TO THIS SCHEME IN YOUR CURRENT AMP (for example state Condition C1, Suitability A1, H & S High risk)?

11) PLEASE GIVE YOUR REASONS FOR NOT UNDERTAKING WORKS IDENTIFIED IN YOUR AMP WHICH ARE A HIGHER PRIORITY, SHOULD THIS BE THE CASE:

12) WHAT WILL BE THE PRIME EDUCATIONAL AND/OR HEALTH & SAFETY BENEFITS OF THIS SCHEME?

13) ALL STATUTORY APPROVALS AND COMPLIANCE WITH HEALTH & SAFETY LEGISLATION WILL BE SECURED.

14) THIS WORK IS IDENTIFIED AS OUR MAJOR PRIORITY IN THIS SCHOOL'S ASSET MANAGEMENT PLAN.

15) IF THIS SCHEME IS APPROVED, I WILL ADVISE THE LEA OF ANY ALTERATION TO IT AND OF ANY DELAY COMPLETING IT IN 2002/03.

SIGNED _____
HEAD TEACHER

DATE _____

FOR LEA USE ONLY

1. AFFORDABILITY CHECKED _____

2. SCHEME IS APPROVED _____

DATE _____

IN THE EVENT OF ANY QUERY RELATING TO THIS APPROVAL, PLEASE CONTACT YOUR AREA TEAM: North: 303 3767/303 8733
South: 303 2492/303 8731 Central: 303 2194/303 8732