

**The Standing Group for the
National Conference of Education Building
And Development Officers**

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To: Philip Watson
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Cc: Ken Beeton, Divisional Manager, Schools Capital and Buildings Division

Dear Philip

Schools Capital: Consultation on Changes to Basic Need Funding

Thank you for the opportunity to comment on this draft and I am responding on behalf of the Education Buildings and Development Officers Standing Group that discussed this consultation paper at its meeting on 17 September 2002.

Individual LEAs will be responding using the question and answer form. This response gives a number of comments that do not fit easily into the Q & A format.

First of all, the Standing Group recognises the Department's wish to provide a more straightforward and predictable funding mechanism. The current mechanism is undoubtedly complex, has a number of flaws and does not consistently address the real need for growth. We also understand that you will wish to accommodate recent policies for the development of popular schools and denominational provision, neither of which would fit easily within the current procedures.

However, there are a number of issues raised by your preference for models 3 and 4 which we would strongly urge you to consider carefully.

1. **Surplus** – Pupil numbers are peaking in the secondary sector for most authorities and the major investment needs over the next 10 years are likely to be to do with rationalisation and remodelling (i.e. taking out surplus places creatively). In some areas there are significant building condition issues, particularly in the secondary sector where many were built many years ago and have been incrementally expanded and need demolishing and starting again.

Why not make this a **sufficiency** fund rather than one solely for Basic Need growth: this would match similar funds for suitability and condition, all of which could be used in a joined-up fashion to meet the highest AMP priorities.

2. **Distinctiveness** – Whatever the finally agreed purpose, this fund should be identified clearly within the Single Capital Pot so that you can continue to measure our delivery against allocation and we can argue the Education case clearly within the Corporate arena.

3. **Targeting at Need and Safety Mechanism** – We are concerned that options 3 and 4 and the proposed safety mechanism will not adequately take account of real need, particularly in larger authorities. Authorities with differential pupil growth in different

areas – the norm in most larger authorities – and with greater overall capital resources would appear to be seriously disadvantaged. The proposal for a safety mechanism as part of the Targeted Capital Fund seems simply to be transferring all the effort of bidding and the technical complexity from one place to another. It is not clear how this meets the objective of reducing bureaucracy for LEAs or DfES.

4. Planning Gain and Section 106 – The proposals seem partly to be built on the assumption that as targeted Basic Need disappears, planning gain and Section 106 agreements can replace them. This assumption is questionable. First of all, levels of planning gain vary widely from LEA to LEA, depending on the value of the land available for development. Even within LEAs, gains achievable through planning do not necessarily bear any direct relationship with the cost of providing school infrastructure, particularly where brown-field developments are involved. These are increasing in line with government policy and their overheads are often such that planning gain from Education is severely depressed.

Developer contributions can only be secured in relation to new housing developments but in many instances the growth in pupil population can come through the regeneration of existing housing developments. In general, unitary authorities are more effective at securing these contributions, whereas the two-tier authorities have to consult and agree priorities. A further reminder that the value of land and housing stock varies considerably throughout the UK and the willingness of developers to agree contributions can vary significantly.

Final contributions achieved are often less than those initially sought, after developers abnormal costs and other competing claims for community facilities are taken into account. Also even when agreed, the development may not proceed, or a revised scheme is submitted which means re-negotiating and running the risk of reduced amounts.

Although the DTLR Green Paper proffers a tariff system as one solution, there will inevitably have to be ‘exception’ clauses – which means no greater security that 100% contribution will be achieved than under the current system.

5. Post 16 - We would hope that the mechanism for Post 16 funding in schools would mirror that for the statutory age ranges. It seems increasingly difficult to find a common mechanism for funding schools and college capacity under the control of the Learning & Skills Council.

6. Voluntary Aided – It is important that the VA sector is put in the same framework for determining basic need and that funding should be driven by place planning issues. There will be anxieties between the two sectors regarding basic need provision and any future changes will need to be specific about how these are resolved.

7. PFI – We are concerned that PFI is seen as a viable alternative for large Basic Need type schemes. We understand that PFI credits are reducing in the medium term and we know that the procurement process remains a lengthy and uncertain one. The growth required by Basic Need is almost always unavoidable, specific and time critical objectives not necessarily appropriate for PFI procurement.

Conclusion

The Standing Group would therefore like to support a significantly modified **Model 3**. The fund should be:

- for sufficiency needs, not just pupil growth;

- 70% or 80% based on pupil numbers;
- 30% or 20% based on funding targeted at specific areas or types of growth, (local housing developments, geographical shifts in the population, service personnel turbulence etc) and on major shifts only (no penny numbers in places);
- based on authority projections of demand, checked in retrospect for accuracy.

I trust that you will find these points helpful. I should be happy to discuss them with you and look forward to the outcome of the consultation process.

Yours sincerely

Shirley Turner
Chairman