

## SCHOOLS FORUM - 18th June 2015

<b>Title of paper:</b>	Allocation of ICT funding to school expansion projects
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<b>Summary</b>	
<p>Funding of £0.275m had been allocated towards ICT costs for the Building Schools for the Future (BSF) Wave 5 schemes. The funding approved was a provisional sum with £0.025m set aside in 2013/14 and £0.250m set aside in 2014/15.</p> <p>This funding is no longer required and the proposal is to reallocate the funding towards ICT costs for expanding schools within the City to cover infrastructure, hardware and ICT kit costs.</p>	
<b>Recommendation(s):</b>	
<b>1</b>	To <b>approve</b> the reallocation of £0.245m of the £0.275m BSF ICT funding to each of the expanding schools identified in Appendix B.
<b>2</b>	To <b>approve</b> a contingency of £0.030m to be set aside to fund any future school expansion schemes where ICT might be required and delegate responsibility for allocating the contingency to the Major Programmes Team.

### **1. REASONS FOR RECOMMENDATIONS**

- 1.1 There is £0.275m in funding set aside by Schools Forum to support the ICT element of the Wave 5 BSF programme that remains unspent. As budget pressure and the urgent requirement for primary school places increases, project budgets are unable to sustain the previous level of investment in ICT infrastructure, hardware and resources for school expansions. It is proposed that where funding set aside for ICT resources set aside for the BSF programme is no longer required, that it be reallocated towards school expansion projects where additional ICT funding is necessary to support the effective operation of City schools.

- 1.2 It is proposed that any funding remaining unspent be kept as a contingency towards future school expansion projects. Based on the proposed allocation in Appendix B, this will leave a contingency £0.030m.

## **2. BACKGROUND (INCLUDING OUTCOMES OF CONSULTATION)**

- 2.1 In March 2012, Schools Forum agreed to set aside £0.275m in funding to support the ICT element of the BSF programme. The remit of the BSF programme was the transformation of learning and the Department for Education allocated funding towards ICT. This funding was to be a provisional sum set aside to cover the outcome of an options appraisal looking at BSF ICT managed services should it be required. Fortunately, the team were able to deliver the BSF ICT requirements within the project budgets and this funding was not utilised.
- 2.2 Nottingham City Council is experiencing an increase in the number of primary school children within the City. The Council has a statutory duty to provide school places. Currently the demand for primary places exceeds those available and the City Council is expanding primary schools to cope with the increased need.
- 2.3 The capital funding for school expansions focuses on providing the required teaching and ancillary areas in the building and any required play areas outside the building. Where funding permits, some ICT infrastructure is included, however pressure on capital budgets has meant that there has been a reduction in the scope of any ICT works. This has meant that in recent projects, the school have been required to find funding for essential items including telephony kit, ICT hardware and ICT resources for children and staff.
- 2.4 Schools Forum supports schools that are expanding by allocating funding towards Furniture, Fittings and Equipment (FF&E) where schools require, using a broad figure of £8,000 per new classroom. This funding is primarily used by schools to buy furniture, interactive whiteboards and resources and does not stretch to cover other ICT equipment that might be required such as wireless access points, laptops or laptop trolleys. It is proposed that each school be allocated £50 per new pupil to cover the cost of additional resources for children and staff and to purchase any wireless access points or other hardware required.
- 2.5 Where new schools are being constructed, the need is more severe. The ICT infrastructure currently offered in the three new primaries (Heathfield, Nottingham Academy and Bluecoat) is minimal and does not include the telephony systems, cabinets or switches required to ensure the schools are operational when they are handed over. This means that the schools will be required to source substantial funding independently or have a school where there is no or limited ICT and telephony available. It is proposed that an additional £115 per new pupil be allocated to each new school. This funding will cover the cost of telephony systems, ICT hardware and infrastructure required to ensure the school can operate effectively.
- 2.4 It is proposed to allocate the funding directly to schools to enable them to procure ICT resources independently. Schools may approach Schools IT for support or procure from the market. They will be advised to follow financial regulations and ensure best value for money. In order to ensure the funding is being used effectively, schools will be asked to submit invoices showing ICT costs before the funding is released. Where necessary, some funding may be released earlier to facilitate cash flow and schools

will be required to demonstrate with invoices that all monies have been spent and any underspend will be reclaimed by the Local Authority.

### **3. OTHER OPTIONS CONSIDERED IN MAKING RECOMMENDATIONS**

- 3.1 An alternative option would be to fund the ICT from the project budgets. Where the projects are already being delivered, there is insufficient funding available to provide this funding to schools. For new projects, this would require an increase in the capital funding allocation given to schools. This was not considered as an option as there is already significant pressure on the capital budget for school expansions.
- 3.2 If the available funding is not reallocated, it will remain unspent. As this funding was set aside to support ICT, it is reasonable to reallocate this towards expansion projects so this option was not considered.

### **4. OUTCOMES/DELIVERABLES**

- 4.1 Please refer to Appendix B where the funding allocations per school are set out. The school will be able to determine how the funding is spent, subject to approval by the Major Programmes team. A report showing how the funding has been spent will be submitted to the Schools Forum before the end of the financial year 2015/16.

### **5. FINANCIAL IMPLICATIONS (INCLUDING VALUE FOR MONEY/VAT)**

- 5.1 As outlined in 1.1 this report seeks Schools Forum approval to reallocate £0.275m of the Dedicated Schools Grant previously approved to fund BSF ICT costs in schools.
- 5.2 On 29 March 2012 Schools Forum approved the allocation of £0.707m to fund BSF Wave 5 priorities. Appendix A details a breakdown of how the funding was allocated. Funding of £0.025m was set aside in 2013/14 and £0.250m was set aside in 2014/15 for ICT services to schools.
- 5.3 This report seeks Schools Forum approval to reallocate the £0.275m to be used for ICT infrastructure, hardware and ICT kit costs in expanding schools. This funding has not been previously spent due to the BSF ICT costs being met by the capital project allocations.
- 5.4 At the end of the financial year 2014/15 the BSF Wave 5 budget was underspent by £0.740m. Contained within this surplus balance is £0.275m for ICT Services to schools. Therefore, this proposal would not require additional funding from the Statutory School Reserve (SSR) as the required funding is already included in the 2014/15 year end closing balance. The £0.740m will be carried forward into 2015/16.
- 5.5 If approved this funding would be used fund ICT in both maintained schools and academies that have expanded. Appendix B details the proposed funding allocations in 2015/16. Currently, there is £0.245m committed and £0.030m is set aside in a contingency.
- 5.6 Expanding schools would be allocated funding based on whether or not they were a new school or an expansion as set out in the report.
- 5.7 Paragraph 2.4 also states that if approval is given by Schools Forum, before funding is released, schools would be expected to demonstrate how value for money will be

achieved. The Major Programmes Team will then decide if they feel value for money will be achieved and then release the funding.

- 5.8 Any unspent monies delegated to schools will need to be returned to the Local Authority and will be added back into the contingency for reallocation by the Major Programmes Team to reallocate.
- 5.9 The £0.275m would continue to be reported as CERA (Capital Expenditure from the Revenue Account) on the s251 statement as it would still be being used to fund capital ICT costs.

## **6. RISK MANAGEMENT ISSUES (INCLUDING LEGAL IMPLICATIONS AND CRIME AND DISORDER ACT IMPLICATIONS)**

### **Legal Implications**

- 6.1 The budgetary framework for the financing of maintained schools is contained in Chapter IV of Part II of the School Standards and Framework Act 1998 (SSFA). This chapter of the SSFA includes sections 45A (determination of specified budgets of a local authority) and 47A (the duty on a local authority to establish a Schools Forum for its area).
- 6.2 Section 45A(2) of the SSFA states that for the purposes of Part II of the SSFA, a local authority's "schools budget" for a funding period is the amount appropriated by the authority for meeting all education expenditure by the authority in that period of a class or description prescribed for the purposes of this subsection (which may include expenditure incurred otherwise than in respect of schools). Section 45A(2A) of the SSFA states the amount referred to in subsection (2) includes the amount of any grant which is appropriated, for meeting the expenditure mentioned in that subsection, in accordance with a condition which:
- (a) is imposed under section 16 of the Education Act 2002 (terms on which assistance under section 14 of that Act is given) or any other enactment, and;
  - (b) requires that the grant be applied as part of the authority's schools budget for the funding period.
- 6.3 This means that the designated schools grant (DSG), which is paid to local authorities under section 14 of the Education Act 2002 (EA2002) essentially on condition imposed by the Secretary of State under section 16 of the EA2002 that it is applied as part of an authority's schools budget for the funding period, is part of the schools budget. Indeed, the DSG is the main source of income for the schools budget (Education Funding Agency ("EFA") guidance *Dedicated schools grant Conditions of grant 2015 to 2016* (December 2014), paragraph 2). Local authorities can add to the schools budget from local sources of income (*ibid*, paragraph 4).
- 6.4 The detail is prescribed by regulations. The current regulations are the School and Early Years Finance (England) Regulations 2014, SI 2014/3352 (SEYFR).
- 6.5 Amongst other things, regulation 1 of SEYFR states the following:-
- (4) In these Regulations—

...

“1996 Act” means the Education Act 1996;

...

“2003 Act” means the Local Government Act 2003;

...

“2013 Regulations” means the School and Early Years Finance (England) Regulations 2013;

...

“capital expenditure” means expenditure of a local authority which falls to be capitalised in accordance with proper accounting practices, or expenditure treated as capital expenditure by virtue of any regulations or directions made under section 16 of the 2003 Act;

...

“CERA” means capital expenditure which a local authority expects to charge to a revenue account of the authority within the meaning of section 22 of the 2003 Act;

6.6 Amongst other things, regulation 8 of SEYFR states the following:-

(5) A local authority must not deduct the expenditure referred to in Schedule 2 (other than expenditure referred to in paragraph 12 (expenditure on licences) and Part 4 (Children and Young People with High Needs) of Schedule 2) without authorisation from its schools forum under regulation 12(1), or from the Secretary of State under regulation 12(3).

6.7 Amongst other things, regulation 12 of SEYFR states the following:-

(1) On the application of a local authority, its schools forum may authorise—

...

(b) the making of deductions from the authority's schools budget of expenditure under regulation 8(5);

6.8 Schedule 2 to SEYFR sets out the following expenditure relevant to this report:-

**3**

CERA incurred for purposes not falling within any other paragraph of this Schedule or Schedule 1.

...

**5**

Any deductions under any of paragraphs 1, 2, 3, 4(a), 4(b), 4(c), 4(d) and 4(e) must not exceed the amount deducted under each of the corresponding paragraphs of Part 1 of Schedule 2 to the 2013 Regulations for the previous funding period.

...

## 8

Expenditure due to a significant growth in pupil numbers as a result of the local authority's duty under section 13(1) of the 1996 Act to secure that efficient primary education and secondary education are available to meet the needs of the population of its area.

- 6.9 Therefore, the expenditure proposed here is potentially expenditure to be made from the schools budget for Nottingham City Council (NCC) and NCC's DSG at that. It is DSG money that Nottingham City Schools Forum previously set aside for BSF purposes, but is no longer needed for those purposes. This is subject to two provisos.
- 6.10 Firstly, this is provided that the money remains NCC's to use, which it should be provided it is spent as DSG money in accordance with SEYFR.
- 6.11 Secondly, and further to the first point, if the money is to be spent in the way proposed in this report that it is either spent as CERA as defined by SEYFR and in accordance with SEYFR, or it is spent due to a significant growth in pupil numbers as a result of NCC's duty under section 13(1) of the 1996 Act to secure that efficient primary education and secondary education are available to meet the needs of the population of its area. That last point is particularly important where it is envisaged that any such expenditure would be made to assist the expansion of an Academy since any expenditure of NCC's schools budget on an Academy without a clear legal duty or power enabling NCC to do so would be unlawful. The background section to this report sets out that a significant growth in pupil numbers means that section 13(1) of the 1996 Act is potentially engaged here and the proposed expenditure would be lawful on that basis alone.
- 6.12 Lastly as expenditure caught by Schedule 2 to SEYFR, regulation 8(5) of SEYFR requires NCC to seek the approval of Nottingham City Schools Forum under regulation 12(1)(b) of SEYFR for the expenditure referred to in this report, hence this report.

## 7. HR ISSUES

7.1 None.

## 8. EQUALITY IMPACT ASSESSMENT

Has the equality impact been assessed?

Not needed (report does not contain proposals or financial decisions)

No

Yes – Equality Impact Assessment attached

Due regard should be given to the equality implications identified in the EIA.

**9. LIST OF BACKGROUND PAPERS OTHER THAN PUBLISHED WORKS OR THOSE DISCLOSING CONFIDENTIAL OR EXEMPT INFORMATION**

9.1 None.

**10. PUBLISHED DOCUMENTS REFERRED TO IN COMPILING THIS REPORT**

10.1 Schools' Forum report 29 March 2012: Building Schools for the Future – Wave 5 allocations from 2012/13.