

**DRAFT**  
**STAFFORDSHIRE LEARNING INFRASTRUCTURE FRAMEWORK**

**Meeting the needs and aspirations of Staffordshire's parents  
and families to access first class education and childcare,  
close to home, when they need it**

**Capital Funding Annex**

This annex explains the types of capital funding provided for schools by central government and discusses developer contributions towards new school places

June 2015

Page deliberately blank

# Draft Staffordshire Learning Infrastructure Framework Capital Funding Annex

## Introduction

This annex explains the types of capital funding provided for schools by central government and discusses developer contributions towards new school places.

Local authorities are statutorily responsible for ensuring sufficient schools and therefore school places. The county council assesses demographic changes, plans and finances new school places, largely from funding provided by the Department for Education and from housing developers under the planning system.

The National Audit Office (NAO) published a report in 2013 entitled "[Capital funding for new school places](#)" which provides useful background on the issue, and Figure 1 is an extract from that report which shows the roles and responsibilities for providing school places.

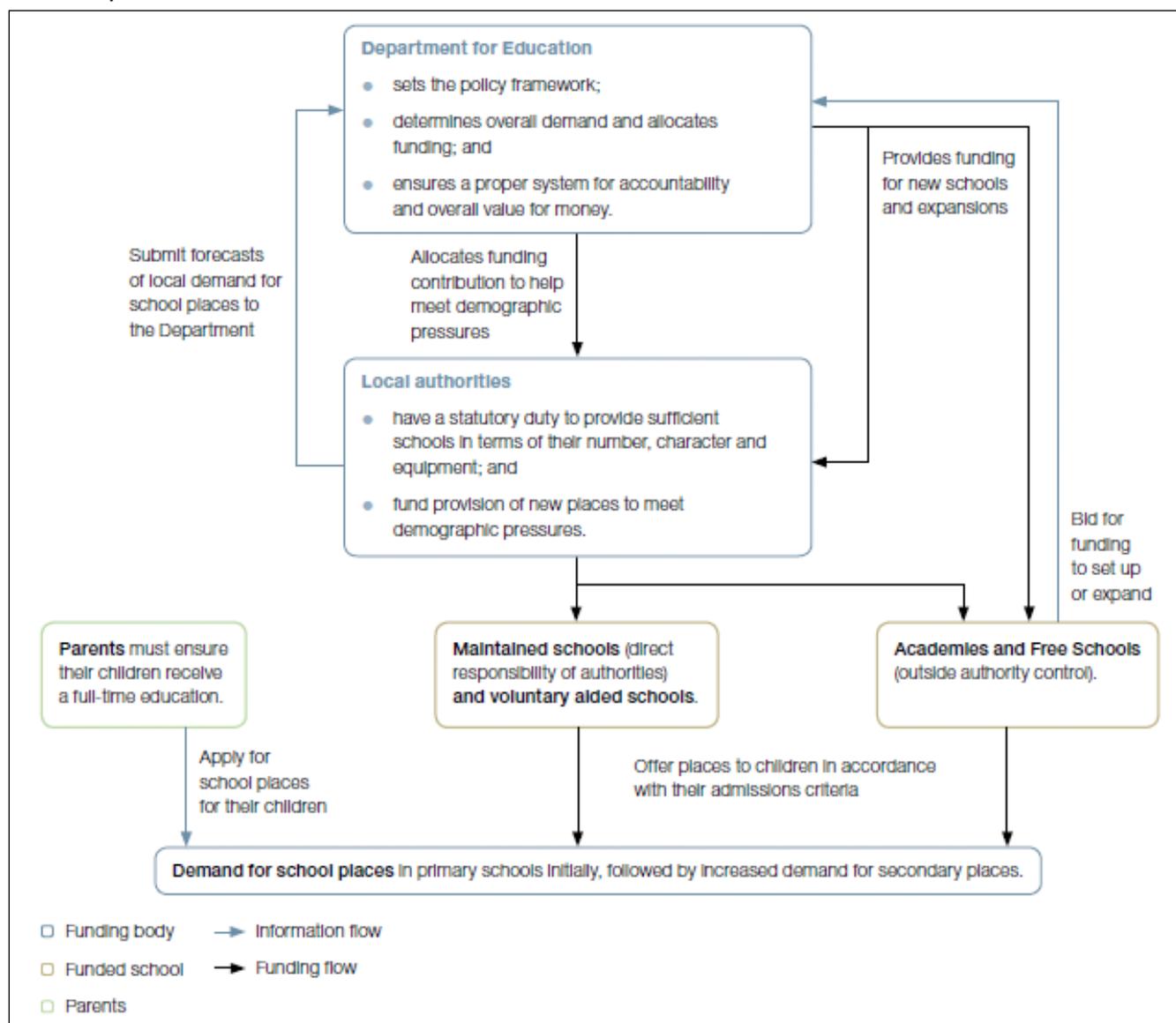


Figure 1: Roles and responsibilities for providing school places (NAO, 2013)

## **Draft Staffordshire Learning Infrastructure Framework Capital Funding Annex**

### **Types of central government grant funding**

There is a complex pattern of capital grant funding made available by central government to the county council for different purposes, including the provision of additional school places (often referred to as Basic Need). The current funding streams are listed below.

- **Basic Need** – this is the main capital formula grant allocation to the local authority to help to ensure there are sufficient pupil places in all schools. This is allocated based on detailed annual returns by each local authority to the Department for Education of their expected demand for additional places, arising from increased births and general demographic change.
- **Capital Maintenance** – this is a second formula grant to the local authority for all maintained community, voluntary controlled, trust and foundation schools. This funding is aimed at addressing maintenance needs in existing school premises, but does not include academies/free schools. However, an allocation is provided to ensure an access pathway in mainstream maintained schools and academies/free schools which is personalised for individual children and young people with SEND.
- **Local Co-ordinated Voluntary Aided Programme (LCVAP)** – a relatively small formula grant to the voluntary aided sector targeted at condition and suitability issues.
- **Academies Capital Maintenance Fund** – a central Government capital grant fund available direct to academies and targeted at condition, suitability and expanding successful academies. Academies normally have to bid directly to government to secure money from this fund on an annual basis, however where academies may be part of a larger arrangement of a multi academy trust, they will have more ready access to this funding. (This Fund does not cover Basic Need as the funding allocated to the LA for this is intended to cover both maintained schools and academies.)
- **Devolved Formula Capital** – a relatively limited capital allocation made directly to state funded schools by the DfE to support small scale refurbishment and ICT development.
- **Free schools programme** – a capital fund (circa £600m nationally) made available to individual groups and organisations, not connected to the LA, to support the provision of new free schools and studio schools.

## **Draft Staffordshire Learning Infrastructure Framework Capital Funding Annex**

In addition, the DfE has previously made significant capital funding available to local authorities through the following programmes, however it is expected that these arrangements may now be discontinued in preference to channelling available funding through the above;

- Priority Schools Building Programme – a Private Finance Initiative (PFI) based programme to address the maintenance issues of the worst condition schools nationally, with a view to significant re-builds
- Targeted Capital – the DfE has from time to time provided the opportunity for local authorities to bid for targeted capital funding for specific projects that were sufficiently designed/developed to the point where they might be delivered in comparatively short timescales.

### **Developer contributions**

The current funding from central government (the Basic Need funding stream) does not secure additional capacity for pupils arising from new housing development. Funding for new school places arising as a consequence of new housing is secured via developer contributions, which are known as Section 106 agreements or via Community Infrastructure Levy.

Where new development generates a need for additional pupil places which can't be met from residual capacity in existing schools the Council, as the statutory local authority for education, are able to request contributions from residential housing development to mitigate the impact of additional homes.

Residual capacity is measured by assessing the current level of spare capacity for schools within the locality, and the extent to which that capacity is already required as mitigation for committed development approved elsewhere.

Section 106 agreements are negotiated between the planning authority (normally the District Council) and the developer, with input from the LA. In the past S106 contributions were taken towards a generic pot to fund the provision of new place. However, as a consequence of new legislation introduced in April 2010 associated with the Community Infrastructure Levy (CIL) the operation of S106 contributions has been changed. A greater emphasis is now places on demonstrating impact and identifying projects directly related to the new housing under consideration. This shifts the balance away from taking funds then working out what to spend the money on to naming of specific schools and projects to receive any contributions in the S106 agreement.

The position is made further complex by the academies programme as schools set their own capacity and admission limits, set and the introduction of age range

## **Draft Staffordshire Learning Infrastructure Framework Capital Funding Annex**

changes, which may require that S106 funds allocated to specific schools are re-directed to others to take account of additional year groups. In both circumstances any change adds a layer of complexity to discussions with developers, leading to either the need to renegotiate some S106 agreements, or a challenge about the number of spaces available or to be provided as a consequence of housing development.

As part of the Staffordshire Learning Infrastructure Framework, a Capital Investment Scenario has been published to illustrate the possible capital implications for funding additional mainstream school places over the next 15 years.