

SURREY COUNTY COUNCIL**CABINET MEMBER FOR CHILDREN AND LEARNING****DATE: 13 DECEMBER 2012****REPORT OF: NICK WILSON, STRATEGIC DIRECTOR OF CHILDREN, SCHOOLS AND FAMILIES****SUBJECT: REQUEST BY ST ANNES' CATHOLIC PRIMARY SCHOOL, CHERTSEY, FOR PLANNED LICENSED DEFICIT****KEY ISSUE/DECISION:**

To agree a request by St Anne's Catholic Primary School, Chertsey, for a planned licensed deficit of £95,000, repayable over three years, to part fund the building of an extension to the school.

DETAILS:

1. St Anne's Catholic Primary School, Chertsey, has applied for a licensed deficit of £95,000, in order to part fund a building project. The project will provide a large studio room and four new group rooms for small group/special educational needs work. The deficit requested is 6.4% of the school's 2012/13 budget share of £1.480m. As it exceeds 5% of the school's 2012/13 budget share, it requires the approval of the Cabinet Member for Children and Learning under the council's Scheme of Delegation.
2. Until recently, the Council operated a school loan scheme. Schools could borrow funds from the council, usually repayable over three years, in order to fund building projects. This facility allowed schools to undertake projects earlier than would have been possible had they needed to save up for the full cost of the projects. Loans were funded from the surplus balances of other schools. However, the council has had to suspend the school loan scheme because of risks linked to the government's academy programme.
3. Schools applying for loans are now being offered planned licensed deficits in lieu. These deficits are funded from the collective surpluses of all schools in the same way as loans were. They will be repayable over three years and will bear interest on the same terms as loans. The financial impact of these planned deficits, both on schools and on the council, will be almost exactly the same as for loans. The council is reimbursed for the value of revenue deficits of schools converting to academies. However, whereas officers have the powers to approve school loans of up to £100,000, Cabinet Member approval is required for licensed deficits exceeding 5% of budget. Therefore this is a technical request.
4. The total cost of the proposed project at St Anne's Catholic Primary School, Chertsey is around £0.4m of which £0.3m will be funded by DfE capital grant through the LA co-ordinated voluntary aided schools programme (LCVAP).

Are there choices?

- 5 The only other option available would be to refuse the request for a loan. This would mean that the school could not realise its ambitions to build the additional accommodation and the pupils would not benefit from that accommodation.
- 6 The total of surplus balances of Surrey maintained schools at 31 March 2012 was £48.9m. The total value of loans outstanding to schools from Surrey funds (from loans advanced prior to suspension of the scheme) is currently £0.565m and the total of committed planned licensed deficits similar to this request is £0.099m. The total of anticipated licensed deficits for other reasons at 31 March 2013 is £0.5m. Demand from schools for planned licensed deficits to fund projects such as this has not been high. Therefore, if this request is approved, it is unlikely that it will restrict the scope for approval of other similar requests from other schools.

Financial and value for money implications

- 7 The proposal allows the school to provide a larger facility than would be possible using LCVAP funds alone, which will be of benefit to its pupils (and in particular to those with SEN).
- 8 The school is oversubscribed and its finances do not give the LA cause for concern. The school is still awaiting final tender prices and a final decision on the project will be made when these are available. The school aims to repay the loan through fund raising but is aware that repayments will have to be funded from the delegated budget if fund raising is insufficient.

The school's Architects are negotiating a fixed price for the project. As no ground works are involved, it is not anticipated that there will be any unforeseen expenditure. The possibility of having to upgrade the heating system has already been considered and this will be paid for separately by Governors funds.

Equalities implications

- 9 St. Anne's is a fully inclusive school and recently was re-awarded the Inclusion Quality Mark. The project has no specific equality implications.

Risk management implications

- 10 Once the project has been fully costed, the Governors will make a considered decision as to whether it is financially feasible.

The school has submitted a three year budget plan, including provision for repayment of the proposed deficit over three years.

The school expects to suspend expenditure on building improvements and IT hardware for the next three years in order to facilitate repayment of the loan, and considers both measures realistic given the current condition of both.

Governors have budgeted for a contingency in case of cost overruns.

Climate change/carbon emissions implications

- 11 The County Council attaches great importance to being environmentally aware and wishes to show leadership in cutting carbon emissions and tackling climate change. The extension has been designed with energy saving in mind. The school is re-using a lot of the materials (roof tiles etc); windows will be fitted with solar glass and the walls/roof space will be fully insulated.

Legal implications/legislative requirements

- 12 Planning permission has already been obtained for this project.

Corporate Parenting/Looked After Children implications

- 13 This proposal would allow increased opportunities for all children at the school, including any looked after children who will attend the school.

Section 151 Officer commentary

- 14 The Section 151 Officer confirms that all financial issues have been taken into account.

RECOMMENDATIONS:

It is recommended that the Cabinet Member approves the request for a planned licensed deficit of £95,000 for St Anne's Catholic Primary School, Chertsey, repayable over three years, subject to final agreement that the project is affordable when tenders are received.

REASONS FOR RECOMMENDATIONS:

The proposal will allow a successful school to provide extended and improved accommodation at no cost to the council.

WHAT HAPPENS NEXT:

Subject to Cabinet Member approval, and final officer satisfaction with the repayment arrangements, the school will award a contract for the building works.

Contact Officer:

David Green, Senior Principal Accountant (Schools Funding) – tel.no: 020 8541 8010

Consulted:

School

Informed:

Sources/background papers:

Surrey Scheme for Financing Schools

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