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| SUBJECT: | BUILDING MAINTENANCE FUNDING FOR NEW SCHOOLS |
| MEETING: | CYP SELECT COMMITTEE |
| DATE: | 1st February 2018 |
| DIVISION/WARDS AFFECTED: | ALL |

1. PURPOSE:

This report proposes a change in the funding of building maintenance for new schools through an amendment to the funding formula.

2. RECOMMENDATIONS:

To scrutinise the proposed new funding formula to reflect the change in funding for building maintenance for new schools.

To note that if this is agreed this will only be implemented once there is a need to borrow to fund the Future Schools Capital build. This will be on a pro rata basis over the financial year.

3. KEY ISSUES:

3.1 The current formula distributes funding for building maintenance via two methods:

- Floor area of the school – with an uplift for the condition of the school. This is between 1.0 and 1.4. This accounts for 50% of the funding.
- Pupil numbers at the school from the prior January PLASC count. This is the official census from Welsh Government. For the financial year 2018-19 the pupil count is at January 2018. This accounts for 50% of the funding.

3.2 Apart from the condition weighting there is no allowance made for new schools, where the building maintenance costs will be lower.

3.3 A consultation document was distributed on the 21st September 2017 with a closing date of 9th November 2017 to consult on the following proposal:

The proposal is to change the formula so that all new schools are not distributed funding for building maintenance for the first 5 years following the opening of the new school.

Years 6 – 10 would be funded at 50% of the funding, this is to recognise that some costs could be incurred at this stage.

The 50% funding would still be distributed via the same method as detailed in paragraph 3.1, but the condition weighting would be reset to 1.0.

The reduction of the funding would be used towards the borrowing required to fund new schools, over the lifetime of the loan. This was agreed by Council in October 2016.

- 3.4 The consultation paper is attached in appendix 1. This includes details of the reduction in funding per school.
- 3.5 The consultation responses (attached in appendix 2) were presented to the School Budget Forum on the 23rd November 2017. There were 19 responses and the summary is detailed below:

19 Responses:

10 agreed

4 disagreed

2 Responses said statutory maintenance should still be funded. This would be the case; this part of the formula remains unchanged.

3 agreed, but said the funding should be redistributed to schools and not used to fund the borrowing.

- 3.6 The School Budget Forum raised concerns that not all maintenance costs will be reduced in a new build. There are routine maintenance costs that will remain, such as PAT testing and routine cyclical maintenance. The forum asked that this funding remains in place to allow these works to be funded.
- 3.7 As a result of this, the proposal is to fund the schools below the following to cover these costs:

| School | Opening | Funding for Cyclical Maintenance |
|---------------|----------------|---|
| Caldicot | Sep-17 | £26,046 |
| Monmouth | Sep-18 | £11,462 |
| Raglan | Sep-15 | £6,366 |
| Thornwell | Apr-14 | £4,809 |
| Rogiet | Nov-09 | £5,499 |
| Dewstow | Sep-12 | £5,503 |
| Total | | £59,685 |

- 3.8 Therefore the total savings would reduce for the original proposed £176,255 to £116,570. The funding will be based on the prior year costs from property services as the actual costs are not known until the start of the year.

4. OPTIONS APPRAISAL

The methodology has remained the same, but other options have been considered such as reducing the funding over either a longer or shorter period of time.

5. EVALUATION CRITERIA

This is included in appendix 3.

6. REASONS:

The cost of the new builds has seen significant pressures around capital budgets. The new schools will see a reduction in costs for building maintenance due to warranty periods and therefore it is equable that any savings generated are used to offset borrowing costs.

7. RESOURCE IMPLICATIONS:

The saving generated across the schools will be £116,570. This will not be redistributed to all schools, but used to fund borrowing costs.

8. WELLBEING OF FUTURE GENERATIONS IMPLICATIONS (INCORPORATING EQUALITIES, SUSTAINABILITY, SAFEGUARDING AND CORPORATE PARENTING):

This is included in appendix 4.

9. CONSULTEES:

The following were consulted as part of the consultation paper in September 2017:

All Head Teachers of Monmouthshire Schools, Chairs of Governing Bodies of Monmouthshire Schools, The Schools Budget Forum, the Senior Management Team, the Departmental Management Team of the Children and Young People Directorate, Diocesan Directors of Education, and All Elected Members.

For the select paper:

DMT
Cabinet Member for Education
SLT
School Budget Finance Forum

10. BACKGROUND PAPERS:

Current funding regulations
Consultation document.

11. AUTHOR:

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Evaluation Criteria – Cabinet, Individual Cabinet Member Decisions & Council

Appendix 3

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|--------------------------------|--|
| Title of Report: | Building Maintenance funding for new schools |
| Date decision was made: | 7 th March 2018 |
| Report Author: | Nikki Wellington |

What will happen as a result of this decision being approved by Cabinet or Council?

All schools under the age of 10 years will have a reduced amount of funding for building maintenance to reflect the reduced costs due to warranties being in place to cover the building.

12 month appraisal

What benchmarks and/or criteria will you use to determine whether the decision has been successfully implemented?

Actual costs compared to funding.

12 month appraisal

What is the estimate cost of implementing this decision or, if the decision is designed to save money, what is the proposed saving that the decision will achieve?

The proposal is to reduce the funding by £116,570

12 month appraisal

Any other comments