

NORTH YORKSHIRE COUNTY COUNCIL

EXECUTIVE

24 JULY 2018

PLANNING OF SCHOOL PLACES – BASIC NEED PROGRAMME 2018-2021

Report of the Corporate Director – Children and Young People's Service

Appendices A, B and C of this report contain exempt information of the type defined in paragraph 3 of Part 1 of Schedule 12A to the Local Government Act 1972 (as amended).

1.0 PURPOSE OF REPORT

- 1.1 To brief the Executive on the progress of the 2015-18 Basic Need programme and to seek approval for further investments in 2018-21.

2.0 EXECUTIVE SUMMARY

- 2.1 A £58m capital programme for 2015-2017 was approved by the Executive on 30 September 2014 for the provision of additional school places. A briefing paper to Executive on 24 May 2016 subsequently secured approval for further commitments in 2017-2018. This is funded from a combination of Basic Need grant and developer contributions.
- 2.2 This programme is now being delivered in line with the requirements for school places. The position is volatile and re-prioritisation within the programme has been required. Some schemes have had to be advanced ahead of expectations and others have been subject to slippage and both as a result of uncertainty over the speed of housing development.
- 2.3 Given the large grant allocations in 2015/16 and 2016/17 it was anticipated that future years' allocations would be much lower, as a bulge in the demand for primary places was met. This has proved to be the case but the Authority has since received allocations in 2017 and 2018 as indicated in paragraph 3.1.
- 2.4 The 2015-2018 programme has been reviewed and priorities for further additional places up to 2020/21 are identified in this report.
- 2.5 All indications since the publication of the White Paper 'Educational Excellence Everywhere' in March 2016 have been that the statutory responsibility for place planning will continue to rest with local authorities so Basic Need grant is fully expected to continue to be the primary source of funding for new school places.
- 2.6 The Authority has benefited from inclusion in Wave 12 of the Free School programme and schemes to deliver new schools in Catterick and Sowerby are currently being developed by the Educational and Skills Funding Agency. The targeted Wave 13 programme is less helpful to us and is covered in more detail in paragraphs 9.2 and 9.3.

3.0 GOVERNMENT ANNOUNCEMENTS

Basic Need Grant

- 3.1 Basic Need grant is not time-limited and so can be carried forward, if unspent, at the end of each financial year without risk of claw-back. It is based on the DfE's assessment of need derived from local authority data submitted annually via the School Capacity return (SCAP).

LA Basic Need 2015/16 (announced in 2014)	£20,126,485
LA Basic Need 2016/17 (announced in 2014)	£19,168,081
LA Basic Need 2017/18 (announced in 2015)	£1,084,853
LA Basic Need 2018/19 (announced in 2016)	£0
LA Basic Need 2019/20 (announced in 2017)	£4,434,956
LA Basic Need 2020/21 (announced 29 May 2018)	£6,932,316
Total 2015-2021	£51,746,691

Other Funding Streams for school places and/or educational provision

- 3.2 The authority receives an annual allocation of c. £11m school condition grant for capital maintenance and suitability projects. The 2018/19 programme of investments was approved by Executive on 22 May 2018. This included £608.1k under the Healthy Pupils Capital Fund and the programme for investing in Voluntary Aided schools.
- 3.3 The authority is to receive £616.3k for SEND under the Special Provision Capital Fund for pupils with Education Health and Care (EHC) Plans across the 3 years 2018 to 2021.

4.0 PRIORITIES FOR INVESTMENT

- 4.1 The Local Priority Statement which spells out the County Council's priorities for investment in schools was reviewed and approved by full council in February 2015 following consultation. A further review may be necessary in future to take account of the changing role of the local authority in education.
- 4.2 The key priorities contained within the revised statement are reflected in the proposed 2018/21 Basic Need capital programme. They are:
- Providing new school places in areas of growth
 - Supporting school improvement through collaboration between schools and the restructuring of educational provision
 - Meeting key local service priorities or statutory service obligations
 - Enabling savings or efficiencies to be made in the use of property
 - Ensuring compliance with statutory and regulatory requirements
 - Maintaining the condition of the school estate to ensure buildings continue to be safe, warm, weather-tight and fit for their purpose.

5.0 INVESTMENT IN ADDITIONAL SCHOOL PLACES

- 5.1 In September 2014 the Executive approved a £58m investment programme in new primary school places to meet rising demand. A briefing paper to Executive on 24 May 2016 subsequently secured approval for further commitments in 2017-2018. This was funded through a combination of Basic Need grant and developer contributions.
- 5.2 Twenty one projects with an investment of Basic Need Grant totalling £24.3m from the three year programme for 2015-18 have been completed since the last report to Executive in May 2016 and these are shown at private **Appendix A**. One of the completed projects was the wholly new school at Staynor Hall in Selby which opened in September 2016. Other significant completed projects have been the large scale expansion at Athelstan Primary School in Sherburn-in-Elmet and the satellite scheme at Brooklyn House for Norton Community Primary School.
- 5.3 Four proposed projects originally included in the 2015-18 programme have not been required to proceed as the anticipated demand has not yet transpired and they have had their budget re-prioritised to schemes that are expected, based on best available information, to address more immediate priorities. Private **Appendix B** identifies all of the original 2015-18 schemes that either remain incomplete or have been removed from the programme since the last report to Executive in May 2016.
- 5.4 Commitments for 14 schemes originally identified in 2015-18 programme have been carried forward to the new 2018-21 programme with uplifted budgets in some cases (private **Appendix C**). The required delivery timescale of some of these projects remains uncertain as they are linked to proposed new housing developments. Three of these projects are either currently on site or at an advanced stage of development, intended to deliver additional primary school places by September 2019. They are at Barlby CP School, Malton St Mary's School and Selby CP School.
- 5.5 Commitments were also made within that programme to take forward a number of major schemes which are directly associated with major housing developments. In May 2016 these included:
- North Northallerton Development Area
 - Sowerby Gateway
 - Olympia Park, Selby
 - Manse Farm, Knaresborough
 - New school provision in Malton
 - North Scarborough
 - Middle Deepdale
- 5.6 Development of some of these housing sites has been slower than anticipated so none of these school projects have yet commenced on site. In

all cases they will now deliver places beyond September 2018 and in some cases beyond so expenditure will slip into future years. However, it remains likely that these housing developments will proceed, albeit more slowly than expected, and therefore the funding for additional places will continue to be required.

- 5.7 Work is now underway by the Education and Skills Funding Agency (ESFA) to deliver two new primary schools. These are in Sowerby to serve the on-going Sowerby Gateway development and in Catterick to serve the expected growth of that community. The current target opening date for both schools is September 2019. The schools will be academies under the Wave 12 Free Schools programme and are to be operated by the Elevate Trust and Lingfield Educational Trust respectively. The Wave 12 programme is centrally funded and NYCC will contribute the developer contributions that are applicable.
- 5.8 Planning for a new school site at Olympia Park has been paused in the light of uncertainty around that housing development. It is still anticipated that this will be a relocation and expansion of Barlby Bridge Community Primary School.
- 5.9 There are now signs of the Manse Farm housing development commencing in Knaresborough. It had been agreed following discussions with local schools that the solution here would be a new primary academy as part of a local multi-academy trust (MAT). An application under Wave 13 of the Free Schools programme was expected for this but will not now be possible given the targeted nature of Wave 13. A Free School Presumption route process for Manse Farm is now likely to commence in Autumn 2018. The funding implications of this for the LA are considered in paragraphs 9.2 and 9.3.
- 5.10 In Malton an application for a large housing development was rejected removing the option of a new education site. The review of further options to meet other housing growth led to the statutory proposal to expand St Mary's School, Malton that was approved by the CYPs Executive Members in January 2018. The construction phase of the project is underway and the additional places to meet both denominational and basic need will be fully available from September 2019.
- 5.11 The planning of the replacement school for Overdale Primary in Eastfield, Scarborough is progressing with a target opening date of September 2020. This is to meet demand from the ongoing Middle Deepdale development. There had been earlier discussions about options for the delivery mechanism but this has been resolved such that NYCC will procure and deliver the project using Basic Need grant and the contributions available from developers. Work is ongoing to finalise the necessary legal agreements with partners.
- 5.12 An assessment of the timing of need for additional places arising from North Northallerton indicates slippage beyond original expectations. It is a similar situation for North Scarborough where there is currently no certainty of the development timetable but Officers are working closely with contacts to firm this up as much as possible.

5.13 A summary of the current commitments for these projects that are being brought forward into the 2018/21 programme is provided at private **Appendix C**.

6.0 VOLATILITY OF DEMAND

6.1 As indicated above the programme remains volatile with a need to keep pupil forecasts under continuous review. New priorities are emerging as applications for further housing come forward. During 2015/18 it has been necessary to inject a number of smaller scale projects into the programme mid-year, approved via the Quarterly Capital Monitoring process and funded from contingencies, to ensure places were available in time to meet rapidly rising demand.

6.2 Revised ONS demographic data has shown a significantly lower birth rate in some areas. As a result some schemes included in the current Basic Need programme have not needed to progress to date. This includes provisions made for some of the planned Harrogate expansions.

7.0 FINANCIAL POSITION OF THE PROGRAMME TO DATE

7.1 Moving into the 2018/19 financial year there are the following uncommitted amounts:

	TABLE 1	Amount £	Total £	Notes
1	19/20 BNG unallocated	4,434,956	4,434,956	Allocated in April 2017 from SCAP 16 data
2	20/21 BNG unallocated	6,932,316	11,367,272	Allocated in May 2018 from SCAP 17 data
3	Schemes underwritten by Basic Need Grant (BNG) in advance of expected receipt of developer contributions	4,204,559	15,571,831	Contributions expected to be received via signed section 106 agreements at which point BNG can be released back to programme contingency
4	Receipts of developer contributions currently held in Basic Need Grant contingency.	440,662	16,012,493	Contributions received via signed section 106 agreements but held in contingency pending allocation
5	Corporate County Council funding	10,143,450	26,155,943	Only to be used for future priorities – BNG to be used first

7.2 Of the identified funding available item 3 in the table carries some risk as the developer contribution amounts have not been received. It is entirely normal for projects to require delivery in advance of receipt of the whole amount of developer contribution to which we are entitled. This is due to the staged trigger point arrangements common in agreements for sizeable housing

developments. When this arises the project is front funded by Basic Need grant to be 're-paid' to the programme on receipt of the section 106 sums. It is proposed that the overall amount of £4.2m be effectively held as a programme contingency rather than make specific commitments against it at this time.

7.3 Item 5 in the table is Corporate funding with most of the amount agreed by Council in February 2016. The Council at that time agreed to earmark a further £7.5m for the provision of additional primary school places over the next few years on the basis that matched funding was to be secured from the Department for Education (DfE). The Basic Need grant funding received from the DfE since March 2016 has now broadly equated to a matched value of c. £10m, although it should be noted that NYCC has received nothing more than that derived through the national Basic Need funding formula for all LAs. In May 2016 Executive agreed that the earmarked funding will be used to ensure that sufficient places are available for children and young people in North Yorkshire. It is proposed that the commitment be maintained to ensure that some of the larger developments which may be required in future can be adequately funded. This funding element will only be committed as the last resort. It will also be kept under constant review to ensure that adding mainstream school places remains the appropriate priority use of the funding when compared to other CYPS capital needs for SEND and the wider corporate capital requirements.

7.4 The proposed 2018/21 programme at **Appendix C** would see a further £7.175m committed against the available Basic Need grant at items 1 and 2 which total £11.367m. This therefore leaves £4.192m of the grant unallocated and available to meet the volatility of demand. Experience from the 2015/18 programme has shown the flexibility to utilise the capital in a flexible way mid-programme to be advantageous. Table 2 below shows the proposed commitments:

	TABLE 2	Amount £	Total £	2018/21 Programme Notes
1	19/20 BNG unallocated	4,434,956	4,434,956	Fully committed
2	20/21 BNG unallocated	6,932,316	11,367,272	£2.740 committed £4.192 uncommitted
3	Schemes underwritten by Basic Need Grant (BNG) in advance of expected receipt of developer contributions	4,204,559	15,571,831	All uncommitted
4	Receipts of developer contributions currently held in Basic Need Grant contingency.	440,662	16,012,493	All uncommitted
5	Corporate County Council funding	10,143,450	26,155,943	All uncommitted - only to be used for future priorities – BNG to be used first

8.0 FURTHER PRIORITIES BEYOND SEPTEMBER 2021

- 8.1 A review of pupil forecasts has shown that there are further areas of the County where rising birth rates, demographic change and housing growth are expected to increase the demand for pupil places beyond the current supply from 2021. Of these the impact of housing growth is expected to be the most significant.

Impact of Housing Growth

- 8.2 The seven District/Borough Councils and two National Park authorities determine housing development policy in North Yorkshire. Planning authorities are at various stages of reviewing local plans and producing Local Development Frameworks or Local Plans for the medium to long-term. In most cases specific site allocations have yet to be determined. There are significant housing allocations identified in a number of Districts including Selby, Harrogate and Scarborough. The early stage proposals for the major expansion of Catterick Garrison are potentially the single biggest challenge for school place planning in the coming years.
- 8.3 There are large scale developments proposed for the following areas which could create the need for new school buildings or wholly new schools and other services for young people and their families in the coming years:
- Catterick
 - Green Hammerton (Primary and Secondary)
 - Harrogate town (Primary and Secondary)
 - Northallerton
 - Norton
 - Ripon
 - Scarborough
 - Selby town
 - Skipton town
- 8.4 The LA have been consulted about the potential housing allocation for c.3000 homes in the Green Hammerton / Cattal area and our requirement would be for two 420 place primary schools and educational land. Our expectation for delivery of additional secondary places is through the expansion of Boroughbridge High School.
- 8.5 Consultation was undertaken in January 2016 to evaluate views across the Catterick area on how best to make these additional places available and agreement was reached in principle on a strategy to deliver them. Projects at 3 schools (Le Cateau, Colburn and Hipswell) totalling c. £3.5m have been completed since May 2016. In addition we expect the new Catterick free school to be delivered by the Education and Skills Funding Agency to add 420 primary places over time, with an initial target date for opening of September 2019. It is entirely possible given the indicative scale of growth planned for

Catterick that further investment in additional school places will be required in the medium to long-term. The LA is working closely with infrastructure delivery partners and Richmondshire District Council to access the best possible information on the MoD proposals to enable effective planning.

- 8.6 In addition to the proposed commitment for primary places in Harrogate West there is also a need to recognise the potential for growth in other parts of the Harrogate urban area dependent on housing approvals. This is also likely to extend to a need for additional secondary places, the location of which will be the subject of forthcoming discussions with the five secondary schools.
- 8.7 The timing of need for additional places in North Northallerton has slipped later than initially expected due to the underlying demographic position. As a result some of the original budget for the new school proposal has been re-prioritised to more immediate needs. However there is still the expectation of need for a new school in time and the current budget allocation would need to be uplifted at the appropriate time.
- 8.8 It is likely that a new primary school will be needed to serve any new development in Norton, in addition to the completed development of the Brooklyn House site as an enlargement of Norton CP School. This was agreed in principle as part of the deliberations about the expansion of Norton CP School. A significant development known as Norton Lodge forms part of the Ryedale DC site allocations which are currently undergoing examination
- 8.9 In Ripon there is potential for development of some of the MoD property for housing. To cover this eventuality we have made representation to Harrogate BC that land should be made available for new primary school provision.
- 8.10 In addition to the proposed additional allocation for North Scarborough Primary there is also the likelihood for a new school development to be required to serve potential housing growth in other parts of the town. An additional funding allocation would be required in that event.
- 8.11 In Selby town the continued successful build out of the Staynor Hall estate is beginning to erode the surplus school place capacity that we continue to have across the schools serving Selby and Brayton. It is therefore appropriate to begin work with the Ebor Academy Trust to plan a potential expansion of Staynor Hall Community Primary Academy. Further site allocations by the District Council for Selby town would, in all probability, give rise to the need for a second new primary school for the town on a new site to be identified.
- 8.12 There is currently surplus place capacity across the primary sector in Skipton despite the closure of Skipton Ings Community Primary School in December 2017. However the proposed scale of development planned for Skipton town makes it likely that 2 one form entry primary schools will be needed to meet the expected demand. We are currently in discussion with local partners about how best to approach this growth.
- 8.13 A conservative estimate at today's values of the development costs of delivering the potential new schools identified in this section of the report is c.

£40m. Only North Northallerton has an existing budget commitment of £2.5m but that would require an increase to meet the total project costs. The anticipated additional call on funding from these significant developments alone would therefore be c. £37.5m. Most of this would be expected post 2021 but some needs could emerge sooner, with Staynor Hall in Selby being the most likely at this point.

- 8.14 As the housing approvals occur the pupil yield data will be fed into the annual School Capacity return (SCAP) to the DfE which in turn will result in additional allocations of Basic Need Grant. We could also expect some developer contributions to supplement this. However experience has shown that the combined amounts is often insufficient to meet the actual cost of development. In this context it is considered appropriate to continue to earmark the £10.1 of corporate funding (para 7.3) to ensure that sufficient places are available for children in the areas affected by these larger developments.

9.0 FUNDING FOR NEW SCHOOL PLACES – CHALLENGES AHEAD

- 9.1 The Free Schools programme is beneficial to LAs in that successful applications made by sponsors to the ESFA to create new free schools are centrally funded such that the ESFA meets the site acquisition and capital investment costs. In North Yorkshire we have two successful bids for Catterick and Sowerby. These were included in wave 12 of the programme. The value of this to the LA is uncertain since it involves a competitive bidding process but a conservative estimate would be c. £7.5m. Our once anticipated level of Basic Need Grant expenditure for these two sites is therefore now greatly reduced. We are only required to passport the relevant developer contributions to the ESFA.
- 9.2 Wave 13 of the Free School programme was announced, after much delay, in May this year. Unlike earlier versions Wave 13 is a targeted programme which seeks to prioritise districts which have the lowest standards and lowest capacity to improve. As a high performing authority NYCC does not fare well by this measure and only Scarborough was identified in the national DfE list of 'qualifying' districts. We are working with our contacts for the proposed North Scarborough development. Indications to date are that their proposal is not sufficiently advanced to enable a bid for the Wave 13 round but this may change in the coming months.
- 9.3 Should Wave 13 be typical of any future waves then this avenue of funding will be denied to the LA increasing the demands on our Basic Need grant and potentially our corporate funding. The working assumption is that any new school requirement will from now on have to be approached via a Free School presumption route process where the delivery and funding responsibility rests with the LA. With delivery of a one form entry primary school costing in the region of £5m and with a potential requirement for 6 - 10 new schools county-wide over time this is a significant issue for the County Council.
- 9.4 Historically there have been two main sources of funding for school places. The first is Basic Need grant which comes from central government via the

ESFA and the second is contributions from developers where housing generates the need for additional school places.

- 9.5 Basic Need grant is based on the DfE's assessment of future shortfalls in school places across planning areas (based on LA data). Where there is a gap between current capacity and forecast pupil rolls a per-place sum is provided. However there are a number of reasons why this is not sufficient to meet the costs of providing school places.
- 9.6 The DfE assumes a per place cost for primary and secondary school places which is significantly lower than the actual cost of building new schools and expanding existing ones. DfE officials have acknowledged that Basic Need grant will meet no more than 80% of the cost of places. In reality, work undertaken by local authorities nationally has suggested this could be as low as 50% in some places and for some projects.
- 9.7 It is assumed, and ministers have stated, that local authorities will be able to secure developer contributions to supplement Basic Need grant. However, the DfE multiplier used by NYCC to determine the level of developer contribution takes no account of the cost of acquiring new land and sites and it does not take abnormal site factors such as poor ground conditions into account. The mitigation measures required to make development acceptable in planning terms can be significant and this is not factored into grant funding.
- 9.8 For example the per place value of a primary school place in the May 2018 grant allocations was £12577. A national data set known as the pupil place planning scorecards revealed a 2017 average cost for primary places in England to be £16088 per place. The comparative cost for North Yorkshire primary expansions was £15380. It is therefore challenging to deliver schemes within the allocated budget despite efforts to drive down costs through careful specification and procurement.
- 9.9 The County Council has for many years had a policy of aiming to secure contributions towards education provision wherever possible. This has become significantly more challenging in the context of Community Infrastructure Levy (CIL) replacing, to a large extent, the ability to secure s.106 contributions in respect of individual housing developments and rules around the pooling of contributions from multiple developments.
- 9.10 For those parts of the County that have not yet adopted CIL we are able to continue securing agreements for dedicated s.106 education sums via developer contributions. This maximises our position and the proposed 2018/21 Programme is supported by approximately £23m of s.106. However where CIL has been adopted the principle is that the District Council's collect a set sum per unit from all developments under a charging schedule and then distribute to infrastructure projects under their agreed policy. This introduces uncertainty that the school place need arising from a housing scheme will be supported by developer contributions. It is highly unlikely that we will be able to rely on a continuation of the levels of contribution that have previously been secured.

10.0 CHANGING LANDSCAPE AND QUALITY PLACES

- 10.1 Although the County Council supports school autonomy and will continue to work with Academies in North Yorkshire, these changes create challenges in discharging our statutory duty to ensure an adequate supply of good school places, enshrined within the Education Act 1996 and retained in subsequent legislation. The LA's role is shifting to become a 'commissioner' of school places and in future we will need to work in a very different way. Negotiating solutions with a diverse range of providers will need to be carefully managed or it could become increasingly challenging to shape and maintain the stability of the education system. The risk is that failing to do so could either lead to a significant shortfall of places or a degree of over-supply, which could make the viability and/or sustainability of some schools a critical issue.
- 10.2 Although LAs receive Basic Need funding for all categories of school they cannot at present compel an Academy to expand to meet increased need for places. Although this has not yet presented a difficulty in North Yorkshire there is a clear need to develop joint strategies between LA and Academy Trusts in areas of growth.
- 10.3 There is an expectation from DfE that new school places will only be provided in those schools rated either Good or Outstanding by Ofsted. LAs are closely monitored on this measure. Publication of the 2017 School Places Scorecard revealed that North Yorkshire was rated first out of 141 LAs nationally by achieving 100% of all new primary places delivered in Good or Outstanding schools. Officers do actively review the standing of individual schools as investment is planned and this is a pleasing result on this occasion. However given the rural nature of large parts of the County there will be no doubt be times when our obligation to maintain place sufficiency may have to take precedence over quality i.e. where only a single school serves a large area.

11.0 FINANCIAL IMPLICATIONS

- 11.1 In May 2016 Executive agreed that the earmarked corporate funding would be used to ensure that sufficient places are available for children and young people in North Yorkshire. It is proposed that the c. £10m commitment be maintained to ensure that some of the larger developments which may be required in future can be adequately funded. This funding element will only be committed as the last resort and kept under review. Executive is asked to agree that the earmarked funding will be used to underpin future investment needs to ensure that sufficient places are available for children and young people in North Yorkshire. Officers will continue to work to minimise costs and seek to maximise DfE and other contributions wherever possible.

12.0 LEGAL IMPLICATIONS

12.1 The County Council has a statutory duty to ensure sufficient school places are available for every child under the Education Act 1996. This programme is the key means of meeting that duty.

13.0 RECOMMENDATION

13.1 Executive is asked to approve the proposed 2018/21 programme of Basic Need grant investments to meet the demand for school places and to underpin the future priorities with earmarked corporate funding as previously agreed.

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COUNTY HALL

NORTHALLERTON

24 July 2018

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