



Leicester
City Council

MINUTE EXTRACT

Minutes of the Meeting of the PERFORMANCE AND VALUE FOR MONEY SELECT COMMITTEE

Held: WEDNESDAY, 28 JULY 2010 at 5.30 pm

P R E S E N T :

Councillor Coley – Chair

Councillor Desai – Vice-Chair

Councillor Chowdhury
Councillor Connelly
Councillor Draycott

Councillor Grant
Councillor Kitterick
Councillor Willmott

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33. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillor Bayford.

34. DECLARATIONS OF INTEREST

Members were asked to declare any interests they had in the business on the agenda, and/or indicate that Section 106 of the Local Government Finance Act 1992 applied to them.

Councillor Chowdhury declared a personal interest in agenda item 7, “Building Schools for the Future and Changes to School Governance”, as his son worked in a school in the Building Schools for the Future programme.

Councillor Coley declared a personal interest in agenda item 7, “Building Schools for the Future and changes to School Governance”, as he was a member of the Shadow Board of New College.

Alistair Reid, (Strategic Director – Development, Culture and Regeneration), declared a personal interest in agenda item 7, “Building Schools for the Future and changes to School Governance”, as he was a director of Leicester Miller Education Company.

Councillor Connelly declared a personal interest in the discussion on Prospect Leicestershire held under agenda item 8, “Any Other Urgent Business”, as he was an employee of Royal Mail.

Alistair Reid, (Strategic Director – Development, Culture and Regeneration), declared a personal interest in the discussion on Prospect Leicester Shire held under agenda item 8, “Any Other Urgent Business”, as he was a Director of Prospect Leicestershire.

39. BUILDING SCHOOLS FOR THE FUTURE AND CHANGES TO SCHOOL GOVERNANCE

The Director – Learning Environment submitted a report outlining the current issues and risks if any schools in the Building Schools for the Future (BSF) programme moved to alternative governance models, (in particular National Challenge Trusts and Academies). It was noted that, to date, no requests had been made for any additional schools to become Academies or for Free Schools to be set up, although there had been four on-line requests made for information on setting up Free Schools.

The Director advised the Committee that the Outline Business Case (OBC) currently was waiting for final approval by Partnerships for Schools and the Treasury. In addition, Rushey Mead Secondary School was proceeding to completion of its business case.

The Director then drew the Committee’s attention to factors that could be critical determinants for schools in deciding whether to become Academies. These included who the sponsor would be, the relationship that the sponsor had with the Council; and whether the Council would be a co-sponsor. At present it was not known if the government had a preferred option, but the forthcoming James Review of schools’ capital arrangements and White Paper on increasing freedom to become an Academy would influence this.

It was noted that the Leicester BSF “affordability gap” for facilities management and lifecycle costs over 25 years was being paid for on a 70:30 basis, with the authority meeting 70% from its General Fund and schools covering 30%. Members queried whether this rule should be changed, so that schools which became an Academy or Free School would surrender their expectation of a 70% contribution from the Council which no longer had any funding responsibilities. It was felt that any such decision should be communicated now, as it would not be fair on schools to be told this after they had started working through the processes. This also would mean that the situation for schools considering becoming Academies or Free Schools would be clear and that schools remaining within the Council’s control were not disadvantaged. Alternatively, the situation for individual schools could be considered on a case by case basis, to ensure that the particular circumstances of each school were taken in to account.

Members also queried whether this could be enforced for schools currently included in the OBC. In reply, the Director advised that the OBC was based on the assumption that facilities management and lifecycle costs would continue to be split 70:30 between the Council and the school concerned and would be signed off on that basis. She therefore would need to take legal advice on this.

Some concern was expressed that, if too many schools in the City were Free Schools, pupils would not be able to mix with other communities or interests so easily, which would be a retrograde step for community integration and could jeopardise the established groups of “families” within which schools currently worked. However, it also was noted that a Free School could be set up with the primary purpose of improving integration.

During discussion on this item, Members noted that school land and building assets were managed as part of the Council’s estate and asked if there was any way in which only essential assets could be transferred to schools moving to alternative governance models (with surplus land being retained by the Council) In this way, the Council could continue to manage assets as flexibly as possible for the benefit of the whole City. The Director advised Members that part of any transfer process was ensuring that all assets transferred intact, in accordance with current legal requirements.

Members were concerned to know if schools could sell assets transferred to their control when they operated under alternative governance models and if Academy sponsors could use a school’s assets for the sponsor’s advantage, (for example, a large enterprise could build a store for itself on a school’s land). The Strategic Director – Development, Culture and Regeneration advised the Committee that officers were alert to the need to consider what happened to, or on, any piece of land. Current options for controlling future use of land transferred that could be investigated included:-

- imposing covenants on the land requiring it to be returned to the Council if no longer required by the school, (although it was recognised that current legislation could limit the extent to which this could be done); and
- subject to forthcoming changes to the planning system, specifying in the Local Plan that the land in question was for education and / or leisure use only.

RESOLVED:

- 1) that the report be noted;
- 2) that Cabinet be recommended to:-
 - a) note the concerns raised by this Committee in relation to making a 70% affordability contribution to schools which transferred to alternative governance, given that responsibility for funding such schools would no longer rest with the Council; and ask Cabinet to look into this further;
 - b) note the concerns raised by this Committee in relation to the stewardship of school land currently held by the Council and explore what can be done to minimise the loss of that land for public use in the event of schools moving to an alternative form of governance and not

requiring the land for school purposes; and

- c) request the Secretary of State to consider stipulating that land or other such assets transferred to a school that has moved to an alternative form of governance but is no longer required by that school should automatically revert to the Authority from which they were transferred, thus keeping them available for public use; and
- 3) that the Director – Learning Environment be asked to investigate what action, if any, the Council can take to ensure assets that are transferred to schools moving to an alternative form of governance are only such as are necessary to run the school, and to prevent the assets of schools that have moved to an alternative form of governance being used either for the advantage of an Academy sponsor or sold.