

Summary of Funding Streams Available for the Development of New Schools and Improving the Existing Schools Estate

The principal source of capital funding for providing additional school places is the DfE Basic Need capital grant. The funding is allocated each year on a rolling basis, three years in advance. It is formula-based and does not reflect post-16 need or specific growth in numbers of pupils with high needs. Because of the fluctuating trend of need, there is no new funding allocated for 2019/20, 2020/21 and 2021/21. It is not yet clear what funding will be allocated, if any, for 2022/23 and beyond.

The capital programme of new school capacity is also supported by use of s106 receipts which have been secured to mitigate the impact of new housing developments. Approximately £10m has been collected for new schools, which has not yet been committed to a project. In addition, approximately £10.6m for schools has been agreed but not yet collected. However, there is no certainty about receiving the full value of the agreed sums as this will depend on the developers' programmes so this presents some difficulties in planning the use of these receipts.

The council adopted its Community Infrastructure Levy (CIL) charging from April 2015. This replaces s106 payments for the mitigation of the impact of new developments on school provision. The council's Annual Infrastructure Statement sets out the Mayor's overall approach to investing CIL. 16% of CIL funding is allocated towards 'community, education and employment' which includes schools. £5m of CIL funding is expected to be available (£8m collected less £3m already allocated to projects). 25% of CIL funding (£12m) is also allocated toward the Local Infrastructure Fund (LIF) which must be spent in the neighbourhood area where it was collected and in consultation with local residents. A proportion of LIF funding could be put towards schools, depending on the location.

In 2017, the Government committed £215 million of capital funding nationally to help local authorities create new SEND school places and improve existing facilities for children and young people with SEN and disabilities. In Tower Hamlets this funding amounts to about £1.45m a year for three years (2018-2021) - £4.36m in total.

In addition to these funding streams that are specific to education, the Council also has the option to use its reserves, capital receipts, and/or borrow to ensure that it can deliver on its strategic priorities and statutory duties.

When the funding strategies for new school projects are being developed, these funding sources are considered and the funding allocated through the relevant governance and decision making arrangements. Funding has been allocated to the following new school projects as follows:

Project	Estimated cost
Wood Wharf (2FE primary) – fit out of shell and core provided by developer	£5,000,000. Discussion with developer to defer use of the building as a school for 2 or 3 years until the forecast pupil numbers is expected.
Westferry (7FE secondary and sixth form) – full development of the school	£45,000,000. Issue with developer providing site to the Council. Legal advice being taken on action that could be taken. Discussions with DfE on options.
London Dock (6FE secondary and sixth form) – full development of the school	£52,000,000*. The LA is expecting a significant contribution towards the full cost of this development from the DfE, given its intention to appoint the Mulberry Schools Trust as the preferred provider under the Central Free Schools Programme.
Phoenix Upper School (144 place expansion of existing special school)	£17,000,000. Works currently on site and due for completion by summer 2020.
Total costs	£119,000,000*