

## **Report to CABINET**

### **Capital Investment at the Bluecoat School**

#### **Portfolio Holder:**

Cllr M Ali: Cabinet Member for Education and Skills

**Officer Contact:** Gerard Jones: Managing Director or Children and Young People

**Report Author:** Matt Bulmer: Director of Education Skills and Early Years

**18<sup>th</sup> March 2024**

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#### **Reason for Decision**

Joint investment is required between Oldham Council and the Cranmer Education Trust (CET) to prevent the closure of a teaching block at the Bluecoat School site. The capital works required to prevent closure would be £3.5m.

#### **Recommendation**

The required capital project would cost £3.5m. Of this:

- The Council should fund £1.169m (33.4%) through a direct grant award to CET from the Council's Basic Need allocation.
- The Council should fund £1.84m (52.6%) through a loan to CET from the Council's Basic Need allocation. This loan would be repayable from CET to the Council over a term of ten years at a non-commercial rate of interest.
- CET should directly fund £0.491m (14%) directly from Trust finances from the outset of the project.

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## Capital Investment to Safeguard School Places at the Bluecoat School

### 1 Background

- 1.1 The Bluecoat School is part of the Cranmer Education Trust (CET). The Trust currently operates 5 schools:
- 1.2 **The Blue Coat C of E School.** The only Ofsted “Outstanding” secondary school in Oldham. There are over 1200 pupils on roll in Years 7-11. The school also runs a very successful academic sixth form for 420 students who come from Blue Coat and schools across the borough and beyond.
- 1.3 **St Anne’s C of E Academy.** The school is based in Rochdale for pupils aged 11-16 from a wide catchment area across Northeast Manchester.
- 1.4 **East Crompton St George’s C of E Primary School.** A primary school based in the parish of St James, East Crompton, catering for children from 4 to 11 years old.
- 1.5 **Mayfield Primary School.** A large, two-form entry primary school based in Derker catering for pupils from Reception to age 11, together with a nursery.
- 1.5 **The Brian Clarke C of E Academy.** Opened in September 2022. This is an 11-16 school, admitting 240 pupils every year, in a newly built permanent site in the town centre of Oldham.

### 2 Current Position

- 2.1 On 24 November 2023 CET contacted Oldham Council to request Local Authority assistance in improving the condition of one of the accommodation blocks within the Bluecoat School (the ROSLA block.)
- 2.2 If the ROSLA block is not replaced CET have stated that they will need to reduce the Published Admissions Number (PAN) of Bluecoat. They would need to start the required consultation of this PAN reduction by November 2024.
- 2.3 As a Multi Academy Trust (MAT), CET has responsibility for the maintenance of the condition of their school estate through funding from the DfE. From next financial year CET will become eligible for School Capital Allocations from the DfE (reserved for large MATs). However, due to the costs of the required capital works, CET have insufficient immediate capital budget to fund the block replacement themselves.
- 2.4 Oldham Council is provided with ‘Basic Need’ funding from the DfE. This money is to help Local Authorities fulfil their duty to ensure that there are enough school places for children in their local area. As a non-ring-fenced grant, the Council could decide to fund all/part of the block replacement through Basic Need capital to safeguard place sufficiency.
- 2.5 The place sufficiency position for secondary schools has significantly improved in Oldham since the addition of Oasis Leesbrook and the Brian Clarke Academy. Reception and Year 7 are the key year groups for place forecasting purposes. We would expect a forecast dip in births to impact significantly on Reception numbers in the near future; however, it will be almost a decade before there is an impact on secondary admissions.

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2.6 Because of the admission policy of the Bluecoat school, around 65% of the school's population resides in Oldham. The rest of the school population is drawn predominantly from other parts of Greater Manchester.

3 **Options** (in all options the capital project would be self-managed by CET)

3.1 Option 1: Fund the entirety of the block replacement as a grant to CET from Basic Need.

3.2 Option 2: Partially fund the block replacement as a grant to CET from Basic Need with CET funding the remainder.

3.3 Option 3: do not fund the block replacement.

4 **Preferred Option**

4.1 The preferred option is option 2 with the additional requirement placed on CET to repay a proportion of the Basic Need grant through a loan agreement. Of the £3.5m required to fund the project, the Council should fund:

- The Council should fund £1.169m (33.4%) through a direct grant award to CET from the Council's Basic Need allocation.
- The Council should fund £1.84m (52.6%) through a loan to CET from the Council's Basic Need allocation. This loan would be repayable from CET to the Council over a term of ten years at a non-commercial rate of interest.
- CET should directly fund £0.491m (14%) from the outset of the project directly through Trust finances.

5 **Consultation**

5.1 CET have been consulted and would find the recommendation within this report acceptable.

6 **Financial Implications**

6.1 This information is contained in Part B of this Cabinet report. (James Postle, Finance Manager)

7 **Legal Implications**

7.1 The grant and subsequent sub-commercial loan is unlikely to be a subsidy to the Academy if it is involved with the delivery of the national curriculum and its courses are mainly financed by the public fund. A subsidy risk only arises if the main source of income in providing education is from the private sector, as this is unlikely, we do not believe that subsidy control issues arise.

7.2 *The Statutory Guidance to the Subsidy Control Act 2022 on education proves to be helpful here as set out below:*

*15.28. Education services organised within the national education system, which are both funded through public funds and supervised by the UK government, are not considered to be economic activities for the purposes of the Act.*

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15.29. Equally, where the costs of education services are principally funded, whether directly or indirectly, through public resources, those services will not be considered an economic activity despite the fact that students, or their families, pay fees toward the provision of those services.

15.30. However, where education services are principally funded through private resources, for example the resources of students and parents, or through the operator's own commercial revenues, the operators providing these services will be considered to be enterprises for the purposes of the Act.

- 7.3 This is the opinion of the Council and the Academy should take its own legal advice on subsidy control especially if it will be receiving funding from other sources to use on the same works. In due course a grant agreement and loan agreement will need to be negotiated and put in place.

(Sukie Kaur, Solicitor)

## 8. **Co-operative Implications**

- 8.1 The proposals set out in this report support the ongoing education of Oldham pupils at an Ofsted 'Outstanding' rated school. This decision will mean continuing to provide good outcomes for Oldham residents and as such, support our cooperative ambitions.

(James Mulvaney, Policy Manager).

## 9 **Human Resource Implications**

- 9.1 There are no HR implications within this report.

(Kathryn Pickford, HR Manager.)

## 10 **Risk Assessments**

- 10.1 This information is contained in Part B of this Cabinet report. (Vicki Gallacher, Head of Insurance and Information Governance)

## 11 **IT Implications**

- 11.1 None (Mark Edgar, Head of IT Operations and Cyber Security)

## 12 **Property Implications**

- 12.1 None (Katy Webster, AD Property & Projects)

## 13 **Procurement Implications**

- 13.1 No procurement implications on the basis a compliant grant agreement is being implemented which does not contravene the Public Contract Regulations. All tender activity for associated professional services and works will be led and contracted directly by CET.

(Dan Cheetham, Procurement Manager)

## 14 **Environmental and Health & Safety Implications**

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14.1 Contractors need to be checked for any previous Health and Safety fines or prosecutions before the contract is awarded. The company that is awarded the contract must have sufficient insurance and risk assessments to carry out the work.

(Samantha Cox, Environmental Services Manager)

15 **Community cohesion, including crime and disorder implications in accordance with Section 17 of the Crime and Disorder Act 1998**

15.1 None

16 **Oldham Equality Impact Assessment, including implications for Children and Young People**

16.1 In these circumstances this is not this is not applicable.

17 **Key Decision**

17.1 Yes

18 **Key Decision Reference**

18.1 EDS-02-24

19 **Background Papers**

19.1 None

20 **Appendices**

20.1 None