

Innovation Fund

1. Purpose of the Report

The report is to provide members with an update about the operation of the Innovation Fund and seeks way to publicise the benefits of the fund

2. Recommendation

- i) The Forum note the report
- ii) Forum members promote the use of the fund at their collaborative meetings
- iii) An all schools letter is sent out by officers promoting the fund
- iv) An article appears in the next governors newsletter

3. Background

- 2.1 The Innovation Fund seeks to change how major projects are implemented by allowing schools to incur the expenditure when a need is identified, then paying for the asset created. At present schools 'save up' for special projects and the impact is to create a high level of balance overall. This is partly why we see such high carry forwards at certain schools.
- 2.2 Schools may only borrow from the LA this is because any borrowing by a school counts as borrowing by the LA, which is regulated by government i.e. schools may not borrow independently from banks.
- 2.3 The scheme is funded from the collective balances held by schools. All schools maintained by the LA are eligible to apply for a loan facility that can be for the:
 - Purchase or replacement of equipment including computer equipment;
 - Full or part funding of premises projects;
 - Energy and environmental improvements;
- 2.4 It is generally assumed that the loans will be for expenditure that is capital in nature and will have a life of at least of between two and five years. Equipment loans will normally be for a maximum period of three years. Only in exceptional cases will loans for equipment be extended to a maximum of five years.
- 2.5 The normal maximum loan will be up to 5% of the schools budget share, 2010/11 terms equates to £80,000 for an average primary school. However, subject to the three year forecast prepared by the

school, a loan in excess of this limit can be provided if the School can meet the ongoing commitment.

- 2.6** Interest charges will be calculated at bank interest rate + 1% on commencement and will be fixed for the term of the loan and repayments will be calculated on a monthly basis.
- 2.7** Loans to schools from the Innovation Fund will not exceed 20% of the collective balances held by schools. This would be permit loans up to £1.4m to be made.

3. Examples of use of the Innovation

- 3.1** Two schools have taken advantage of the scheme with one application pending and the projects carried out include:

Improvements to the Nursery and Reception Areas at Christ Church school - £12,000.

Contribution to the renovation and extension of the school's extended services building, Chelwood House - £17,076.

Upgrading of ICT system at John Ball estimated cost of project £58,000 - application pending.

Conclusion

- 5.1** The innovation fund is a method of bringing forward the purchase of large items of equipment for school. We have seen with the excess carry forwards balances that have been built up that the funding given for a pupil is not always spent but part of it goes into the schools contingency and results in the large carry forwards that we have seen. The pupil misses out on the opportunity to benefit from this funding. The innovation fund is a means to address this by allow the purchase to be brought forward and the sum normal set aside in the school contingency to be used to repay the loan.
- 5.3** With only two schools taking advantage of the fund it is important that we publicise the scheme to ensure that schools and governors are aware of the benefits described above. There are number of methods that can be employed and the following is suggested
- Letter to all schools and Chairman of Governors
 - Article in the Termly Governors newsletters
 - Schools Forum members share details of benefits of the fund at their collaborative meetings.
- 5.4** The innovation fund is available for all schools to make use of to their own benefit. Only two schools have taken advantage of the fund.

Currently there are few enquires about the fund and it important that schools and governors are aware of it's advantages.

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