

15 MAY 2006

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Mr M Roffe
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Direct line: 020 7925 6746
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12 May 2006

Dear Mr Roffe.

Application for funding under the expansion of successful and popular secondary schools – Old Swinford Hospital

I am delighted to inform you that your school has been approved funding in principle under the above programme.

The school has assessed the overall cost of the project to be, up to £10,579,000 including £7,675,000 for the boarding element (phase 1) and £2,904,000 for teaching related costs (phase 1A).

Since Dudley Metropolitan Borough Council has not offered financial support towards the project, the department is prepared to provide funding for both the incentive funding element (£500,000 as the school includes provision for 6th form) and the balancing amount, excluding the 10% statutory contribution expected from the governing body and Feoffees, as your school has voluntary aided status. For clarity, I have provided a breakdown of how the funding is made up in the table attached, Annex 1.

As you are aware, we have agreed not to seek a reclaim from Dudley Metropolitan Borough Council the cost relating to the boarding accommodation, in this case £7,675,000, excluding the 10% contribution expected from the school governors. So, after deducting £7,675,000 and our incentive funding of £500,000, Dudley's potential liability is limited to £2,113,600. Subject to the School Organisation Committee's decision, we will discuss repayment amounts and the period with the County Council.

You should note the funding is subject to the conditions detailed below:

- It will only be available where the Schools Organisation Committee (SOC) or independent adjudicator approves the expansion proposals. In this context, I would like to stress that this funding letter is not intended to influence or prejudge the SOC or adjudicator's decision.
- If the expansion proposal is approved, we are prepared to provide funds required for the project, up to £9,521,100. It is not our normal practice to fund any amounts exceeding the estimated costs of the project, whether caused by inflation,



irrecoverable VAT or other reasons.


- Where you make savings and spend less than the total project cost of £10,579,000, we will reduce our grant to you by the amount of the savings, taking into consideration a proportion of the 10% contribution by the schools governors.
- Where you do not complete the project within a reasonable period, then we reserve the right to withhold or reclaim grant money payable or paid to you.

I would be very grateful if you could keep me informed of progress made on the school's proposal to the SOC. In particular, it would be helpful if you could inform me as soon as possible about the SOC's decision on the proposals. In considering the proposals, the SOC or independent adjudicator must be satisfied that funding is available for the project and you may wish to provide a copy of this letter as evidence of this.

I am sending a copy of this letter to Mr John Freeman, Director of Children's Service, Dudley Metropolitan Borough Council.

Of necessity, this letter is somewhat formal. However, I would like to send you my best wishes regarding this project. I look forward to receiving details progress made on the project in due course.

Please feel free to contact me if you have any further enquires.

Yours sincerely


Titi Windapo
Schools Capital Division

Analysis of the cost of Old Swinford Hospital's expansion programme

	Phase 1	Phase 1A	Total
Overall cost of the project	£7,675,000	£2,904,000	£10,579,000
Less 10% contribution by Governors and Feoffees	£767,500	£290,400	£1,057,900
DfES total funding in principle	£6,907,500 ¹	£2,613,600	£9,521,100
Less incentive funding	0	£500,000	
Potential claw back from Dudley		£2,113,600	

Note

1. Ministers have agreed not to claw back the cost of the boarding element.