



DERBY CITY COUNCIL

COUNCIL CABINET
31 July 2007

ITEM 20

Report of the Cabinet Member for Children and Young People

Building Schools for the Future (BSF) Project progress and funding

SUMMARY

- 1.1 BSF is a huge opportunity to transform secondary education with significant capital investment. The programme aims to replace and renovate all secondary school buildings over the next 15 years. Following government approval of our Readiness to Deliver assessment, Derby will be included in the Programme from September 2007 as part of Wave 5.
- 1.2 The level of BSF funding available to Derby has not yet been confirmed but indications are that funding could be up to £150m. ICT is a huge part of the BSF programme in transforming education, with specific additional funding up to £20m to develop a far reaching ICT vision in parallel with our education vision.
- 1.3 Early preparations are underway in preparing to join the BSF programme and a high level Project Board has been established. A Project Team has also now been established and the process to appoint external technical advisers has been completed. The BSF launch conference on 19 June 2007 was a well attended and successful partnership event, outcomes of which are being carefully considered in shaping the vision for secondary education in Derby.
- 1.4 The Government's BSF timeline is extremely tight with the requirement to submit the higher level BSF vision in the Strategy for Change –part 1- document by 31 October 2007, followed by the submission of an estates strategy by March 2008. Council Cabinet will continue to receive regular progress reports, which have been programmed into the Cabinet Forward Plan.
- 1.5 Funding arrangements for the estimated BSF preparation costs of £4.2 million was considered by the Schools Forum. The proposal is for a 50 /50 split between the Council and Schools Budget. Schools Forum approved this proposal at its meeting on 11 July 2007.

RECOMMENDATION

- 2.1 To note BSF project progress to date.
- 2.2 To approve the use of further corporate reserves up to a maximum of £1.337m, including Children and Young People Service resources, towards BSF costs on the basis set out in paragraph 1.11 below.

- 2.3 To approve the use of Schools Budget funding of up to £1.886m and the Schools Budget reserve of £216,000 towards BSF costs as set out in paragraph 1.11 of the accompanying report.

REASON FOR RECOMMENDATIONS

- 3.1 The BSF programme represents a huge opportunity to transform secondary education in Derby to meet key challenges and objectives. BSF provides substantial levels of capital investment to realise this vision.
- 3.2 This use of a total of up to £2.1m of corporate funds, matched equally from the Schools budget, would ensure that the necessary preparation costs for this important project could be met.



DERBY CITY COUNCIL

COUNCIL CABINET

31st July 2007

ITEM XX

Report of the Corporate Director for Children
and Young People

Building School for the Future (BSF) – Progress to date and funding arrangements

SUPPORTING INFORMATION

- 1.1 The purpose of this report is to update Council Cabinet on progress to date. Building Schools for the Future –BSF- is a huge opportunity to transform secondary education with significant capital investment. As reported to Council Cabinet on 20 February 2007, Derby will be included in this programme from September 2007 as part of Wave 5.
- 1.2 The BSF programme aims to replace and renovate all secondary school buildings over the next 15 years, seeking to ensure:
 - A transformed school estate fit for the 21st Century
 - High quality teaching and learning for all
 - Increased diversity of provision to meet parental choice
 - Schools relevant and accessible to local communities
 - Extensive local collaboration and parental involvement
- 1.3 Our progress in preparation for and within Wave 5 will be closely overseen by the new agency Partnerships for Schools (PfS) on behalf of the DfES. It is clear that DfES and PfS will have some inflexible targets and expectations. A PfS representative will be assigned to Derby, and will be a member of the BSF Project Board.
- 1.4 It is essential for stakeholders to be involved with BSF at an early stage, therefore a Building Schools for the Future conference: 'Transforming Opportunities in Derby' was held on 19th June 2007. The conference provided an invaluable first opportunity to start our BSF journey in partnership with all key stakeholders, in shaping the future of secondary education in Derby. An executive summary outlining key themes from this conference is attached as Appendix 3. This will form the basis of shaping our Strategy for Change –SfC- (part 1) document which needs to be submitted to PfS by 31 October 2007. This will be presented to Council Cabinet for consideration on 30 October 2007. Timescales are extremely tight.
- 1.5 In view of this extremely tight deadline, discussions are also continuing with secondary heads for initial thoughts in shaping the vision for secondary education. Further meetings are scheduled for 22 August 2007 and 25 September 2007, to focus on the specific policy areas to be targeted through BSF. Derby's Strategy for Change will be closely scrutinised against national policy, followed by ministerial scrutiny and approval to proceed to the next stage.

- 1.6 As reported on 20 February 2007, a high level BSF Project Board for strategic direction has now been established, with regular board meetings scheduled on a six weekly cycle up to July 2008. This board includes a range of senior representatives from across the Council and multi agency representatives. The board is responsible for reporting to Council Cabinet, as well as the Derby City Partnership as appropriate.
- 1.7 In terms of progress to date, the process of recruiting and establishing a core BSF Team to take this project forward is complete. The competitive tendering process to appoint technical advisers to support the development of an estates strategy is also complete. The technical advisers will be responsible for working closely with the project team to undertake important preliminary estates work over this summer.
- 1.8 The tendering process to appoint external financial advisers is scheduled to start in August, followed by the competitive process to appoint external legal and ICT advisers.
- 1.9 In relation to funding arrangements for BSF development costs, experience from other authorities shows that these costs are substantial. To date, it has only been possible to approve funding of £785,000 from corporate reserves for the 2007/08 financial year. Funding needs to be identified and agreed for 2008/09 and 2009/10, as well as a likely increase in costs in 2007/08. It is now estimated that the funding required for the project team, consultants and other expenditure such as surveys will be £4.2m in total, based on costs coming back from actual tendering exercises. See Appendix A of Schools Forum report for full breakdown of costs. Any significant changes to this estimated cost will be reported to Cabinet.
- 1.10 The suggested way of funding these development costs would be for contributions both from the Council's budget corporately, and from the Schools Budget. This would reflect the developing partnership and show the commitment to making the plans work from both sides. The proposal is for a 50: 50 split and would mean finding £2.1m from corporate reserves and £2.1m from the Schools Budget. Schools Forum approved their proportion of this split at its meeting on 11 July 2007. See report attached as Appendix 2.

- 1.11 As far as corporate reserves are concerned, £785,000 has already been committed. The Children and Young People's (CYP) Department has underspends from 2006/07 and previous years which would assist subject to approval of treatment of outturn variances and reserve balances as proposed in the Revenue Outturn report on this agenda. This would leave £861,000 to be identified:

Corporate reserves

	£m
Already agreed	0.785
CYP net underspend 2006/07	0.336
CYP departmental reserve	0.140
To be found	0.861
 Total required (maximum)	 2.122

Schools Budget

	£m
Additional DSG 2007/08	0.622
Additional DSG 2008/09	0.622
Additional DSG 2009/10	0.622
Schools Budget reserve	0.216
To be found – from Schools Budget	0.020
 Total required (maximum)	 2.122

- 1.12 The composition of the figures is slightly different to those reported to Schools Forum because the final Dedicated Schools Grant (DSG) was actually £622,000 higher than approved in the Council budget

OTHER OPTIONS CONSIDERED

- 2.1 To not approve the further use of corporate reserves. This could jeopardise Derby's Building Schools for the Future programme which is a real opportunity to transform secondary education in the city.

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Background papers:	Gurmail Nizzer, Head of Building Schools for the Future, CYP
List of appendices:	01332 716852 E-mail: gurmail.nizzer@derby.gov.uk Background information: www.bsf.gov.uk Appendix 1 – Implications Appendix 2 – Report to the Schools Forum on 11 th July 2007 Appendix 3 - BSF Conference 19 June 2007 – Executive Summary

IMPLICATIONS

Financial

- 1.1 In order to meet the challenge of this exciting Programme, internal Council resources will be supplemented by a significant range of external advisors, particularly with regard to the areas of legal, technical, finance and ICT.
- 1.2 This report asks the Cabinet for approval to use corporate funds up to a total of £2.1m towards the preparation costs of BSF with the Schools Budget match funding the contribution from corporate reserves. Detailed financial implications are set out in the report to the Schools Forum on 11 July 2007 (Appendix 2).

Legal

- 2.1 There are no legal implications in this report itself. There will, however, be significant legal implications associated with BSF, particularly relating to the procurement process in selecting the Council's private sector partner. This needs further careful consideration as the programme develops. It is necessary to appoint specialist legal advisers, to supplement internal resources.

Personnel

- 3.1 The use of further corporate reserves will fund staffing beyond 2007/08.

Equalities impact

4. The BSF programme will provide significant levels of capital funding to improve and modernise school buildings. The overall objective of transforming secondary education will embrace narrowing gaps in opportunity and achievement. Our plans include those special schools providing for secondary age pupils.

Corporate objectives and priorities for change

- 5.1 This report supports the Council's key priorities to support everyone in learning and achieving, making us proud of our neighbourhoods and giving excellent services and value for money. BSF should also be a catalyst for community regeneration.



DERBY CITY COUNCIL

SCHOOLS FORUM
11 JULY 2007
Corporate Director for Children and Young
People

ITEM

Building Schools for the Future (BSF) funding

SUMMARY

- 1.1 The funding of the BSF project prior to contract signature needs to be resolved.
- 1.2 The suggested approach is to share the funding equally between the Council's corporate reserves and the Schools Budget.

RECOMMENDATIONS

- 2.1 Schools Forum are asked to agree a breach of the central expenditure limit by £528,000 in each of 2007/08, 2008/09 and 2009/10 to assist in funding BSF preparation costs.
- 2.2 Schools Forum are asked to agree an additional breach of the central expenditure limit of up to £305,000, if necessary, to fund BSF preparation costs in either 2008/09 or 2009/10.

SUPPORTING INFORMATION

- 3.1 Derby has been included in wave 5 of the Building Schools for the Future (BSF) programme. Experience from other authorities shows that project costs before contracts are signed are substantial. To date, it has only been possible to approve funding of £785,000 from corporate reserves for the 2007/08 financial year. Funding needs to be identified and agreed for 2008/09 and 2009/10, as well as a likely increase in costs in 2007/08. It is now estimated that the funding required for the project team, consultants and other expenditure such as surveys will be £4.2m in total, based on costs coming back from actual tendering exercises (see Appendix A). This is entirely consistent with the experience in other authorities.
- 3.2 The suggested way forward for funding BSF preparation costs would be for contributions both from the Council's budget corporately and from the Schools Budget. This would reflect the developing partnership and show the commitment to making the plans work from both sides. Preliminary discussions have suggested in principle that a 50: 50 split would be acceptable. This would mean finding £2.1m from corporate reserves and £2.1m from the Schools Budget. The notes below

indicate that this can be achieved mainly from existing identified resources.

- 3.3 As far as corporate reserves are concerned, £785,000 has already been committed as noted in paragraph 1. The Children and Young People's (CYP) Department has underspends from 2006/07 and previous years which would assist. This would leave £894,000 to be identified:

Corporate reserves

	£m
Already agreed	0.785
CYP net underspend 2006/07	0.238
CYP departmental reserve	0.205
To be found	0.894
 Total required	 2.122

- 3.4 The definition of services eligible for funding within the Schools Budget is quite restrictive. The asset management function, including management of the capital programme, for example is clearly within the "LEA Budget". Simply topslicing the Schools Budget is not an option unless the expenditure meets the definition of activities within it.
- 3.5 There appear to be three ways in which expenditure could be eligible:
- By schools contributing from their delegated budgets. This would require individual agreement with each school and would be quite bureaucratic to administer because of invoicing arrangement.
 - If expenditure is capitalised under the heading "capital expenditure funded from revenue." There ought to be some scope for capitalising at least some of the non-PFI element of the programme's preparatory costs. However, we are already increasing capitalisation of salaries in the CYP department's finance and asset management teams to balance the budget, and we need to be clear anything proposed will stand up to audit scrutiny.
 - It is now possible to charge prudential borrowing costs relating to capital expenditure to the Schools Budget, providing that Schools Forum agree and that a saving to the Schools Budget can be demonstrated as a result of the expenditure. While this might be possible in authorities where schools are being closed or amalgamated, resulting in savings within the formula, it would be difficult to justify this in our circumstances.
- 3.6 Of these three options, the second – capital funded from revenue, seems to be the most feasible way of using the Schools Budget.
- 3.7 Expenditure on central services within the Schools Budget may only rise faster than funding delegated to schools with the permission of the Schools Forum. This is known as a breach of the central expenditure limit.
- 3.8 The final figure for Dedicated Schools Grant (DSG) has now been announced for 2007/08. This is £128.746m, which is £528,000 higher than assumed in the budget

because we have again been cautious on estimating pupil numbers. Provided that the extra pupils remain in the system, this amount will be available in future years, **so Schools Forum are asked to agree a breach of the central expenditure limit by £528,000 in each of 2007/08, 2008/09 and 2009/10 to assist in funding BSF preparation costs.** This would avoid too much of an impact on existing levels of delegated funding as this has not been allocated in any of our plans. Obviously, it would otherwise have been available for general funding; if all Key Stages had benefited, it would have been approximately £20,000 per year for each secondary school and £3000 for each primary school.

- 3.9 In addition, there is £216,000 brought forward within the Schools Budget as a result of funding left from the closure of Allenpark infants school together with rebates from rates revaluations. This would leave only £305,000 to be funded from future years' Schools Budgets:

Schools Budget

£m

Additional DSG 2007/08	0.528
Ongoing DSG 2008/09	0.528
Ongoing DSG 2009/10	0.528
Schools Budget reserve	0.216
To be found	0.322
 Total required	 2.122

- 3.10 Within the planned three-year budget, we have unallocated potential growth of £285,000 in the central Schools Budget in 2008/09, but none in 2009/10. Schools Forum approval would, therefore, be needed to breach the central expenditure limit in either of 2007/08 or 2009/10.. It is proposed to use the £285,000 in 2008/09 towards the £322,000, leaving a balance of £37,000. The "headroom" in 2008/09 is also dependent on independent special school fees being controlled. This is, however a high risk budget which can easily be derailed by a small number of individual cases This balance may increase should savings on the independent special school fees budget not materialise, **so Schools Forum are asked to agree an additional breach of the central expenditure limit of up to £305,000, if necessary, to fund BSF preparation costs in either 2008/09 or 2009/10.**
- 3.11 If the costs were to rise above the projected £4.2m, the Council's expectation is that any difference would also be met from the Schools Budget. Any such change would need to be reported to the BSF Project Board and Schools Forum.

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Background papers:	None
List of appendices:	None

Appendix A (Schools Forum Report) – Revised Project costs

BSF Project Delivery - Est. Costs June 2007	2007/08	2008/09	2009/10	Total	Additional Information
Project Management BSF Core Staff and internal Technical Lead post	£161,979	£211,018	£286,743	£659,739	Full year salary costs from 08/09.
Finance Lead	£31,265	£41,543	£42,581	£115,389	
Educational Advice	£71,413	£106,733	£109,402	£287,547	
ICT Lead	£45,374	£62,012	£63,562	£170,948	
Consultants					
External Specialist Project Management	£33,500	£66,500		£100,000	There is a very strong chance this can be funded from PfS Funding for external project management. Bid to be submitted following recent guidance.
Education - Extranet bidder / Document management software	£20,000			£20,000	This software will be crucial in electronically managing and co-ordinating information, particularly at preferred bidder stage. Being explored further with other BSF authorities. Audit trail.
Education - BSF NCSL Leadership Programme	£27,000			£27,000	
Education - CABE	£20,000	£20,000		£40,000	Estimated provisional figures at this stage.
Education - Planning Consultants / Planning Fees	£40,000	£15,000		£55,000	Estimated provisional figures at this stage.
Education - CDM Co-ordinators			£30,000	£30,000	Estimated provisional figures at this stage.
Technical	£355,000	£52,000	£206,000	£613,000	These are the specific figures following competitive process. Will also need to plan for a further £332k for Post Award / construction phase.
Legal - Internal Resources and External Advisers	£80,000	£170,000	£190,000	£440,000	Estimated provisional figures at this stage. Need to progress with competitive appointment process.
Financial	£70,000	£170,000	£150,000	£390,000	Estimated provisional figures at this stage. Need to progress with competitive appointment process.
ICT	£50,000	£150,000	£150,000	£350,000	Estimated provisional figures at this stage. Need to progress with competitive appointment process.
Surveys / Feasibility / Planning / Site Investigations	£200,000	£100,000	£50,000	£350,000	Estimated provisional figures at this stage. A wide range of type 3 asbestos surveys will be needed. (CLASP buildings)
Supplies and services / Consultants / Conferences	£90,300	£40,000	£40,000	£170,300	
Other e.g. insurance, Governors Legal		£100,000	£100,000	£200,000	There are likely to be significant legal costs with a high proportion of Foundation Schools.
Project Management / Contingency	£75,000	£75,000	£75,000	£225,000	Contingency provision essential (5%)
TOTAL	£1,370,830	£1,379,805	£1,493,288	£4,243,924	

Building Schools for the Future: Transforming Opportunities in Derby City Council

BSF Conference 19 June 2007 – Executive Summary

It is our vision and how we translate that vision into action that must come first. The transformation of the buildings should reflect this and not the other way round.

The purpose of the Derby City Council conference held on 19 June 2007 at Pride Park was to begin the process of developing a vision for the future of secondary education within the city that was owned by all key stakeholders.

The key messages that came out of the conference centred round the desire of stakeholders to be centrally involved in developing that vision and for the work to develop the vision to use the momentum of the day to continue the work.

The key themes that emerged from the workshops were as follows:

Involving and Engaging Learners in the Process

- Be careful not to let ICT take over Arts, Drama & Music
- Schools need to be part of the community & opportunities for social interaction
- Enable learners to help others to learn
- Better choice of learning within the curriculum framework

Extended Services – the Place of the School in the Community

- Involving the community from the start is integral to developing BSF
- Learn about BSF from other authorities – lessons learned
- Enable all participants to take risks
- Don't assume that only teachers can teach

Inclusion / Special Educational Needs

- We need the authority to be strong and visionary and provide a framework in which we can develop our plans
e.g. by 2010 no exclusions and be fully aware of the safeguarding agenda for vulnerable children
- Take a flexible approach to learning which reflects the needs and celebrates the success of all learners
- Develop staff to enable them to implement the vision

14-19 Strategy

- Until we can build trust & suspend different agendas true partnership is difficult
- Need immediate action – need for big ideas and a greater focus on real options

- Need confidence of the authority to lead on options

ICT Strategy

- Need for a change in culture within schools/colleges
- Keep what works well currently whilst also taking on new ideas
- KS2 – KS3 transition
- Sustainability of kit over time

Academies, trusts and new models of school organisation

- Focus needs to be on raising attainment & entitlement & not structures
- Process is about collaboration that does not necessarily require structural change

Conclusion

There was a willingness from those attending the conference to commit to the building of a vision for Derby City secondary education that was transformational. This vision would be grounded in some of the key developments around ICT, personalised learning, SEN and inclusion and would engage all key stakeholders particularly children and young people. The conference offers the Council the opportunity to build on this commitment and to use the enthusiasm created as the basis for the work which will need to be completed as part of the Wave 5 BSF programme.