



DERBY CITY COUNCIL

COUNCIL CABINET 20 February 2007

Report of the Cabinet Member for Children and Young People

Building Schools for the Future

SUMMARY

- 1.1 Building Schools for the Future (BSF) is the biggest ever programme for investment in school buildings. It aims to replace or renovate all secondary school buildings during the next 15 or so years. It has now been confirmed that Derby will be included in the BSF programme from September 2007.
- 1.2 The planning and preparation for this huge programme needs to begin prior to September. This includes establishment of project organisation structures, including a Project Board providing strategic direction, and a BSF Delivery Team.
- 1.3 It is important to set up a management structure as soon as possible, and establish BSF capacity. This report seeks approval for funding for this purpose.
- 1.4 At the same time, there is considerable demand in preparing an Outline Business Case, following the successful bid for additional PFI credits - £2.1m - for a children's centre at Lakeside Primary School. In order to make the most efficient use of resources, this report seeks funding for this purpose, to be built into the BSF Project Team capacity.
- 1.5 Subject to any issues raised at the meeting, I support the following recommendations.

RECOMMENDATIONS

- 2.1 To approve the allocation of corporate resources for the Building Schools for the Future (BSF) programme, to set up project management arrangements and a dedicated delivery team.
- 2.2 To incorporate resources to take forward the project to build a PFI Children's Centre at Lakeside Primary School within this team.

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 BSF is an opportunity to replace or renovate all secondary school buildings, following Derby's inclusion in Wave 5 of the national programme. Existing resources are insufficient to manage a project of this scale successfully.
- 3.3 Following the successful bid for additional PFI credits for £2.1m, an outline business case needs to be developed to build a Children's Centre at Lakeside by March 2008.



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Report of the Corporate Director for Children and Young People

Building Schools for the Future

SUPPORTING INFORMATION

- 1.1 Building Schools for the Future (BSF) is the biggest ever programme for investment in school buildings. It aims to replace or renovate all secondary school buildings during the next 15 or so years. It has recently been extended to include a very substantial investment in primary schools as well. This report deals only with Derby's involvement in the secondary school BSF programme.
- 1.2 It has now been confirmed that Derby will be included in Wave 5 from September 2007, based on Ministerial acceptance of our 'readiness to deliver assessment'. There is a clear expectation that Derby can now deliver on this, with continuous monitoring of capacity.
- 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. PfS is a Non-Departmental Public Body, wholly owned by the DfES but jointly funded by the DfES and Partnerships UK. All stages in the process are subject to vetting and approval by PfS. It is clear that DfES and PfS have some very firm and potentially inflexible expectations. It will be necessary to accommodate these, and seek ways of achieving local expectations within this framework.
- 1.4 The Government's preferred BSF procurement mechanism is a Local Education Partnership (LEP) – a company jointly owned by the Council, PfS and the chosen private sector partner.
- 1.5 Although Wave 5 will not be 'launched' until September 2007, it is essential to undertake the following by August 2007...
 - Most of the work to draft the first part of the preparation of the Strategy for Change (SfC) document. This has two parts, each of them very extensive and demanding. The first deals with an oversight of key challenges and objectives. This has to gain Ministerial approval. The second part deals with how Derby would meet these challenges and objectives, and address key estates priorities and procurement.
 - Have in place a full project management structure.

- Have procured / be about to procure external advisers to supplement internal advice.
 - Have undertaken full option appraisals for all schools, together with the necessary local and city-wide consultation.
- 1.6 There is no upfront funding for the preparation work for BSF. Consultation with other LAs suggests that Derby is likely to need in the region of £2.5 – 3.5 million in total, of which more than half could be spent on external advice. Further work will be needed before it is possible to recommend the best method for Derby. Charging this to the programme will be explored.
- 1.7 In the first instance, it is necessary to secure funding from within the Council's existing resources to establish the core project team, who will undertake the above tasks, and prepare the detailed plans and resource requirements for the post-launch stage. Review of the approach taken by other local authorities in Waves 1-3, and discussion with 4Ps - the LGA's procurement support agency, which supports BSF authorities - has indicated that significant investment is needed immediately.
- 1.8 BSF is designed to capture both the local authority's strategy for 11-19 education - in its broadest sense, taking account of the Every Child Matters agenda - and the requirements that strategy places upon the physical school estate. BSF will provide a transformed school estate fit for the 21st century with high quality teaching and learning for all.
- 1.9 In order to deliver the overall objectives, the formal milestones of the development phase of the project include:
- a **Strategic Business Case** (SBC) that describes the education vision and details how education transformation is going to be delivered - September 2007 – March 2008
 - an **Outline Business Case** (OBC) for the first wave of schools - March 2008 – November 2008
 - prepare for the procurement of a **Private Sector Partner (PSP)** and the establishment of a **Local Education Partnership (LEP)**
 - **EU procurement** to select a PSP and establish the LEP, reach 'financial close' on the first phase of projects and agree the strategic partnering framework in which future phases will be developed. Aim to sign contracts in 2010.
- 1.10 Based on experiences of other local authorities in earlier waves, the consistent message is that BSF will be extremely demanding on resources, right across the Council. Internal resources will need to be supplemented by a significant range of external advisers, particularly in the specialist areas of legal, technical, finance and ICT.
- 1.11 At the same time as planning for BSF, we face a considerable demand of preparing an Outline Business Case for a different type of PFI, having been successful in a bid for £2.1m PFI credits for children's centre provision at Lakeside Primary School. Previous PFI schemes

have required specific resources to ensure their delivery and in this case, it can most effectively be linked to the BSF resource requirement.

- 1.12 A condition of this funding is to reach financial close by September 2007, for the centre to be built by March 2008. There does, however, need to be further discussion with the DfES to establish the approvals process associated with PFI.
- 1.13 Proposals for the Project Team to meet these demands - including the Lakeside PFI project - are attached at Appendix 2. The team would be managed by the Project Director who is already in post and funded within the Departmental budget. In summary, these proposals comprise:
- senior project manager
 - project officers (2FT)
 - support officer
 - admin support (2FT)
 - technical, financial and legal support - backfill
 - consultancy covering Education vision, ICT, technical, legal and financial issues
 - feasibility surveys
 - supplies and services.
- 1.14 It is estimated that for this development phase, the total team staffing, with supplies and services, will amount to £290,647 and consultancy fees, with feasibility surveys, will be £634,275, a total of £924,922 in 2007/08.
- 1.15 It is also necessary to set up a high-level project board for overall strategic direction. This board will include a range of senior representatives from across the Council, and representatives from other appropriate agencies. It is proposed that the Board will report to the Cabinet and Council, as well as Derby City Partnership as appropriate. It will, of course, be important also to establish stakeholder and service user forums for extensive consultation and engagement, in transforming secondary education in Derby. The proposed initial membership of the Project Board is set out in Appendix 3.

OTHER OPTIONS CONSIDERED

2. Careful consideration has been given to the means of supporting the project in the financial circumstances of the Council.

For more information contact:	Andrew Flack, Corporate Director for Children and Young People (CYP)
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 – Funding for BSF resources Appendix 3 – Project Board Membership

IMPLICATIONS

Financial

- 1.1 Whilst the funding allocations are unknown at present, it is estimated that Derby could receive capital funding up to £150m. The funding model also outlines the potential of significant ICT funding, up to £20m. It is therefore important to develop a far-reaching ICT vision in parallel with shaping our education vision.
- 1.2 The financial implications of the proposals are set out in the main body of the report.
- 1.3 There will in due course be further reports to the Project Board and Cabinet regarding funding, as the programme develops and following completion of the process in appointing external advisers.

Legal

- 2.1 There will 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 This needs further consideration as the programme develops.

Equalities impact

- 4.1 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.

Initial BSF Delivery Budget 2007/08

BSF Internal Resources Costs	2007/08	Additional Information
Senior Project Manager - P04	£36,458	To support management of BSF Programme, and development of strategic business cases, including supporting procurement process. To be appointed from May 2007.
Project Officer - P01	£29,353	Responsible for supporting detailed development of estates strategy and specific information for business cases. To be appointed from May 2007.
Support Officer - S01	£17,321	Responsible for document management and implementation of communication strategy / website development. To be appointed from September 2007.
Administrative Support - Scale 4	£17,230	Provide administrative support. To be appointed from May 2007.
Administrative Support - Scale 2/3	£15,061	Provide administrative support. To be appointed from May 2007.
Technical Support	£30,000	Provide initial technical management support to develop secondary estates strategy, and manage external advisers.
Financial Support	£30,000	Responsible for BSF Funding Allocation and financial modelling.
Legal Support	£50,000	Responsible for co-ordinating competition process to appoint external advisers using BSF Framework agreements - Legal, Financial, Technical and ICT advisers.
Supplies and Services	£30,000	BSF Consultation process and resources.
Sub Total	£255,423	
Consultants		
CYP - Education vision - Lead	£96,094	Responsible to support the development of vision for secondary education. To be appointed from May 2007.
ICT - ICT vision - lead	£53,181	Responsible to support the development of ICT vision linked to education vision to radically transform learning. To be appointed from May 2007.
Technical	£100,000	Responsible for providing technical support in developing estates strategy, and key documentation required for Strategic Business Case (SBC). To be appointed from April 2007. Budget provision for 2007/08.
Legal	£60,000	Devise and advise on the procurement process to appoint the private sector partner and to negotiate the agreement with the selected partner
Financial	£60,000	To undertake financial modelling in accordance with BSF Funding Model. To provide necessary financial input for Strategic Business Case.
ICT	£60,000	Responsible to support the development of ICT vision to radically transform learning. To provide necessary information for Strategic Business Case. BSF will provide significant funding for ICT.

Feasibility surveys	£100,000	Initial budget provision to start feasibility surveys from April 2007.
<i>Sub Total</i>	£529,275	
Total initial budget provision 2007/08	£784,698	

* Figures to be confirmed following formal competition process to select external advisers.

Additional PFI Credits - Children's Centre Project - Lakeside Primary		Additional information
Project Officer - P01	£35,224	Responsible for managing and developing Outline Business Case to reach financial close for September 2007. To be appointed from April 2007
Budget provision for External advisers:		Responsible for providing external support, linked to amendments to existing Grouped Schools PFI contract.
Legal	£30,000	
Financial	£25,000	
Technical	£35,000	
Other services	£15,000	Planning approvals, ICT and related expenditure
Total	£140,224	

BSF Project Board

- 1 The Project Board will set out the objectives of the project and carry out the following functions:
 - ensure sufficient resources
 - approve the Strategic and Outline Business Cases within the Authority
 - select the short-list
 - approve the Invitation to Negotiate (ITN), including all contractual documentation
 - select the Preferred Bidder
 - approve the Final Business Case.
- 2 The Project Board terms of reference are to be drafted. It needs to comprise members at the highest level of seniority to cover expertise in a range of strategic areas for the BSF programme.
- 3 The proposed initial members of the Project Board are:

Name	Role/Organisation
Councillor Sara Bolton	Cabinet Member for Children and Young People
Andrew Flack	Corporate Director for Children and Young People - Project Sponsor
Rita Silvester	Assistant Director, Performance and Commissioning, CYP - Project Owner
Gurmail Nizzer	Head of BSF - Project Director, Performance and Commissioning, CYP
Chris Edwards	Representing Corporate Director for Corporate and Adult Social Services
TBC	Corporate Director for Resources and Housing, or representatives
TBC	Representative of Corporate Director of Regeneration and Community
TBC	Partnerships for Schools
TBC	Schools' representative
TBC	LSC representative
TBC	City for Children and Young People's Executive
TBC	Diocesan representative
TBC	Governors' representative
TBC	Design Champion (CABE)