

CABINET MEETING – 8TH APRIL 2009

EXECUTIVE SUMMARY SHEET

Title of Report:

BUILDING SCHOOLS FOR THE FUTURE (BSF) Waves 7-15 – Outcome of Expression of Interest and invitation to submit Readiness to Deliver Submission.

Author(s):

DIRECTOR OF CHILDREN'S SERVICES

Purpose of Report:

This report informs Cabinet of the outcome of the Expressions of Interest (Eoi) submitted to Partnerships for Schools (PfS) for the next Wave of the BSF programme on 30th November 2008 and the subsequent invitation to submit a Readiness to Deliver submission by 8th May 2008.

Description of Decision:

Cabinet is asked to:

- (i) Agree that the Readiness to Deliver submission is submitted to PfS by 8th May 2009;
- (ii) Authorise the Director of Children's Services to agree and complete the Readiness to Deliver submission in consultation with the Chief Executive, the City Treasurer, the Leader of the Council, and Cabinet Portfolio Holders for Children's Services and Resources prior to the deadline of 8th May 2009;
- (ii) Note the further stages in the PfS process to determine Sunderland's entry in the future national programme e.g. the PfS Assessment Panel meeting in June and PfS Remit Meeting anticipated to be held in October 2009.

Is the decision consistent with the Budget/ Policy Framework – Yes

If not, Council approval is required to change the Budget/Policy Framework

Suggested reason(s) for Decision:

Although the Readiness to Deliver submission does not constitute formal entry into the programme, it is an essential step in seeking to secure Sunderland's place in the next waves of BSF. Sunderland is one of only 5 authorities nationally with BSF first 'follow on' projects to be invited to submit at this stage. Approval of the Readiness to Deliver submission would provide the way forward to secure transformation at the earliest possible opportunity for the City's full secondary estate.

Alternative options to be considered and recommended to be rejected:

The Council is not required to submit a Readiness to Deliver submission at this time. There will be future opportunities to submit later in the programme but there does not appear to be any compelling reason to delay the submission.

<p>Is this a “Key Decision” as defined in the Constitution? Yes</p> <p>Is it included in the Forward Plan? Yes</p>	<p>Relevant Review Committee: Children’s Services</p>
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REPORT OF THE DIRECTOR OF CHILDREN'S SERVICES

BUILDING SCHOOLS FOR THE FUTURE WAVES 7-15: Outcome of Expression of Interest (EOI) and invitation to submit Readiness to Deliver (RtD)

1. PURPOSE OF REPORT

- 1.1** This report informs Cabinet of the outcome of the Expression of Interest (EOI) submitted to Partnerships for Schools (PfS) for the next Wave of the BSF programme on 30th November 2008 and the subsequent invitation to submit a Readiness to Deliver (RtD) submission by 8th May 2008. The report also sets out issues that the Council will need to consider in submitting the RtD and the process that will follow the submission.

2. DESCRIPTION OF DECISION

- 2.1** Cabinet is asked to:

- (i) approve that the Readiness to Deliver submission is submitted to PfS by 8th May 2009;
- (ii) authorise the Director of Children's Services to agree and complete the Readiness to Deliver submission in consultation with the Chief Executive, City Treasurer, the Leader of the Council, and the Cabinet Portfolio Holders for Children's Services and Resources prior to the deadline of 8th May 2009.
- (iii) note the further stages in the PfS process to determine Sunderland's position in the future national programme e.g. the PfS Assessment Panel meeting anticipated for June 2009 and PfS Remit Meeting to be held in October 2009.

3. BACKGROUND

- 3.1** The current position on Sunderland's Wave 1 BSF/Academies programme was reported in detail to Cabinet on 5th November 2008 in relation to the EOI proposal and again on 11th February 2009 in relation to the Stage 4 Final Business Case (FBC4) for St Robert of Newminster (RC) Voluntary Aided School.
- 3.2** Members should note that, following the 11th February report, the contract for construction works at St Robert of Newminster School was awarded on 20th February 2009 as anticipated to Balfour Beatty Construction Northern Limited. Work on site is now underway. Good progress continues to be made on Wave 1 with early completion of the construction works now anticipated on the Castle View and Red House academy schemes.

4. CURRENT POSITION

4.1 PfS published revised guidance for authorities in September 2008 on submitting EoIs for projects in Waves 7-15 of Building Schools for the Future. The guidance applied to authorities yet to enter the programme as well as for authorities with 'follow-on' projects such as Sunderland's. Educational transformation remains at the heart of the programme and authorities were asked to consider the following revised criteria in prioritising their schools in their expression of interest:

- Social and educational need including:
 - i) National Challenge Schools;
 - ii) Less well performing schools;
 - iii) Areas of deprivation;
- Building need (suitability and/or condition);
- Contribution to local or regional regeneration, including opportunities for co- location with other public services;
- School re-organisation;
- Sustainable communities, and new housing and population growth.

The guidance was clear that priority would be given to projects with the highest social and educational need and that this would be used as a tie-breaker where projects were otherwise evenly balanced. For educational need, the most recent data on the percentage of pupils in each school receiving 5A* - C GCSEs including English and Maths is used as the measure. For social need the Tax Credit Indicator (TCI) for each school will be used as the proxy indicator. Further detail in relation to PfS criteria for the EOI submission is set out in the 5th November 2008 Cabinet Report.

4.2 The EOI covers Sunderland's first 'follow on' and second 'follow on' projects as set out in the Cabinet report on 5th November 2008, which are as follows:

First 'follow on' project:

Farringdon School
Hetton School
Southmoor School
Thornhill School
Barbara Priestman Special School
Springwell Dene Special School
Castlegreen Community School
Portland Special School
Pupil Referral Unit

Second 'follow on' project

Houghton Kepier School
Monkwearmouth School
St Aidans RC School
St Anthony's RC School
Venerable Bede School

Following the submission of the Eols a national initial prioritisation of projects has been undertaken by PfS and was published in early March 2009. The initial prioritisation is based upon the information submitted in the Eols, ranked according to the ministerial attainment and deprivation criteria. The lists include those authorities yet to be involved in BSF (70 in number), those authorities with 'first' follow on projects, those authorities with 'second' follow on projects, those with third, fourth and so on. There is also a separate list of large authorities with multiple follow on projects, prioritised because it would not be possible to complete their school estates if they do not move forward early in the national programme.

Sunderland features in the 'first' follow on list (ranked 8th of 95 authorities) and in the 'second' follow on list (ranked 16th of 70 authorities). This clearly indicates that in terms of the initial prioritisation based upon deprivation and attainment, Sunderland scores highly for both of its first and second projects.

Following the publication of the initial prioritisation lists, Sunderland Council officers were invited to attend a briefing session on 13th March in London with PfS to outline how authorities can prepare for formal entry into the next waves of the BSF programme. This invitation was limited to 40 authorities: 29 authorities 'new' to BSF; 5 authorities with first follow on projects (Sunderland being one of these) and 6 large authorities with multiple follow-on projects. Although PfS was clear that the invitation to the briefing session does not imply a formal start in the programme these 40 authorities were being invited to submit 'Readiness to Deliver' (RtD) submissions ahead of all other authorities. The emphasis for early programme entry was clearly on Readiness to Deliver rather than by virtue of authorities attainment and deprivation criteria. Clear messages from the briefing session were as follows:

- Ministers remain firmly committed to the national BSF programme;
- There remains a resolve to bring 'new' authorities into the programme as soon as is practicable;
- Until government budgets have been set in late April/early May there is no PfS view on how many authorities will be taken forward in the next or future waves of BSF;
- Authorities must self-audit to assess their Readiness to Deliver prior to making a submission. Those authorities who were unrealistic about their own preparedness would not be taken forward until they were ready;

- Procurement through a Local Education Partnership (LEP) model remains the PfS 'default' position.

4.3 All 40 authorities present at the 13th March Briefing Event were invited to submit an RtD by 8th May 2009 and were asked to confirm by 27th March 2009 whether they intended to do so. This confirmation has been given following consultation with the Leader of the Council and the Cabinet Member for Children's Services. It should be noted that this confirmation does not constitute a formal commitment on behalf of the Council. Once RtD submissions have been made by 8th May, PfS will complete their assessment of RtDs and announce, by mid June, those local authorities who will be invited to an RtD assessment panel in London. Following that assessment panel, by early July, PfS will announce those local authorities assessed as 'ready' and able to be taken forward (subject to confirmation of the national funding position referred to above). By early October, successful local authorities will be invited to a 'Remit Meeting' which marks formal entry into the programme. Thereafter the broad timescales for the programme are captured below:

- Project Initiation Phase (i.e. scoping project with stakeholders etc) up to 12 months. The length of this period will be determined by how much work has been done prior to the Remit Meeting which marks formal entry to the programme
- Pre-procurement phase to publication of OJEU Notice (Strategy for Change and Outline Business Case) 12 months
- Procurement phase (i.e. competitive dialogue or similar) 18 months
- Financial close and beginning of construction phase (Summer 2012 earliest)

The process for selection described above signals a fundamental shift in the way that future waves of BSF will be carried out. Local authorities not selected for formal entry into the programme will work within the Project Initiation Phase preparing for this. These authorities will be invited to submit RtD when they believe they are ready. Assessment panels will sit throughout the year (probably quarterly) with a rolling programme of starts into BSF determined by affordability and readiness to deliver.

5. REASONS FOR DECISION

5.1 Although the Readiness to Deliver submission does not constitute formal entry into the programme it is an essential step in seeking to secure Sunderland's place in the next waves of BSF. Sunderland is one of only 5 authorities nationally with BSF first 'follow on' projects to be invited to submit at this stage. Approval of the Readiness to Deliver submission would provide the way forward to secure transformation at the earliest possible opportunity for the full secondary estate

6. ALTERNATIVE OPTIONS TO BE CONSIDERED AND REJECTED

- 6.1** The Council is not required to submit a Readiness to Deliver submission at this time. There will be future opportunities to submit later in the programme but there does not appear to be any compelling reason to delay the submission.

7. FINANCIAL IMPLICATIONS

- 7.1** Assessing the affordability position of the Council's two follow-on projects involves comparing the estimated costs for individual outline scheme proposals against the PfS Funding Allocation Model (FAM) which gives an indication of the envelope of funding that will be available from PfS for each scheme, based upon projected pupil numbers and floor areas. The PfS funding is based upon formulae, which generates different sums for new build, refurbishment and minor works. A cap is applied on total funding across the programme in the ratio 50:35:15 respectively for new build, refurbishment and minor works. In the EoI submission great care was taken to ensure that the level of new build, refurbishment and minor works conformed as closely as possible to the 50:35:15 funding ratios.

An indicative FAM for the two follow-on projects has recently been sent to the Council by PfS and is currently being validated. Clarification on aspects of the FAM are being sought from PfS. The FAM will not be finally agreed until a much later stage in the process – at Outline Business Case stage – and the matching of the funding available with the programme costs will be a very detailed and iterative process up until this point. The Readiness to Deliver submission does not therefore require that this process is finalised but rather that the Council has given consideration to the risk that there is any affordability gap and can demonstrate early thinking on the relationship between its investment proposals and indicative funding. Clearly, the Council would wish to establish, even at this early stage, the risk of any affordability gap and how this will be mitigated. It is therefore felt to be prudent to undertake a detailed initial assessment as part of the Readiness to Deliver submission and this is described in paragraph 8ii below. This assessment will include a Project Resource Plan for the next wave i.e. funding requirements for internal project management and external consultancy costs and will consider the funding implications and options.

8. ISSUES FOR CONSIDERATION

The Readiness to Deliver submission is a Gateway into BSF and local authorities must provide a clear and concise statement on the progress and preparations made towards formal entry into the programme. In terms of the core criteria and areas for assessment, officers are undertaking an audit around the Council's readiness and are able to

evidence that expectations can be met or exceeded in the majority of areas. Much of the RtD deals with transformation in educational provision and outcomes, an area for which evidence of success can be clearly provided. This includes the transformational overview, building upon the success of existing partnership and the 'Sunderland Model', the transformation that will be provided via ICT and proposed curriculum models e.g. the 14-19 strategy and personalised learning in addition to emerging multi-agency approaches. In relation to school place and estates planning, preparatory work has been undertaken; future consultation and engagement with schools and stakeholders is planned leading up to the Remit Meeting stage in October 2009.

Two areas of the RtD that will be the focus of further detailed work prior to submission are around the most appropriate procurement vehicle for the BSF follow-on projects i.e. the Local Education Partnership (LEP) or an alternative model, and affordability as outlined at 7.1 above. This further work is set out below:

(i) **LEP or alternative models of delivery**

Local Education Partnerships or LEPs are a joint venture delivery model involving PfS, a Private Sector Partner and the Council set up for a ten year period or more to build or refurbish schools and provide facilities management (FM) services, support services and ICT provision for the entire programme, rather than tendering each project or programme separately. The LEP is the PfS 'default' procurement model with any proposed alternative to the LEP having to provide a robust Value for Money case.

Sunderland City Council secured agreement for Wave 1 of the programme not to procure through a LEP and has instead delivered Wave 1 through the PfS Academies Design and Build Framework arrangements. This has required the Council to build up an effective cross-directorate multidisciplinary team with the necessary capacity and skills in order to carry out the requirements of this complex procurement, in addition to the separate procurement of an ICT managed service. The effective and timely delivery of the Wave 1 project is the 'starting point' for delivery of the next wave of BSF projects and therefore, alternatives to the LEP model are being explored.

One particular issue, given the current procurement arrangements for Wave 1, is how a different procurement vehicle would interface with and complement Wave 1, specifically how risks would be allocated and managed in increasingly complex arrangements, and how best value for money would be achieved.

In order to take forward the procurement model issue in relation to submission of the RtD, Council officers have commissioned an independent assessment of the most appropriate procurement approach, in particular the technical and financial interfaces between

what is in place for Wave 1 and the impact of those arrangements on the follow on projects. This assessment, to be undertaken by KPMG, will also take account of operational arrangements in other authorities and the findings of recently emerging evidence on early LEPs such as the National Audit Office publication 'The Building Schools for the Future Programme – Renewing the Secondary School Estate (February 2009)'.

PfS has offered a meeting to discuss Sunderland's position in relation to the procurement model, which will be arranged at the earliest opportunity in order to inform the Readiness to Deliver submission.

(ii) **Affordability**

In addition, it is intended, as a separate piece of work, for KPMG to independently validate the initial costing in relation to any gap in affordability between the FAM allocation from PfS and the estimated cost of the proposed scope of works in the two follow-on projects included in the EoI.

A key issue is the likely cost per square metre that the Council will pay for each category of work e.g. new build, refurbishment and refresh, when the works are procured. KPMG will be commissioned to provide advice and market intelligence on this and related issues such as building indices and particularly refurbishment risk, to provide an assessment on the affordability position of the follow on projects.

The funding implications and options associated with any potential affordability gap will be the subject of further internal review in the preparation of the RtD submission and through the various stages of the project to Outline Business Case.

Following the outcomes of these independent assessments, the RtD will be completed by the Director of Children's Services in consultation with the Chief Executive, City Treasurer, the Leader of the Council, and Cabinet Portfolio Holders for Children's Services and Resources prior to submission on 8th May 2009.

8. RELEVANT CONSULTATIONS

- 8.1** Schools involved in Sunderland's Wave 2 project have been involved in the development of the EoI and will be consulted further in relation to the RtD.

9. BACKGROUND PAPERS

Submission of Expression of Interest – Cabinet report 5th November 2008;
PfS Readiness to Deliver Guidance (issued March 2009)

