

**Sunderland City Council  
Building Schools for the Future  
Final Business Case: version 4.1**

**Stage one sample schemes:**

- Castle View Enterprise Academy
- Pennywell School and Quarry View Primary School's academy
- Washington School
- ICT Managed Service Provider

4 February 2008

**Contents**

<b>1</b>	<b>EXECUTIVE SUMMARY.....</b>
1.1	Introduction
1.2	Project overview
1.3	Procurement and competition
1.4	Finance and affordability
1.5	Risk allocation
1.6	Contract and payment mechanism
1.7	Stakeholder consultation and project management
1.8	Statutory processes
1.9	Gateway Review 3
<b>2</b>	<b>PROJECT OVERVIEW .....</b>
2.1	Introduction
2.2	Programme objectives
2.3	Project objectives
2.4	Project description
<b>3</b>	<b>PROCUREMENT AND COMPETITION.....</b>
3.1	Introduction
3.2	Design and build
3.3	ICT managed service
3.4	Facilities management
3.5	Evaluation teams
3.6	Procurement costs
<b>4</b>	<b>FINANCE AND AFFORDABILITY.....</b>
4.1	Value for money



Building schools for the future

4.2 Affordability

4.3 Conclusion

5. RISK.....

5.1 Risk allocation

6 CONTRACT AND PAYMENT MECHANISM.....

6.1 Contracts

6.2 Payment mechanism

7 STAKEHOLDER CONSULTATION AND PROJECT MANAGEMENT

7.1 Stakeholder consultation

7.2 Project management

8 STATUTORY PROCESSES .....

8.1 Introduction

8.2 School closure notices

8.3 Planning permission

8.4 Section 77 applications - protection of playing fields

9 APPENDICES .....



Building schools for the future

Appendix 1 Work stream risk matrix

Appendix 1.1 ICT interface responsibilities matrix

Appendix 1.2 Business contingency plan

Appendix 1.3 Eversheds due diligence letter

Appendix 2 Affordability analysis

Appendix 2.1 Payment schedule (to follow)

Appendix 2.2 ICT governor and trust managed service revenue charge

Appendix 3 Design and build bid evaluation process

Appendix 3.1 Design and build selection of preferred bidder: Cabinet Report Part 2

Appendix 3.1.1 Design and build selection of preferred bidder: Cabinet Report Part 2 - Annex

Appendix 3.2 Design and build Design Quality Indicators (DQI) process: non sample schools

Appendix 3.3 Design and build DQI process: sample schools

Appendix 3.4 ICT bid evaluation process

Appendix 3.5 ICT selection of bidder: Cabinet Report Part 2

Appendix 3.5.1 ICT Selection of bidder: Cabinet Report Part 2 - Annex

Appendix 4 Design and build financial close derogations table (n/a)

Appendix 4.1.1 Design and build contract for Castle View Enterprise Academy

Appendix 4.1.2 Design and build contract for the academy to replace Pennywell School and Quarry View Primary School

Appendix 4.1.3 Design and build contract for Biddick School Sports College

Appendix 4.1.4 Design and build contract for Red House Academy

Appendix 4.1.5 Design and build contract for Washington School

Appendix 4.1.6 Design and build contract for St Robert of Newminster RC School

Appendix 4.2 ICT financial close derogations table

Appendix 4.3 ICT selected bidder contract

Appendix 5 Construction timetable summary programme

Appendix 6 Copies of local authority and school agreements



- Appendix 6.1** General letters of support from governors and trusts (drafts included)
- Appendix 6.2** Governing body and trust agreements in relation to Managed Service Provider (MSP) costs (drafts included)
- Appendix 6.3** Governing body and trust agreements in relation to life cycle costs and facilities management (drafts included)
- Appendix 6.4** Letter of support from Section 151 officer
- Appendix 6.5** Development agreements (n/a)
- Appendix 7** Minutes from School Organisation Committee (SOC) meeting
- Appendix 7.1** Minutes from Cabinet meeting 13 February 2008 (to follow)
- Appendix 7.2** Copies of statutory approval notices (to follow)
- Appendix 8** Final Business Case (FBC) required Key Performance Indicator (KPI) data
- Appendix 9** Design and build financial and technical pro formas: Castle View Enterprise Academy
- Appendix 9.1** Design and build financial and technical pro formas: the academy to replace Pennywell School and Quarry View Primary School
- Appendix 9.2** Design and build financial and technical pro formas: Washington School
- Appendix 9.3** Design and build financial and technical pro formas: Biddick School Sports College (to follow in stage 3)
- Appendix 9.4** Design and build financial and technical pro formas: St Robert of Newminster RC School (to follow in stage 3)
- Appendix 9.5** Design and build financial and technical pro formas: Red House Academy (to follow in stage2)
- Appendix 9.6** ICT financial and technical pro formas
- Appendix 10** Communications strategy
- Appendix 11** Communications plan
- Appendix 12** Stakeholder consultation
- Appendix 13** ICT payment mechanism
- Appendix 14** Gateway Review 3 report



**List of tables and figures**

- Table 1** Wave one academies and schools
- Table 2** Wave two schools
- Table 3** Design and build list of Partnerships for School (PFS) national framework bidders
- Table 4** Design and build pre-invitation to tender evaluation criteria and weightings
- Table 5** Design and build invitation to tender evaluation criteria and weightings
- Table 6** List of ICT responses to Pre-Qualification Questionnaire (PQQ)
- Table 7** PQQ criteria and weightings
- Table 8** Long list of ICT bidders
- Table 9** ICT invitation to participate in dialogue criteria and weightings
- Table 10** ICT Invitation to Continue Dialogue (ITCD) criteria and weightings
- Table 11** Summary of procurement costs to financial close
- Table 12** Design and build affordability position
- Table 13** Life cycle cost affordability position (samples only)
- Table 14** Value of PFS grant as per staged approvals
- Table 15** Summary of advisors roles
- Figure 1** Model for sustainability and refresh
- Figure 2** 'The Four Deeps'
- Figure 3** Project structure



Building schools for the future

**Acronyms**

**A - Z**

**Definition**

BB98	Building Bulletin 98
BBCL	Balfour Beatty Construction Limited
Becta	Bringing Educational Creativity To All
BREEAM	Building Research Establishment Energy Assessment Method
BSF	Building Schools for the Future
CABE	Commission for Architecture and the Built Environment
CD	Continue Dialogue
CDP	Competitive Dialogue Procedure
CIP	Continuous Improvement Plan
CPD	Continuous Professional Development
DFC	Devolved Formula Capital
DCSF	Department for Children, Schools and Families
ECM	Every Child Matters
ELB	Education Leadership Board
FBC	Final Business Case
FE	Further Education
FM	Facilities Management
GAG	General Annual Grant
ICT	Information Communication Technology
ITCD	Invitation to Continue Dialogue
ITPD	Invitation to Participate in Dialogue
ITT	Invitation to Tender
ITSFB	Invitation to Submit Final Bid
JR	Judicial Review
KPI	Key Performance Indicators
LA	Local Authority
LEA	Local Education Authority
LEP	Local Education Partnership
LAN	Local Area Network
LCC	Life Cycle Costs
MIS	Management Information System
MLE	Managed Learning Environment
MSP	Managed Service Provision
NPV	Net Present Value
OBC	Outline Business Case
OJEU	Official Journal of the European Union
PfS	Partnerships for Schools
PITT	Pre-Invitation to Tender



Building schools for the future

PQQ	Pre-Qualification Questionnaire
RM	Research Machines
SBC	Strategic Business Case
SCC	Sunderland City Council
SOC	School Organisation Committee
VA	Voluntary Aided
VC	Voluntary Controlled
VFM	Value For Money
VLE	Virtual Learning Environment
VOIP	Voice Over Internet Protocol
WLCM	Whole Life Cost Model
WAN	Wide Area Network



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## 1 Executive summary

### 1.1 Introduction

This is the Final Business Case (FBC) to PfS in relation to Sunderland's Building Schools for the Future (BSF) academies project.

This document outlines the details of the local competition carried out, the affordability of the final solution and the arrangements in place for contract administration and monitoring. Approval from both PfS and the Department for Children, Schools and Families (DCSF) is requested to proceed with the contract award of the design and build and ICT MSP contracts and the delivery of the schools and academies.

This FBC seeks a staged approval for wave one of Sunderland City Council's BSF project and the drawdown of funds necessary to fund the design and build and ICT procurements.

A staged approach to FBC submission is necessary as a result of the staged build programmes, planning approvals and availability of cost data.

Stage one submission will include cost data for the three design and build sample schemes (Castle View Enterprise Academy, the academy to replace Pennywell School and Quarry View Primary School and Washington School). Planning approval for the sample schemes (Castle View Enterprise Academy, the academy to replace Pennywell School and Quarry View Primary School and Washington School) is forecast to be before 25 February 2008. The new buildings are programmed to be ready for the start of September 2009 term. All cost data in relation to the ICT MSP procurement will be included.

Stage two will include cost data in relation to Red House Academy. Planning approval is forecast for 1 April 2008. The new academy is programmed to be open for the start of the September 2009 term.

Stage three submission will include cost data for two non-sample schemes (Biddick School Sports College and St Robert of Newminster RC School). Planning approval for both schools is forecast for 29 May 2008. The partly rebuilt and refurbished buildings are programmed to be ready for the start of January 2010 term.

In summary:

- PfS approval of stage one of the FBC is forecast for 25 February 2008 (samples), stage two approval forecast for 14 April 2008 (Red House Academy) and stage three approval forecast for 13 June 2008 - following



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receipt of planning approvals

- The council intends to award contracts to the design and build preferred bidder (sample only) and the ICT MSP on the 25 February 2008 – following PfS and DCSF approval
- The council intends to award contracts to the design and build preferred bidder for Red House Academy on 14 April 2008 and 13 June 2008 for Biddick School Sports College and St Robert of Newminster RC School

Cover note for PfS and the DCSF appraisal officers:

This staged process has been adopted due to the non-availability of cost data on Biddick School Sports College and St Robert of Newminster RC School at time of stage one submission.

Planning approval addendums to the FBC will be issued to PfS immediately upon planning receipt approvals.

The FBC was submitted to the DCSF on 25 January 2008, ahead of all approvals, so that stage one appraisal (for sample schemes and ICT MSP) can begin and be concluded by the contract award date, 25 February 2008. This parallel approval process is a necessity due to the extremely tight construction build timescales in order to have the first buildings complete and open by September 2009.

Planning approval (following committees' on 5 February 2008, 1 April 2008 and 29 May 2008) and confirmation of lead sponsor support (subject to board approval on 24 January 2008 and the councils Cabinet on 13 February 2008) will be issued immediately as addendums to the FBC as they occur.

### 1.2 Project overview

Section 2 and Appendix 6 of this FBC describe the scheme and confirm the commitment of all parties to the solution developed by Balfour Beatty Construction Limited (BBCL) and RM.

The 'Sunderland Model' is a unique partnership agreement between the three academy lead sponsors, Gentoo Group, Leighton Group and Northumbrian Water, and Sunderland City Council as co-sponsor.

The programme will see three academies built under the first wave of the Sunderland Model to replace:



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- Castle View School
- Hylton Red House School
- Pennywell School and Quarry View Primary School

In addition:

- Washington School will be replaced on its existing site
- Biddick School Sports College will be partly rebuilt and refurbished
- St Robert of Newminster RC School will be partly rebuilt and refurbished

The table below provides a summary of all six learning environments.

**Table 1: Wave one academies and schools**

Name	Type	Sponsor	Sample or non sample	Age range	Scope of works
Biddick School Sports College	School	Sunderland City Council	Non sample	11-16	Rebuild and refurbishment
Castle View School to become Castle View Enterprise Academy	Academy	Sunderland City Council and Northumbrian Water	Sample	11-16	New build
Hylton Red House School to become Red House Academy	Academy	Sunderland City Council and Leighton Group	Non Sample	11-16	New build
The academy to replace Pennywell School and Quarry View Primary School	Academy	Sunderland City Council and Gentoo Group	Sample	4-16	New build
St Robert of Newminster RC School	School	Sunderland City Council	Non Sample	11-18	Rebuild and refurbishment
Washington School	School	Sunderland City Council	Sample	11-16	New build



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In addition to this investment Sunderland City Council has embarked upon two BSF quick win projects: Oxclose Community School was completed in June 2007; and two vocational skills centres, managed by Biddick School Sports College and Sandhill View School, were established within former primary schools Harraton and Pallion respectively.

In relation to ICT, the MSP will cover Biddick Schools Sports College, Castle View Enterprise Academy, Oxclose Community School, the academy to replace Pennywell School and Quarry View Primary School, Red House Academy, Sandhill View School, St Robert of Newminster RC School and Washington School. The council's corporate ICT service will continue to provide the ICT infrastructure, including managing networks and connectivity to the council and other schools.

Becta has reviewed the delivery approach for the ICT provision and confirmed that it is acceptable.

The design and build solution agreed with BBCL and the ICT solution agreed with RM fully delivers the wave one project and objectives as set out in the Strategic Business Case (SBC) and Outline Business Case (OBC). These objectives were integral to the procurement programme that took place during 2007.

A second wave of the Sunderland BSF programme, implementation date to be confirmed, would see investment in a further nine schools. These are:

**Table 2: Wave two schools**

School
Farringdon Community School Sports College
Hetton School
Monkwearmouth School
Southmoor Community School
St Anthony's Catholic Girls' School
St Aidan's Catholic School and Language College
Thornhill School Business and Enterprise College
Houghton Kieper Sports College (Foundation)
The Venerable Bede C of E Secondary School

The design and build plans developed by BBCL and ICT MSP solution developed by RM have been signed off by all sponsors, academy trusts and school governing bodies.

The sponsors, academy trusts, governing bodies and local authorities confirm their commitment to continue to work together and confirm that they will utilise



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the standard suite of contractual documentation for the contract award. This is detailed further in Section 6.



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### 1.3 Procurement and competition

Section 3 and Appendix 3 of this FBC describe the details of the local competition carried out. In summary, the scope of the procurement includes three elements:

- The PfS national framework for academies was utilised throughout the procurement of the wave one BSF school and academy buildings. Following a competitive bidding process, in line with Official Journal of the European Union (OJEU) regulations, BBCL was selected as the preferred bidder
- Procurement of the MSP for BSF wave one schools and academies was also in line with the OJEU competitive dialogue process. This resulted in the selection of RM as selected bidder
- The procurement of facilities management services is scheduled to take place between 2008 and 2009. Whilst facilities management provision does not form part of this request for funding from PfS, stakeholders have committed in principle to cover the hard facilities management and life cycle costs of the capital investment, whilst reserving their right to make independent procurement decisions. Procurement will be in line with all statutory requirements. In accordance with the overall programme plan, a series of activities are now underway to identify the most appropriate procurement options; and then to undertake the actual procurement so that the required facilities management services are in place in time for the opening of the new BSF school and academy buildings.

### 1.4 Finance and affordability

Section 4 and Appendix 2 of this FBC set out in detail the affordability and value for money position of the BSF programme in Sunderland.

The FBC provides a separate cost analysis reconciled against the OBC for both the design and build and ICT elements of the project. The analysis demonstrates that the proposals are affordable within the funding allocation.

In summary, **value for money** has primarily been driven by the competitive bidding processes, achieved via the council's robust, rigorous and efficient management of the procurement process. As a result of this, BBCL and RM solutions meet the schools' visions and project objectives in terms of the design and build and ICT MSP solutions, both of which are within the affordability threshold for the programme.

In addition, Sunderland City Council Corporate ICT are providing the Wide Area Network (WAN) and Local Area Network (LAN) system at no extra cost



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to the schools and academies for the duration of the managed service contract to maximise the potential of the financial investment in the MSP solution. After this period provision will be reviewed in line with the managed service provision. As the Sunderland Model does not involve a Local Education Partnership (LEP), council ICT provision on the WAN and LAN will ensure consistency of approach across the entire school estate and the planned wave two programme.

ICT value for money will continue to be achieved through robust connectivity that will be achieved and maintained by the payment mechanism adopted (attached as Appendix 13). Sunderland City Council Corporate ICT will ensure robust connectivity will be achieved in accordance with the output specification, achievable through the strong track record of Sunderland City Council Corporate ICT detailed in full in Section 2.4.2. Service provision will be managed in line with the Service Level Agreement (SLA) that will be put in place between Sunderland City Council Children's Services and Sunderland City Council Corporate ICT. Corporate ICT need to work with the schools to review the existing SLA to ensure it meets their future needs. This will be undertaken when the exact requirements for each school network infrastructure is known.

ICT advice was provided during the procurement process by Cambridge Education and Becta (in relation to academies) and the financial evaluation process was supported by KPMG. This combination of external support provided impartial challenge during the procurement process. This enabled the council to conclude that the costs of the ICT contract for assets and the managed service were 'on market'.

Value for money in relation to facilities management will be achieved through competitive procurement. To maximise the potential for value for money, the council is engaging with stakeholders with the prospect of entering into a collective procurement for hard facilities management and lifecycle maintenance. Stakeholders reserve their right to make independent procurement decisions.

In terms of **affordability**, the council, along with its advisors, has undertaken an affordability assessment of the entire wave of the BSF programme for FBC purposes, covering the capital, hard facilities management and life cycle and ICT elements of the programme.

- No gap was identified at the SBC stage.
- At OBC stage total funding available for building works was £97,636,453. In addition there was £11,402,800 ICT funding available. A gap of £4.451



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million was identified and the funding of this shortfall by the council was approved by Cabinet in February 2007.

- At FBC stage, the overall design and build target price currently provided by BBCL is within the affordability envelope. Costs have been agreed for three out of six schemes. Target costs for the remaining three schemes fall within the funding envelope. The life cycle maintenance and hard facilities management requirements of the new buildings have been determined for the sample schemes. Affordability has been demonstrated and a commitment has been made to these hard FM requirements and the lifecycle maintenance through the signing of letters by school governing bodies and academy trusts. Non sample scheme schools and academies have made an in-principle agreement to the process. The ICT capital element of the project falls within the funding parameters provided by PfS and the revenue charge for the managed service falls within the upper limit of the funding at £120 per annum per pupil which has been agreed with schools.
- The council's Cabinet approved the overall affordability of the programme for the FBC stage on 13 February 2008. Documentation supporting the approval can be found in Appendix 7.1 alongside a letter from the council's Section 151 Officer (Keith Beardmore, City Treasurer) to confirm the council's commitment to funding the identified affordability requirement (attached as Appendix 6.4).

### 1.5 Risk allocation

Section 5 and Appendix 1 of this FBC set out in detail the risk allocation in relation to the programme.

The management of risk in the BSF programme, which includes academies, is supported by the council's Corporate Risk Management Team. The risk management process outlined in the OBC remains current, with a three tier approach to risk planning; workstream risks; programme risks and Sunderland Model risks. See risk plans in Appendix 1.

The local authority retains management of the risk register in accordance with PfS guidelines. Overall risk allocation remains consistent with the principles set out in the OBC and PfS standard documentation. The private sector is accepting the appropriate level of risk envisaged in the OBC.

The local authority is not accepting nor transferring any inappropriate risk.

- **Design and build contracts**





The risks have been allocated under the design and build contract. The most significant risk to the design and build at this stage of the programme is delays with planning approvals or with approval of the FBC. The risk of outstanding planning approval for sample schools and non sample schools at date of contract has been transferred to BBCL. To mitigate any risks associated with planning approvals, Sunderland City Council has facilitated extensive discussions between the planners and the bidders. As a result the Head of Sunderland Planning Authority agreed that all schemes are to be considered as permitted development as they will be developed on existing sites and do not involve any change of use. A letter of support from the Head of Planning and Environment to this effect can be found in Appendix 7.

Should there be any risk to the start date for works on site arising from a delay to contract signature the local authority would consider options to mitigate this by implementing an early works agreement.

There are no derogations to the design and build contract.

The Local Authority is taking Judicial Review (JR) risk and has accepted PFS drafting for this.

In relation to the three academies, a development agreement (between Sunderland City Council and each academy trust) will be signed in addition to the design and build contract (between Sunderland City Council and the contractor). The local authority and academy trusts have agreed the terms and conditions of the development agreements and will sign these back to back contracts at time of design and build contract signature. There are no derogations to the development agreements.

• **ICT contract**

Extensive discussions are planned into the programme between BBCL, Sunderland City Council Corporate ICT and RM and are an integral part of the ongoing interface arrangements between ICT and BBCL. There are also integration issues with the council's corporate ICT department and education ICT departments. These interface issues were recognised at OBC stage and feature on the risk registers. As a result there have been regular discussions throughout the procurement process and more recently with the preferred bidders. A clear identification between interface and integration responsibilities between BBCL and RM has been agreed by all parties (attached as Appendix 1.1).

The council retains the risk to ensure the interface arrangements between the council's own departments and the MSP are managed effectively.



The time allocated in the design and build program to install the relevant ICT equipment remains tight but achievable. This risk will be managed on a site by site basis and will remain under constant scrutiny throughout the build program. This ICT and design and build interface risks lie with Sunderland City Council (risk register DB19). Other interface risks and mitigating actions are detailed in the register ref: ICT18, ICT47, ICT54, ICT70, ICT74 and TRA5.

The risk register and matrix in Appendix 1 includes mitigating actions at each individual work stream level on how risks will be managed.

• **Facilities management**

The local authority has liaised with school governors and academy trusts to understand their preferred procurement options for facilities management. The school governors and academy lead sponsors signed up 'in principle' to the principles of a full and detailed procurement exercise at OBC stage, with the right to make their own arrangements consistent with the academies being independent. This commitment has since been reaffirmed and is included in the governing body and trust agreements attached as Appendix 6.3.

Of particular significance, a commitment has been made by all schools and academies to ring fence revenue budgets to ensure an adequate life cycle maintenance fund is secured. Two academies have indicated they will set up their own arrangements to do this. This fund is based on indicative benchmarked costs from BBCL and is needed to protect and maintain the capital investment made by PFS in the new and refurbished buildings. There has also been a commitment from the academy trusts and governors that they will also make adequate provision to fund the ongoing hard facilities (planned and reactive maintenance) management.

The provision of hard and soft facilities management is not yet determined. The academies and governors will determine which procurement option they wish to follow. Clear levels of service will need to be agreed and adhered. The risks for facilities management are dependant upon the procurement exercise entered into and the final selection of a bidder. The local authority, sponsors, school and academy representatives will continue to work in close partnership throughout the exercise.

**1.6 Contract and payment mechanism**

Section 6 and Appendix 4 of this FBC details fully the contractual position and payment mechanism adopted.

In summary, PFS standard contracts have been used for the design and build and ICT contracts. They have been procured as separate contracts.



Building schools for the future

The local authority, supported by Eversheds, has drafted and agreed the design and build contract(s) with BBCL. The contract has been reviewed and there are no derogations.

Approval of the FBC will enable individual design and build contracts to be signed for each school and academy.

In relation to the three academies, development agreements' between Sunderland City Council and the academy trusts will also be signed in addition to the design and build contract between Sunderland City Council and the contractor. The local authority and academy trusts have agreed the terms and conditions of the development agreements' and will sign this back to back at time of design and build contract signature. There are no derogations to the development agreements'.

The council confirms that the payment mechanism has been developed using the standard PfS payment mechanism for a design and build scheme.

There are derogations in relation to the ICT contract. These are detailed in full in Section 6.

### 1.7 Stakeholder consultation and project management

Section 7 and Appendices 10, 11 and 12 of this FBC set out the personnel of the project team to illustrate that local competition has been resourced appropriately. It also sets out the arrangements for supervising the delivery of the design and build and ICT contracts, and illustrates the stakeholder consultation that has taken place.

In summary, the council has put in place resources for the duration of the project, including post contract, to monitor and maintain ongoing relations with BBCL and RM and ensure that performance is continually reviewed.

The council has consulted with all relevant stakeholders at each stage in the process. This engagement has proven to be a consistent driver for the project, at the outset helping to shape the transformational vision and more recently ensuring commitment to the outcome of the procurement process.

Stakeholder consultation (evidenced in Appendix 12) has been achieved through the adoption of clear and robust project management products; the communications strategy (attached as Appendix 10) and the communications plan (attached as Appendix 11). These tools have helped to ensure stakeholder commitment and will continue to be used throughout the programme.



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- Sponsor commitment is evidenced through ongoing support and involvement to the procurement approach, ratified by sponsor approval of the OBC on 20 February 2007, BSF Project Board approval of the FBC on 24<sup>th</sup> February and approval of the FBC through individual academy trust decisions. This position is reinforced in the sponsor letters of support attached as Appendix 6.1
- Member commitment is evidenced by Cabinet approval of the SBC on 12 July 2006, approval of the OBC on 14 February 2007 and approval of the FBC on 13 February 2008; which ratified the BSF Project Board approval on 24 January 2008
- Governor commitment is evidenced by approval of signed agreements with the council for elements of service provision (attached as Appendix 6)
- PfS and the DCSF have been involved throughout the process and have agreed the approach outlined in this FBC

In addition, as per Section 7.2, robust project management arrangements have been strengthened since OBC stage in line with the PRINCE2 methodology. The project has the right people in place with the authority, responsibility and knowledge to make decisions in a timely manner.

- The BSF Project Management Team oversees the day-to-day management of the project
- The BSF Delivery Team ensures co-ordination across work streams and key stakeholders
- Strategic and political direction is provided by the BSF Project Board and by the council's Cabinet
- The following external advisors have provided advice and support throughout the process: KPMG (financial and project management), Eversheds (legal), Mott MacDonald (technical), Cambridge Education (educational), Napper Architects (design), Becta, Cambridge Education and KPMG (ICT)
- Project management arrangements will remain fluid and continue to adapt to change in line with the project life cycle



Building schools for the future

### 1.8 Statutory processes

Section 8 and Appendix 7 of this FBC set out the position in full with regard to statutory processes. In summary:

- Cabinet agreed to the closure of the predecessor schools for the academies in July 2007
- Planning permission for the sample schemes was agreed by the Planning Committee on 5 February 2008
- Planning for the non sample schemes is forecast to be agreed by the Planning Committee on 1 April 2008 (Red House Academy) and 29 May 2008 (Biddick School Sports College and St Robert of Newminster RC School). Any risk associated with this is being carried by BBCL
- Judicial review is outstanding on all planning approvals. This risk is being carried by Sunderland City Council and appropriate risk management strategy is in place as detailed in the risk matrix
- The DCSF planning officials and Sport England have been consulted through out BSF. In relation to Section 77 of the Town and Country Planning Act 1990, the proposals do not include development on land designated as green belt, or affect any listed buildings. There is no intention to dispose of any playing fields as part of the BSF programme.

### 1.9 Gateway Review

Appendix 14 of this FBC provides a full copy of the mandatory Gateway Review 3 report.

In summary, the Gateway Review 3 process was conducted from 3 December 2007 to 5 December 2007 and provided the project sponsors and Sunderland City Council's BSF Project Team with the confidence to submit this FBC.

The purpose of the review was to confirm the business case and to check that all the necessary statutory and procedural requirements were followed throughout the procurement process.

The review team found that the programme has made good progress since the last gateway review and this has been recognised and confirmed by all the participants and stakeholders in the programme.



Building schools for the future

## 2 Project overview

### 2.1 Introduction

Sunderland City Council serves a local population of 283,700\* and educates 39,927 primary and secondary age pupils in 101 schools\*\*.

\* Source – ONS 2005 mid-year estimate

\*\* Source – DCSF January PLASC

BSF is a major national programme to transform all secondary schools in England over the next 15 years.

The Sunderland BSF programme, which includes academies, aims to transform the city's secondary school estate by bringing it up to 21<sup>st</sup> century standards. The approach is built on the Sunderland Model, a unique partnership agreement between the three academy lead sponsors Gentoo Group, Leighton Group and Northumbrian Water and co-sponsor Sunderland City Council.

The scope of the wave one programme remains consistent with that set out in the OBC. The geographic coverage remains the north west areas of the city. Three academies will be built under the Sunderland Model to replace Castle View School, Hylton Red House School and Pennywell School and Quarry View Primary School.

Washington School will be replaced on its existing site. This is linked to the closure of Usworth School in August 2007, in order to reduce surplus places and match present and future demographic change. Significant refurbishment schemes at Biddick School Sports College and St Robert of Newminster RC School will be undertaken with a similar scheme at Oxclose Community School that was completed as a BSF quick win in June 2007.

Vocational skills centres managed by Biddick School Sports College and Sandhill View School at former primary schools Harraton and Pallion respectively, are also underway as BSF quick win projects.

ICT MSP will cover Biddick School Sports College, Castle View Enterprise Academy, Oxclose Community School, the academy to replace Pennywell School and Quarry View Primary School, Red House Academy, Sandhill View School, St Robert of Newminster RC School and Washington School. Sunderland City Council Corporate ICT will continue to provide the ICT infrastructure, including managing networks and connectivity to the council and other schools.



The BBCL design and build solution and the RM ICT MSP solution fully deliver the wave one project and objectives as set out in the SBC and OBC. These objectives were integral to the procurement programme that took place during 2007.

The scope of the wave two BSF proposals (implementation date to be confirmed by PfS) also remain consistent with that set out in the OBC. The geographic coverage remains the central, south and east of Sunderland. A further nine ageing schools will benefit. Seven will be replaced by new build or modernised schools. These are Farringdon Community Schools Sports College, Hetton School, Monkwearmouth School, Southmoor Community School, St Anthony's Catholic Girls' School, St Aidan's Catholic School and Language College and Thornhill School Business and Enterprise College.

Remodelling will take place at two schools - Houghton Kieper Sports College and The Venerable Bede C of E Secondary School.

The council is currently in discussions with PfS to formalise the implementation date for this second wave of BSF schools.

## 2.2 Programme objectives

The objective for the Sunderland BSF programme remains consistent with that set out in the SBC - to be a catalyst for educational and community transformation. This objective has been adhered to throughout the project life cycle.

The vision is to transform the learning experience and to improve outcomes for all young people in Sunderland. The SBC identified the education vision and set out a strategy to achieve this through the capital investment provided by BSF. This will enable the city to accelerate its transformation plans for secondary education and will place Sunderland in a strong position as a leader for innovation and change. The 'Every Child Matters' agenda will continue to ensure that BSF focuses on the needs of all children and young people.

Sunderland is clear that BSF will not simply create state-of-the-art buildings but education transformation. New buildings in isolation are not sufficient to create the transformation in learning that is required. Transformation will only be realised through a diversity of school types working together through the Sunderland model of collaboration and co-operation.

The capital investment in new build, refurbishment and ICT will help facilitate this learning transformation. The new buildings have been designed to



incorporate transformational learning spaces that are flexible and adaptable to meet future needs. These will be linked to a strong focus on the continuous professional development of the school workforce and careful curriculum design, helping to facilitate a personalised educational experience for young people to help them be successful in social, emotional and academic terms.

To support the overarching programme objective, the following procurement principles, outlined in the OBC, have consistently been adopted at each stage in the procurement process:

- **Flexibility:** i.e. taking the opportunity, wherever possible, to investigate and evaluate alternative methods of service delivery and management and alternative forms of procurement to identify the optimal solution
- **Marketability:** i.e. taking the opportunity, where relevant, to establish the market potential and external market appetite for service provision and management. As part of this approach, the 'bundling' of particular services and contracts together to increase their attractiveness to the external market will also be considered whilst not compromising the rights of independent academies to procure in a manner satisfactory to them
- **Minimising cost and maximising value for money:** i.e. ensuring that the various procurement activities result in the most cost efficient and cost effective solution for the council and all other stakeholders
- **Manageability:** i.e. ensuring that the procurement activities themselves and the selected solutions are both manageable and practical
- **Risk:** i.e. minimising the risk to the council and other stakeholders during the procurement process and also as part of the identification of the preferred solutions
- **Timescale:** i.e. establishing the timescale for the delivery of required services as part of the key evaluation criteria during the procurement process

Other complimentary key drivers that will help Sunderland maximise the impact of the BSF programme, including academies, are:

- Targets set out within the Children and Young People's Plan 2006 - 2009 to improve outcomes and quality of life for all children and young people in Sunderland
- Clear priority set by the Local Strategic Partnership in the communication strategy to, "Raise standards and improve access and participation in



Building schools for the future

learning,” and the relationship between this and the ‘Raising Standards Plan’

- The commitment of schools, through local area partnerships, to take proactive responsibility for all pupils and to tailor the curriculum to their needs including the vocational curriculum
- The commitment to the Sunderland Model for academies as an extension to current and successful partnership arrangements

### 2.3 Project objectives

This is the first wave of necessary strategic investment in the council’s secondary schools estate to achieve the overarching programme objective.

The programme objective will be delivered by investment in three separate, yet complementary, procurement streams – design and build, ICT and facilities management. The detailed objectives of each area of procurement follow below.

#### 2.3.1 Design and build objectives

The wave one design and build objective is to build three new academies, completely rebuild one school by September 2009 and to undertake two school rebuild and refurbishments by January 2010.

There is funding of £102,087,769 to undertake design and build works. This consists of £97,636,453 PfS grant and £4,451,316 from Council funding.

As recommended by PfS and set out in the OBC these were batched into either sample or non-sample schemes.

Sample schemes:

- Castle View Enterprise Academy
- The academy to replace Pennywell School and Quarry View Primary School (name to be confirmed)
- The replacement of Washington School

Non-sample schemes:

- The refurbishment of Biddick School Sports College



Building schools for the future

- Red House Academy
- The refurbishment of St Robert of Newminster RC School

#### 2.3.2 ICT objectives

The overall ICT objective and vision is to use world class systems and leading technologies to facilitate learning with facilities such as live lesson broadcasting across the city, applications sharing, collaborative projects between schools, discussion forums, intranet, Internet and other external network access, home school connectivity, distance learning and easy downloading of digital curricular materials and media.

The authority and academy trusts are committed to providing innovative opportunities to develop and test out new ways of teaching and learning and be open for extended hours and weekends in order to cement and build on the position of schools at the heart of the community.

The BSF programme provides us with the opportunity to realise this vision by making technology available to a wider audience across the city. All headteachers, the authority and other key stakeholders will work closely with architects and other commercial providers to ensure that the vision is realised, affordable and sustainable throughout the life of the BSF initiative.

This vision remains consistent with the objective set out in the OBC.

The output specification for the ICT provision in BSF schools in Sunderland is part of the local authority wide strategy for ICT which in turn is part of the strategy for Every Child Matters and secondary education. These strategies are set out in the local authority’s SBC.

The local authority’s approach to ICT is aligned with the DCSF vision for ICT in schools set out in ‘Harnessing Technology’ – the e-learning strategy (details available at [www.dfes.gov.uk/elearningstrategy](http://www.dfes.gov.uk/elearningstrategy))

ICT is seen nationally as central to transforming schools through BSF and Sunderland’s wave one schools have £11.4 million to spend on ICT, this equates to £1,450 per pupil. This is the single largest investment in ICT for schools and academies. PfS have been clear on the expectation that the ICT investment will be delivered via a MSP.

The key objectives of the ICT procurement are:

- To provide a fast and flexible network that provides access to robust, world class systems that will give learners anytime, anywhere access to ICT



resources, thus facilitating personalised learning and empowering learners to become both independent and collaborative learners

- To give learners increased access to cutting-edge technology and help schools and academies fully exploit the potential of ICT across the curriculum
- To pioneer and promote new ways of teaching and learning
- To develop systems and processes to ensure that the management and administration of schools is based on reliable, timely and accurate information
- To promote social inclusion and create online learning communities within, between and outside of the traditional structures of schools and colleges using other local authority initiatives and through further development work at two city learning centres

The following common points were identified in the OBC by the schools as key drivers to enable transformation and the embedded use of ICT:

- **Universal ICT access:** schools wish to ensure universal ICT access for all learners. They feel it is not acceptable that use of technology is allowed to create a 'digital divide' amongst staff or learners
- **Personalised learning:** schools believe that personalised learning should reduce barriers, giving each learner the opportunity to realise their potential. Collaborative learning supported by ICT will be an essential part of this process
- **Information management:** fast, reliable access to timely, accurate management information is required to support teachers in transforming and personalising learning. The solution should be flexible, able to manipulate data and should meet the needs of the school and other stakeholders
- **Continuing Professional Development (CPD):** it is essential that staff members are appropriately supported through CPD to enable their confident use of ICT, as a teaching tool, in supporting effective administration and in the collection and analysis of appropriate data. Staff will be appropriately trained to use the new ICT system. Further details are provided in Section 2.4.4



### 2.3.3 Facilities management objectives

As detailed in the OBC, the objective of facilities management services is based upon the shared desire to achieve the optimal delivery of requirements across all schools and academies.

The approach to developing and procuring facilities management services will be undertaken in line with the key principles and drivers for procurement across the BSF programme as detailed in Section 2.2.

The overriding driver, or objective, of the procurement exercise is to deliver value for money in order to benefit the learner. In addition there is a clear commitment to whole-life principles in accordance with the DCSF policy i.e. schools will be maintained to a minimal standard that protects the assets integrity.

Support for this approach to facilities management was provided 'in principle' by all participating schools and academy lead sponsors as part of the OBC. This support has now been strengthened evidenced by governing body and trust agreements in Appendix 6.3.

### 2.4 Project description

This section sets out the detailed project description that has been developed through the various procurement activities since the approval of the OBC. The Sunderland Model does not involve a LEP or Private Finance Initiative (PFI).

The project fully delivers the above objectives in relation to:

- Design and build
- ICT
- It is assumed that the forthcoming procurement of facilities management services will fully deliver all of the stated facilities management drivers and objectives
- A description of the transformation component is detailed in Section 2.4.4

Details of the final project are provided below.



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#### **2.4.1 Design and build**

Following the competitive procurement process (see Section 4), the council will work with BBCL to deliver the design and build objectives for the project. This will provide six transformational learning environments.

BBCL has confirmed that all six schemes will be delivered within the overall budget as set out in the OBC with similar levels of quality and components and materials being utilised throughout.

##### **2.4.1.1 Castle View School**

Castle View School will become Castle View Enterprise Academy, with Northumbrian Water as lead sponsor and Sunderland City Council as co-sponsor it will cater for pupils aged 11 to 16.

The school has identified the need to ensure new buildings provide sufficient social and service spaces to allow pupils to remain onsite in all weathers and at all times.

The school has taken a lead in offering opportunities to young people in the fields of community action, media campaigning, electoral rights and international co-operation. The new building will reflect this in facilities such as spaces flexible enough to provide a parliament with voting technologies, peer-mentoring and tutoring spaces, self-regulated social areas and student involvement in environmental development. The academy will continue to develop the existing specialism of business and enterprise.

Outdated school buildings will be replaced with new academy provision reflecting the sponsor's vision and BSF agenda for 21st Century buildings of innovative design to contribute to the raising of achievement and attainment.

The existing school sports hall is relatively new and will be retained and linked to the new academy buildings. The new academy will be constructed on the existing site. Demolition of the existing school buildings will be carried out upon completion of the new academy and will make way for improved external spaces to provide recreational spaces, car parking and landscaped areas.

##### **2.4.1.2 Pennywell School and Quarry View Primary School**



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Pennywell School and Quarry View Primary School will become an academy for four to 16-year-olds with Gentoo Group as lead sponsor and Sunderland City Council as co-sponsor.

The academy will be developed on the existing Pennywell School site with a new all through 4-16 provision.

The new academy (1,190 places in total) will accommodate 830 places for 11-16yr olds, 315 primary age places (to replace Quarry View Primary School currently located approximately one mile from the proposed academy site) plus 45 additional LA-funded SEN places.

Pennywell School buildings and layout are poor. With the proposal to relocate the primary school to the site, refurbishment and remodelling would not offer a desirable outcome in respect of buildings being suitable and fit for purpose. Therefore, total new provision for this BSF project has been agreed as the only viable option.

The new provision will provide improved access and layout, coupled with attractive dining and pastoral facilities that will allow enhanced use. The building will have a strong clear organisation layout that will provide an 'integrated heart' to the school. The total construction costs reflect proposals for both secondary and primary provision and also reflect the provision of ICT infrastructure and equipment at all key stages.

The academy aims to achieve specialist status in business and enterprise with innovation, working with other schools, the local community and businesses to provide effective vocational courses.

##### **2.4.1.3 Washington School**

The complete new build of Washington School will create an opportunity to provide a new school fit for the education of its pupils in the 21st Century and enable the school to enhance its place as a key hub school in Washington.

The replacement of the Washington School buildings has been agreed as the only viable option for this BSF project. Washington School is in poor condition and relies heavily on modular buildings in key curriculum areas. There are no areas that can be retained for future use and a new school building is urgently required if the school is to fulfil its vision for 21st Century transformation teaching and learning. The new school will be built on the existing site.



Building schools for the future

As a result of comprehensive consultation with the local community, staff, parents, pupils and governors the school has identified the need for pupil social spaces, flexible learning spaces and the provision of high quality dining facilities as key objectives.

The school is a designated specialist school for technology.

#### 2.4.1.4 Biddick School Sports College

Biddick School Sports College is highly regarded in the local community and is consistently oversubscribed for admissions to year seven. As a result of comprehensive consultation with the local community and staff, parents, pupils and governors, the new buildings will be constructed within the confines of the existing site.

The agreed rebuild and refurbishment project consists of the replacement of two-storey and single storey main teaching blocks currently considered unsuitable for teaching. The main hall, music, drama and sports provision will be retained. The site is very restricted and careful planning in design will be required. During construction it will be necessary to accommodate some pupils in temporary accommodation. Despite the restrictions of this site it is not proposed that the school will be relocated.

In addition to the replacement of general and specialist teaching areas Biddick School Sports College will provide a resource centre for 24 pupils with autistic spectrum disorder. The resource centre will be fully integrated into the new design proposals.

Biddick School Sports College is a designated specialist sports college and will be developed as a hub for vocational training programmes.

#### 2.4.1.5 Hylton Red House School

Hylton Red House School will become Red House Academy, with Leighton Group as lead sponsor and Sunderland City Council as co-sponsor it will cater for 11 to 16-year-olds.

The existing school buildings date back to 1963 and are in poor condition. These will be replaced with new academy provision reflecting the sponsor's vision and BSF agenda for 21st Century buildings of innovative design to contribute to the raising of attainment and achievement. The project will see



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the retention of existing sports hall and dining centre, constructed in 2003, with some minor refurbishment. The new academy will be constructed on the existing site. Demolition of school buildings will be carried out upon completion of the academy, to make way for new and improved external recreation spaces, landscaping and car parking.

Hylton Red House School has always been at the heart of the community it was built to serve. The school is determined to support pupils as distinct individuals ensuring that every one's potential is identified and that the correct guidance and support, via learning mentors, gifted and talented provision, 'Excellence Challenge' and the school's behaviour support programmes, is provided.

As well as a range of GNVQ courses, the school is becoming a leading provider of hair and beauty and manufacturing training, both of which take place in fully equipped facilities within the school. The academy will develop engineering as its speciality.

#### 2.4.1.6 St Robert of Newminster RC School

St Robert of Newminster RC School is very highly regarded locally and is consistently oversubscribed for admissions to year seven. The school serves the Roman Catholic parishes in Washington, Houghton and Hetton in Sunderland local authority and Birtley in Gateshead local authority.

St Robert of Newminster RC School has recently been awarded specialist status in humanities.

The school consists of a number of buildings. The proposal for this school is the replacement of teaching, dining and administration areas. Additionally, it is proposed to refurbish the sports block and create a more accessible entrance to this facility, and to provide more suitable and accessible areas for 21st century education. Demolition and external works will be carried out following planned improvements to establish a more suitable learning environment in areas of this school that are in need of transformation.

St Robert of Newminster RC School is a large school with one of the largest school sixth forms in the country. The sixth form is part of the Schools Partnership and admission is open to students from other local schools. The school is also identified within the city of Sunderland as a hub school for vocational provision in engineering and health and social care.





Building schools for the future

#### 2.4.2 ICT

Following the competitive procurement process (outlined in Section 3), the council has appointed RM as the selected bidder. The council will work with RM to deliver the ICT objectives of the project. A five year contract will be entered into with a service commencement date of September 2009.

The output specification and the ICT Vision Summary was drawn up in consultation with all of the BSF schools, sponsors, trusts and advisors after a series of meetings over many months and a key role for schools in bid evaluation. The solution has been developed by RM.

Examples of facilities and services that will be procured include live lesson broadcasting across the city, applications sharing, collaborative projects between schools and academies, discussion forums, intranet, internet and other external network access, home-school connectivity, distance learning and easy downloading of digital curricular materials and media.

These innovative technologies will develop and test out new ways of teaching and learning, such as facilitating extended opening hours in order to help position schools and academies at the heart of the community.

Operating within the key drivers and principles of procurement there will be a balance of services provided by the council and by the MSP. These remain consistent with the OBC. Sunderland City Council Corporate ICT will continue to provide the ICT infrastructure, including managing networks and connectivity to the council and other schools.

##### 2.4.2.1 ICT roles and responsibilities

Sunderland City Council will be responsible for management and maintenance of:

- The WAN, LAN, wireless access (e.g. switches and routers)
- Network security
- Internet filtering
- Access to corporate systems (e.g. finance, HR and payroll)

The ICT MSP will be responsible for management and maintenance of:



Building schools for the future

- Installation and maintenance of all ICT devices in BSF schools and academies
- Fileservers (wherever located)
- Learning platform and associated Management Information System (MIS) and Virtual Learning Environment (VLE)
- Content development
- Email
- Access devices to support intelligent schools

A refresh service of all appropriate equipment, software and systems will also be catered for as detailed in the output specification. This refresh fund is valued at £491,968 (i.e. the full balance of remaining capital funding) and will cover a defined set of equipment and software as appropriate.

With regard to the WAN, the local authority solution shall use an area-based server solution or other innovative solution to offer a cost effective solution. Firewall and virus prevention software shall be provided.

In practice, the solution will provide a resilient method of connectivity to all hosted systems and to the Internet using industry standard solutions. It will utilise the current local authority and corporate infrastructure. Facilities shall be provided for:

- Managing and preventing intruder protection
- Spam, virus and spyware
- Managing access to the various parts of the Internet

In terms of ensuring effective service provision, the local authority will monitor and provide usage statistics for all network links to ensure high availability, identification and removal of bottlenecks, and allow for effective capacity planning.

In terms of the LAN, the authority Sunderland City Council Corporate ICT will provide an enterprise class network to and from each school, that they will, install and manage the networks and active infrastructure in the individual schools (the MSP will be responsible for all other aspects of the ICT provision). These infrastructure services will be provided by the Sunderland City Council Corporate ICT at no extra cost to the service outside of the initial capital costs.



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Under this model the authority will be responsible for the network which means that the MSP does not need to recruit and service the overhead of expensive 'back office' technical specialists which have (for the schools) limited 'added value'. This will reduce the cost of the back office' services to be provided by the MSP allowing within the overall funding envelope additional 'value added' provision for the schools and overall BSF programme, for instance content creation professionals to assist teachers produce the highest possible quality learning content.

This LAN will be a secure, fast, reliable and sustainable resource that can be used by the institution to offer applications and services that can enhance the learning experience and readily support educational and administrative tasks for a range of different authorised users from a range of locations.

The design solution for the ICT service shall optimise integration with the proposed built environment, support the inclusion policies of the local authority and be able to accommodate future changes in technology and the curriculum.

In terms of specification, the LAN infrastructure shall be in accordance with the Becta technical specifications. It will:

- Connect all ICT equipment in the school, and link to other school and local authority sites via the WAN infrastructure proposals
- Provide access to all networked services (including email, internet, educational and other services) using a single log-on from anywhere in the school estate or from other locations with a WAN connection
- Interface to local authority or other corporate networks and systems necessary to maintain any such connectivity previously available
- Incorporate a LAN-based telephony service with handsets, using voice-over-IP technology
- Provide facilities for remote access by authorised users
- Use cache technology as appropriate to bring major speed benefits in a school environment

Sunderland City Council Corporate ICT will work to ensure the in-house offer integrates with external provision. Risks associated with this integration are mitigated by:



Building schools for the future

- The expertise and proficient capability of Sunderland City Council Corporate ICT, who work to BS7799 security, ITIL best practices and strict change control procedures
- Accountability as a result of the network, both WAN and LAN being better utilised when fully managed by the same organisation – one area has the accountability in turn removing the finger pointing scenario
- A network backup strategy that automatically lifts working configurations off all network kit every night resulting in quick recovery if failure occurs
- Documentation of networks meaning redesign work or troubleshooting is straightforward
- Current hardware contract standards which ensure key equipment and certain spares can be provided to site within 1 day

As referenced above, risk will be mitigated in part by the strong track record of Sunderland City Council Corporate ICT, which was noted by the Audit Commission in the recent December 2007 Corporate Assessment report. An audit exposed the council's effective use of ICT to deliver the e-government Agenda.

In practice, Sunderland City Council Corporate ICT experience is further evidenced by:

- Dedicated engineers who can design, install and troubleshoot networks
- A proven track record of network support - over 100 LAN sites covering 4000 staff
- Proactively manage networks to ensure high availability
- A local presence, which means staff can be on site very quickly in the event of a failure
- A guarantee in place for end to end Quality Of Service (QOS) for mission critical systems such as Voice Over Internet Protocol (VOIP)
- A track record of building networks that are scalable, resilient and predictable

In terms of ensuring effective service provision, Sunderland City Council and RM will work towards creating a collaborative and open relationship which will



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be built up over time, this will give the schools confidence in the delivery of the full ICT service from both Sunderland City Council and RM without incurring a 'blame culture'.

If a member of staff in a classroom is unable to teach due to a fault with the ICT equipment, the process will be the member of staff will contact the RM helpdesk in the first instance, RM will then diagnose the problem, and if they believe it to be a fault provided by Sunderland City Council they will contact the Sunderland City Council helpdesk.

The Sunderland City Council helpdesk would then direct the fault to the Network Team which will look after the BSF schools who in turn will diagnose the problem. However, as Sunderland City Council pro-actively manages its networks then Sunderland City Council should know that there is a problem with the WAN and/or LAN before the member of staff at the school encounters it, which is the case currently at Oxclose Community School.

The local authority will also monitor and provide usage statistics for all network links to ensure high availability, identification and removal of bottlenecks, and allow for effective capacity planning.

Finally, Service provision will be managed in line with the SLA that will be put in place between Sunderland City Council Children's Services and Sunderland City Council Corporate ICT. Corporate ICT need to work with the schools to review the existing SLA to ensure it meets their future needs. This will be undertaken when the exact requirements for each school network infrastructure is known.

Effective service provision by Sunderland City Council Corporate ICT to academies and non sample schools will be monitored by setting up a BSF users group which will meet on a monthly or termly basis with all relevant stakeholders to monitor performance and resolve any known issues. Membership of this group will be representatives from the schools, corporate ICT and sponsors.

Effective service delivery by the MSP will be monitored and maintained via the payment mechanism adopted (covered in Section 6).

BECTA has reviewed the delivery approach for the ICT provision and confirmed that it is in order and of good standard. PFS have approved the ICT academy provision.

It is this high performance, strong expertise and monitoring of service provision that will help to ensure the BSF ICT vision is realised.

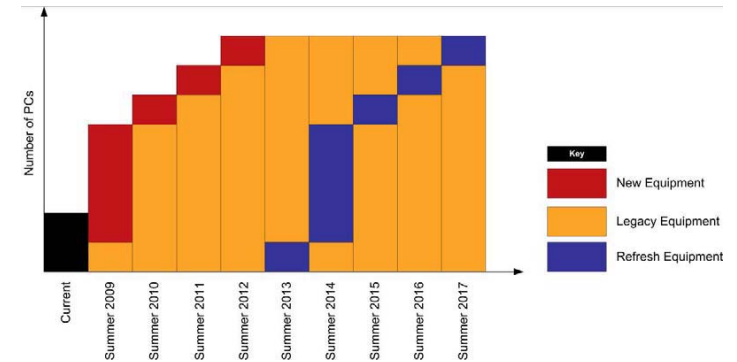


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### 2.4.2.2 ICT Refresh Fund

To ensure the financial sustainability of the refresh fund, the initial capital funding will be supplemented by legacy equipment already within individual schools. Capital expenditure on equipment will also be phased over a number of years. Not only does this provide continued investment in ICT, keeping the service fresh with the latest technology innovations, but also provides for a more sustainable on-going service. This model is outlined in the diagram below.

Figure 1 Model for sustainability and refresh



In order to provide a clear costed proposal, the RM bid submission included a significant investment in equipment in year one of the service in each school. Specific solutions are to be agreed with each school and academy within the funding envelope. Through local choice, schools could choose to invest money in equipment in later years of the contract. Equally, some schools have existing equipment which they would want to bring into the service. Any legacy equipment that each school brings into the service will free up money that could be invested in additional equipment in year one, or could be used to invest in capital spend in a later year.

RM will agree a refresh policy with the authority, which will consider the volume of legacy equipment to be brought into the service, the length of service likely to be achieved by each device and the likely funding that will be available. This will result in a clear understanding of what contributions need to be made into the refresh fund to ensure the long-term sustainability of the ICT Service. RM will manage this fund, in consultation with the schools and



academies, identifying the contributions which will be required, and ensuring that best-value is achieved.

RM will also work with the schools to implement other means of enhancing the sustainability of the ICT service. For example schools could offer parents the opportunity to buy or lease equipment for their children to use within the service, reducing the burden on the school and increasing the ratio of devices to learners nearer to 1:1 at all Key Stages

It is acknowledged that this fund may need to be increased to meet the full refresh requirements, The council will work with the bidder and the schools to supplement refresh funding through:

- Reductions in the capital costs due to credits received for legacy equipment thus releasing capital funding for refresh; an inventory of legacy equipment will be agreed with the bidder; a methodology for agreeing the credit for legacy equipment was included in the bidders submission
- Future Schools ICT capital grant
- Other school and council resources

In addition to the identified £492k capital expenditure, the Local Authority can confirm that the refresh strategy also encompasses the continuing professional development needs of school staff in terms of their ability to lead ICT transformation in their teaching practices.

The Becta ICT Self Review Framework will be used initially to establish levels of need and to plan a programme to meet them. This framework offers detailed self review of leadership, curriculum, learning and teaching, assessment, professional development, extending opportunities for learners, resource provision and impact all related to ICT in schools. This will offer a detailed school based audit from which to plan bespoke training programmes with the MSP. To achieve this strategy there is a £713,717 (5 year total) revenue training budget which is funded from the revenue contributions made from the schools (the £119.18 per pupil).

There is a capital sum identified as training (in Volume 1H Page H3 of RM's bid) to the value of £447,596. This is to provide training over the course of the project, not just at the outset. In summary the approximate number of person days within this charge is as follows:



- Strategic Educational Consultants - 20 days per month in the early stages of the project, reducing to 4 days per month towards the end of the project
- Educational Consultant - 20 days per month throughout the project
- Specialist Educational Consultant - 52 days over the period of the project
- MIS Trainer - 145 days over the period of the project

The Local Authority recognises the importance of the role of CPD in achieving a sustainable transformational agenda.

### 2.4.3 Facilities management

The BSF Team has been working with the stakeholders to investigate the value of a collective procurement approach to facilities management.

Although the academy trusts and governors have signed up in principle to the potential value of a collective procurement; each individual body reserves the right to make its own independent decisions on procurement.

As part of the OBC the council gave a commitment to work with schools and academy trusts to investigate all possible procurement routes for both soft and hard facilities management services. This has taken the form of three workshops with schools staff and lead sponsor representatives, a questionnaire with follow up visits to individual school sites and very early soft market testing. A range of options for taking forward facilities management were explored with a number of permutations investigated including existing arrangements, external contracts and facilities management frameworks. Possible options for going forward were ranked against the following criteria:

- Potential to ensure best quality of service
- Potential to produce efficient cost solution
- Potential to minimise risk to stakeholders
- Potential to provide flexible service solutions
- Potential attractiveness to service provider market
- Potential for co-ordinated management arrangements

It became clear through discussion with schools and lead sponsors that there were differing opinions on the options, although some schools felt that hard



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facilities management would be likely to benefit from economies of scale and could best be provided as a single service or contract across all hard facilities management services.

Sunderland City Council will lead on the procurement for those wishing to participate in a collective procurement. It is expected that the preferred bidder would be appointed approximately six months prior to September 2009.

The governing bodies and academy trusts have signed up to a commitment to ring fence funding for both life cycle and hard facilities managements e.g. Appendix 6.3.

The figures for the life cycle costs have been benchmarked through information provided by Mott MacDonald's based upon previous completed school projects. The life cycle costs provided by BBCL are comparable with the benchmark data. All parties will create sinking fund arrangements either collectively or independently.

The customer service solution has yet to be agreed. This will be formalised in the tender brief and is dependant upon the procurement solution adopted.

#### **2.4.4 Transformation**

The foundation of Sunderland City Council's strategy for BSF is its vision for educational transformation. This has underpinned all activities across the programme to date and will continue to do so. Within the programme structure a transformation work stream has been established to ensure that transformation remains the key driver for change.

The central intention of this process is to transform the educational opportunity and provision, for the children of Sunderland. This will be achieved through the realisation of a vision which includes a diversity of school types working together through the Sunderland model of collaboration and co-operation. The new buildings have been designed as transformational learning spaces which will be flexible and adaptable to meet future needs. Linked with a strong focus on the professional development of our workforce in schools, and careful curriculum design, we expect to see radical developments which personalise the educational experience for our young people, leading to successful outcomes in social, emotional and academic terms.

Notwithstanding the importance of the role that ICT will play in the transformation agenda (as outlined in Section 2.3.2), the tasks of the transformation work stream are underpinned by a transformation plan.



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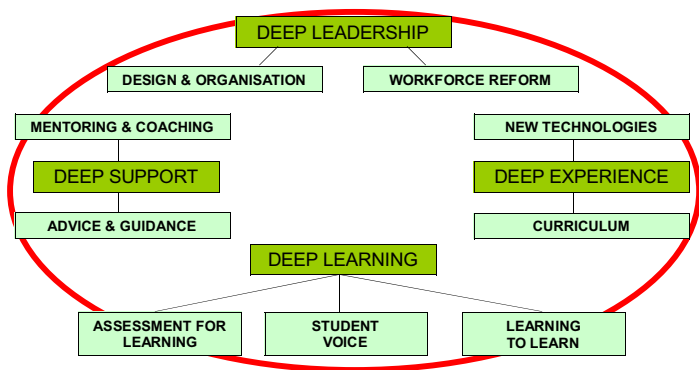
This plan has been published and circulated amongst stakeholders by the Assistant Project Director (Transformation) to gain a common understanding of the ambitions and desired transformation that the council is seeking to achieve.

The plan focuses on 'The Four Deep's' (see Figure 1) – deep learning, deep support, deep experience and deep leadership, linked with transformational learning spaces in the new buildings and ICT. This provides a framework to develop learning across the city to achieve the desired educational transformation – through personalised learning, continuous professional development of staff, a review of the curriculum and timetable and collaboration and engagement of head teachers and their staff in schools.



Figure 2 'The Four Deeps'

## The Four Deeps...



Beneath the framework activity has taken and will continue to take place in relation to the following principles:

- **CPD and work force remodelling:** each school will prepare its own CPD plan to meet its own particular set of circumstances. There will be common themes such as personalisation and the use of new technologies. In a transformed situation the CPD of the workforce will be key. Personalised CPD for teachers, business managers, support services, inter agency teams, co-located service teams and technical staff will be essential. Collaboration with the Education Leadership Board (ELB), the Teacher Development Agency and the university to develop programmes of training for teachers, vocational deliverers and the wider school workforce is essential.
- **Design for learning:** all wave one head teachers, governors, school staff and students have been consulted to incorporate their proposals for transformation within the designs. There are common concepts of flexibility and adaptability, independent working areas, inclusion, specialist areas and the Every Child Matters agenda that have been designed into each school.



- **Learning technologies:** the procurement of an effective managed ICT service will provide learners with the appropriate technologies to enable personalised learning. The CPD implications for this area are significant. The Becta ICT Self Review Framework will be used initially to establish levels of need and to plan a programme to meet them. This framework offers detailed self review of leadership, curriculum, learning and teaching, assessment, professional development, extending opportunities for learners, Resource provision and Impact all related to ICT in schools. This will offer a detailed school based audit from which to plan bespoke training programmes with the MSP.
- **The 14 to 19 agenda:** the secondary schools in the city are already involved in a sophisticated collaborative, involving two skills centres (at Harraton and Pallion) for off site vocational delivery. Some are also involved in sharing the delivery of vocational courses on school sites. This will be central in the delivery of the 14 to 19 Diplomas. Linked with BTEC courses and Young Apprenticeship schemes offer a wider and more diverse curriculum than ever previously experienced. New models of tracking and monitoring progress for individuals will be essential, as will increased employer engagement to deliver these new courses effectively.
- **Consulting learners in schools:** it is imperative to consult learners and involve them in the co-construction of their learning environments, methods and approaches. Collaboration with the School Improvement Team will facilitate this process.

The council realise that one school alone cannot hope to deliver on this transformation agenda. It is only by carefully organised collaborative working that the challenge can be met.

Progress to date in achieving the transformational agenda:

- The three Academy Trusts have appointed two principals and a chief executive who took up post in January 2008.
- All academies have functioning steering groups and transition groups which include Sponsor representatives, school representatives, the DCSF, Cambridge Education and other partners (such as Becta) where necessary
- Academy trusts have been established for all three academies.
- A strong feature of the programme is the wide ranging stakeholder involvement which includes:



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- The secondary Headteacher's group
  - The 14 to 19 partnership
  - The School Improvement Service,
  - The City Learning Centres
  - The Education Improvement Partnership
  - The Education Leadership Board
  - Children's Services
  - Arts Council North East
- The Project Board, Children's Services Directorate (CSLT), Children's Services Review Committee and wave 1 Councillors have received transition planning presentations and consultation.
  - Headteachers are well informed of the project. A secondary headteacher is seconded to the BSF project (as Assistant Project Director) to lead on transformation. Local Authority secondary headteachers have unanimously agreed the principles of the transformation plan (October 2007) and have spent time planning an initial approach to continuing professional development at their November conference.. The conference considered the transformational use of space, delivery mechanisms and ICT. This is aimed at all secondary schools in the city in preparation for the 'wave 2' BSF bid. A variety of work with individual schools and Academies is underway to progress this issue.
  - The pre-academy schools have agreed a consultative protocol for the appointment of staff which is common to the Children's Services Directorate, DCSF, Sponsors and the ICT managed Service Provider.
  - The transition plan for the academy to replace Quarry View and Pennywell schools has been accepted by DCSF, which releases funding for acceleration in preparation for the early opening of the PQV Academy.
  - Cultural change will be managed via the implementation of the Continuing Professional Development (CPD) agenda. Work is well advanced on a common CPD programme for secondary staff based on transformational pedagogical delivery, transformational use of space and transformational ICT. This will include common training days and training days devoted to sharing good practice.
  - Cultural change is also being managed as part of the Human Resources work stream alongside the work of Academy Trusts. Consultation meetings are taking place with staff with regard to the new



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- structures to be adopted and the assimilation from one organisation to the other.
- The partnership between the LA, Sponsors, Sunderland University, Education Leadership Board (ELB,) and wider stakeholders is strong and well informed. The ELB consists of Sponsors, lead education professionals, lead politicians, The University, LSC, DCSF, City of Sunderland College, Chamber of Commerce and is chaired by Baroness Estelle Morris. The group is developing the concept of "Leadership" in education to provide world class continuing professional development for staff in school through links with the business world and national educational bodies such as the Teacher Development Agency.
  - Strong links have been formed with the School Improvement Service; the 14 to 19 and diploma working groups, including the TDA; the Education Improvement Partnership; The Education Leadership Board to align their work with the BSF programme and create a single and coherent focus. The BSF plans have been aligned with the 14 to 19 collaborative plans in the city to ensure there is no duplication of effort or resource. This also includes the diploma development groups. This process is being mapped between the two plans.
  - Arts Council England North East is working with the project on consulting students and developing a bid to provide potential public works of art for the new buildings which will link with Arts Development across the city.
  - The recent Gateway Review (3 December to 5 December 2007) commended the transformational, collaborative and partnership aspects of the project.
 

"The review team found overwhelming support for the partnership working espoused by the Sunderland Model. All those we spoke to were clear that such a model was fundamental to the success of the programme going forward to deliver the educational transformational vision." (Gateway Review report January 2008).
  - KPIs as stated in SBC and OBC are still appropriate.



### 3 Procurement and competition

#### 3.1 Introduction

The description of the procurement activities that have been undertaken is provided in three sections – design and build, ICT and facilities management. All three procurements fully adhere to the evaluation approval process that was formally approved by the BSF Project Board in May 2007. This incorporates a three stage evaluation process to ensure the robustness and transparency of all evaluation activity. A copy of the agreed process is provided at Appendix 3. Facilities management procurement will depend on individual decision making by Academy Trusts and school governing bodies.

In addition, advice has been provided throughout the process by Eversheds, PfS and the City Council's own legal team to ensure that all procurement and evaluation processes are fully compliant with all statutory and regulatory requirements.

#### 3.2 Design and build

##### 3.2.1 Introduction

The procurement of the design and build element of the Sunderland BSF programme, including academies, has been undertaken using the PfS National Academies Framework. The approach followed has fully complied with the guidance issues by PfS in January 2007 'Guidance for Framework Users on Local Competitions'.

The key feature of the chosen procurement route is that a 'local competition' is used to select the preferred contractor from a panel, or framework, of pre-approved bidding consortia that have already been selected by PfS.

This approach was chosen due to the need to minimise both time and costs incurred (by both public and private sectors) in the bidding process whilst safeguarding the advantages of economies of scale and supply chain efficiencies, consistency of standards and attractiveness to bidders. In addition this approach was selected following approval from former Minister for Schools, Stephen Twigg in April 2005 and from Lord Adonis, the Parliamentary Under-Secretary for Schools in November 2005 for the selection of a non-LEP method of procurement.



The PfS framework procurement required that individual academies and schools be 'batched' into either sample (designed to RIBA Stage D) or non sample (designed to RIBA Stage C) schemes. Sunderland agreed that each sample would comprise of a mix of three academies and schools.

This approach fully complies with all statutory procurement regulations and has been approved by PfS.

##### 3.2.2 Encouragement of competition

As stated above, the PfS Framework is set up to ensure competitive procurement through the use of a pre-selected panel of potential providers. Therefore the encouragement of competition element of this procurement was guaranteed by the work that PfS had carried out in selecting its framework panel members for participation in the 'local competition'.

##### 3.2.3 Initial engagement and short listing

Following approval of the OBC, all six members of the PfS National Framework were contacted by the City Council in order to notify them of the forthcoming procurement.

The panel members are:

**Table 3 Design and build PfS national framework bidders**

Bidder
BBCL
Carillion Integrated Solutions
Skanska Construction UK Limited
Willmott Dixon Construction Limited
Keir Regional Limited
Laing O'Rourke

At this stage five of the panel members indicated their interest in this opportunity. Willmott Dixon declined to take any further part.

This was followed by a Bidder's event that took place between 8 March and 9 March 2007 at which the prospective bidders were informed about the vision for BSF in Sunderland, the size and scale of the construction programme and the anticipated timescales. In addition, the bidders each gave short presentations regarding their experience to date.





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A Preliminary Invitation to Tender (PITT) document was prepared in accordance with the PfS template which was to be used to gain initial formal expressions of interest from the panel members and as a precursor to the actual Invitation to Tender (ITT) stage.

The PITT was issued to the five remaining panel members on 26 March 2007. At this stage two of the panel members (Keir and Laing O'Rourke) decided not to participate any further in the procurement exercise.

Two important activities took place as part of the PITT process that enabled the bidders to submit comprehensive returns. Firstly, on 10 April 2007 the City Council, sponsors and their advisors presented the work carried out to date regarding feasibility studies and initial designs to the three bidders. On the following day (11 April 2007) the bidders visited the various BSF school and academy sites.

Completed PITTs were received on 3 May 2007 from the following:

- BBCL
- Carillion
- Skanska

The PITT evaluation process consisted of evaluation by a panel of City Council officers, lead sponsor representatives, advisors and PfS. This evaluation was based on the written PITT responses and bidder interviews. The PITTs were evaluated using pre-agreed evaluation criteria and scoring methodology as provided by PfS. Key elements of this evaluation were:

- Confirmation of supply chain members and their availability and capacity to deliver the scheme within the timescales
- Initial suggestions for how the bidders would approach the scheme and in particular their approach to design development
- Panel members understanding of the key local issues to be addressed
- Panel members ability to deal with key interface issues re ICT and facilities management

In terms of scoring, the following evaluation criteria and weightings were used:

**Table 4 Design and build PITT evaluation criteria and weightings**



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Criteria	Weighting
Design	60%
Works	20%
Handover	10%
Pricing	10%

As part of the evaluations, interviews were held with the three bidders. Following the PITT evaluation, the following panel members were short listed to participate in the ITT stage.

- BBCL
- Carillion

### 3.2.4 Invitation to Tender (ITT)

The ITT document which was prepared in accordance with the standard PfS template and agreed by all parties concerned was distributed to the short listed bidders on 17 May 2007.

Between the date of the issue of the ITT and the deadline for the return of the completed responses a great deal of activity took place to allow the bidders to shape their proposals to meeting the requirements of all stakeholders in Sunderland. This included:

- Discussion of evaluation criteria weightings and scoring methodology in line with PfS standard approach
- Consultation meetings with each bidder regarding designs both for the sample schemes and the non sample schemes
- Regular engagement throughout with lead sponsors, schools and other stakeholders
- Individual clarification meetings with both bidders on matters such as ICT, planning, facilities management
- DQI workshops

The completed ITTs were submitted by the two short listed bidders on 10 September 2007.

Building on the extensive clarifications process and ongoing discussions with both bidders over the summer, a rigorous evaluation process then took place using the pre-agreed evaluation criteria, weightings and scoring methodology.



The evaluation was in accordance with the agreed procedure and based on the sample schemes only. It was undertaken at three levels – design and build evaluation sub-groups (Castle View Enterprise Academy, the academy to replace Pennywell School and Quarry View Primary School and Washington School - finance), Lead Evaluation Team and Project Board.

The evaluation exercise which was approved by PFS made full use of the procurement and construction skills and experience of the council's in-house technical advisors (Design Services and its legal team) with full consultation with the lead sponsors by fully including them in the evaluation and decision making to establish the preferred bidder(s). In addition specific external support and advice was provided by the legal advisors (Eversheds), as well as from the academies' educational advisors (Cambridge Education).

In terms of scoring, the following evaluation criteria and weightings were used for all BSF schools and academies:

**Table 5 Design and build ITT criteria**

Criteria	Sub criteria	Weighting
Design	- Design approach and overview; DQIs; site and landscape; site master plan; architect's response to design brief; materials and specifications; derogations; area layout details; fittings, furniture and equipment; health and safety; mechanical and electrical engineering services; environmental strategy; BREEAM self evaluation; civil and structural engineering; fire engineering; and ICT services.	40%



Works	Design management; approach to construction; programmes; supply chain management; quality assurance; health and safety; facilities management services; and whole life costs.	25%
Handover	Training of school staff, sponsors and facilities management staff; and plans regarding provision of operating and maintenance manuals, certificates and drawings.	15%
Pricing	Confirmation of affordability; compliance with framework rates; approach to dealing with omissions and identified savings; and rates and approaches for batched schemes.	20%

The outcome of this exercise was that BBCL was announced as the preferred bidder for the design and build project on 25 October 2007. This followed the Project Board approval on 19 October 2007 and a recommendation to Cabinet on 25 October 2007.

**3.2.5 Preferred bidder to FBC and contract award**

A series of design consultation meetings and technical meetings (covering facilities management and environmental disciplines) took place prior to planning application submission in order to finalise designs.

The planning application for the sample schemes was submitted on 27 November 2007. Planning approval is forecast before 25 February 2008. The 5 February 2008 planning committee has been targeted.

The 1 April 2008 planning committee has been targeted for the Red House Academy non sample scheme.



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The planning application for Biddick School Sports College and St Robert of Newminster RC School non sample schemes is to be submitted on 17 March. The 29 May 2008 planning committee has been targeted.

A series of interface meetings between BBCL and Sunderland Council Corporate ICT took place prior to contract award.

The preferred bidder letter was signed on 15 November 2007.

Financial close is programmed for 25 February 2008

### 3.3 ICT managed service

#### 3.3.1 Introduction

The procurement of the ICT managed service element of the Sunderland BSF programme has been undertaken in accordance with the OJEU competitive dialogue procurement process.

Competitive dialogue is for use in the award of complex contracts, where there is a need for the contracting authorities to discuss all aspects of the proposed contracts with candidates. This is obviously the case with the Sunderland ICT solution.

The main features of the competitive dialogue procedure are:

- Dialogue is allowed with selected suppliers to identify and define to meet the needs and requirements of the contracting authority
- The award is made only on the most economically advantageous tender criteria
- Dialogue may be conducted in successive stages, with the aim of reducing the number of bidders
- There are explicit rules on post-tender discussions and the extent to which negotiation can result in changes to bidder's proposals

This approach also fully complies with all statutory procurement regulations as the competitive dialogue process was included in the Public Contracts Regulations (SI 2006/5) with effect from 31 January 2006. These regulations



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require that all public body contracting be carried out under conditions of fairness, openness and transparency. In addition, advice has been provided throughout the process by PfS and Eversheds to ensure its robustness.

#### 3.3.2 Encouragement of competition

The attractiveness of the council's and lead sponsor's vision and the scope of the ICT project meant that a number of potential bidders made contact following the announcement that the scheme would take place and before the OJEU notice was published. Prior to the commencement of the competitive dialogue procedures with the formal issue of the OJEU notice, a number of activities took place to help encourage competition. Significantly, a soft market testing exercise with potential ICT providers was carried out to gauge the level of market interest in providing the managed service solution in Sunderland. This exercise revealed very strong interest from the provider market.

#### 3.3.3 OJEU to Invitation to Participate in Dialogue (ITPD)

To identify an initial short list of potential ICT providers to be invited to participate in dialogue a number of activities were undertaken.

On 21 March 2007 a notice was published in the OJEU (reference 2007/S 58-0717292), inviting expressions of interest from potential ICT MSPs in providing ICT services in Sunderland. There were 75 responses to this advertisement and PQQ documentation were issued to all 75 organisations that has expressed their interest in this opportunity.

The City Council subsequently received 13 formal responses to the PQQ.

Table 6 List of ICT responses to PQQ

Bidder
British Telecom
Sun Microsystems
Sungard Vista
Northgate
Research Machines
Serco
Capita
Steria Ltd
Knowledge IT

In accordance with the agreed evaluation process, these responses were then evaluated by a team which consisted of representatives from the City Council,



schools, academy lead sponsors, legal advisors and financial advisors. The evaluation was carried out using the criteria notified in the PQQ. This was as follows:

**Table 7 PQQ criteria and weightings**

Criteria	Weighting
Financial Information Contractual matters	Combined weighting of 40%
Quality Health and safety Environment Employees Experience and technical capacity	Combined weighting of 60%

The aim of this evaluation was to pre-qualify a long list of eight bidders. Following the evaluation, the following eight bidders were then invited to participate in a competitive dialogue process:

**Table 8 Long list of ICT bidders**

Bidder
British Telecom
Sun Microsystems
Sungard Vista
Northgate
Research Machines
Serco
Capita
Steria

### 3.3.4 ITPD

The ITPD and the accompanying descriptive document were issued to bidders on 2 May 2007 and represented the beginning of the first stage of the competitive dialogue process.

The purpose of the dialogue is to identify the solution(s) and bidders that can best meet the contracting authorities' needs and objectives for this project. Through this first stage of the competitive dialogue process, the bidders' high level ideas, approach and suitability for this project were assessed through the evaluation of both written submission and bidder presentations, in order to



identify those bidders who would be short listed and taken forward to the next, more detailed stage of the competitive dialogue process.

Two bidders selected in the long list (Capita and Steria) withdrew at this stage leaving six bidders. The remaining six bidders were required to submit written responses to the ITPD by 16 May 2007 and to deliver a presentation and participate in a questions and answers session during the week commencing 4 June 2007.

The primary objective of the evaluation stage of the ITPD was to produce a short list of three bidders to take to the next stage of the BSF process, i.e. the ITCD stage that would ultimately lead to the appointment of a preferred bidder.

The ITPD evaluation process involved members of the ICT Evaluation Sub Group scoring the written ITPD submissions prior to the presentations and question and answer sessions. This scoring was undertaken in accordance with the pre-determined PfS scoring matrix as follows:

**Table 9 ICT invitation to participate in dialogue criteria and weightings**

Criteria	Weighting
Transformational agenda	25%
Proposed service delivery	20%
Proposed ICT solution	15%
Organisational development and change management	15%
Affordability and managed service scope	15%
Legal and commercial issues	10%

These initial scores were then moderated appropriately following the presentations and question and answer sessions depending upon the performance of each bidder.

The final (moderated) scoring exercise that was undertaken following the bidder presentations revealed that there were three clear front-runners with a significant distance between the third and fourth places.

The following three bidders were subsequently short listed and invited to take part in the next stage of the competitive dialogue process:

- Northgate



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- RM
- Serco

The three short listed bidders have all identified as having key defining characteristics: they all showed a clear grasp of change management in partnership with learners and all other stakeholders in a way that responds to the unique needs of each institution; they also showed an understanding of the requirements of Sunderland's vision and demonstrated how their specific ICT solutions would support it.

### 3.3.5 ITCD

The ITCD document which was prepared in accordance with the standard PfS template and agreed by all parties concerned was distributed to the short listed bidders on 14 June 2007.

Following this a comprehensive period of activity took place that included the following:

- Agreement of evaluation criteria weightings and scoring methodology in line with PfS standard approach
- Consultation meetings with each bidder with each school and academy
- Regular engagement throughout with lead sponsors, schools and other stakeholders

The ITCD returns were submitted on 15 September 2007. Following this an evaluation period took place in line with PfS guidance using the following evaluation criteria and weightings:

**Table 10 ICT ITCD criteria and weightings**

Criteria	Sub criteria	Weighting
Interface issues and supply chain assembly	Interface Issues; and Supply Chain.	5%
ICT overall	Integration; ICT provision in schools; virtual workplace; and implementation transformation	50%



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Financial	financial; schools financial section; and year six proposals.	20%
Legal agreements	Draft agreement; commercial queries; employment; and pensions.	25%

In accordance with the approach to the competitive dialogue process that was ratified by PfS, the three short listed bidders were automatically selected to participate in the final stage of the procurement and asked to submit their Final Bids.

### 3.3.6 Invitation to Submit Final Bid (ITSFB)

The ITSFB was issued on 29 October 2007 and returned on 15 November 2007. The responses were then evaluated in line with the ITSFB criteria attached as Appendix 3.5 shows.

The recommendation from the lead evaluation team for the selection of RM as selected bidder was ratified by the BSF Project Board on 13 December 2007. This recommendation was agreed at a special Sunderland City Council Cabinet meeting on 19 December 2007.

### 3.3.7 Selected bidder to FBC and contract award

The decision to select RM as managed service provider was followed by the Alcatel period which began on 20 December 2007 and which closed on 11 January 2008.

During January and February final clarifications were agreed between Sunderland City Council and RM.

The selected bidder letter and the associated schedules were agreed by PfS, council and RM agreed on 11 January 2008.

Contract award is planned for 25th February 2008.

Advisors were involved at every stage of the ICT procurement and were represented at each of the ICT Evaluation Team meetings and the ICT Sub Evaluation Team meetings which consisted of:



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- Schools Evaluation Team (advisors – Cambridge, PfS, KPMG)
- Technical Evaluation Team (advisors – Cambridge, Sunderland City Council Corporate ICT, KPMG)
- Legal (advisors – Eversheds)
- Financial (advisors – KPMG)

In the final stages of the procurement, ITSFB, Becta were represented at the evaluation meetings and advised appropriately to all members.

### 3.4 Facilities management

#### 3.4.1 Introduction

As articulated in the OBC, the approach to the procurement of the required hard facilities management and soft facilities management solutions will be based on the fundamental principle that all options are ruled in and no option is ruled out. In accordance with the overall programme plan, a series of activities is now underway to identify the most appropriate procurement options and then to undertake the actual procurement in order that the required facilities management services are in place in time for the opening of the new BSF school and academy buildings.

#### 3.4.2 Context

The approach to facilities management procurement is based on the list of key procurement principles which have been agreed by all parties and which are set out in Section 2.2 of this document.

#### 3.4.3 Approach

The approach taken has been to involve all stakeholders in the decision making process to ensure the best procurement option is chosen for each academy and school in accordance with the overall principles.

The procurement of the required facilities management solutions is likely to proceed through to 2009 with the intention of having all facilities management services procured and fully implemented in time for school and academy



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opening dates in September 2009. The exception to this is for the academy to replace Pennywell School and Quarry View Primary School, opening in September 2008 in existing buildings. Interim arrangements are currently under discussion between Sunderland City Council and Gentoo.

Work to date in scoping procurement for September 2009 has involved:

- Pre-workshop work
- Questionnaire
- Facilities management team initial scoping meetings
- The first workshop 1 (8 September 2007) - the purpose of the day was to look at the options to embark on a collective procurement. The options explored various options for facilities management provision including the current council in-house provider, frameworks agreements and contracts in regards to soft facilities management and hard facilities management. The workshop covered the advantages and disadvantages of each procurement option e.g. risk, attractiveness of market, cost, flexibility etc. The following options (in addition to the status quo option of service delivery arrangements remaining the same as at present) were discussed:
  - A) Status quo for hard facilities management and procure soft facilities management
  - B) Status quo for soft facilities management and procure hard facilities management
  - C) Single contract for hard and soft facilities management
  - D) Single contract for both hard facilities management and single contract for soft facilities management
  - E) Single facilities management framework
  - F) Hard facilities management framework and soft framework
  - G) Hard facilities management framework and soft facilities management contract
  - H) Soft facilities management framework and hard facilities management contract



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- l) Possible hybrid option, which would amalgamate elements of the above options

The workshop also covered the selection criteria to be incorporated as part of the procurement exercise. These were discussed and agreed by the stakeholders as follows:

- Potential to ensure best quality of services – 30%
- Potential to produce efficient cost solution – 30%
- Potential to minimise risk to stakeholders – 15%
- Potential to provide flexible service solutions – 10%
- Potential attractiveness to service provider market – 10%
- Potential for a co-ordinated management arrangement – 5%

The highest scoring option from the workshop was the hybrid solution.

The following activities then took place:

- The second workshop (2 November 2007) - the purpose of this workshop was to finalise the procurement options and to agree the final selection criteria. The information recorded as part of the workshop was reported to the 3 December 2007 BSF Project Board. There was a consensus to explore further the economies of scale that could be realised through a collective procurement for hard facilities management. Individual Academy Trusts and schools have the right to make individual independent decisions on facilities management. The group also agreed to explore options to retain the current flexibility of approach to soft facilities management services for individual schools and trusts.
- The procurement of a single contract for hard facilities management, for those academies and schools deciding to pursue this option, will be scoped following Cabinet agreement on 16 January 2008 and the securing of commitment letters from school governing bodies and academy trusts. The scoping exercise will be undertaken by council officers with support from the Head of Corporate Procurement, KPMG and Mott Macdonald where appropriate. As the BSF school and academy buildings are not to be completed until September 2009 there is sufficient time to prepare an extremely tight specification in consultation with participating schools and academy trusts. It is anticipated that the notice for the OJEU to procure the hard facilities management service will be published in late 2008. In the meantime the council will provide support in securing soft facilities management services to commence in September 2008 for Pennywell School and Quarry View Primary School's Academy Trust and September 2009 for the remaining BSF schools and academies.



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- 3 December 2007 – Progress report to BSF Project Board.
- 4 December 2007 onwards incorporate options into FBC and governing body and trust 'in-principle' agreements.
- Approx March 2009 - appoint preferred hard facilities management Bidder

### 3.5 Evaluation teams

All of the procurement evaluation activity has been undertaken in accordance with the agreed evaluation approach included at Appendix 3. The key principles of this approach are detailed and rigorous evaluation by specific evaluation sub-groups, followed by challenge and scrutiny by overall evaluation teams for each area (design and build and ICT), then further challenge and review by the lead Evaluation Team, and final scrutiny and review plus ratification of final decisions at the BSF Project Board, followed by Cabinet.

The evaluation teams for facilities management will be developed upon the selecting of a preferred procurement route.

For information, a full list of all those involved in the various stages of the design and build and ICT procurement evaluations can also be found in Appendix 3.

### 3.6 Procurement costs

The cost to the authority of procurement and project management has been monitored using the Project Resource Plan.

An estimated budget cost of £4,187,784 was approved by Cabinet to cover the cost of procurement and project management over the period 2006/07 to 08/09.

It is estimated that this is sufficient to cover the costs of procurement and project management over the same period. Should estimated costs rise this will be reported to Cabinet as part of the capital review process.

It is envisaged that the cost of procurement and project management in relation to the wave two programme would reduce comparatively as a result of reduced external advisor involvement. This would be achieved as the authority now has greater knowledge and experience of the requirements and processes as a result of the successful financial completion of the wave one programme.

**Table 11 Summary of procurement costs to financial close**

Item	OBC projected cost 2006/07 to 2008/09 (£'000s)	FBC projected cost 2006/07 to 2008/09 (£'000s)
<b>External advisor costs:</b>		
- Project direction and support (KPMG)	509	512
- Financial advice (KPMG)	133	150
- ICT advice (KPMG)	503	409
- Legal advice (Eversheds)	100	175
- Technical advice (Mott Macdonald)	541	384
- Other	50	7
<b>Internal project management team</b>		
<b>Internal advisors:</b>		
- Project team (including ICT)	1,334	1,234
- Property services	370	700
- Finance	150	38
- Legal	20	20
- Planning	20	0
- Personnel	20	28
- Procurement	20	0
<b>Non staffing costs</b>	<b>417</b>	<b>530</b>
<b>Total</b>	<b>4187</b>	<b>4187</b>



## 4 Finance and affordability

### 4.1 Value for Money

This section provides an update on the OBC position in respect of the value for money analysis of all schools and academies in the current wave of the Sunderland City Council BSF project.

#### 4.1.1 The conventional design and build projects

In the case of the Sunderland BSF project, all 6 of the Schools and academies to be delivered in this first wave are conventionally procured utilising the PfS National Academies Framework.

For conventional design and build contracts, Authorities do not follow the HM Treasury guidance on value for money which is specifically applicable to PFI projects. The value for money of conventionally procured schools is established based on procuring an appropriate market price for each design and build contract which is driven by the competitive tension during the bidding process.

The council is satisfied that the bidder's fixed price submission, as varied through the change control process for enabling works for the new build schemes represent value for money as tested through:

- Competitive tension in procurement; bids were received from two bidders taken from the PfS Academies National Framework and the most economically advantageous bid selected
- Benchmarking bids against rates quoted in the PfS Academies National Framework, which was itself the subject of a competitive process for companies wishing to be included on the framework list
- Benchmarking against authority expectations

Similarly, the council is working with the bidder to agree fixed prices for the non sample schemes and to ensure the non sample schemes also represent value for money, the proposed costs are being benchmarked against the following:

- Sample scheme bid proposals
- PfS Academies National Framework rates





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- Authority expectations

The scope of the project has not changed since OBC submission. BBCL submission costs are comparable against the OBC costs which were based on the agreed PfS Academies National Framework rates.

Based on the competitive tension and benchmarking undertaken the authority has satisfied itself that the design and build proposals are 'on market' and represent value for money.

The overall capital costs are presented in the Affordability Section.

#### 4.1.2 Value for money assessment of life cycle and hard facilities management costs

Sunderland remains committed to the principles of whole life costing and programmed maintenance in order to protect the significant investment made in the school and academy estate.

The OBC included a commitment to the hard facilities management and life cycle maintenance needs of the BSF programme. Individual schools and academies provided a letter giving an 'in principle' commitment to investigating appropriate arrangements, based on estimated lifecycle costs provided by the council's external technical advisors. Whilst retaining their right to make independent decisions on how to proceed.

The expected life cycle costs have been further refined since the OBC approval in February 2007. The technical advisers to the council, Mott MacDonald, have revisited their original benchmark figures which initially provided a range of £10.05m<sup>2</sup> to £15.66m<sup>2</sup> resulting in an average of £12.63m<sup>2</sup>. The revised costings at FBC stage provided an expected range of £11.99m<sup>2</sup> - £13.78m<sup>2</sup> which produced an average of £13.24m<sup>2</sup> (n.b. this excludes special schools figures). It should be noted the figures submitted by Mott MacDonald are in real terms in 2007 prices and are not indexed. These costs have been subsequently tested against BBCL costs submitted as part of the procurement process. The expected costs submitted by BBCL equates to an average of £13.42m<sup>2</sup>.

The forecast costs and value for money will be further tested through industry benchmarking and during the competitive procurement process.

Further work by Mott MacDonald has produced benchmarked hard facilities management costs at an average of £8.40 m<sup>2</sup> at 2007/2008 prices. This rate will also be tested through a competitive procurement process.



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The value for money solution for soft facilities management will depend solely on the procurement that is chosen by the governors and trusts. At an appropriate point, individual Academy Trusts and schools can judge the vfm of collective or individual procurement arrangements; in the context of their commitment to the hard facilities management and lifecycle maintenance needs of the schools.

#### 4.1.3 Value for money assessment of ICT costs

The HM Treasury Guidance on value for money is not applicable to the ICT Projects. The assessment of value for money for this procurement was based on market pricing of the contract through the competition created during the bidding process.

Benchmarking of cost models on which tenders were submitted was based on information from a range of sources, which included:

- Total Cost of Operation (TCO) survey of all Sunderland wave one BSF schools to determine the current cost of service provision
- The Sunderland City Council Corporate ICT
- Indicative costs supplied by a Sunderland School that has recently made a significant investment in ICT as a BSF quick win school (Oxclose Community School)
- Suppliers in the BSF marketplace
- Discussions with other BSF authorities
- PfS

The council's competitive procurement process included the evaluation of three priced tenders for ICT capital and managed service.

ICT advice was provided during the procurement process by Cambridge Education and Becta and the financial evaluation process was supported by KPMG. This combination of external support provided impartial challenge during the procurement process.

This enabled the council to conclude that the costs of the ICT contract for assets and the managed service was 'on market'.



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## 4.2 Affordability

This section of the FBC establishes and sets out the affordability position for the Sunderland BSF programme.

The council, along with its advisors, has undertaken an affordability assessment of the entire wave of the BSF programme for FBC purposes, covering the capital, hard facilities management and life cycle and ICT elements of the programme.

In line with PfS guidance the authority has reviewed and updated the assumptions used at the OBC stage to reflect the procurement process now completed.

### 4.2.1 Design and build capital affordability

The current wave of the BSF programme includes three schools and three academies, a summary of the sample scheme bid prices and OBC approved capital costs for non sample schemes and funding for the design and build projects is presented below:



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**Table 12 Design and build affordability position**

School or academy	OBC approved capital cost assumptions (including council top up funding) £	BBCL submission bid prices (sample schemes) and OBC approved capital costs (non-samples) £	Enabling works and decant costs (current estimate only) £	Revised project capital cost £
Castle View Enterprise Academy	15,413,659	15,451,379	180,800	15,632,179
Red House Academy	11,911,847	11,911,847	530,000	12,441,847
Pennywell School and Quarry View Primary School's academy	23,189,828	22,080,946	227,600	22,308,546
Washington School	20,462,395	18,946,322	30,000	18,976,322
St Robert of Newminster RC School	12,217,617	12,217,617	130,000	12,347,617
Biddick School Sports College	16,821,684	16,821,684	80,000	16,901,684
Sandhill View School*	182,700	182,700		182,700
Usworth School**	971,839	971,839		971,839
ICT Infrastructure 'active kit'	916,200	1,434,000		1,434,000
<b>Total</b>	<b>102,087,769</b>	<b>100,018,334</b>	<b>1,178,400</b>	<b>101,196,734</b>
<b>Total PfS funding allocation</b>	<b>97,636,453</b>	<b>97,636,453</b>		<b>97,636,453</b>
<b>Sunderland City Council funding required</b>	<b>4,451,316</b>	<b>2,381,881</b>	<b>1,178,400</b>	<b>3,560,281</b>

\* Sandhill View costs are for ICT cabling and infrastructure only

\*\* Usworth School costs are for demolition and associated costs only

The remaining balance of £891,035 from the £4,451,316 Sunderland City Council approved funding allocation will remain as a contingency sum for the programme.



The capital costs for non sample schemes are currently being finalised in line with final design consultations, which will be the subject of a detailed planning application. In addition, other costs such as temporary accommodation and decant, which are not covered in the contractor's bid price, are still the subject of final agreement. ICT infrastructure 'active kit' and Usworth School demolition will be the subject of separate procurements. Final costs for these two elements of the overall project will not therefore be known until the procurement is concluded. In addition, a contingency may be required for any additional works that may arise and are approved through the change control process approved by the Project Board. However, the unallocated element of the council top up funding (£891,035) is deemed adequate to accommodate any potential increase in the indicative costs for those items included in the table above.

The FAM agreed between PfS and the City Council at OBC provided £97.636m of funding. The expected costs resulted in a programme deficit and as a result of which the council approved additional funding of up to £4.451m from internal resources resulting in a total affordability envelope of £102.087m for the Design and Build schemes. BBCL have confirmed that the non-sample schemes can be delivered within the OBC approved capital costs shown above and the total project cost is therefore still deemed to be within the affordability limits agreed by the council at OBC stage.

Central funding for design and build capital will be provided as capital grant and supported borrowing. A sum of £8.419 million was originally allocated to the council in the form of supported borrowing in the 2005-2006 local government finance settlement. However, following the introduction of the new four block grant system and grant floors from 2006-2007, representations were made to the Government, on behalf of all authorities receiving BSF funding through supported borrowing, that the expected revenue support was not being received in full. As a consequence of the representations, additional capital grant of £20 million was made available nationally and the assumed supported borrowing for the council was reduced from £8.419 million to £2 million. Capital grant will be paid in full before the remaining £2 million sum for borrowing is required for financing and this has been provided for in the council's medium term financial strategy.

The BBCL proposal complies with the requirements of the output specification and insurance industry guidelines.

Costs in relation to design changes will be controlled and managed by an agreed change control procedure.



#### 4.2.2 Life cycle maintenance and hard facilities management affordability summary

The council and academy trusts are committed to maintaining the Sunderland BSF wave one schools and academies to the appropriate standards. The table below provides an update to that provided at OBC stage for the estimated ongoing hard facilities management and life cycle maintenance cost requirements of the programme.

Table 13 below provides an estimate of the ongoing life cycle maintenance cost requirements over a 25 year period for the three sample schemes - Castle View Enterprise Academy, the academy to replace Pennywell School and Quarry View Primary School and Washington School. Cost data in relation to the three non-sample schemes is currently unavailable from BBCL and as such cannot be factored into the analysis.

The life cycle cost estimates were provided as part of the BBCL sample scheme bid submission. The costs, which are at 2007-2008 outturn prices, have been indexed by RPI to ascertain the notional costs over a 25 year period. The notional costs have been modelled against funding available to schools and academies, deemed to be managed through an interest accruing sinking fund, to demonstrate affordability.

Whilst the modelling is shown in the table as a summary position for all three sample schemes there is no commitment to a joint sinking fund arrangement. Indeed, Pennywell School and Quarry View Primary School's academy have determined that their fund will be held in a separate, interest-earning investment account and will be independently audited each year. In this way, the Academy Trust can be assured that a provision for lifecycle maintenance costs is appropriately made and ring-fenced specifically to Pennywell School and Quarry View Primary School's academy. Castle View Enterprise Academy has agreed to a similar approach.

The hard facilities management maintenance requirements were not required as part of the BBCL submission. Mott McDonald, the council's technical advisors, produced benchmarked costs to indicate the likely hard facilities management requirements of the new buildings. The benchmarked cost per square metre of £8.40 at 2007-2008 prices used in conjunction with the gross internal floor area of the buildings has been used to produce indicative hard facilities management costs for the three sample schemes. In common with the life cycle approach outline above, the hard facilities management cost requirement has been cross-referenced against funding available to schools and academies to demonstrate affordability.

Certainty in relation to the life cycle and hard facilities management costs will only be achieved through a competitive procurement.



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Commitment to the life cycle maintenance and hard facilities management requirements at each sample scheme school and academy has been made through the signing of letters by the schools governing body or academy trust. Copies of the signed commitment letters are contained within Appendix 6.3. 'In-principle' commitment letters from the non-sample schools have also been included pending the availability of firm life cycle cost data from BBCL on the non sample schemes.

**Table 13 Life cycle maintenance affordability position (sample schemes only)**

Year	Opening balance £	Schools and academies life cycle funding contributions (notional) £	BBCL life cycle cost outflow (notional) £	Interest earned on average balance at 5% p.a. (current investment rate) £	Closing balance £
1	0	394,552	0	9,864	404,416
2	404,416	402,837	0	30,292	837,545
3	837,545	411,297	0	52,160	1,301,002
4	1,301,002	419,934	11,219	75,268	1,784,985
5	1,784,985	428,753	87,648	97,777	2,223,866
6	2,223,866	437,757	172,225	117,832	2,607,229
7	2,607,229	446,950	225,502	135,898	2,964,574
8	2,964,574	456,336	194,907	154,764	3,380,767
9	3,380,767	465,919	149,804	176,941	3,873,823
10	3,873,823	475,703	256,859	199,162	4,291,829
11	4,291,829	485,693	631,285	210,952	4,357,189
12	4,357,189	495,892	901,396	207,722	4,159,407
13	4,159,407	506,306	819,056	200,152	4,046,808
14	4,046,808	516,938	724,747	197,145	4,036,145
15	4,036,145	527,794	751,448	196,216	4,008,707
16	4,008,707	538,878	754,543	195,044	3,988,085
17	3,988,085	550,194	667,471	196,472	4,067,281
18	4,067,281	561,748	595,753	202,514	4,235,790
19	4,235,790	573,545	938,989	202,653	4,072,999
20	4,072,999	585,589	1,112,018	190,489	3,737,060
21	3,737,060	597,887	1,408,499	166,588	3,093,035
22	3,093,035	610,442	1,570,838	130,642	2,263,282
23	2,263,282	623,262	1,638,034	87,795	1,336,304
24	1,336,304	636,350	1,602,404	42,664	412,914
25	412,914	649,714	1,072,699	10,071	0
		<b>12,800,270</b>	<b>16,287,345</b>	<b>3,487,075</b>	



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The table demonstrates affordability over a 25 year period assuming school and academy contributions are within available funding.

It should be noted that a 1% decrease in the interest earned on the balance of funds would add a further £20,972 to the required schools/academies lifecycle funding contribution in year one.

#### 4.2.3 ICT

The council has been working throughout the ICT procurement within the cost parameters set at OBC stage, which were based on £1,450 per pupil capital grant funding from PFS and a school commitment of £80 -£120 p.a. per pupil (2007 prices) for the managed service. The submissions received during the competitive procurement from the three bidders all achieved the funding parameters for the managed service agreed by the schools and academies.

The total capital costs for the selected ICT solution are £10,442,032 which is within the funding envelope of £10,934,000. The remaining capital funding of £491,968 shall be retained as a refresh fund to be managed by agreement between the council and the bidder. It is acknowledged that this fund may need to be increased to meet the full refresh requirements, the council will work with the bidder and the schools to supplement refresh funding through:

- Reductions in the capital costs due to credits received for legacy equipment thus releasing capital funding for refresh; an inventory of legacy equipment will be agreed with the bidder; a methodology for agreeing the credit for legacy equipment was included in the bidders submission. For bid evaluation purposes the bidders were requested to assume zero legacy kit to transfer into the contract with the exception of the BSF funded ICT kit within Oxclose Community School. Given the expectation is that there will be legacy kit transferring into the contract from most if not all schools and academies the refresh fund is expected to increase notably from its current level
- Future Schools ICT capital grants
- Other School resources

The total cost of the managed service for the selected ICT solution is £5,127,865 over the term of the contract which is within the funding envelope provided by the authority of £5,163,782. A breakdown of this is provided in appendix 2.2. RM has confirmed that it can deliver the whole MSP for all wave



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one BSF schools and academies within the approved available funding and will be bound by that commitment following contract award.

#### 4.2.4 Sponsor Funding

The council acts as a co-sponsor of the three academies under the Sunderland Model included in the wave one programme, providing £1 million per academy alongside the lead sponsors contributions through a 'Deed of Gift'.

#### 4.2.5 Affordability Summary

##### 4.2.5.1 Design and build contracts

The council has approved additional funding of up to £4.451 million, to support the design and build element of the BSF programme and provides an overall affordability envelope of £102.087 million. The overall target price currently provided by BBCL is within this affordability envelope. Costs have been agreed for three out of six schemes. Target costs for the remaining three schemes fall within the funding envelope.

##### 4.2.5.2 Life cycle and facilities management contract

The life cycle maintenance and hard facilities management requirements of the new buildings have been determined for the sample schemes. Affordability has been demonstrated and a commitment has been made to the process through the signing of letters by school governing bodies and academy trusts. Non sample scheme schools and academies have made an in-principle agreement to the process.

##### 4.2.5.3 ICT Managed

##### Service Contract

The capital element of the project falls within the funding parameters provided by PfS and the revenue charge for the managed service falls within the upper limit of the funding at £120 per annum per pupil which has been agreed with schools.



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#### 4.3 Conclusion

Approval of PfS Grant and supported borrowing funding is requested in three stages:

**Table 14 Value of PfS grant as per staged approvals**

Stage	Schemes	D&B Value (£)	ICT Value (£)	Total Value (£)
1	Castle View Enterprise Academy	15,085,025	-	15,085,025
	Pennywell School and Quarry View Primary School's academy	22,075,084	-	22,075,084
	Washington School	18,538,500	-	18,538,500
	ICT*	-	11,402,800	11,402,800
	<b>Stage 1 sub total</b>	<b>55,698,609</b>	<b>11,402,800</b>	<b>67,101,409</b>
2	Red House Academy	11,263,207	-	11,263,207
	<b>Stage 2 sub total</b>	<b>11,263,207</b>	-	<b>11,263,207</b>
3	Biddick Schools Sports College	16,110,755	-	16,110,755
	St Robert of Newminster RC School	14,563,882	-	14,563,882
	<b>Stage 3 sub total</b>	<b>30,674,637</b>	-	<b>30,674,637</b>
<b>Grand total</b>		<b>97,636,453</b>	<b>11,402,800</b>	<b>109,039,253</b>

\*the ICT drawdown of £11.402m differs from the ICT contract value of £10.934m. The difference being the amount already spent in relation to Oxclose's kit. The Oxclose ICT kit was funded out of the D&B Quick Wins allocation therefore the scheme needs to be reimbursed the £0.468m spent.

In total the council has provided a commitment for, if required, of £11.638 million of its own resources to the wave one BSF programme. A range of funding sources including unutilised and anticipated capital receipts arising from asset disposals not associated with the BSF programme will be used to



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fund this investment. The capital receipts position is kept under continuous review through the council's Children's Services Capital Board and the council's Corporate Capital Strategy Group.

The council's Cabinet approved the overall affordability of the programme for the FBC stage on the 13 February 2008. Documentation supporting the approval can be found at Appendix 7.1 alongside a letter from the council's Section 151 Officer (Keith Beardmore, City Treasurer) to confirm the council's commitment to funding the identified affordability requirement (attached as Appendix 6.4).



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## Section 5 Risk

### 5.1 Risk Allocation

The management of risk in the BSF programme is supported by the council's Corporate Risk Management Team. The risk management process outlined in the OBC remains current, with a three tier approach to risk planning; workstream risks; programme risks and Sunderland Model risks. See risk plans in Appendix 1.

The local authority retains management of the risk register in accordance with PfS guidelines. Overall risk allocation remains consistent with the principles set out in the OBC and PfS standard documentation. The private sector is accepting the appropriate level of risk originally envisaged in the OBC.

The local authority is not accepting nor transferring any inappropriate risk.

#### 5.1.1 Workstream Risks

- **Design and Build contracts**

The risks have been allocated under the design and build contract. The most significant risk to the design and build at this stage of the programme is delays with planning approvals or with approval of the FBC. Planning for the non sample schemes is forecast to be agreed by the Planning Committee on 1 April 2008 for Red House Academy and 29 May 2008 for Biddick Schools Sports College and St Robert of Newminster RC School. The risk of outstanding planning approval for sample schools and non sample schools at date of contract has been transferred to BBCL. To mitigate any risks associated with planning approvals, Sunderland City Council has facilitated extensive discussions between the planners and the bidders. As a result the Head of Sunderland Planning Authority agreed that all schemes are to be considered as permitted development as they will be developed on existing sites and do not involve any change of use. A letter of support from the Head of Planning and Environment to this effect can be found in Appendix 7.

Should there be any risk to the start date for works on site arising from delay to contract signature the local authority would consider options to mitigate this by implementing an early works agreement.

There are no derogations to the design and build contract.



Sunderland is taking JR risk and has accepted PFS drafting for this.

The local authority and academy trusts have agreed the terms and conditions of the development agreements' and will sign back to back at time of design and build contract signature.

• **ICT contract**

Extensive discussions are planned into the programme between BBCL, Sunderland City Council Corporate ICT and RM and are an integral part of the ongoing interface arrangements between ICT and BBCL. There are also integration issues with the Sunderland City Council Corporate ICT and education ICT departments. These interface issues were recognised at OBC stage and feature on the risk registers. As a result there have been regular discussions throughout the procurement process and more recently with the preferred bidders. A clear identification between interface and integration responsibilities between BBCL and RM has been agreed by all parties (attached as Appendix 1.1).

The council retains the risk to ensure the interface arrangements between the council's own departments and the MSP are managed effectively.

The time allocated in the design and build program to install the relevant ICT equipment remains tight but achievable. This risk will be managed on a site by site basis and will remain under constant scrutiny throughout the build program. This ICT and design and build interface risks lie with Sunderland City Council (risk register DB19).

The risk register and matrix at Appendix 1 includes mitigating actions at each individual workstream level on how risks will be managed.

The responsibilities matrix attached as Appendix 1.1 sets out in detail the responsibilities of Sunderland City Council, BBCL and RM in relation to ICT and the overall risk allocation for the ICT contract.

In summary:

- The ICT MSP will provide all direct school ICT services including the MIS and the VLE;
- The design and build contractor is responsible for providing the basic ICT infrastructure e.g. cabling and containment, in each of the new school and academy buildings;



- The facilities management provider of catering services will be responsible for cashless catering systems
- The council itself acts as a direct service provider for the management of the ICT network to schools and academies
- The financial risk of a delay in the BBCL programme of works slipping and impacting on the RM programme of works lies with Sunderland City Council

• **Facilities management**

The local authority has liaised with school governors and academy trusts to understand their preferred procurement options for facilities management. The school governors and academy lead sponsors signed up 'in principle' to the principles of a full and detailed procurement exercise at OBC stage, whilst retaining the right to make independent decisions. This commitment has since been reaffirmed and is included in the governing body and trust agreements attached as Appendix 6.3.

Of particular significance, a commitment has been made by all schools and academies to ensure an adequate life cycle maintenance fund is provided. These arrangements are based on indicative benchmarked costs from BBCL and are needed to protect and maintain the capital investment made by PFS in the new and refurbished buildings. There has also been a commitment from the academy trust and governors that they will also make adequate provision to fund the ongoing hard facilities (planned and reactive maintenance) management.

There is a consensus amongst the majority of academies and schools to explore further the economies of scale that maybe realised through a collective procurement for hard facilities management and to also explore options to retain the current flexibility of approach to soft facilities management services for individual schools and trusts.

The academies and governors will determine which procurement option they wish to follow. Clear levels of service will need to be agreed and adhered. The risks for facilities management are dependant upon the procurement exercise entered into and the final selection of a bidder. The local authority, sponsors, school and academy representatives will continue to work in close partnership throughout this approach.



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## 6. Contract and payment mechanism

### 6.1 Contract conditions

PfS standard contracts have been used for the design and build and ICT contracts. They have been procured as separate contracts.

#### • Design and build contracts and development agreements

Stage one approval of the FBC will enable individual design and build contracts to be signed for each school that form part of the sample scheme.

Similarly, when the planning consents for the non sample schools have been received, then stage two and three approval of the FBC will enable a design and build contract to be signed for each school in the non sample scheme.

There are no derogations in relation to the design and build contracts.

In relation to the three academies, a development agreement (between Sunderland City Council and each academy trust) will be signed in addition to the design and build contract (between Sunderland City Council and the contractor). The local authority and academy trusts have agreed the terms and conditions of the development agreements and will sign these back to back at time of design and build contract signature. There are no derogations to the development agreements.

#### • ICT services contract

The ICT services contract will cover all the schools and academies in wave one of the Sunderland BSF scheme. The contract is based on the March 2006 draft of the PfS ICT services contract, which has been amended to take into account the fact that the council is contracting directly with the MSP, rather than through a LEP.

Derogations in relation to the ICT contract have been discussed and agreed with PfS. A list of the derogations is attached as Appendix 4. The key variations are explored below:

- The council is assuming the risk of any equal pay claims brought against the provider as a result of the employees' terms and conditions that were put in place prior to TUPE transfer



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- The provider will be insuring the project under its corporate insurances rather than utilising project specific insurances. This approach means that the ICT services charge is not being used to pay for project specific insurances
- The provider has proposed a cap on the council's liability for compensation events of £1 million rather than the standard position of a cap of £250,000
- The provider has proposed that its cap on liability during the implementation period, prior to payment of milestone payments, is limited to 1x the aggregate milestone payments paid, to be payable on a school by school basis, subject always to a de minimis level of £200,000

### 6.2 Payment mechanism

#### 6.2.1 Design and build

The council confirms that the payment mechanism has been developed using the standard PfS payment mechanism for a design and build scheme.

The council will make payments to BBCL in line with completion certificates and agreed milestones.

#### 6.2.2 ICT managed service

The council has a payment mechanism in place with the ICT MSP. This has been developed using the standard PfS Payment Mechanism for an ICT services contract.

The council will make payments to the provider on a monthly basis in arrears. Payment is due from the council within 30 days of receipt of correct and valid invoices from the MSP.

The local authority will manage the Payment Mechanism by closely monitoring the MSP and the KPI's set out there in. Failure to achieve the performance targets set out in the Payment Mechanism will result in deductions to the ICT Contract Charges.

The Local Authority will monitor the performance and establish a user group including representatives from the Schools / Academies. Any deductions will be managed by Corporate ICT and returned to the School or Academy in question. Should more than one School / Academy be affected by a





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performance deductions the sum will be appropriately shared across those affected. That School/Academy may then return any monies released back into the school budget from which the cost of the MSP is being met.

The authority has accepted a number of obligations under the ICT contract. These are set out in Schedule 21 to the ICT services contract and include, for example, the obligation to provide broadband links to the schools. A breach of the authority's obligations in Schedule 21 will entitle the ICT provider to an excusing cause under the payment mechanism, and therefore the ICT Provider would not suffer deductions as a result of the breach by the authority.

The KPIs and milestone payments are detailed in full in Appendix 13.

Eversheds have confirmed there are no derogations in relation to ICT payment mechanism.



Building schools for the future

## 7. Stakeholder consultation and project management

### 7.1 Stakeholder consultation

As outlined in the OBC, the council consulted widely at the SBC stage with a vast array of stakeholders upon the Sunderland Model. Following the issue of over 60,000 consultation documents and more the 200 meetings it was agreed to move forward with the two phase city-wide BSF programme.

The council has continued to consult will all stakeholders at each subsequent stage in the process. This engagement has proven to be a consistent driver for the project, at the outset helping to shape the transformational vision and more recently ensuring commitment of to the outcome of the procurement process.

#### 7.1.1 Method of consultation

Stakeholder consultation has been managed through the adoption and use of clear and robust project management products:

- The **communications strategy** (attached as Appendix 10) provides an overview of the nature of, and reason for, all communications relating to the Sunderland BSF programme, including Sunderland Model academies. Throughout the programme, the strategy has developed as the need for communications has changed and developed
- The **communications plan** (attached in full as Appendix 11) underpins the strategy and defines all parties interested in the project. For each stakeholder, or stakeholder group, the communications plan identifies the process by which communication will take place. This plan has helped ensure stakeholder commitment throughout the process and it will continue to be used as a communication tool throughout the programme.

#### 7.1.2 Evidence of stakeholder commitment

- Member commitment is evidenced by Cabinet approval of the SBC on 12 July 2006, approval of the OBC on 14 February 2007 and approval of the FBC on 13 February 2008



- Sponsor commitment is evidenced through ongoing support and involvement to the procurement approach, ratified by sponsor approval of the OBC on 20 February 2007, BSF Project Board approval of the FBC on 24<sup>th</sup> February and approval of the FBC through individual academy trust decisions. This position is reinforced in the sponsor letters of support attached as Appendix 6.1
- Governor commitment is evidenced by approval of signed agreements with the council for elements of service provision (attached as Appendix 6)
- PfS and DCSF have been involved throughout the process and have agreed the approach outlined in this FBC
- Evidence of stakeholder events is referenced in Appendix 12

### 7.2 Project management

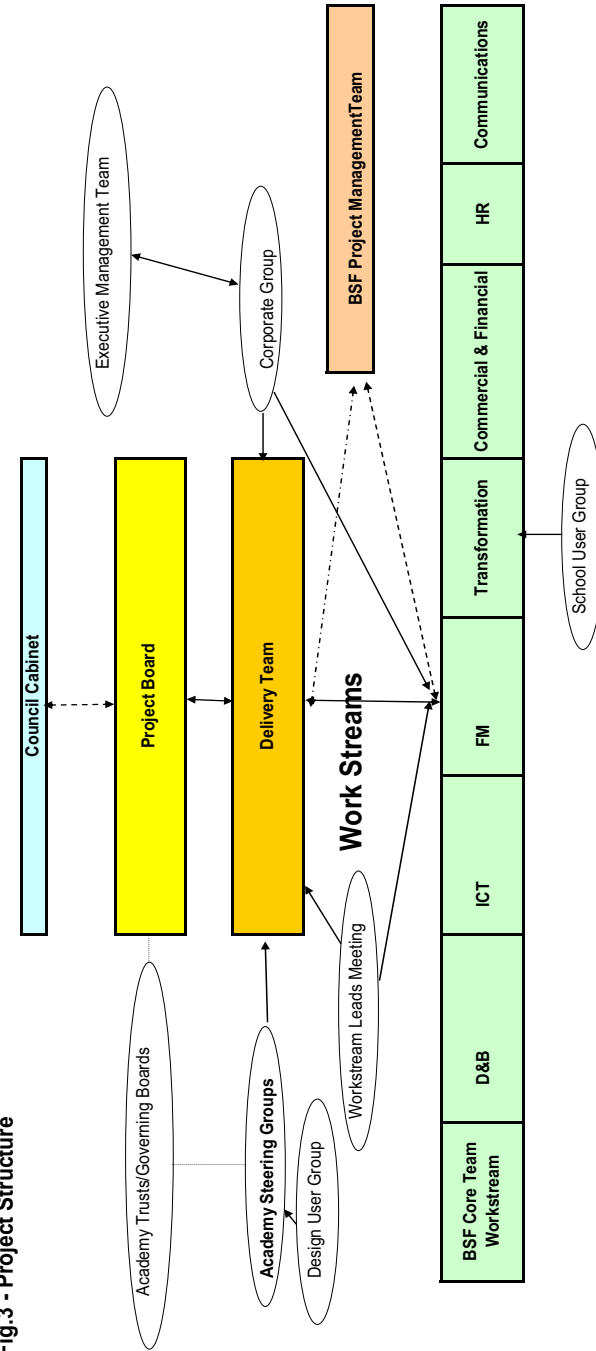
Robust project management arrangements are in place. These have been strengthened since OBC stage, taking on board recommendations from gateway reviews and an internal review. This continuous improvement has led to principles being adopted in line with PRINCE2 methodology. Examples of key project management products utilised include a programme plan, project resource plan, project governance report, communications plan, highlight reports, work stream packages, issues log and risk log.

The project has the right people in place with the authority, responsibility and knowledge to make decisions in a timely manner. This was recognised at Gateway Review 3. The project structure (outlined in Figure2 below) reflects the interests of all parties involved.

This structure and project management arrangements will evolve post FBC as the project moves forward.



Fig.3 - Project Structure





### 7.2.1 BSF Project Management Team

The BSF Project Management Team oversees the day-to-day management of the project as reflected in the project governance paper.

The BSF Project Director, Keith Moore, is responsible for ensuring the strategy and protocols required to deliver the project are in place. The BSF Project Director reports through the BSF Project Board (i.e. Director of Children Services, Chair - Dr Helen Paterson) who are ultimately responsible for the realisation of the Benefits which form part of the children service portfolio of projects. The BSF Project Director is also responsible for ensuring the BSF Project retains buy in across the council at a senior level and there is sufficient support for each Assistant Project Director.

The BSF Project Team is managed by the Assistant Project Director (Build), Beverley Scanlon. This team work to deliver the 'physical' BSF project and to provide coordinated support and guidance on procurement, project management and planning, communications, risk management, financial, legal, facilities management, policy and administration issues across the project.

The BSF transformation agenda is managed by the Assistant Project Director (Transformation), Mike Foster. The transformation work stream provides the academies and schools with clear leadership and vision through the transition phases required to deliver the transformation agenda.

It is acknowledged that a continuation of the existing strong project management will be required as the project moves from procurement stage into delivery.

Works during construction stage will be monitored by Sunderland City Council Property Services, who are acting as client representative with the preferred bidder on behalf of the council. The ICT workstream will monitor ICT implementation and contract management.

Sunderland City Council is currently reviewing its corporate approach to post contractual monitoring and BSF will be managed in line with the revised approach adopted by Sunderland City Council.

### 7.2.2 BSF Delivery Team

This is the core delivery team comprising local authority and lead sponsor representatives with appropriate PfS and DCSF and external adviser support.



The remit of the BSF Delivery Team is:

- To exemplify Sunderland Model principles by working in partnership in the joint delivery of the academy
- The development of business cases to PfS at appropriate stages in the project
- To make recommendations to the BSF Project Board in relation to procurement, contracts, funding considerations
- To manage the relationship with PfS and DCSF and with external advisers up to construction and completion
- To manage and coordinate and challenge individual work streams
- Post contract award, manage the activities of design and build consortia
- To receive progress reports from each of the three academies steering groups and from sub-groups as appropriate
- To receive progress reports from each of the work stream groups including risks and issues.

The Delivery Team reports to the Project Board via the BSF Assistant Project Director (Build).

### 7.2.3 BSF Project Board

The Project Board consists of key decision makers who have the responsibility of taking strategic decisions in terms of the direction of the project (i.e. sign off of SBC, OBC and FBC), taking a strategic overview of the progress of the project (i.e. via highlight and gateway review reports) and agreeing any necessary fundamental changes.

The Project Board has collective responsibility to:

1. Approve what the project delivers
2. Check and agree the Project initiation Document (PID)
3. Commit resources
4. Agree objectives and responsibilities with the assistant project directors
5. Decide on organisation structure
6. Resolve conflict
7. Approve BSF submissions and business cases
8. Agree all key stages of the project including frameworks, competition, preferred bidders, contracts etc



9. Approve arrangements for quality assurance of the BSF project and risk management

The Project Board is governed by a procurement co-operation agreement in order that all partners (i.e. lead and co-sponsor) have equal status in decision making.

The Project Board is able to make decisions without recourse to the council's Cabinet (except in exceptional circumstances). Ultimately the council is the contracting authority for the design and build contract and the ICT managed service contract. The Project Board is chaired by Helen Paterson (Director of Children's Services) who has overall responsibility for the project. DCSF and PfS sit as observers and advisers on the Board.

7.2.4 External advisors

Sunderland City Council recognises that to achieve the transformational change to education that is the objective of its BSF project it will require expertise and experience from external advisors. These advisors provide valuable additional support to the council's and lead sponsors' own resources. The advisors that are currently providing their support are as follows:



Table 15 Summary of advisors roles

External advisor	Summary of role
<b>Financial advisors - KPMG</b>	KPMG are providing core financial advice and general project management support to the council's BSF team and ICT support to the ICT work stream. KPMG are also advising on the scoping and required resourcing of the various procurement activities.  The council anticipates maintaining these arrangements through to financial close.
<b>Legal Advisors - Eversheds</b>	Eversheds are the council's appointed legal advisors. The council anticipates maintaining these arrangements through to financial close.  Academy sponsors are also receiving their own, separate legal advice from Dickinson Dees. Eversheds and Dickinson Dees work together on academy issues as appropriate.
<b>Technical Advisors – Mott MacDonald and Sunderland City Council Property Services</b>	The council itself is taking the lead technical advisor role through Sunderland City Council Property Services. Mott MacDonald were the council's appointed technical advisors up to the OBC stage.  They are still retained on a call off basis and will be so through to financial close. Mott MacDonald are also providing support to the facilities management work stream.
<b>Educational Advisors – Cambridge Education</b>	Cambridge Education have been appointed by the DCSF from the DCSF framework to support the development of the curriculum,



	organisation and governance plans for the new Academies.
<b>Client Design Advisor (CDA) – Napper Architects Limited</b>	The Client Design Advisor (CDA) role acts as a ‘critical friend’ to the development of designs. The CDA is taking a leading role in ensuring the best quality design for the new schools and academies, leading to real transformation for Sunderland’s young learners. The CDA has taken forward the initial ideas and advice supplied to Sunderland by Commission for Architecture and the Built Environment (CABE) through the ‘CABE Enabling’ programme. Meanwhile, Sunderland’s CABE Enabler continues to offer valuable support and advice on its BSF Project. Napper Architects Ltd is sub-contractors acting on behalf of Mott MacDonald on this project.
<b>ICT Advisors – Sunderland City Council Corporate ICT, KPMG, Becta and Cambridge Education</b>	The specific role of BSF ICT advisor is fulfilled by the council’s Assistant Corporate Head of ICT, Lawrence Thompson. This role has specific responsibility for advising on developing and managing the interface between the design and build and ICT procurements. KPMG have also provided specific ICT skills and knowledge in relation to the procurement process. Specific ICT advice was also being provided to the three new academies by Becta and Cambridge Education.

### 7.2.5 PfS

In addition to attendance at the Project Board and Delivery Team meetings, PfS maintain frequent contact with team members throughout and have provided detailed and timely advice.



PfS have:

- Supported the council in the management of the procurement process under the national framework
- Supported the evaluation and selection of the ICT MSP. PfS acted as observers to the ICT procurement process.
- Provided a support function to the BSF Team

The PfS Financial and Commercial Team have also been directly involved in the project, providing advice when called upon.

PfS continue to be closely involved in the formulation of the final documents and reaching final commercial decisions.



Building schools for the future

## 8 Statutory Processes

### 8.1 Introduction

This section sets out the position with regard to statutory processes:

### 8.2 School closure notices

The establishment of the three academies requires the formal closure of the predecessor schools before the new academies can be opened.

Previously decisions on school closures would need to be taken to the School Organisation Committee. The Education and Inspections Act 2006 abolished this requirement resulting in decisions on school organisation becoming an Executive Function of the councils Cabinet from May 2007 onwards.

Statutory consultation was undertaken during 2007 and the closures were agreed by the School Organisation Committee of Cabinet in July 2007.

### 8.3 Planning permission

Planning approvals are included at Appendix 7 for the following sample schools:

- Pennywell School and Quarry View Primary School's academy
- Castle View Enterprise Academy
- Washington School

Planning approvals for the non sample schemes will be sent as an addendum when in place. This will cover:

- Red House Academy
- Biddick Schools Sports College
- St Robert of Newminster RC School

The judicial review period in respect of all the above planning approvals will not have expired in advance of construction starting on site. The council has confirmed that it will accept risk in respect of this.

It has been agreed by the Head of Sunderland Planning Authority that as all schemes are to be developed on existing sites and do not involve any change of use then they are to be considered as permitted development. A letter of



Building schools for the future

support from Mr Keith Lowes (Head of Planning and Environment) to this effect can be found in Appendix 7.

### 8.4 Section 77 applications – protection of playing fields

In relation to Section 77 of the Town and County Planning Act 1990, the proposals within the BSF project do not include development on land designated as green belt, or affect any listed buildings.

Changes in the location of the playing field provision are implicit in the proposals but there is no net loss. There is no intention to disposal any playing fields as part of the BSF programme. Therefore Section 77 will not apply. There is also a letter of support for BBCL proposals from Sport England.

None of the buildings included in the programme are listed buildings.