

ITEM NO: 11

DECISION-MAKER:	COUNCIL CABINET		
SUBJECT:	BUILDING SCHOOLS FOR THE FUTURE		
DATE OF DECISION:	16 th July 2008 28 th July 2008		
REPORT OF:	HEAD OF INFRASTRUCTURE AND CAPITAL		
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STATEMENT OF CONFIDENTIALITY

None

SUMMARY

On 19th March Council agreed in principle to meet the funding required to take forward the Building Schools for the Future (BSF) Programme, and to include funding as necessary (both capital and revenue within future budgets. Cabinet also agreed on 31st March to submit the 'Readiness to Deliver' statement and to express its interest in taking part in the BSF interim wave. BSF is a national government programme to rebuild and refurbish secondary schools, including upgrading Information and Communications Technology (ICT) services.

The City Council's submission to be brought forward to the Interim Wave of Building Schools for the Future was successful. As a consequence the City Council now needs to set aside a budget for the recruitment of key substantive core team posts and the immediate project team activity. This is a prerequisite of the City Council's inclusion in the Interim Wave.

Cabinet is also asked to approve the governance arrangements for the Building Schools for the Future Programme, including appropriate terms of reference for a Strategic Project Board to deal with BSF, with appropriate levels of delegation to determine day to day operation matters alongside existing Council decision making structures.

RECOMMENDATIONS:

COUNCIL

- (i) To note that a sum of £585,000 has been made available for 2008/09 , as part of the "Changes to existing capital and revenue budgets" report, to fund year one of the BSF Project Team costs. The funding will be held centrally in the newly created 'Development Fund'. Future years' funding will be requested as part of the annual budget setting process.
- (ii) To give delegated authority to the Executive Director for Resources to approve draw down of funding from the Development Fund for the Building Schools for the Future project team, up to the sum of £585,000 in 2008/09, following consultation with the Cabinet

Member for Resources and Workforce Planning.

CABINET (Subject to the approval of Council of recommendation (i) and (ii) above)

- (i) To formally enter the BSF interim wave programme following acceptance by DCSF of the Council's 'Readiness to Deliver' submission.
- (ii) To delegate Authority to the Executive Director of Children's Services and Learning to recruit a Project Director, Project team and, following consultation with the Solicitor to the Council and Chief Finance Officer, procure external professional and technical advisors as required. Much of the expertise will be contained within the Project team, though legal, financial, educational and technical assistance may need to be procured as the programme progresses.
- (iii) To approve the draft governance structures, terms of reference and delegations contained within the terms of reference as set out at Appendix A and to delegate authority to the Executive Director for Children's Services and Learning in consultation with the Solicitor to the Council to revise and implement these.
- (iv) To delegate authority to the Executive Director for Children's Services and Learning to prepare a Project Initiation Document (PID) if required and to prepare and submit a Strategy for Change Part 1 following consultation with the Cabinet Member for Children's Services and Learning.
- (v) To delegate Authority to the Chief Executive to enter into a Memorandum of Understanding for the delivery of BSF with Partnerships for Schools / the DCSF as required.
- (vi) To delegate authority to the Executive Director for Children's Services and Learning, following consultation with the Solicitor to the Council, to do anything necessary to give effect to the recommendations in this report
- (vii) To delegate authority to the Solicitor to the Council and Chief Finance Officer to monitor, review and vary governance arrangements as required.

REASONS FOR REPORT RECOMMENDATIONS

1. In order to proceed with the programme and meet the requirements of the Department for Children's Schools and Families the Council must identify a budget sufficient to recruit a project team, including a Project Director. Provision must also be made for immediate essential project team activity
2. The Council must also have in place a Strategic Project Board and suitable governance arrangements, terms of reference and delegated decision making, in order to provide the Project Team with a framework within which day to day project management and decision making may take place and to regularly monitor key risks to the Programme and take action to mitigate them.

CONSULTATION

- 3 A small team has been preparing for BSF in Southampton, since September 2007. This has included consultation with schools, local authority officers and a range of other partners and stakeholders. It is anticipated that further consultation will take place as the programme progresses.

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

- 4 Cabinet and Council decided to submit a bid for inclusion in the Interim wave of the BSF programme for which budgetary provision is a prerequisite. If funding were not now allocated the City Council would have to withdraw from the Interim Wave. This option has been rejected since failure to enter the Interim Wave would mean that the Council risks losing valuable government funding for major capital projects. The Council may be included within future waves of BSF (currently scheduled for waves 7-9) but the timing of the Council's entry into those waves, the funding available in future and the ability to deliver critical changes within a reasonable timeframe will be less certain.

DETAIL

- 5 The City must have a BSF team in place in order to take the programme forward. Following the Learning Futures decisions in July 2007, a small BSF team was assembled. This team has been undertaking the preliminary work leading up to making the BSF Readiness to Deliver submission and including preparatory work in relation to the Strategy for Change Part 1.
- 6 None of the current team, with the exception of the Head of Capital and Infrastructure, are in substantive posts in relation to the BSF programme. They are either seconded part time from substantive posts, are temporary appointments or consultant advisers.
- 7 An Interim Project Director was appointed before the submission was made and is still in post. However, the recruitment of a full time permanent Project Director is underway. This is a determined element of the project as set out by Partnerships for Schools (PfS) and should be in place at the commencement of the programme.
- 8 The allocated budget will be used for the recruitment and appointment of a team, including advisers as necessary. This budget will fund immediate costs, with future costs being built into budget planning.
- 9 In order to draw down government funding for the BSF programme, a Project Board and suitable governance arrangements for the Programme must be put in place.
- 10 The first step is to write the Strategy for Change Part One 8 weeks after the Remit Meeting. This could be as early as September 2008. Thereafter there will be 12 weeks in which the Strategy for Change Part 2 must be completed. This will include specific proposals.
- 11 Any statutory proposals will be included in the project plan and the timescales will be closely monitored.
- 12 Project and governance arrangements will mirror the approved and robust

arrangements established by the SSP whilst also taking into account the guidance issued by Partnerships for Schools in relation to Project Planning Guidance, Project Initiation Documents and submissions for Strategy for Change part 1.

- 13 It is essential to ensure funding is in place to engage external professional advisors during this financial year, because of the extremely tight BSF timetable, which will be imposed upon the Council. Failure to meet deadlines or produce plans which are sufficiently full and robust would mean that Southampton could be put back into later waves.
- 14 Because of the size and scope of the programme and the likelihood of complicated procurement regimes etc. as the programme progresses, it is likely that expert assistance will also have to be procured in future years
- 15 BSF is a major government funding programme, designed to transform secondary education and encourage co-location of services. The programme will fund the rebuilding, remodelling or refurbishing of up to 5 secondary schools in the city, which have not been recently rebuilt. Schools will also benefit from investment in ICT. This will enable the City Council to fulfil its vision for education. There will be opportunities, through careful planning and consultation, for the development of learning campuses and communities including primary schools, which will also receive funding through the Primary Capital Programme. The programme will help to develop schools at the heart of their communities.
- 16 Experience from authorities on waves 1-6 of BSF shows that it is critical to have a team with the right mix of expertise to drive the BSF project forward. The posts set out in Appendix A draw on experience from other authorities, advice from the 4ps and the needs assessment conducted by the interim Project Director. They are designed with particular regard to getting the authority to the point of commissioning a Local Education Partnership (LEP). At that point the LEP itself would take lead responsibility for major aspects of the project and the structure of the project team would change accordingly.

FINANCIAL/RESOURCE IMPLICATIONS

Capital

- 17 The reports to Council and Cabinet in March 2008 detailed the estimated capital costs of the BSF programme.
- 18 In summary the amount of funding available from the DCSF is currently unknown. 8 authorities have been invited for inclusion within the 6a wave with a total funding pot of £625 million. We have not received any information on the proportion of funding per Authority.. The Council capital support required to supplement the programme is likely to be in the order of £15 - £30 million.

Revenue

- 19 The March 2008 report also estimated the total revenue costs of running the BSF programme, summarised in the table below:

	Min	Max	Years
Procurement of Local Education Partnership	£3m	£6m	Total over a 3 year period

(LEP)			
Client Management of LEP/Special Purpose Vehicle (SPV)	£0.2m	£0.3m	Total per annum for life of the project
Investment in LEP	£0.05m	£0.1m	One off
Investment in SPV (actual figure will depend on number of SPV's created)	£0.25m	£1m	One off per SPV
PFI revenue contribution (actual figure will depend on number of schemes required)	£0.3m	£1m	25 years
ICT Managed Service – this is likely to require a £110-£150 top up per pupil to be funded by individual schools (assume 11,000 secondary school population)	£1.2m	£1.65m	Per annum

20 The report stated that in the initial phase of work, to move the project forward to the procurement of a Local Education Partnership, the City Council is likely to be required to fund procurement and project management costs in the region of £3m - £6m. Typical project team costs have been estimated by the 4ps at £3.4 million over three years.

21 Further work has been carried out on putting together the costs of Southampton's BSF Project team and these are summarised in the table below:

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	2008/09	2009/10	2010/11	2011/12	Total
Core project team	£177,349	£422,076	£444,407	£194,675	£1,238,506
Professional advice	£233,333	£316,667	£250,000	£250,000	£1,050,000
Interim Staffing Costs	£108,732				£108,732
Other costs	£145,000	£60,000	£60,000	£60,000	£325,000
Contingency	£70,000	£100,000	£100,000	£100,000	£370,000
TOTAL	£734,414	£898,743	£854,407	£604,675	£3,092,239

- 23 Interim staffing costs are being incurred for the period April to September for the existing BSF team, before the new arrangements come into place from October 2008. Future years costs are for information at this stage, and subject to change. Approval will be sort for these costs as part of the annual budget setting process.
- 24 A budget of £150,000 already exists within the Children's Services portfolio for BSF. Therefore it is recommended that additional funding of £585,000 be made available to fund the BSF Project team costs in 2008/09
- 25 The funding of £585,000 will be held centrally in the Development Fund. As appointments and other funding commitments are made, funding will be drawn down from the Development Fund and allocated to the Children's Services & Learning Portfolio, following consultation with and the agreement of the Executive Director of Resources and the Cabinet Member for Resources and Workforce Planning.
- 26 It should be noted that there may be redundancy costs incurred at the end of the project lifetime. Any redundancy payments made will depend on the number of years continuous service within this and any other local authority. It is assumed that some of the project team will continue to be employed at subsequent stages of the BSF process. Any potential redundancy costs will be minimised where possible by use of redeployment.

Property

- 27 The BSF programme will affect a substantial proportion of secondary school sites and some special school sites, and buildings in the city. This could include the acquisition and disposal of sites; complete rebuilding of some schools and major refurbishment of others as detailed in the Readiness to Deliver.
- 28 The property implications arising from this report will be the subject of further detailed consideration in the normal way including an evaluation of any property implications and, (as required by Financial regulations), the results of any formal option appraisals where the investment is over £2 million, To strengthen both the delivery process oversight of the programme, Property and Procurement will be represented on the Stakeholder Project Board

Other

- 29 None

LEGAL IMPLICATIONS

Statutory power to undertake proposals in the report:

- 30 The Council's powers and duties in relation to the provision of adequate and efficient education and pupil places are set out in the Education Act 1996 as amended, together with the provisions of the School Standards & Framework Act 1998, the Education Act 2002 and the Education & Inspections Act 2006 together with general 'well-being' powers contained in s.2 Local Government Act 2000 as the improvement of school facilities meets the requirements of the community strategy to improve the economic, social and environmental wellbeing of pupils and families in Southampton.

Other Legal Implications:

- 31 Participation in Building Schools for the Future will be subject to compliance with UK procurement legislation and the Council's Constitution, in relation to procurement and decision making in relation to this project. Clear governance and accountability mechanisms will need to be established to ensure the project is managed in a manner compatible with and mirroring existing proven project governance structures and to deliver the best possible outcomes for the Council, in accordance with its statutory duties, together with appropriate and timely assessment of the impact of the project on all communities living, working and learning in Southampton.

POLICY FRAMEWORK IMPLICATIONS

- 32 Building Schools for the Future will help achieve the outcomes set out in the Children and Young Peoples Strategic Plan, by providing improved buildings and ICT infrastructure for secondary pupils and communities in Southampton.
- 33 It will facilitate closer joint working between schools and other services and thereby enable a range of strategic objectives to be met.
- 34 BSF will contribute directly to the achievement of the objectives set out in the City of Southampton's Strategy and the city's statutory Children and Young People's Plan

SUPPORTING DOCUMENTATION

Appendices (These are available online and in Members room)

1.	Building Schools for the Future Draft Governance Arrangements, including the Strategic Project Board and Project Team membership
2.	Estimated Project team costs 2008-12

Documents In Members' Rooms

1.	Readiness to Deliver submission
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Background Documents

Title of Background Paper(s)

Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)

1.	Letter from Sally Brooks (DCSF) and Tim Byles (PfS) illustrating the requirements for a Project Director and project team, the required timetable and key milestones
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Background documents available for inspection at:

FORWARD PLAN No: CL02788 **KEY DECISION?** YES

WARDS/COMMUNITIES AFFECTED:	All
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