

Annexe A of EdCF report on Building Schools for the Future - 29 June 2009

Meeting:	Cabinet
Date:	18 June 2009
Subject:	Building Schools for the Future
Key Decision:	Yes
Responsible Officer:	Heather Clements, Director Schools and Children's Development
Portfolio Holder:	Cllr Anjana Patel, Portfolio Holder, Schools and Children's Development
Exempt:	No
Enclosures:	Annexe A: BSF Delivery and Procurement Costs and Funding Annexe B: Proposed Governance Arrangements

Section 1 – Summary and Recommendations

This report provides Cabinet with proposals to secure the funding to support Building Schools for the Future (BSF) in Harrow and an outline governance structure.

Recommendations:

Cabinet is requested to:

1. Agree the indicative funding for the BSF Programme in Harrow which will only be required once formal entry into the programme is confirmed.
2. Agree 'in principle' the proposed governance structure for the BSF programme.
3. Delegate responsibility to the Leader of the Council and the Portfolio Holder for Schools and Children's Development, in consultation with the Director of Schools and Children's Development, to agree the final Readiness to Deliver submission to the Department for Children, Schools

and Families in accordance with timescales to be confirmed by the Department for Children, Schools and Families.

Reason: (For recommendation)

For Cabinet to confirm its commitment to BSF in Harrow and to enable the completion of the Readiness to Deliver submission in line with the Partnerships for Schools and Department for Children, Schools and Families (DCSF) Guidance.

Section 2 – Report

2.1 Introduction

2.1.1 BSF is the Government's secondary school investment programme that aims to transform secondary education by the rebuild or refurbishment of every secondary school. Partnerships for Schools (PfS) is the Government's BSF delivery organisation.

2.1.2 BSF could bring considerable investment to Harrow (indicative funding of £84m in Wave 1 and £126m in Wave 2), but the council will incur costs to deliver the BSF programme.

2.1.3 At their meeting in April 2009, Cabinet considered a report on Harrow's approach to BSF. Cabinet confirmed their 'in principle' commitment to BSF for Harrow and Harrow's proposals to meet PfS Readiness to Deliver criteria set out in the report. Cabinet agreed that a further report be received in June 2009 outlining the Council's Readiness to Deliver together with proposals to secure the funding to support the BSF process for Harrow. This report presents the resource requirements once Harrow has entered the BSF programme.

2.1.4 Harrow Council needs to demonstrate complete commitment and support for its entry to BSF. This includes evidence that the costs and affordability have been considered and there is a clear strategy for the governance of the programme.

2.1.5 This report presents the financial implications for Harrow Council once it has entered the BSF programme, and the proposed governance model. It should be noted that until Harrow Council enters the BSF programme that there will be minimal expenditure.

2.2 Background

2.2.1 Waves 1-6a of the BSF programme have commenced. Harrow is ranked currently 52 out of 70 local authorities who have yet to enter the BSF programme. A Readiness to Deliver document is being completed. This is assessed by PfS and is a gateway into the BSF programme. The timescale for the submission of the Readiness to Deliver document is not yet known. PfS will assess the level of resources committed by the local authority to deliver the BSF programme.

BSF in Harrow

2.2.2 Although BSF is focussed on transforming schools and the learning experience for students, the government also expects it to contribute to

local community transformation. BSF has potential to increase facilities and local services for communities on school sites. These facilities will be shaped to the needs of local communities. In Harrow's context it would contribute to the Corporate Priority to Build Stronger Communities and complement and support the Council's own Transformation Programme.

2.2.3 Harrow schools already provide extended services and have some community facilities and local services. Through BSF there is potential for a step change in the level of community provision that will contribute positively to Comprehensive Area Assessment (CAA) ratings. An initial list would include:

- State of the art facilities for local communities for sport, leisure and the arts
- Improved access to services at a local level to meet a range of health and social needs including those for adults
- Targeted services to meet specific local needs
- Improved partnership working within the council, with public sector partners and the private and voluntary sector to meet the needs of children and families
- Reduced carbon footprint by providing services closer to people's homes and reducing distances travelled to existing centres
- Increased use of new technology to meet the needs of residents, for example remote access to services through ICT hubs providing video conferencing facilities (Tellytalk).

2.2.4 Through the co-location of services and the development of multi-use spaces on school sites there are potential resource efficiencies. Details are outlined in paragraph 2.3.12.

2.2.5 Detailed options for each school would need to be developed through consultation with local communities and needs analysis across the council and with partners. Place Shaping Directorate's digital mapping and analysis of the Experian data would underpin the development of proposals and this would ensure that each school would have an individual profile of facilities and services.

2.2.6 Schools are committed to this approach, and there are many examples of local services on school sites that bring clear benefits for the school and the local community. For example, there can be a positive impact on the challenges of engaging with hard to reach families, barriers between home and school can be reduced, and the community has more ownership of the school. The Children's Trust for Harrow will facilitate further joint planning. The recently agreed changes to the admission arrangements, that give a priority to families living close to schools, will also help to embed schools as being at the heart of their community.

2.2.7 To achieve enhanced community facilities, inward investment will be required from the council, national bodies such as Sport England and public and private partners. These will determine the business case to support inclusion of those facilities in the project.

2.3 Harrow's Readiness to Deliver

- 2.3.1. The Readiness to Deliver submission is the gateway into the BSF programme. The completion of this document is being undertaken within existing resources. However, once entry into the programme is secured, resources will be required to deliver the BSF programme. The details for the submission are outlined in the following section. The implications to the Council are presented in section 2.4 of this report.
- 2.3.2. The Readiness to Deliver requires the following information in respect of finance:
- i) The authority has considered the affordability of its BSF estate
 - ii) The authority has identified adequate resources to implement the programme
- i) Affordability of Harrow's BSF Estate**
- 2.3.3. The Readiness to Deliver requires the authority to consider the relationship between the indicative funding provided by the DCSF cost calculator and the BSF investment proposals. Based on experience, it is inevitable that the capital cost of the BSF programme aspirations and any community facilities will be greater than the DCSF funding available. The level of this shortfall will depend on the final scheme details, the financing of the schemes through design and build or PFI, the extent of the community facilities incorporated into the schools and the ability of the local authority to join funding streams to address funding gaps.
- 2.3.4. The Council will work within the available capital funding sources. This will be predominantly the BSF funding. In addition, it is proposed to utilise a proportion of the other DCSF education grant capital funding streams. These are; the indicative DCSF annual grant for School Modernisation, totalling £6.3m per year; and the Schools' Devolved Formula capital, which is approximately £100k per school per annum.
- 2.3.5. Schools DCSF devolved formula capital and modernisation grants would be expected to contribute to any funding shortfalls on the school site proposals. We have adopted a holistic site approach to BSF to ensure that all building and site needs are addressed. This includes building condition, facilities etc. In non-BSF schools, building issues would be addressed through the use of DCSF grants. Therefore it is justified that any such funding would contribute to increasing the potential for the BSF investment. Joining up funding streams is also an expectation of the DCSF.
- 2.3.6. This dialogue with schools will be part of the planning for BSF.
- ii) Resources to Implement the Programme**
- 2.3.7. As the default model for the delivery of BSF is a Local Education Partnership (LEP), a budget forecast has been prepared on this model, and assumes:

- There will be limited expenditure beyond some legal and possibly financial advice required prior to entry to the programme
- Entry to the programme would be November 2009 at the earliest and could be as late April 2010
- From BSF programme entry to LEP operation is estimated to be across 4 financial years.

2.3.8. Officers have collected information from local authorities in BSF on their resource forecasts and sources, and from consultants advising BSF authorities. The table in Annexe A presents the indicative costs from entry to BSF, through procurement and to operational LEP. These are indicative costs and suggest a total of £3.6m revenue and a further £400k from capital. It is proposed to redeploy current resources where possible, including the Harrow Transforming Learning Team (HTLT) and staff from each of the schools. This would cover £1.2m of costs.

School Contributions

2.3.9. The majority of BSF programmes have received a contribution from schools. Usually this is a top slice from the Dedicated Schools Grant (DSG) agreed by Schools Forum. Given the impact of the change in the age of transfer and the small number of high schools in Wave 1, a top-slice from DSG is not considered appropriate. These proposals include indicative amounts that will need to be secured from the community schools and voluntary aided schools. The following options will be investigated:

- The four schools in Wave 1 will be expected to contribute from the entry into the BSF programme. Annexe A assumes funding totalling £800k over 4 years. This equates to an average of £50k per school per year.
- Wave 2 schools will be expected to commit to this same level of contribution when they enter the programme. This funding would become available when the schools entered the programme and would provide a contribution to any ongoing costs of BSF.
- All schools in the BSF programme will be required to make an 'in-kind' contribution to the process. This might include releasing members of the senior leadership team to input into delivery of BSF. This approach has been established through the Whitmore School project whereby the school agreed to the part time release of a deputy headteacher as school based project manager. This role included design development, engagement with staff, implementation etc and was managed through a reduced teaching timetable commitment. Annexe A assumes funding totalling £408k over 4 years. This equates to an average of £25.5k per school per year.

2.3.10. Assuming the schools agree to the proposed contribution the current estimated funding gap is £2,900k revenue and £400k capital over 4 years and this would be a cost to the Council.

On going Costs and Benefits

2.3.11. There will also be on going costs associated with the BSF programme. These are listed below although currently it is too early to quantify exact costs:

- *PFI* – If there is a PFI scheme within the programme there is likely to be a funding gap. The experience of the current schools PFI is that the school will partly fund the shortfall but the remaining element will be a call on the council's revenue budget.
- *LEP* – The majority of the costs of the LEP will be financed by the private sector partner through the capital payments and any on going facilities management arrangements. There will be client management of the LEP, the cost of which was estimated at £100k pa by the local government organisation 4ps (Public Private Partnerships Programme).
- *ICT* – ICT is an integral part of the BSF programme. Experience of early BSF schemes has highlighted the on going costs of ICT refresh. Schools will be expected to contribute, however there is potentially a funding gap that would have to be met. As part of the preparation for readiness to delivery we are working on the proposals for ICT and part of this work is identifying the expected costs and funding.

2.3.12. These need to be considered in the context of the wider savings that could be achieved across the council and by our partners by joining up the BSF programme with other initiatives to provide local services and co-location. Although these are at early stages of development, some potential benefits are listed as follows:

- Reduced need for stand alone facilities for sport, leisure and the arts saving on revenue costs and allowing for disposal of capital assets
- Savings across the Harrow Strategic Partnership (HSP) through the co-location of services and multi use spaces allowing improved value for money
- Savings achieved through more localised targeted delivery of services for example, weekly housing surgeries to deal with issues in a specific area rather than several separate visits
- Distributive services model would reduce the need for centralised services
- By exploiting co-location and new technology, savings could be achieved in revenue costs and disposal of capital assets

Governance

2.3.13. PfS expect that BSF has a high profile in the Council and propose a governance structure that includes the Chief Executive. A proposed governance structure is at Annexe B, indicating membership and meeting frequency with direct workstreams and associated workstreams.

2.3.14. The proposal aligns with the PfS guidance and is developed from the successful model for school reorganisation which includes: a

Stakeholder Reference Group (SRG), chaired by the Portfolio Holder for Children's Services with members including the Portfolio Holder for Schools and Children's Development, school representatives and unions: the School Organisation Officer Group (SOOG), a cross council officer group, chaired by the Director of Schools and Children's Development: and the project team Harrow Transforming Learning Team (HTLT).

- 2.3.15. Terms of Reference for the proposals will need to be drafted. The remit of the SRG, as agreed by Cabinet in October 2007, will need to be reviewed so the membership is increased and the remit broadened to oversee the implementation of school reorganisation and BSF.
- 2.3.16. The Council is considering how it will organise its Transformation Programme over the coming 3-5 years. It is anticipated that a Council-wide Programme Office, comprised of existing staff, will support and integrate the whole Council Programme. BSF will be part of this programme, located within the Place Shaping stream of activity. This structure will be further refined when BSF is integrated into the Council's wider Transformation Programme.
- 2.3.17. An 'in principle' agreement is requested to allow for any revisions that may be required for entry to BSF.

2.4 Implications of the Recommendations

Equalities Impact

- 2.4.1. An Equalities Impact Assessment will be undertaken as part of the development of Harrow's BSF programme.

Legal Comments

- 2.4.2. External legal advisers will be appointed to provide expertise in the procurement of the BSF procurement including a possible Local Education Partnership and other areas as required.

Financial Implications

- 2.4.3. The BSF programme is expected to bring in £210m of capital resources to the Council. However, as detailed in the report, it also requires a substantial financial commitment from both schools and the Council. The current estimated procurement cost is £4.9m, currently split between revenue of £4,413k and capital of £480k. This includes a substantial contingency of 20% (£815k). The profiling of expenditure across financial years is an estimate based on entry into the BSF programme in November 2009. Full details of the projected costs and income, separated between capital and revenue, are shown in Annexe A and summarised in Table 1 below.

Table 1 : Summary of projected procurement costs and potential funding
NB. None of this funding will be required or committed until entry to the programme is confirmed

	2009/10 £,000	2010/11 £,000	2011/12 £,000	2012/13 £,000	Total £,000
Project Team Costs	279	384	402	369	1,434
External Advisors	393	824	969	458	2,644
Contingency	125	250	275	165	815
Total Estimated Expenditure	797	1458	1,646	992	4,893
Current resources	157	212	230	207	806
Contribution from schools					
- Cash	100	220	240	240	800
- In kind	102	102	102	102	408
Total Estimated Funding	359	534	572	549	2,014
Current Funding Gap	438	924	1,074	443	2,879

2.4.4. The majority of BSF programmes to date have had a contribution from schools. The forecast detailed in Table 1 assumes a funding contribution from the schools totalling £800k over the 4 years. Schools have not yet formally agreed to this contribution however it is anticipated they will support the scheme, especially as their financial contribution is required for the scheme to progress.

2.4.5. Assuming the schools do contribute there is estimated funding gap of £2.9m spread over the 4 years. If the council wishes to enter into the BSF programme then funding for the shortfall would have to be identified as part of the Medium Term Financial Strategy.

2.4.6. Although the BSF programme attracts a total of £210m capital funding across Wave 1 and Wave 2 the experience of authorities already in the BSF programme has been that this is not enough to fully fund the building costs. Again schools will be expected to contribute their capital resources. Building plans will be developed to be affordable within the funding available however until the details have been finalised the projected shortfall is not quantifiable.

2.4.7. Costs prior to formal entry to the programme will be met from existing resources, and largely consist of officer time in preparing for our Readiness to Deliver and for subsequent preparation for the Remit Meeting. Some minor costs may be incurred in seeking external legal or contractual advice about the best procurement option for Harrow Council, but these would be contained within existing budgets. It is our understanding that once we are invited to attend a Remit Meeting we are in the programme and the funding is secure. We will ensure this is the case, at that time. The risks therefore in terms of investment are small for a potential significant gain to benefit schools and the wider community.

Performance Issues

2.4.8. BSF will have Key Performance Indicators that are linked to national and local priorities, and BSF school specific targets. These will be developed through the process to gain entry into the programme.

- 2.4.9. BSF will contribute to a range of performance indicators, in particular the following from the new National Indicator Set. NI 72 – 109 ‘Enjoy and Achieve’ indicators covering Key Stage achievement and progression, narrowing the gap for lower performing and vulnerable groups, attendance, behaviour, special educational needs.
- 2.4.10. Whilst Harrow’s performance is currently above national and statistical neighbours averages at all Key Stages, Harrow’s targets, which are set annually for the DCSF, are highly challenging. The table below presents Harrow’s performance against its targets and the national averages.

Harrow's 2007-08 Results

KS1	Actual	Target	National
Reading L2+	87.0%	Not Set	84.0%
Writing L2+	83.0%	Not Set	80.0%
Maths L2+	91.0%	Not Set	90.0%
Science L2+	88.0%	Not Set	89.0%
KS2	Actual	Target	National
English L4+	82.0%	85.0%	81.0%
Maths L4+	79.0%	85.0%	78.0%
Science L4+	87.0%	Not Set	88.0%
KS3 (Provisional)	Actual	Target	National
English L5+	77.6%	82.0%	73.0%
Maths L5+	79.5%	82.0%	77.0%
Science L5+	74.2%	78.0%	71.0%
GCSE	Actual	Target	National
% 5+A*-C	69.5%	68.2%	65.3%
% 5+A*-C inc E & M	57.7%	58.0%	47.6%

Environmental Impact

- 2.4.11. As part of the Readiness to Deliver submission, the local authority is required to explain how a 60% reduction in carbon footprint across its school estate will be achieved and how the project meets the DCSF’s Sustainable Schools Strategy.
- 2.4.12. The BSF programme offers a major opportunity to make a significant reduction in the council’s carbon footprint (NI 185) and help to deliver improvements to NI 186 (per capita CO2 emissions in the local authority area) – an LAA target.
- 2.4.13. The programme will also help to deliver the council’s Carbon Reduction Commitment, which starts in April 2010.

Risk Management Implications

- 2.4.14. A risk register for BSF will be developed through the Project Management and Project Initiation Documentation required by Partnerships for Schools. The register will link to the Children’s Services Risk Register.

Section 3 - Statutory Officer Clearance

Name: Myfanwy Barrett



on behalf of the
Chief Financial Officer

Date: 26 May 2009

Name: Jessica Farmer



on behalf of the
Monitoring Officer

Date: 8 June 2009

Section 4 – Performance Officer Clearance

Name: David Harrington



on behalf of the
Divisional Director
(Strategy and Improvement)

Date: 22 May 2009

Section 5 – Environmental Impact Officer Clearance

Name: Andrew Baker



on behalf of the
Divisional Director
(Environmental Services)

Date: 18 May 2009

Section 6 - Contact Details and Background Papers

Contact: Johanna Morgan, Head of School Organisation Strategy,
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Background Papers:

DCSF Readiness to Deliver Guidance

Cabinet Report 23 April 2009 Building Schools for the Future