

Building Schools for the Future

Outline Business Case Executive Summary

EXECUTIVE SUMMARY

1.0 **Background and context**

1.1 The overall Fenland BSF project is structured as set out in the Authority's Strategy for Change, part 2 (SfC2). In particular, the schools to benefit from BSF investment are as previously identified:

- Cromwell Community College, Chatteris;
- Neale-Wade Community College, March;
- Sir Harry Smith Community College, Whittlesey;
- Thomas Clarkson Community College, Wisbech;
- Meadowgate Special School, Wisbech; and
- The Fenland Junction PRU, March.

1.2 Our detailed analysis in developing the Outline Business Case has confirmed that the developments and priorities established in the Strategy for Change, Parts 1 and 2, continue to be highly relevant and that the proposed changes will assist in achieving the intended outcomes. A key priority is improving outcomes and life chances for young people in Fenland. We believe that this project will make a significant contribution to our ability to achieve this aim. The development of our Vision for Education was designed to support the development of our BSF strategy and has helped to inform our work with schools in BSF Wave 4. However, our Vision for Education is relevant to all phases and stages of education across the county.

1.3 Educational attainment, levels of unemployment and the broader indicators of disadvantage that were highlighted in SfC2 confirm that Fenland is well chosen for this first stage of BSF investment. Our work with schools is premised on a shared vision of the transformational potential of BSF investment in schools, underpinned by a commitment from all schools to explore and implement new approaches to pedagogy and the development of learning and life skills within a socially inclusive setting.

1.4 We are working with the wider secondary school community to ensure that all schools are better positioned to take advantage of the opportunity offered by the visioning that is a feature of BSF. Although these schools are currently not likely to benefit from BSF investment for several years there is much that can be done to enable them to engage with the BSF process more effectively when they are eventually allocated to a BSF wave. This work also offers opportunities to explore those aspects of pedagogical change that might be implemented in advance of BSF investment.

1.5 The benefits we will derive from this project are substantial:

- a) First and foremost we will have reviewed and renewed our approach to secondary education across Fenland, and looked to realise the potential for a much wider impact in all sectors and across the county.

- b) We will have a renewed secondary Fenland estate that, for the first time, will provide uniformly excellent standards of accommodation. The work led by our school leaders will ensure that these buildings are not simply showcases of building excellence, but are places that celebrate and inspire learning, whilst at the same time doing much to promote and support social coherence through the provision of more suitable spaces for social interaction and informal learning in a range of settings.
- c) Planning for the future has encouraged schools to develop local school strategies for change with the assistance of BSF School Improvement Consultants funded by the Authority. This work has both shaped, and been influenced by, the development of the control options in an iterative process that has enhanced the understanding of both designers and school leaders over the interaction between design and learning. Delivering these strategies for change at school level will be supported through a programme of change management that will assist in the achievement and refinement of key performance indicators. We will expect our LEP partner to share ownership of key performance indicators with the Authority and individual schools through the development of Collective Partnership Targets.
- d) Fenland schools will be better able to support their role as community resources – centres where a range of services can be accessed, and which the community increasingly see as an integral part of local civic life. Fenland schools have responded to the new opportunities in relation to school governance with a Trust about to be formed for the Thomas Clarkson Community College and consultation over foundation status at Sir Harry Smith Community College.
- e) The level of investment will be the largest ever single investment in this area of Cambridgeshire. Almost simultaneous investment in FE facilities in the relocation and redevelopment of the College of West Anglia will mean that education from 11 to 19 across Fenland, whatever the setting, will be taking place in environments that are fit for purpose and better able to respond and adapt to future changes. In addition to the clear benefits offered by the new facilities, this level of investment will have a major positive impact on the local economy and will inspire community confidence within Fenland.
- f) Already, preparation for the project has led to a much greater level of engagement between Fenland District Council and schools, with a range of initiatives already being energetically pursued that will improve contact and communication between schools and the District Council. These include shared professional development opportunities and enhanced sharing of information. Both the Authority and individual schools have identified areas where closer collaboration will generate benefits for local communities.

- g) This enhanced level of collaboration and engagement is reflected in the way in which the Fenland schools and the College of West Anglia have built on former collaborative arrangements in order to work together to address common priorities. A significant shared priority here is to ensure that there is a coherent 14-19 curriculum offer across Fenland.

2.0 The Project

2.1 Our project scope is ambitious and achievable. We will be offering to the market a scheme through which we intend to procure a Public Private partnership vehicle (a 'Local Education Partnership' (LEP)) to provide (or arrange for the provision of) partnering services, including:

- a) Exclusivity of a core offer comprising a Local Education Partnership (LEP) Partner to deliver partnering services for a strategic investment programme and delivery for educational facilities;
- b) Private Finance Initiative (PFI) largely new build sample project for Thomas Clarkson Community College in Wisbech;
- c) Design & Build (D&B) refurbishment sample project for Neale-Wade Community College in March;
- d) ICT services contract to include:
 - A local managed service for each BSF school, based on an approach where there is one contract per wave;
 - An integrated network across the BSF schools and between the Authority and the schools;
 - Effective communication and information sharing between the Authority and the BSF schools; and
 - Relevant training;
- e) A robust 'hard' facilities management service for the D&B schools;
- f) The opportunity to deliver education facilities on a non-exclusive basis outside the scope of the BSF funded projects (including, but not restricted to, the primary capital programme and the Authority's substantial growth agenda); and
- g) Potential for other projects and services as specified in the final OJEU notice in due course.

2.2 Our Wave 4 Phase 1 sample schemes are specified above. The Wave 4 Phase 2 non-sample schemes (all D&B) are:

- a) Meadowgate School in Wisbech (an all-age school catering for a range of special educational needs);
- b) Cromwell Community College in Chatteris;
- c) Fenland Junction PRU in March; and
- d) Sir Harry Smith Community College in Whittlesey.

2.3 The total construction capital value of the Wave 4 schemes is estimated at £112.9m at the funding start date.

3.0 Value for Money

- 3.1 Our approach to Value for Money and Affordability (see next section) has been rigorous and robust. The Authority is not well funded and has limited scope for diverting resources between programmes. As such, it has been necessary to exercise considerable control over the programme to ensure that the overall project remains affordable within an agreed Authority financial commitment and can be assessed as providing good value for money using both explicit HM Treasury protocols and more traditional assessments of value and resource commitment. Treasury models have been used to test PFI procurement VfM, whilst the other elements of the project will be tested using competitive procurement and benchmarking.
- 3.2 The only scheme with a new build in excess of the PfS threshold for a default expectation of PFI funding is Thomas Clarkson Community College, where the new build percentage is assessed as 71%. There are no reasons why PFI funding is inappropriate for this project and the recommended HM Treasury tools for assessing both qualitative and quantitative VfM demonstrate that the PFI funding route provides VfM, which endorses the default expectation that this is the appropriate funding route.

4.0 Affordability

- 4.1 As noted above, project expectations have been managed in order to avoid a situation in which it would be necessary to de-scope projects to ensure affordability. Our experience in managing building projects has repeatedly demonstrated that an approach where significant de-scoping is necessary at a late stage results in a project that is disappointing to end-users. It also invariably results in a sub-optimal use of resources because of the difficulty in securing the necessary savings by removing those elements of works that are objectively the least important in securing the vision. Instead, elements are often deleted because they enable the budget to balance, or because a particular element is relatively easy to remove without requiring a costly redesign of the whole scheme.
- 4.2 We have also worked closely with our technical advisers and interrogated cost estimates at all stages in order to satisfy ourselves of the reasonableness of the estimates and to gain a secure understanding of the key cost drivers.
- 4.3 In terms of **capital affordability**, including figures agreed with PfS for abnormals, our OBC analysis shows that with the inclusion of a £3m capital contribution from the Authority:
- a) The estimated cost of the single PFI scheme is covered by the resources identified in the PfS Funding Allocation Model (FAM);

and

- b) The costs of the remaining D&B schools can be covered by the FAM.

4.4 The schemes include the purchase of additional land for site expansion at Cromwell Community College, not as a BSF requirement per se, but as part of the Authority's prudent approach to ensure that school sites are not allowed to become land-locked when additional local housing development is likely to place pressure on accommodation in future years beyond the BSF planning timescale. The Authority's capital programme includes provision for these site acquisition costs. Additional land has already been acquired at Meadowgate to enable development of the site under BSF. The planned site for the Fenland Junction PRU is already in Authority ownership, although its use for this purpose means that the Authority will forego any prospect of capital receipt for the land in question.

4.5 In terms of **revenue affordability**, we have taken considerable care to arrive at what we believe is a prudent basis for assessing long term revenue affordability. Our approach has been to secure the best possible understanding of the costs of:

- a) Maintaining a high standard of managed ICT service, including an appropriate provision of physical resources in schools and measures to maintain reasonable ratios of devices to students through refresh. This analysis has reviewed the deployment of the capital resources available through BSF and each school's existing revenue and capital commitment to this area of expenditure, and the likely change to this level of spending that would be necessary to meet the desired service standards; and
- b) Securing a high quality, consistent approach to lifecycle and facilities management for D&B schools that will ensure that remodelled schools are maintained on a sustainable and affordable basis following this very significant level of investment.

4.6 This latter aspect has posed significant challenges as there are no satisfactory standard models. However, we are satisfied that we have a robust basis on which to engage bidders in developing solutions that will seek to reconcile the potential conflict between affordability and a clear expectation of higher maintenance/lifecycle standards than have traditionally been in place. We have also had regard to:

- a) An expectation that this service would be provided or procured by the LEP;
- b) A secure maintenance/replacement profile underpinning cost estimates;
- c) The regrettable loss of 50% of the devolved formula capital (DFC) funding from BSF schools under the new DCSF arrangements for

'modernised' schools. Despite this reduction, planning has been based on 20% of the reduced DFC not being deployed on FM/lifecycle projects, as it is assumed that there will need to be a continuing funding stream to help meet asset replacement costs – notably in ICT;

- d) The likelihood that schools will need to commit a greater proportion of their budgets to this area of expenditure to make secure provision over a 25 year planning timescale;
- e) The use of a sinking fund approach to manage the fluctuations in costs over the 25 year planning period for lifecycle maintenance; and
- f) An expectation that the Authority will make provision from a share of resources currently retained for emergency repairs and maintenance across the school estate and from a new provision within the capital programme to help replace the resources lost to schools as a result of the loss in DFC funding.

5.0 **Readiness to Deliver**

5.1 We have continued to develop the experience and expertise of the team responsible for the development and implementation of the BSF project. The project organisational and governance structures are as described in the SfC2. We have been committed to making good progress through the BSF project; reflecting this commitment, our work to date has seen all elements of the BSF project completed on or ahead of time, with significant progress made against all performance criteria.

5.2 Our approach has been based on conventional Prince 2 project management methodology, with the recent recruitment of a Programme Manager who joined the team from the Authority's Waste Management PFI Project. We have also invested significant effort in establishing effective links with our advisers and the PfS Project Director, whom we see as part of our extended BSF Project Team.

5.3 We have already established a project plan for the entire procurement phase, and undertaken a review of the significant documentation required for this complex stage of the project. This work has included a Procurement workshop with key advisers and stakeholders to ensure both a common understanding of issues and priorities alongside a shared commitment to the project deliverables.

5.4 We have tested our readiness to deliver through an optional Gateway 0 and mandatory Gateway 1. Issues identified in the Gateway 0 have been addressed as part of our development of the OBC. The Gateway 1 confirmed that the project had made good progress and that the OBC was addressing all necessary areas. Specific issues from the Gateway 1 have been addressed in revisions to the OBC, or separate submissions to Partnerships for Schools.

- 5.5 We are under no illusions about the scale and complexity of the next stage of the project and have appreciated the support and advice from earlier wave authorities who have been kind enough to host visits and share their experiences.
- 5.6 Stakeholder engagement will continue to be a priority, with separate issues to be addressed in the sample schools and those that do not feature in this stage of the work. We recognise how vital it is to maintain high levels of commitment and interest within schools, if we are to sustain the significant change management programmes that are necessary to make a success of BSF.
- 5.7 Looking ahead, we recognise that there will be a continuing need for effective management of the project's performance in terms of processes and delivery, whilst also ensuring that the project meets the partnering aspirations of the Authority. We envisage a full engagement with the LEP to extract real value from a true partnering arrangement, rather than seeing the LEP as simply a 'pass through' shell entity. As such, we envisage an ongoing small Authority team charged with performance monitoring as well as some significant secondment of capacity to the LEP to enable it to make rapid progress in the next stage of the overall BSF project as well as exploring how the LEP can bring value to related areas of education facilities infrastructure.
- 6.0 **Leading and Managing Change**
- 6.1 Our approach to educational transformation has been to recognise the absolute importance of school ownership of this process. We see a need to increase the tempo in respect of capacity building and change management as schools prepare for the opportunities that new premises will bring.
- 6.2 Performance in the summer examinations of 2007 reflected encouraging progress in some areas. However, the overall picture demonstrates that there is no room for complacency and all schools are addressing the need to improve on previous best performance.

BACKGROUND

7.0 **The Corporate Vision**

- 7.1 Our corporate vision for Fenland is bold and aspirational. We are committed to working with our partners and we see BSF as providing a real catalyst for change that will provide a visible stimulus to the local community, as well as providing more tangible economic and employment benefits.
- 7.2 In addition to the catalyst for change that this very large BSF will provide we anticipate engaging with our private sector partner in providing training and employment opportunities for young people in

the Fenland area, with a particular focus on apprenticeships. We will also expect to see local companies contributing to the supply chain for the project.

- 7.3 Our strategic aims remain as we have set out in the Strategy for Change. Working with our key partners in schools, health, the College of West Anglia, Fenland District Council and the voluntary sector we aim for nothing less than a transformation in the life chances of local people. External assessments have recently confirmed the potential for leading and supporting change on the part of our key external partners. The mandatory Gateway 1 review has confirmed the strength and robustness of our own approach.

8.0 **Strategic Overview**

- 8.1 We have been consistent throughout the preparation of our BSF project over the benefits that our schools, our communities, our partners and the Authority wish to see delivered with the help of BSF investment. These were first set out in the preface to our Readiness to Deliver Statement and have been developed and refined at each iteration of the Strategy for Change. Our consultation with a range of stakeholders has confirmed the validity and relevance of our original vision, and we affirm it once again for the OBC. No changes are proposed from the strategic objectives set out in the approved Strategy for Change.