

Item No.	Classification: Open	Date: 16 th December 2003	Meeting Name Executive
Report title:		Building Schools for the Future and AMP Statement of Priorities	
Ward(s) or groups affected:		All Wards	
From:		Strategic Director of Education and Culture	

RECOMMENDATIONS

1. That the Asset Management Plan (AMP) Statement of Priorities as attached in Appendix 1 be approved and submitted to the DfES.
2. That approval in principle be given to participation with LB Greenwich and LB Lewisham in a Building Schools for the Future (BSF) Pathfinder initiative, subject to further approval of detailed partnership arrangements.
3. That an Expression of Interest be submitted to the Department of Education and Skills (DfES) for participation in the BSF initiative.

BACKGROUND INFORMATION

4. All LEAs are required to maintain and develop an Asset Management Plan (AMP). Unlike other statutory plans, the AMP is not a single document but a database of information about school premises under the three categories of:
 - **sufficiency** - whether the accommodation is sufficient to meet the need for school places. The capacity of all schools was assessed in 2002 according to a new DfES formula.
 - **condition** – the maintenance needs of each school. All schools were surveyed in 2000/01 and a fresh round of surveys has now commenced.
 - **suitability** – how far school premises are fit for purpose. An initial assessment was undertaken in 2001 and a second round is now under way. These surveys are carried out by headteachers on the basis of DfES guidelines.

The data derived from these assessments forms the basis for determining investment priorities, both for the Council's capital programme and for the use of schools' devolved capital and delegated maintenance funds.

5. The AMP also requires a Local Policy Statement that sets out how the Plan will be used by the LEA and schools and a Statement of Priorities that shows how the AMP is to be used for developing the capital programme. Both of these documents are expected to follow a framework established by the DfES and are to be updated periodically. Those LEAs – such as Southwark - whose current Local Policy Statement is considered to be satisfactory are no longer required to submit this to the Department. Work is currently in hand on this Statement. LEAs must however submit a revised Statement of Priorities to the DfES by 19 December 2003.

6. The new Statement of Priorities will need to take into account the Government's initiative for Building Schools for the Future (BSF). This was launched by the DfES earlier this year following a consultation process and is specifically directed at secondary schools. It has the ambitious aim of rebuilding or refurbishing every secondary school in the country over the next ten to fifteen years. It is intended to bring about transformational change and is wholly related to the drive to raise standards.
7. The national priority for BSF will be schools and areas where educational achievement is low and where there are high levels of deprivation, as measured through eligibility for free school meals. In London, implementation will be linked to London Challenge. The scope of the scheme includes secondary special as well as mainstream schools. Academies are currently covered by different funding arrangements but it is intended that they will be linked to the overall approach. Voluntary schools are included although the position here is more complex because of the need for governing bodies to secure their own 10% contribution towards capital funding. The DfES and the diocesan authorities are developing a national joint venture scheme for C.E. schools. It is understood that discussions are also being held between the Department and the R.C. authorities although these are less well advanced.

KEY ISSUES FOR CONSIDERATION

8. The AMP Statement of Priorities, to be submitted by 19 December, has been revised to take account of the BSF initiative. This document – attached as Appendix 1 – sets out the strategic priorities in the context of available resources. The basis of the capital strategy was agreed by a joint working group of headteachers, governors and members in 2000 and has been updated in line with the developing Council capital strategy, the Secondary Schools Strategy and the various Education strategic plans including the Education Development Plan, School Organisation Plan and the AMP itself. In the light of the focus of Government funding on secondary schools under BSF, it proposes that the primary sector should be the main priority for other resources. This document is recommended for approval and submission to DfES.
9. BSF offers a significant opportunity for Southwark. Considerable investment has been or is being made in certain secondary schools, such as The Charter, Kingsdale, Waverley and the two Academies. The BSF initiative – linked to the development of further Academies – will provide the basis to extend this standard of accommodation to all other secondary schools in the context of the recently approved Southwark Secondary Schools Strategy. The transformational change envisaged in the programme will involve the complete rebuilding of schools where this is feasible and economic. In other cases, it will require major refurbishment of existing buildings – or a mix of rebuild and refurbishment. Where the scheme is predominantly rebuild, it is likely that a form of Private Finance Initiative (PFI) will be the means of implementation, involving construction and subsequent facilities management as part of an overall package. For predominantly refurbishment schemes, traditional procurement methods are more likely.

National Implementation of BSF

- 10 BSF will be implemented in stages. The DfES initially established four national Pathfinder projects as pilots for the programme, for implementation in 2005/06. LEAs were then invited to submit bids – by the end of October 2003 – for inclusion in Phase 1 of BSF, also for implementation in 2005/06. A second round of bids – or expressions of interest – are to be made by 19 December for Phase 2, for implementation from 2006/07 onwards. In order to secure economies of scale, a number of schools will be included in each contract but it is likely that many LEAs will have their schools spread over more than one package. LEAs may work collaboratively in cross-borough arrangements.

BSF in Southwark

- 11 One of the four national BSF Pathfinders is LB Greenwich. In line with the principles of the London Challenge for joint working between LEAs, Southwark and Lewisham have been invited to join Greenwich as part of the Pathfinder – at least as far as the first phase of implementation is concerned. Each of the three LEAs has therefore put forward an initial package of projects to be included in this first phase. For Southwark, this bid consists of:
- i) rebuilding of Aylwin Girls' School, on the basis of its accommodation needs and that at the time of bidding the school was not identified for early Academy status.
 - ii) completion of work at the three community schools where major refurbishment schemes have already been initiated but where some work remains to be funded – The Charter, Kingsdale and Waverley.

A decision by the DfES on these bids is expected shortly. The full participation of the schools concerned would be required in order to make this initiative a success and detailed discussions will be held with the schools involved as soon as the DfES decision is made.

- 12 If approved, this initiative would involve Southwark working closely with its two LEA partners in developing arrangements for delivering this package of work that will protect the interests of the three constituent authorities while still achieving the benefits of joint working. The DfES has established a new organisation named Partnerships for Schools (PfS) to lead – both locally and nationally – on implementation of BSF. The national model for developing BSF envisages in each area the establishment of a Local Education Partnership (LEP) that brings together the LEA (or LEAs) and PfS with a private sector partner. This would act as a procurement vehicle to deliver the supply chain of contractors who would then be responsible for implementation of the package of work. LB Greenwich has however put forward a variant of this model that would involve a not-for-profit trust instead of a Local Education Partnership containing a private sector partner. The trust would initially need to tender for the work under EU competition rules. It would therefore be set up at an early stage in order for it to respond to the European Union public procurement regulations. Greenwich officers have indicated that the three LEAs would have the opportunity to nominate directors of the trust. Any surplus generated by the trust would be ploughed back into the partnership to fund projects of benefit to the local community. An outline of the Greenwich proposal, based on a set of

questions and answers prepared by the borough, is included as Appendix 2 of this report.

- 13 There are many aspects of the Greenwich model still to be clarified – as there are with the DfES LEP approach. It is not yet known whether the Greenwich model will be acceptable to the DfES, although the Department has indicated that it is prepared to consider variants from the standard approach. In the light of more information on the Greenwich model, a detailed financial and legal risk assessment will need to be undertaken. While these important issues are yet to be clarified, joint working with Greenwich and Lewisham does present some major opportunities:

- obtaining the benefits of participation in BSF at the earliest opportunity
- substantial investment in Southwark schools
- the opportunities for sharing procurement and other developmental costs across three LEAs with the potential for economies of scale
- sharing the expertise of other LEAs with PFI experience
- opportunities for wider collaboration between three neighbouring LEAs with many operational and planning issues in common e.g. cross-borough movement at age 11.

It is therefore recommended that given the major opportunities for Southwark schools that the Pathfinder represents, approval in principle is given to continuing to work with Greenwich and Lewisham on the development of the BSF Partnership Initiative (see Recommendation 2).

- 14 The Pathfinder project as currently envisaged, would deliver only part of Southwark's secondary school needs. It is therefore proposed that an Expression of Interest is submitted to DfES by 19 December for the remainder of these needs. This would reflect the new Secondary Schools Strategy and would cover all secondary schools not fully committed at this stage to the Academies programme, as well as potential future needs such as the proposed new boys' school at the Waverley Lower site. The Expression of Interest does not require a detailed set of specific proposals for each school and is intended to be a "light touch" exercise for LEAs. No specific commitments are made at this stage. It requires a statement of the Council's strategic approach and information on each of the schools to be included with an indicative assessment of the scale of work likely to be involved. It will need to demonstrate how the capital investment will – as part of an integrated approach through the Secondary Strategy – make a difference in raising standards. This will include the development of specialist schools, academies, extended schools, inclusion, professional development and links both to primary schools and post-16 provision.
- 15 Discussions are being held with the diocesan authorities and individual schools for the preparation of an Expression of Interest. At the time of preparation of this report, this work is still in progress. Further information will be available at the time of the Executive meeting on 16 December. It is recommended that approval is given to the submission to the DfES of an Expression of Interest in participating in Phase 2 of the BSF initiative (see Recommendation 3). A DfES decision on the Expressions of Interest received is expected in March 2004.

Policy Implications

- 16 The BSF initiative and the AMP Statement of Priorities are aimed at providing the right infrastructure in schools in order to raise levels of achievement. As such, they are in line with the Council's policy of raising standards in schools. Both BSF and the AMP meet the objectives of the new Council capital strategy.

Effect of proposals on those affected

- 17 The aim of these proposals is to improve school premises in order to provide an environment that is fit for purpose for all who learn or work there. The principles of inclusion and community links will be central to their delivery. The investment will provide an opportunity to extend significantly the proportion of school buildings that are fully accessible to disabled pupils, in line with the Disability Discrimination Act. The BSF initiative is firmly focused on improving standards of education in those areas where deprivation is highest, with the proportion of pupils eligible for free school meals as a key factor in the national prioritisation of resources.

Resource implications

18. There is no commitment to capital funding at this stage in agreeing the recommendations of this report. A detailed assessment will need to be made of the financial implications of joining the BSF Partnership once full details of the Greenwich partnership model are known and DfES decisions have been made on which schools are to be included. Any scheme project included in BSF will be the subject of detailed option appraisals and cost assessment and will be the subject of further report before any commitments are entered into.
19. At this stage, the revenue cost of employing consultants to prepare the Expression of Interest and for initial work on the Partnership can be met from within existing budgets. It is likely however that the level of technical, financial and legal expertise in implementing these major and complex projects will require additional resources and this will be the subject of further reports as the overall initiative develops.

Consultation

20. The Statement of Priorities has been the subject of consultation with headteachers and diocesan authorities on the AMP Advisory Group. The recommended approach to BSF has been the subject of consultation with the Schools Forum and the AMP Advisory Group. The Expression of Interest will reflect discussions with individual schools and the diocesan authorities. The development of specific school projects under BSF will require the full participation of the schools concerned in order to secure a successful outcome.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Borough Solicitor and Secretary

21. The report sets out the intention to access funds for the purpose of the improvement of the physical facilities of schools in Southwark. This is intended to be funded through approvals from the DfES to participation in the Building Schools for the Future initiative. The report seeks outline approval to participation with Lewisham and Greenwich in a Pathfinder project in Phase 1 of BSF; and to the submission of a bid for participation in Phase 2 of BSF; and to approval of the submission of the Council's Asset Management Plan.
22. Approval of the Council's Asset Management Plan is a matter reserved to the Executive for decision. The report sets out the basis for the recommendation that the Plan is submitted.
23. A decision to participate in either Phase 1 (through the Pathfinder) or Phase 2 of BSF would be a key decision, since participation in either Phase is likely to have a significant impact on communities. The Executive is asked to take those decisions for the reasons set out in the report. It is not yet clear what the financial or other risks of participation in either Phase would be, and the report makes clear that the approval sought is in outline only, with a further report to be made on details of participation at a later stage.

Chief Finance Officer

24. The "in principle" participation with LB Greenwich and LB Lewisham will not at present involve the Council in a direct financial commitment. The details of the anticipated commitment if the partnership does take place are currently being investigated. Full information will be brought back to members for consideration before any final approval of Southwark's involvement in the partnership. If it is successful, participation in the pathfinder will allow access to guaranteed Government capital resources to assist in the improvement of a number of secondary schools in Southwark. The level of assistance has not yet been announced but it will relieve the pressure on the Council's own limited capital resources.
25. The submission of the Expression of Interest will give Southwark a further opportunity to be awarded Government capital support under the BSF programme. This is not guaranteed but if awarded would again relieve pressure on the Council's own scarce resources.

Head of Strategic and Departmental Procurement

26. The procurement of both the Strategic Partner as proposed by LB Greenwich under a framework agreement and a PFI partner are subject to a tendering process under the EU public procurement regulations. The timing of the procurements is sensitive to enable the Strategic Partner to be in a position to bid for the PFI work within the DfES timescales. In addition, if it were decided to proceed with procurement of a Strategic Partner, it would be advantageous to commence the process before the new EU Directive is agreed (currently likely to be late summer 2004) to enable a framework agreement for a term longer than four years to be let.

27. It should be noted that the proposed joint working with Greenwich and Lewisham and the necessity to let several contracts subject to the EU public procurement regulations will require a high level of procurement support as well as legal and financial support.
28. As an organisation which receives the majority of its funding from authorities subject to the EU public procurement regulations, the Strategic Partner will also have to procure in compliance with these regulations until its balance of funding changes.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
DfES Bidding Guidance , Building Schools for the Future	CEA@Southwark, John Smith House, Walworth Road London SE17 1JL	John Elliott 020 7525 5143
DfES Guidelines, Asset Management Plans		

AUDIT TRAIL

Lead Officer	Roger Smith, Strategic Director of Education and Culture	
Report Author	John Elliott, Head of Asset Management	
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Key Decision?		
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / EXECUTIVE MEMBER		
Officer Title	Comments Sought	Comments Included
Borough Solicitor and Secretary	Yes	Yes
Chief Finance Officer	Yes	Yes
Executive Member		
Date final report sent to Constitutional Support Services	8.12.03	