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| Item No. | Classification: Open | Date: 23 March 2010 | Meeting Name: Executive |
| Report title: | | Southwark Schools for the Future: BSF Phase 3 | |
| Ward(s) or groups affected: | | All | |
| From: | | Strategic Director of Children's Services | |

RECOMMENDATIONS

Executive is asked to:

- 1 Approve the submission of the Phase 3 Stage 0 submission to Partnerships for Schools.
- 2 Note the revised strategy for the Phase 3 investment including the separation of the Bredinghurst BESD School and the Pupil Referral Units.
- 3 Note the reprogramming of Sacred Heart to Phase 2 and the delivery of this project as a joint PFI with St Thomas the Apostle College.
- 4 Note the outline programme dates for the Phase 3 projects.
- 5 Note that a financial update report will be submitted for Executive approval following financial close of Phase 2 in Autumn 2010.
- 6 Approve the proposed timings of Gateway 1 and Gateway 2 decision making through the development of the Phase 3 programme.
- 7 Give approval to the Finance Director to sign certificates under the Local Government (Contracts) Act 1997 which are required to be given to the LEP for Phases 2 and 3, and which certify that the local authority has the power to enter into these contracts (further details of which are given in paragraph 91-2).

BACKGROUND

- 8 On 2nd May 2007, Southwark Executive approved the Southwark Schools for the Future Outline Business Case (OBC). This OBC outlined a programme of investment in Southwark's secondary school estate enabled by funding from Partnerships for Schools (PfS) of £179m.
- 9 In May 2009 Southwark entered into a Strategic Partnering Agreement with Transform Schools and a Local Education Partnership was established to deliver the BSF programme. This partnership has since been rebranded as 4Futures.
- 10 The Building Schools for the Future (BSF) programme was to be procured in three phases with funding committed to Southwark upon approval of a Stage 0 submission at the outset of each Phase. This Stage 0 submission is required to

reaffirm the commitments made to the relevant projects and programme at OBC and outline any changes to the proposals.

- 11 It was anticipated in the report to Executive in May 2007 that inflation and location factors for these later phases of construction would result in some fluctuation of the total PfS funding allocation. The precise funding allocation for a project or phase is confirmed (including for inflation etc) following approval of a Stage 0 submission.
- 12 Phase 1 projects are progressing on site. Current projections are that Tuke will open in September 2010 and St Michael's in January 2011. These projections are ahead of the opening dates anticipated within the OBC.
- 13 Phase 2 projects (St Michaels and all Angels/Highshore, St Thomas the Apostle College, New School Aylesbury, Spa) are moving into their detailed design and planning phase in order to reach financial close in July and a start on site during August 2010.

KEY ISSUES

Phase 3 Programme at OBC

- 14 The phase 3 programme as outlined in the OBC incorporated investment in the following schools:

Table 1: Phase 3 OBC Summary

| School | Type | Build Type | Contract Type | Pupil Number |
|----------------------------------------------------|--------------------------------|------------|------------------|--------------|
| Notre Dame | VA | Remodel | Design and Build | 620 |
| Sacred Heart | VA (with resourced unit) | New | PFI | 625 |
| St Saviour's and St Olave's | VA | Remodel | Design and Build | 750 |
| New School Rotherhithe | New | New | Design and Build | 900 |
| Bredinghurst Learning Campus (Bellendon Road Site) | Special and co-located KS4 PRU | Remodel | Design and Build | 90 |
| Bredinghurst Learning Campus (Stuart Road Site) | Special and co-located KS3 PRU | New | Design and Build | 126 |
| Charter School | Foundation | ICT only | ICT Only | 1200 |

Changes to Phase 3 Programme

- 15 In August 2009, with PfS approval, Sacred Heart was re-phased in order to mitigate challenges arising in funding of PFI projects and bring about economies through a combined PFI arrangement. It is intended that Sacred Heart is now to be delivered in Phase 2 as a joint PFI project with St Thomas the Apostle College subject to resolution of affordability challenges through the technical, legal and financial workstreams.
- 16 In the summer of 2009 Children's Services re-evaluated the overall educational strategy driving the construction programme in Phase 3. A confederated special school bringing together KS3 and KS4 Pupil Referral units and provision for BESD was no longer considered to represent the most appropriate educational solution and a revised vision document was developed by education specialists. This reconsideration of the Bredinghurst option was described in the November report to the Executive.
- 17 This revised vision outlines the development of three distinct institutions with specialist and appropriate facilities requiring a review of site opportunities. This review makes the following recommendations:
 - In collaboration with Southwark College, a centre of excellence is developed for vocational teaching for 14-16 year olds at the Camberwell site of the College, which has also offered to host the Key Stage 4 pupil referral unit on site at a peppercorn rent;
 - Highshore school is redeveloped as a specialist Key Stage 3 pupil referral unit ; and
 - The Bredinghurst site is used to create a small specialised school for pupils with behavioural, emotional and social needs.
- 18 The educational rationale for the creation of three distinct institutions is provided as appendix 1.
- 19 The construction proposals developed with Notre Dame and St Saviour's and St Olave's within the OBC have been revisited to ensure that they meet the evolving aspirations of the school and offer value for money. Through these discussions it was clear that the scope of work developed as the preferred option no longer met the aspirations or requirements of the schools.
- 20 4Futures have worked closely with the Head Teachers of Notre Dame and St Saviour's and St Olave's to challenge their requirements and develop and agree revised deliverable outline schemes.

- 21 When Executive approved the OBC it was acknowledged that a site for new school Rotherhithe was yet to be found. Any site identified may require funding to realise it in addition to that available through Partnerships for Schools. Executive noted the potential costs of site realisation when approving the OBC in May 2007. This report incorporates an allowance for securing an appropriate site within the funding envelope described for this school.
- 22 To ensure that the delivery programme for the Rotherhithe School (and the Phase 3 more widely) is achieved a site will need to be confirmed for the new school in Rotherhithe before September 2010. A report on this issue will be brought to the Executive in Summer 2010.
- 23 It is intended to submit the required Stage 0 submission to Partnerships for Schools in March 2010 in order that approval of the detailed programme can be received and Southwark's funding allocation be confirmed ahead of any hiatus in governmental decision making arising from the local and national elections.

Phase 3 Programme

- 24 In February 2010, 4 Futures completed a review of the Phase 3 programme and its implications on the delivery of the wider BSF programme. 4 Futures recommended to the Strategic Partnering Board a revised delivery programme with design development progressing after financial close on Phase 2.
- 25 In order to bring about financial economies in project development and contract negotiations it is intended that Phase 3 be progressed as a single phase with a common contract close across the programme. To mitigate programme delays this may have to be revisited should specific project issues arise that cause delay to a single project.
- 26 The Phase 3 programme has been reviewed. The council and 4Futures consider it prudent to commence Phase 3 development after the contractual close of Phase 2 to ensure that the budget available for Phase 3 is clear and unambiguous, that is after all Phase 2 potential risks and liabilities have been identified and the council is in contract for Phase 2.
- 27 It is considered that a delay to the start of design development of Phase 3 to September 2010 will allow staff to move smoothly into the next Phase and ensure that good working practices developed through Phase 2 are integrated into the delivery of Phase 3. This also ensures that design development begins following the summer holiday period avoiding the hiatus that this period would cause if the process was to start in the Spring.
- 28 The Phase 3 programme has been considered by the Strategic Partnering Board. The dates are as follows:

- | | |
|-------------------------------|----------------|
| • Stage 0 submission to PfS | March 2010 |
| • Stage 0 Approval | March 2010 |
| • New Project Requests Issued | September 2010 |
| • Stage 1 Submission | November 2010 |

- Stage 1 Approval November 2010
- Stage 2 Submission May 2011
- Contract Close July 2011
- Construction commencement August 2011

29 The construction commencement dates for Phase 3 projects outlined in the OBC were between March and September 2011. The planned delivery dates for the Phase 3 schools and the target date at OBC are shown in Table 2.

Table 2: Phase 3 Programme Dates

| School | OBC Target Delivery Date | Revised Target Delivery Date |
|-----------------------------|---------------------------------|-------------------------------------|
| Bredinghurst | April 2013 | Jan 2013 |
| St Saviour's and St Olave's | Sept 2012 | April 2013 |
| Notre Dame | Sept 2012 | Aug 2013 |
| New School Rotherhithe | Sept 2013 | July 2013 |
| KS3 Pupil Referral Unit | April 2014 | July 2014 |
| KS4 Pupil Referral Unit | April 2013 | July 2013 |

30 The two schemes for which the revised target programme is most changed from the OBC target date are Notre Dame and St Saviour's and St Olave's. Construction start dates are in line with those outlined at OBC however through the development of the design proposals it is considered that the original periods allowed on site are insufficient.

31 This revised Phase 3 programme has been considered and approved by the Strategic Partnering Board. The development of Phase 3 will start in September 2010 leading to contractual close in Summer 2011.

Approvals and Delegated Authority

32 In February 2009 the Executive delegated authority for Gateway 1 and Gateway 2 approvals for phase 2 and phase 3 of the BSF programme, together with the related school procurement and governing body agreements, to the Local Authority Representative (LAR).

- 33 The February 2009 report outlined that the Phase 3 BSF projects would go through the following approval process:
- New project request – the Council will issue a new project request to 4 Futures. In order to issue this request Partnerships for Schools need to approve a Stage 0 approval document (anticipated in March 2010), which confirms that the information contained in the Outline Business Case (approved by Executive 2 May 2007) have not changed or any changes are acceptable and are fully funded. At this point a procurement agreement is also signed with the school to commit them to taking part in the process and to set out their affordability envelope for ICT and FM services.
 - Stage 1 approval – following receipt of the New Project Request, 4 Futures will undertake a Stage 1 work. This work is equivalent to a feasibility study.
 - Stage 2 approval – following recipient of Stage 1 approval, the 4 Futures will proceed to undertake Stage 2 work. This work is detailed design, and includes submission of a full planning application for the scheme. At this point the back-to-back governing body agreement is signed with the school to commit them to the financial and other obligations necessary for the Council to enter into the Contract with 4 Futures.
- 34 The Local Authority Representative was given delegated authority to approve Gateway 1 and Gateway 2 reports (including authorisation of the issue of New Project Request and approval of Stage 1 and Stage 2 requests for phase 2 and phase 3 BSF projects), subject to the following constraints:
- The scope of the schemes is consistent with that agreed by Executive; or the scope of an individual scheme has increased but is fully funded by a third party and has no detrimental impact on any other school in the programme.
 - The financial implications to the council are in keeping with the parameters set out in the SSF OBC Update report noted by Major Projects Board at its meeting of November 21 2007.
- 35 Under the current arrangements at the conclusion of the Stage 1 4 Futures submit to the LAR a Stage 1 approval request for approval to proceed to Stage 2. At conclusion of Stage 2 4 Futures submit to the LAR a Stage 2 approval request. These submissions from 4 Futures are used to seek the relevant council Gateway 1 and Gateway 2 approvals prior to authorisation to proceed with the subsequent project stage being given to 4 Futures.

- 36 Approval is sought to amend the timing of the Gateway approvals. It is recommended that Gateway 1 approval is sought prior to the issue of a New Project Request report and Gateway 2 approval is required prior to the letting of the construction contract at Stage 2. Under this arrangement the Stage 1 submission would be considered by the Strategic Partnering Board chaired by the LAR and approval to proceed to Stage 2 would be delegated to the LAR with advice from the board. It is anticipated that this approach will enable a reduced Phase 3 design development programme allowing financial close to be achieved ahead of the 2011 summer holiday period.
- 37 Phase 2 financial close is programmed for July 2010 to enable site establishment and disruptive works to take place during the summer holidays. Slippage to the Phase 2 close would have a significant impact on the schools if these essential works were to progress during term time. Phase 2 is currently on programme.

School Funding

- 38 Schools will be expected to make a financial commitment to their projects. This funding will be agreed with the schools in consideration of their means and their remaining liabilities (i.e. a new build school will have fewer capital liabilities in future years than a school subject to a partial refurbishment). School contributions will be identified in the Gateway 1 required prior to the New Project Request issued to 4 Futures.
- 39 This funding will be in addition to the revenue funding agreed at OBC to support the delivery of Facilities Management and ICT at the schools.

Phase 3 Funding

- 40 The closed version of this report provides detailed commentary on the revenue and capital position of the BSF programme. The closed report outlines the affordability position and sets out a risk management strategy, including associated recommendations, for managing financial risk moving forward.
- 41 Executive are asked to note that further reports regarding Council spending decisions for Phase 3 schemes will be prepared following the financial close on phase 2. This will allow Executive the opportunity to consider options and make decisions on the basis of an updated risk profile and the feasibility assessment.

Local Government (Contracts) Act 1997

- 42 Authority is requested to enable the Finance Director to sign Contract Acts Certificates in respect of a number of contracts for Phases 2 and 3. Although the council will enter into the contracts for these phases an individual officer will be responsible for certifying a number of these contracts, including the Project Agreement for St Thomas the Apostle College and Sacred Heart, ICT agreements for both phases and the Funders Direct Agreement, and such certification must be authorised by the council.

- 43 The certificates are required under the Local Government (Contracts) Act 1997, and by providing such certificates confirms that the council has the necessary powers to enter into these contracts. The length and nature of these contracts requires that the council is required to provide certificates in respect of them. The Act also sets out those officers of the council who are permitted to give these certificates, one of whom is the Finance Director.

Supplementary Advice from Other Officers

Head of Property

- 44 The Head of Property has considered the content of this report and has advised on the likelihood, financial impact and mitigation of the property and technical related risks arising through the BSF programme and outlined in the closed report.

Finance Director

- 45 The Finance Director has considered the content of this report and has advised on the financial implications outlined in the closed report.
- 46 The Finance Director concurs with the recommendations as set out in this report and agrees with the management strategies to ensure the programme is delivered according to the Executive decisions for the OBC, subsequent and future decisions.
- 47 The proposed changes from the OBC to Phase 3 of the programme (paragraphs 15-31) demonstrate a commitment to incorporate emerging priorities and to seek economies where possible whilst maintaining the desired educational outputs. In particular, the proposal to combine the phase 2 and 3 PFI schemes is designed to bring about economies through reduced financing and procurement costs. The proposal to let the phase 3 contracts as one will also contribute to reduced procurement costs. The provision of the KS3 and KS4 pupil referral units and specialist educational delivery has been reassessed to take into account current and future needs at a saving to the OBC preferred option. Likewise, the requirements of Notre Dame and St Saviour's & St Olave's have been challenged and deliverable preferred option schemes developed.

Strategic Director of Communities, Law & Governance

- 48 The Executive is asked to approve a number of recommendations relating to Phase 3 of the Southwark Schools for the Future project. The Executive is advised that a number of representatives of the Strategic Director of Communities, Law & Governance have been working with the SSF team since this project commenced and will continue to assist throughout phase 3, as required. External legal advisors (Trowers and Hamlin) who are specialists in the BSF field have also been appointed to provide legal advice and are working with the in-house team.

- 49 Paragraph 12 requests the Executive to give approval to enable the Finance Director to sign Contract Acts Certificates in respect of a number of phase 2 and phase 3 contracts. Under the Local Government (Contracts) Act 1997, a number of the contracts (details of which are given in paragraph 91) must be certified. Although the council will be the contracting party for these contracts, it is necessary under the Act for an individual officer to be responsible for certifying these contracts, and such certification must be authorised by the council. The effect of certification is that the Authority is deemed to have the requisite powers to enter into these contracts – giving those involved in the contract, and particularly the funders for this project the comfort they need to enter into these major contracts. Under the Act only certain officers are permitted to give such certificates, one of whom is the Finance Director.
- 50 Approval is also sought to amend the timing of the Gateway approvals of the individual contracts for works/services at each Phase 3 school. As required by Contract Standing Orders, Gateway 1 and 2 reports will be approved – such approval to be given by the LAR (as previously delegated by the Executive). However for programme reasons, it is felt more appropriate to seek gateway 1 approval prior to the issue of the New Project Request report, and Gateway 2 approval prior to the letting of the contract.

BACKGROUND DOCUMENTS

| Background Papers | Held At | Contact |
|---------------------------|-------------------|----------------------------------|
| BSF Outline Business Case | 160 Tooley Street | Sam Fowler, SSF Project Director |

APPENDICES

| No. | Title |
|-----|---------------|
| 1 | BESD Strategy |

AUDIT TRAIL

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|---------------------------------------------------------------------------------|------------------------------------------------------|--------------------------|---------------|
| Lead Officer | Terry Parkin, Deputy Director of Children's Services | | |
| Report Author | Sam Fowler, SSF Project Director | | |
| Version | Final | | |
| Dated | 11 March 2010 | | |
| Key Decision? | Yes | | |
| CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / EXECUTIVE MEMBER | | | |
| Officer Title | Comments Sought | Comments included | |
| Strategic Director of Communities, Law & Governance | Yes | Yes | |
| Finance Director | Yes | Yes | |
| Head of Property | Yes | Yes | |
| Head of Procurement | No | N/A | |
| Date final report sent to Constitutional/Community Council/Scrutiny Team | | | 11 March 2010 |

Appendix 1

BESD Provision

Southwark recognises the need to improve provision for students with BESD, accordingly a proposal to alter provision was made in the original OBC. This contained principles and outcomes which remain unaltered. However, after consideration, Southwark has decided that the OBC solution for this provision does not fully meet the needs of the full spectrum of students. Subsequently a review has taken place which has led to improved educational definition of the spectrum of need, a reassessment of how this should be met and, consequently, reconsideration of the required accommodation solution.

The review has enabled Southwark to gain further understanding of, and therefore respond more appropriately to, the needs of children with BESD by providing a continuum of behavioural support close to the point of need, which is flexible, focused, responsive, accessible and has impact. This will be developed over the next three years. There are broadly two groups of students requiring BESD support:

- Those who have a medical or psychological condition that prevents them controlling their behaviours
- Those whose behaviour is being conditioned by environment and personal choices.

However, these groups exhibit significant overlap as do the latter with students in mainstream settings.

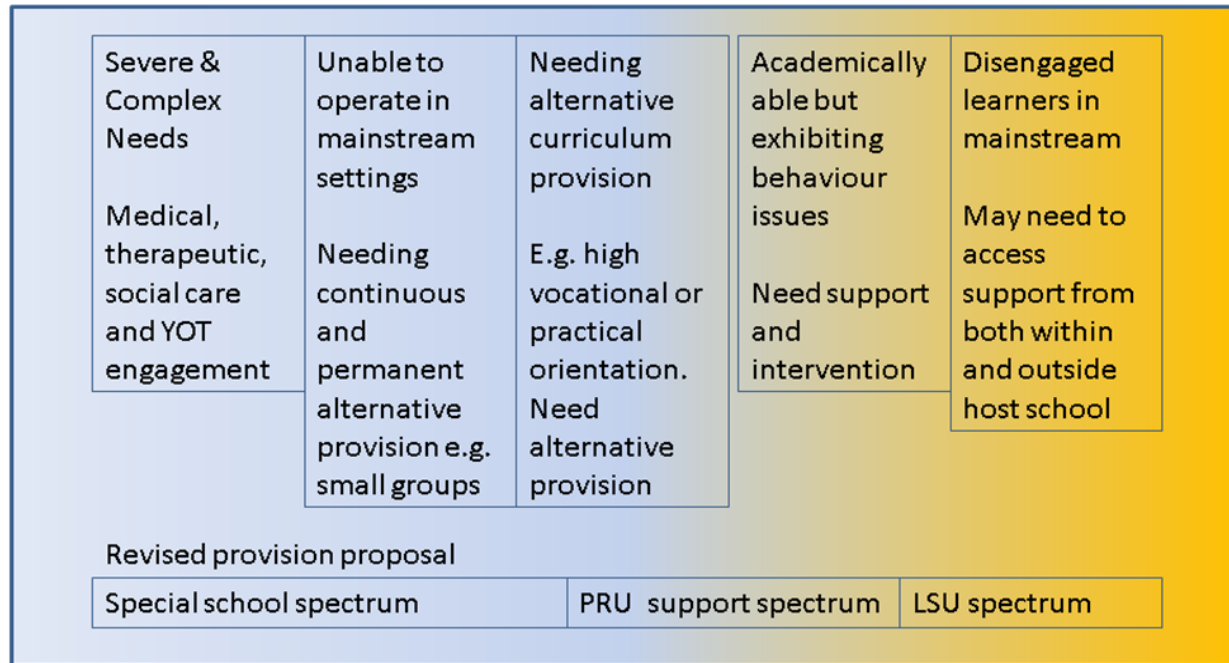
The current provision has been found to have created a special school that has to cater for too broad a range of pupils so that the school has historically found it difficult to meet needs appropriately. The new analysis has resulted in a view that the OBC proposal is at risk of exacerbating this situation by increasing the range of need through collocation of these two groups of student.

A system will be put in place whereby all mainstream schools will be expected to manage behavioural needs up to a certain agreed threshold before accessing the next stage in the continuum of provision. This next stage is provided by the Southwark Integrated Learning Service or SILS, which fulfils both a behaviour support service to mainstream schools and delivers the pupil referral unit function. Beyond this will lay special school provision for pupils with the most acute needs.

The OBC proposed the amalgamation of the KS3 and KS4 PRUs with the BESD provision at Bredinghurst school.

Current Bredinghurst intake

OBC Planned Bredinghurst /PRU integration



There is now agreement that provision for the full range students with BESD should not be on one site. Following review, the co-located special school/PRU option is not considered to be the best educational solution because of the difficulty in managing and supporting the large numbers of students with varied needs.

The revised vision is to provide a truly personalised curriculum which takes into account the skills, talents, interests and needs of individual students by making the provision on separate sites that are distinctive and tailored to need.

| Provision | Headline description of provision | Key accommodation requirements |
|-----------|-----------------------------------|--------------------------------|
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| <p>11-16 BESD Special School Provision (currently Bredinghurst)</p> | <p>A functional and therapeutic approach for students with the most acute needs who require medical and psychological intervention and multi-agency support. A curriculum focused around personal and social development. High staff to pupil ratios including small group and 1:1 support as a norm.</p> | <p>General learning bases of good size to accommodate a maximum of seven students plus staff. Access to serviced space suitable for science, technology and art learning. Good sports and PE facilities. Access to small respite rooms and spaces suited to multi-agency support e.g. medical, counselling activity. Fixed and secure access to ICT.</p> |
| <p>KS3 PRU Provision</p> | <p>A parallel curriculum experience to mainstream KS3 in a more controlled and supportive environment for students who will be out of mainstream settings for either a fixed period of time or who may not return to school. Increased emphasis on key skills and an enhanced vocational or practical orientation. Some respite and multi-agency intervention.</p> | <p>General learning bases of good size to accommodate a maximum of eight students plus staff. Access to serviced space suitable for science, technology and art learning. Good sports and PE facilities. Enhanced vocational learning spaces. Access to small respite rooms and spaces suited to multi-agency support e.g. medical, counselling activity. More flexible ICT solution including access to mobile technology.</p> |
| <p>KS4 PRU/Alternative Curriculum Provision</p> | <p>An alternative curriculum provision for students who are unlikely to return to mainstream settings or who require an alternative provision for part of their schooling and who will be dual</p> | <p>General learning bases of good size to accommodate a maximum of eight students plus staff. Access to specialist vocational learning spaces beyond those normally associated with secondary</p> |

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| | <p>registered with a secondary school.</p> <p>Increased emphasis on key skills and an enhanced vocational or practical orientation. Some respite and multi-agency intervention. Real world orientation with strong FE or employer links.</p> | <p>schools. Access to serviced space suitable for science, technology and art learning. Good sports and PE facilities. Enhanced vocational learning spaces. Access to small respite rooms and spaces suited to multi-agency support e.g. medical, counselling activity. More flexible ICT solution including access to mobile technology. Informal learning space for individual, collaborative and ICT base learning. Distance and e-learning opportunities provided through ICT. Flexible and adaptive ICT provision including innovative use of mobile technologies.</p> |
|--|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

Whilst the premise of the OBC proposal and the planned outcomes remain unchanged it is apparent that the revised proposal will ensure a more strategic and appropriate educational delivery for all students with BESD. It better addresses long standing issues for Southwark in terms of our BESD provision.

To support the delivery of this vision the Authority has a commitment from Southwark College regarding collaboration and co-location of a KS4 PRU provision on the College site. This will enable access to a wider range of vocational options for students requiring an alternative provision 14-16, whilst securing a home base environment that is both supportive and responsive to students' needs.

The proposal provides a more secure educational solution because the provision will:

- Ensure that the six facets of ECM are met for each group of learners
- Ensure that all students with BESD needs experience a personalised learning offer in an appropriate setting

- Provide purposefully designed accommodation for students with BESD
- Provide a focused, flexible, responsive and accessible learning and teaching environment
- Provide multi agency and therapeutic facilities
- Provide suitable specialist facilities, especially those of a vocational nature
- Provide separate educational settings for BESD school attendees and those attending a PRU
- Offer separate PRUs for KS3 and KS4 facilitating better opportunities for the reintegration of KS3 students into mainstream school
- Provide extended vocational education for students in KS4 in conjunction with the local college and businesses and offer an alternative education environment for students in mainstream school who would benefit from a different vocationally orientated element to their 14-16 education
- Establish a provision that guarantees a college place for all PRU students at KS5
- Reduce the NEET population post 16 and levels of non-attendance pre 16
- Enable the provision of support for families in line with the Team Around the Child principle by providing appropriate work and support environments at the school sites
- Aid staff in developing the delivery of support and education for students with BESD through reduction in the range of learner needs to be accommodated in each setting
- Enhance opportunities for outreach work and alternative curriculum provision in support of mainstream schools

This revised vision, alongside the opportunities available through the involvement of Southwark College, has driven the Phase 3 accommodation strategy.