



**Executive  
27<sup>th</sup> May 2008**

**Report from the Director of  
Children and Families**

Wards Affected:  
ALL

**Building Schools for the Future (BSF) : Readiness to  
Deliver (RtD) Submission – Work in Progress and Next  
Steps**

Forward Plan Ref: C&F-07/08-003

**1.0 Summary**

- 1.1 The Council submitted an Expression of Interest (EoI) in December 2003, following approval by Executive on 8 December 2003 for entry into the Building Schools for the Future (BSF) programme. As a result of that EoI, and based on Brent's indices of need (measured by the take up of free school meals) as well as on the indices of schools performance (measured by attainment of five GCSE A\*-C) Brent was placed in Waves 7-9 of the national investment programme which means that resources will be determined ~~flow~~ after the Comprehensive Spending Review (CSR) in 2011. Essentially the improving standards obtained by Brent pupils, and the insufficiently high indices of poverty as measured by Free School Meals (FSM) worked to our disadvantage in gaining a place in the early waves of the BSF programme.
- 1.2 A number of early wave local authorities experienced significant delays in their BSF programmes. It became obvious to the Government that need alone was not the best indicator for selecting entry to BSF; capability and readiness to deliver were just as critical. Their approach changed so that authorities that were able to demonstrate their readiness and capability to deliver could have an opportunity to join the BSF programme ahead of their original wave.
- 1.3 On 25 February the Council was invited to submit an expression of interest in gaining early BSF entry. On 5 March 2008, the Council was invited to apply to the DCSF and Partnership for Schools (PFS) to be considered for early entry (although timescales for such entry are yet to be established, the Council aims to ensure that BSF investment will at least be in the earliest of

Waves 7-9) into the BSF programme. In order to do this, it had to submit a Readiness to Deliver Statement (RtD) by 11 April 2008. The RtD was in line with the requirements set out in the joint guidance from DCSF and PfS. ) There was, therefore, a very short window of opportunity for submitting the RtD and reporting to Executive prior to submitting it was not possible. This report sets out the implications of early entry to BSF at the earliest opportunity for the Executive to consider.

- 1.4 DCSF are now consulting on how Waves 7-15 are managed taking into account developments in government policy since the programme was first launched and the lessons learnt from the early waves. This consultation overlaps the RtD submission (with a deadline for response of 4 July 2008). The plan is to offer LAs in these waves to revise their original expression of interest and give them the opportunity to enter BSF with an initial priority project for early implementation.
- 1.5 This report provides the Executive with details of the requirements of that RtD submission and seeks Executive endorsement of that submission.

## **2.0 Recommendations**

The Executive is requested to:

- 2.1 Note the requirements from DCSF and PfS for the submission of a RtD and in particular:
  - 2.1.1 That in the event that the application for early entry to the BSF programme were successful and the Council took a decision to proceed, there would be a commitment to support revenue funding for the delivery of the project at a rate at least equivalent to 3% of the estimated project value;
  - 2.1.2 That in the event that the application for early entry to the BSF programme were successful and the Council took a decision to proceed, there would be a commitment to following the BSF model, noting that nationally new build schemes are expected to be delivered predominantly through PFI, the Local Education Partnership (LEP) procurement route (unless otherwise agreed with DCSF) and commitment to the procurement of a managed ICT service;
  - 2.1.3 As a precondition to submitting an early entry application, DCSF required confirmation that (regardless of whether or not the application for early entry to the BSF programme were ultimately successful) the Council would have a Project Director in place for June 2008, and that a BSF team and advisers (BSF Unit) could be put in place prior to the start of the project.
- 2.2 Agree in the interim to the appointment of education consultants and of other relevant expertise pending the establishment of the BSF unit, all such appointments to be carried out in accordance with Contract Standing Orders.

- 2.3 Note the contents of the RtD enclosed as Attachment 1;
- 2.4 Endorse the submission of the RtD made on 11 April 2008, by the Director of Children and Families;

### 3.0 Detail

#### Background

- 3.1 Building Schools for the Future (BSF) is a national programme intended to modernise the complete stock of secondary schools over a 15 year period, which will help transform education for secondary age students by providing 21<sup>st</sup> century learning environments that engage and inspire young people, their teachers and the wider community. Alongside this, Ministers expect local authorities to use BSF to deliver a step change in attainment levels by increasing school diversity and enhancing parental choice in their areas. Importantly, BSF is intended by the Government to be an unprecedented opportunity to transform learning and deliver the Every Child Matters outcomes for children and young people and not simply a construction programme. For Brent, BSF investment will not only deliver improved learning spaces and additional school places but will also enable schools to be better maintained thus reducing the call on annual resources for repairs and maintenance.
- 3.2 DCSF requires the programme to be led by a “Strategy for Change” setting out how the Authority intends to transform secondary education and confirming its ability and capacity not just to deliver an ambitious programme but also to adopt radical new procurement approaches including the setting up of a Local Education Partnership (LEP) as a vehicle to deliver BSF and other strategic investment. In Brent, the programme is expected to deliver investment of the order of between £110m (early phase estimates) and around £250m depending on the scope of the programme and subject to the entry into the programme by a couple of schools (both John Kelly Schools – Boys and Girls – are currently in discussion to become Academies). This level of resourcing is likely to be insufficient to deliver transformational change to Brent’s secondary schools. It is therefore likely that as the programme is developed, the Executive will be asked to consider options for funding the renewal of secondary schools with a contribution from the Council to the BSF pot. Much of the background to this initiative was set out in the Executive report of December 2003 which approved the broad framework for the approach to and submission of an Expression of Interest (EoI) for Brent BSF. Since then the DCSF placed Brent in Waves 7-9 which relies on the announcement of funding following a CSR in around 2011 with investment flowing from 2011 onwards depending on Brent’s readiness to deliver.
- 3.3 Brent’s original EoI (2003) was based on information available at the time , pointing to a surplus level of school places and therefore simply concentrating on replacing or renovating schools. The position is now clearer, in that, Brent faces a shortage of places equivalent to up to 16FE leading up to 2016. Elsewhere on the agenda, the Executive is advised of the forecast shortfall in the primary sector. In this context and against the backdrop of a refined

education vision Brent's BSF programme has been reviewed. It now embodies strands that include the expansion of school places, the changing patterns of curriculum initiatives and a revised education vision all aimed at enhancing schools performance and individual learning achievements.

- 3.4 On 25 February 2008, Brent and other Authorities were invited by DCSF and PfS to consider seeking early entrance into the BSF programme. There is no firm definition of "early entry". The Council will seek minimally to be placed early in Waves 7-9 whilst exploring to commence some of the highest priorities concurrently with Wave 6 where this is permitted. The letter is enclosed as Attachment 2. On 4 March 2008, following consultation with the Director of Finance and Corporate Resources and Lead Member for C&F, as well as discussions at the Policy Co-ordinating Group (PCG), the Chief Executive submitted an expression of interest to seek early entry into BSF. That letter confirmed Brent's commitment to meeting the requirements of both DCSF and PfS. The letter is enclosed as Attachment 3 (which formed Appendix 2 of the RtD). On 5 March 2008, PfS advised Brent that it would accept Brent's interest and asked that a Readiness to Deliver (RtD) statement be submitted by 11 April 2008. The RtD was submitted on 11 April 2008, Attachment 1. Attached to that RtD were a covering letter from the Director of C&F (Attachment 4), and a joint letter from the Chief Executive and the Leader of the Council (Appendix 3 to the RtD and Attachment 5 to this report).
- 3.5 The RtD sets out the Authority's plans for implementing Building Schools for the Future (BSF) programme. It constitutes the Authority's response to a number of criteria set by the DCSF. The DCSF and PfS are currently evaluating the Council's submission and will announce in June if Brent has been successful.

### **Key Issues Arising for Brent in its RtD Submission**

#### Strategy for Change (SfC)

- 3.6 The RtD needed to demonstrate a clear alliance between the estates strategy and the Authority's education vision and strategy for raising standards and how BSF can help in the process. This could include statements on:
- Diversity, Choice and Access
- 3.6.1 The BSF programme requires the Council to consider potential for Academies, Trust Schools and other means of reforming the education offer to help drive up standards.
- 3.6.2 The submission (although more refined work is needed with the VA bodies to establish the evolving nature of denominational need) sets out the details and types of secondary schools, the factors that limit choice and access to a secondary school. It then emphasises that choice and diversity are to be enhanced through BSF by:

- (i) Delivering up to 3 additional Academies (John Kelly Boys, John Kelly Girls and a potential Academy in the South subject to ongoing feasibility study)
- (ii) Delivering and embedding Extended Services through enhanced accommodation that provides good templates for collaborative and inter-agency working
- (iii) delivering local residential SEN provision
- (iv) increasing the number of secondary places available
- (v) substantially improving access to school buildings

- Underperforming Schools

3.6.3 Ten out of 14 Brent schools are judged to be at least “good”; three are judged to be “outstanding” or “very good”. The RtD confirms that the following key areas for improvement will be addressed through BSF as learning environments and the technology in schools are transformed:

- (vi) accelerating the improvement of underachieving groups
- (vii) improving the outcomes for looked after children
- (viii) raising standards of KS3 to match or exceed the national average

- Personalising Learning

3.6.4 The submission acknowledges Brent’s ambition (and support to schools) for personalised learning to be further developed and recognises that BSF investment will support this programme by:

- (ix) remodelling buildings to create flexible learning spaces, out-of-school hours facilities and secure zoned areas;
- (x) the co-location of staff from other services, such as the PCT, and increasing access to facilities for the community;
- (xi) creating an LA wide managed ICT environment ;
- (xii) enabling students to access teaching materials, resources and their work remotely [through the London Managed Learning Environment (MLE)];
- (xiii) by extending provision for vocational and academic courses, building on the success of the borough’s two City Learning Centres (CLCs)

- 14-19 Curriculum

3.6.5 Brent’s 14-19 Partnership includes all secondary schools, the local College, special schools and work based-learning providers. Whilst the partnership is a strong and developing one, it will be further supported by BSF investment as additional opportunity is created to secure industry-standard facilities to help deliver high quality diplomas.

- Inclusion

3.6.6 Brent’s submission confirms that the SEN review completed in October 2005, reached conclusions that recognised the roles of the existing

SEN schools whilst recommending that discrete 16-19 provision should be set up at two of Brent's schools, that provision of SEN in mainstream schools be strengthened. The outcomes are being further refined with an early indication that the scope for co-locating residential/respite units at one of the special schools should be considered.

3.6.7 BSF, when joined up with Primary Capital Programme (PCP) – dealt with elsewhere on this agenda- and Targeted Capital Funding (TCF) would help support and deliver this innovation.

- Integrated Services

3.6.8 The BSF RtD confirms not just the commitment to provide extended and integrated services through schools and childrens' centres, but also the successful delivery of such a service.

3.6.9 BSF investment, co-aligned with PCP and TCF, will enable us to develop creative spaces for delivery of extended activities, intimate spaces for specialist services to support vulnerable families, and inspiring venues for the whole community

- Change management

3.6.10 The RtD confirms the Council's and schools ability and capacity for improvement illustrating the CPA three-star rating and the findings of the 2007 APA for C&F.

3.6.11 Through BSF, the provision of purpose built and innovatively resourced training spaces at each school, fully utilising the new ICT infrastructure and specialist facilities will create centres of excellence to support this work. It is proposed that the National College of School Leadership (NCSL) BSF Programme Management course be used to ensure headteachers and C&F officers ability to deliver is enhanced. The RtD also sets out proposals for other improvements to further increase staff capacity successfully to deliver BSF.

### Estate Strategy and Planning

3.7 This section of the RtD sets out the Council's schools estate building need in respect of sufficiency of school places (confirming the shortfall of 16FE by 2016) , building condition and the suitability of learning environments. It highlights the recent work done on the forecasting of school places with the help of a leading national demographer now endorsed by both the DCSF and PfS. In that context it sets out the following initial proposals (the complete scope and phasing of priorities is set out in Appendix 1 of the RtD) for Phase 1 of BSF:

School	Work Scope	Places Est Value *
Alperton	100% rebuild	+1FE £38,000,000
John Kelly boys	100% rebuild	+1FE £24,000,000
John Kelly Girls	100% rebuild	+1FE £28,000,000
Queens Park	Extension + some refurb	+2FE £11,000,000

\* Estimates at Q1 2008 prices

- 3.8 The proposals and prioritisations shown are initial ones and will be subject to further review and consultation with all secondary schools.
- 3.9 Whilst discussions with Copland School continue over its contribution to the Council's capacity of secondary schools, the RtD submission lists the following as schemes either under way or being further explored to deliver the balance of the forecast shortfall in school places: Wembley Park Academy (6FE) - new school; Preston Manor High School (+1FE) – popular schools initiative and Claremont High School (+1FE) – popular schools initiative. Work on forecasting the demand for school places is on-going. The current forecast is based on housing information at the lower end of housing capacity. Therefore, work is also underway to review options for a new school in the south of the borough. However site availability imposes severe constraints on the Council's prospects for securing a newbuild secondary school in the South of the Borough.
- 3.10 The RtD recognises that ICT links buildings with teaching and learning; it therefore sets out an initial vision for transforming the ICT services at school level. It confirms that BSF will enable the setting up of a common flexible ICT platform which can accommodate future changes in technology. That platform will also enable the integration of ICT for both curriculum and management within and between schools and between schools and the Local Authority. To reflect the importance of ICT in schools, about 10% of the national BSF resource is allocated to ICT. Brent will be expected to set up a managed service for ICT "...to be contained within a contract with a specialist provider (usually part of a Local Education Partnerships – LEP)" (An Introduction to Building Schools for the Future : DCSF, 4Ps, PfS 2008) . PfS expect a full ICT managed service across the Local Authority as a default position within BSF. Alternatively the Authority will "...be expected to demonstrate that any alternative approach will achieve better value for money and be sustainable".

#### Existing and Planned Consultations

- 3.11 The Council have agreed consultative arrangements with schools and other stakeholders. The Council began consultation with schools in 2003/04 on its plans for secondary school provision and this informed Brent's "Eol" submission to DCSF (then DfES) in 2003 following approval by Executive. The Council has recently (in 2008) undertaken a major consultation on the strategy for the provision of school places for the future. A survey was delivered to each of the 90,000 households in Brent and over 900 responses were received. Governing bodies of all schools in Brent were asked to respond to the survey separately. Consultation has also taken place with VA

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bodies. Their continuing interest in supporting and expanding provision (where denominational need can be evidenced) is welcomed. The Council's vision for secondary education has wide support within the Council, strong public support, and the endorsement of all key stakeholders.

### Commitment to BSF Model

- 3.12 The PfS default procurement model is the "Local Education Partnership" (LEP) which is a joint venture company owned by the private sector partner that wins the BSF contract (80%), the Local Authority (10%) and PfS (10%). It is important to note that the Council remains the client for the LEP and specifies the services and outcomes required. The Council's 10% stake allows it to influence the LEP in a way that it has not been possible to do under PFI investment vehicles. The LEP and the PfS standard documentation are intended to provide advantages in efficiencies and economies in the procurement process. The scope of the LEP involvement (whether it provides and maintains the BSF building programme only or it also provides other construction support for PCP for example, facilities management for school services [e.g. catering]). Whichever route, the PfS will expect the Council to provide an integrated ICT Managed Service for all secondary schools.
- 3.13 The Authority has to confirm its commitment to funding arrangements, including that new build schools will predominantly be PFI and refurbishment will be through conventional capital funding. In PFI, a private sector partner is awarded a contract to design and build a school and then to operate and maintain that school usually for 25 years or more. Often that private sector partner comprises a consortium of organisations, working together and co-ordinated under one umbrella, called a Special Purpose Vehicle (SPV). Where a LEP is formed it will set up and invest in an SPV for the PFI contracts. With PFI there is considerable scope for innovation: the local authority, together with the school(s), sets the overall objectives i.e. building a school with specified facilities and operating it to set standards. The PFI contract transfers significant risk to the SPV: in other words it will bear the cost if it does not comply with the Output Specification. If the SPV does not comply the local authority can reduce the amount it pays the SPV – known as deductions. Further clarification is being sought on the matter of the PFI procurement route in the context of decisions made by Brent schools in the past not to embark on the PFI schemes that the Council was consulting on at the time.
- 3.14 It also has to confirm that it understands that the default model is the LEP unless otherwise agreed with DCSF and PfS. Furthermore there is a requirement that the Authority confirm their willingness to procure an ICT managed service.
- 3.15 Brent's RtD provides those commitments further confirmed in the joint letter by the Chief Executive and the Leader of the Council enclosed as Attachment 5.



## Project Management

- 3.16 The Council's Children and Families Department (C&F) is about to submit its primary Strategy for Change (June 2008) for PCP [a separate item elsewhere on the agenda] which is to trigger investment just over £11.5 million over two years from 2009/10, in addition to the value of the existing C&F investment plan. It is possible that BSF and PCP will be able to be joined up if Brent secures early entry to BSF.
- 3.17 C&F has successfully led on the delivery of Phase 2 Children Centres with all of the seven centres now receiving formal CC designation. Phase 3 Children Centres is now being planned; it is envisaged that there will be an opportunity to weave in further developments of Children Centres across the capital investment plan including PCP and BSF as may be appropriate and relevant.
- 3.18 As a result of recent work and the setting up and development of a number of school place planning processes, C&F is now able to demonstrate it has in place a template for a robust process for the planning of school places. This function needs to be strengthened, against the backdrop of the dynamics in demographics and activity in regeneration and housing, in order to ensure that Members are able to make timely and correct investment decisions that reflect trends in the changes for the demand school places and C&F service in widest sets.
- 3.19 C&F has been successful at informing and being informed by corporate policy on a number of fronts. Examples include the LDF (former UDP), corporate regeneration projects. This will be more important as C&F secures those BSF and PCP funding streams.
- 3.20 Although C&F have increasingly been delivering complex and challenging investment schemes in a corporate setting, they will have to demonstrate that they have the capacity and resources necessary to manage BSF as a major package of inward investment.
- 3.21 In any event, the DCSF and the PfS will expect governance and management arrangements to ensure effective decision making. It has therefore been necessary to develop C&F's capacity in a number of ways. The structure currently in place is being reviewed. Such a review could take a number of different shapes ranging from setting up a large structure through to outsourcing all the capacity (see comments below in 3.20 and 3.21). Capacity can also be further developed with the support of the 4Ps and the National College of School Leadership (NCSL).
- 3.22 Section 4 of Brent's RtD sets out the governance arrangements for the BSF programme. It will ensure effective working arrangements across all the stakeholders ensuring that the voice of schools and other delivery partners is heard. The Council has already set up successful ways of working across large schemes making best use of the municipal know-how across all Council departments. More recently the Council's Project Board for Wembley Park Academy has been noted for its effective working and delivery of decisions

within Council policy. Both PfS and DCSF have commented positively on that model. That model could be adapted ensuring representation from secondary schools and the VA Authorities at BSF Project Board level.

- 3.23 In summary, it is proposed that there will be a Project Board. This will involve representation from most Council service areas to exploit common goals and objectives, for example there will be scope to work with the Council's Sports Service to develop sports provision across the school estate in a more strategic way as and when the BSF programme allows.
- 3.24 Key decisions, such as the approval of the Strategy for Change submission and the decision to appoint a preferred bidder, will be taken by the Executive. Other decisions will be taken by Officers, as appropriate within the Council's Scheme of Delegation.
- 3.25 Reports at key stages of the project will be taken to the Executive, the Children and Families Scrutiny Committee, the Brent Chairs of Governors meeting and the Secondary Headteachers' Consultative Group.
- 3.26 As the project develops, consultation on the programme and on specific schemes will also be undertaken with individual governing bodies, parents, pupils and residents and trade unions as appropriate.
- 3.27 As well as a Project Board, the Council needs to provide a commitment to setting up a project team within a BSF Unit led by a project director. There is an expectation by DCSF and PfS that a Project Director will be in place at the time the remit meetings take place (June 2008 if Brent secures early entry into BSF). Work is underway to develop the scope and remit of the BSF Unit. Whilst costings are not firmed up, resources will need to be made available for a BSF Unit project team, external advisers, site surveys and detailed investigations, set up costs for an LEP which may be shared with another neighbouring Borough should the LEP be shared with them. It is proposed that subject to consultation a dedicated BSF Unit be set up working seamlessly with the C&F Asset Management Service with new posts being set up. Pending the establishment of a LEP, this team will also work effectively with consultants in the Council's framework panel drawing on know how to help develop and deliver the programme. The role of the Council's framework consultants will be reviewed taking account of the role and functions of the LEP. Full year additional costs of the BSF unit project team may be in the range of between £450,000 to £550,000.
- 3.28 A draft initial structure (to be further developed to ensure it best serves the Council's needs) is enclosed as Attachment 6, but further consideration, by the Director of Children and Families, of the proposed structure is necessary before it is finalised. It is proposed that in the interim C&F appoint education consultants able to help to work from the RtD document and take the preparation of the SfC forward pending the implementation of a new structure. The Council has demonstrated that it can successfully deliver complex projects ranging from major regeneration to new Academies. The complex nature of delivering BSF will require sufficient expertise and capacity within the Council, beyond what is currently in place. The draft structure shown

illustrates a need for up to six new posts within a dedicated BSF team. A draft structure was required to be submitted as part of the RtD and these are very much initial views of what is required based on the experience of other local authorities and on advice from PfS. The actual requirements and structure will be fully developed as the programme progresses. Section 4.0 of this report addresses the financial implications likely to arise from the financial support required to deliver BSF.

### Support Network

- 3.29 Brent's RtD sets out the support network for delivering BSF. This includes internal support led by the BSF Unit including council expertise in Finance, Legal, Property and Asset Management and Corporate Procurement. An interim support structure is proposed in the RtD statement. Central to the success of the BSF operation is the effective tapping into the existing municipal and schools expertise. Effective links also with the Schools Improvement Service, Strategy and partnerships division within C&F and particularly in respect of Integrated Services and the work with the Youth Parliament, Early Years and the admissions and communications teams within the Parents and Pupils Support Service. It is also proposed to sign up to the NCSL BSF Programme Management course (to include HT of each of our affected secondary schools) to ensure skilling up of the C&F's (including schools') ability to deliver.
- 3.30 Other external support will need to be accessed for example in specialist areas of architecture, structural, mechanical and electrical engineering, cost consultancy and CDM.
- 3.31 The Council has significant resources deployed in the delivery of major projects, both within individual services and across the council. The Chief Executive agreed that the Council will seek to confirm availability of project support funding at a rate at least equivalent to 3% of the estimated project development. If the Council is selected to be part of BSF, these resources will need to be identified within the overall Council budget over the life of the project. Members need to recognise the financial commitment required over a number of years. Funding arrangements for advisory support will be in place immediately following selection.

### Corporate Capacity

- 3.32 Brent is a 3 star Council. In its 2007 Annual Performance Assessment (APA) C&F, was assessed as having a good capacity to improve. It noted that its senior leadership is effective and corporate support for improving provision is good. The RtD makes reference to this and confirms that it has highly capable and successful corporate leadership and management able to develop and deliver complex projects such as BSF often involving multiple stakeholding arrangements.

### Key Stakeholder Commitment & Consultation

- 3.33 The RtD emphasises the importance on consulting and informing young people, all schools and other stakeholders and the need to ensure

transparency in the decision making process as BSF evolves. BSF so far has been developed in full consultation with all secondary schools, the local College and LSC. This provides a platform for further developing the basis of effective communications across the service and stakeholders.

### Risk Management

- 3.34 BSF like all major projects contains a number of risks with varying impacts on projects. The Council's RtD demonstrates its ability to put in place processes to assess and manage risk.
- 3.35 Not all authorities will be successful in gaining early entry into the BSF programme (in fact it is understood that only a handful of Authorities will receive approval) even if they meet the RtD criteria. If we are successful we can expect remit meetings to take place in June/July 2008, with strategy for Change Part 1 submitted in August/September. The anticipated timetable is set out below:

LA to register EoI	4 March 2008
Interested LAs to Submit RtD	11 April 2008
DCSF Announce Interim Waves	June 2008
Remit Meetings	June/July 2008
Submission of SfC1 for interim wave projects	Aug/Sept 08
Submission of SfC2 for interim wave projects	Dec 08/Jan 09.
Submission of OBC for interim wave projects	June/July 2009.

- 3.36 Except for three schools (Wembley High School, Capital City Academy and Kingsbury High School) all schools have either a master plan or actual plans for expanding capacity. The Council's Planning Committee has approved plans for John Kelly schools and Queens Park Community School. Expansion will take place through a mixture of new build and remodelling mainly.
- 3.37 Other schools will benefit with a mixture of major refurbishment, elements of new build and minor repairs. Architects will need to be commissioned to prepare plans for these schools. In the process it may be possible to investigate the addition of special needs provision into the plans for individual secondary schools. Pending the setting up of the LEP, panellists on the Council's newly established framework agreement may be able to enable the Council to make prompt progress on this front.

## **4.0 Financial Implications**

- 4.1 It is important to note that BSF is a key element for delivering the Council's statutory requirement to provide sufficient school places. There are no other sources of Government funding identifiable for the significant investment needed to provide the extra capacity required in our schools over the medium and short term. When weighing up the risks and funding requirements of BSF

it will be important to also consider the very real risk to delivering sufficient school places should the Council fail to enter the BSF programme at an early enough stage.

- 4.2 Significant capital resources will be available, of the order of between £110m (for Phase 1 or sample schemes) and around £250m (across the whole programme) to enable the Council to rebuild or refurbish its secondary and special schools. These are early range forecasts of resources that are likely to flow to support the Council in BSF delivery and is subject to change as both the preparatory work continues to evolve and the Treasury will only announce the level of available resources at the next CSR. The amount of funding that is finally awarded will also depend on the outline business case that will be submitted to the government during 2009/10.
- 4.3 Funding will be awarded to the borough as a whole in the proportion of 50% new build cost, 35% refurbishment cost and 15% minor works cost. Clearly the new build element provides funding at a greater level than funding for refurbishment and minor works. However, those percentages merely calculate the quantum of resources that would be provided to Brent, there is no requirement to spend in strict accordance to those percentages.
- 4.4 It is anticipated that because of the way that BSF is funded there will be an affordability gap that means the Council will have to bridge the gap between the funding allocated and the cost of the schemes. This has certainly been the experience of earlier wave authorities who have invested significant additional amounts to enable them to deliver the transformational change expected. The options for bridging this gap include the Council's general fund, existing and future capital resources, receipts from asset disposals and Section 106 funding. Another option is to explore using an element of the Dedicated Schools Grant which is a ringfenced grant that funds the majority of revenue expenditure relating to schools. This would need to be carefully explored in close consultation with schools and the Schools Forum so that schools continued to receive adequate revenue funding.
- 4.5 It is likely that for the new build schools, PFI credits will be awarded which will contribute to the cost of the new buildings and the lifecycle maintenance for the lifetime of the PFI contract. Whilst this contribution is substantial it is intended to cover only that part of the unitary charge relating to the repayment of capital and lifecycle costs. The local authority will therefore need to cover the remainder of the charge. It should, however, be noted that the services specification for PFI schools is often set at a higher standard than conventional service contracts. With PFI the school agrees to pay the local authority, from its delegated budget, that part of the Unitary Charge that relates to the operation and management of the school facilities.- such as maintenance and cleaning- that would otherwise be paid for by the school.
- 4.6 The Government's original approach, for schools being refurbished, had been to provide supported borrowing. It is critically important for Brent that all of the projects are funded by specific government grants rather than supported borrowing. This is because Brent is currently on the Revenue Support Grant funding floor, which means that supported borrowing would not deliver any

extra resource for Brent. Officers have sought confirmation that supported borrowing will not be the funding vehicle and have received the following encouraging confirmation from PfS:

*“We also discussed supported borrowing and I confirmed that allocations for waves 4, 5 and 6 projects would be either capital grant or PFI credits. Until the next Treasury spending review is agreed, I cannot absolutely confirm that you will not receive any supported borrowing although I judge it very unlikely that supported borrowing will be a funding stream for future BSF projects.”*

- 4.7 Nevertheless the Council will require formal confirmation of this before it can commit expenditure to BSF projects. The attached letter sent to the DCSF with the Readiness to Deliver document set this requirement out clearly.
- 4.8 The Council will also be required to provide specific resources to meet the revenue costs that all local authorities have to meet as part of the BSF programme. Funds will be required to pay for the authority’s own project management costs together with the external advisors noted previously in this report. The related procurement costs would also have to be met. The funding required is likely to be within the range of £3.5m to £7.5m, depending on the overall funding made available by the Government.
- 4.9 The Council and schools will also need to decide the arrangements for the long term maintenance of non-PFI schools, including the use of school budgets currently devoted to building maintenance. The implication of this will need to be assessed as the project develops and discussed in detail with schools.
- 4.10 The 2008/09 project management costs will be met from the Children and Families budget. However, there will be a need for the Council’s medium term financial strategy for 2009/10 and beyond to be developed to ensure the revenue funding and any capital affordability gap is fully covered. The Council’s annual budgeting process will clearly set out any resource requirements for the Council.

## **5.0 Legal Implications**

- 5.1 The Executive agreed on 8 December 2003 to the submission of a broad framework for Brent entering into the BSF Programme as set out in the 2003 document, “The Expression of Interest for Brent’s Building Schools for the Future”. As explained earlier in this report, Brent was subsequently placed in Waves 7 to 9 of the programme and is now applying for early entry. The Council confirmed its readiness to be considered for early entry by letters and the submission of a Readiness to Deliver document on 4 March and 11 April 2008. Officers have confirmed that these letters do not establish binding commitments on either the part of the Council or DCSF. It is anticipated that a further report will be submitted to the Executive for a decision on whether or

not to proceed once the DCSF has considered the Council's application for early entry and clarified precisely what is to be offered to Brent.

- 5.2 In the event that the application were successful and a decision taken to proceed, the Executive should note that powers to enter into the BSF programme and the various associated arrangements and Agreements are contained in section 2 of the Local Government Act 2000, section 14 of the Education Act 1996, section 22 of the Schools Standards and Framework Act 1998 and section 111 of the Local Government Act 1972 in order to enable investment in certain educational services and facilities for the Council is responsible.
- 5.3 Section 2 of the Local Government Act 2000 requires specific consideration. The section enables local authorities to do anything which they consider is likely to promote or improve the economic, social or environmental well-being of their areas. However, in determining whether or how to exercise this power a local authority must have regard to its community strategy (made under section 4 of the Local Government Act 2000). The Brent BSF programme will play a significant part in the delivery of the "Early Excellence" commitment of the community strategy.
- 5.4 DCSF and PfS are not proposing any specific consultation processes, but aim to highlight and encourage the use of best practice. Paragraph 3.111 above explains in outline the consultation on BSF undertaken to date. This is in accordance with the obligation placed on local authorities to consult local stakeholders at appropriate times during their projects, in line with the general duty to consult and inform
- 5.5 Implementing a BSF Programme is complicated and legal involvement will be required at all stages. As the proposal is merely at the expression of interest stage, it would be premature to go into any more detail on these matters at this point. However, the engagement and commitment of internal or external legal resources to implementation is clearly something that will need to be taken account of very carefully at all stages.
- 5.6 A key entity that has been touched on earlier in this report is the Local Education Partnership ("LEP"). The LEP is a (yet to be established) local business which will provide long-term partnering services for the Council so that the aims of BSF can be realised.
- 5.7 One of the key purposes of the LEP is to reduce costs by reducing the number of competitive procurements that have to be carried out and by streamlining the procurement process and to group schools together into larger, higher value packages.
- 5.8 Establishment of the LEP will require careful consideration of the regulatory regime and financial controls relating to local authority companies (the Local Government and Housing Act 1989, Local Authorities (Companies) Order 1995 and Local Authorities (Capital Finance) Regulations 1997, in particular).
- 5.9 It will also be important to ensure that the procurement of the PSP to be invited to form the LEP and to go on to deliver the BSF programme is

undertaken in compliance with the requirements of the EU public procurement Regulations (Public Contracts Regulations 2006) and the Council's Contract Standing Orders.

- 5.10 As indicated earlier, further reports will be submitted to the Executive at key future stages for decisions on whether or not to proceed with early entry to the BSF Programme, on procurement decisions and on other legal issues, as and when they arise.

## **6.0 Diversity Implications**

- 6.1 Brent is a borough of stark contrasts in its economic, environmental, ethnic and social make-up. It has the second highest proportion of ethnic minority residents in the UK (54.7%) and is the most ethnically diverse borough in the country, with large Asian-Indian, Black-Caribbean, Black-African, Irish and refugee communities. Within our primary and secondary schools, the percentage of children of Black and Minority Ethnic (BME) origin is 74%. No fewer than 59 of our 73 primary and secondary schools have a BME majority school population.
- 6.2 In some parts of the Borough parents and carers have limited access and choice of school places. Prioritisation of BSF investment will enable those areas to be prioritised thus helping address any imbalances in the incidence and opportunity of choice.
- 6.3 The Education Act 2006 further enables the Council to explore how choice and diversity can be increased particularly in its role as commissioner of school places.
- 6.4 Entry into BSF will further enable the Council to address current issues, in some schools, of physical access to school buildings and access to the curriculum for young people with specific needs.

## **7.0 Staffing/Accommodation Implications (if appropriate)**

- 7.1 PfS recommend that authorities wishing successfully to secure BSF resources have as a minimum a full time in-house BSF Project Director, Project Manager and Administrative support. These posts are in addition to a project sponsor and other internal technical, financial and legal advisers.

A number of other LA's structures have been considered; the recommended staffing structure is as set out in Attachment 6 . Essentially it is proposed that in addition to the BSF Director, at a senior level three programme managers are eventually recruited to reporting to the Project Director.



## **Background Papers (essential)**

- i) Executive Report – 8 December 2003
- ii) BSF Expression of Interest (2003) (Brent)
- iii) BSF – Readiness to Deliver : Guidance for Local Authorities in BSF Waves 4-6
- iv) Transforming Brent Education
- v) Every Child Matters (ECM): Primary Capital Programme DMT Meeting 17<sup>th</sup> November 2007
- vi) School Roll Projections January 2008
- vii) Brent Stakeholder Report March 2008
- viii) Correspondence from and with DCSF and PfS
- ix) Consultation : The Management of Building Schools for the Future Waves 7 to 15 (DCSF – 9 April 2008)

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