

**REPORT TO:** Executive Board

**DATE:** 13 November 2008

**REPORTING OFFICER:** Strategic Director - Children and Young People

**SUBJECT** BSF Strategy for Change (Part 2) and BSF Funding

**WARDS:** Boroughwide

## **1.0 PURPOSE OF THE REPORT**

- 1.1 To provide a summary of the BSF Strategy for Change (Part 2) and seek approval for its submission to Partnership for Schools (PfS) by 19<sup>th</sup> November 2008. In addition, this report outlines the role and benefits of a Local Education Partnership (LEP) and requests the Board's approval to utilise this procurement route. A summary of the potential sites for capital receipts is also outlined and approval in principle is sought to maximise this income to deliver the BSF Programme.
- 1.2 A copy of the Strategy is attached at Appendix A to the report. Due to their size, the appendices to the Strategy have not been circulated. However, copies are available from the BSF Project Director and the information will also be available at the meeting.

## **2.0 RECOMMENDATION: That**

- 2.1 (a) **The Strategy for Change Part 2, attached at Appendix A to the report, be approved and the Strategic Director for Children and Young People be authorised in consultation with the Executive Board Member for Children and Young People to make any necessary minor amendments following this meeting prior to its submission;**
- (b) **The LEP model be confirmed as the BSF procurement route and that a further report be requested on its potential scope;**
- (c) **Approval be confirmed to maximise capital receipts and seek permission to utilise 100% of capital receipts on vacant secondary premises to fund the BSF Capital Programme.**

## **3.0 SUPPORTING INFORMATION**

### **3.1 Background**

- 3.1 Halton's BSF Strategy for Change was submitted in July 2008. Following assessment by Partnership for Schools (PfS) and the Department for Children Schools and Families (DCSF) the Strategy was approved in August and confirmation was given that the authority could then work with its stakeholders to develop its Strategy for Change Part 2 for submission to PfS by 19<sup>th</sup> November 2008.

- 3.2 The Strategy for Change Part 1 outlined the vision for Building Schools for the Future in Halton. Strategy for Change Part 2 (SfC2) is a more detailed document that describes how the authority with its key stakeholders intends to achieve its vision. The SfC2 must be pulled together using the PfS Guidance, PfS Checklist and the feedback provided by the DCSF following the submission of the SfC 2.
- 3.3 The Strategy has been developed by working in partnership with headteachers of secondary and special schools, external consultants and other key stakeholders and through the BSF Workstreams such as ICT and Technical. In addition, each secondary and secondary special school within Halton has now developed their own School Strategy for Change for inclusion in the SfC2.
- 3.4 Within the SfC 2 the authority must specify how the authority intends to procure the BSF Programme. It must also explain the prioritisation for investment and how the Programme will be phased. The options for each school site have to be detailed along with a scoring matrix to allow identify the “control option” i.e. most appropriate and affordable option for each school. The Strategy must also address how ICT will be managed in the future and the costs and implications this will have on both schools and the authority. A statement also has to be made within the Strategy as to how the Council will fund the BSF Programme.

#### **4.0 LOCAL EDUCATION PARTNERSHIP**

- 4.1 The LEP is a public private partnership between the Local Authority, Building Schools for the Future Investments LLP (BSFI)( a limited liability partnership whose members are the Department for Children, Schools and Families and Partnerships UK and is the central investor in the BSF programme) and a private sector partner selected in open competition under the European procurement rules.
- 4.2 It is a joint venture company whose primary purpose is to ensure that the BSF investment is efficiently and effectively used to deliver a transformed secondary estate. However, a LEP can procure wider local services beyond the secondary school estate and it is a matter for each local authority to determine the exact scope of services it includes within the LEP and whether it wishes to procure a LEP jointly with another authority.
- 4.3 The benefits of this route for Halton are that it prevents the need for repetitive tendering; acts as the interface between all the suppliers, allows the standardised processes developed by PfS to be utilised, provides the opportunity for other services to be delivered through the LEP such as PCP and transfers the risk of procurement from the Council to the LEP company. The LEP enables the authority to deliver its Programme through a mix of procurement routes: PFI (Private Finance Initiative) and conventionally funded projects.
- 4.3 The LEP is the BSF default procurement model and as part of Halton’s

BSF Readiness to Deliver submission in October 2006 a commitment was made to procure BSF through this route. For SfC2 the authority must simply confirm its intention to procure its BSF Programme through a LEP. A further more detailed report can then be considered by the Board on the scope of the LEP in early Spring 2009.

## **5.0 CAPITAL RECEIPTS**

5.1 In all BSF Programmes the estimated costs of the capital work to transform the secondary estate is in excess to the funding the Local Authority receives through the BSF Funding Allocation Model. On the basis of the outline costing completed by the external technical consultants, Currie and Brown and a detailed appraisal of the funding model by the external financial consultants Grant Thornton this is the position in Halton. However, in addition to the funding Halton receives through the formula and as a result of the re-organisation of secondary provision there are four sites within the borough which will be partially or fully vacated once the Programme is complete and therefore can generate capital receipts.

5.2 The four potential sites are Chesnut Lodge School, Ashley School, part of Fairfield High School and part of the sites housing the four Grange Schools. However, prior to the release of any land for capital receipts the authority must consider the impact on the Unitary Development Plan and the Sports England requirements particularly where a Section 77 Request will be needed to release School Playing Fields.

5.3 There are therefore two possible scenarios:

(1) development on the footprint of the school buildings; and

(2) development on the school buildings and part or all of the surrounding school site.

Selection of the appropriate scenario will have financial consequences.

5.4 Under normal BSF rules any capital receipts raised in relation to the secondary estate are split. The first £300,000 belongs to the Council, however, any additional receipts are split on a 50/50 basis with PfS. Our external advisers have indicated that in some circumstances this split has been negotiated in favour of the local authority receiving up to 100% of the value of the capital receipts, providing the authority guarantees that all this funding will be used to deliver the BSF transformed secondary estate.

5.5 Another key issue for consideration is the downturn in the current market conditions and the impact this will have on land valuations. The methodology for valuing any land will therefore have to be agreed and will have to be realistic based on the likely future conditions. Agreement will also need to be reached about the timing of the disposal of each site. The detailed valuation and methodology of each site with the potential for capital receipts does not need to be agreed for SfC2 but for Outline

Business Case in April 2009. For SfC2 an agreement in principle to realise the capital receipts on each site is needed along with permission to try and make a case to secure 100% of the value of any capital receipt. It is therefore proposed a further report is submitted in early Spring 2009.

## **6.0 FINANCIAL IMPLICATIONS**

6.1 The BSF Programme will provide capital funding in excess of £100 million. In order to secure this capital funding the authority must produce a Strategy for Change Part 2 and then develop an outline business case. Each of these documents must be approved before the funding is finally approved.

## **7.0 OTHER IMPLICATIONS**

7.1 Halton has developed both a Primary and Secondary Strategy for Change. These two linked strategies provide the vision for 21<sup>st</sup> Century provision for the children and young people in the borough.

## **8.0 IMPLICATIONS FOR THE COUNCIL'S PRIORITIES**

### **8.1 Children and Young People**

By undertaking a secondary school re-organisation and entering into the BSF Programme the authority aim to transform secondary provision for all children and young people and improve the facilities for the secondary workforce.

### **8.2 Employment Learning and Skills in Halton**

Through access to an excellent secondary school for all pupils, standards will improve providing greater employment prospects for Halton's Children and Young People.

### **8.3 A Healthy Halton**

In developing its secondary schools for the future the authority will demonstrate how it will enable schools to meet the school sport Public Service Agreement through its capital investment and achieve high nutritional standards and encourage healthy eating. Opportunities to increase extended services through schools and provide more integrated health provision will be developed through BSF.

### **8.4 A Safer Halton**

Schools for the future will be designed to ensure that children, staff and other community users feel safe and secure on schools sites.

### **8.5 Halton's Urban Renewal**

Through the BSF Halton schools will become a major resource for

communities they serve and will be designed to offer shared community facilities, linking to other wider regeneration projects as well as being the focus for the local delivery of children's services.

## **9.0 RISK ANALYSIS**

9.1 It is a requirement that the Authority produce a Strategy for Change by 19<sup>th</sup> November 2008. This Strategy must be approved by Partnership for Schools (PfS). In producing the document drafts have been submitted to PfS for comments and advice. Meetings have also been held with the assigned PfS Advisor to ensure the Strategy is approved once finalised.

9.2 The ability to transform the secondary estate in Halton will be limited if 100% of the capital receipts cannot be secured.

## **10.0 EQUALITY AND DIVERSITY**

10.1 The Strategy for Change is aimed at increasing diversity, access and choice, address under performance and provide more integrated local services for children, young people and their families.

## **11.0 REASON FOR THE DECISION**

11.1 A Strategy for Change Part 2 must be completed by all authorities in the BSF Programme.

## **12.0 ALTERNATIVE OPTIONS CONSIDERED AND REJECTED**

12.1 N/A

## **13.0 IMPLEMENTATION DATE**

13.1 The Strategy for Change must be submitted to PfS by 19<sup>th</sup> November 2008.

## **14.0 LIST OF BACKGROUND PAPERS UNDER SECTION 100D OF THE LOCAL GOVERNMENT ACT 1972**

<b>Documents</b>	<b>Place of Inspection</b>	<b>Contact</b>
<u>Strategy for Change Part 1 &amp; (Guidance PfS)</u>	3 <sup>rd</sup> Floor Chester Building – Grosvenor House, Runcorn and website <a href="http://www.halton.gov.uk/bsf">www.halton.gov.uk/bsf</a>	Ann McIntyre – Operational Director – Business Support and Commissioning
<u>Halton BSF Strategy for Change Part 1</u>	3 <sup>rd</sup> Floor Chester Building – Grosvenor House, Runcorn and website <a href="http://www.halton.gov.uk/bsf">www.halton.gov.uk/bsf</a>	Ann McIntyre – Operational Director – Business Support and Commissioning

DCSF Letter (7<sup>th</sup> August  
2008) Strategy for Change  
Part 1

3<sup>rd</sup> Floor Chester  
Building – Grosvenor  
House,

Ann McIntyre – Operational  
Director – Business Support  
and Commissioning