

# Building Schools for the Future

## Section 1 Executive Summary



# **1 Executive Summary**

## **1.1 Introduction**

This Outline Business Case (OBC) consists of four volumes. Volume 1 is a generic volume, which includes the Executive summary, background to the OBC, sections on value for money, affordability, readiness to deliver as well as leading and managing change. This volume also includes general appendices.

Volume 2 comprises the Procurement Business Case, which outlines the strategy for delivering the BSF programme and focuses on how delivery will be integrated within the context of the existing PFI contract. Eight of the ten secondary schools in the borough are committed to the contract. The proposal is a variant to the recommended LEP structure.

Volume 3 comprises workbooks for each BSF project and summarises the education visions, options appraisal and justification for the preferred option.

Volume 4 comprises the ICT business case, including options appraisals for differing solutions with justification for the preferred options as well as project costs.

## **1.2 Background**

The OBC has been prepared by the London Borough of Haringey to support the Authority's funding allocation under the Government's Building Schools for the Future (BSF) Programme. The OBC focuses on the Authority's detailed approach to transform secondary education within Haringey through the procurement of a programme of refurbishment, remodelling and new build to eight schools already part of a PFI contract, two voluntary aided, three special schools and one pupil referral centre. In addition, the Authority proposes to build a new secondary school. A new Sixth Form Centre is already under construction.

The OBC builds upon and does not significantly change the strategic approach set out in the Education Vision and Strategic Business Case (SBC) submitted to the Department for Education and Skills (DfES) in September and December 2005 respectively, both of which have now been approved.

Since approval of the SBC, there have been no significant changes that impact on the context or background of Haringey's BSF programme. However, in order to maximise efficiencies the OBC is considered as one delivery programme, which varies from the SBC, which emphasised works in Wave 2 and Wave 4-6.

The suggested funding allocation for each of the schools defined in the SBC is set out in the table below, making a total of £160m.

	a	b	c	d	e	F	g
	pupil roll	funding available	improved vocational provision	on-site support unit	training school provision	ICT provision	total spend proposed at school
					(see note 1)	( see note 2 )	( b+c+d+e+f )
		£M	£M	£M	£M	£M	£M
Alexandra Park	1380	1.72	0.75	0.2	0	2.31	4.98
Fortismere	1615	1.66	0.75	0.2	0.75	2.71	6.06
Gladesmore	1080	9.72	0	0.2	0	1.81	11.73
Highgate Wood	1415	3.01	0.75	0.2	0	2.37	6.33
Hornsey Girls	1415	3.97	0.75	0.2	0	2.37	7.29
John Loughborough	300 <sup>1</sup>	3.82	0	0.2	0	0.45	4.47
Northumberland Park	1080	15.50	0	0.2	0.75	1.81	18.25
Park View Academy	1080	12.01	0	0.2	0	1.81	14.02
St. Thomas More	1140	5.84	0	0.2	0	1.91	7.95
Woodside High School (formerly White Hart Lane)	1080	15.73	0	0.2	0	1.81	17.74
<b>Total</b>		<b>72.98</b>					
Sixth form centre <sup>2</sup>	1200	18.60	<b>notes</b>	(1) Location of training schools to be confirmed. (2) ICT allowance based on £225 infrastructure cost & £1450 equipment budget per pupil. Any costs for ICT specific items within the construction programme will be borne from this budget.			
New school <sup>2</sup>	1080	25.76					
(School site		6.00					
Extended vocational provision		3.00	*	(3) Building work proposed;			
On-site support unit		2.00	*				
Teacher training		1.50	*				
Pupil Support <sup>2</sup>	80	4.00		* values included in 'total spend' figures above (g)			
ICT		21.16					
SEN		5.00					
<b>TOTAL £ M</b>		<b>160.0</b>					

<sup>1</sup> - SBC showed figure of 270, however there are currently 293 students on roll and Planned Admission Numbers (PAN) are 60 per annum (2 forms of 30) hence proposed roll figure is 300.

<sup>2</sup> - No figure included in the SBC, however proposed student roll is now confirmed.

The funding allocation, which has determined the options approved in Volume 3 of the OBC are listed below in Table 1 (see Section 1.3). This reflects the funding allocation matrix submitted to PfS included in Appendix 1. Pupil numbers have changed marginally to reflect latest SEN policy.

The difference in the total sum is because of the updated FAM produced by PfS which confirmed the Authority's funding allocation since the SBC. This is defined below in Section 1.3 and the detailed FAM summary is included in Appendix 1.

Another difference between the SBC and OBC is that the infrastructure for ICT is now included within the construction and F&E.

The different spend for individual schools is due to amendments as the options have progressed and allowances for contingencies and delivery costs. Summary cost breakdowns for all options are included in Volume 3 of the OBC, issued as an addendum.

Overall the allocation strategy for the BSF funds in Haringey has not changed since the SBC and for reference it is included in Appendix 14.

Minor changes have also been made to the Individual School Vision for John Loughborough School (SBC - Appendix 10) and these have been reflected in the options appraisals, defined in Volume 3.

The original SBC did not contain a statement on the Authority's approach to 'sustainability', however this has now been addressed and is included in the OBC under Section 2.1, applicable across the BSF Programme.

### **1.3 The Projects**

The BSF Programme funding envelope comprises £178.782m. The formula funding confirmed to Haringey by PfS came to £174.700 Million (including capex and ICT). An additional sum of £3.332 million is to be provided by the Authority drawing on previous Targeted Capital Funding provided by DfES for SEN provision in 2004, and a further allowance of £750k has been included for professional fees to negotiate with the existing PFI provider.

An additional £6.4 million of identified abnormalities has been submitted to PfS for which we await approval.

The Authority intends to sell an existing PRU site. The site is available as the PRU, is to be combined on a separate site as a new facility. Based on a relevant comparable, the indicative value for the site would be in the region of £2m. The proceeds of the sale will assist with the purchase of the proposed new school site in Heartlands.

The options for each school were developed within the allocated sums for each school. LBH believe, as discussed with schools, that the preferred options (and associated costs as advised by the councils cost consultant AYH) reflect the optimum balance between the funding available and meeting the Authority's education vision as well as the schools individual visions. There is no variance in the costs of options and funding available.

Although Haringey is to receive funding in Wave 2 and 4-6, this OBC covers both phases on the basis that practicality dictates the project becomes one programme.

Affordability calculations have therefore been considered to cover both Wave 2 and 4-6 of the Programme. A spreadsheet detailing the allocation of funds for each school from PfS is included in **Appendix 1**. A draft overall programme is included in **Appendix 4**. Indicative individual project programmes are included in each workbook (Volume 3).

The preferred options included in Volume 3 represent the schemes that are to be put to the market and have been designed within the funding allocation. The costs are summarised as shown in Table 1.

It should be noted that there is no wholesale demolition of new buildings procured under the existing PFI contract

**Table 1**

Site (preferred option)	Income	Planned Expenditure		
		Construction + F&E	ICT	TOTAL
<b>BSF (Capex &amp; ICT)</b>	<b>174,700,000</b>			
<b>Targeted Capital Funding (SEN)</b>	<b>3,332,000</b>			
<b>PFI Advisor Fees</b>	<b>750,000</b>			
Alexandra Park (B)		2,397,033	2,001,000	4,398,033
Fortismere/Blanche Nevile* ( C )		2,361,132	2,414,250	4,775,373
Gladesmore (A)		9,872,992	1,566,000	11,438,992
Highgate Wood (B)		3,627,514	2,051,750	5,679,264
Hornsey (A2)		4,664,759	2,051,750	6,716,509
John Loughborough (B)		3,627,340	391,500	4,018,840
Northumberland Park/Vale (B)		16,120,440	1,638,500	17,758,940
Park View Academy (A)		11,977,859	1,566,000	13,543,859
St Thomas More (A)		5,840,106	1,653,000	7,493,106
Woodside High/Moselle/WC Harvey (B)		26,247,980	1,740,000	27,987,980
6th Form Centre		16,860,000	1,740,000	18,600,000
New School (A)		27,470,232	1,566,000	29,036,232
Pupil Referral Unit (or Pupil Support Centre)		3,031,473	116,000	3,147,473
Teacher Training		750,000		750,000
<b>Total</b>	<b>178,782,000</b>	<b>134,848,860</b>	<b>20,495,750</b>	<b>155,344,610</b>
Design / Contingency @ 6.9%				10,757,070
Delivery Costs @ 3% - to include advisor fees, programme management, risk margins etc.				4,660,320
Extra for SEN				2,800,000
Extra Inflation Allowance				1,150,000
Exceptional Abnormals (see FAM) including:-				
1) Exceptional level differences (Heartlands)				
2) Exceptional noise abatement (Heartlands)				
3) Temporary accommodation / decanting (all existing schools)				
4) Asbestos removal (All existing schools)				3,320,000
Allowance for professional fees to negotiate with existing PFI provider				750,000
<b>Programme Total</b>	<b>178,782,000</b>			<b>178,782,000</b>

Notes:

- 1) A – New Build, B – Remodel, C – Refurbish
- 2) The Sixth Form Centre is also benefiting from a £10m contribution by the Learning and Skills Council (LSC). This is not part of BSF funds.
- 3) A breakdown of delivery costs is included in Appendix 15

The funding allocations are broadly in line with the distribution outlined in SBC, with some minor reductions to allow for contingencies, fees, risks and distribution of SEN funding, unknown when the SBC was compiled. The exception is Woodside High School (White Hart Lane School renamed in

September 2006), which has increased by circa £10 million to allow for an inclusive campus with the special schools, William C Harvey and Moselle.

All funding provided to the Authority is a mixture of grant and supported borrowing and this has helped to focus the procurement model to be adopted, combined with the fact that eight of the schools in the borough are within an existing PFI contract. The detail of the procurement model is described in Volume 2 and in essence consists of traditional design and build procurement with participation in the procurement process from the existing PFI provider (SMIF).

For efficiencies the new school and two VA schools will also be procured in the same manner.

The schools included in the Haringey programme comprise the following and include a mixture of new, refurbished and remodelled buildings.

### **Phase 1 (Wave 2)**

- Northumberland Park Community School – existing PFI contract (Media Arts Specialisation)
- Park View Academy - existing PFI contract (Performing Arts Specialisation)
- Woodside High School - existing PFI contract (Business & Enterprise Specialisation)
- Gladesmore Community School - existing PFI contract (Maths & Computing Specialisation)
- John Loughborough School - Voluntary Aided (Maths & Computing Specialisation)
- St Thomas More - Voluntary Aided (Sports Specialisation)
- The Vale Special School
- William C Harvey and Moselle Special Schools
- New Sixth Form Centre

### **Phase 2 (Wave 4-6)**

- Fortismere School - existing PFI contract (Technology Specialisation)
- Alexandra Park School - existing PFI contract (Science Specialisation)
- Hornsey School for Girls - existing PFI contract (Performing Arts Specialisation)
- Highgate Wood School - existing PFI contract (Performing Arts Specialisation)
- Blanche Neville Special School
- Pupil Support Unit
- New School

The ICT services contract is to be a fully managed service that will include all the schools in the borough, including special schools. Currently provision of ICT is not included in the existing PFI contract schools. The Procurement Business Case Volume 2 and ICT Business Case Volume 4 cover this in detail.

Facilities Management (FM) services will continue at the existing eight PFI schools by the PFI providers. FM services at the VA schools will be undertaken by either themselves directly, or utilising the FM supplier to the existing PFI contract is a possibility, and may well provide economies of scale. The detail of this approach is included in the Procurement Business Case (Volume 2).

## **1.4 The Procurement Strategy**

Haringey currently has a PFI contract in place, signed in October 2000, and expires in 2025. The original contracting party was Haringey Schools Services Limited (HSSL) - a joint venture between Jarvis Plc and Barclays. Jarvis Plc's interest has since been purchased by the Secondary Market Investment Fund (SMIF), and the HSSL continues to provide Facilities Management services across the PFI element of Haringey's secondary school estate.

Haringey is keen to retain both the risk transfer of the existing PFI contract and its relationship with Haringey Schools Services Ltd (HSSL), its SPV in what has been a successful partnership. This would provide consistency of service delivery across the secondary school estate and as such Haringey considers that the BSF programme will need to be procured in some form of joint working with HSSL, effectively acting as a hybrid LEP.

Haringey has therefore developed a procurement model that enables the BSF investment to sit alongside the PFI contract, to be known as the Joint Programme Management Team (JPMT) to optimise delivery. Through the operation of the JPMT, Haringey is confident that the Education and ICT visions will be delivered across all of its secondary school estate in a co-ordinated and efficient manner building upon its existing procurement partnership which has been successful in delivering both capital improvements and hard and soft FM services.

There is strong support for the JPMT model from relevant stakeholders, including HSSL for the delivery of the BSF investment. Full details of the JPMT model and procurement process are included in the Procurement Business Case (Volume 2).

The adopted approach to procurement identifies works procured traditionally before transferring back into the existing PFI contract. Consequently, it will be necessary to drawdown BSF funds in advance of works commencing on site in order to fund both project set up and design costs. Assuming design commences in accordance with the proposed programme, spending in 2006/07 will be required.

## **1.5 Value for Money**

In discussions with Partnerships for Schools (PfS), the council has determined that a standard LEP procurement is not efficient, due to the PFI contract currently in operation.

There are numerous factors which have influenced this decision, these are described in detail in the Procurement Business Case in Volume 2.

In Section 3 of Volume 1, the council's financial advisors have considered a qualitative assessment for the new build and refurbished/remodelled options for the project and concluded solutions procured traditionally will deliver VfM based on the preferred procurement model.

## **1.6 Affordability**

Analysis by the Authority's financial advisors has concluded that the BSF programme is affordable to the Council on the basis that:

- Support for the BSF programme (before indexation and location factor) is £161.7 million
- Support will be uplifted for relevant indexation for each individual school to the date of start on site from the reconciliation date.
- The receipt of the supported borrowing for the ICT investment will result in the actual receipt of additional funding as originally anticipated before the issues raised by the Local Authority Finance settlement.
- Funding is secured through Waves 2 and 4-6. Implications of later funding are discussed in the PBC, Volume 2.

## **1.7 Readiness to Deliver**

This section and related appendices outlines how Haringey's BSF programme will be delivered and Haringey's readiness and capability for delivery. It outlines Haringey's BSF programme's organisational structure has been established to deliver a complex portfolio of projects involving both PFI schools and Voluntary Aided schools.

As stated in Section 1.3 above, the procurement model has been developed to combine both the existing PFI and BSF investment, in the form of the Joint Programme Management Team (JPMT).

The Readiness to Deliver section outlines the project and programme management procedures to which Haringey is committed, that will enable the Authority to deliver and implement the processes necessary to achieve the Corporate and Educational Vision. This includes a huge improvement to secondary estate and ICT infrastructure.

Finally, the Readiness to Deliver section will also confirm the commitment of all the schools within the programme as well as that of their stakeholders.

## **1.8 Leading and Managing Change**

Haringey's approach combines five powerful strands of action establishing governance arrangements, which provide high levels of involvement across the Council and third party organisations;

- Rigorous project and risk management;
- Building and maintaining change capacity through an effective combination of internal and external resources;
- Developing new models of partnership with schools to drive forward change;

- Ensuring that the vision for ICT is not only implemented effectively but makes the maximum contribution as an enabler of other strands of change
- Guarding the educational vision throughout the construction phase.