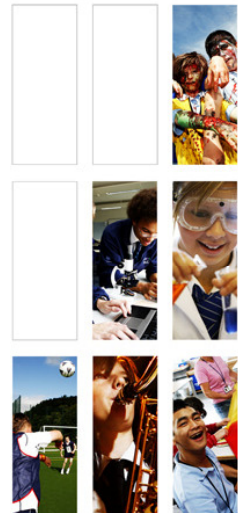


1 Executive Summary

Outline Business Case | November 2008



Addendum

Please note that costs are in the process of being finalised within overall affordability levels contained within this Business Case.

Clive Jones

Head of BSF, Resources and Social Regeneration

1.1 Background

The Corporate Vision

Vision 2026

- 1.1.1 The shared Vision of the Council and Telford & Wrekin Partnership for the local community is of:

“A successful, prosperous and healthy community which offers a good quality of life for all the people of Telford & Wrekin.”

- 1.1.2 Together with our partners we have developed a long-term ‘**Vision 2026 – Transforming Telford & Wrekin**’ setting out a clear statement of our aspirations for Telford & Wrekin over the next two decades. We want to ensure that Telford & Wrekin is an area with state of the art facilities and services for all. We see the Telford & Wrekin of the future as an area that will have a strong and well-defined positive image, confidence and sense of place.
- 1.1.3 Central to our vision for Telford & Wrekin is our proposal to make Telford & Wrekin a place that is known – locally, regionally, nationally and internationally – as a ‘**learning city**’.

National Context

- 1.1.4 The Government has set out its strategy for children in ‘**The Children’s Plan: Building Brighter Futures – December 2007**’. This embraces five key principles:
- Doing more to support parents and families.
 - Greater personalisation (allowing children to reach their full potential).
 - Allowing children and young people to enjoy their childhood whilst preparing them for adult life.
 - Shaping services around children, young people and their families.
 - Preventing failure rather than tackling crisis later.
- 1.1.5 Building Schools for the Future (BSF) is a strategic capital investment programme that aims to transform education in England. It will see every single state secondary school rebuilt or renewed over the next 15-20 years alongside a substantial investment in ICT (Information & Communications Technology). The programme began with a focus on secondary provision but is now being extended to include primary schools via the Primary Capital Strategy.

Campus Telford & Wrekin

- 1.1.6 **'Campus Telford & Wrekin'** is our vision to improve learning in the Borough. Children and young people are at the heart of our ambitions for the future. We are fully committed to making a positive difference and improving outcomes for all our children and young people by raising attainment across the Borough.
- 1.1.7 The BSF programme will act as a major driver for regeneration in Telford & Wrekin by enabling us to raise achievement, aspirations and self-esteem through collaborative working and the development of **'Learning Communities'**.
- 1.1.8 Children, young people and their families are at the heart of our corporate priorities and plans. These embrace fully the government strategies for children and learners, extended schools, childcare and family support and will reflect the increasing cultural diversity of our community.

Corporate Priorities

- 1.1.9 Our proposals for Campus Telford & Wrekin are a key element in the delivery of each of the six priorities of the Local Strategic Partnership:
- **Priority 1** – Transforming Telford & Wrekin.
As one of nine key strands to our vision for 'Transforming Telford & Wrekin', the Building 'Schools for the Future' project will develop learning communities across the Borough. The focus in **Priority 1** is on the more macro and long-term **'town building' vision**. It is an essential step in achieving all of the following medium-term priorities:
 - **Priority 2** – Giving children and young people the best possible start in their lives.
 - **Priority 3** – Maintaining a high quality, attractive and sustainable environment.
 - **Priority 4** – Creating a safe, strong and cohesive community.
 - **Priority 5** – Promoting healthy communities and improving the quality of life of vulnerable and older People.
 - **Priority 6** – Strengthening the local economy and the skills of local people.

Strategic Overview

BSF Vision

1.1.10 The overall Telford & Wrekin BSF vision is:

“To raise achievement, aspirations and self-esteem by creating a Borough-wide, vibrant and inclusive learning community.”

1.1.11 BSF will be the key component of our plan to create local, multi-agency ‘**Learning Communities**’ based on a secondary school at the heart of its community.

1.1.12 Schools will be distinctive and have a specialist status, enabling them to share learning opportunities with partner schools across the Borough and to offer real choice. This is the concept of ‘**Campus Telford & Wrekin**’.

1.1.13 ‘**Learning Communities**’ will:

- Provide for comprehensive, integrated childcare and education.
- Be a focal point for delivering the ‘Campus Telford & Wrekin’ 14-19 agenda.
- Provide a range of skills centres to provide vocational skills and employability training.
- Be the local service delivery point for integrated multi-agency service.
- Meet our aspiration for comprehensive sport, culture, leisure, and community facility provision.

Strategy for Change – Part 2 (SfC2) Approval Conditions

1.1.14 Our SfC2 was submitted on 29 April 2008. This was approved by the Department for Children, Schools and Families (DCSF) and Partnerships for Schools (PfS). The approval letter included a number of conditions. Our response to these conditions is embedded in this Outline Business Case. Table 1A references our answers.

Table 1A: SfC2 Approval Conditions

Area for Development		Response to Condition	
No	Condition	Ref	Section
1	Explain why the National Framework Contract was chosen as our procurement route.	4.2 6.2	Value for Money – PFI Projects Procurement Process
2	An explanation of why these procurement routes had not been determined at SfC2.	6.2	Procurement Process

Table 1A: SfC2 Approval Conditions (continued)

Area for Development		Response to Condition	
No	Condition	Ref	Section
3	A fully completed Funding Allocation Model (FAM) that is free from error and ties up with pupil numbers.	App. 6	Funding Allocation Model
4	There is little evidence that the views of parents have been sought and reflected in the proposals. More detail is needed on how the views of parents will be taken into account while Telford's plans are developed.	6.3	Consultation and Statutory Approvals

Changes and Developments from SfC2

- 1.1.15 Our proposals for the development of the school estate remain essentially the same as set out in our Strategy for Change – Part 2 (SfC2). There are, however, a few developments that have taken place since SfC2. These are:
- We have increased the projected number of pupils in our BSF schools for 2016 to 12,261. This provides the base number for all the Outline Business Case (OBC) calculations.
 - 14-19 proposals have been amended to include 100 Post-16 places at Madeley Academy. Capital funding for these places will be outside of the BSF programme.
 - We will now use the National Framework Contract (NFC) instead of procuring a Local Education Partnership (LEP).
 - We now have only one sample school: Abraham Darby Academy.
 - Abraham Darby Academy has received approval of its funding agreement and opened as an Academy in its existing buildings on 1 September 2008.
 - We have agreed with Partnerships for Schools (PfS) that new boarding accommodation will be constructed at Adams' Grammar School's Longford Hall site.
 - We have agreed with PfS that the Hadley Learning Community – Secondary Phase and The Bridge School should receive ICT at 50% of the equipment rate from the BSF programme.
 - *We have identified two options for a new site for Wrockwardine Wood Arts College after Ricoh announced their decision not to sell us the site needed for commercial reasons.*
 - Three schools have submitted Expressions of Interest (EOI) for attaining Trust status. These are The Lord Silkin School, The Sutherland Business & Enterprise College, and *Wrockwardine Wood Arts College*. Consideration is also being given to the submission of an EOI to seek Trust Status for The Phoenix School.

Trust Schools

- 1.1.16 As part of our strategy to drive up standards, three schools in Telford & Wrekin have submitted Expressions of Interest for attaining Trust Status:
- **The Lord Silkin School** is working towards developing a Trust school in partnership with Telford College of Arts and Technology (TCAT).
 - **The Sutherland Business & Enterprise College** plans to develop a Trust school based on co-operative values in partnership with the West Midlands Co-operative Society.
 - **Wrockwardine Wood Arts College** plans to develop a Trust school in partnership with the University of Wolverhampton.
- 1..1 In addition, consideration is also being given to the submission of an EOI to seek Trust Status for The Phoenix School.
- 1.1.17 A Trust school is a state funded foundation school supported by a charitable trust. It is made up of the school and partners working together for the benefit of the school.
- 1.1.18 These three applications build on the proposals for Campus Telford & Wrekin. So they have the full support of Telford & Wrekin Council. The DCSF has confirmed that each proposal has entered the feasibility stage.

1.2 The Projects

Figure 1B: Map showing locations of schools within Telford & Wrekin



Key

- | | |
|---|--|
| 1 Hadley Learning Community
The Bridge School | 9 Blessed Robert Johnson Catholic
College |
| 2 Madeley Academy | 10 Charlton School |
| 3 Abraham Darby Academy | 11 Ercall Wood Technolgy College |
| 4 Lord Silkin School | 12 Mount Gilbert School |
| 5 The Sutherland Business & Enterprise
College | 13 Newport Girls' High School |
| 6 <i>Wrockwardine Wood Arts College</i> | 14 The Phoenix School |
| 7 Adams' Grammar School | 15 Southall Special School |
| 8 Burton Borough School | 16 Thomas Telford School |

The Projects

- 1.2.1 Telford & Wrekin Council's BSF Programme is entirely within **Wave 4** of the national BSF programme. So this OBC focuses on the development of **virtually all secondary schools in the Borough**. The BSF funding will deliver the construction of new buildings and facilities for four secondary schools, and the remodelling and refurbishment of the buildings and facilities at a further ten secondary schools.
- 1.2.2 In addition, the programme includes the construction of two primary schools (collocated with secondary schools), two swimming pools, and a range of other leisure and community facilities. These facilities have been funded from outside BSF.
- 1.2.3 The Sutherland Business & Enterprise College and *Wrockwardine Wood Arts College* are moving to new, more appropriate sites.
- 1.2.4 The projects are prioritised in terms of **educational need** and **social deprivation**. Geographically this means that early projects will be carried out in the south of the Borough moving northwards over time to finish with the schools in Newport.

The Schools

- 1.2.5 The school projects are essentially the same as those set out in the Telford & Wrekin SfC2 with the exception of proposals for post-16 facilities. The details are given in Table 1C, below:

Table 1C: Scope of Works

School	Proposed Works
Abraham Darby Academy	Rebuilt as an academy on the existing site. Co-located with Woodlands Primary School and leisure facilities, including a swimming pool.
Adams' Grammar School	Minor refurbishment to address suitability and condition issues. Senior boarding to be relocated to the Longford Hall site.
Blessed Robert Johnson Catholic College	Major remodelling on the existing site.
The Burton Borough School	Major remodelling on the existing site.
Charlton School	Major remodelling on the existing site.
Ercall Wood Technology College	Major remodelling on the existing site.
The Lord Silkin School.	Rebuilt on the existing site. Co-located with Stirchley Primary School and Three Oaks Primary School, and a new Post-16 Skills Centre.
Mount Gilbert Special School	Minor refurbishment to address condition backlog.
Newport Girls' High School	Minor refurbishment to address condition backlog and construction of new teaching block to replace existing demountables.
The Phoenix School	Major remodelling on the existing site.

Table 1C: Scope of Works (continued)

School	Proposed Works
Southall Special School	Build two-court sports hall and associated changing.
The Sutherland Business & Enterprise College	Rebuilt on the Oakengates Leisure Centre site.
Thomas Telford School	Provide new outdoor sports facilities on site adjacent to school.
<i>Wrockwardine Wood Arts College</i>	<i>Rebuilt on new site in Priorslee.</i>

Construction Programme

- 1.2.6 An indicative construction programme is shown in Table 1D, below. This shows construction works commencing at the sample school, Abraham Darby Academy, in January 2010. It is anticipated that the new school building will be available in time for the start of term in the Academic Year 2011/2012.

Table 1D: Indicative Construction Programme

School	Start Design	Opening Date
Sample School		
Abraham Darby Academy	During procurement	Academic Year 2011/12
Phase 1		
The Lord Silkin School	Dec 2009	Sep 2012
The Phoenix School	Dec 2009	Sep 2012
Phase 2		
The Sutherland Business & Enterprise College	Nov 2010	Sep 2013
<i>Wrockwardine Wood Arts College</i>	<i>Nov 2010</i>	<i>Sep 2013</i>
Phase 3		
Blessed Robert Johnson Catholic College	Oct 2011	Sep 2014
Charlton School	Oct 2011	Sep 2014
Ercall Wood Technology College	Oct 2011	Sep 2014
Phase 4		
Adams' Grammar School	Sep 2012	Jan 2015
The Burton Borough School	Sep 2012	Sep 2015
Newport Girls' High School	Sep 2012	Sep 2014
Phase 5		
Mount Gilbert Special School	Sep 2013	Jan 2015
Southall Special School	Sep 2013	Jan 2015
Thomas Telford School	Sep 2013	Jan 2015

- 1.2.7 It is recognised that at this stage these dates can only be target dates and will therefore be subject to discussion during the procurement phase of this programme.

Sample School

1.2.8 The sample project will be for the design and build of **Abraham Darby Academy** and the other facilities on the site. These will be:

- the relocated Woodlands Primary School,
- Leisure facilities, including an indoor swimming pool and changing facilities for community and school use,
- a hall for community use,
- an integrated services 'cluster' and
- facilities for the PCT.

ICT Managed Service Contract

1.2.9 Telford & Wrekin Council will provide the ICT managed service contract under arrangements developed and agreed with all of our schools. We have developed a system of Key Performance Indicators (KPIs) that are built into the contractual payment mechanism to ensure that an appropriate quality standard is maintained. The service will include an initial installation and set-up and then an equipment 'refresh' at the 3, 4 or 6-year points depending on the device. Schools will pay for the service on a **'per pupil'** basis. Training and development for teachers and other staff using ICT will be crucial element of the ICT service. A Transformation Team has been established to oversee the development and implementation of a comprehensive change management programme.

Facilities Management

1.2.10 Facilities management includes day-to-day repairs and maintenance of the buildings, as well as the planned lifecycle replacement. We will procure these services outside the NFC via a process that establishes value for money for Telford & Wrekin Council. The facilities management programme will have three elements:

- **Standards** – we have agreed the standards of maintenance with the schools. These standards represent a realistic compromise between achieving a very high level of maintenance and an affordable, acceptable level.
- **Funding Mechanism** – our proposals for the facilities management of the schools will be funded from a sinking fund established using contributions from schools and Telford & Wrekin Council.
- **Delivery Mechanism** – Schools will be able to choose the facilities management delivery mechanism that best suits their situation. The choices include the use of a competitively tendered, Borough-wide FM contract or the schools making their own arrangements. Checks and balances will be established to demonstrate that both mechanisms achieve the agreed standard.

1.3 Value for Money

1.3.1 We have undertaken a detailed value for money assessment of our proposals. In particular this OBC summarises our work in:

- developing a qualitative appraisal that concludes that, despite the programme level assumption that Private Finance Initiative (PFI) offers better value for money for new build projects, analysis of several site-specific factors indicates that the Design & Build (D&B) route proposed offers at least equal value for money for these schools.
- demonstrating how using the NFC will ensure that the project represents value for money, and
- preparing an approved Procurement Business Case which illustrates the results of both qualitative and quantitative assessments to show that ICT services delivered by Telford & Wrekin Council offer better value for money than procuring a private sector partner to deliver a BSF ICT managed service, and

1.3.2 This work has demonstrated that **overall value for money will be achieved by the BSF project**. Value for money issues are covered in Section 4 of this OBC.

1.4 Affordability

The Design & Build Projects

1.4.1 We have worked closely with our technical advisor, Mott MacDonald, to prepare a robust estimate of the construction costs based on the reference schemes developed in collaboration with the schools. These costs are shown in Table 1E. This shows that the proposed capital costs are **within the BSF FAM allocation of £169,596,000**.

Table 1E: The Design & Build School Costs

School	Estimated Cost
Abraham Darby Academy (Sample School)	22,767,000
Adams' Grammar School	5,700,000
Blessed Robert Johnson Catholic College	11,821,000
The Burton Borough School	11,219,000
Charlton School	7,821,000
Ercall Wood Technology College	10,658,000
The Lord Silkin School	21,479,000
Mount Gilbert Special School	500,000
Newport Girls' High School	2,900,000
The Phoenix School	15,458,000
Southall Special School	1,500,000

Table 1E: The Design & Build School Costs (continued)

School	Estimated Cost
Thomas Telford School	2,000,000
The Sutherland Business & Enterprise College	16,420,000
<i>Wrockwardine Wood Arts College</i>	<i>23,830,000</i>
Pupil Referral Units	500,000
Contingency	15,023,000
Total	169,596,000

- 1.4.2 These cost estimates reflect the total construction costs including those due to abnormal site conditions and are based on prices as they were during the first quarter of 2008. The project funding will be set at OBC based on our proposed programme of work and we recognise that Telford & Wrekin Council carry the risk of programme delay.

Land Purchases and Capital Receipts

- 1.4.3 In order to deliver our proposals, a number of land purchases will be required and the existing sites from the following schools will become surplus to our requirements:

- The Sutherland Business & Enterprise College, and
- *Wrockwardine Wood Arts College*.

- 1.4.4 The site purchases will not be funded from the BSF FAM allocation, but from the capital receipts generated from these two sites. Section 5 of this OBC demonstrates that this element of the project is affordable. However, we understand that Telford & Wrekin Council carries the risk of any capital shortfall that may occur as a result of these land deals.

Abraham Darby Academy

- 1.4.5 Our vision for the learning communities is ambitious and cannot be achieved with BSF funding alone. For the majority of our sites, we will have to secure additional capital funding. This OBC demonstrates that all the proposals for our sample school site – Abraham Darby Academy – are affordable. Table 1F shows the additional funding we identified in order to achieve our vision.

Table 1F: Abraham Darby Learning Community Affordability

	Funding Source	Estimated Cost
Abraham Darby Learning Community		40,767,000
Funded by		
BSF Allocation	(22,767,000)	
Capital Receipts	(10,950,000)	
External Contribution	(165,000)	
Primary Strategy for Change Capital Grant	(5,500,000)	
Swimming Pool Modernisation Grant	(1,385,000)	
Total	(40,767,000)	40,767,000

- 1.4.6 These figures are based on prices as they were during the first quarter of 2008. Section 5 of this OBC demonstrates that this element of the project is affordable. However, we understand that Telford & Wrekin Council carries the risk of any capital shortfall that may occur relating to the developments on this site.

The ICT Projects

- 1.4.7 We have carried out a robust exercise to establish the capital and revenue costs of the ICT project. All schools have been involved in discussions as part of the process to establish an output specification to deliver a managed service capable of supporting the aspirations set out in their individual '**Strategy for Change**' vision statements.
- 1.4.8 Our cost modelling has shown that costs of the ICT project over ten years to be met by the £17,017,925 FAM ICT allocation plus £15,253,411 pppa revenue payment, indexed, from schools. The model also illustrates a carry forward of funding of £415,619 to initiate new projects at the end of the 10 year period. We can therefore conclude that **the ICT project is affordable and sustainable** in the longer term.

Facilities Management

- 1.4.9 We have developed a **comprehensive 25-year lifecycle schedule**, together with a **detailed maintenance programme**, for typical new build and remodelled secondary schools. The schedules have been produced using PfS guidance and information gathered by our technical advisors from similar schemes across the country.
- 1.4.10 We will set up a **sinking fund** using:
- at least 80% of all future BSF schools' Devolved Formula Capital (DFC) – excluding any ICT allocations – from the beginning of the 2011/12 financial year. We will review whether to utilise a proportion of the 2009/10 and 2010/11 DFC allocations,
 - a proportion of the annual formulaic allocations received from central government for Asset Management Planning. This represents a minimum of £500,000 per annum (index linked), and
 - the annual revenue funding for routine maintenance – a proportion of which is delegated to schools as part of their budget share.
- 1.4.11 This indicates a shortfall of approximately £15.5 million over 25 years. We, in consultation with our external financial advisors, have modelled the cash profile of the sinking fund to establish when additional funds will be required. This profile has been factored into the Telford & Wrekin Council's medium and long-term financial strategy.

1.5 Readiness to Deliver

- 1.5.1 Telford & Wrekin Council is a **four-star local authority** and **performing strongly**. This is as a result of demonstrating high quality and robust processes and procedures throughout the organisation.
- 1.5.2 We are experienced in the successful delivery of large scale, complex projects, both PFI and Design & Build schemes. Our latest PFI project was the **Hadley Learning Community**, a £70m secondary, primary and special school complex that included extensive sport and leisure facilities. Many of this PFI delivery team are now part of the BSF team.

Governance

- 1.5.3 Julia Almond – Corporate Director for Children & Young People is the **Project Owner**.
- 1.5.4 The **Project Board** meets on a regular basis and includes the following key stakeholders:
- Andrew Eade – Leader of the Council,
 - Stephen Burrell – Cabinet Member for Children & Young People,
 - Steve Wellings – Chief Executive,
 - Victor Brownlees – Section 151 Officer,
 - Liz Clare – Opposition Member for Children & Young People,
 - Julie Cosgrove – LSC Partnership Director for Shropshire, Telford and Wrekin.
 - Neil Stonehouse – Head Teacher at The Phoenix School
 - Rob Leckey – Primary Heads Forum Representative.

Project Management

- 1.5.5 We have adopted sound project management principles to structure the management of this large scale and complex project programme. The Project Director and Project Manager are both qualified and experienced project managers and have been in post since July 2006.
- 1.5.6 We have established a committed **Project Team** to deliver BSF. Each team member has a defined job description, role and clear responsibilities. The project team meets on a monthly basis.
- 1.5.7 We have developed a **project plan** for the entire procurement phase and reviewed the documentation required for this stage of the project.

Gateway Reviews

- 1.5.8 The Telford & Wrekin BSF Project has been the subject to two **4ps Gateway Reviews** as part of the BSF programme's quality assurance process:

- Gateway Review 0 – 9-11 July 2007
- Gateway Review 1 – 5-7 November 2008

1.5.9 Gateway 1 confirmed that:

“The Review Team finds that there was evidence of significant buy-in to the BSF programme from officers, members, schools and other stakeholders. There was support for the use of the National Framework Contract, the in-house ICT managed service and confidence in the delivery team.”

1.5.10 A copy of the Gateway 1 Review is appended to this OBC. See Appendix 20.

1.6 Leading and Managing Change

1.6.1 Our Change Management Plan builds on the strategies included in SfC2. We are committed to and have already embarked upon a **programme of change management** to:

- implement cultural and operational change,
- to develop the skills, confidence and capacity of the workforce, and
- to strengthen co-ownership by the secondary schools and their learning communities.

1.6.2 The ‘Strategy for Change’ vision developed by each of the schools is aligned with our overall vision.

1.6.3 As a result of the identified underperformance of the sample and early phase schools, it is critical that improvements are sustained through the construction process. We have appointed a **Head of Learning Transformation** who will support the process of change in each school. They are adept in the use of ICT to support imaginative teaching and innovative learning, and are skilled in guiding staff through what will be an unsettling process. Each school has already established a transformation team to address our change management plans and we have supported schools in the deployment of additional resources.

1.6.4 Schools understand that change is not just dependent on the developments delivered using the BSF capital investment. They are using existing funding streams to achieve improved performance before the new or refurbished school is ready for occupation.

1.6.5 We are committed to the change management programme and have established governance arrangements that provide high levels of involvement with the schools. We will keep developing a comprehensive programme of Continuous Professional Development (CPD). In order for our ‘Campus Telford & Wrekin’ vision to be a success, we will need to ensure that we have

a diverse, skilled and adaptable workforce that is sufficiently confident to exploit the opportunities afforded by the investment in learning.

- 1.6.6 We will further develop CPD network groups to share teaching methods and to promote more cohesive partnerships of learning. The CPD programme is being reviewed in order to ensure that it is substantially driven by the BSF programme.

1.7 Commitments and Approvals

1.7.1 This OBC contains the following key documents:

- A statement from Telford & Wrekin Council's Corporate Director of Resources, as Section 151 Officer, that the project is affordable and represents value for money. See Appendix 9.
- A copy of the minutes from the Cabinet Meeting held on 24 November 2008 confirming their approval to this Outline Business Case. See Appendix 9.
- Commitments by the governing bodies of all schools to our proposals, including ICT and FM. See Appendix 9.

Julia Almond
Corporate Director for Children & Young People
Telford & Wrekin Council
November 2008

For further information, please contact:

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