



Leicester
City Council

Public Document Pack

MEETING OF THE CABINET

DATE: MONDAY, 29 NOVEMBER 2004

TIME: 5:00 pm

**PLACE: COMMITTEE ROOMS 2 & 3, 'B' BLOCK, NEW WALK
CENTRE, KING STREET, LEICESTER**

Members of the Committee

Councillor Roger Blackmore (Chair)
Councillor Johnson (Vice-Chair)

Councillors Coley, Metcalfe, Mugglestone, Ramsdale, Scuplak, Suleman
and Vincent

Members of the Cabinet are invited to attend the above meeting to
consider the items of business listed overleaf.

for Town Clerk

MEMBERS OF THE PUBLIC:

**YOU ARE VERY WELCOME TO ATTEND TO OBSERVE THE PROCEEDINGS.
HOWEVER, PLEASE NOTE THAT YOU ARE NOT ABLE TO PARTICIPATE IN
THE MEETING.**

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Committee Services, Town Clerk's Department
Leicester City Council
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INFORMATION FOR MEMBERS OF THE PUBLIC

ACCESS TO INFORMATION AND MEETINGS

You have the right to attend Cabinet to hear decisions being made. You can also attend Scrutiny Committees, as well as meetings of the full Council. You can ask questions and make representations to Scrutiny Committees and Council. You also have the right to see copies of agendas and minutes. Dates of meetings are available at the Customer Service Centre. There are, however, certain occasions when the Council's meetings may need to discuss issues in private session. The reasons for dealing with matters in private session are set down in law.

WHEELCHAIR ACCESS

The Committee Rooms at New Walk Centre are all accessible to wheelchair users. If wheelchair access is required for Council meetings, which are held at the Town Hall, please contact Charles Poole on 252 7015 or call in at the Customer Service Centre.

BRAILLE/AUDIO TAPE

If there are any particular reports that you would like translating into Braille or providing on audio tape, the Committee Administrator can provide this for you (production times will depend upon equipment/facility availability).

General Enquiries - if you have any queries about any of the above or the business to be discussed, please contact Frances Wake/Roanne Dearing, Committee Services on (0116) 252 6028/7154 or call in at the Customer Service Centre.

Press Enquiries - please phone the Communications Unit on 252 6081

PUBLIC SESSION

AGENDA

1. DECLARATIONS OF INTEREST

Members are asked to declare any interests they may have in the business to be discussed and/or indicate that Section 106 of the Local Government Finance Act 1992 applies to them.

2. LEADER'S ANNOUNCEMENTS

3. MINUTES OF PREVIOUS MEETING

The minutes of the meeting held on 8 November 2004, have been circulated to Members and the Cabinet is asked to approve them as a correct record.

4. MATTERS REFERRED FROM SCRUTINY COMMITTEES

Appendix A

Resources and Equal Opportunities Scrutiny Committee – 11 November 2004

The following was agreed at the above meeting. The full minute extract and an Officer response are attached as appendix A.

Political Stands on the Highway

RESOLVED:

- (1) That the Committee request that Cabinet adopt a policy which respects and upholds the right of free speech in the City, within the bounds of the Law and that any exceptions to the Council's policy be agreed cross-party and,
- (2) that a further report be submitted to the Committee when a policy on how to deal with applications is proposed

Councillor Coley to respond

Overseas Links Working Party

The following was agreed at the above meeting. The full minute extract is attached as appendix A1.

Visits Involving Overseas Contacts

RESOLVED:

- (1) **that clarification be sought from Cabinet about officers making overseas visits.**

Councillor Mugglestone to recommend that the comments of the Working Party be noted and a full report be submitted to the next meeting of the cabinet responding to the issues raised.

5. PRESENTATION ON RISK MANAGEMENT

The Head of Audit and Governance and the Corporate Risk Manager will give a presentation on risk management.

6. COUNCIL TAX PROGRESS REPORT - HALF YEAR ENDED 30 SEPTEMBER 2004 Appendix B

Councillor Metcalfe submits a report providing members with an update on progress made, and the initiatives being deployed by the Housing department to increase the income to the Authority in respect of Council Tax and Business Rate payments for 2004/2005 and in future years. The Cabinet is recommended to note the progress made to date to collect the charges and endorse the initiatives taken by the Revenues service to increase the in year collection rates for 2004/2005, endorse the ongoing improvements planned to ensure collection rates increase to achieve upper quartile of the National Best Value Performance Indicators within three years, and to support a strong enforcement approach, including committal action, to facilitate the collection of Council Tax and Business Rates.

7. WAIVER OF CONTRACT PROCEDURE RULES Appendix C

Councillor Coley submits a report advising the Cabinet of waivers to Contract Procedure Rules approved by the Town Clerk, as required by paragraph 4.2(b) of these rules. The Cabinet is recommended to note the waivers.

8. NEW WALK MANAGEMENT AND MAINTENANCE PLAN Appendix D

Councillor Scuplak submits a report giving details of a 10 year management and maintenance plan for New Walk. The Cabinet is recommended to adopt the management and maintenance plan as the standard to be achieved.

The full management and maintenance plan is attached for Members of the Cabinet only. Copies are also available on the Council's website at www.cabinet.leicester.gov.uk or by phoning Committee Services on (0116) 252 7154

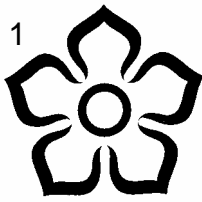
9. BUILDING SCHOOLS FOR THE FUTURE Appendix E

Councillor Johnson submits a report advising the Cabinet of the strategic business case for the proposed Building Schools for the Future (BSF) programme which is complete in draft form, the revenue implications associated with the Capital Programme and the risks identified and the assumptions underlying the proposals and of the proposed consultation

and timescale, and seek Cabinets approval to engage in a consultation process with all stakeholders. Feedback from the consultation will inform a more detailed report to Education and Lifelong Learning Scrutiny Committee and Cabinet in early February 2005. Cabinet is recommended to authorise the Corporate Director of Education and Lifelong Learning to undertake stakeholder's consultation, with specific regard to the affordability options referred to in the report, request that the Corporate Director bring back a report in February 2005 detailing the results of the stakeholder consultation and request that the Corporate Director bring a report to Cabinet in February 2005 seeking approval of the strategic business case for the BSF Programme and the outline business case for phase 1 schools. Draft consultation packs will be available in the Members area on the day of the Cabinet.

The full supporting information is attached for Members of the Cabinet only. Copies are also available on the Council's website at www.cabinet.leicester.gov.uk or by phoning Committee Services on (0116) 252 7154

10. ANY OTHER URGENT BUSINESS



Leicester
City Council

Minutes of the Meeting of the
OVERSEAS LINKS WORKING PARTY

Held: 28 October 2004 at 12 noon.

P R E S E N T:

Councillor Johnson - Chair
Councillor Garrity - Vice-Chair

Councillor Bhatti

Councillor Willmott

Co-opted Members (non-voting)

Peter Lee	City of Leicester European Twinning Association
Clare Plumb	Leicester Masaya Link Group
Liz Blackshaw	Leicester Masaya Link Group
Hitesh Tanna	Leicester Rajkot Twinning Association

Officers in Attendance

Sandra Rieger	International Development Officer
Andy Thomas	Head of Regeneration Policy
Alexandra Kowalczuk	Lord Mayor's Secretariat Manager
Rebecca Owen	Committee Administrator

* * * * *

16. DECLARATIONS OF INTEREST

Members were asked to declare any interests they might have in the business to be discussed, and/or indicate that Section 106 of the Local Government Finance Act 1992 applied to them. No declarations of interest were made at this time.

18. VISITS INVOLVING OVERSEAS CONTACTS

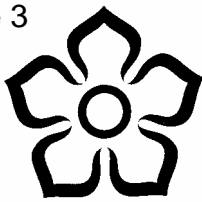
The Service Director, Regeneration, submitted a report which informed members of visits involving overseas contacts in the last quarter, and of anticipated visits. The report set out the purpose of the visits, the costs and the outcomes. It was noted that details of all visits had been combined into one report due to the large number of visits arranged.

Attention was drawn to the Cycling Tour to Strasbourg, Freiburg, Basel and Bern noted in Appendix 2 and the intention to discuss Town Twinning, and concern was expressed that the City of Leicester Twinning Association had not been informed about this. It was agreed that the Cycling Officer be invited to the next meeting of the Working Party.

Councillor Willmott asked for confirmation about overseas visits, as he stated that at the last Energy Agency meeting it had been mentioned that officers were prohibited from travelling abroad. It was agreed that clarification on this be requested from Cabinet, but also suggested that it would be acceptable if the Chair and Vice-Chair of the Working Party approved the visit.

RESOLVED:

- 1) That the Cycling Office be invited to the next meeting of the Working Party;
- 2) That clarification be sought from Cabinet about officers making overseas visits.



Leicester
City Council

Minutes of the Meeting of the
RESOURCES AND EQUAL OPPORTUNITIES SCRUTINY COMMITTEE

Held: THURSDAY, 11 NOVEMBER 2004 at 5.00pm

P R E S E N T :

Councillor Bhatti - Chair
Councillor Karim - Liberal Democrat Spokesperson

Councillor Draycott
Councillor Hunt (for Councillor Garrity)
Councillor Willmott
Councillor Grant
Councillor Renold

* * * * *

54. DECLARATIONS OF INTEREST

Members were requested to declare any interests which they might have in the business to be discussed and/or indicate that Section 106 of the Local Government Finance Act applied to them.

Councillor Willmott declared a non prejudicial interest as a Council appointee of the Energy Agency Board.

59. POLITICAL STANDS ON THE HIGHWAY

The Service Director, Legal Services submitted a report which summarised the law relating to political activity and stands placed on the highway. In summary, it was explained that, according to current law, the Council does not have the powers to restrict such activities on political grounds, did have powers on nuisance and timescale issues.

Councillor Draycott stated, as a matter of accuracy, that the issue first arose at a full Council meeting, and therefore, interest had been shown not only within this Committee, but also by other Members of the Council.

It was noted that the penultimate sentence of paragraph 5.1 should read compatible rather than incompatible.

The Committee welcomed the report and acknowledged the powers which the Authority had, which Members felt to be adequate. Members felt that the Authority needed to have a clear understanding of Council policy on this issue alongside legal requirements.

Councillor Renold, seconded by Councillor Draycott, proposed that the Committee request that Cabinet respect and uphold the right of free speech in the City, within the bounds of the law and that any exceptions to the Council's policy be agreed cross-party. He also proposed that a further report be brought to the Committee when a policy on how to deal with these applications was proposed.

Upon being out to the vote the motion was CARRIED.

RESOLVED:

- (1) That the Committee request that Cabinet adopt a policy which respects and upholds the right of free speech in the City, within the bounds of the Law and that any exceptions to the Council's policy be agreed cross-party and,
- (2) that a further report be submitted to the Committee when a policy on how to deal with applications is proposed.



WARDS AFFECTED : ALL WARDS

CABINET

29th NOVEMBER 2004

**COUNCIL TAX PROGRESS REPORT – HALF YEAR ENDED
30 SEPTEMBER 2004**

Report of the Corporate Director of Housing

1. PURPOSE OF REPORT

- 1.1. Members will be aware that the collection of local taxes owed to the City Council is vital to ensure the ongoing provision of services to the citizens of Leicester. This report provides Members with an update on the progress made, and the initiatives being deployed by the Housing Department, to increase the income to the Authority in respect of Council Tax & Business Rate payments for 2004/2005 and in future years.
- 1.2. Unfortunately, collection rates for both taxes were severely hampered during 2003, due to the introduction of a new computer IT system to administer the billing process. The Chief Financial Officer, prior to the new system being introduced, advised Members' that this would be a short-term consequence, and in addition, the Housing Benefits backlog also compounded the situation and delayed the recovery process for Council Tax.
- 1.3. Consequently, the service collected less than anticipated within the last financial year, although the majority of monies owed will continue to be collected. This is illustrated by the fact that at 29th October 2004, the collection rate for Council Tax 2003/2004 had increased from 90.2% to 93.9% and the NNDR from 96.4% to 97.9%.
- 1.4. The Best Value Performance Indicators for the service are centred around the percentage of debt collected in the year it is raised (i.e. the percentage of the 2003/2004 tax that is actually paid before 31st March 2004). The service collected 90.2%, placing the Authority in the lower quartile of the national league tables for 2003/2004.

2. SUMMARY

- 2.1 The service is now returning to a normal working position, despite having to collect the outstanding Council Tax and Business Rates debt for 2003/2004. This is in addition to the work required to collect the current financial years charges. However, it is anticipated that the service will achieve its targets of collecting 94% of the Council Tax charge and 98.5% for Business Rates by the 31st March 2005, although this latter target is extremely challenging because of the potential late assessment of new businesses by the Valuation Officer and the effect of insolvencies on collection.
- 2.2 At the 30th September 2004 the Revenues Service had collected 52.1% of all of the current years Council Tax (50.05% at 30th September 2003) and 59.27% of all of the current years Business Rates (59.09% at 30th September 2003). The percentage of the debt collected continues to increase so that at 29th October 60.5% of the Council Tax and 68.1% of the Business Rates, due for the current year, had been collected.
- 2.3 If the targets are achieved the Authority's performance is likely to move into the mid to upper quartiles of the National Best Value league tables, with future targets aimed at reaching the top quartile over the next 3 years.

3. RECOMMENDATION

- 3.1 Members are **recommended** to:
- 1) Note the progress made to date to collect the charges, and endorse the initiatives, detailed in paragraph 2 of the Supporting Information report, taken by the Revenues service to increase the 'in year' collection rates, for 2004/2005;
 - 2) To endorse the ongoing improvements planned in paragraph 3, of the Supporting Information report, to ensure collection rates increase to achieve upper quartile of the National Best Value Performance Indicators within three years; and
 - 3) To support a strong enforcement approach, including committal action, to facilitate the collection of Council Tax and Business Rates.

4. FINANCIAL IMPLICATIONS

- 4.1 There are no direct financial implications associated with this report. However, the increased collection of outstanding debt to the Authority will ensure services continue to be financially supported. (Mark Noble x7411)

5. LEGAL IMPLICATIONS

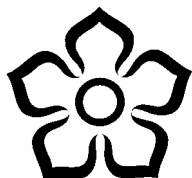
5.1 There are no legal implications. (Joanna Bunting x6450)

6. AUTHOR OF REPORT

6.1 Tracie Rees, Revenues and Benefit Manager, Ext. 7520

DECISION STATUS

Key Decision	No
Reason	N/A
Appeared in Forward Plan	No
Executive or Council Decision	Cabinet



Leicester
City Council

WARDS AFFECTED :ALL WARDS

CABINET

29th NOVEMBER 2004

**COUNCIL TAX PROGRESS REPORT – HALF YEAR ENDED
30 SEPTEMBER 2004**

Report of the Corporate Director of Housing

SUPPORTING INFORMATION

1. BACKGROUND

- 1.1 Council Tax is the means by which local citizens contribute to the cost of services provided by Local Government, the Police, and Fire Service. The Revenues service is responsible for collecting Council Tax charges, which finance these services. In addition, the Revenues service is also responsible for collecting Non Domestic Business Rates on behalf of the Government, which is paid into a central pool. The Non Domestic Rate pool is managed by Central Government, which in turn is paid back to authorities based on a standard amount per head of resident population and used in the provision of further Council Services. The Local Taxation Service was transferred from the Resources, Access and Diversity Department to Housing in October 2002.
- 1.2 The City Council has a history of problems with the collection of both Council Tax and Business Rates. This was in the main caused by inadequate and outdated computer systems, which worked against early intervention and therefore exacerbated the problem of good collection rates. The following table highlights the Council's performance over the last eight years for Members Information:

	<u>Council Tax</u>	<u>Business Rates</u>
1996/97	89.6%	96.5%
1997/98	92.7%	97.3%
1998/99	92.6%	97.8%
1999/00	93.4%	97.5%
2000/01	92.9%	97.3%
2001/02	89.0%	96.6%
2002/03	92.0%	97.6%
2003/04	90.2%	96.4%
2004/05	94.0%(Target)	98.5%(Target)

- 1.3 As Members will see from the above, at 31st March 2004 the Council Tax collection rate for 2003/2004 was 90.2%, which placed the Authority in the lower quartile of the National Best Value Performance league tables. The collection rate for Business rates was 96.4%, putting the Authority in a similar position for this performance indicator.
- 1.4 Unfortunately, collection rates for both taxes were severely disrupted during 2003, due to the introduction of a new computer IT system to administer the billing process. The suppliers of the previous bespoke computer system were not prepared to support the aging technology and improvements to the collection processes could not be implemented. This was evident from the 'in year' collection figures for the previous 3 years. Up to 2000/01, steady progress was being made in improving the collection rates but further progress was hindered by an inadequate computer system and problems in housing benefits.
- 1.5 The introduction of a new Local Taxation IT system was a major change to the service, which required in-depth computer training and familiarisation for every member of staff, which was also a contributory factor to the reduced collection rate for 2003/2004. Members had been fully apprised of the impact introducing a new computer system would have on collection rates, before signing up to the new system. However, it is envisaged that the rate should improve now the new system is operational.
- 1.6 In addition, as stated above, the Housing Benefits backlog also compounded the situation, because recovery action was suspended on cases where Council Tax Benefit was outstanding. This decision was taken to prevent recovery action, including the issuing of summons and committal, where individuals may not be responsible for the debt.
- 1.7 However, with a stable and more effective and efficient IT system, and the clearance of the Housing Benefit backlog, full recovery has commenced and the Service is using all possible means to recover outstanding debt from previous years and to ensure that the taxes for the current year are collected.

2. CURRENT POSITION - COUNCIL TAX COLLECTION

- 2.1 Prior to the start of the current financial year, initiatives to improve the collection rate were put into place. This included a publicity campaign to encourage people to claim Council Tax benefits and seek assistance if they have payment problems, and a campaign aimed at explaining the consequence of non-payment and the action that will be taken to recover any Council Tax or Business Rates owing to the City Council.

- 2.2 The Service will continue to encourage more customers to pay by electronic methods, such as Direct Debit and Credit/Debit Cards. This is becoming more popular with 21,379 payments being made between April and September 2004, compared to 10,184 for the same period last year. It is also intended to launch a major publicity campaign in the near future highlighting the benefits of paying Council Tax and Business Rate bills electronically.
- 2.3 Last Autumn the instalment date was also moved to the first of the month for cash payers and for payers who had defaulted on their payments during 2003/2004. This has given the Authority the ability to advance recovery action by up to two months.
- 2.4 The Authority currently has 2 separate Direct Debit payment dates for each month being 1st or 20th, but customers can pay by other means, such as Standing Order, cash or cheque on any other day of the month, which highlights the flexibility offered by the Service. Although this approach allows maximum flexibility to customers who can pay by a method that suits them on any day of the month, it does delay the payment cycle and puts back recovery action by three weeks where payments are missed. Officers are currently considering standardising all payments on the 1st of the month.
- 2.5 Referrals to the Bailiff was previously a manual task, it is now an electronic process, which means that referrals are immediate and action commences several weeks earlier than in the past.
- 2.6 Recovery action now takes place every week, so that those in arrears are summonsed earlier, thus giving the City Council more time to collect the debt in year.
- 2.7 Payment arrangements are only made where the customer agrees to provide their employment details, which means, that if they default again, then an attachment to earnings will be sought after a liability order is obtained.
- 2.8 The new IT system also allows reports to be produced based on a debtor's previous payment methods. For example, those defaulters who had previously been subject to an attachment of earnings can be identified and appropriate recovery action taken, if they default again.
- 2.9 The debt recovery process is now fully automated, with the implementation of the new IT system. This ensures that a consistent and timely approach is taken to sending out the statutory reminders and commencing legal action.
- 2.10 The net result of these initiatives is that we have already seen an increase in the collection rates for Council Tax, when compared to this time last year. On 30th September 2004, 52.1% of the charges due for 2004/2005 had been collected, compared to 50.05% for the same period last year. At the time this report was prepared

there was still just over five months of the current financial year left to achieve the collection target of 94%. A similar picture has emerged for Business rates, with the collection rate having increased from 59.1% to 59.3% when compared to the same time as last year. This is clearly good news for the Council and demonstrates the success of the new IT system.

3. PLANNED IMPROVEMENTS

- 3.1 Further local media coverage is planned to encourage people to pay or seek assistance, before they incur bailiff's action and legal costs. Educating customers on the consequence of non-payment will be an ongoing process.
- 3.2 New payment options will be introduced and improved benefit information will be included with the annual Council Tax bills.
- 3.3 Council Taxpayers will be able to access their annual bill 'on line' via the Internet and be able to make electronic payments using the same facility.
- 3.4 The Service is in the process of procuring a new telephone system, which will be implemented in January 2005. The new system will allow customers to access a more efficient digital automated payment facility, so they can pay by debit or credit card, without having to talk to a member of staff.
- 3.5 A new verification system is to be introduced, which allows customers to pay by Direct Debit, without having to complete and sign a bank mandate form, this will provide a quicker method of payment for customers, which in turn, will speed up the recovery process.
- 3.6 Swipe card technology will be introduced that will allow customers to pay at local outlets 24 hours a day, 365 days a year.
- 3.7 Correspondence to customers will be jargon free and more prescriptive about the consequence of non-payment, including the threat of imprisonment.
- 3.8 The Revenues Service has arranged dedicated weekly committal slots with the courts to ensure that cases can be scheduled, as soon as possible, where customers do not pay.
- 3.9 Over the last two years, the service has gone through a mini revolution with every aspect of the service being subject to review. Officers were conscious that if the payment rates were to improve, then the Authority had to become more efficient, and customers had to be given more opportunity to make payments, in ways and at times that suited them.

- 3.10 However, in addition to this, officers also believe that whilst every opportunity is given for people to pay or claim Council Tax Benefit, it is imperative that the message goes out that non payment is not an option, and that the Council means business and will pursue non payers through the courts, and use all powers available to them to recover debt, including and up to imprisonment. This is because none and/or late payers should be held to account for their actions as late payment ultimately adds to the cost for good payers.

4. EQUAL OPPORTUNITY IMPLICATIONS

- 4.1 There are no direct Equal Opportunity implications associated with this report.

5. LEGAL IMPLICATIONS

- 5.1 There no direct legal implications associated with this report. (Joanna Bunting x6450)

6. POLICY IMPLICATIONS

Other Implications	Yes/No	Para within supporting papers	References
Equal Opps	No		
Policy	No		
Sustainable & Environmental	No		
Crime and Disorder	No		
Human Rights Act	No		
Details of Consultation	Yes	10.1	
Elderly/People on low income	Yes	12.1	

7. SUSTAINABLE AND ENVIRONMENTAL IMPLICATIONS

- 7.1 There are no direct sustainable and environmental implications associated with this report.

8. CRIME AND DISORDER

- 8.1 There are no direct crime & disorder implications associated with this report.

9. DETAILS OF CONSULTATION

- 9.1 Staff and their representatives have been consulted on the actions taken at regular joint review meetings.

10. AIMS AND OBJECTIVES

- 10.1 Aim: To enable citizens of Leicester to stay in their homes as long as these homes continue to meet there needs.

- 10.2 Objective: To maximise the uptake of benefits, such as Council Tax benefit to ensure the poorest in our city can afford to stay in their homes.

11. ELDERLY/PEOPLE ON LOW INCOMES

- 11.1 The elderly and people on low incomes can often find the payment of Council Tax problematic and will be encouraged to claim the relevant benefits to assist with the payment of the charge.

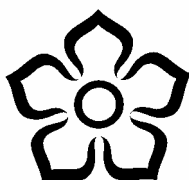
12. BACKGROUND PAPERS

- 12.1 Collection of Income Report 1st April 2003 to 31st March 2004.
- 12.2 Weekly Council Tax & Business Rate statistical collection information.

13. AUTHOR OF REPORT

- 13.1 Tracie Rees, Revenues and Benefit Manager, Ext. 7520

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Leicester
City Council

WARDS AFFECTED - ALL

CABINET

29 NOVEMBER 2004

WAIVER OF CONTRACT PROCEDURE RULES

Report of the Town Clerk & Corporate Director of Resources, Access & Diversity

1 PURPOSE OF THE REPORT

- 1.1 The purpose of this Report is to advise Cabinet of Waivers to Contract Procedure Rules approved by the Town Clerk, as required by paragraph 4.2(b) of these Rules.

2 REPORT

- 2.1 Waivers of Contract Procedures Rules approved by the Town Clerk in the period July 2004 – October 2004 are as follows:

Scheme	Contract Procedure Rule Affected	Reason for Waiver
2.1(a) Supporting People Programme Accommodation scheme for vulnerable young people from BME background	Para 6, 7 and 8	The service provider originally planned to provide this could not do so. The scheme had to commence in November or it would not remain financially viable and the premises would have been sold and the opportunity lost. A waiver was therefore granted on grounds of urgency.
2.1(b) Abbey Meadows Depot	Para 6	The service provider had previously undertaken emergency clean-up work at the Depot following the departure of occupiers. The costs of providing additional security and payments to EMDA were running at just under £10,000 per month. The urgency of completing the clean up using the existing contractor outweighed the costs of tendering. As a result of this very successful scheme, EMDA waived their surcharge estimated at £60,000.

Scheme	Contract Procedure Rule Affected	Reason for Waiver
2.1(c) Creation of a Revenue and Benefits Contact Centre	6.1 a, b and c 6.2 a, b and c	The Department was awarded Government funding in May 2004 from the DWP to create this Contact Centre. The monies had to be spent within the financial year 2004/2005. Because of the urgency of the process, it was decided that rather than use an open-procurement process, the Department would invite four suitably qualified contractors, from a previous exercise for a similar system to tender for the work.
2.1(d) Purchase of Fitness Equipment for Braunstone Leisure Centre.	Para 6	<p>The Department already uses fitness equipment from this supplier at their three other sites. These were subject to procurement through a tendering process some three years ago. The benefits to be derived by using the same supplier are:</p> <ul style="list-style-type: none"> → Economies of scale for maintenance. → Staff will not require additional training and are interchangeable. → Existing customers will not require additional familiarisation training. → Equipment is interchangeable. → The equipment would be available for the opening of the Centre. This is not considered to be the case if a tendering exercise was undertaken.

3 RECOMMENDATIONS

3.1 That the Waivers be noted.

4 FINANCIAL AND LEGAL IMPLICATIONS

4.1 Financial Implications

There are no direct financial implications arising from this Report. The Financial Implications for each waiver were provided by Departmental Finance staff from within the individual Departments.

4.2 Legal Implications

Contract Procedure Rules may be waived only by the Cabinet or by the Town Clerk after consultation with the relevant Cabinet Member(s) and the decision shall record the extent to which Contract Procedure Rules have been waived and the reasons. The rule goes on to require that the Town Clerk reports such decisions to the Cabinet. The Legal Implications for each waiver were provided by Rebecca Jenkyn, Senior Solicitor, Sue Doyle or Jean Geary.

5 OTHER IMPLICATIONS

5.1 Other Implications	Yes/ No	Paragraph References within this Report
Equal Opportunities	NO	
Policy	NO	
Sustainable and Environmental	NO	
Crime and Disorder	NO	
Human Rights Act	NO	
Elderly Persons/People on Low Incomes	NO	

6 BACKGROUND PAPERS – LOCAL GOVERNMENT ACT 1972

Individual Waivers provided by relevant Departments.

7 CONSULTATION

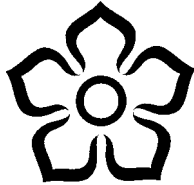
Legal Services and contributing Departments.

8 REPORT AUTHOR/OFFICER TO CONTACT

Geoff Organ
 Head of Corporate Procurement, Support & Income
 Extn 6014

DECISION STATUS

Key Decision	No
Reason	N/A
Appeared in Forward Plan	No
Executive or Council Decision	Cabinet



Leicester
City Council

WARDS AFFECTED: CASTLE

CABINET

29th November 2004

NEW WALK MANAGEMENT & MAINTENANCE PLAN

Report of the Corporate Director

1 Purpose of Report

- 1.1 One of the conditions attached to the £1.4 million Heritage Lottery Fund grant towards the New Walk Restoration Scheme 2001-2004 included a requirement to prepare and implement a 10 year Management and Maintenance Plan (MMP) for New Walk.
- 1.2 This report seeks Members' support for that MMP.

2 Summary

- 2.1 The MMP is attached as Supplementary Information. Its main purpose is to show how the Council intends to deliver high quality and on-going maintenance of New Walk over the next 10 years.

3 Recommendations

Members are recommended to:

- 1. Adopt the Management and Maintenance Plan accompanying this report as the standard to be achieved.

4 Financial & Legal Implications

4.1 Financial Implications

- 4.1.1 The maintenance of New Walk is not a separate activity but forms part of the ongoing services provided by a number of sections undertaking similar activities across the city (as outlined in Table 2).
- 4.1.2 The costs of this maintenance therefore are not separately identifiable but fall within the existing budgets for all these sections.
Alan Tomlins, 12th August 2004

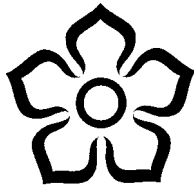
4.2 Legal Implications

- 4.2.1 New Walk and Upper New Walk have been afforded footpath status by the Leicestershire Act 1985. This allows New Walk to be kept as a public walk for the use and accommodation for the inhabitants of the city. It is an offence to use a vehicle on the footpath without lawful authority, enforcement is a matter for the police. Each case where there is an application to permit a vehicle on New Walk shall be considered on its own merit.
Anthony Cross & Taranjit Lalria, 23 August 2004

5 Report Author

June Gray

Planner
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grayj001@leicester.gov.uk



Leicester
City Council

WARDS AFFECTED: CASTLE

CABINET

29th NOVEMBER 2004

NEW WALK MANAGEMENT & MAINTENANCE PLAN

Report of the Corporate Director, Regeneration & Culture

Report

1. Background

1.1 In 2001 a grant of £1.4 million was approved by the Heritage Lottery Fund (HLF) towards the cost of the restoration of New Walk. One of the conditions attached to the grant required the Council to put in place, and undertake, high quality management and maintenance over the 10 years following completion of the work. In Leicester's case this will be from 2004 to 2014. The means by which the Council would achieve this has to be set down formally in a Management & Maintenance Plan (MMP) that the HLF will approve and retain.

2. The Issues

2.1 Over £2 million has been spent overall on the New Walk Restoration scheme; the majority of the funding coming from the HLF. Works ranged from the complete replacement of the tarmac surface by a gravel-based finish, to new litter bins, seats and railings. In addition, private property owners have taken part in front boundary replacement projects. By the end of 2004/05, this will mean that their joint efforts with the Council will have secured the improvement of a large proportion of front boundary walls along the length of New Walk.

2.2 Such large investments have to be justified over the long term and the HLF needs to know that its share is being properly maintained. Its staff arrange frequent, sometimes unannounced, visits to check on site conditions and it is therefore important that grant recipients such as Leicester City Council have appropriate arrangements in place to ensure that the grant works are maintained to as high a standard as possible.

2.3 A Management and Maintenance Plan (MMP) is one of the ways to achieve this. It should set out why good management and maintenance is important and who is responsible for each of the many elements that contribute to the delivery of a high quality environment. An MMP will also be a public document so local people will be able to check on how well those responsible for management and maintenance are delivering the agreed targets.

2.4 The proposed MMP for New Walk is therefore attached for Cabinet's endorsement and approval. By approving a Management Plan the Council will indicate its commitment to delivery of a high quality environment along New Walk. The document sets out 'who does what, when and how' and includes

diagrams showing the past and present management structures as well as a list of Annual, Regular and Intermittent Tasks that need to be done to secure New Walk's proper maintenance and management. The costs shown are summaries of current budgets and are not therefore additional to the Council's current maintenance budgets for these services. A short summary of the history of the Walk and potential future enhancement work is also included. The matter of vehicle access onto and along New Walk is also considered in some detail and the MMP proposes alterations to the management of essential access. The MMP will also have a series of Appendices covering such elements as abstracts of relevant Council policies and Best Value Reviews, the New Walk Conservation Area Character Statement Supplementary Planning Guidance, the Parks Services Management Plan for New Walk's 3 open spaces and 'As Built' drawings.

- 2.5 However, the most important Appendix will be the Maintenance Log. This will be used throughout the 10 years of the management period to record all on-site checks (including the planned bi-annual, annual, 5 year and 10 year checks), as well as complaints or problems. It will also be used to record the remedial works necessary and their outcomes.
- 2.6 It is important that all sections of the Council with an interest in maintaining New Walk as an important and valued public amenity agree to commit the tasks and actions necessary to keep it up to the standard achieved on completion of the Restoration Scheme. The Management & Maintenance Plan presented for your approval has therefore been drawn up in consultation with all those sections, each of which has agreed to ensure that their service delivery will meet the required high standards.

3. Conclusion and Recommendations

- 3.1 Endorsement of the Management & Maintenance Plan by the Council is an important step as it shows the HLF and other interested parties that the Council values New Walk and will ensure that it is properly looked after.
- 3.2 My recommendation is that this commitment is indicated by your endorsement of the draft MMP attached.

4. FINANCIAL, LEGAL AND OTHER IMPLICATIONS

4.1 Financial Implications

- 4.1.1 The maintenance of New Walk is not a separate activity but forms part of the ongoing services provided by a number of sections undertaking similar activities across the city (as outlined in Table 2).
- 4.1.2 The costs of this maintenance therefore are not separately identifiable but fall within the existing budgets for all these sections.

Alan Tomlins, 12th August 2004

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Anthony Cross & Taranjit Lallia, 23 August 2004

5 Other Implications

OTHER IMPLICATIONS	YES/NO	PARAGRAPH REFERENCES WITHIN SUPPORTING PAPERS
Equal Opportunities	YES	Effective and regular maintenance of the highways and street furniture will ensure that equal access is maintained for all users.
Policy	YES	The restoration project contributes to the achievement of Key priorities B1 and F1 in the Corporate Plan 2003-06.
Sustainable and Environmental	YES	The MMP sets out the works needed to maintain the highway, trees and open spaces in accordance with the Council's existing EMAS policies.
Crime and Disorder	YES	Additional street lights and a more reflective surface have improved lighting levels along the Walk. New Walk is also an Alcohol Control Zone and this, combined with CCTV, should help to improve feelings of personal safety and lower crime. The increasing attraction of New Walk for inner city living has also reduced the number of vacant properties, thereby reducing the appearance of neglect that can be a factor in the fear of crime.
Human Rights Act	YES	The Access Permit system is retained, though modified, so that owners and occupiers can gain access to their property for the purposes of maintenance and repair.
Older People on Low Income	NO	No impact

5.2 Risk Assessment Matrix

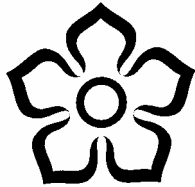
	Risk	Likelihood L/M/H	Severity Impact L/M/H	Control Actions (if necessary/or appropriate)
1	Graffiti	M	H	Rapid response requested from Graffiti Removal Team
2	Works to highway by Statutory Undertakers	H	H	Arrangements in place to ensure surface repairs are made in appropriate materials

6 Background Papers – Local Government Act 1972

- Agreement between Leicester City Council and the Heritage Lottery Fund dated 4th October 2001

7 Consultations

Consultee	Date Consulted
Regeneration & Culture (Finance)	6 th August 2004
R A & D (Legal Services)	6 th August 2004
Highway Management	6 th August 2004
Waste Management	6 th August 2004
Transport Development	6 th August 2004
Public Art	6 th August 2004
Friends of New Walk	6 th August 2004



Leicester
City Council

WARDS AFFECTED
All Wards

FORWARD TIMETABLE OF CONSULTATION AND MEETINGS:
Cabinet

29th November 2004

Building Schools for the Future

Report of the Corporate Director of Education and Lifelong Learning

1. Purpose of the Report

1.1 The purpose of this report is to advise members

- a. that the Strategic Business Case for the proposed BSF Programme is complete in draft form;
- b. of the financial implications associated with the Capital Programme and the risks identified and assumptions underlying the proposals, and
- c. of the proposed consultation strategy and timescale, and seek their approval to engage in a consultation process with all Stakeholders. Feedback from the consultation will inform a more detailed report to Education and LL Scrutiny in early February (tba) and to Cabinet on the 15th February 2005.

2. Summary

The objectives of BSF

2.1 Building Schools for the Future (BSF) is a Department for Education and Skills (DfES) capital investment programme intended to transform and modernise secondary education.

2.2 BSF will help Leicester schools deliver

- Personalised learning
- Diversity of schools with a broad range of specialisms
- Autonomous schools
- Modern ICT

- Collaborative working
 - Extended services to their communities
- 2.3 BSF would provide a whole city solution with development in 15 secondary schools, 2 secondary special schools and 1 secondary age Pupil Referral Unit. The DfES is being asked to provide £210 million of capital investment and £24.5 million for ICT. With the addition of some modest capital receipts from land sales this would fund the programme.
- 2.4 Development would be over 4 phases, work beginning in 2006 and finishing in 2012 with a range of
- New build
 - Refurbishment
 - Re-modelling

The work would be driven by an inclusive education vision. All buildings would be sustainable, energy efficient, low maintenance and technologically advanced. The programme is designed to develop Leicester as an online learning city.

- 2.5 The programmes would be procured through a Public Private Partnership (PPP) called a Local Education Partnership (LEP). This is a modern procurement model that has been developed for, and works successfully in the NHS. Leicester City Council will have a 10% stake and will control the direction and scope of the LEP through its 'golden share' in the partnership and through the Strategic Partnering Agreement. The other partners would be Partnerships for Schools (PfS) (a DfES agency) 10% and a Private Sector Partner 80%.
- 2.5 The cost of the LEP to the City Council shareholding is estimated to be £0.5m. The initial work of the LEP would be focussed on the design and build of the proposed schools, facilities maintenance and management and ICT managed service provision.

The Proposed BSF programme for Leicester

- 2.7 The Strategic Business Case (SBC) sets out the proposals for the scope of the work in each of the secondary schools in the city, the proposals for prioritising the work and the timescales. The draft SBC may be found on the City Council's intranet site within the Education section.

The BSF Process

- 2.8 The national BSF programme is being implemented in accordance with a process set out by Government. In summary, this consists of:
- Submission of bids for BSF Plan – October 2003.
 - Announcement of Wave 1 LEA's – February 2004.

- Submission of Strategic Business Case, describing the overall proposals and costs across the City and the Outline Business Case, describing the detailed proposals for the first 4 schools in the programme by 7th February 2005.
- Government approval of the SBC and OBC and approval to procure a private sector partner by March 2005.
- Government approval of the final business case and approval to commence construction by summer 2006.

The current position

- 2.9 The SBC is now complete in draft form and the OBC for the first 4 schools in the programme is due to be completed. If approved by members, the recommendations in this report will lead to a full SBC and OBC for consideration in February 2005, leading to a submission to Government in March 2005. The Cabinet is not at this stage making a formal commitment to a bid for BSF funding.

3. Recommendations

The Cabinet is recommended to

- a) Authorise the Director of Education and Lifelong Learning to undertake stakeholder's consultation around the entire SBC and with specific regard to the affordability options referred to in section 2 of the report.
- b) Request the Director of Education and Lifelong Learning to bring back a report in February 2005 detailing the results of the stakeholder's consultation.
- c) Request the Director of Education and Lifelong Learning to bring a report to Cabinet in February 2005 seeking approval, subject to consultation, of the Strategic Business Case for the BSF Programme and the Outline Business Case for Phase 1 schools. (The SBC and OBC are planned to be considered by the DfES in March for approval of funding)
- d) Note that at this stage no agreement to go ahead with BSF is being taken, even in principle. A decision on whether to progress will be taken in February, based on results of the consultation and developing work on programme design, affordability and risk.

4. Headline Financial and Legal Implications

- 4.1 The estimated revenue costs of the BSF programme are £3.3m in 2008/09 (4 schools) rising to £13.5m in 2011/12 (18 schools). Part of this cost can be met from schools budgets. The programme is for 25 years.
- 4.2 The City Council's contribution to the costs can increase year on year from £0.9m in 2008/09 to £4.1m in 2011/12 without recourse to Council tax rises. This comes from passport growth, secondary review savings and CMF contributions.

- 4.3 After allowing for the above Council contribution and existing schools' budgets there is an affordability gap of £4.1m.
- 4.4 Three options for bridging this affordability gap are considered. The cost of bridging the affordability gap to the Council ranges from £1.6 to £2.4m over four years. The cost to schools ranges from 10% to 12% of their section 52 funding.
- 4.5 There are a number of very significant risks associated with BSF that will need to be borne by the City Council and schools. The total value of the risk borne by the Council is estimated at £30m, with schools bearing an estimated £1.5m of risk. This is in addition to the affordability gap.
- 4.6 Future estimated passport growth for primary schools has not been used to meet the costs of BSF, which is for secondary age schools only.
- 4.7 Secondary schools' current budgets for facilities management vary from 6% to 13% of their section 52 funding.
- 4.8 The whole affordability model is based on assumptions about future funding levels, funding rules and other assumptions. This represents a significant risk to the long-term robustness of the analysis.

Financial Implications – David Wilkin x7750

Legal Implications – Joanna Bunting x6450

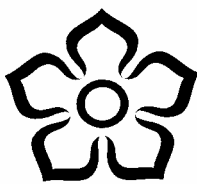
5. Report Author/Officer to contact:

Brian Glover – BSF Project Director – 7725

Keith German – BSF Project Manager – 7727

DECISION STATUS

Key Decision	Yes
Reason	Significant in terms of its effects on communities living or working in an area comprising one or more ward
Appeared in Forward Plan	No
Executive or Council Decision	Cabinet



Leicester
City Council

WARDS AFFECTED:
All Wards

**FORWARD TIMETABLE OF CONSULTATION AND MEETINGS:
Cabinet**

29th November 2004

Building Schools for the Future

SUPPORTING INFORMATION

1. Report

<i>Content reference</i>	<i>Para</i>	<i>Page</i>
Background	1.1	6
What is BSF	1.4	6
Why has Leicester applied for BSF Funding?	1.7	6
Scope of the Programme	1.12	8
Pupil Place planning	1.25	9
The Education Vision	1.30	13
Sustainability and BSF	1.32	14
ICT	1.36	15
Phasing of delivery	1.43	16
Procurement and the LEP	1.51	17
Team Structure	1.75	22
Preferred options and Capital Costs	1.79	23
Capital and Revenue Implications	1.89	25
Consultation and Communication	1.95	27
Programme	1.101	27
Risk Assessment	1.103	28
The Outline Business Case	1.104	29
The 'Do nothing' option	1.107	29

Background

- 1.1 During the summer of 2003, the Leicester 11-19 Transformation Group involving all Headteachers, College Principals, the LSC and LEA Officers, met regularly to construct an overall transformation strategy and Stakeholder engagement plan.
- 1.2 One outcome of this strategy was a decision to submit an initial bid for funding through the 'Building Schools for the Future' Programme. This proposal was submitted in October 2003, following which Leicester was awarded reserve wave 1 status in March 2004.
- 1.3 In July 2004, following initial work on the Strategic Business Case, Leicester was given full status as a wave 1 Authority.

What is BSF?

- 1.4 Whilst investment in schools has increased significantly in the last six years, the view of the DfES is that it has sometimes failed to achieve strategic transformation in the school estate and has, due to the nature of past funding, often been applied in a piecemeal fashion. The Government is looking to invest an additional £2.2bn of resources targeted at Secondary Education, and this is intended to continue for the next 10 – 15 years, subject to future Government spending reviews. This will provide the opportunity for more strategic and long-term investment to underpin the vision of transforming secondary education.
- 1.5 More specifically, the Government is giving the opportunity for LEA's to think differently about the opportunities BSF would bring. They do not want LEAs to simply patch up old buildings, but deliver modern and sustainable schools with the right facilities in the right places, all promoting high-quality learning. Parents should have access to a secondary school system that meets the diverse needs of their children. The investment needs to be led by a clear corporate and educational vision. This gives the City Council and Schools the opportunity to consider from first principles what secondary school facilities and infrastructure are needed and what each school should have in order to deliver the City's Educational vision and individual school objectives.
- 1.6 The Building Schools for the Future programme is described by DfES as "a once in a generation opportunity for Local Authorities to not only renovate their secondary schools, but also to reform and redesign the pattern of secondary education and schools infrastructure to best serve each community for decades to come".

Why has Leicester applied for BSF Funding?

- 1.7 Despite recent improvements in performance that are 3 – 4 times quicker than the national average the City still has:
 - Variable standards (between and within schools)
 - Learning lag (as judged by Ofsted inspection)
 - Language lag (amongst the white working class)

- Low aspirations (generational and disadvantaging)
- Turbulence (now running at 25%)
- Exclusions (one of the highest in the country)
- Selective migration (more than 3000 net outside the city)
- Cultural diversity (both greatest strength and weakness)
- Ward poverty – Leicester has some of the most deprived wards in the Country.
- Major disadvantage and underperformance in the West of the City

1.8 It is believed that BSF investment will give Leicester the opportunity to transform secondary education across the City, by

- Use of exemplar designs to inform and create ‘better buildings’
- Putting ICT at the heart of the programme delivering personalised learning
- Improving the secondary estate – replace ‘patch and mend’ with lifecycle maintenance
- Consolidating collaboration both across and between schools and the incorporated sector
- Creating the opportunity to introduce a modernised workforce, with schools dedicated to continual professional development for all adults engaged in the delivery of learning.
- Creating an inclusive environment within schools for pupils of all abilities, and to raise aspiration and inspiration amongst pupils.
- Creating the potential for co-location of other services alongside mainstream schools, for young people and communities.
- Making all secondary schools ‘specialist schools’ thereby adding to the diversity of choice in a City that will also have Academies, Faith Schools, sixth form and FE colleges.

1.9 BSF has come at the right time for Leicester. The city is facing significant challenges in relation to attainment, participation in learning and community cohesion. Building Schools for the Future empowers Leicester to seek a radical strategic solution to issues that would be much harder to respond to otherwise. In education, the City has made considerable improvements to pupil’s standards of attainment in recent years, collaboration between providers is excellent, all stakeholders are signed up to a radical transformation agenda and our existing building stock is in a poor state and constraining the next stage of the push to excellence.

1.10 Leicester City has within its boundaries some of the most challenging socio-economic environments in the country. This opportunity addresses the complex needs of these communities in a coherent and focused way.

1.11 Only once in a hundred years does a Council have the opportunity to leave a legacy that will benefit our children and our children’s children in such a significant way. Students have an expectation that they should be educated in buildings fit for purpose and by staff resourced to deliver 21st century learning.

Scope of the Programme

- 1.12 The proposal covers a defined geographical area – the whole of the city of Leicester. This has enabled Leicester to propose a citywide solution that has the potential to meet the needs of every learner and every community in the city. The Citywide focus also supports joined-up, multi-agency working involving the full range of public sector agencies.
- 1.13 The work required can be packaged into a viable procurement proposal. This work is urgent given the state of our school buildings and the support for the local transformation agenda. Within the overall programme our priorities have been assessed taking into account a range of appropriate criteria. This assessment provides a basis for phasing the necessary work.
- 1.14 The proposal includes for the following
- 15 Secondary Schools
 - 2 Secondary Age Special Schools
 - 1 Secondary Age Pupil Referral Unit
- 1.15 All LEA and VA secondary schools are included in the programme, with the exception of New College, which is currently investigating an Academy solution. Should this not prove the correct solution for the College and community, they would be reintegrated into the BSF programme at a later date, coincidental with the annual review of the SBC.
- 1.16 The two proposed special schools will cover the full range of PMLD, SLD and MLD, which together with the SAR's located within the zonal collaboratives will provide places for all of the projected need.
- 1.17 The Proposed PRU would be the result of a rationalisation of the Keyway and Coleman units into a single facility on the Keyway site, covering both KS3 and KS4

Work content

- 1.18 The programme includes for a mix of new build, remodelling and major/light refurbishment of existing school premises, with approximately half being new build. The works would be carried out in four phases, with the first school opening in September 2008 and the final school in 2012.
- 1.19 A brief definition of each follows: -
- 1.20 **Light Refurbishment** – generally includes for the completion of all backlog maintenance, replacement of all windows, replacement or significant repair of roof coverings, replacement and improvement of internal finishes i.e. ceilings, walls and floors. This option includes for minimal external works.

- 1.21 **Major Refurbishment/Remodelling** – in addition to the above, allows for re-cladding, structural alteration and remodelling of spaces to create a reorganised internal environment, together with more extensive external works.
- 1.22 **New Build** – Allows for the construction of new build elements in addition to the above, which could range from a new build extension to the complete rebuilding of a school.

Additional Facilities

- 1.23 In addition to core school areas, the DfES have agreed to fund additional specialist areas within certain schools to support the inclusive agenda. These are as follows: -
- SAR's – 40 place facility for Schools with Additional Resource to enable the integration of students who would formerly have been educated in Special schools. There will be three SAR's, one within each Zonal Collaborative
 - Learning Support Units (LSU) - These units provide facilities in each zonal collaborative to manage the behaviours of challenging children.
 - Curriculum Support Units (CSU) – These units provide additional support to students who are disengaged from the curriculum.
 - Facilities for School based youth work
 - Support for Behaviour Improvement Programme – This additional space can be used for a range of provision e.g. nurturing rooms, counselling facilities etc.
 - ICT provision for a Neighbourhood Learning Centre in Braunstone.
- 1.24 It has also been agreed that additional space will be provided for two schools that will have greater students on roll in the interim, than those projected for 2010/2011, which is the benchmark date set by DfES. Following 2011/12, should the projections prove accurate, this additional space will have to be re-allocated for other service uses.

Pupil Place planning

- 1.25 The Strategic Business Case is constructed around the projected pupil numbers in 2010/11. There is a national and local trend that indicates a steady decline in secondary age pupils over the next 25 years.
- 1.26 DfES have indicated that they wish to use 2010/11 as their baseline. On this basis a detailed planning exercise has been carried out to predict the required pupil places, taking into account the projected housing gains and a desire to reverse the migration of some pupils to County Schools.

BSF 2010/11 Pupil Numbers for Pupils Aged 11- 15 in Mainstream Secondary Schools

Description	Pupil Numbers
Total 11-15 Numbers as at February 2004 Forecasts (See Note a)	14981
Estimated Pupils from Housing Developments (Note b)	387
Estimated Additional Pupils choosing to attend City Secondary Schools rather than County Secondary Schools (Note c)	233
Estimated Losses to City Academy (Note d)	-311
Estimated Losses to Islamic Academy (Note e)	-210
Sub-Total	15080
Parental Choice (3.3% of BSF Capacity)	520
Grand Total (equal to total BSF 11-15 Capacity in mainstream secondary schools).	15600

Notes:

- a) *This total is based on pupil forecasts as at February 2004. The forecast for New College Leicester as they are currently pursuing an Academy route.*
- b) *This information is based on an estimated total of 968 gains from new developments. In line with our risk analysis it has been assumed that 40% of these pupils will be on roll at City schools.*
- c) *The net pupil loss to county is 1836 places. Of these 818 places fall within the New College, the former Mary Linwood area, Sir Jonathan North and the Lancaster school priority areas, pupils from which are likely to be attracted back to the two proposed city academies. This gives 1018 pupils as potentially available for attract back to city schools. It has been assumed that 23% of these pupils will be attracted back to City schools, given the expected improvement in school standards and facilities. This figure reflects the level of risk associated with attracting students across boundaries*
- d) *There is an assumption of some losses from our existing secondary schools to the City Academy. The figures have been estimated as follows:*

<i>642 pupils living in the Mary Linwood, Sir Jonathan North CC and the Lancaster School's Priority Areas will attend County Schools based on current trends. An assumption has been made that 45% of these pupils will decide to attend the City Academy.</i>	<i>289 pupils</i>
<i>Since the City Academy has a projected capacity of 600 places it is assumed that the other 311 pupils will choose to attend the Academy from other city schools.</i>	<i>311 pupils</i>
<i>Totals in Academy</i>	<i>600 pupils</i>

- e) *There is an assumption of some losses from our existing secondary schools to the Islamic Academy.*

The figures have been estimated as follows:

<i>The initial figures for the Islamic Academy will include the current roll.</i>	<i>320 pupils</i>
<i>It is assumed that the academy will be attractive to Muslim families living in Districts bordering the City and currently sending their children to County schools. Based on data from the 2001 Census it is estimated that there are 297 pupils of secondary age. It is assumed in line with the risk analysis that if there were similar numbers in 2010/11, 23.5% of these pupils would choose to attend the Islamic Academy</i>	<i>70 pupils</i>
<i>Since the Academy has a projected capacity of 600 places it is assumed that the other 210 pupils will come from Leicester City Secondary Schools.</i>	<i>210 pupils</i>

School	Current Numbers on roll (NOR) 11-16	Proposed Capacity 11-16	Agreed post 16 places (as extg.)
Babington	893	900	
Beaumont Leys	1043	1050	
City of Leicester	1073	1050	371
Crown Hills	1198	1050	
English Martyrs	892	900	91
Fullhurst	896	900	
Hamilton	1028	900	
Judgemeanow	1213	1200	
Lancaster	1176	1200	
Moat	1024	1050	
Riverside	789	750	
Rushey Mead	1352	1275	
Sir Jonathan North	1210	1200	
Soar Valley	1202	1275	
St. Paul's	893	900	153
PMLD/SLD Special School)) 349	140	20
MLD/SLD Special School))	120	20
Pupil Referral Unit	117	100	

- 1.27 These assumptions have been produced by the Council and have been accepted by Capita on behalf of the DfES. These assumptions will be reviewed on an annual basis as part of the SBC review process, and any revisions to the trends can be incorporated at this time. This may lead to a review of the proposed school sizes. Should there be significant variation in pupil numbers beyond 2012 (once all of the schools have been opened) there could be direct implications on the school estate, which would have to be addressed outside of BSF, with consideration of the specific constraints on those schools delivered under PFI.
- 1.28 As this is a major assumption in the development of the programme, there are significant risks attached to this during the course of the programme delivery and over the next 25 years. The level of risk is increased by the proposed development of the Southern City Academy, and the potential growth of the Leicester Islamic Academy if it receives VA status. It has been necessary to account for a potential 620 places for these two schools from the secondary population in the City.
- 1.29 Risks associated with the BSF 2010/11 Pupil place planning
- a) There are risks with the forecasts. These were prepared based on last year's data and it is quite possible that there will be significant gains or further losses to City schools by 2010/11. Also these forecasts were based on capacity as it

was at 2003/04. Changing the capacity would undoubtedly alter the forecast for individual schools.

- b) Information relating to pupils generated by new developments is notoriously difficult to estimate accurately. There are a number of problems:
- I. Developers alter their plans at short notice. Any major change in the balance of flats and houses would affect the estimated pupil numbers.
 - II. Our methodology is based on 2001 Census data. The further from 2001 the less accurate the pupil yield ratios are likely to be.
 - III. There is a specific issue relating to pupil yield estimates for developments containing flats. The Census predicts a low ratio of 3.7% at secondary level but since there is not a great deal of experience with this type of development the number of pupils generated could be considerably higher. External consultants suggest the pupil yield ratio that is being used is reasonable.
 - IV. Sites may not start on time hence pupil gains may not arrive when they have been planned for in the BSF bid.
 - V. As the notes suggest a conservative approach has been used in the assumptions allowing for only 40% of the possible housing gains. If it turns out this assumption was wrong the BSF bid would need to be amended to reflect this.
 - VI. It cannot be assumed that the projected pupils from these developments will choose to go to City schools. If significant numbers do choose to go to county schools then obviously this will reduce our estimates of gains to city schools.
- c) There are risks with the assumptions made relating to city pupils who are going to be attracted back to City schools. The attract back figures for the City Academy could be viewed as particularly ambitious. If these turn out to be wrong then the schools could end up with overcapacity although this may be offset by underestimates for housing gains.

The Education Vision

- 1.30 BSF provides a whole City solution that meets the needs of every pupil and community. The result will be school buildings that are inspirational to Teachers and learners, and the community in which they operate.
- 1.31 BSF education vision can be summarised as:
- Delivery of a diverse range of learning environments to meet the diverse needs of an ever-developing curriculum;

- Flexible enough accommodation to meet the curriculum pathways for all learners thus by making learning relevant and dynamic reducing the incidence and nature of poor behaviour;
- Development of an ICT infrastructure capable of delivering services to transform schools;
- Addressing fully schools' shortcomings in respect of the Special Education and Disability and Discrimination Act (SENDA). Schools will also acquire and develop a full range of services to meet all disabilities – sensory, physical, cognitive or communication - and the latest developments in ICT to enhance access;
- Buildings that will be inclusive and accessible and designed not only to encourage interaction with the community and to draw local adult population into engagement with the school, but to also provide an environment that supports the students and encourages participation, beyond the normal school day;
- Increased flexibility in the staffing of City Schools to ensure that structures are best suited to student learning, and to help personalise learning for all learners;
- Creating flexible learning spaces and the ICT infrastructure to enable multi-point learning to take place and lead to nationally recognised, high quality, certificated qualifications;
- High quality, specialist accommodation related to the specialism of each school.
- Tackle underperformance issues within newly arrived groups as well as established communities;
- Provision of buildings that are sustainable, energy efficient, low maintenance and technologically advanced.

Sustainability and BSF

- 1.32 Leicester is internationally renowned as an 'environment city'. There is a long tradition within the council of addressing sustainability issues through policy and practice. Corporately Leicester City Council are signed up to the Eco-Management and Audit Scheme (EMAS). BSF will reflect and build upon these strengths.
- 1.33 In the design of new and refurbished schools it is intended to incorporate best practice in sustainable building design both in terms of construction methods and energy efficiency. Sustainability will be considered at all stages of the building process, from the development of the design concepts, site analysis, and the location of the school buildings within their site environment.

- 1.34 In designing these buildings the utilisation of locally available materials and those that are sourced from sustainable resources is high on the BSF agenda. The design and construction considerations will be based upon the lifecycle cost of the building and not just initial construction costs. Alternative sources of energy will be considered and the latest technology, such as “on demand” lighting, will be incorporated. The key features of energy efficient design will be incorporated into all proposals. Within all of the projects we have an amount for abnormalities, within which we have accounted for providing sprinklers in all schools.
- 1.35 Officers regard the Building Schools for the Future project as a unique opportunity to develop high quality, efficient schools that reflect the importance that Leicester City attaches to the environment.

ICT

- 1.36 The vision for ICT in Leicester is to develop a world-class online learning city, building upon its diversity and creating an environment of learning anytime, anywhere.
- 1.37 Within BSF there will be considerable investment in developing an ICT infrastructure capable of delivering services to transform schools to achieve a utility level infrastructure that works, is well supported and reliable, whilst maintaining a high degree of flexibility at school level for localised development.
- 1.38 The ICT infrastructure must be capable of supporting networking, information sharing and delivery of the National Curriculum. Advantage will be taken of modern networking technologies, robust security and filtering, cost efficiency in maintaining the system and secure remote access.
- 1.39 ICT is increasingly used as a teaching and learning tool and support for this will be available to help schools reach standards for national accreditation, both now and in the future. In the use of ICT for teaching and learning, schools will be encouraged to develop and share best practice, expertise and their resources.
- 1.40 Teaching areas would have access to media rich learning resources and flexible provision would allow a wide range of ICT work to take place, from large group demonstrations to individualised learning.
- 1.41 Students will have the ability to work with ICT from any location, through the provision of a high quality, high speed, learning platform. This will allow extended and accelerated learning to take place and students who are unable to attend a school site will have access to the highest quality resources, thereby providing minimum disruption to their studies. Teachers would have on-line access to additional training and support
- 1.42 Neighbourhood Learning centres will provide a focal point for the development of ICT within the community.

Phasing of delivery

- 1.43 The phasing of secondary school investment requirements has been addressed by assessing three main criteria; educational achievement, building need, and the property implication of the inclusive vision.
- 1.44 Schools were initially grouped based on the robust assumptions of student growth and popularity. Where student growth and demand is seen as being sustainable these schools have been progressed in the first two phases. Within the groupings priority was then assessed on the above stated criteria.

Educational Standards

- 1.45 Educational Standards were assessed using the percentage of students achieving 5 GCSE's grades A* - C. The scoring system used for this criteria followed the rule that the lower the percentage of achievement the greater the need for investment and therefore the higher the scoring. In order to address the issue of underachievement, this was given a higher weighting.

Building Need

- 1.46 Building need was assessed at each school using the most recent AMP data. All schools were revisited for the compilation of data in the Strategic Business Case. An assessment of the complete data was made and an overall rating was allocated to each school. That rating was then assigned a point score with the greater the need for improved building stock receiving the higher weighting.

Property implications of Inclusion

- 1.47 The Education Vision has impact on the facilities that are provided at each school. The development of schools with additional resources (SAR's) and of facilities to manage challenging behaviour are at the forefront of the Leicester BSF programme, to which end those schools where an inclusion facility is required receive extra weighting to reflect this.

Phasing risk

- 1.48 A further analysis was carried out on schools to identify those with residual risks in terms of funding, school rolls and interest in pursuing an academy route. One issue that is still not resolved fully is the position with VA schools and their governor's contribution, which is the reason that St. Paul's and English Martyrs are placed within the latter phases. There is an opportunity to review this over the life of the programme should circumstances change, as the SBC is reviewed on an annual basis.
- 1.49 On completion of this process the results were checked to ensure that where possible there was development in each Zonal collaborative in each phase, there was a mix of rebuild and remodelling, that each phase offered the full range of procurement routes, that logistical problems on campus were minimised and ICT needs could be met.

1.50 The finalised phasing, based on the above criteria is proposed as follows: -

Phase 1

Beaumont Leys
Fullhurst
Judgemeadow
Soar Valley

Phase 2

City of Leicester
Crown Hills
Rushey Mead
Sir Jonathan North
Keyway Centre PRU

Phases 3 & 4

Babington
English Martyrs
Hamilton
Lancaster
Moat
Riverside
St Paul's
PMLD/SLD Special School
MLD/SLD Special School

Procurement and the LEP

1.51 DfES and PfS believe that a new procurement model is necessary for Building Schools for the Future for two interrelated reasons:

- The demand that the volume of investment in BSF places on traditional procurement routes is likely to prove unsustainable unless procurement is streamlined and local delivery capacity (on both public and private sector side) managed better, and
- The flow of work from BSF creates the opportunity for schools and local authorities to procure services from the private sector in a better value-for money manner than was possible before.

1.52 The new procurement model is designed to achieve the following four objectives:

- Creating a transparent long term public-private partnership around a large volume of work, with associated improvements in design quality, cost efficiencies, timescales and procurement costs;
- Creating a strong permanent local business focused on delivering the aims of the BSF programme - with the delivery capacity for BSF and beyond (e.g. joining up BSF funding with other local initiatives for area regeneration)
- Involving the private sector early on in the development of projects so that they can contribute development resources (both capital and people) to

ensuring that projects are well-scoped, and the delivery process is successful;

- Creating a unified single point structure for integrated supply chain management, with the ability to supply all BSF services under one umbrella (particularly in embedding ICT in the design and delivery of school buildings, being able to deliver flexibly through PFI and non-PFI contractual routes (as appropriate for best VFM), and securing long term maintenance and management of facilities delivered through BSF funding.

These outcomes are not guaranteed, but evidence from the LIFT programme suggests that they are realizable.

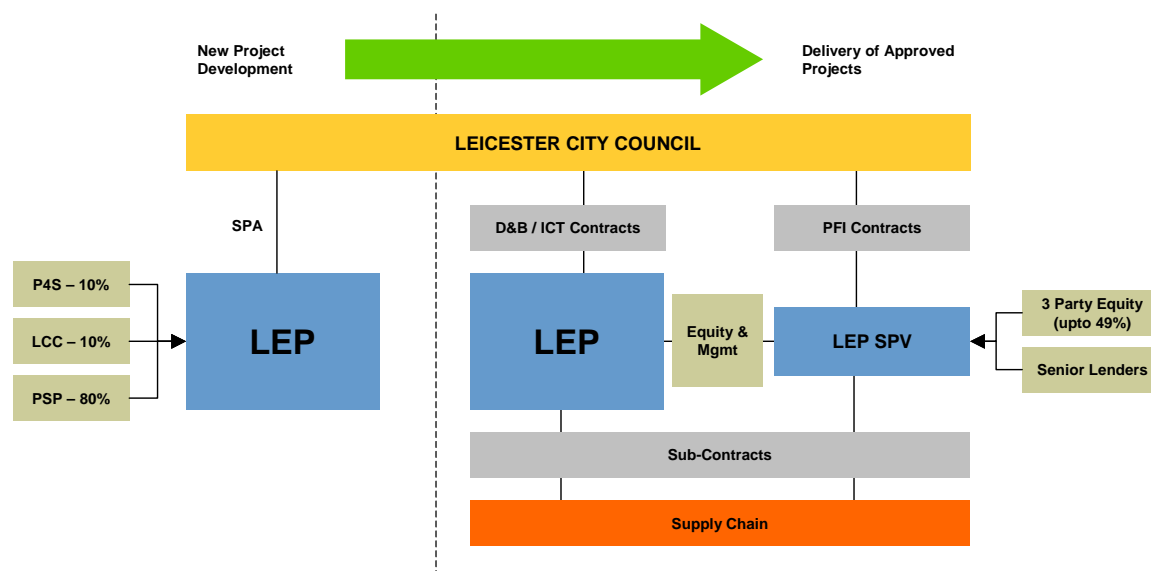
1.53 The core rationale for creating a joint venture, with public sector investment alongside the private sector, is to:

- Embed partnership working, by bringing the public and private sectors together in an organisation where there is common purpose to achieving the same outcomes
- Establish local entities specifically focused on achieving the aims of the BSF programme
- Combine what public and private sectors can best contribute.
- Be a vehicle where the public and private sectors can work together
- Secure transparency of working, enabling effective benchmarking of performance
- Incentivise both public and private sectors to achieve success together

Objectives of Leicester City Council's Local Education Partnership (LEP)

1.54 In accordance with the guidance produced to date, Leicester City Council's BSF Team believes that the Joint Venture LEP model proposed by Partnerships for Schools ('PFS') offers the best solution to the challenge of delivering this long-term capital investment programme.

- 1.55 The LEP workshop concluded that Leicester City Council does not currently have the expertise, or the capacity, to manage and deliver such an ambitious programme, and therefore the requirement for a delivery vehicle of this nature would appear to be desirable. The DfES and PfS are encouraging Council's to follow this route as a condition attached to the funding, to ensure that there is a robust delivery vehicle through which the funding can be channelled.
- 1.56 The BSF Team also feels that pursuing an 'alternative' approach will not deliver value for money, nor assist the timely delivery of the BSF programme.
- 1.57 In addition, it is anticipated that by adopting such a joint venture, Leicester City Council will be able to reap the following benefits:
- Creating a long-term strategic partner that is assured a stream of work over 10 years, if it meets national benchmarks, will reduce the number of discrete serial competitions and hence lower bid costs.
 - The LEP in being the exclusive single point of contact that manages the diverse array of supply chain providers over the concession period is best placed and commercially incentivised at risk to manage the supply chain to maximise cost efficiencies.
 - The LEP is commercially at risk to integrating a large and diverse supply chain to deliver a variety of contracts – PFI, Design and Build and Facility management – including ICT.
 - The LEP is designed to create a permanent (beyond when its exclusivity has elapsed) local business by joining up BSF funding with other local initiatives (e.g. children and leisure services) for area regeneration. The LEP will be able to contribute additional development resources at risk (both capital and people) to ensure that projects are well scoped and joined-up.
- 1.58 As such, the BSF team is recommending the creation of a LEP that is based firmly on the PfS model, and which has as its express purpose one very specific objective - ***to enable delivery of the BSF programme in the most effective and value for money manner possible.***
- 1.59 The LEP will operate as an Integrated Service Provider with SPV's (Special Purpose Vehicles). This is shown diagrammatically below:



- 1.60 The annual costs of providing this proposed LEP structure are estimated to be in the region of £750,000 at 2004/5 costs, when all four phases are running.
- 1.61 By developing this option, BSF will continue to receive the full support of PfS as well as benefiting from the procurement efficiencies of using Standard Documentation. In addition, this decision provides potential Private Sector Partners with certainty and clarity as to Leicester City Council's LEP, which in turn may increase the council's 'attractiveness' to bidders.
- 1.62 The BSF team believes that a key strength of the proposed LEP structure is that it provides the council (and future Private Sector Partner) with a flexible and scalable delivery vehicle that can be adapted to the requirements of the BSF programme as it develops.
- 1.63 As such, the decision over which services are procured by the LEP is one that will need to be revisited regularly throughout the life of Leicester's BSF programme to ensure that the needs of the project are being met. Leicester City Council will control the direction and scope of the LEP through its 'golden share' in the partnership and through the Strategic Partnering Agreement.
- 1.64 The BSF team is clear, however, about the services necessary to kick-start the BSF programme in Leicester, and commence the delivery of the first phase of capital investment to the city's schools. The principles underlying the development of the Leicester LEP are as follows: -
- The LEP will be a single point of contact for the procurement of design and construction for the BSF School programme.

- The LEP will manage FM services to all BSF schools, covering building maintenance, cleaning, caretaking and grounds maintenance, subject to demonstration of VFM.
- The LEP will manage the delivery of ICT managed services within the secondary schools, subject to demonstration of VFM, and will ensure a consistent approach to ICT across all secondary schools of a high standard.

- 1.65 The LEP is therefore expected to need a combination of executive, financial and performance management skills. It is envisaged that a technical advisory team will be appointed to prepare the technical specifications, who will be managed by the BSF Project Management team.
- 1.66 The LEP will have a secondary education focus, and if it proves successful, other education projects could be brought forward for implementation via the LEP following a VFM analysis.
- 1.67 The right partner will assist the Council in liaising with other key stakeholders in the City and therefore integrate our schools programme with other potential community services including LIFT to deliver the extended school philosophy. Whilst BSF will not provide any funding towards the extended school proposals, some of these other uses may bring in further direct funding streams, which may make the schemes more affordable.
- 1.68 With a major increase in Capital investment and also the focus on lifecycle maintenance of the new facilities, the LEP will offer significant additional employment opportunities for the local population through design, construction, FM and the managed operation of the new schools,
- 1.69 The LEP will however have implications on some services currently being provided within schools and the City Council – those staff who are directly affected by services provided under the LEP will have an option to transfer with protected terms and conditions (TUPE).
- 1.70 These proposals will be subject to soft market testing over the next few weeks, with the responses being integrated into the final SBC.

Creating Leicester City Council's LEP

- 1.71 The precise shape of the LEP will ultimately be determined by the partners and the future PSP during the procurement process, and it will be up to them to propose how they envisage staffing the LEP. However, in order to plan appropriately, the BSF team has taken a view on how the LEP might operate, which is detailed below.
- 1.72 The LEP, whilst not directly delivering any core services itself, will clearly require an operational management structure with which to develop projects and oversee supply chain activity.
- 1.73 The likely staffing requirements of this LEP management structure are as follows:

- LEP Chief Executive or General Manager
- LEP non-exec Chair (a PfS requirement)
- Director of Finance
- Business and Performance Manager
- Admin and Financial Controller Support

1.74 The annual costs of providing this proposed LEP structure are estimated to be in the region of £750,000 at 2004/5 costs once all four phases are running. Any additional services transferred to the LEP would obviously incur additional expense, and as a shareholder the Council will be required to find its share of working capital and operating costs.

Team Structure

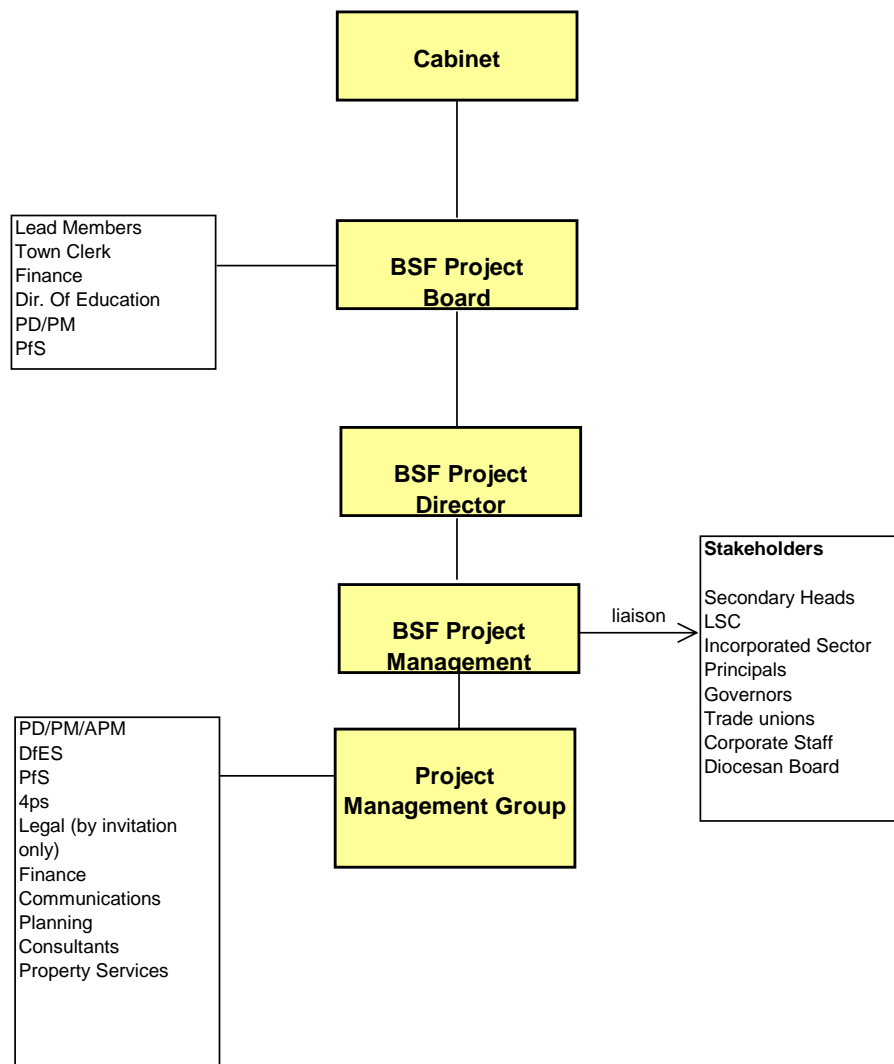
1.75 As the end of the SBC process is approached and moving from OBC into procurement phase it is essential to establish the project in a controlled environment (PRINCE2) in line with project management protocols.

1.76 To do this the Project Board must be the decision making body with a level of delegated authority from the Cabinet. Proposals must also be agreed for delegated authority in the Project Director.

1.77 The Project Management team will meet on a regular basis, with those parties (internal and external) providing services to the core team reporting on progress and information requirements against the agreed delivery programme.

1.78 The project receives invaluable input from stakeholders, and procedures are being agreed for regular interaction with stakeholder groups through the Project Director and Project Management, who will establish regular contact with stakeholders e.g. set item on 'Leicester City Secondary Heads' agendas.

BSF Management Structure



Preferred options and Capital Costs

- 1.79 Options were generated for all schools based around the three main opportunities for light refurbishment, heavy refurbishment and substantial new build that BSF capital brings. The appraisal of these options was undertaken to identify a preferred option for each of the schools. Criteria used to assess the options were based on advice from the DfES in the 'Finding the Right Solution' document and recent BSF Guidance on completing the Strategic Business Case. The following is an overview of the appraisal criterion: -

Environment

- 1.80 Many of the schools in Leicester do not provide an environment that is suitable for the continued long-term delivery of education. This may be because of poor décor and furnishings, outdated equipment, building fabric, or building design and layout. This criteria looks to identify the level of improvement made to the environment within each school compared with regards its current state.

Support of Vision

- 1.81 This criteria looks at how far each option goes to supporting the inclusive vision with new facilities or the improvement to existing facilities to encourage improved achievement.

Operational Efficiency

- 1.82 The day-to-day efficiency of a school may be restricted by the internal layout of classrooms and corridors. For instance classrooms spaced a long distance apart may delay the arrival of pupils and therefore create disruption. This criteria looks to assess the improvements in operational efficiency made by each option in terms of improving pupil's behaviour or aiding staff members ability to manage the learning environment.

Security

- 1.83 The BSF programme would look to improve security at schools while maintaining an inviting environment for children, staff and the local community. Options have been assessed depending on how far they can improve the level of security at each school without restricting the access for communities, staff and children.

Deliverability and Risk

- 1.84 All of the options that have been generated for the schools have a degree of deliverability and risk attached to them. The deliverability of an individual project will depend on the extent of works, phasing implications and available space for new buildings. This criterion is an assessment of the difficulty in completing the building programme outlined in each option.

Disruption

- 1.85 All options will generate a degree of disruption that will need to be managed through provision of temporary accommodation, phasing, and potential temporary dispersal.

Capital Costs

- 1.86 Capital costs indicate the initial capital outlay for each option. New build, remodelling and refurbishment options will generate different levels of construction costs and this criterion attempts to identify that fact.

Building Areas

- 1.87 All school areas have been calculated using guidance from BB98, which has also informed the proposed design and layout of school facilities. Due cognisance has been taken of the inefficiencies of existing school designs, and these have been agreed with PfS.

- 1.88 The options for each school are based upon the three BSF guidance options of light refurbishment, heavy refurbishment and wholesale rebuild. Each of these high level options is expanded upon to take account of localised school issues including forecast student numbers, which determines the future size of schools, and hence the requirements for buildings to support that forecast number.

Capital and Revenue Implications

- 1.89 The proposals outlined in this report have received support from the DfES and PfS (Partnerships for Schools), who will be providing the Capital funding to deliver this programme of works.
- 1.90 On the basis of the work undertaken to date, an indicative funding envelope has been agreed. This would see an investment in Leicester of £216m for the delivery of the school building programme and £24.5m in ICT for schools, which would be entirely provided by the DfES, through PfS, in the form of PFI credits and conventional funding and through capital receipts from land sales (c£6m).
- 1.91 The Capital investment of £216m represents the minimum required across the secondary school estate to realise the vision and effect transformation. This is based on an option appraisal of the requirements of each of the schools, the current state of their buildings and an appraisal of the facilities required to deliver a 21st Century curriculum. The scope of the proposals have been discussed with each of the schools, and will be developed further through their outline and full business cases.

	School	Gross	Nett	Preferred Option
1	Babington option 1	£ 4,203,399.68	£ 4,203,399.68	
	Babington option 2	£ 12,123,559.44	£ 12,123,559.44	
	Babington option 3 (PFI)	£ 14,913,081.95	£ 12,713,081.95	£ 12,713,081.95
2	Beaumont Leys option 1	£ 10,729,879.03	£ 10,729,879.03	
	Beaumont Leys option 2	£ 13,655,207.00	£ 13,655,207.00	£ 13,655,207.00
	Beaumont Leys option 3	£ 17,121,924.70	£ 17,121,924.70	
3	City of Leicester option 1	£ 16,514,069.31	£ 16,514,069.31	
	City of Leicester option 2	£ 21,134,271.98	£ 19,384,271.98	£ 19,384,271.98
	City of Leicester option 3	£ 24,017,699.96	£ 22,267,699.96	
4	Crown Hills option 1	£ 12,098,860.41	£ 12,098,860.41	
	Crown Hills option 2	£ 11,572,012.70	£ 11,572,012.70	£ 11,572,012.70
	Crown Hills option 3	£ 18,200,569.34	£ 18,200,569.34	
5	English Martyrs option 1	£ 13,856,452.75	£ 13,856,452.75	
	English Martyrs option 2	£ 14,420,235.79	£ 14,420,235.79	£ 14,420,235.79
	English Martyrs option 3	£ 19,593,889.20	£ 19,593,889.20	
6	Fullhurst option 1	£ 10,408,155.47	£ 10,408,155.47	
	Fullhurst option 2	£ 10,525,522.03	£ 10,525,522.03	
	Fullhurst option 3	£ 11,178,672.40	£ 11,178,672.40	£ 11,178,672.40
7	Hamilton option 1	£ 7,404,021.24	£ 7,404,021.24	
	Hamilton option 2	£ 10,122,298.59	£ 10,122,298.59	
	Hamilton option 3	£ 11,470,479.14	£ 11,470,479.14	£ 11,470,479.14
8	Judgemeadow option 1	£ 11,659,440.67	£ 11,659,440.67	
	Judgemeadow option 2 (PFI)	£ 16,786,304.08	£ 16,786,304.08	£ 16,786,304.08
9	Lancaster option 1	£ 9,822,338.74	£ 9,822,338.74	
	Lancaster option 2	£ 10,963,991.79	£ 10,963,991.79	£ 10,963,991.79

	Lancaster option 3	£ 16,585,150.96	£ 16,585,150.96	
10	Moat option 1	£ 5,613,619.59	£ 5,613,619.59	
	Moat option 2	£ 12,494,204.30	£ 12,494,204.30	
	Moat option 3	£ 11,286,304.09	£ 11,286,304.09	£ 11,286,304.09
11	Riverside option 1	£ 8,398,288.91	£ 8,398,288.91	
	Riverside option 2 (PFI)	£ 12,934,413.14	£ 12,934,413.14	£ 12,934,413.14
12	Rushey Mead option 1	£ 9,810,108.81	£ 9,810,108.81	£ 9,810,108.81
	Rushey Mead option 2	£ 14,747,806.19	£ 14,747,806.19	
	Rushey Mead option 3	£ 13,024,650.81	£ 13,024,650.81	
13	St Paul's option 1	£ 10,464,297.99	£ 10,464,297.99	£ 10,464,297.99
	St Paul's option 2	£ 16,245,985.89	£ 16,245,985.89	
	St Paul's option 3	£ 20,459,826.73	£ 20,459,826.73	
14	Sir Jonathan North option 1	£ 7,654,672.30	£ 7,654,672.30	
	Sir Jonathan North option 2	£ 9,124,107.58	£ 9,124,107.58	£ 9,124,107.58
	Sir Jonathan North option 3	£ 11,156,985.17	£ 11,156,985.17	
15	Soar Valley option 1	£ 6,524,381.82	£ 6,524,381.82	
	Soar Valley option 2	£ 14,099,222.22	£ 14,099,222.22	
	Soar Valley option 3 (PFI)	£ 21,586,934.79	£ 21,586,934.79	£ 21,586,934.79
16	Keyway Centre option 1	£ 1,500,656.46	£ 1,500,656.46	£ 1,025,656.46
	Keyway Centre option 2	£ 1,447,794.18	£ 1,447,794.18	
17	MLD/SLD Special School Option 1	£ 8,454,590.00	£ 7,204,590.00	
	MLD/SLD Special School Option 2	£ 4,524,727.52	£ 4,524,727.52	£ 4,524,727.52
	MLD/SLD Special School Option 3	£ 5,564,116.00	£ 4,314,116.00	
18	PMLD/SLD Special School Option 1	£ 9,662,388.00	£ 8,412,388.00	
	PMLD/SLD Special School Option 2 (PFI)	£ 9,662,388.54	£ 7,162,388.54	£ 7,162,388.54
	PMLD/SLD Special School Option 3	£ 6,358,990.00	£ 5,108,990.00	

Note – High level option appraisals for each school are set out within the SBC, copies of which are located on the intranet and the City Council website.

- 1.91 The Capital cost of the programme has taken account of potential capital receipts from the disposal of some school sites, not school playing fields. The total capital receipts that have been assumed are £6,925,000, relating to Babington, City of Leicester, Coleman Centre and Secondary Special school sites. No amounts have been included for the purchase of any site for the proposed relocation of Babington. The two potential relocation sites that have been identified at Ashton Green are currently identified for residential development. The two sites are currently valued at £9m and £7.5m respectively; there is therefore an opportunity cost for the Council in the event that it is decided to use either of these sites for the construction of the new school.
- 1.92 Following the proposed consultation process and incorporation of resultant comments, Cabinet will be requested to consider and then approve the BSF proposals in February 2005, before they go before the Governments' PRG (Project Review Group) for final approval of the funding. Once PRG approval has been received the procurement process will commence.
- 1.93 In order to access the Capital funding, the City Council and Schools will need to commit to the full life-cycle maintenance of the entire programme of schools for a period of at least 25 years. This will ensure that the legacy of the investment will be

recognised by multiple generations of school children, and the assets will be maintained in good condition, not returning to the current position of extensive backlog maintenance.

- 1.94 This is one of the key issues for the City Council in terms of the associated revenue funding and the methodology for affording this. The options for this are therefore detailed within **section 2. Financial Implications**, and will form a key part of the proposed consultation process.

Consultation and Communication

- 1.95 To ensure that stakeholders' views on the programme are taken into account, extensive consultation will be carried out during December and January. Presentations have been arranged with various groups offering an opportunity for Question and Answer sessions, and information packs will be sent out to all members, governing bodies, schools, trades union, staff and a wide range of community groups and stakeholders.
- 1.96 The information will also be available from city libraries and on-line via the BSF website. A formal feedback mechanism will be supplied with all information packs that can be posted, faxed or emailed back.
- 1.97 To ensure accessibility to the information, a dedicated contact telephone number has been established via the Contact Centre, where enquiries will be taken from people wishing to receive the information in a different language or format.
- 1.98 Communication of the BSF programme is vital to ensure all internal and external audiences are kept up to date with progress and developments. A proactive approach has been taken with all communications activities and the messages sent out are tailored to each target audience.
- 1.99 Both the Corporate and Education department's vision, objectives and key priorities will be promoted within the information.
- 1.100 As well as local media, the project will be communicated via dedicated website, intranet and extranet pages, council newsletters, exhibition and poster displays as well as utilising any other relevant channels for general promotion activities.

Programme

- 1.101 A master programme has been developed for the delivery of BSF, which incorporates the proposed Public/Private procurement timescale, and indicates that the phase 1 schools will be opened in September 2008, the phase 2 schools by September 2009 and the final school by September 2012.
- 1.102 A key element of the programme is the consultation process that will commence on approval of this report. The following is a list of stakeholders that are being consulted during this period. We have also planned meetings with, and presentations to key groups.

- Secondary and secondary special Heads
- Secondary and secondary special Governors
- Secondary and secondary special school staff
- Secondary and secondary special School business managers
- Primary heads
- Primary Governors
- Student Council
- Teachers Unions
- Staff Unions
- Schools Forum
- Scrutiny
- Council members
- Education department staff
- Cabinet

The key dates that need to be noted are: -

- | | |
|----------------------------------|--------------------------------|
| ▪ Consultation launch | 1 st December 2004 |
| ▪ Consultation feedback deadline | 21 st January 2005 |
| ▪ Report to Cabinet | 14 th February 2005 |
| ▪ Consideration by DfES | 15 th March 2005 |

Risk Assessment

1.103 A number of programme risk assessments have been undertaken to identify specific areas of risk.

These are set out within the risk matrix in section 4. Financial risks are contained within section 2 – Financial Implications

The Outline Business Case

- 1.104 The OBC for the first four schools in phase 1 is currently being progressed by the BSF team. This should develop and validate many of the sections of the SBC.
- 1.105 The Outline Business Case will be completed in January 2005, and will form a major part of the report to Cabinet in February 2005, and PRG in March 2005.
- 1.106 It is intended to commence the OBC for the phase two schools in December 2004, to demonstrate to potential Private Sector Partners that there is a resolved programme that has been thoroughly tested through the development of detailed option appraisals with the schools. The OBC's for the remaining schools will be developed in conjunction with the Private Sector Partner.

The 'Do nothing' option.

- 1.107 There is an alternative to BSF. This is not a particularly attractive option, the implications of which could include: -
- The realisation of the corporate strategic objectives will be very difficult to realise i.e. the aim to ***'raise educational standards and skills irreversibly so that all schools are good schools and individuals are committed to learning throughout life'***.
 - Use of schools beyond their natural life with inherent Health and safety risks, particularly CLASP buildings
 - Significant parts of School buildings would continue to be inaccessible for all
 - Current CMF funding does not deliver a 'stand still' position, backlog maintenance, currently standing at £9m, will continue to grow, therefore the state of schools worsen
 - The transformational agenda may not be delivered and standards will not be raised
 - The drift of pupils to County may not be addressed
 - The Council/schools will need to find funds to invest in new technologies, particularly ICT
 - There will be excess capacity in existing schools over the next 5-10 years as pupil numbers continue to decline
 - The retention and attraction of staff may not be addressed
 - Reductions in 'exclusion' may not be achieved
 - The goal of integrating MLD pupils in mainstream schools may not be realised. Alternative funds will need to be found for delivery of the SEN review

2 Financial Implications

Content reference	Para	Page
Introduction	2.1	30
Capital implications	2.6	31
Estimated revenue costs	2.8	31
Sources of funding	2.12	33
Summary of non-delegated resources	2.21	35
Funding contribution from delegated school budgets	2.23	35
Options for bridging the affordability gap	2.28	37
BSF set up and development costs	2.35	39
Links to the City Academy	2.37	40
Risk analysis	2.39	40
Assumptions	2.43	47

Introduction

- 2.1 BSF represents a significant investment opportunity for the City. This investment opportunity pulls together funding contributions from the DfES, the City Council and schools' delegated budget shares. BSF also represents the introduction of PFI into the education estate as and where it is demonstrated to deliver good value for money.
- 2.2 One of the purposes of BSF is to provide modern school buildings that are properly maintained throughout their life cycle. This is a fundamental change for the majority of the public sector and the City Council as currently buildings are generally maintained reactively, with a considerable backlog of outstanding works. Any capital investment scheme that aims to maintain schools to an acceptable standard will therefore require additional funding in order to meet the full life cycle costs of the new buildings.
- 2.3 For the schools that are funded through PFI, the City Council will receive PFI credits from the Government. These are annual payments that cover the cost of initial capital expenditure and provide a significant contribution to the interest repayments, contractor's profit and recurring life cycle costs. The rate for PFI credits in BSF is 1.65 times the capital expenditure, which compares favourably to other PFI projects that are generally no higher than 1.3 times capital expenditure. The PFI credit alone however will not cover the full cost of BSF.
- 2.4 For those schools that are to be funded conventionally, only the initial capital expenditure costs will be met by Central Government – all whole life and maintenance costs will need to be met directly by the City Council and schools.
- 2.5 The figures in this report are based on best available information at the time of writing. The figures are indicative and may change as more information becomes available on how schools will be funded from 2006/07 and as individual schemes move into the Outline Business Case phase.

Capital Implications

- 2.6 The DfES have agreed a net capital funding allocation of £210m. This will come from the DfES, except for any overspend, and is a cash limited sum. This funding will come to the City Council in the form of capital grant, supported borrowing or PFI credits. The general rule is that new build schools (or those with 90%+ new build) are PFI funded, whereas refurbishment is conventionally funded. The capital funding provided by the DfES is net of capital receipts arising from the disposal of a number of school sites.
- 2.7 The estimated gross capital spending by phase is shown below.

Gross Capital spend on BSF

Phase	Gross estimated capital cost (£m)
1	63.2
2	53.1
3	56.1
4	44.5
Total	216.9

Estimated Revenue Costs

- 2.8 The estimated revenue costs of the BSF project have been calculated for each school by Robson Rhodes, financial advisers to the project. This is based on the individual plans for each school and standard factors for facilities management and other items provided by the DfES. The cost per school includes facilities management and whole life costs, but does not include the cost of borrowing that is met by the Government.
- 2.9 The current forecast revenue costs are £3.3m in 2008/09 (4 schools) rising to £13.5m in 2011/12 (18 schools).
- 2.10 The table below outlines the cost by type and school.

Estimated Revenue Costs from BSF

School	Breakdown of estimated costs of BSF (year of operation)				
	Whole Life Costs (WLC)	Special Purpose Vehicle costs (SPV)	Facilities Management	Utilities & Insurance	TOTAL
	£	£	£	£	£
Soar Valley	260,364	44,870	588,034	93,558	986,826
Beaumont Leys	199,990	44,870	467,045	46,034	757,939
Judgemeadow	210,272	44,870	505,534	62,625	823,302
Fullhurst	183,366	44,870	461,675	43,417	733,329
Total Phase 1 (2008/09)	853,992	179,482	2,022,288	245,634	3,301,396
City of Leicester	301,588	45,992	641,795	125,059	1,114,434
Rushey Mead	161,302	45,992	568,316	90,854	866,464
Sir Jonathan North	147,122	45,992	524,239	67,679	785,032
Crown Hills	195,790	45,992	515,913	105,034	862,729
Keyway Centre PRU	24,515	45,992	89,044	5,298	164,850
Total Phase 2 (2009/10)	830,316	229,961	2,339,307	393,924	3,793,509
The Lancaster School	183,590	47,142	540,398	54,889	826,020
Moat	171,825	47,142	531,386	62,423	812,777
Babington	188,975	47,142	435,492	64,490	736,099
English Martyrs	239,898	47,142	503,109	60,539	850,689
Riverside	163,902	47,142	381,150	51,610	643,804
Total Phase 3 (2010/11)	948,191	235,710	2,391,534	293,952	3,869,388
MLD/SLD Special	76,653	48,321	191,511	57,916	374,400
PMLD/SLD Special	125,501	48,321	328,304	57,916	560,041
Hamilton	164,948	48,321	454,962	67,430	735,661
St Paul's	186,594	48,321	546,011	73,463	854,388
Total phase 4 (2011/12)	553,694	193,282	1,520,788	256,725	2,524,490
Total	3,186,194	838,435	8,273,919	1,190,236	13,488,783

Note: costs are shown as base budget needed in the first year of each phase at that year's prices. It is assumed that inflationary increases thereafter will be met from annual inflation allocations in the cash target process.

- 2.11 The full list of assumptions used in the affordability analysis is explained in paragraph 8.

Sources of Funding

- 2.12 There are four funding streams that can be used to contribute to BSF to meet the cost without recourse to Council tax rises. These are:
- Estimated growth in the Schools Block budget (or passport)
 - Central Maintenance Fund (CMF)
 - Secondary Review savings
 - Schools' delegated budgets.

Schools Block growth

- 2.13 The estimated growth in the Schools Block budget is based on the current regime of passporting, from which significant growth has been given to schools' delegated budgets. However, the DfES announced in its Five Year Strategy that the current passport arrangements would not continue beyond 2005/06. The exact changes to be implemented from 2006/07 are still being developed but it is known that the funding the Council currently receives for passport growth is going to change from general grant to a specific ring fenced grant for schools (likely to be known as the Dedicated Schools Grant).
- 2.14 The forecasts for how much can be realistically contributed to BSF from Schools Block growth is based on historic spending patterns and forecasts of future allocations based on the current regime. It is impossible to say at this stage whether the changes introduced in 2006/07 will benefit or cost the Council, and hence the contribution available. This is a key risk associated with the project and one that the Council must agree to underwrite. This risk will be mitigated to some extent by stating it as an assumption of the authority when presenting the Strategic Business Case to the DfES.
- 2.15 The contribution from passport (or equivalent) growth is calculated by taking the forecast headroom (growth less unavoidable costs) in future years after the Minimum Funding Guarantee (MFG) has been met. The headroom is then apportioned between primary, secondary and special schools based on 2004/05 spend. The secondary and relevant special schools share is then contributed in full to BSF.
- 2.16 The impact of this approach is that secondary schools may not receive any growth in their budgets in excess of the MFG for the years 2008/09 to 2012/13, but primary and primary special schools will be protected against any loss of growth in their budgets.

Central Maintenance Fund

- 2.17 The contribution from the Central Maintenance Fund (CMF) is based on the principle that for PFI schools the Council will no longer be responsible for landlord

maintenance. Therefore the CMF can contribute the amount it would have spent on those schools in future years. A similar idea is used for conventionally funded schools as the responsibility for procuring maintenance will be with the LEP, and BSF expects the same level of maintenance will be provided as in PFI Schools.

- 2.18 The CMF contribution is based on an estimated figure of £350,000 at 2004/05 prices. This is inflated by 2.5% every year, giving £386,000 by 2008/09. Officers are still working to agree a more robust figure for CMF contributions.
- 2.19 There are significant benefits to the CMF of entering into BSF as the current repairs backlog attributable to the BSF schools will be addressed as the buildings will be rebuilt or re-furnished and maintained to a higher standard over the 25 years of the contract. This backlog currently stands at around £9m. The CMF contribution includes around £200,000 per year towards addressing the backlog, which over 25 years equals £5m. Therefore, the fund is contributing around £5m towards addressing the £9m backlog.

Secondary Review savings

- 2.20 The final stream of Council funding comes from savings achieved as a result of the Secondary Review programme. These savings are currently being used to support residual costs of the review (such as capital investment, transport and Premature Retirement and Compensation (PRC)) but by 2008/09 it is estimated that £1.5m will be available to be contributed towards the cost of BSF. The contribution will be phased in pro rata to the number of schools in each phase, to avoid subsidising the first phase schools.

Summary of non-delegated resources

2.21 The total non-delegated resources being contributed are shown below.

Summary of non-delegated resources contributing to the costs of BSF

	Non-delegated resources contribution to the costs of BSF				
	Phase 1	Phase 2	Phase 3	Phase 4	Total
	£	£	£	£	£
Estimated passport growth	508,501	536,608	565,862	596,837	2,207,808
CMF contribution	81,334	122,000	101,667	81,334	386,335
Secondary review savings	315,789	473,685	394,737	315,789	1,500,000
Total	905,624	1,132,293	1,062,266	993,960	4,094,143
Cost of WLC and SPV	1,033,474	1,060,277	1,183,901	746,976	4,024,628
Difference	-127,850	72,016	-121,635	249,984	69,515

2.22 The table shows that these resources cover the costs of the lifecycle and SPV elements.

Funding contributions from delegated schools budgets

2.23 Each Governing Body will have to agree to give a contribution to the LEA to meet the unitary charge (or equivalent if conventionally funded) as the first call on their budget for the 25-year duration of the project.

2.24 A detailed Governors Agreement document will be written by the Council that will form the legal basis for the contribution from schools' budgets, and any other conditions or requirements necessary within the BSF programme.

2.25 The table below compares the cost of facilities management, utilities and insurance under BSF to schools' current budgets for these items.

Comparison of estimated BSF costs to current school budgets

School	Breakdown of estimated costs of BSF (year of operation)				
	Estimated FM & Utilities & insurance	Current school budgets	Difference	FM & Utils & Ins as a %age of budget	Non-delegated costs (WLC & SPV)
	£	£	£	£	£
Soar Valley	681,592	341,738	339,854	17.0%	305,234
Beaumont Leys	513,079	216,235	296,844	14.3%	244,861
Judgemeadow	568,160	300,527	267,633	14.1%	255,142
Fullhurst	505,092	356,051	149,041	15.4%	228,236
Total Phase 1 (2008/09)	2,267,923	1,214,551	1,053,372		1,033,474
City of Leicester	766,854	384,725	382,129	13.6%	347,580
Rushey Mead	659,170	307,378	351,792	14.0%	207,294
Sir Jonathan North	591,918	351,005	240,913	14.2%	193,114
Crown Hills	620,947	515,397	105,550	14.5%	241,782
Keyway Centre PRU	94,343	26,568	67,775	10.9%	70,508
Total Phase 2 (2009/10)	2,733,232	1,585,072	1,148,159		1,060,277
The Lancaster School	595,287	246,675	348,612	13.7%	230,732
Moat	593,809	302,260	291,550	14.4%	218,967
Babington	499,982	391,685	108,297	12.5%	236,117
English Martyrs	563,648	259,391	304,257	15.1%	287,040
Riverside	432,760	255,933	176,827	13.2%	211,044
Total Phase 3 (2010/11)	2,685,487	1,455,944	1,229,543		1,183,901
MLD/SLD Special	249,426	216,271	33,156	8.4%	124,973
PMLD/SLD Special	386,220	216,271	169,949	13.0%	173,821
Hamilton	522,393	348,575	173,818	12.6%	213,268
St Paul's	619,474	300,981	318,493	15.1%	234,914
Total phase 4 (2011/12)	1,777,513	1,082,097	695,416		746,977
Total	9,464,154	5,337,665	4,126,489		4,024,629

- 2.26 The table shows that the costs of facilities management are estimated to be around £4.1m higher under BSF than schools are currently spending from their budgets.
- 2.27 Therefore, overall there is an affordability gap of £4.1m. This is shown in the table below.

Overall Estimated Affordability Gap

	Non-delegated resources contribution to the costs of BSF				
	Phase 1	Phase 2	Phase 3	Phase 4	Total
	£	£	£	£	£
<i>Funding sources:</i>					
Estimated passport growth	508,501	536,608	565,862	596,837	2,207,808
CMF contribution	81,334	122,000	101,667	81,334	386,335
Secondary review savings	315,789	473,685	394,737	315,789	1,500,000
School budgets	1,214,551	1,585,072	1,455,944	1,082,097	5,337,665
Total	2,120,176	2,717,365	2,518,210	2,076,057	9,431,807
<i>Costs:</i>					
Cost of WLC and SPV	1,033,474	1,060,277	1,183,901	746,976	4,024,628
Facilities Mgmt, Utils & Ins	2,267,923	2,733,232	2,685,487	1,777,513	9,464,154
Total	3,301,396	3,793,509	3,869,388	2,524,490	13,488,783
Affordability gap	1,181,221	1,076,145	1,351,178	448,433	4,056,976

Options for bridging the affordability gap

- 2.28 The costs of whole life maintenance and SPV are met from non-delegated funding. The issue is how is the extra cost of facilities management over and above what schools are currently spending is split between the schools and City Council. This cost is estimated to be £4.1m. The options for how this affordability gap should be met are limited to increasing the contribution from the City Council or increasing the contribution from schools' delegated budgets.
- 2.29 In 2004/05, secondary schools plan to spend between 6% and 13% of their section 52 funding on facilities management, with the average being 9% (for PRUs the average is 4% and special schools the average is 8%). This variation reflects individual schools' circumstances and resource allocation decisions.
- 2.30 The estimated costs of facilities management average around 15% for secondary schools. It is unlikely that any secondary school would be able to use as much as

15% of their section 52 funding on facilities management without impacting negatively on standards or teacher numbers.

- 2.31 The affordability gap has to be met by the City Council and the Schools within the BSF programme. The Council has considered different ways of sharing the cost and proposes a 50/50 split of £2.05m each. At this stage, this seems the most equitable approach, allowing for the other contributions the Council is making. The Council will also be carrying most of the very substantial risks of BSF, which could lead to future payments of several million pounds. These could impact on other services or the council tax or both. The Council is exploring how it might fund its share of the affordability gap and any future contingencies.
- 2.32 For information, the Council has considered Council/Schools splits of:
60% Council (£2.45m) / 40% Schools (£1.65m)
40% Council (£1.65m) / 60% Schools (£2.45m)

Illustration of how the affordability gap will be bridged on a 50/50 basis

Identified funding		Affordability gap		Total contribution	
Current school budgets (£m)	Proposed non-delegated funding (£m)	School share of affordability gap (£m)	Council share of affordability gap (£m)	Total school contribution (£m)	Total non-delegated contribution (£m)
5.3	4.1	2.05	2.05	7.4	6.1

- 2.31 A detailed breakdown of the costs for each school is given in the appendix.
- 2.32 If the Council contribution to bridging the affordability gap was met directly from Council Tax, the implications are set out below. It should be stressed however that Council Tax is not the only way of bridging the affordability gap, as efficiency reviews or savings from Departments could release resources for this purpose.

Year	Affordability gap (£)	Council Tax increase (based on 2004/05 figures)
2008/09	640,904	0.9%
2009/10	521,467	0.7%
2010/11	728,368	1.0%
2011/12	138,841	0.2%
Total	2,029,579	

The average total school contribution as a percentage of section 52 funding is shown below:

Secondary schools	11%
Special schools	8%
PRU	8%

- 2.33 In addition, the figures outlined above do not include any allowance for the risk that the estimated figures may vary significantly from the actual figures. Allowing 15% for lifecycle costs and 20% for facilities management gives an estimated risk of £532,000 in phase 1, £609,000 in phase 2, £638,000 in phase 3 and £405,000 in phase 4, giving a total of £2.2m over the project.

BSF Set up and development costs

- 2.34 The project will also attract a significant amount of one-off costs for:
- The project team (estimated £1.5m)
 - LEP set-up costs (estimated £0.5m)
 - LEP equity costs (estimated up to £0.9m)
 - Pre operating costs (not yet known but could be up to £2.5m)
- 2.36 Further work is needed to develop these costings, and identify means to reduce them. They will, furthermore, be incurred over a period between 2005/6 and 2008/9 and options will exist for some of them to be phased. Some funding from non-delegated resources has been identified (estimated £1.5m) which leaves up to £3.9m to be funded at the worst case and assuming they are all met up front. Further discussion is required on appropriate contributions from the LEA and schools to this sum.

Links to the City Academy

- 2.37 There are financial implications arising from the links between BSF and the City Academy. The City Academy will be built with surplus places and if those surplus places are filled by pupils from City schools this will result in the LEA losing funding from the Government. This loss would be negated if the surplus places created by pupils moving to the City Academy were filled by City pupils who currently attend County schools, attracted back to the city as a result of the investment in BSF.
- 2.38 The exact position cannot be accurately forecast as the pupil movement will occur across the city, and the impact of reduced Government funding is different depending on which schools are affected. However, if schools ultimately have fewer pupils the likelihood of them qualifying for additional small schools protection funding increases. This would be a direct cost to the LEA and would have to be managed within the overall Schools Block budget.

Risk Analysis

- 2.39 There are a number of significant risks associated with the BSF programme. The majority of these will be borne by the City Council as opposed to schools.
- 2.40 The potential financial value of each risk has not been included in any affordability modelling above. Whilst all costs are estimates based on assumptions, this is especially true of the estimated cost of risks that will continue to be refined throughout the life of the project. Detailed risk workshops are taking place between now and February and the report presented to members in February will reflect the results of this work.
- 2.41 Risks can be categorised into;
- a) One-off risks that would cost money during the implementation phase and will need to be dealt with as part of the forthcoming budget and capital programme. Other than low-impact risks, these total £0.5m and also need to be considered in the context of the development costs (of up to £3.9m) for which no funding source has yet been identified. The expected revenue underspend in 2004/5 is available to cover the risk and a proportion of the development costs.
 - b) Risks that could give rise to one-off costs during the building phase (2006-2011). Approximately £10m has been identified and will need to be considered in the context of the capital programme 2008/9 - 2010/11. In the meantime it would be prudent to ensure that fortuitous one-off gains from 2005/6 onwards are earmarked for such purposes and that a prudent approach is taken to the capital programme for 2005/6 –2007/8 that avoids over programming. A small measure of contingency in the Capital programme for 2005/6 – 2007/8 is appropriate to cover the risk arising in the first phase.
 - c) Risks that could give rise to ongoing costs and which would build up during the operational phases 2008-2012. Approximately £6m has been identified which needs to be considered together with any Council

contribution to affordability (presently estimated at £2.0m). These costs, if they materialised, would not need meeting in full until 2012, but would be ongoing from that time. Appropriate contingency will be required, which needs to be built into 3 year revenue plans commencing with 2006/07 to 2008/09. In the meantime, it is essential that the forthcoming budget strategy to 2007/08 does not leave any “overhanging” issues to be dealt with beyond that timeframe. During the period 2006/07 to 2008/09, it would also be prudent to consider building up reserves beyond the present recommended minimum level of £5m.

- 2.42 Further risks will be borne by schools, and (if they came to fruition) would result in reduced funding for governors to spend on the school.
- 2.43 It must be stressed that the costs above are approximations based on initial estimates that will be refined prior to submission of the OBC. Some costs, furthermore, are stated at different years' price bases.
- 2.44 The risk matrix below, and the analysis above, allow for cost overruns after contracts have been signed. Allowance has been made in the costings for contract prices to be higher than presently forecast but it cannot be guaranteed that this will be sufficient. It is unclear at present how much of this risk will be borne by the Government and how much by the Council, but at the present it remains a significant if unquantifiable risk.
- 2.45 A full risk-funding plan is currently being prepared.

BSF Risk Assessment Matrix

Risk	Likelihood L/M/H	Severity Impact L/M/H	Financial impact (£m)	City Council		Schools		Control Actions (if necessary/or appropriate)
				One-off	Ongoing	One-off	Ongoing	
<p>1) Construction risk – that the cost of conventionally funded schemes overspends (for PFI schemes this risk is borne by the private sector).</p>	M	H	<p>Weighted modelling that reflects the relative risk of different events suggests the risk per school is around £1.0, giving a total of £10m for the programme.</p>	£10m	Ongoing	One-off	Ongoing	<p>Detailed modelling of costs is being undertaken at OBC stage. Project management arrangements have been strengthened and will need to be extremely robust as the project proceeds. Any cost overruns would have to be met from the corporate capital programme.</p>

Risk	Likelihood L/M/H	Severity Impact L/M/H	Financial impact (£m)			Control Actions (if necessary/or appropriate)
<p>2) Changes to the level of Education funding – that the changes expected for 2006/07 and beyond result in lower funding or the passport ceasing, meaning that the assumed funding cannot be used.</p> <p>Changes to the rules covering Education funding – that the flexibility to use secondary review money is lost, or the level of the minimum funding guarantee is higher than expected.</p>	M	H	<p>The assumed passport contribution is around £0.8m per year for 4 years, giving a total of £3.2m for the programme.</p>	£4.0m		<p>Government announcements regarding future funding will be closely monitored.</p> <p>Assurances about future funding levels will be sought from the DfES at the SBC stage.</p>

Risk	Likelihood L/M/H	Severity Impact L/M/H	Financial impact (£m)			Control Actions (if necessary/or appropriate)
<p>3) Volume risk – that the estimates of pupil numbers and other key indicators (such as inflation) are wrong. This could affect the level of contribution needed from the City Council or schools.</p> <p>Failure to attract back pupils – the pupil planning figures assume 233 pupils will be attracted back to City schools</p>	M	H / M	<p>This could vary from a small change in inflation rates which has a small impact through to incorrect pupil number forecasts which result in having to keep open a PFI school with considerable surplus places.</p>	£0.5m per year	£0.1m per year	<p>All assumptions used have been checked for reasonableness and robustness and will be reviewed regularly.</p>
<p>4) Lifecycle & FM costs risk – that the cost of lifecycle and FM are higher than estimated.</p>	M	M	<p>Modelling using 15% and 20% respectively gives a total for the programme of £2.2m.</p>	WLC £0.5m FM £0.9m	FM £0.9m	<p>Detailed cost estimates are produced at the Outline Business Case stage that will be compared to the initial estimates. The LEP structure will help to drive efficiencies and stability of costs.</p>

Risk	Likelihood L/M/H	Severity Impact L/M/H	Financial impact (£m)			Control Actions (if necessary/or appropriate)
<p>5) Mixed market of premises – BSF will result in a variety of different arrangements in relation to school buildings. In addition, schools can become Foundation schools and take over responsibility for their buildings.</p>	H	M	<p>The financial impact of the mixed market is not likely to be significant, however there will be legal, governance and operational issues that have the potential to cause problems.</p>			<p>The mixed economy is an unavoidable outcome of BSF and the government's current education policy. More detailed arrangements will be considered at a later stage.</p>
<p>6) Private sector partner problems – that the Council are unable to attract a PSP or that delays occur in the process of setting up the LEP.</p>	M	H	<p>The impact would be to increase the set up costs, and could result in the BSF programme failing.</p>	£0.5m		<p>A communication strategy will need to be developed and the Council will need to ensure adequate legal documentation and appropriate due diligence on preferred bidder to ensure continuity.</p>

Risk	Likelihood L/M/H	Severity Impact L/M/H	Financial impact (£m)				Control Actions (if necessary/or appropriate)
7) Radical change of education policy following a national election	L	H	The financial support being given to the Council and assumptions about future funding could be jeopardised. £4.0m				
8) Problems in early phase schools become strongly resistant.	M	L	The Council's contribution could increase if Governors do not agree to contribute delegated resources. The total additional contribution from schools in phases 2-4 could be as high as £2.4m . £1.4m				Governing bodies will be asked to commit in principle to BSF at the consultation stage.
9) The full capital resources are not received due to funding technicalities (such as the ODPM scaling factor)	M	H	Scaling factors imposed by the ODPM could reduce the actual capital funding allocation by around 5%. This would result in additional cost to the Council of around £5m . £0.3m				This is being investigated more fully at present.

L - Low
M - Medium
H - High

Assumptions

- 2.46 The following assumptions have been used in the affordability modelling. This section does not cover the assumptions used in the model that determined the cost per school.
- 2.47 All costs are shown at future years' prices.
- 2.48 Section 52 funding increases by 4% from 2004/05 budgets for schools, and by 3% for PRUs. No adjustments have been made for forecast pupil number changes.
- 2.49 The revenue costs of BSF have been calculated using the Robson Rhodes model with costings provided on 12th October 2004. This assumes all costs will increase by 2.5% per year apart from FM costs that are assumed to increase by 3.7% per year.
- 2.50 The CMF contribution is based on £350,000 in 2004/05, inflated by 2.5% per year to give £386,000 in 2008/09. The contribution increases by 2.5% per year from 2008/09.
- 2.51 The Secondary Review contribution is cash limited to £1,500,000 and is not inflated. The phasing in of the money is pro rata to the number of schools in each phase.
- 2.52 The forecast passport growth is based on best estimates up to 2007/08. After this, the growth is inflated by 5.5% per year. The passport is split between schools and central budgets on the basis of spend in 2004/05 in the ratio 84.4%/15.6%. Earmarked passport growth is included for 2008/09 to 2012/13 only.
- 2.53 The estimated headroom reflects best-known information at the time of writing and assumes the Minimum Funding Guarantee will continue after 2005/06 at a level of 5.5% (the MFG in 2005/06 is 4%). The split of headroom between primary, secondary and special is based on 2004/05 school budget shares. The secondary and relevant special share of estimated headroom is inflated by 4% per year and is used in full to meet BSF costs.
- 2.54 The model assumes school funding will operate in a similar way to present after 2005/06 and that no new restrictions will be imposed on the Schools Block when the Dedicated Schools Grant is introduced.
- 2.55 The total City Council contribution is apportioned to schools on the basis of their share of the total cost in the first year of each phase.
- 2.56 The budgets that schools currently have for facilities management (buildings maintenance, grounds maintenance, insurance, utilities, caretaking and security) were taken from 2004/05 budget intention forms and schools were given the chance to check and challenge these. The model assumes these are inflated by 2.5% per year until the first year of the new school, when the budgets are inflated by 3.3% in line with Robson Rhodes costing model. The

current budgets for ICT are excluded from this modelling as the assumption is they will be used for ICT refresh.

- 2.57 The figures used to calculate staffing/non-staffing percentages are taken from schools' Budget Intention Forms for 2004/05.
- 2.58 New College Leicester has been excluded from all the analysis and modelling as they are currently pursuing an Academy route.

(David Wilkin, Head of Education Finance - 16th November 2004)

Council pays 50%, schools pay 50%

School	BSF Affordability gap			
	School contribution	Difference from current school budgets (inflated)	Council Contribution	Additional Council funding
	£	£	£	£
Soar Valley	532,408	190,670	454,418	
Beaumont Leys	394,589	178,354	363,350	
Judgemeadow	439,906	139,379	383,396	
Fullhurst	387,965	31,914	345,363	
Total Phase 1 (2008/09)	1,754,868	540,317	1,546,528	640,904
City of Leicester	604,030	219,306	510,404	
Rushey Mead	514,988	207,610	351,476	
Sir Jonathan North	458,919	107,914	326,113	
Crown Hills	490,060	-25,337	372,669	
Keyway Centre PRU	71,752	45,184	93,098	
Total Phase 2 (2009/10)	2,139,749	554,677	1,653,760	521,467
The Lancaster School	458,188	211,513	367,831	
Moat	458,997	156,737	353,780	
Babington	389,498	-2,187	346,601	
English Martyrs	436,010	176,618	414,679	
Riverside	336,062	80,129	307,742	
Total Phase 3 (2010/11)	2,078,754	622,811	1,790,633	728,368
MLD/SLD Special	200,840	-15,431	173,559	
PMLD/SLD Special	302,929	86,658	257,112	
Hamilton	406,969	58,394	328,692	
St Paul's	480,951	179,970	373,437	
Total phase 4 (2011/12)	1,391,689	309,592	1,132,801	138,841
Total	7,365,061	2,027,397	6,123,722	2,029,579

3. Legal Implications

- 3.1 The SBC and in more detail, the OBC will need to address the procurement strategy for the BSF Programme. There are two principle choices, either direct procurement (which could in itself be undertaken by a variety of types from school to school, for example PFI, design and build, traditional, project partnering) or through a strategic partnership. The scope of the LCC proposal and its duration, together with the expectation from PfS that this method should be used unless the business case indicated another better solution, leads to the draft recommendation to follow the strategic partnership model.
- 3.2 The strategic partner will be procured and will form the Local Education Partnership Company, as described, with the Council and PfS. The Council will only have a minority interest and therefore issues such as Capital borrowing that would arise under the regulations on local authority companies will not arise. The Council would however be required to make a Capital injection into the new Company. The strategic partnering agreement will do two things. First of all to set up a framework for working together to bring about improvements, and to keep the SBC under review, and secondly a mechanism for calling off approved construction projects, the supply of services and ICT management. The first phase of 'approved' projects would be contracted with the signing of the Strategic Partnering Agreement.

Exclusivity

- 3.3 Beyond the first phase construction projects the Company may (depending on how the procurement of the partner is set up) obtain exclusive rights to provide 'new projects' and 'services' (which would include professional and support services). There is no limitation on how these are defined but obviously care must be taken to exclude (carve out) projects and services already under commitment to other providers. Or this ability could be optional.

New Projects

- 3.4 All new Projects (however these are defined but probably to include all the schools in the BSF programme outside the first phase) will have to go through development and approval procedure but if the LEP proposal for a new project meets the defined criteria then the contract for that project will be closed. Care will need to be taken in setting the criteria, for example, where new schools are proposed where no board of governors are yet in being to agree the charging mechanism.

Staff Transfer

- 3.5 There are potential staff transfers involved. If PFI is the method of procurement then this will involve, at least, the facilities management being

provided back to the Council by the provider as part of the lease back package (similar to the LIFT projects). Any staff currently engaged in or about facilities management to those schools will be affected. TUPE will apply and, under Best Value statutory guidance, it has to be assumed that TUPE will apply and staff will transfer. Statutory consultation about any transfer will arise once the Council recognises that measures are being considered which will affect staff. Since the actual proposals and implementation will not be clear until the contracting and procurement processes are complete (either under phase 1 projects or under the framework for new projects) consultation will have to be incremental.

Agreements Required

- 3.6 Agreement to the remission back to the Council of the unitary payment out of the devolved budgets would require consent of the governors.
- 3.7 For VA Schools further agreement will need to be negotiated, as the school premises are owned by the Trustees.

Admissions

- 3.8 Some of the proposals will require secondary review procedure consultations.

S.E.N.

- 3.9 The proposals contained in this report are indicative only and to preserve a funding bid. Any decision will be subject to the outcome of the SEN review, which has yet to be considered by the Cabinet. Provision can be made in the contract to reflect this.

Legal documentation

- 3.10 Standard documentation (for consultation) has been produced by PFS to ensure consistency for providers. On a preliminary overview some amendments will need to be made but documentation for tender will not need to be finalised until after OBC approval.

(Joanna Bunting – Legal Services)

4. Other Implications

OTHER IMPLICATIONS	YES/NO	Paragraph References within this report
Raising Standards	Yes	1.4, 1.8, 1.9, 1.30-1.31
Equal Opportunities	No	
Policy	No	
Sustainable and Environmental	Yes	1.31, 1.32-1.35
Crime and Disorder	No	
Human Rights Act	No	
Elderly/People on Low Income	No	

RISK ASSESSMENT MATRIX			
Risk	Likelihood L/M/H	Severity Impact L/M/H	Control Actions (if necessary/or appropriate)
1 We build with too few/many places	M	M	Research into projected pupil places (40 – Implemented) Annual review of SBC (20 – Approved)
2 Contractors to projects go into liquidation/share price falls	M	M	LEP will have special purpose vehicles for each phase ring fencing risk and adequate pre contract checks to check viability of bidding contractors.
3 Delivery of projects on time to budget	M	M	Proper project management processes and procedures and change management
4 Information that is used to construct bid is accurate	L	M	Use spot checks to validate information
5 Stakeholders need to buy into the project	M	M	Extensive consultation to be undertaken with all stakeholders
6 Capital investment may not deliver transformational change within the timescale	L	M	Lengthy consultation during OBC and planning stage with stakeholders. Development of curriculum pathways through zonal

			collaboratives Development of workforce reform proposals through the workforce reform groups.
7 Planning Approval on new builds delayed	M	H	Early communications with planners to ensure fast tracking of applications
8 Planning Approval on new builds declined	L	H	Early communications with planners to ensure planning stakeholders are involved
9 Prolongation and additional costs due to variations to established business case.	M	H	Ensure consultation with stakeholders and affordability are drivers of options
10 Stakeholders do not accept the design/ business case	M	H	Stakeholders consulted at early stages to ensure input and support
11 Cost and time implications associated with integration of SEN facilities	M	M	Establish brief as early as possible; clearly define responsibilities and scope of work; integration of SEN provisions at early stage of design; Careful monitoring of cost.
12 Delays with finalisation of ICT strategy.	L	M	Assume developing strategy that is revisited annually
13 Contractors insist upon extension of tender periods	M	L	Establish an early cost plan to control design development; close liaison between QS/Design team; all changes to be monitored for cost impact; allowance of suitable contingencies;
14 Local Planning Authority insist upon archaeological digs at school new build sites	L	H	Discussions with planners at early stages. Ensure input in process from LA
15 LEA amendments to school design	M	H	Ensure sign off of design before contractor appointment
16 Ground contaminations	M	H	Carry out soil investigation and desk study
17 Asbestos contamination	H	M	Material surveyed at all sites before finalisation of designs/projects
18 Increase in inflation over	M	H	To be monitored

and above allowed for			
19 Shortage of labour	M	H	Work with local organisations and colleges to plan resource needs
20 Traffic or Public Rights of way implications to sites	M	M	Full site investigations and legal searches, initial discussions with highways

L - Low
M - Medium
H - High

L - Low
M - Medium
H - High

5. Background Papers – Local Government Act 1972

The BSF Strategic Business Case will be appended to the report for member's information.

6. Consultation

Legal and financial as noted above

7. Report Author/Officer to Contact

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