

**AGENDA ITEM: 5**

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Meeting	Cabinet
Date	5 December 2005
<b>Subject</b>	<b>Building a Future for Barnet's Children: The Primary School Capital Investment Programme</b>
Report of	Cabinet Member for Education & Lifelong Learning Cabinet Member for Resources
Summary	This report seeks Cabinet support for a phased programme of investment in Barnet's community primary schools, a commitment to enable the first wave of investment, approval to develop the procurement model and authorisation to consult stakeholders.

Officer Contributors	Chief Education Officer
Status (public or exempt)	Public with exempt section
Wards affected	All
Enclosures	Appendix 1A – Risk Management Appendix 1B – Risk Register (separately circulated) Appendix 2 – Educational Vision Appendix 3 – Potential Programme for Wave 2 and Wave 3 Appendix 4 – Impact of Wave 1 on Primary Places Appendix 5 – Expected Procurement Timetable
For decision by	Cabinet
Function of	Executive
Reason for urgency / exemption from call-in (if appropriate)	

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## **1. RECOMMENDATIONS**

- 1.1 That Cabinet support a phased programme of capital investment in Barnet's Community primary school estate to be funded from a combination of capital receipts, available government grants, Section 106 planning obligation payments and other developer contributions and Prudential Borrowing, consulting with the Schools Forum where necessary.**
- 1.2 That Cabinet consider the planned investment levels set out in this report, along with other plans for capital investment across the council (as part of the 2006/07 budget process and the financial forward plan), with a view to including these proposals in the capital programme at the earliest opportunity. In addition, that Cabinet allocate £1.1 million to cover the cost of the procurement of a private sector partner to deliver Wave 1 of the programme.**
- 1.3 That Cabinet agree a proportion of the cost of Wave 1 of the programme should be met through capital receipts realised from the sale of surplus land and premises. That Cabinet instruct appropriate Chief Officers to prepare a programme of such disposals, subject to those sales proceeding in accordance with the appropriate provisions of the Council's Constitution, to be reported back to Cabinet Resources Committee.**
- 1.4 That Cabinet include a budget of £1.1 million in the capital programme for the cost of procuring Wave 1.**
- 1.5 That Cabinet instruct the Chief Education Officer to undertake a feasibility exercise on developing a similar capital investment programme for voluntary-aided schools and foundation primary schools, subject to relevant funding streams.**
- 1.6 That Cabinet support the development of a strategic partnership or joint venture procurement to deliver the investment, with a commitment to Wave 1 at contract conclusion, and instructs the Chief Education Officer and Director of Resources to report jointly back to Cabinet Resources. This report will include a further examination of land valuation and planning issues. This will include further work on planning issues and asset valuations.**
- 1.7 That the Chief Education Officer be instructed to initiate consultation with relevant stakeholders on the overall programme and the specific school organisation proposals contained in this report.**

## **2. RELEVANT PREVIOUS DECISIONS**

- 2.1 Cabinet 9 September 2002, Investment Needs and Opportunities – Way Forward**

- 2.2 Cabinet 20 January 2003, Private Finance Initiative – Bid to DfES
- 2.3 Cabinet, 21 February 2005, The Primary School Capital Investment Programme

### **3. CORPORATE PRIORITIES AND POLICY CONSIDERATIONS**

- 3.1 A First Class Education Service is a key priority of the Corporate Plan. The Primary School Capital Investment Programme will support the delivery of this priority by providing high quality, twenty first century learning environments for Barnet's primary school children.
- 3.2 The programme will assist in the delivery of a number of School Organisation Plan priorities. These include increasing the number of two form entry primary schools, reducing the number of 1.5 form entry primaries and increasing the number of all age primaries.
- 3.3 In line with the council's Procurement Strategy the full range of funding and service delivery options have been considered when developing the proposals contained in this report.

### **4. RISK MANAGEMENT ISSUES**

- 4.1 The Primary School Capital Investment Programme is a complex project with risks attached to it. The following strategic risks have been identified by the project team and the council's technical and financial advisors:
- Failure to address the investment need (leading to an increasing maintenance backlog with little associated funding)
  - Planning and providing the right number of primary school places in the right locations
  - Land valuations (lower receipts achieved than expected and/or delays)
  - Government grant settlements for Local Government over the coming 10 years (causing prudential borrowing to become unaffordable)
  - Section 106 planning obligations (failure to receive funding at anticipated levels or timescales)
  - Market appetite
  - Construction capacity and pricing
  - Other increases in construction costs
  - Planning permissions (see paragraph 6.2.5 of this report)
  - Section 77 consent (see section 6.2)
  - School Organisation Committee approval (see section 6.5 of this report)
  - Schools White Paper (see section 6.3 of this report)
  - Stakeholder perception and support

- 4.2 A full analysis of these risks and the risk management process adopted by the council is included as Appendix 1A to this report. The risk register is included as Appendix 1B.

## **5. FINANCIAL, STAFFING, ICT AND PROPERTY IMPLICATIONS**

### **5.1 Financial**

#### **Overall Programme**

- 5.1.1 If the council were to undertake the entire programme, this would result in a total capital investment cost of £218 million over 9 years from 2008/09 (as at 2007/08 prices). Costs include £211 million in relation to buildings and ICT infrastructure and £7.4million in relation to the provision of ICT equipment. To increase the affordability and manageability of the programme, it has been segmented into three waves. These costs are at 2007/08 prices so the amounts that would have to be added to the capital programme would be higher as the council works on estimated cash costs for individual projects.

#### **Wave 1**

- 5.1.2 Wave 1 of the programme equates to an overall capital investment in schools of £83.6 million over three years (as at 2007/08 prices). Costs include £80.1 million in relation to buildings and ICT infrastructure, £2.4 million with respect to ICT equipment) and £1.1 million for procurement. The figure that would be included in the capital programme is the forecast cash outturn cost which is £87.6 million. A full financial assessment of Wave 1 of the programme is included as Appendix 1 to the exempt section of this report.
- 5.1.3 The innovative use of funding streams, including capital receipts from the sale of surplus school land, available government grants, Section 106 payments and other developer contributions, supported by Prudential Borrowing, has enabled the council to develop a funding package to support Wave 1 of the programme.
- 5.1.4 The procurement cost would be capitalised, resulting in minimal revenue cost in 2005/2006, rising to £93,000 per annum by 2008/09.
- 5.1.5 A significant proportion of the programme's funding comes from capital receipts from the disposal of land and assets. The business case is built around the assumption that prudential borrowing will be used as the balancing item to meet the investment requirement. Due to potential variability in the level of receipts realised, prudential borrowing in future years can not be predicted with 100% accuracy.
- 5.1.6 The available funding streams reduce the net capital cost to the council of Wave 1 of the programme to £13.5 million (as at 2007/08 prices). Assuming inflation of 5.2% per annum for construction costs and 2.5% per annum for ICT costs, the cash outturn by the end of Wave 1 of the programme would be

£17.5 million, but inflation increases in land values (and therefore capital receipts) over the period of the programme would reduce this. Although it is clearly impossible to be certain about the future level of land values, the Valuation Office Agency has recently produced some forecasts of possible percentage increases in land values nationally to 2010. If it is assumed that the council's land sales are achieved in equal amounts over the next five years, then the application of this forecast could add around £6.6 million to the relevant land values. This would decrease the overall funding gap in cash terms to £10.9m. In addition, construction costs have been estimated at the higher end of the likely range and do not allow for any efficiency savings from the continuous improvement which should be possible from working with a long term partner.

- 5.1.7 There will be a report back to the Cabinet Resources Committee before the final estimate of prudential borrowing is included in the capital programme. Members should appreciate that even at this stage there are several risks to this figure, including the possibility of higher levels of prudential borrowing being required for short periods pending the generation of capital receipts, as set out in Section 4 of the report. The contribution forecast from capital receipts, Section 106 planning obligations, DfES grants etc. is set out in the exempt report.

### **Procurement**

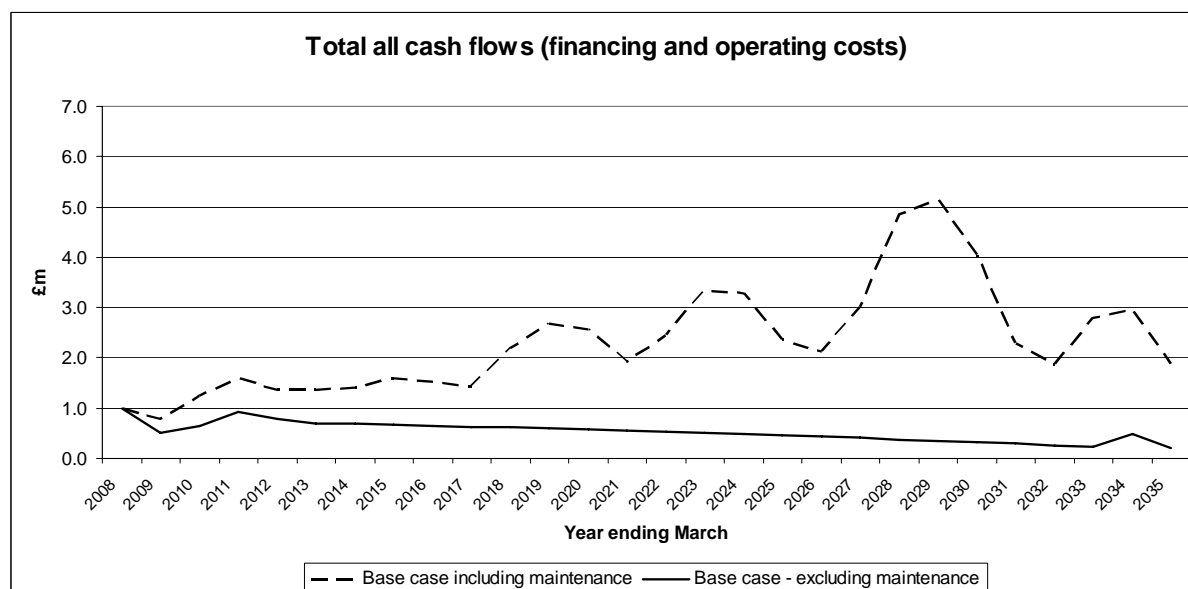
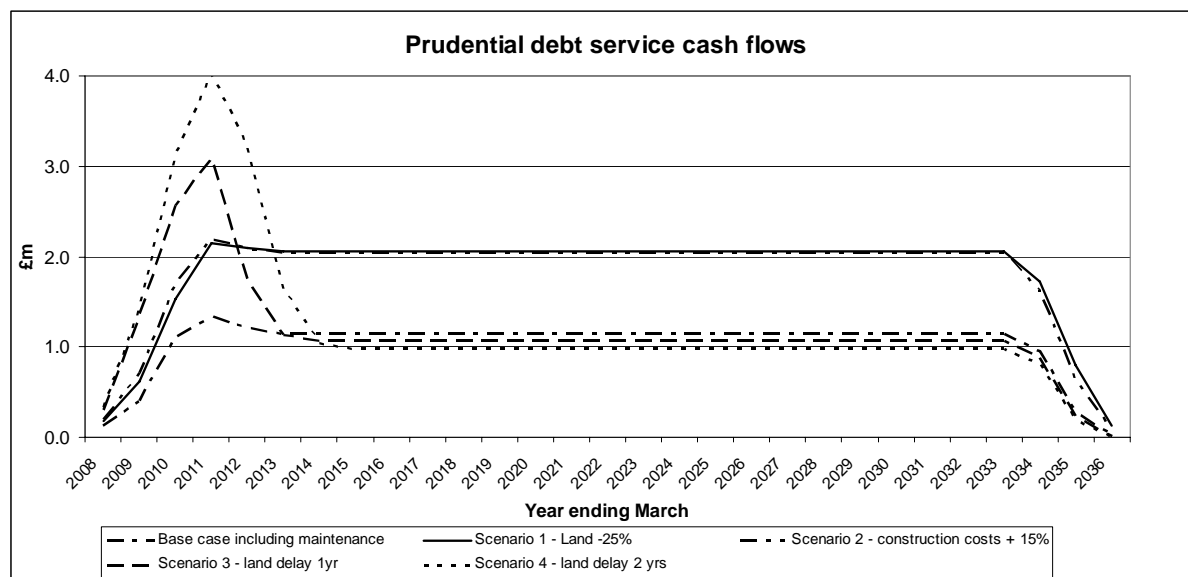
- 5.1.8 The procurement of ongoing facilities management and lifecycle maintenance as part of the programme is also being explored. This would significantly extend the contract period and increase costs. The financial modelling undertaken includes provision for facilities management and lifecycle maintenance over 25 years and assumes that schools meet a proportion of these costs by contributing their devolved capital budgets for an agreed period and their revenue maintenance budgets. Exclusion of facilities management would reduce the contract period and ongoing costs but would run the risk that assets would not be maintained, as has been the case in the past.

### **Sensitivity of Business Plan**

- 5.1.9 A series of scenarios have been modelled, to reflect the main risks to the project.
- Scenario 1 – all land disposal risks are transferred to a private sector partner. It is assumed that the council would be required to forfeit a significant proportion of the land value in exchange for guaranteed receipts.
  - Scenario 2 – all construction and lifecycle costs are increased by 15% (ICT and procurement costs are unchanged).
  - Scenario 3 – all capital contribution receipts are delayed by 1 year.

- Scenario 4 – all capital contribution receipts are delayed by 2 years.

5.1.10 It should be noted that the above scenarios are not mutually exclusive. The net capital cost of Wave 1 under these scenarios ranges from £13.5 million to £26.3 million in real terms (in cash terms the range would be £17.5 million to £30.3 million). The annual revenue costs (including debt servicing as well as facilities management) vary from year to year in each option and are shown in detail in the financial assessment, but a summary is included below. The graphs below represent the maximum revenue exposure of the council in any one year under each scenario over the life of the contract.



5.1.11 It should be noted that all the options include £3.4 million of supported capital expenditure. This is not grant but borrowing, which although recognised within Formula Funding Shares, still has to be provided for within budget.

5.1.12 This is a large and complex project, which will require effective programme management by the council and the experience and expertise of external advisors. An allowance of £1.1 million to cover the cost of the programme's procurement has been included in the financial model. This breaks down into an allocation of £270,000 to resource the council's internal team and an allowance of £830,000 to resource the services of technical, financial and legal advisors. The estimated procurement cost of £1.1 million equates to approximately 1.2% of the capital value of Wave 1, which compares favourably to similar projects.

5.1.13 The overall level of prudential is approved by Council. The level of prudential borrowing on this project will need to be monitored by Cabinet Resources Committee and referred back to Council as required.

## **5.2 Staffing**

5.2.1 The programme represents the biggest single capital investment the council has undertaken for some years. The procurement phase of the programme will require a dedicated team and effective working across a range of service areas. Provision has been made to resource the project as outlined in paragraph 5.1.13 of this report.

5.2.2 Schools provided through the programme will include facilities that meet the requirements of the whole school workforce, including dedicated spaces for staff to undertake preparation, planning and assessment. Careful planning will be required to ensure disruption during the construction period is minimised.

## **5.3 ICT**

5.3.1 The underpinning Educational Vision (included as Appendix 2 to this report) commits the council to providing new and refurbished schools with ICT provision that meets the changing demands of the modern primary curriculum. Reflecting this, the whole life cost models for the programme include an allowance for upgraded ICT facilities. The procurement route for ICT elements of the programme will be finalised following further feasibility studies with respect to the overall procurement model.

## **5.4 Property**

5.4.1 At its meeting of 21 February 2005, Cabinet approved the ring-fencing of capital receipts from the sale of surplus school land to support the delivery of the Primary School Capital Investment Programme (see paragraph 2.3 of this report). This report proposes the disposal of a number of parcels of surplus school land to help finance Wave 1 of the programme.

5.4.2 The identification of potential areas for disposal follows an analysis of the DfES Section 77 regulations, which govern the disposal of school land. All schools re-provided through the programme will meet the minimum site requirement stipulated by these regulations.

- 5.4.3 Most likely estimates of capital receipts, based on valuations provided by the council's Strategic Property Advisor, have been used in the financial model. The proposed disposal programme is included as Appendix 2 to the exempt report. It should be noted that the land values used in the financial model are best estimates. The actual values which can be realised will be dependent on a variety of factors and therefore are subject to changes.

## **6. LEGAL ISSUES**

### **6.1 General Disposal Issues**

- 6.1.1 The land and buildings of the community schools included in these in-principle proposals are owned by the London Borough of Barnet as Local Education Authority. Section 123 of the Local Government Act 1972 allows the council to dispose of land in any manner it wishes. However, the ability to dispose of land is not unfettered. Section 123 requires the council to dispose of land at the best price reasonably obtainable. If the council does not intend to dispose of the land at market price then, subject to some minor exceptions, the Secretary of State's consent must be obtained.
- 6.1.2 Additionally, a general consent provides that land may be sold at an undervalue where (a) the difference between the unrestricted value of the land and the consideration accepted is £2,000,000 or less and (b) the Council considers the disposal will make a contribution to the achievement of the objects of promoting or improving economic, social or environmental well being in the area. It is a matter for the council to determine whether the general consent applies but there is always the risk of challenge and that a contract for sale could be set aside.
- 6.1.3 Title investigations have been carried out in respect of all of the school sites concerned. All are satisfactory except as set out in the exempt report and to which further reference is made in the risk section of this report.

### **6.2 Playing Fields**

- 6.2.1 If the council intends to sell all or part of a school's playing fields to fund rebuilding, then Section 77 School Standards and Framework Act must be abided by. This section defines a Playing Field as "any open land provided for physical education or recreation".
- 6.2.2 In accordance with Section 77 any Local Authority (including those which are not Local Education Authorities) must obtain the Secretary of State's consent to dispose of school land where the land is being used, or has within the last 10 years been used, by the school as a playing field.
- 6.2.3 Further, if as part of the rebuilding proposal the council intends to change the use of existing playing fields on the land, then the Secretary of State's consent must be obtained unless the change of use will result in the land becoming used by the council for the provision of educational facilities for a maintained school, or any recreational facilities. On that basis the council



therefore should not be required to obtain consent if, for example, a playing field was used as the location for the rebuilt maintained school's new buildings.

- 6.2.4 If however, the Council intended to use any Playing Fields for a non-educational or non-recreational purpose, then the council would be required to obtain consent.
- 6.2.5 Planning consents will be required for a number of the disposal options and enabling developments. This will raise strategic and local planning policy issues where open space is protected in the Unitary Development Plan, Mayor's London Plan or Government Planning Policy Guidance 17.

### **6.3 Schools White Paper**

- 6.3.1 In terms of land disposal a further consideration concerns the possible impact of any legislation flowing from the recent White Paper *"Higher Standards, Better Schools for All - More Choice for Parents and Pupils"*, which favours greater freedom of governance for schools. This might confer a further choice for community schools to seek foundation or trust status, and thus gain ownership and control of the school's land and buildings. Should this occur while any part of the project remains to be carried out, so that there is a binding but uncompleted contract, it is conceivable that new legislation might provide for the transfer of the benefit of the contract and/or the receipt or control of sale proceeds. Although of course unpredictable at present this is a potential risk.

### **6.4 Procurement**

- 6.4.1 As outlined in section 8.8 of this report a number of procurement options are under consideration. However, if a joint venture arrangement is chosen this will involve a long term partnership. The governing contract will necessarily provide for reciprocal obligations throughout the contract term but once the contract is entered into it will mean that the Council will be bound to implement all of the disposals agreed under the joint venture.

### **6.5 School Organisation Committee**

- 6.5.1 The School Organisation Committee (SOC) is a Statutory Body established under the School Standards & Framework Act 1998, which meets to approve the School Organisation Plan and has replaced the Secretary of State in making decisions about school reorganisations, new schools, closures, changes to standard numbers etc. A number of proposals contained in this report will require SOC approval (see paragraph 8.7.2 of this report). It should be noted that the Schools White Paper Proposes the abolition of SOC's, with decisions being vested in Local Authorities.

## **6.6 Schools Forum**

- 6.6.1 The Schools Forum is a statutory body established by the Education Act 2002, which is consulted on the school funding formula, issues in connection with the Schools Budget and service contracts. From 2006-07, Schools Forums will be given formal powers to approve proposals from their local authorities to move away from the requirements of the school funding regulations in order to take account of specific local circumstances.

## **7. CONSTITUTIONAL POWERS**

- 7.1 Constitution Part 3 – Responsibility for Functions – Section 3: Powers of the Executive

## **8. BACKGROUND INFORMATION**

### **8.1 Overall Aims of the Programme**

- 8.1.1 The Primary School Capital Investment Programme (PSCIP) provides Barnet with a significant opportunity to rejuvenate its primary school estate. This report focuses on proposals for Wave 1, which are based on a detailed assessment of all community primary schools in the borough.

- 8.1.2 The programme's Education Vision (included as Appendix 2 to this report), which underpins the proposed investment, can be summarised as follows:

- Delivering a high quality learning environment for Barnet's primary school pupils
- Enhancing the delivery of the curriculum and improving facilities for learning and teaching
- Supporting the Barnet vision for ICT in education
- Improving access and inclusion for all pupils, including those with special needs
- Developing extended schools, Children's Centres and community links
- Providing sustainable and value for money solutions
- Ensuring the optimum provision of primary school places in Barnet

- 8.1.3 The council will work in close partnership with schools to deliver the programme, involving them closely in selection of the private sector partner and the design of buildings.

### **8.2 Drivers for the Programme**

- 8.2.1 In its 1999 inspection of the council, OfSTED found that *"the LEA has not provided satisfactorily for the maintenance and asset management of its building stock"*. OfSTED re-emphasised the need for investment in its 2003 inspection, finding that *"the lack of capital resources to improve school buildings, coupled with years of under-investment in building maintenance, has contributed to the significant backlog of repairs"*. It is estimated by the council's technical advisor that just undertaking essential backlog works,

followed by minimum necessary maintenance to keep the estate operational, would cost approximately £200 million over the next 25 years (see section 8.3 of this report).

- 8.2.2 The overall performance of Barnet's schools is high and the standards achieved by 11 year olds place the borough consistently within the top ten local authorities nationally. To sustain these positive outcomes for children, schools undertake a continuous cycle of self-evaluation and improvement. There are indications that in some schools, the condition and configuration of the buildings is beginning to inhibit the development of the curriculum and the quality of children's learning experience. In a wider group of schools, efforts to maintain buildings are at the expense of focusing time and resources on teaching and learning.
- 8.2.3 In recent years, Central Government capital funding for schools has been skewed away from areas of high asset need towards areas with poor attainment and demanding socio-economic conditions. As a largely affluent borough, which delivers excellent educational outcomes, Barnet has therefore been disadvantaged. For example, Barnet has been allocated to the final rounds of the Government's Building Schools for the Future (BSF) programme and was one of only nine London borough's to receive no Targeted Capital Fund allocations (TCF) in the 2006-2009 round, despite submitting four bids.
- 8.2.4 This programme allows Barnet to make creative use of existing assets. However, every effort will be made to secure capital funding from the DfES in subsequent years.

### **8.3 Investment Options**

- 8.3.1 The council's technical advisor undertook a cost comparison of the following investment strategies for Barnet's primary school estate.:
- all new build
  - all refurbish/remodel
  - combination of new build and refurbish/remodel.
  - "do minimum"<sup>1</sup>

The purpose of this exercise was to enable the council to identify the best value for money approach, in whole life cost terms, by modelling the above options over a 25 year period.

- 8.3.2 After analysing net present value cost data, the "do minimum" approach was found to be the cheapest option overall at £200 million. However, the cost of this approach was found to be only be fractionally cheaper than the £218 million cost of a preferred approach of a combination of refurbish/remodel and new build projects. In addition, many schools in the estate have severe suitability and accessibility issues and if the "do minimum" option were

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<sup>1</sup> The "do minimum" option allows for only essential backlog works, followed by minimum necessary maintenance to keep the estate operational

adopted, many of these issues would not be addressed. A combination of new build and refurbish/remodel projects, which will meet the Educational Vision, is therefore proposed.

## **8.4 Programme Phasing**

- 8.4.1 The programme considers options for all community primary schools over a ten year period. It should be noted that the programme phasing structure will inevitably be dynamic and will be subject to re-profiling through consultation or as circumstances change. This report outlines the general principles of the programme but individual aspects will be subject to future detailed appraisal and will of course be subject to the planning process
- 8.4.2 To produce an initial priority list, community schools in Barnet were scored against three criteria. The prioritisation matrix placed the greatest emphasis on building need in terms of condition, suitability and sufficiency, with the performance of the school and the socio-economic circumstances of the pupil population as additional factors.
- 8.4.3 Schools were then phased over a notional ten year period. Phasing was undertaken by first considering the priority of the school and then assessing its deliverability as a project. Where a high priority school was not immediately deliverable (due for example to funding constraints, time required for site identification, linkages with regeneration projects etc.), it was deferred accordingly. Where a school was deferred, the next school on the priority list would take its place, subject to an analysis of project deliverability.
- 8.4.4 The phasing structure considers opportunities to meet School Organisation Plan priorities. Research indicates that primary schools of around 360 pupils (two form entry) are the most efficient and offer a critical mass promoting more effective teaching and learning. Reflecting this, proposals seek to increase the number of two form entry primary schools, reduce the number of 1.5 form entry primaries and increase the number of all through primaries. In addition, the provision of integrated Children's Centres has been considered where appropriate. The preferred options for schools in Wave 1 of the programme are outlined in section 8.5 of this report. The potential phasing structure and options for subsequent waves are included as Appendix 3 of this report.
- 8.4.5 As a result of recent or planned investment, the following schools have not been included in the programme's phasing structure:

• Holly Park	Recent investment
• Deansbrook Infant	Recent investment
• Deansbrook Junior	Recent investment
• Frith Manor	Recent investment
• Northside	Recent investment
• Parkfield	Rebuild in procurement
• Queenswell Infant	Recent investment
• Queenswell Junior	Recent Investment

8.4.6 At present the programme's phasing structure includes only community schools. The building and land assets of voluntary aided and foundation schools are owned by the individual school's boards of trustees or diocesan authorities. The council will work with the diocesan authorities and others over the coming months to develop a programme for the voluntary aided and foundation sectors, subject to available funding streams.

## 8.5 Wave 1 of the Programme

8.5.1 Wave 1 of the programme comprises the new build of ten community primary schools and one community special primary school and the major remodelling of a further school and a nursery. Modern, fit for purpose, learning and teaching environments that meet the demands of the twenty-first century curriculum will be provided at all of these schools. Additionally, seven of schools in Wave 1 will include integrated Children's Centres.

8.5.2 The table below summarises proposals for Wave 1 of the programme. The associated proposed disposal programme is included as Appendix 2 to the exempt section of this report.

Year	School	Proposals
<b>Phase 1 2007/8</b>	Broadfields	New build two form entry primary school with an integrated Children's Centre on existing site
	Foulds	New build two form entry primary school on Byng Road site
	The Hyde	New build two form entry primary school with an integrated Children's Centre on existing site
	Barnet Hill and Whittings Hill	Amalgamate the schools and provide a new build two form entry primary school on the current Whittings Hill site
	St Margaret's Nursery	Remodel school to provide a Children's Centre offering integrated education and childcare
<b>Phase 2 2008/09</b>	Coppetts Wood and Hollickwood	Amalgamate the schools and provide a new build two form entry primary school with an integrated Children's Centre on the current Coppetts Wood site
	Fairway/Northway	New build Fairway as a one form entry primary school and new build Northway as a primary special school. Co-locate the schools on the existing site with an integrated with Children's Centre
	Summerside	New build or remodel as a two form entry primary school on existing site

Year	School	Proposals
<b>Phase 3 2009/10</b>	Chalgrove	Remodel as one form entry primary school on existing site
	Brunswick Park and Hampden Way Nursery	Amalgamate the schools and provide a new build two form entry school with an integrated Children's Centre on the existing site
	Bell Lane	New build two form entry primary school on existing site with the possibility of an integrated Children's Centre
	Cromer Road	New build two form entry primary school on the existing site

## **8.6 Regeneration and Demand for Primary School Places**

8.6.1 As a result of natural growth and new homes created by regeneration schemes, the council projects that Barnet's population will grow to 360,000 by 2016/2017. Reflecting this, the Greater London Authority roll projections for primary aged children in the borough shows an expected increase of 3,300 pupils between 2006 and 2015. This equates to an increase of 12% on 2005 pupil numbers. The programme will ensure that there will be sufficient capacity within Barnet to meet demand for primary places until 2011. An analysis of the impact of Wave 1 on roll projections is included as Appendix 4 to this report.

8.6.2 Beyond 2011, most notably as a result of Cricklewood/Brent Cross regeneration project, additional places will be required. This demand will be met through Section 106 contributions from the schemes' developers. Projects that are likely to be funded through regeneration projects have been factored into the phasing structure accordingly.

## **8.7 School Organisation and Stakeholder Consultation**

8.7.1 Following approval of this report, it is proposed stakeholders are consulted widely. The initial phase of the consultation process will encompass the overall phasing structure, as well as proposals for Wave 1 and will seek the views of governors, headteachers, parents and other stakeholders. This consultation will last until 28 February 2006. A communication and consultation strategy will guide the significant consultation and communication that will be required throughout the programme. A Stakeholder Advisory Group will be established to act as a sounding board for building design and implementation.

8.7.2 To meet School Organisation Plan objectives, a number of amalgamations are anticipated as part of Wave 1 of the programme. Further, the provision of additional places or the removal of surplus places form part of the preferred option for number of individual schools. The council is required to consult on these proposals and, if necessary, seek approval from the School Organisation Committee (SOC). Specifically, proposals for Broadfields,

Brunswick Park Coppetts Wood, Foulds and Hollickwood and Barnet Hill and Whitings Hill will require SOC approval.

## **8.8 Procuring a Private Sector Partner**

8.8.1 A range of procurement options have been considered as the programme has developed and soft market testing has been undertaken with an number of potential providers. Procurement options considered include:

- conventional procurement of individual schools;
- bundling packages of schools for procurement through PFI or conventional arrangements
- long term partnership under a framework arrangement
- long term partnership under a joint venture arrangement with or without property

8.8.2 Following evaluation, a base case procurement model with several sub-options has been developed. The base case entails the procurement of a long term private sector partner which will offer both overall programme management and a supply chain to deliver the programme. At contract conclusion, commitment to funding would be given for Wave 1 of the programme. Additional projects will be awarded providing they pass value for money tests.

8.8.3 The base case draws on standardisations developed as part of the Local Education Partnership (LEP) model, which is the core procurement route for the BSF programme. However, at present, the base case does not propose the formation of joint venture company, as is the case in the LEP model. A number of authorities are currently procuring a LEP, including Solihull, Leeds and Bristol. Several sub-options exist regarding the scope and type of relationship envisaged, notably whether:

- a joint venture relationship is required to reinforce the partnership
- land disposal or development should be included
- ICT should be included
- life cycle replacement and 'hard' facilities management should be included

8.8.4 It is recommended that legal and technical advisers are appointed to help analyse these sub-options and further detailed market testing and internal consultation are undertaken. The expected procurement timetable is included as Appendix 5 to this report.

## **8.9 Project Management Arrangements**

8.9.1 Clear project governance and management arrangements will be essential to the successful delivery of the programme. Reflecting this, the council will use the PRINCE II methodology to manage the programme.

## **8.10 Next Steps**

8.10.1 As stated in the opening paragraph of this report, the Primary School Capital Investment Programme provides Barnet with a significant and strategically grounded opportunity to rejuvenate its primary school estate. If Cabinet approve this report, the key next steps towards the realisation of the programme are as follows:

- initiate consultation with key stakeholders and revise the programme to reflect the outcome of this process
- finalise the programme's procurement model for consideration by Cabinet Resources Committee
- following Cabinet Resources Committee approval, initiate the procurement of Wave 1 of the programme

## **9 LIST OF BACKGROUND PAPERS**

9.1 None.

Legal: RAB  
BT: CM



## Appendix 1A – Risk Management

### 1. Risk Identification

1.1 The effective identification and management of risk is a central component of effective project management. A risk identification and management workshop was undertaken with the Project Team on 19 October 2005. The output from the workshop, along with risks identified by the council's technical and financial advisors, have been recorded in a risk register. The risk register includes:

- an assessment of the impact of the risk and the priority of the risk, taking probability and impact into consideration.
- the existing risk treatment the council has applied to manage the risk and (where required) further actions that the council will take
- ownership of the risk – showing who in the council is responsible for managing the risk

1.2 The project's risk register is included as Appendix 1B to this report. The programme is large, complex and subject to a range of risks. The key strategic risks to the PSCIP are outlined below.

### 2. Risks

#### 2.1 Strategic

a) **Planning and providing the right number of primary school places in the right locations (Ref. 5).** Overall, numbers on roll in Barnet's primary sector are projected to increase over the next ten years. However, the impact of this is likely to be spread unevenly over the borough. Demographic change could mean that there is an under supply of places in some areas of the borough and an over supply in others.

To mitigate this risk, the council has utilised the GLA's School Roll Projection Model to inform the programme's phasing structure. In addition, the flexible nature of the programme means that it can be re-scoped to reflect changes in demand for primary places.

b) **Failure to address the investment need (Ref. 9).** The size of the primary sector's capital investment needs and a lack of Central Government funding have resulted in a failure to identify an appropriate way forward to date. Failure to address decisions about the disposal of surplus land and capital investment funded through Prudential Borrowing could result in the continuation of this situation with a continuing deterioration of school buildings.

#### 2.2 Financial

a) **Land valuations (Ref. 19).** The programme is heavily reliant on funding from capital receipts. The level of receipts achievable will depend on the type and

extent of development allowed by the Planning Authority and prevailing market conditions. Failure to achieve capital receipts at expected levels could make aspects of the programme unaffordable. The timing of these receipts will also influence the level of financial support required for the project.

To mitigate this risk valuation officers have undertaken detailed assessments of the potential land valuations including a review of best case, most likely and worst case valuations. In addition officers have undertaken an internal review and checked with external advisors. The financial report contains sensitivity tests around the quantum and timing of land receipts to enable assessment of the potential financial impact of these risks.

- b) **Government grant settlement (Ref. 6).** Poor government grant settlements for local government over the coming 10 years could causing prudential borrowing to become unaffordable.
- c) **Market appetite (Ref. 14).** With much choice available to construction companies they are likely to be more selective in the projects they bid for in future. In the council's case this is exacerbated by the fact that the project is not supported by Government funding and that bidders may be concerned that the project will not progress.

This risk will be mitigated by defining a procurement model that is attractive to the private sector, without compromising value for money. It will also be important to demonstrate that the council has the capacity and expertise to manage the procurement well. Finally, the project will be well marketed. This process has commenced with early market testing with a number of potential bidders.

- d) **Section 106 planning obligations (Ref. 30).** The funding package includes anticipated Section 106 planning obligations from major developments in the borough. If payments are received latter than expected, this could cause affordability problems. To mitigate this risk, only Section 106 planning obligations with a high degree of certainty have been included in the financial model.
- e) **Construction capacity and pricing (Ref. 20).** There is a risk that extensive construction activity in the schools sector nationally (with £5 billion per year funding), as well as regional and local activity (due to the Olympics and the a number regeneration projects) may stretch market capacity and force prices up. Tender price inflation has been allowed for at current forecast levels but these may be exceeded.

This risk will be mitigated by progressing the procurement at a fast pace, so that construction can occur before the supply chain is absorbed in projects associated with the Olympics.

- f) **Other increases in construction costs (Ref. 32).** A quantified risk assessment has been undertaken of other risks that may cause an increase in construction costs. This has resulted in an overall risk of approximately 5% to

10% escalation in construction costs (at 50% and 90% confidence levels respectively).

The above is within the range of the potential savings that may be accrued from undertaking a programmatic approach to procurement. In addition the risk allocation associated with the proposed procurement models would transfer significant elements of this risk to the private sector supply chain which is better placed to deal with those risks. Therefore, these risks will be contained and with no additional costs to the base estimates. As described below, a rigorous risk management process will be adopted during project development to ensure that these cost targets are met. In addition we will undertake comprehensive surveys before procurement to ensure that the private sector can properly assess and price risks.

The financial assessment (included as Appendix 1 to the exempt section of this report) contains sensitivity tests around construction costs to enable assessment of the potential financial impact of the above risks.

### 2.3 Regulatory

- a) **Binding contractual obligations (Ref. 29).** If a joint venture arrangement is chosen this will involve a long term partnership. The governing contract will necessarily provide for reciprocal obligations throughout the contract term but once the contract is entered into it will mean that the Council will be bound to implement all of the disposals agreed under the joint venture.
- a) **Planning permissions (Ref. 16).** A number risks are associated with the obtaining of planning permissions for the new schools and various enabling developments. This is a particular issue where there are planning policy issues and developments on protected open space. Beyond the council's statutory planning requirements, there may be other higher planning consents (from for example the Government Office of London, the Mayor of London and Sport England) required where strategic planning policies are affected.

At present planning issues do not appear to be insurmountable and proposals will continue to be reviewed with the Head of Planning as they develop. Early consultation with respect to higher planning consents will be initiated following approval of this report. In order to improve certainty, Outline Planning Permission will be obtained for schools in the first phase of Wave 1 of the programme before or during the procurement. A full appraisal of planning policy and site options will form part of a wider study by specialist education planning advisors.

- b) **Section 77 consent (Ref. 13).** Approvals will be required from the DfES regarding land disposal. Detailed assessments of Section 77 requirements have been undertaken and the DfES has been consulted to minimise this risk.
- c) **School Organisation Committee approval (Ref. 10).** Approvals will also be required for proposed amalgamations and changes in school sizes. These

will take the form of public consultation and subsequent approval by the School Organisation Committee.

- d) **Schools White Paper (Ref. 7)** The White Paper contains a number specific proposals which would impact on the ownership and control of schools' assets. If implemented fully, the proposals outlined in the White Paper could have a significant impact on the programme. Officers will monitor the progress of the White Paper, keep Cabinet informed of developments as they arise and seek approval to amend the programme as necessary.

## 2.4 **Reputation**

- a) **Stakeholder perception and support (Ref. 3).** The programme involves the disposal of a number of parcels of surplus school land. This could generate negative media coverage and erode community support for the programme.

## 3. **Risk Management**

- 3.1 The Project Manager is responsible for ensuring that risks are identified, recorded and regularly reviewed. To this effect, the Project Manager maintains a risk register and action plan, which is reviewed at each Project Team meeting.
- 3.2 The Project Director regularly presents the risk register to the Programme Board, which has four responsibilities in relation to risk management:
- notifying the Project Director of any external risk exposures to the project
  - making decisions on the Project Manager's recommended responses to risk
  - striking a balance between the level of risk and the potential benefits that the project may achieve
  - making Directors Group aware of any risks that impact upon the project's ability to meet corporate objectives

## **Appendix 2 – Educational Vision**

### **Delivering high quality learning environments for Barnet's primary school pupils**

The council is committed to delivering a first class education service for Barnet. The borough's primary schools are amongst the very best performing in the country. This is demonstrated by the 2004 Primary School (Key Stage 2) Achievement and Attainment Tables, which place Barnet as the fourth highest performing Local Authority in the England.

Despite the strong performance of Barnet's primary schools, the sector has very significant capital investment requirements. In order to maintain and improve educational attainment, these need to be addressed. The Primary School Capital Investment Programme will meet this investment need by developing creative approaches to providing quality learning and teaching environments in Barnet's primary schools.

### **Enhancing the delivery of the curriculum and creating capacity for learning and teaching**

The programme will provide new or refurbished schools that meet the demands of the primary curriculum in the twenty first century. This will include a range of indoor and outdoor learning environments for Barnet's primary school pupils. In addition, schools will provide facilities that meet the requirements of the whole school workforce, including dedicated spaces for staff to undertake preparation, planning and assessment.

### **Supporting the Barnet vision for ICT in education**

The programme will play a significant role in delivering Barnet's Vision for ICT in Education. The capital investment channelled through the programme will mean that new and refurbished schools have ICT provision that is able to meet the changing demands of the modern primary curriculum.

### **Improving access and inclusion for all pupils, including those with special needs**

The council is committed to support all Barnet schools in developing inclusive education and to reducing the number of children who are educated in out of borough special schools. The programme will seek opportunities to locate support services for pupils with special needs within mainstream schools. This will help to ensure that as many pupils as possible have access to a school in their local community.

### **Developing extended schools and community links**

The Extended Schools initiative provides an opportunity to enhance further the role schools play in their local communities. Through Barnet's Learning Networks of schools, the council will work with partners to identify opportunities for providing

learning and leisure facilities, children's services and other public services from school sites. These wider benefits will be available to pupils, parents and local communities.

### **Providing sustainable and value for money solutions**

The programme will deliver sustainable primary schools and the council will aim to provide new and refurbished schools that achieve a 'Very Good' or 'Excellent' environmental assessment rating. In addition, the council will work with governing bodies to ensure that this significant investment in the primary school estate offers long term value for money.

### **Ensuring the optimum provision of primary school places in Barnet**

Barnet's School Organisation Plan aims to develop a primary sector infrastructure based on all age primary schools with two form entry and attached nursery provision. The programme will support the delivery of these objectives, taking into account the additional demand for school places generated by the borough's six regeneration areas.

## Appendix 3 – Potential Programme for Wave 2 and Wave 3

### Wave 2

Year	School	Proposal
Phase 4 2010/11	Clitterhouse Infant & Nusery/Clitterhouse Junior	Amalgamate the schools and provide a new build two or three form entry primary school on existing site or alternative
	Danegrove	New build three form entry primary school on current junior school site
	Goldbeaters	New build two form entry primary school on new site
	Dollis Infant	New build three form entry primary school with integrated Children's Centre on existing site with scope to amalgamate with Dollis Junior
	Underhill Infant/Underhill Junior	Amalgamate the schools and provide a new build two or three form entry primary school with Children's Centre on the existing site
	Grasvenor Avenue Infant	Remodel
Phase 5 2011/12	Courtland	New build one form entry primary school on new site
	The Orion	Remodel as a two form entry primary school
	Childs Hill	Remodel as two form entry and extend to provide an integrated Children's Centre
	Woodridge	Remodel as a one form entry primary school
Phase 6 2012/13	Moss Hall Infant/Moss Hall Junior	New build three form entry primary school or remodel on the existing site
	Moss Hall Nursery	Rebuild or remodel as a Children's Centre
	Barnfield	Remodel as a two form entry primary school and extend to provide an integrated Children's Centre
	The Martin Infant/Martin Junior	Amalgamate the schools and provide a new build two form entry primary school on the existing site

### Wave 3

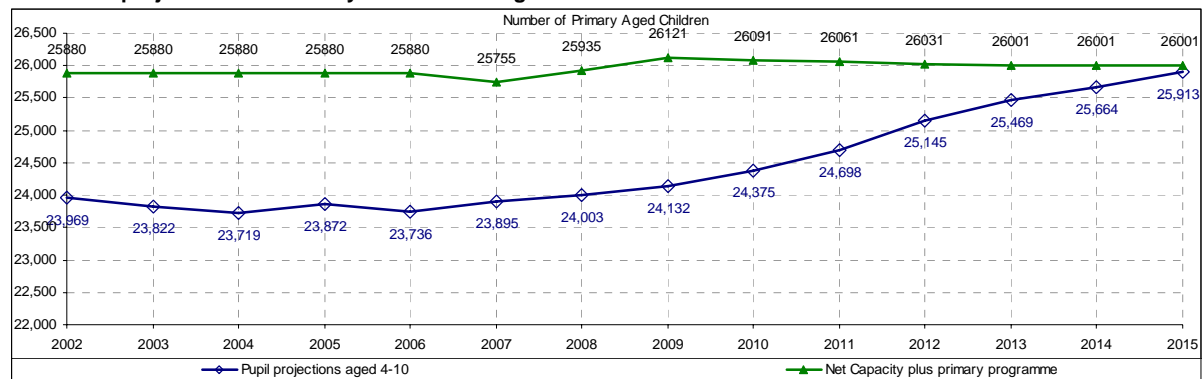
Year	School	Proposal
Phase 7 2013/14	Monkfrith/Church Hill	Potential to amalgamate the schools and provide a new build two form entry primary school on the Monkfrith site
	Garden Suburb Infant/Gardent Suburb Junior	Amalgamate the schools and remodel as a three form entry primary school
	Colindale	Remodel as a two form entry primary school and extend to provide an integrated Children's Centre
Phase 8 2014/15	Livingstone	Remodel as a one form entry primary school
	Edgware Infant & Nursery/Edgware Junior	Potential to amalgamate the schools and provide a new build three form entry primary school on the existing site
	Brookhill Nursery	Remodel
Phase 9 2015/16	Brookland Infant/Brookland Junior	Amalgamate the schools and remodel as a three form entry primary school
	Tudor/Manorside	Amalgamate the schools and provide a new build two form entry primary school on the current Tudor site
	Woodcroft	Remodel as a two form entry primary school
	Wessex Gardens	Remodel as a two form entry primary school
	Sunnyfields	New build one or two form entry primary school on existing site



## Appendix 4 – Impact of Wave 1 on Primary Places

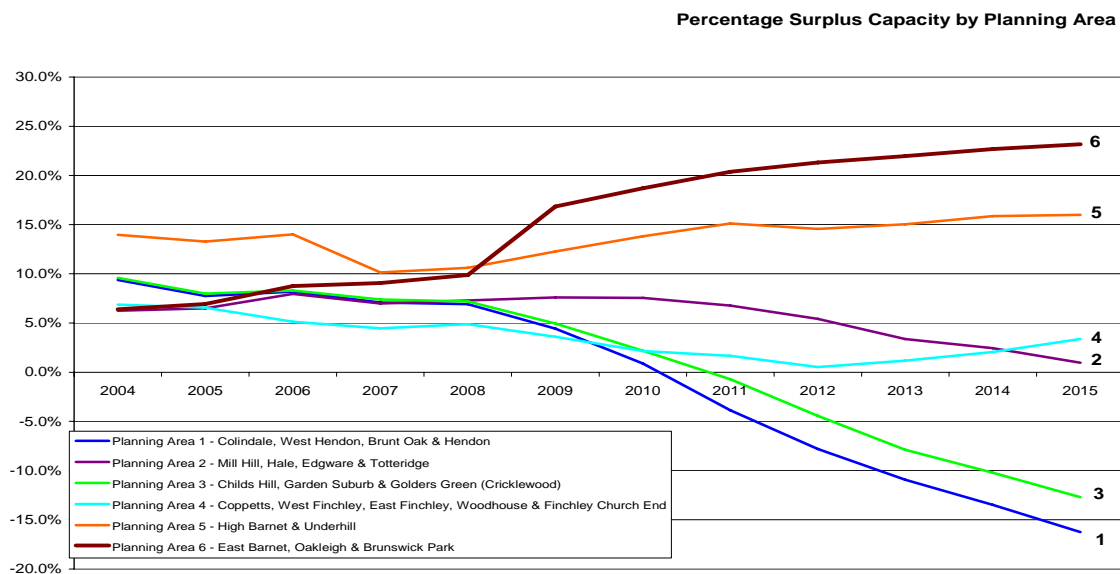
The GLA roll projections for primary aged children in Barnet shows a steady increase over the time period 2006 to 2015, the last year for which we have robust pupil population projections. This increase equates to approximately 3,300 pupils or a 12% increase on the 2005 pupil numbers. The graphs below show the projected rise in Barnet's primary aged children population compared to the net capacity in Barnet primary schools over the same period. The current surplus capacity of 10% is within an acceptable range. The net capacity figures include the changes to school intakes as a result of the programme.

School roll projections for January term 2005 using 2002 - 2005 actual roll data



This graph shows that with the programme there will sufficient capacity within Barnet until 2011, when the number of primary places will need to be increased to take account of major regeneration schemes in the borough. This will be achieved by expanding existing schools (with Section 106 contributions where applicable) and by negotiating additional Section 106 agreements as regeneration schemes progress.

The projected increase in pupils is not evenly distributed across the borough. When looked at by education planning areas there are significant differences across the borough. The chart below shows the projected surplus capacity as pupil numbers change from 2006 to 2015 by education planning area.



In planning areas 1 and 3 the programme will meet the need for pupil places until 2009/10. At that stage additional capacity should be become available as part of the Cricklwood/Brent Cross and West Hendon regeneration schemes.

For planning areas 2 and 4 the programme will fully meet the need for additional places through to 2015, the last year for which we have robust pupil population projections.

In planning area 5 the school roll projections show a 6% fall and there is already sufficient capacity within this area. This will be re-examined as proposals for the regeneration of Dollis Valley develop.

In planning area 6 there is a projected fall in the school population of just over 10%. The programme will increase the surplus capacity. However, it is anticipated that at least 700 new dwellings will be provided in the planning area.

Despite the discontinuation of the School Organisation Plan as a statutory plan, Barnet will continue to monitor demographic changes and pupil population projections to ensure that the right places are provided in the right locations. The phased nature of the programme will allow adjustments to be made as the demand for primary school places changes.

## Appendix 5 – Expected Procurement Timetable

The expected procurement timetable is outlined below.

	<b>Key Milestone</b>	<b>Date</b>
1	Cabinet approval of programme	December 2005
2	Cabinet Resources Committee approval of procurement model	February 2006
3	Publish OJEU Notice	February 2006
4	Complete Information Pack	March 2006 – April 2006
5	Pre-Qualification Questionnaire (PQQ)	March 2006 – April 2006
6	Information Day and site visits	May 2006
7	Receive Expressions of Interest (EOI)	June 2006
8	Evaluation of EOI, PQQs, Long list and Interview	June 2006 – August 2006
9	Approval of short list of bidders by Programme Board	August 2006
10	Prepare ITN documentation	February 2006 – July 2006
11	Approval of ITN Documentation prior to issue by Programme Board	July 2006
12	Issue ITN Documents to the short listed bidders	July 2006
13	Period of bidder clarification	July 2006 – August 2006
14	Receipt of bids	October 2006
15	Evaluation of bids	October 2006– November 2007
17	Selection of two bidders for BAFO stage (if required)	November 2006
	Negotiation with two bidders	December 2006 – February 2007
18	Selection and Programme Board approval of Preferred Bidder	February 2007
19	Cabinet Resources Committee approval of Preferred Bidder	March 2007
20	Final contract negotiations with Preferred Bidder	March 2007 – July 2007
21	Preparation, submission and approval to Programme Board of Final Business Case	July 2007
22	Cabinet approval of Commercial and Financial Close	August 2007
23	Work commences on site	September 2007
24	Service commencement Phase 1	September 2008
25	Service commencement Phase 2	September 2009
	Service commencement Phase 3	September 2010

## Appendix 1B - Risk Register

ENTIFICATION				RISK ASSESSMENT							RISK ACTION			
				GROSS Risk Assessment (Prior to the influence of treatment)				RESIDUAL Risk Assessment (After the influence of treatment)						
Ref.	Project Stage	Risk Type	Risk Description	Probability	Impact	Risk Score	Existing Risk Treatment	Probability	Impact	Risk Score	Action for Further Risk Treatment	Action Owner	Target Date	Action Status
Unique ID No	(All, Feasibility, Procurement, Investment Decision, Works, Post Works)	What is the nature of the risk? See Risk Type	What might occur and the impact if it does?	(1=Rare, 2=unlikely, 3=moderate, 4=likely, 5=almost certain) See Risk Scoring	(1=Minor, 2=moderate, 3=significant, 4=major, 5=catastrophic) See Risk Scoring		What existing processes / controls are in place to manage the risk?	(1=Rare, 2=unlikely, 3=moderate, 4=likely, 5=almost certain) See Risk Scoring	(1=Minor, 2=moderate, 3=significant, 4=major, 5=catastrophic) See Risk Scoring		What further action (if deemed necessary) is planned to treat the risk? Consider whether the residual risk is Intolerable, Unacceptable, Tolerable, Acceptable, Insignificant. See Risk Scoring	Who is responsible for the action?	What is the target completion date for this action?	Status of the actions for risk treatment R (red)=behind, A (amber)=in trouble, G (green)=on target)
1	All	Operational	Unclear roles and responsibilities. Unclear project roles, financial and staffing budgets poorly managed	3	4	25	Project Board and Project Team established. Risk management and communication strategies in place.	3	4	25	Develop terms of reference for Project Board and recruit Project Manager for procurement stage	Sarah Harty	07/06/2005	A
2	All	Regulatory	Decision making. Delays in decision making cause programme slippage	3	2	17	Regular and comprehensive briefing of Cabinet Members and Committee. Robust project management	2	2	14	Continuation of briefing and report updates - clear explanation and approval of material changes	Gillian Palmer	07/12/2005	G
3	All	Reputation	Stakeholder perception and support. The programme involves the disposal of a number of parcels of surplus school land. This could generate negative media coverage and reduced community support for the programme.	5	3	27	A communication plan has been developed, which seeks to ensure that the rationale for programme and its benefits are communicated to stakeholders	4	3	24		Gillian Palmer	04/11/2005	A
4	All	Reputation	Advisor conflict of interest. Conflict of interest issues with advisors, resulting in the potential for challenge/poor advice	3	4	25	Conflict of interest assurances received as part of the tendering process for advisors. Tak appropriate action if potential conflicts arise	2	4	22	Monitor the situation	Project Manager	07/12/2005	G
5	All	Strategic/Operational	Demand for places. Overall numbers on roll in Barnet are projected to increase over the next ten years. However, the impact of this is likely to be spread unevenly over the borough, with increases in some planning areas and decreases in others. Changes could mean that there is an under supply of places in some planning areas and an over supply in others	3	3	21	The GLA's School Roll Projection Service has been used to produced pupil roll projections and the programme has been scoped to reflect likely demand for places	2	2	14	If demand for school places does not reflect projections from the GLA model or changes the programme will be re-scoped	Sarah Harty	28/10/2005	A
6	All	Financial	Government grant settlement. Poor government grant settlements for local government over the coming 10 years could causing prudential borrowing to become unaffordable.	3	4	25	Consider options for meeting the affordability gap	3	3	21		Sarah Harty	Ongoing	G
7	All	Regulatory	Schools White Paper. If implemented fully, the proposals outlined in the White Paper could have a significant impact on the programme.	3	3	21	Officers will work closely with schools - hearts and minds	2	3	18	Officers will monitor the progress of the White Paper and seek approval to amend the programme as necessary.	Gillian Palmer	Ongoing	G
8	Feasibility	Reputation	Outcome of consultation. Plans developed to date without indepth stakeholder consultations. Outcome of stakeholder consultation at variance with project aims and objectives and the proposed way forward	3	4	25	Increased liaison with stakeholders, programme has inbuilt flexibility to accommodate changes if required	2	3	18	Ongoing consultation and explainanation	Gillian Palmer	07/12/20075	A
9	Feasibility	Strategic/Operational	Failure to address the investment need. The size of the investment need, a lack of conventional funding and difficult decision involved in the programme could mean that the investment needs of the primary estate are not addressed	4	4	28	An Outline Business Case containing investment proposal for the primary estate has been developed	2	3	18	A report is being take to Cabinet seeking authorisation to proceed with the programme	Sarah Harty	07/12/2005	A

ENTIFICATION				RISK ASSESSMENT							RISK ACTION			
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Ref.	Project Stage	Risk Type	Risk Description	Probability	Impact	Risk Score	Existing Risk Treatment	Probability	Impact	Risk Score	Action for Further Risk Treatment	Action Owner	Target Date	Action Status
Unique ID No	(All, Feasibility, Procurement, Investment Decision, Works, Post Works)	What is the nature of the risk? See Risk Type	What might occur and the impact if it does?	(1=Rare, 2=unlikely, 3=moderate, 4=likely, 5=almost certain) See Risk Scoring	(1=Minor, 2=moderate, 3=significant, 4=major, 5=catastrophic) See Risk Scoring		What existing processes / controls are in place to manage the risk?	(1=Rare, 2=unlikely, 3=moderate, 4=likely, 5=almost certain) See Risk Scoring	(1=Minor, 2=moderate, 3=significant, 4=major, 5=catastrophic) See Risk Scoring		What further action (if deemed necessary) is planned to treat the risk? Consider whether the residual risk is Intolerable, Unacceptable, Tolerable, Acceptable, Insignificant. See Risk Scoring	Who is responsible for the action?	What is the target completion date for this action?	Status of the actions for risk treatment R (red)=behind, A (amber)=in trouble, G (green)=on target)
10	Feasibility	Regulatory	School Organisation Committee approval. Approvals will also be required for proposed amalgamations and changes in school sizes. These will take the form of public consultation and subsequent approval by the School Organisation Committee.	2	4	28	Proposals are in line with the SOP and the council will work closely with SOC to implement them	1	4	18	Revise proposals to reflect SOC decisions	Gillian Palmer	01/09/2006	G
11	Procurement	Financial	Facilities management. If facilities management services are included there is a risk that schools will not agree to the delegation of their premises and utilities budgets.	3	3	21	Work with schools to secure commitment to delegation of facilities and utilities budgets	2	3	18	Do not include facilities management in the procurement model. The residual risk would be unacceptable	Gillian Palmer	12/12/2005	G
12	Procurement	Financial	Procurement budget: Budget exhausted due to overspends. Council unable to afford the extra resource demand and additional resources denied	4	3	24	Proactively identify and monitor potential budget overspends, make a contingency available and keep Project Board aware of the budget position	3	3	21	Continuation of existing controls and strict management of timetable and bidder negotiation issues	Sarah Harty	07/12/2005	G
13	Procurement	Financial	Section 77. Secretray of State does not grant approval for surplus land disposal, which impacts on the affordability of the programme	3	4	25	Ealry consultation with DfES Schools Assett Team initiated. S77 regulations applied when calculating site areas	2	4	22	Continue liaison with DfES. Strictly adhere to guidance when developing applications	Doug Elliott	07/12/2005	G
14	Procurement	Financial/Operational	Lack of market interest. Programme is not PFI/BSF and relies very heavily on the realisation of surplus land value. Extensive construction activity in the schools sector nationally. This may result in a lack of market interest	3	4	25	Undertake indepth market testing and consultation with the private sector and package project so that it is attractive to the market	2	4	22	Continue to consult market as part of the finalisation of the procurement model	Project Manager	20/01/2006	G
15	Procurement	Operational	Bidder/advisor contact. Contact not properly co-ordinated, resulting in time delays and increased costs	3	3	21	Project controls in place, including clear communications strategy	2	2	14	Appoint Project Co-ordinator	Sarah Harty	20/01/2005	G
16	Procurement	Regulatory	Delays/failure to obtain planing permission. Resident/Mayorial opposition to proposals, lack of compliance with UDP policy and national guidance results in delays/refusal of planning permission	3	4	25	Planning following involved in the development of OBC/SBC proposals	2	4	22	Continuing involvement of planning services	Project Manager	20/01/2005	G
17	Procurement	Strategic/Operational	Legal input. Limited internal legal input results in a) little/no internal buy in b) no legal skills transfer	3	3	21	Internal legal advisor on Programme Board. Identify internal legal advisor to sit on Project Team	1	3	15	Continuation of exiting process, keep internal legal advisors engaged	Project Manager	07/12/2005	A
18	Procurement	Strategic/Operational/Information	Asset data. WLCM/AMP data note 100% accurate and therefore bids do not reflect LBB requirements. Bidders misunderstand/misjudge the information	3	3	21	Surveys undertaken at a sample of schools, WLCMs validated through site visits. Clarification meetings with bidders	2	2	14	Regular reviews to be undertaken, AMP being updated, clarify any ambiguities with bidders	Doug Elliott	07/11/2005	G
19	Investment Decision	Financial	Land valuation. The programme is heavily reliant on funding from capital receipts. The level of receipts achievable will depend on the type and extent of development allowed by the Planning Authority and prevailing market conditions. Failure to achieve capital receipts at expected levels could make the programme unaffordable	4	5	32	Minimum, most likely and maximum estimates have been used to account for this variability and the most likely figure has been used in the financial model	3	4	25	A firm of external property consultants have been appointed to provide estimates of likely receipts	David Stephens	04/11/2005	G

ENTIFICATION				RISK ASSESSMENT							RISK ACTION			
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20	Investment Decision	Financial	Construction capacity and pricing. There is a risk that extensive construction activity in the schools sector nationally (with £5bn/year funding), as well as regional and local activity (due to the Olympics and number of regeneration projects) may stretch market capacity and force prices up.	5	3	27	The procurement model selected (partnered framework or joint venture) will seek to maximise cost efficiencies and incentive continues improvement over the life of the programme	4	2	20	Latter waves of the programme will be re-scope to reflect current construction pricing	Doug Elliott	20/01/2006	G
21	Investment Decision	Financial	Childrens Centre funding. Funding requirements are out of sync with programme, which may result in grant being withdrawn/clawed back	5	3	27	Consult with DfES and request flexibility as Childrens Centre provision is part of a strategic programme	3	3	21	Identify alternative sources of funding for Childrens Centre elements. Provide Childrens Centre through an alternative programme	Sarah Harty/Julia Gay	20/01/2006	G
22	Investment Decision	Financial	Changes to interest rates. Changes to interest rates would increase the cost of prudential borrowing to the council and could impact upon the programme's affordability position	3	3	21	The interest rates is assumption in the financial model is 5.00%, 0.25% above the council's benchmark of 4.75%	3	2	17	The financial models includes a 0.5% buffer to cover interest movements	Averil Donohoe	07/12/2005	G
23	Investment Decision	Financial	Ability to fund prudential borrowing. Poor Government grant settlement, service pressures or new responsibilities could make borrowing at even the forecasted rate unaffordable to the council.	3	5	29	Identify likely pressures and rescope project to meet affordability limits if required.	3	3	21		Clive Medlam/Gillian Palmer	20/01/2006	G
24	Investment Decision	Financial	Timing of capital receipts. Slippage in the realisation of receipts could cause "spikes" in the level of prudential borrowing	3	4	25	Optimise disposals programme to realise receipts prior to construction were possible	3	3	21	Rescope programme to meet likely affordability constraints	David Stephens	01/05/2007	G
25	Investment Decision	Strategic	Aims and objectives not achievable: Aims and objectives and specification not achievable, affordable and enforceable, reulting in a failure to meet programme objectives	2	4	22	Ensure adherence to standardised guidance were appropriate, develop robust procurement documentation	1.5	4	21	Use of MVBs and OVBs to encourage innovation and value for money, further market testing and continual review of documentation	Project Manager	07/11/2005	G
26	Investment Decision	Strategic	Contract start date: Project and contract start (August 2008) delayed, resulting in a failure to meet programme objectives in a timely manner	3	4	25	Identification of critical paths, regular communication with stakeholders and pro-active project management	3	3	21	Continuation of existing measures, structure management of all parts of the process	Sarah Harty	07/11/2005	G
27	Investment Decision	Strategic/Regulatory	Legality of procurement. Procurement does bot comply with EU regulations and directives. LBB pursued in European Courts, hving a contract award suspended or cancelled, facing claims for damages	3	4	25	Procurement officers plus adviors provide skills and experience. Audit trial open, clear and tranparent.	2	4	22	Continuation of existing measures and regular and ongoing review. Seek second opinion on procuement model	Sarah Harty	20/01/2006	G
28	Investment Decision	Strategic/Reputation/Operational	Audit trial. Incomplete audit trial leaves LBB subject to legal challenge, loss of reputation and future projects being subjected to challenges/restrictions	2	4	22	Completed audit documents transparent, regular reporting to Project Board and accessible codified system for tracking changes	1	4	19	Continue audit reviews, regular liaison with internal and external auditors	Project Manager	07/12/2005	G

ENTIFICATION				RISK ASSESSMENT							RISK ACTION			
				GROSS Risk Assessment (Prior to the influence of treatment)				RESIDUAL Risk Assessment (After the influence of treatment)						
Ref.	Project Stage	Risk Type	Risk Description	Probability	Impact	Risk Score	Existing Risk Treatment	Probability	Impact	Risk Score	Action for Further Risk Treatment	Action Owner	Target Date	Action Status
Unique ID No	(All, Feasibility, Procurement, Investment Decision, Works, Post Works)	What is the nature of the risk? <b>See Risk Type</b>	What might occur and the impact if it does?	(1=Rare, 2=unlikely, 3=moderate, 4=likely, 5=almost certain) <b>See Risk Scoring</b>	(1=Minor, 2=moderate, 3=significant, 4=major, 5=catastrophic) <b>See Risk Scoring</b>		What existing processes / controls are in place to manage the risk?	(1=Rare, 2=unlikely, 3=moderate, 4=likely, 5=almost certain) <b>See Risk Scoring</b>	(1=Minor, 2=moderate, 3=significant, 4=major, 5=catastrophic) <b>See Risk Scoring</b>		What further action (if deemed necessary) is planned to treat the risk? Consider whether the residual risk is Intolerable, Unacceptable, Tolerable, Acceptable, Insignificant. <b>See Risk Scoring</b>	Who is responsible for the action?	What is the target completion date for this action?	Status of the actions for risk treatment R (red)=behind, (amber)=in trouble, G (green)=on target)
29	Investment Decision	Regulatory	<b>Binding contractual obligations.</b> If a joint venture arrangement is chosen this will involve a long term partnership. The governing contract will necessarily provide for reciprocal obligations throughout the contract term but once the contract is entered into it will mean that the Council will be bound to implement all of the disposals agreed under the joint venture.	3	3	22	Undertake further valuation of the most appropriate procurement option	3	2	19		Sarah Harty	20/03/2005	G
30	Works	Financial	<b>S106 funding.</b> S016 funding may be delayed/not materialise results in affordability problems	5	3	27	Assumptions regarding the quantum and timing of S106 receipt in financial model are extremely prudent	3	3	21	Continuing monitoring of S106 programme through CAG sub-group	Doug Elliott	07/12/2005	G
31	Works	Strategic/Operational	<b>Lack of PPP type projects.</b> LBB has no experience of managing PPP school schools projects, reducing capacity to manage the provider	2	2	14	Involve inhouse staff in technical meetings, skills transfer, understanding of PPP process	1.5	2	13	Training of staff in managing PPP type contracts, keep staff involved in day to day detail	Sarah Harty	01/05/2007	G
32	Works	Financial	<b>Other increases in construction costs.</b> Construction costs increases post procurement	4	3	24	A quantified risk assessment of risks that may cause an increase in construction costs has been undertaken	3	3	21	Risk allocation in proposed procurement model transfers significant construction risk to the private setcr	Doug Elliott	20/01/2006	G
33	Post Works	Financial/Operational/ Reputation	<b>Schools outside of Wave One.</b> Schools outside of Wave One of the programme feel excluded and do not benefit from early investment	4	3	24	Majority of NDS funding and smaller S106 receipts ring-fenced for works on schools outside of Wave One	4	2	20	Identify additional source of capital for schools in latter phases	Sarah Harty	20/01/2005	G
34	Post Works	Operational	<b>Control of programme post contract award.</b> LBB do not assign necessary technical resource to specify, monitor and control the project from the client side	2	3	18	Identification of necessary resources and allocation of required funding	1	3	15	Continuation of existing approach	Sarah Harty	01/08/2007	G
35	Post Works	Operational	<b>Failure to maintain assets.</b> If FM is not included in the procurement, schools my fail to maintain the assets resulting in condition problems	4	3	24	Clearly communicate the requirement to maintain assets to governing bodies.	3	3	21	Continue to monitor the situation and take action as required	Doug Elliott	01/05/2007	G
36	Post Works	Strategic/Financial	<b>Cost and benefits.</b> Cost and benefits are not identified so that no measure of success can be determined/achieved	2	3	18	Education Vision developed and cost of 'do minimum' option modelled. OBC has been produced inline with the input of internal stakeholder and schools input to determine costs and benefits	1	3	15	Constant project review. Clear analysis at FBC stage of programme aims and objectives	Sarah Harty	07/11/2005	G