

Appendix A

James review of Schools' Capital – Government Response

School Forum Briefing Note – 19th September 2011

Background

In July 2010 the government invited Sebastian James, Group Operations Director for Dixons to lead an independent review of the Department for Education's approach to capital. His report "Review of Education Capital: Sebastian James, April 2011" was published on 8 April.

The review considered how the Department could achieve better value for money and improve efficiency in capital investment.

The review findings were that the current system is flawed as a result of:

- Complex allocation processes and multiple funding streams;
- A lack of good quality building condition data;
- Inefficiency in how buildings are designed;
- A lack of expertise on how to keep improving school buildings;
- A failure to make use of scale in procurement;
- Unclear requirements around who should be maintaining buildings and
- Complex regulatory and planning requirements.

In summary, the key Review recommendations are to:

- Better target money to where it is most needed, through use of robust data on where school places are needed for children and young people (see CBC Draft School Organisation Plan 2011-2016), and the condition of buildings;
- Give local areas more flexibility on how funding is then used, in the context of clear overarching national priorities. There should then be local area decision making processes on the priorities for capital, involving all the relevant local partners. This would generate an agreed investment plan;
- Take a much more standardised approach to the design of buildings, so that unnecessary costs are removed, buildings can be high quality but fit for purpose, and procurement savings become possible through more certainty about what materials and components will be needed;
- Procure and project manage larger works through an expert central body, in order to deliver efficiencies savings and support delivery of continuously improving and better value education buildings. This central body should be staffed by people with commercial expertise;
- Reduce bureaucracy and unnecessary burdens by simplifying the school premises regulations.

The Government's response

In terms of the Review's recommendations, in summary the Department agrees that:

- It must urgently collect robust data on where additional school places are needed for children and young people, and on the physical condition of buildings (CBC Schools Asset Management Plan Condition and Sufficiency data (SOP));
- The funding available should be flexible but used efficiently, allocated by a funding formula that addresses greatest need; (Note: Ministers also agree that separate demand led programmes such as free schools, UTCs, Studio schools, initial funding for sponsor Academies and for secure accommodation are most sensibly funded from the centre and a centrally retained budget should be set aside for them);
- There should be flexibility in how best to deploy the available funding locally, with partners working together strategically to agree priorities;
- There are potential benefits from using a menu of standard drawings and specifications for buildings, with national contract and procurement frameworks
- There is a need to review regulations and guidance on school premises (which will be subject to separate consultation in September 2011).

Next Steps

Whilst accepting the broad recommendations, Ministers have agreed that some of the recommendations would benefit from more detailed consultation. For example, whilst it agrees that steps need to be undertaken to ensure that the best possible value for money is delivered when projects are procured, it is also aware that there are a wide range of options on how this can best be achieved – for example, the proposed new national framework or existing efficient and effective regional or local frameworks. Ministers are also concerned to ensure that local decision making processes are fair and robust, but are achieved with minimum bureaucracy.

Given Minister's agreement in principle with the overall review aims, and wishing to realise benefits quickly, it is proposed that there should be a phased implementation of the Review recommendations to enable managed change and the ability to test the impact of reforms. The consultation, therefore, aims to seek views on a number of key recommendations and the Department's proposed position on taking them forward.

Proposals for Consultation

A number of the recommendations make reference to the “Responsible Body”. For community schools this would be the Local Authority, but there are/will be other bodies in a similar position for different types of schools, e.g. Dioceses for VA schools and Academy Trusts (either individual or multiple schools). In addition to this school focussed definition, responsible bodies may also include sixth form colleges, UTCs and Studio Schools, Sure Start Children’s centres and myplace facilities.

Proposals:

1. Use of Basic Need and condition data to determine local budget allocations (Recommendations 1,8):

The Department already collects pupil place data regularly (School Forecast return (former surplus places return)

In terms of condition data, this is not currently collected. Recent allocation of maintenance funding is based on pupil numbers which does not necessarily correlate with condition need nor does it take into account the impact of previous investment.

It is proposed that the Department immediately begins work on collecting condition data **Issues:**

- Is there good quality data already held locally which could be used as part of this process?
- How robust and up-to-date is this data in order to reduce the cost of the data collection and the necessary refresh?
- Does it cover the whole of the estate?
- How might it be used alongside pupil and student number data as the basis of a fair allocation across the range of children and young people’s institutions and facilities?

2. Flexible Capital Budgets with Local Decision Making (Recommendations 2,3,4,5,6)

As set out above, Minister’s agree that some funding should be held centrally for demand-led programmes to “ensure sufficient national flexibility to expand choice and encourage innovation”.

Minister’s agree that a beneficial model for the longer term could be that the bulk of funding should be allocated on a Local Authority basis, in a single pot for local prioritisation through a process overseen by the Local Authority and the publication of a (centrally approved) Local Investment Plan. **Issues:**

- How can we be certain that all Responsible Bodies will be content that their interests and needs are fairly considered?

- How would local arrangements for prioritising any single pot take account of Responsible Bodies views and interests in a robust and fair way?
- How could the Local Authority effectively lead this process?
- How could we avoid the creation of unnecessary bureaucracy?
- How quickly would it be feasible to introduce such a model and what might a phased implementation look like? – Should some or all of the 2012-2015 period be a transitional period with budgets being allocated largely on the same basis as 2011-12 (broken down on existing funding lines e.g. Strategic maintenance, LCVAP, Basic Need etc)
- Might some of the centrally managed ring-fenced programmes e.g. maintenance of Academies and Sixth Form Colleges become locally managed ring-fenced programmes in this transition period?

Ministers are also aware that there may be other options for the allocation of strategic maintenance capital to certain Responsible Bodies which may then be able to apply it across their estate which may not be co-terminus with the LA boundary e.g. across Dioceses or Multi-Academy Trusts and would be interested to identify what the benefits and risks of this approach may be and how might such Responsible Bodies be identified?

In terms of the Local Investment Plan, the Department is asking whether there should be a LIP to support local and national transparency and better procurement and if so, what should be included in it and should there be a requirement for an initial LIP in Spring 2012 drawing from the respective plans that all responsible bodies make from their own allocations?

Comment: The consultation appears to be silent on the question of “joining-up” DfE grant with other funding streams e.g S106, although could this be a part of the LIP?

3. National Contracting and Procurement (Recommendations 13,14,15)

Minister’s have confirmed that they wish to move to a model as proposed in the Review that a “Central Body” establishes national procurement contracts and that the central body undertakes the project management of major projects.

However, there is recognition that there are currently local and regional frameworks in place which may be delivering on time and with value for money and that some of these involve contractual arrangements which cannot immediately be changed.

In terms of options for the implementation of a new approach to procurement, there is a suggestion that the use of national frameworks, standardised designs and contracts, and central management of the build process could be mandatory for projects over a certain size or type, but with Responsible Bodies able to opt-out of central frameworks and central project management where they could demonstrate local or regional arrangements are in place which could achieve the same benefits.

Alternatively, a small number of specialised regional arrangements that between them cover all local investment could deliver similar oversight and standardised processes, with the department supporting them and holding the key data, designs and ensuring knowledge is shared around the system.

Issues:

- What are the potential advantages and disadvantages of national procurement frameworks using national expertise with standard contracts and specifications with suppliers and national project management ?
- Is there evidence that local or regional procurement offers better value for money for certain types of projects or with certain values and are there limits (contract value or type) where local or regional contract procurement can offer best value ?
- What criteria might be used to exempt projects from project management by a central body ?
- Where local or regional project management is used, how can the benefits and learning be shared so as to achieve the same gains in all procurement ?

Comment: The consultation appears to assume that all funding is from Central Government. How would/should this apply to projects which may be majority funded from elsewhere e.g. S106 or other local funding. Should this be one of the criteria for exemption?

Other recommendations (recommendations 7,9,10,11,12,16)

These are generally accepted by Ministers and relate to:

- Clearer guidance on legal responsibilities and revenue funding for facilities management,
- Revision of School premises regulations (see above) and other guidance
- The development of a suite of standardised drawings and specifications which should be continuously improved through learning and Post Occupancy Evaluation
- The ability to apply the overall outcomes and recommendations to existing BSF and Academy projects
- Re-visiting the 2004 Cap Gemini report on insurance.

In terms of the standardised design and Specifications, the Department intends to procure those immediately and will include extensions, partial rebuilding and individual blocks, as well as whole school solutions. The department will consult fully and further on these as designs are developed in a separate exercise.

As set out at the beginning, the consultation runs for 12 weeks from 19 July 2011 and responses must be sent by **11 October 2011**.