

1. BACKGROUND

- 1.1 Building Schools for the Future is a major investment programme focused on transforming secondary schools across Bolton and Blackburn with Darwen. The BSF vision is to improve teaching and learning and provide better learning opportunities, resources and facilities. The BSF investment will further facilitate schools to collaborate to offer a range of personalised learning pathways, including vocational courses, for young people.
- 1.2 Transformation of facilities will also enable schools, the Council and other agencies to offer a wider range of services to the community from school sites. The mandated investment vehicle for the delivery of the BSF programme is a Local Education Partnership (LEP), which is a public private partnership. Blackburn with Darwen and Bolton Councils have entered into a joint arrangement to secure substantial procurement efficiencies through a joint procurement process.
- 1.3 The overall future timeline for the BSF procurement, mobilisation and delivery programme can be found at Appendix 1 to this report. The LEP will be operational for at least 10 years delivering up to 23 school projects, a range of other services to schools as well as other additional services as and when required.
- 1.4 In March 2009 Bolton Council were invited to submit a Readiness to Deliver proposal to the DCFS which once approved will confirm the Authority's position within the national BSF programme. This is the subject of a separate report on the agenda.

2. KEY ISSUES

2.1 Progress in Procurement of Local Education Partnership Private Sector Partner

- 2.1.1 Blackburn with Darwen and Bolton Borough Councils formally entered the procurement phase of the joint BSF project on 2nd August 2008 with the issue of a notice in the Official Journal of the European Union requesting expressions of interest. It is mandatory that the Councils follow the Competitive Dialogue process for a project of this complexity and magnitude.
- 2.1.2 There are a number of key phases to the Competitive Dialogue process including:
 - Pre-qualification (PQQ): to ensure bidders have the relevant technical experience to deliver a BSF programme and are legally and financial robust

- Invitation to Participate in Dialogue (ITPD): to inform de-selection if appropriate
- Invitation to Continue in Dialogue (ITCD): to enable selection of a preferred bidder following submission of final bids.

A more detailed programme of activities during the procurement process is attached at appendix 1.

2.1.3 In line with Government/PfS requirements appointment of a preferred bidder, following close of dialogue and evaluation of final bids, is a decision to be made by the relevant Council's Executive Board/Cabinet. Any de-selection of bidders at PQQ, ITPD or Initial Bids stage is delegated to the BSF Project Board again in line with PfS recommendation.

2.1.4 At its meeting in October 2008 the Joint Strategic Procurement Board approved that the following bid consortia be invited to Continue Dialogue:

- Balfour Beatty Education – ICT Partner: Northgate Management Services Ltd
- BDB Learning Partnership – ICT Provider: RM PLC
- Catalyst Education – ICT Partner: Redstone

2.1.5 Partnerships for Schools recommend that Authorities look to take a maximum 3 consortia through to the Competitive Dialogue and where possible de-select to 2 consortia at Initial Bid Stage. The rationale for this includes enabling the LA to effectively resource the intensive 2nd Stage Dialogue process and secondly to enable schools to effectively resource the bidder engagement process. In addition Bidder costs for those that continue in Dialogue through to submission of final bids will be upwards of £4 million. Failed bidders will look to re-coupe these costs on future schemes in other Authorities and therefore it is good practice for LAs to ensure that failed bidder costs are minimised.

2.1.6 The ITCD Documentation was issued to the three bid consortia in November 2008. This has been followed by 16 weeks of intensive dialogue focused on the following six bid evaluation areas:

- LEP Partnership and Partnering Services
- Design and Build Sample School Design Development
- PFI Sample Scheme Design Development
- ICT Managed Service
- Financial and Commercial
- Legal Issues

2.1.7 The initial bids were received on 2nd March 2009 for all 3 consortia. All bids received were assessed initially for

compliance. Evaluation of the ITCD submissions was undertaken by six evaluation teams made up of officers from Blackburn with Darwen and Bolton together with school stakeholders from the two Sample Schools (both in Blackburn with Darwen) and Bolton school representatives.

2.1.8 The evaluation process involved individuals scoring each submission against the criteria using the online AWARD system. Advisers and specialists completed written assessments and submitted these to the relevant evaluation team for consideration. The Evaluation Teams, made up of officers from both authorities then came together with experts and specialist advisers to reach an initial consensus score. The consensus scores were then presented at a meeting of the Evaluation Leads and following discussion and moderation the consensus scores and rationales were finalised.

2.1.9 The outcome of the evaluation clearly shows that the Catalyst consortia achieved the lowest score overall and also the lowest in five out of the 6 qualitative evaluation areas. Both Balfour Beatty Education (BBE) and BDB Learning Partnership score consistently as satisfactory or above in all areas. The scale of the differences in the scoring and the lack of any key failing within the other two bidders proposals, means that a de-selection could be made with confidence at this stage.

2.1.10 At its meeting on 3rd April 2009 the BSF Project Board considered the outcomes of the evaluation of initial bids and approved that the following two consortia be taken through to second stage dialogue:

- Balfour Beatty Education – ICT Partner: Northgate Management Services Ltd and FM Provider: Balfour Beatty Workplace
- BDB Learning Partnership – ICT Provider: RM PLC and FM Provider: Robertsons.

2.2 Procurement Next Steps: Continuing Dialogue and Appointment of Selected Partner

2.2.1 Competitive Dialogue has three discrete phases lasting approximately 10 -11 months. The phases are:

- Initial dialogue and sample school design development (Nov 08 – Feb 09) COMPLETE
- Initial bids submitted and evaluated, providing an opportunity to deselect if appropriate (March 09 – April 09) COMPLETE
- Detailed dialogue and school design development to enable all bidders to submit a final bid (late April/May 09 – July 09)

2.2.2 Second stage dialogue (and ultimately Invitation to Submit Final Bids) with the two remaining bidders will begin as planned on 28th April 2009.

- 2.2.3 The expected deadline for the issue of invitation to submit final bids is 13th July 2009. As with ITPD and initial bid phase the evaluation of final bid will be undertaken by expert evaluation teams made up of officers drawn from across both Councils. In addition representatives of the two samples schemes will also be involved in the evaluation of bids where appropriate. A detailed timetable for final bid evaluation is currently under development.
- 2.2.4 The evaluation of final bids is expected to be complete by 16th September 2009 when a Preferred Partner is appointed by both Councils and the shadow Local Education Partnership is formed.
- 2.2.5 In line with Government/PfS requirements appointment of the selected partner, or preferred bidder as it is often referred to, following close of dialogue and evaluation of final bids, is the decision of each Council's Executive/Board.
- 2.2.6 Continued and increased levels of Member involvement during this second and crucial stage of the procurement process will be vital to helping inform the final selection decision by the Executive/Board.
- 2.2.7 Regular briefings will continue to take place for the Executive Member for Children's Services and Opposition Spokespersons.
- 2.2.8 In addition to existing Member engagement it is proposed that a Joint Member Group is established with cross party representation of Members from both Blackburn with Darwen and Bolton Councils.
- 2.2.9 The proposed group would meet monthly and receive detailed updates on the outcome of dialogue meetings, consider any key issues that might emerge and support relevant Executive Members in any relevant decision making. The group would also support the formulation of recommendations and rationale for selection of preferred partner/bidder following close of dialogue and evaluation of final bids.

2.3 Procurement Activity: Establishment of LEP

- 2.3.1 Following appointment of selected partner/bidder a period of activity takes place that will enable the project to reach financial close. During this period (September 09 – December 09) the following activity will take place:
- contracts will be finalised and agreed following final negotiation
 - a final business case will be completed for approval by DCSF
 - the LEP and Strategic Partnership Board will be established in shadow form and working protocols implemented

- the LEP team will be established and resources mobilised to ensure the Pleckgate Sample Scheme commences immediately after financial close
- TUPE transfer arrangements will be finalised at financial close

2.3.2 This is a highly intensive period of activity for both the LAs and LEP partner and it is imperative that the programme timescale is met as every day of delay results in erosion of the value of the investment and could significantly impact on the delivery of the individual projects resulting in disruption to learning.

2.4 Non-Procurement Programme Activity: Next Steps and Post LEP Establishment

2.4.1 Although a significant focus of BSF activity, between the date of this report and December 2009, is on the procurement of a private sector partner the BSF Programme has a number of exiting Authority work streams and activities that will continue throughout the lifetime of the BSF programme. These include:

- BSF Strategy for Change planning and review
- business case development for and approval by DCSF
- stakeholder engagement
- development and delivery of change strategies and plans including CPD
- corporate/schools financial strategy and planning
- human resource planning and staff transfer management
- property and estate services
- planning and development control liaison
- complementary fund raising/grant applications

2.4.2 Once the LEP is established many of these, together with a number of other activities, will form Council responsibilities as defined in the Strategic Partnering Agreement (SPA) and Partnering Services Specification (PSS) (both these are part of the formal legal documentation for BSF). The SPA is a 10 year agreement. The PSS covers the following areas of activity:

- Strategy for Change: Development, Review and Implementation (primary responsibility with LAs)
- New Project Development (shared responsibility LA and LEP)
- Approved Project Delivery (primary responsibility with LEP)
- Value for Money and Continuous Improvement (shared responsibility LA and LEP)
- Additional Services (primary responsibility with LEP)

2.4.3 The PSS also focuses on New Project Approval. All future non-sample schemes (21 schemes based on the combined optimum programme for the two Authorities) will go through this process. At all stages of New Project Development the LA has an active role to play. At project initiation, the LA will be required to lead

under the terms of the SPA/PSS.

2.5 Local Authority Resource Requirements

- 2.5.1 A key learning point highlighted within the PfS Procurement Review and Review of Operational LEPs is the needs for there to be a strong and adequately resourced client team in place to manage the relationship with the LEP, ensure the effective delivery of LA responsibilities under the terms of the SPA, including the management of New Project Development, and monitor the performance of the LEP.
- 2.5.2 Blackburn with Darwen and Bolton Councils have previously agreed that a Joint LEP Procurement Project Team be established. This has delivered efficiencies and helped address some critical capacity issues.
- 2.5.3 Moving forward it is proposed that this successful approach is built upon and a single Blackburn/Bolton client function is established. This would led by a Strategic Programme Director.
- 2.5.4 The schematic at appendix 2 describes a small client team, which as indicated earlier, will sit alongside the LEP and share administrative and other resources as necessary. The client team will be supported by embedded resources within each local authority. It is envisaged that the embedded resources will be co-ordinated and managed by a senior person at Chief Officer level in each respective authority. In addition to the Strategic Programme Director the two posts of Transformation Managers, supported by the Integrated Delivery Managers and Finance and Commercial Manager are seen as key appointments.
- 2.5.5 As outlined above LEP mobilisation will commence in September 2009 following appointment of the selected partner and in advance of the procurement reaching financial close in December 2009. It is proposed that the Joint Team should be established if possible in advance of mobilisation, but at the latest before December 2009 so that the LEP and Client Team can be 'ready to go' immediately after the LEP formal establishment in January 2010.
- 2.5.6 It is therefore suggested that the Strategic Programme Director will need to be in place before the completion of the 2nd phase of dialogue (July 2009). The post holder would then lead the negotiations with the preferred bidder as well as ensuring that the joint client team are in place in shadow form as soon as possible to work with the Shadow LEP team in developing the new projects referred to above; as well as resolving other important business processes.
- 2.5.7 Post LEP establishment the small joint client team will need to

be supported by existing resources within each local authority. It is envisaged that the existing resources will be co-ordinated and managed by a senior person at Chief Officer level in each respective authority. The SPD will commission the support via this Chief Officer. Some key areas of support activity that will need to be developed to include:

- LA Strategy for Change annual development and review
- New projects business case development
- Change management including development activities that ensure the wider transformational outcomes are achieved
- schools finance
- legal support
- change management
- engagement
- human resources
- property and estate services
- planning

2.5.8 Ideally these services would be the subject of a service level agreement. Although it is acknowledged that there will be some differences in who and how support services might be delivered in each individual authority it is important to ensure that wherever possible a standard service level is adopted by each authority. Where possible similar methodologies will also be adopted to ensure the LAs can effectively and efficiently discharge their responsibilities under schedule 12 of the Strategic Partnering Agreement: Partnering Services Specification. An example of this would be the provision of support to schools to develop and deliver individual and collaborate change plans.

3. POLICY IMPLICATIONS

3.1 The BSF programme is a significant vehicle to assist Children's Services to deliver the Every Child Matters agenda. The BSF Readiness to Deliver document builds on the BSF Strategy for Change documenting how the programme aims to achieve this. The procurement of the LEP is a significant step towards the delivery of the Council's aims and objectives and to transform learning, communities and lives.

4. FINANCIAL IMPLICATIONS

4.1 There are no additional financial implications for the project arising from the current phase of the procurement process as the project team has planned and resourced for 2 bidders at second stage dialogue, final selection and to reach financial close.

- 4.2 Costs of the single BSF team have already been reflected in the Council's medium term financial plans. The proposed Joint Client Team arrangement should maintain levels of efficiencies delivered through joint working and reduce the possible additional costs associated with the potential risk of the LEP working to 'two clients'.

5. LEGAL IMPLICATIONS

- 5.1 The proposed procurement of a Local Education Partnership is within EU procurement legislation. Partnerships for Schools and external legal advisers are providing bespoke legal support to the Authorities to ensure that all legal implications are assessed and risks managed accordingly. During the PQQ, ITPD and first stage dialogue stage the Authorities have maintained an open and transparent procurement process and ensured the equal treatment of all consortia.

6. RESOURCE IMPLICATIONS

- 6.1 Financial, legal, technical and ICT advisers have been appointed to the project to support the small core project team through the procurement programme.
- 6.2 Work to identify the development required for the supporting resources in each authority as outlined at 2.5.7 above has already commenced. The outcomes of this work will be reported in a future Executive Member report.

7. CONSULTATIONS

- 7.1 The Authorities recognise that successful delivery of the BSF vision requires effective stakeholder management. A detailed stakeholder analysis and the development of a communication strategy and plan has resulted in the delivery of a comprehensive and varied programme of consultation and engagement activity throughout the BSF process. This continues throughout the procurement phase.

8. RISK

- 8.1 The BSF Programme is viewed as corporate project and related risks are detailed on the Corporate Risk Register. In addition a risk management strategy for the project has been developed and documented based on the corporate risk management strategy. The BSF Project Manager is responsible for the management and maintenance of a detailed project risk register which is reviewed by the Project Director on a weekly basis. The BSF Project Board reviews high level risks on a monthly basis.

- 8.2 The lack of adequate resources in the form of a strong client team has been identified as a risk nationally by Partnerships for Schools for the effective operation of LEPs and the effective and efficient delivery of the BSF Programme. This recommendation outlined in this report at (iv) has been developed following detailed consideration of this risk and guidance provided by Partnerships for Schools on Mobilisation of Effective LEPs.

**Appendix 1: Blackburn with Darwen & Bolton BSF Procurement Programme
Key Milestones**

Revision date: 31 July 2008

Milestone	Target date
• Publish Notice in Official Journal of European Union	02.08.08 (Achieved)
• Pre-Qualification returns received (PQQ)	09.09.08 (Achieved)
• Issue Invitation to Participate in Dialogue (ITPD) – issued to 4 bidders	22.09.08 (Achieved)
• Issue Invitation to Continue Dialogue (ITCD) – proposed to issue to 3 bidders	04.11.08
• Submission of Initial Bids (opportunity for possible de-selection)	27 .02.09
• Issue Invitation to Submit Final Bids (ITSFB)	13.07.09
• Appoint preferred partner	16.09.09
• Establish shadow Local Education Partnership (LEP)	17.09.09
• Submission of Final Business Case (FBC) to DCSF for approval	12.10.09
• Approval letter issued to Council	17.12.09
• Financial Close and LEP established	18.12.09
• Investment programme commences	January 2010

Appendix 2:
Integrated Team Schematic

