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INVESTOR IN PEOPLE

A Consultation

on

*New Procurement and Delivery Arrangements
for the Schools' Estate in Northern Ireland*

23 March 2005

INTRODUCTION AND BACKGROUND

In April last year when the Education Minister, Barry Gardiner MP, announced £222m of capital investment for schools he also indicated that new procurement and delivery arrangements would be necessary for the efficient and effective handling of the planned programme of investment in the schools' estate. Whilst capital investment in schools has increased significantly in recent years, there are still many school buildings in urgent need of repair or replacement. The Government has signalled a determination to address these deficiencies through the planned investment programme and to ensure that Northern Ireland is provided with schools fit for the 21st century.

Following the Minister's announcement, the Department of Education and the Strategic Investment Board Ltd (SIB) jointly commissioned consultants (PricewaterhouseCoopers) to review the existing procurement and delivery arrangements for managing the schools' estate and to identify areas for improvements. The Terms of Reference for the consultants were to:-

- ◆ Prepare a procurement strategy for a rolling programme of investment in the schools' estate;
- ◆ Examine the organisational and delivery arrangements required to implement the strategy; and
- ◆ Develop an implementation plan for the new arrangements.

During the exercise the consultants had meetings with representatives of the various school sectors to discuss the existing processes and explore areas for improvements. The consultants have now produced a detailed report which examines current practices and recommends improvements in relation to strategic planning of the schools' estate; the introduction of changes to procurement arrangements involving partnerships with the private sector; and the setting up of a new procurement service with the expertise to handle procurement and contract management on behalf of all education authorities.

The planning of the schools' estate will present particular challenges in view of the projected fall of 40,000 in the number of children of school age over the

next ten years, following on the downward trend of recent years. It is also important that the estate supports the major educational changes already underway, including the revised curriculum, the new post primary arrangements, the embedding of ICT in the classroom, and the introduction of the Special Educational Needs and Disability Order.

The Department and the SIB have considered the consultants' findings and recommendations and believe that they have identified a number of areas where there is scope for significant improvement. The Department and the SIB feel therefore that the recommendations provide a basis for moving forward to more detailed work on reforming procurement and delivery of capital investment in schools. The real benefits in doing so should be to help sustain a step change in the level and pace of investment and to transform the learning and working environment in schools.

The Department is keen to make progress on improving the planning and procurement arrangements and will be working with the Strategic Investment Board and school authorities to examine the implementation issues in detail. Before implementation of the proposals are taken forward, the Department of Education and the Strategic Investment Board wish to consult on the report and its recommendations. The recommendations in the report will also need to be considered in the light of the proposals for education administration in the recently published Review of Public Administration.

This document summarises briefly the main recommendations made by the consultants and includes initial considerations of the equality issues. It also raises a number of questions to prompt consideration of the recommendations, though respondents need not restrict themselves to commenting on the consultation questions. Comments should be sent to **Building Branch (Procurement Strategy), Room 210, Rathgael House, Balloo Road, Bangor, Co Down BT 19 7PR** or e-mail them to **Procurement.Strategy@Deni.gov.uk** no later than **Monday 27 June 2005**. Copies of the full report can be obtained at **www.deni.gov.uk** or by contacting the Department of Education at the above address, or by telephone on 028 91279570. An executive summary of the report is also available.

VISION AND REQUIREMENTS

The vision put forward in the report is for the programme of investment in education infrastructure to achieve “a **‘fit for purpose school’ estate, measured in terms of condition, suitability and sufficiency of the education accommodation**”. The report outlines key requirements and desired characteristics of future arrangements. These are as follows:

Requirements

- ◆ Maximum impact on **educational outcomes**
- ◆ **Governance** – consistency with statutory responsibilities and accountabilities
- ◆ **Fairness and transparency**
- ◆ **Affordability** – Financial commitments are affordable in the long-term

Desired Characteristics

- ◆ **Specialist resources** available to support the whole education service
- ◆ **Efficient processes**
- ◆ **Effective asset management**
- ◆ **Maintenance** - A consistent, co-ordinated and integrated approach to maintenance
- ◆ **Services** - A Northern Ireland-wide approach to provision of Facilities Management (FM) services

- ◆ **Single point of contact** for schools to simplify interfaces on provision of estate services
- ◆ **Flexibility of local provision** - the ability to provide local facilities flexibly across schools in a local area
- ◆ **Adaptability to falling rolls**
- ◆ **Procurement approach** - facilitates any desired mix of conventionally funded and PPP schemes
- ◆ **Market capacity, interest and relationships** - access the full capacity of the supply market; collaborative working between public and private sectors; commercially viable arrangements that are attractive to the private sector; and high levels of performance.

Question

What are your views on the stated vision and the requirements and characteristics for the future arrangements set out in the report?

PLANNING THE EDUCATION ESTATE

The report recommends a number of significant changes to the planning of the education estate. It recommends that planning should:-

- ◆ be undertaken on a longer term basis taking account of projected enrolments over 15 to 20 years;
- ◆ be based on robust data on the condition, suitability and sufficiency of the whole estate, which would necessitate surveys of the schools' estate;

- ◆ take account of the needs/plans of all school sectors in order to reduce the risks and costs of over-provision of pupil places;
- ◆ focus on “education communities”, which are defined as the areas within which resident pupils attend school;
- ◆ involve school authorities in drawing up initial plans for their particular sector, within guideline provided by the Department of Education; and
- ◆ cover a 10-year period for which an area-based Strategic Investment Plan (SIP) would be drawn up to show the expected phases of investment.

Question

Do the proposals for planning the schools’ estate offer opportunities for improvement and are any modifications required to the proposals in order to achieve these improvements?

PROPOSED NEW PROCUREMENT ARRANGEMENTS

New procurement arrangements are recommended as follows:-

- ◆ Strategic partnerships with the private sector should be procured to deliver Public Private Partnership (PPP) schemes and all conventionally funded major and minor works schemes, as well as maintenance, and building-related facilities management (FM) services ie cleaning, caretaking and grounds.

- ◆ The private sector partner would take responsibility for integrating the supply chain, thereby achieving efficient utilisation of the market capacity and co-ordination of capital, maintenance and FM work programmes.
- ◆ Four strategic partnership areas are recommended covering all of Northern Ireland, and which are designed to provide commercially viable packages of business for the strategic partners.
- ◆ The four strategic partners would be selected as part of a single procurement exercise which would minimise the overheads of multiple procurements.
- ◆ The proposed duration of the partnership contracts is 7 years, with the option of extending them by a further 3 years, subject to satisfactory operation of the contracts and performance by the strategic partners.
- ◆ For the duration of the partnership contracts, the strategic partner would have exclusive rights to deliver the initial and any subsequent capital schemes, subject to value for money and supplier performance.

Question

Would the proposals that capital investment, maintenance and building-related FM services be provided through strategic partnership contracts with the private sector offer opportunities to improve the delivery of investment programmes, and are any modifications needed to the proposals?

ORGANISING FOR DELIVERY

The report proposes the setting up of a commercially-orientated “Education Infrastructure Procurement Service”, which would negotiate and enter into Strategic Partnering Agreements with the private sector partners on behalf of all school authorities and manage the performance and relationships with the strategic partners. At the operational level, the Education Infrastructure Procurement Service would enter into contracts for Project Agreements for each project or group of projects, which would be subject to approval by the relevant school authority. In order to co-ordinate those aspects that need to be handled at local level, the report recommends that each of the four partnership areas should have a local Strategic Partnership Board, which would be responsible for:-

- (1) **Planning the estate** – preparing sector-specific plans that would need to be reconciled across all sectors and any overlaps resolved so that the Department of Education could approve the Strategic Investment Plan that would subsequently be prepared for each area;
- (2) **Service requirements/monitoring** – representing the clients’ needs in relation to service requirements for maintenance and facilities management services and reviewing/monitoring project delivery and service standards on behalf of schools.

There would also be a **client approval** function to be performed at local level such as approving economic appraisals and Outline and Full Business Cases, approving design proposals and approving Invitation to Negotiations. The report suggests that this should best be carried out by a Programme Board for each of the main school sectors (with some of the smaller sectors joining up with the main sectors, where possible).

The report proposes that the Education Infrastructure Procurement Service should have well-developed skills in:-

- ◆ Investment appraisal;

- ◆ Project management;
- ◆ Estate management;
- ◆ Stakeholder management;
- ◆ Procurement management;
- ◆ Contract negotiations; and
- ◆ Contract and performance management.

At this stage it is too early to define the precise form of the Education Infrastructure Procurement Service and further work would be required to develop its precise organisational framework.

Question

Do the proposals for a commercially-orientated Education Infrastructure Procurement Service offer opportunities to improve the procurement and delivery of investment and management of the education estate?

VALUE FOR MONEY AND AFFORDABILITY

The consultants carried out a high-level assessment of the costs of various investment scenarios taking account of the investment need outlined in the recently published draft Investment Strategy for Northern Ireland, which was based on a projected 10-year period. The speed with which the investment need can be met and the affordability of the proposals will be dependent on spending decisions in future Budgets. The report identifies a number of areas of savings from the proposed new arrangements including reducing surplus capacity through improved optimisation of the schools' estate, reduced capital and lifecycle costs, delivering economies of scale in the provision of FM services and reduced procurement costs.

The analysis indicates that strategic partnerships should result in lower capital and recurrent funding than the same level of PPP and conventional delivery because it is anticipated that the supplier would be required to deliver the savings outlined above through a continuous improvement regime. Further analysis on the costs, savings and affordability issues would be necessary before decisions on strategic partnerships are finalised.

Question

What are your views on the consultants' assessment of value for money? Have the consultants identified all the opportunities for improved value for money and savings in the procurement of capital investment and management of the education estate?

POTENTIAL BENEFITS OF THE NEW ARRANGEMENTS

The report suggests that the following benefits should be delivered from the new arrangements:-

- ◆ The establishment of Strategic Investment Plans for the schools' estate, which are based on robust assessments of the sufficiency, suitability and condition of schools and which profile the estimated capital expenditure needs of the estate over a 10-year period.
- ◆ A robust, consistent and co-ordinated planning approach, which is based on longer term forecasting of pupil numbers and provides closer correlation between the provision of pupil places within the estate and the long-term pupil demand, thereby reducing overcapacity.

- ◆ More robust assessment and monitoring of the condition and suitability of schools, which will ensure that investment is directed where there is greatest need.
- ◆ The establishment of a commercially-orientated Education Infrastructure Procurement Service which is focused on the efficient delivery and management of the education estate, acts on behalf of all the education authorities, brings together scarce development, procurement and project management resources, and targets them on the agreed priorities.
- ◆ The establishment of strategic partnerships with the private sector that provide a single point of delivery for capital investment and services and which are incentivised to optimise capital and maintenance expenditure over the lifecycle of the buildings.
- ◆ Delivery arrangements that are consistent with recognised best practice and Government procurement guidelines.
- ◆ A substantial reduction in the number of procurement exercises for the delivery of capital projects, meaning that the delivery of investment is faster and procurement costs are lower.
- ◆ Greater value for money in delivering and managing the estate, an improved educational environment and a positive impact on student attitude and attainment.

Question

Do you agree that the proposals in the report have the potential to realise the stated benefits?

EQUALITY CONSIDERATIONS

Section 75 of the Northern Ireland Act 1998 requires that Government departments, in carrying out their functions relating to Northern Ireland, have due regard to the need to promote equality of opportunity between:-

- ◆ Persons of different religious belief, political opinion, racial group, age, marital status or sexual orientation;
- ◆ Men and women generally;
- ◆ Persons with a disability and those without a disability; and
- ◆ Persons with dependants and those without.

Departments must also have regard to the desirability of promoting good relations between persons of different religious belief, political opinion and racial group.

An equality screening exercise has been undertaken by the Department of Education on the proposals in the PricewaterhouseCoopers report. This concluded that a full Equality Impact Assessment would need to be carried out to assess any potential equality impacts when more detailed proposals on the approach are developed and before decisions are made on the scope of any contracts with the private sector.

The consultants' proposals are likely to impact mainly on the following groups:-

- ◆ Pupils in schools throughout Northern Ireland;
- ◆ Staff employed by the Department of Education and in property-related functions within the Education and Library Boards;
- ◆ Staff employed in maintenance and building-related Facilities Management functions within the Education and Library Boards, as well as those employed directly by schools such as voluntary grammar and grant-maintained integrated schools.

The table below summarises the number of pupils, based on 2003/04 figures, at grant-aided schools within the various equality groups that could be affected by the proposals.

Table: Number of Pupils Within Affected Equality Groups

	Gender		Religious Belief			Disability		Racial Group		Age ¹	
	Male	Female	RC	Protestant	Other	Statemented ²	Non-Statemented	White (excl Travellers)	All Other Ethnic Groups	Primary and Nursery	Post Primary
No of Pupils³	163,049	159,969	163,825	132,523	26,670	11,321	311,679	319,252	3,766	162,790	155,394
%	50.5%	49.5%	50.7%	41.0%	8.3%	3.5%	96.5%	98.8%	1.2%	50.4%	48.1%

Source: Department of Education Statistics Branch

Until the consultation exercise on the consultants' recommendations is completed and more detail is developed on the functions and responsibilities of the proposed Education Infrastructure Procurement Service it is not possible to predict the number of staff that would be affected in the Department of Education or the Education and Library Boards. Similarly, until the consultation exercise is completed and the scope and approach to the proposed strategic partnership contracts with the private sector are developed in more detail, it is not possible to quantify the potential impact on maintenance and FM staff affected in the Education and Library Boards and in those grant-aided schools that employ staff directly. Equality Impact Assessments that have been completed in the education sector previously have identified the gender profile of cleaning staff as predominantly female, while the profile of maintenance, caretaking and grounds staff is predominantly male.

¹ Does not include children attending special schools.

² Statemented pupils refer to those pupils who have been assessed under Article 15 of the Education (NI) Order 1996 as requiring special education provision.

³ Figures exclude pupils at Preparatory Departments of grammar schools.

Assessment of impacts

The recently published draft Investment Strategy for Northern Ireland highlighted the potential of increased infrastructure investment to provide new opportunities for disadvantaged groups. It also stressed the importance of ensuring that opportunities to promote equality of opportunity are fully harnessed through the approach to delivery of the investment.

The equality screening exercise on the consultants' recommendations identified positive benefits for pupils across all school sectors. This is because the expected programme of investment should have a beneficial impact on all affected pupils as their educational environment is renewed and made more suitable for delivery of the curriculum in the 21st century. The proposed surveys of the condition and suitability of the whole education estate would enable investment need to be identified and prioritised and would provide a sound basis for investment planning. At present, the condition and suitability is assessed in detail only for those schools being considered for major capital funding.

The proposals to establish an Education Infrastructure Procurement Service that would support procurement activity, project management and contract management across all school sectors should also help to ensure access to resources in line with agreed investment need.

The equality screening exercise also identified potential equality implications arising from the proposal to include estate-wide maintenance and building-related FM services within the scope of the partnership contracts with the private sector. At this stage, pending the consultation exercise on the consultants' report, and until more detailed options and proposals are developed, it is too early to assess the equality implications. The equality screening concluded that it would be necessary to complete a full Equality Impact Assessment (EQIA) on the proposals before decisions are made on the approach to contracting with the private sector partners and before finalising the organisational framework of the Education Infrastructure Procurement Service.

In the coming months, as responses to this consultation exercise are received and more detail on the potential approaches to contracting with the private sector and the setting up of the Education Infrastructure Procurement Service are developed, the Department of Education will carry out an EQIA of the proposed new arrangements. The Department of Education will consult on the results of the EQIA before decisions are made on any new organisational arrangements or contracts with private sector partners.

Question

Are there any other equality issues that need to be considered?

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