

CABINET ITEM COVERING SHEET PROFORMA

AGENDA ITEM

REPORT TO CABINET

6 OCTOBER 2011

**REPORT OF CORPORATE
MANAGEMENT TEAM**

CABINET DECISION

Children & Young People - Lead Cabinet Member – Councillor McCoy

CAPITAL INVESTMENT IN SCHOOLS

1. Summary

Members will be aware from previous reports there has been significant uncertainty surrounding the funding and operation of Capital resources for investment in schools. The Government has now published their response to the James Review (details of which were reported to members in June of this year) and also provided further information around funding to support schools in poor condition and also to deal capacity issues.

This report outlines the limited potential funding opportunities for Stockton and outlines a strategy for school capital development and investment in this context.

2. Recommendations

1. That Cabinet endorse the submission of a bid for funding from the Governments Priority School Building Programme for Ian Ramsey CE School, Grangefield School and Mandale Mill Primary School.
2. Cabinet support and endorse the Strategy included in the report. A further report will be prepared and issued to cabinet to seek approval for a detailed plan in due course.
3. The responsibility for the allocation of the current year's School Capital allocation be delegated to the Corporate Director of Children, Education and Social Care in consultation with the Cabinet Member for Children & Young People, in order to commence priority projects which would support the delivery of the strategy.

3. Reasons for the Recommendations/Decisions

Agree the Strategy for Capital Investment in Schools.

4. Members' Interests

Members (including co-opted Members with voting rights) should consider whether they have a personal interest in the item as defined in the Council's code of conduct (**paragraph 8**) and, if so, declare the existence and nature of that interest in accordance with paragraph 9 of the code.

Where a Member regards him/herself as having a personal interest in the item, he/she must then consider whether that interest is one which a member of the public, with knowledge of the relevant facts, would reasonably regard as so significant that it is likely to

prejudice the Member's judgement of the public interest (**paragraphs 10 and 11 of the code of conduct**).

A Member with a prejudicial interest in any matter must withdraw from the room where the meeting considering the business is being held -

- in a case where the Member is attending a meeting (including a meeting of a select committee) but only for the purpose of making representations, answering questions or giving evidence, provided the public are also allowed to attend the meeting for the same purpose whether under statutory right or otherwise, immediately after making representations, answering questions or giving evidence as the case may be;
- in any other case, whenever it becomes apparent that the business is being considered at the meeting;

and must not exercise executive functions in relation to the matter and not seek improperly to influence the decision about the matter (**paragraph 12 of the Code**).

Further to the above, it should be noted that any Member attending a meeting of Cabinet, Select Committee etc; whether or not they are a Member of the Cabinet or Select Committee concerned, must declare any personal interest which they have in the business being considered at the meeting (unless the interest arises solely from the Member's membership of, or position of control or management on any other body to which the Member was appointed or nominated by the Council, or on any other body exercising functions of a public nature, when the interest only needs to be declared if and when the Member speaks on the matter), and if their interest is prejudicial, they must also leave the meeting room, subject to and in accordance with the provisions referred to above.

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SUMMARY

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RECOMMENDATIONS

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DETAIL

JAMES REVIEW UPDATE

1. The key recommendations of the review are to:
 - better target funding to where it is needed most, through use of robust data on where school places are needed for children and young people, 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 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 efficiency savings and support delivery of continuously improving and better value education buildings. This central capital body should be staffed by people with commercial expertise;
 - reduce bureaucracy and unnecessary burdens by simplifying the school premises regulations.
2. The Government have accepted of the majority of the recommendations made and are now consulting the implementation. They are proposing a phased implementation of the recommendations as part of the consultation in order to consider the impact and ensure a managed change and gather the information required. Detail of each recommendation and the Governments response is attached as **Appendix A**.
 3. It is clear from the information that future funding for major projects will be to support improvements in condition and resolving pupil capacity issues and this is reflected in funding announcements below.
 4. The Council will be responding to the consultation, which ends on 11 October and this response will be prepared by the Corporate Director in consultation with Cabinet member, in line with the Council's Constitution and Scheme of Delegation.

FUNDING ANNOUNCEMENTS

The Department for Education has announced two funding streams to support school developments across the Country.

5. A programme to address schools in the worst condition. This will be funded through a Private Finance Initiative, is expected to cover £2bn of construction costs and will be the equivalent of building or rebuilding approximately 100 secondary schools. The programme will be delivered over a 5 year period, with procurement commencing in 2012 and this is open to all schools (including Primary and Special)
6. Applications for the programme will be required from either Local Authorities or schools (including academies) by 14 October 2011 and applicants will need to be part of a PFI arrangement. The document indicates that the schools need to sign up to a 25 year arrangement, and agree to contribute £55 per sq m to the costs of the arrangement (to cover items such as maintenance, lifecycle etc), as well as £15 per sq m to cover utility costs,

The application process requires a focus on condition issues and the level of refurbishment work compared to overall school site will be a key indicator. The higher the proportion the more chance of success. The application process uses a calculation of level of maintenance compared to notional rebuild costs and anything less than 30% is unlikely to be considered. Indications are the higher the proportion, the greater chance of receiving support. It is also of note that this calculation used the **lower** of the current pupil numbers or the capacity of the school as the comparator, which may provide misleading results for schools where capacity is below the size of the school.

7. The Department has also announced £500m in one off funding to fund more school places in the areas of most need. Funding will be allocated this financial year, however there is no information on the how this will be distributed. Although further details will be provided in the coming months, it is not clear whether this funding will be available to Local Authorities or whether it relates to free schools or academies.

8. The Council also currently receives approximately £5m per annum of Capital Funding. This is to support maintenance requirements for community schools and also school capacity issues. The responsibility for maintenance of faith schools is with the Diocese who receive separate government funding. The James review proposed that there should be investment strategies prepared by Local Authorities in respect of the area and that this be used as the basis for further capital allocations. The Governments response has indicated that this could be something for the future but there are likely to be interim funding allocations, which are assumed to be similar to the current level.

STRATEGY FOR SCHOOL INVESTMENT IN STOCKTON

9. The Council had ambitious plans to transform educational facilities across the Borough as part of the Building Schools for the Future Programme and Primary Capital Programme. Whilst the Council would wish to be ambitious in plans going forward, given that resources available will be scarce and targeted towards condition and capacity, this is where we will need to focus our attention.
10. There has however been significant investment in schools across the Borough in recent years and this is summarised below:

Hardwick Primary	Development of new school as part of Regeneration Scheme
Redbrook / Roseworth Primary	Replacement of 2 schools with a new school
Levendale Primary	Extensions and Removal of outdated buildings
Preston Primary	Extensions and Removal of outdated buildings
Thornaby C of E	Extensions and Removal of outdated buildings
Wolviston	Extensions and Removal of outdated buildings
Mill Lane	Significant internal adaptations
Bewley Junior and Infants	Creation of a single site
Fairfield Primary	Creation of a single site
Durham lane	Extension to replace mobile classrooms
Norton	Internal reconfiguration works
The Glebe	Internal reconfiguration works
Whinstone Primary	Extension to replace mobile classrooms

The previous primary capital reports also identified a number of other potential schemes requiring work, however these will now be superseded and incorporated into the new strategy.

Members will also be aware that funding has been confirmed for the Northshore Academy (£13.4m), Thornaby Academy (£5.5m) and the Council are leading the procurement exercise on behalf of these Academies as well as Freeborough Academy in Redcar & Cleveland.

Although there are still some areas of uncertainty around funding, some clarity is developing over the priorities and direction of travel. Rather than wait for absolute certainty on all aspects, the overall strategy and plans for the Borough can now be considered.

Whilst there may not be significant levels of funding available, the Council still has a number of pressing maintenance capacity issues across the Borough and plans need to be developed to resolve these issues. The Council will also look to identify opportunities for improving the buildings wherever possible.

Key Aims

11. The Key aims of the Strategy for Stockton are:

- Provide sufficient school places across the Borough and have between 5-10% surplus places to:
 - Provide every primary pupil a place within 2 miles
 - Provide every secondary pupil a school place within 3 miles
- Ensure that schools are maintained in a good condition, with maintenance work undertaken.
- Identify opportunities to improve the school stock

Consultation

12. As part of the development of the strategy, initial discussions have been held with:

- School representative groups (Primary, Secondary Heads)
- Individual Schools (where there is a direct impact)
- Diocesan representatives

CAPACITY ISSUES (PUPIL PLACES)

Secondary Schools

13. The School Organisation Plan identifies that overall, across the Borough there are sufficient school places. There are however some areas where investment and action are required.

Billingham.

Members will be aware that Northfield School is currently operating on two sites following the closure of Billingham Campus school, however it has always been the intention to educate all children on the current Northfield site. The school organisation plan identifies the following:

Current Pupil Admission Number (PAN)		Estimated Admission Numbers			
		2012	2013	2014	2015
Northfield	320	270	267	296	288
St Michaels	196	156	158	176	166
TOTAL	516	426	425	469	446

It should be noted however that:

- the current PAN for Northfield is based on the 2 sites. The capacity of the Northfield site is actually 1120 pupils which would equate to a PAN of 224.
- the PAN at St Michaels was temporarily increased to 196, however the current school site will require some small investment to remain at this level.

Although there are many uncertainties surrounding future trends of secondary school numbers there will be a shortfall of places based on the capacity of the 2 sites (420). In addition, it is becoming increasingly difficult given the declining numbers on the old Campus site for Northfield to deliver an effective curriculum and the school would like to move to a single site as soon as possible.

It is therefore proposed to increase the intake at Northfield to 270 and confirm the 196 at St Michaels. This has been agreed by both schools and would provide sufficient places across Billingham in the medium term. In addition, there will be a need for a temporary increase in capacity at Northfield to deal with the transition to one site. The school have retained balances to enable a significant contribution to the costs of the project.

Ingleby Barwick

14. Members will be aware from previous reports of the pressures on secondary school places within Ingleby Barwick. Members will also be aware from the report in June of the free school application and a decision on whether this will progress is expected imminently. Clearly, this will affect the Council's strategy which will be considered once the outcome is known. It is also of note that All Saints will convert to Academy status.

Primary Schools

15. There are pressures in a number of areas across the Borough and this is outlined in the report covering the School Organisation Plan also on the agenda. The current school admission numbers (PAN) have been reviewed and opportunities explored to increase these numbers in a number of schools and in many cases with minor investment, numbers can be increased. The minor works are all funded within the current year's school capital allocation. Details of each area are shown below:

Thornaby

Current PAN	Estimated Admission Numbers			
	2012	2013	2014	2015
279	301	292	302	287

There is capacity for expansion in Bader and Mandale Mill Primary schools through utilising vacant space and capacity and these options will be explored which would increase the PAN to 310. Mandale Mill also meets the criteria for a funding bid as part of the Government's PFI programme, and if this were successful capacity issues would be considered as part of the new build programme (discussed in paragraph 18). We are working closely with the Diocese of Middlesbrough to monitor catholic numbers in Thornaby and consider any implications for the two schools in the area.

Billingham

Current PAN	Estimated Admission Numbers			
	2012	2013	2014	2015
459	469	449	464	440

There is potential to increase capacity in Billingham South Primary, Oakdene, Pentland Primary and Our Lady of the Most Holy Rosary RC Primary, which will increase the PAN in the area to approximately 490. We are also monitoring Catholic numbers in this area and this may influence the decision on where to increase capacity. Given the capacity of the schools, it is envisaged these would require relatively minor works to be undertaken and options are being explored.

Eaglescliffe

Current PAN	Estimated Admission Numbers			
	2012	2013	2014	2015
159	165	158	162	156

Minor work can be undertaken at Preston Primary and this will increase the PAN to 165. This will still mean there are potential pressures in this area and work is needed to examine further, more significant options. These pressures could be increased in the future due to the level of

Housing developments planned in the area and it is therefore suggested that feasibility work is undertaken to either / or increase the capacity of Durham Lane or Junction Farm schools, given their location and site layouts.

Yarm

Current PAN	Estimated Admission Numbers			
	2012	2013	2014	2015
134	122	117	121	115

There are no amendments required to the schools.

Stockton

Current PAN	Estimated Admission Numbers			
	2012	2013	2014	2015
1016	1055	1022	1061	1017

There are a number of schools where it is envisaged capacity can be increased with minor additional work. These are as follows:

- Bowesfield
- Oxbridge Lane
- St Cuthberts
- The Glebe
- Whitehouse
- Hartburn

This will increase the capacity in Stockton to approximately 1071. Within these numbers however, there are indications of capacity issues within the Hartburn and Fairfield area. The degree of transience and level of need together with the limited opportunities to increase capacity in that area, mean that there is further analysis required before a final solution can be reached. In the medium term it is proposed that the pressure for places will be met through expansion at St Mark’s C of E and there are a number of options being considered, including an extension to the current site and bringing back into commission the ex infant school, which currently houses Greengates and Primary PRU. This is linked to options for future special schools across the Borough, outlined in subsequent paragraphs in this report.

Ingleby Barwick

Current PAN	Estimated Admission Numbers			
	2012	2013	2014	2015
330	336	326	333	320

As there is no space available to allow minor works to increase admission numbers at an individual school, there is a need to explore a more significant amendment and variation such as change from a one to a two form entry at one school. There are a number of options for increasing capacity in the area i.e. schools could be extended. There has indeed already been an approach from the Diocese responsible for St Francis of Assisi Primary School, to explore this possibility and the Council will therefore explore this and other options in the area to increase the admission capacity to 360, which would allow some surplus capacity within the area.

Special Schools

16. Although Westlands School is in reasonable physical condition, the size, nature and layout of this site is not ideal for secondary aged pupils and through this strategy, this is one area where the Council could make significant improvements in the provision. There are two possible options to explore:

- Option 1 -. Following the rationalisation of Northfield onto one site, the former Billingham Campus site will become vacant. A partial remodelling of this site, based around the newer elements of the building, could provide a much enhanced facility for a Secondary School with special provision. There would still be an element of the site available for disposal. This would free up the current Westlands site which could enable relocation from Greengates if this were required, to increase capacity at St Mark's, as previously outlined.
- Option 2 – A campus approach to provision for youngsters with social, emotional and behavioural difficulties. Again this could utilise a remodelled Billingham Campus site. This would leave the current Westlands site surplus to requirements and available for disposal.

CONDITION ISSUES

17. The attached **Appendix B** shows the condition data for each school. This shows that the overall backlog maintenance for community schools is as follows:

	£'m
Priority 1 – (urgently required)	11
Priority 2 – (within 2 years)	6
Priority 3 – (2 – 5 years)	<u>13</u>
	30

Whilst the Council have an obligation to fund capacity issues for Diocesan schools, the responsibility for maintenance rests with the Diocese. Separate funding is received, allocated and managed by the Diocese in consultation with the Council.

FUNDING

18. The Council has assessed the current condition data against the formula provided by the Department for Education to consider whether any of the schools meet the criteria to allow bids against the Priority School Building Programme (outlined in paragraph 5), i.e. of outstanding maintenance exceeding 30% of notional build costs. It is vital that given the commitment required by the school to the costs over 25 years, that schools fully endorse the bids as they ultimately will enter into an agreement for the scheme. The schools within Stockton which meet the criteria and where Schools and Diocese representatives are keen to submit bids, are as follows:

	%
Community Schools	
Grangefield School	44
Mandale Mill	49
Diocesan Schools	
Ian Ramsey C.E.	102

19. Members will be aware of the issues surrounding Ian Ramsey and whilst this will be a significant financial commitment, the school and the Diocese are committed to making a bid for the resources required to rebuild the school. Grangefield not only has issues with condition, but

there are significant issues with school layout. If the bid were successful, this would also allow a reconfiguration and rebuild of the school which would be a significant improvement. If Mandale Mill was approved it would also enable a solution to the capacity issues outlined previously. The school have also indicated their support for a bid. It is therefore recommended that the Council endorse these bids and support the schools throughout the process. It is envisaged that the outcome will be known in December 2011.

20. The responsibility for building maintenance decisions for faith schools is that of the Diocese and although the Council will co-ordinate and submit bids to the programme, the decision on whether to submit needs to be primarily a Diocese decision. There are a few schools where the indicator is slightly above the 30% and the Schools/Diocese are considering whether to submit bids.
21. Although it has not been confirmed, it is currently anticipated that the Council will continue to receive £5m per annum to fund maintenance and capacity issues. Given the level of outstanding maintenance and the reconfiguration work outlined in this report, this will be insufficient to ensure that all maintenance work can be undertaken. There is a potential to generate capital receipts to supplement these resources and allow more work to be undertaken. There may be a number of school sites where there is surplus land which could be made available for disposal. It is therefore suggested that detailed work be undertaken to identify such opportunities, in consultation with the schools and this be incorporated into the school plan. There may also be a need to continue to assess risk and only undertake the highest priority maintenance schemes within the funding envelope received which will mean that not all maintenance will be undertaken within the 5 year period.

Although there are a number of areas where there are pressures on school capacity, it is unclear whether the Council would be eligible to apply for any of the £500m funding as there have been no announcements on the allocation of this funding, however this will be closely monitored.

22. There are a few other schools where the notional costs exceed the 30% threshold but where following consideration and discussion with the schools and Diocese, it is proposed we do not proceed with bids due to a combination of:
 - The calculation being misleading due to current pupil numbers upon which new build costs are based being well below the physical capacity of the building.
 - The costs and complexity of PFI arrangements, particularly for the Primary schools.
 - Whilst there are maintenance works outstanding, the general overall view that the schools are structurally sound and are suitable for delivering education.
 - The views of schools and Diocese.

NEXT STEPS - DEVELOPMENT OF CAPITAL PLANS

23. The next stages in the process are outlined below
 - Undertake consultation with Governing Bodies and other key stakeholder groups around the proposals.
 - Submit bids for funding for Ian Ramsey C of E, Grangefield and Mandale Mill Primary under the Priority School Building Programme, and any further schools identified by the Diocese.
 - Work with the schools in Billingham to develop the schemes to enable a one site solution at Northfield school and ensure the proposed pupil admission numbers to be accommodated.

- Explore the options for increasing primary capacity as outlined in the report.
- Assess the feasibility and costs for the options around special school provision.
- Develop a maintenance plan to address the highest priority condition issues.

24. The Council have funds of approximately £2.5m available from the current years allocation of school capital and it is recommended that in advance of the final plan being developed, the allocation of this resource be delegated the Corporate Director, Children Education and Social Care in consultation with Cabinet Member for Children & Young People. This will allow a number of the projects where urgent action may be needed to be undertaken which will support the delivery of the strategy.

25. A further detailed report will be prepared to cabinet outlining detailed proposals and plans together with an investment plan once the outcome of funding bids and option analysis has been undertaken.

Contact Officer: Garry Cummings, Head of Finance & Assets

Telephone No: 01642 527011

Email Address: garry.cummings@stockton.gov.uk

FINANCIAL IMPLICATIONS

26. The cost of any minor works outlined within the report is covered within the current Capital programme allocation. The programme for work and financial plan will be developed as part of developing the action plan.

LEGAL IMPLICATIONS

27. The Council has a statutory duty to ensure a sufficient supply of school places to meet the needs of children resident in the Borough.

RISK ASSESSMENT

28. The current position is considered medium to high risk as there are uncertainties around the current funding bids and overall funding allocations. These will be re-assessed as the programme and funding position develops.

SUSTAINABLE COMMUNITY STRATEGY IMPLICATIONS

29. The strategy for school capital in providing sufficient school places and maintaining buildings is integral to supporting and enabling achievement.

EQUALITIES IMPACT ASSESSMENT

30. Where there are changes proposed to school sites, Impact Assessments will be undertaken as part of the options appraisal. A focus of activity would be provision for youngsters with social, emotional and behavioural difficulties, as outlined in the report.

Summary of Sebastian James's Recommendations

	Recommendation	Comment
1	Capital investment and apportionment should be based on objective facts and use clear, consistently-applied criteria. Allocation should focus on the need for high-quality school places and the condition of facilities.	Accept.
2	Demand-led programmes, such as Free Schools, are most sensibly funded from the centre and a centrally retained budget should be set aside for them.	Accept. In addition, budgets for new University Technical Colleges, Studio Schools, initial funding for sponsor academies and for secure accommodation can also be held centrally.
3	The Department should avoid multiple funding streams for investment that can and should be planned locally, and instead apportion the available capital as a single, flexible budget for each local area, with a mandate to include ministerial priorities in determining allocations.	Would like to consult further , to ensure that the risks and benefits of other approaches can be discussed
4	Notional budgets should be apportioned to Local Authority areas, empowering them fully to decide how best to reconcile national and local policy priorities in their own local contexts. A specific local process, involving all Responsible Bodies, and hosted by the Local Authority, should then prioritise how this notional budget should be used.	Would like to consult further , to ensure that the risks and benefits of other approaches can be discussed.
5	The local prioritisation decisions should be captured in a short local investment plan. There should be light-touch central appraisal of all local plans before an allocated plan of work is developed so that themes can be identified on a national level and scale-benefits achieved. This must also allow for representations where parties believe the process has not assigned priorities fairly.	Accept , subject to consultation on how a light-touch plan can best capture the appropriate capital projects across all relevant responsible bodies. An initial plan will be sought in 2012.
6	Individual institutions should be allocated an amount of capital to support delivery of small capital works and ICT provision. Wherever possible, this should be aggregated up to Responsible Bodies according to the number of individual institutions they represent, for the Responsible Body then to use for appropriate maintenance across its estate, working in partnership with the institutions.	Accept , though upwards aggregation will be solely voluntary.
7	The Department ensures there is access to clear guidance on legal responsibilities in relation to maintenance of buildings, and on how revenue funding can be used for facility maintenance.	Accept.

8	<p>That the Department:</p> <ul style="list-style-type: none"> gathers all local condition data that currently exists, and implements a central condition database to manage this information. carries out independent building condition surveys on a rolling 20% sample of the estate each year to provide a credible picture of investment needs, repeating this to develop a full picture of the estate's condition in five years and thereafter. 	<p>Accept.</p> <p>Consultation on how to do this most efficiently and quickly, with an emphasis on testing what needs to be collected and; how best this should be applied to allocations.</p>
9	<p>That the Department revises its school premises regulations and guidance to remove unnecessary burdens and ensure that a single, clear set of regulations apply to all schools. The Department should also seek to further reduce the bureaucracy and prescription surrounding BREEAM assessments</p>	<p>Accept, for separate consultation later in the year.</p>
10	<p>There should be a clear, consistent Departmental position on what fit-for-purpose facilities entail. A suite of drawings and specifications should be developed that can easily be applied across a wide range of educational facilities. These should be co-ordinated centrally to deliver best value.</p>	<p>Accept.</p> <p>The development of specification and drawings will include consultation.</p>
11	<p>The standardised drawings and specifications must be continuously improved through learning from projects captured and co-ordinated centrally. Post occupancy evaluation will be a critical tool to capture this learning.</p>	<p>Accept, but will consult further and fully, separately as part of implementation.</p>
12	<p>As many projects as possible currently in the BSF and Academy pipeline should be able to benefit from the Review's findings to ensure more efficient procurement of high quality buildings. This should be an early priority to identify where this could be done.</p>	<p>Accept.</p>
13	<p>That the Central Body should put in place a small number of new national procurement contracts that will drive quality and value from the programme of building projects ahead.</p>	<p>Accept in principle, subject to consultation on the type and scale of projects that are potentially best procured through national procurement routes, and the criteria under which alternative local or regional procurement routes can demonstrate they are capable of delivering similar or better results.</p>

14	That the Department uses the coming spending review period to establish a central delivery body and procurement model, whereby the pipeline of major projects – to a scale determined by the Department – is procured and managed centrally with funding retained centrally for that purpose.	Accept in principle , subject to consultation on the type and scale of projects that are potentially best procured centrally, and the criteria under which alternative procurement arrangements – particularly regional partnerships - can demonstrate they are capable of delivering similar or better results. Also to explore how learning on the build process can be captured from across the system and accumulated in order to grow overall expertise and generate incremental savings.
15	The Department quickly takes steps to maximise the value for money delivered through maintenance and small projects and puts in place a simple and clear national contract to make this happen.	Accept , subject to consultation on where national contracts can offer better value than good existing local or regional arrangements.
16	That the Department revisit its 2004 Cap Gemini report and implement proposals where they are appropriate.	Accept.