

Report of the Director of Children's Services

Appendix D: Design & Cost Report for Rufford Park Primary School (Phase 2) Basic Need Project 2013; Capital Scheme Number: 16585/RUF/PH2



Are specific electoral Wards affected? If relevant, name(s) of Ward(s): Otley & Yeadon	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Is the decision eligible for Call-In?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, Access to Information Procedure Rule number:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Summary of main issues

1. The Basic Need programme represents the Council's ongoing work to address capacity and sufficiency across Children's Services provision, which includes primary and secondary school places, early years, and inclusion. Through this programme it has now approved 1118 new reception places since 2009.
2. The purpose of this report is to seek approval to incur capital expenditure of £1,430.0k for Phase 2 works to construct a new two storey extension to provide additional accommodation at Rufford Park Primary School.
3. The school will be expanded under the Basic Need Programme, which aims to ensure the Council meets its statutory duty to provide a school place for every child in the city. Final determination to increase to from 1FE to 1.5FE was given at the April 2013 Executive Board Meeting.
4. The project will be delivered by Children's Services in partnership with the PFI consortium, QED.

Recommendations

Executive Board is asked to:

- Approve option 1, where the PFI provider delivers the expansion scheme and risk is transferred to the Council, and ultimately to the Trust if the school converts.
- Authorise expenditure of £1,430.0k from capital scheme number 16585/RUF/PH2 for Phase 2 works to construct a new two storey extension at Rufford Park Primary School.
- Note the programme dates identified in this report in relation to the implementation of this decision. The final delivery date for this scheme is September 2014.
- Note that the Director of Children's Services is responsible for implementation.

1. Purpose of this report

- 1.1 This report provides background information and detail to Executive Board to seeks authorisation of programme expenditure of £1,430.0k and Authority to Spend from capital scheme number 16585/RUF/PH2

2. Background information

- 2.1 In July 2012 the Council's Executive Board considered a report requesting permission to consult on a proposal to expand Rufford Park Primary School from 1FE to 1.5FE, by increasing the admission number from 30 to 45 with effect from September 2014. The Statutory Consultation was held from 10 September to 19 October 2012 and the outcome was reported back to Executive Board in December 2012. Executive Board approved the recommendation to proceed with the proposal and Statutory Notices were published in February 2013. Final determination to increase to from 1FE to 1.5FE was given at the April 2013 Executive Board Meeting.
- 2.2 The decision to expand Rufford Park Primary came as a result of a counter proposal presented to the Council during the autumn 2011 public consultation process for the Rawdon St Peter's Basic Need expansion scheme. As a result of this counter proposal, which argued that Rufford Park Primary better served the required outcome of delivering local pupil places to families in the Yeadon area and provided a more suitable options in terms of traffic issues, the Rawdon St Peter's project was paused and the Rufford Park scheme taken to Executive Board for permission to begin the Statutory Process in July 2012. Final determination was given at the Executive Board of April 2013.
- 2.3 The school will gradually increase to its maximum capacity by increasing the Reception intake to 45 from September 2014. However, the school have already increased their intake on a temporary basis and have admitted 15 additional children into Reception in September 2013 to meet demand for places in the area.
- 2.4 In order to ensure the required accommodation is in place for these additional pupils, the project has been split into two phases. Phase 1: internal works were

carried out over the 2013 summer holiday period in order to provide the required accommodation by enlarging the existing Reception classroom. A separate DCR for Phase 1 works was approved under the powers of delegated decision on 19th June 2013 (capital scheme number 16585/RUF/PH1 - £90,622).

- 2.5 HCP Social Infrastructure (UK) Ltd, the managing agent for the PFI consortia, QED Leeds Ltd, has been commissioned to design and deliver the required accommodation.

3. Main Points

Design

3.1 The proposed Rufford Park Primary School Phase 2 works include:

- construction of a two storey linked extension to provide an additional four teaching spaces, staff and pupil toilets and cloakroom facilities;
- Internal remodelling to provide an additional group room, disabled WC and storage space;
- Provision of extended hard play area;
- Off-site highways works; and
- A contribution toward additional teaching furniture and ICT equipment.

3.1.1 Alternative locations for the accommodation on the Rufford Park site were considered during feasibility stage; however the site is narrow and steeply sloped with a large area protected under the Leeds UDP. For these reasons it was agreed, in conjunction with the school, that linking the accommodation to the existing building would offer the best built solution in terms of curriculum delivery and external play provision.

3.1.2 Rufford Park Primary School is one of the schools within the 10 Primaries PFI package. The Special Purpose Vehicle (SPV), QED will be delivering the scheme under the right of exclusivity within the contract and will be appointed Principal Contractor. Whilst there is no contractual requirement for the SPV to undertake a tender process, QED may choose to undertake a full tender for the subcontracted work, in order to evidence value for money (VFM) for Leeds City Council.

3.1.3 The 10 primaries PFI consortium considers this expansion to be a major contract change, rather than a standard variation of the existing contract. The PFI consortium has been reluctant to take on the full risk of the project and protracted negotiations have taken place around this issue, which has resulted in increased legal costs.

3.1.4 This risk aversion relates to the application of financial penalties during construction and after completion during the defects period, and for the remainder of the PFI contract term when latent defects may be identified. The consortium's preferred position has been to transfer the risk during these three periods to the Council in the event of a major defect occurring in the new building.

- 3.1.5 This position was challenged during negotiations and an options appraisal was identified with four main options:
- 3.1.6 **Option 1** is the risk transfer to the Council outlined above. Whilst the probability of significant risk in the form of unavailability of a whole primary school occurring is unlikely, it is contrary to the rationale and purpose of PFI to transfer risk away from the Council. However, this is no different to the risk carried by the Council on any non-PFI expansion project.
- 3.1.7 **Option 2** is that the Council pays a premium to the PFI consortium to treat the risk and incorporate the new build in the PFI contract as though it were part of the main PFI contract. This would allow financial penalties to be applied throughout the remainder of the PFI contract term, with the exception of the construction period. The legal process would be elongated, and there is no assurance that the original programme could be adhered to. Mitigation of impact on programme could include the PFI consortium negotiating with the original build contractor Wates, and foregoing a formal tendering process
- 3.1.8 This option will not offer VFM owing to a combination of legal costs, likely programme delay and the cost of the contractor pricing the risk of PFI penalties. This would be exacerbated if a competitive tendering process was required to compare and contrast contractor risk pricing, which would also impact significantly on the programme for delivery.
- 3.1.9 **Option 3** would be if the Council were to deliver the accommodation outside the PFI contract. This option would leave the Council holding the risk for the entire scheme and would create 'interface' issues in the creation of a non-PFI building which is physically linked to a PFI building. It is unlikely that this option could offer VFM at this stage, as it would cause significant programme delay, which would result in the need for temporary accommodation from September 2014.
- 3.1.10 **Option 4** could be to discontinue the Rufford Park expansion proposal and return to the original proposal to expand Rawdon St Peter's Primary School. This would require approval from the Executive Board as the statutory process for Rufford Park has completed.
- 3.1.11 The proposal at Rawdon St Peter's would require Statutory Consultation, and would revisit the same public concerns in relation to highways works and proximity of pupils. There would be significant programme delay in returning to this option, resulting in a need to create further bulge cohorts in the Yeadon area. Additionally, there would be significant abortive costs associated with stopping work on the Rufford scheme, which would need to be considered.
- 3.1.12 Rufford Park has already admitted a bulge cohort in September 2013. In the event that the full scheme is not taken forward and the permanent additional places are provided at Rawdon St. Peter's, Rufford Park would require a temporary classroom for 6 years in order to accommodate the additional 15 pupils currently on roll.
- 3.1.13 Rufford Park Primary is consulting on acquiring Trust status as part of the Aireborough Trust, from 1 January 2014. DfE guidance advises that whilst the freehold of the site and buildings would transfer to the governing body or to the Trust, the school will not fully benefit from direct ownership of the assets until the end of the PFI contract.

- 3.1.14 Rufford Park has been allocated Targeted Basic Need Funding of £909,411 by the EFA. Funding has timescales for spend and grant claim and there is a risk that the Council may be unable to claim the allocated funding for Rufford Park if the scheme were delayed beyond the current programme.
- 3.1.15 On consideration of these issues it is recommended that the Council proceeds with the delivery of the Rufford Park scheme through Option 1, the proposal from the PFI consortium.
- 3.1.16 Planning approval was granted 5 September 2013. The project is expected to start on site in January 2014 and complete in August 2014, to allow the school to move into the new areas for the start of the 2014 academic year.

Costs

- 3.2 The combined budget provision for both phases of the scheme is £1,520,500, which includes design costs and other associated costs. This budget has been established in consultation with the design consultant and Pinnacle Technical Services on behalf of QED Leeds Ltd. Pinnacle is the appointed Facilities Management Company for the 10 Primaries PFI package. In addition to direct design and construction costs, this budget also incorporates a provision for Authority highways works. Consultations are currently being undertaken to determine the level of works required.

4. Programme

- 4.1 The following table contains the key milestones for the Rufford Park scheme. The project remains on programme with the new extension becoming operational for September 2014.

Milestone	Date
Lead-in/Mobilisation	19 December 2013
Start on site	6 January 2014
Occupation by school	1 September 2014

- 4.2 The approval of Authority to Spend, as requested via this report, is on the critical path and therefore crucial to the delivery of the project in accordance with the dates listed above.

5. Corporate Considerations

5.1 Consultation and Engagement

- 5.1.1 The proposed scheme and associated work at Rufford Park Primary School has been the subject of consultation with Children's Services officers and school representatives. The statutory consultation for the increase in admission limit, which included Ward members for Otley & Yeadon, was carried out from 10 September 2012 to 19 October 2012.

- 5.1.2 Pre-planning meetings have been held with officers from planning and highways prior to the submission of the planning application.
- 5.1.3 A written briefing note was issued to ward members detailing the Rufford Park scheme in June 2013. Further briefings will be offered at key stages of the project.
- 5.1.4 A full briefing was offered to the Governing Body on 17 June 2013 and a pre-planning consultation drop-in clinic was held at the school 24 June 2013. Invitations were issued to all parents, local ward members and residents.

5.2 Equality and Diversity / Cohesion and Integration

- 5.2.1 The recommendation within this report does show a direct impact on the groups falling under equality legislation and the need to eliminate discrimination and promote equality. An EDCI Screening Assessment has been carried out for the scheme (Appendix C). The screening document has been sent to the Equality Team to be approved and published.

5.3 Council policies and City Priorities

- 5.3.1 All proposals within the report have been brought forward to fulfil the Council's statutory duty to secure sufficient school places. In providing places close to where the children live the proposals will improve accessibility of local and desirable school places, and thus reduce any risks of non-attendance.

5.4 Resources and value for money

- 5.4.1 The cost of the additional accommodation required at Rufford Park Primary School is £1,430.0k, which is inclusive of all fees and other associated costs. The scheme has achieved design freeze and a priced risk register is included within the project management documentation. The costs for Rufford Park Primary School will be met through capital scheme number 16585/RUF/PH2 as part of the Basic Need programme.
- 5.4.2 Estimated costs have been provided by Pinnacle Technical Services on behalf of QED Leeds. Pinnacle is the appointed Facilities Management Company for the 10 Primaries PFI package.

5.4.3 Capital Funding and Cash Flow

Previous total Authority to Spend on this scheme	TOTAL £000's	TO MARCH 2013 £000's	FORECAST				
			2013/14 £000's	2014/15 £000's	2015/16 £000's	2016/17 £000's	2017 on £000's
LAND (1)	0.0						
CONSTRUCTION (3)	85.9		81.9	4.0			
FURN & EQPT (5)	0.0						
DESIGN FEES (6)	4.6		4.6				
OTHER COSTS (7)	0.0						
TOTALS	90.5	0.0	86.5	4.0	0.0	0.0	0.0
Authority to Spend required for this Approval	TOTAL £000's	TO MARCH 2013 £000's	FORECAST				
			2013/14 £000's	2014/15 £000's	2015/16 £000's	2016/17 £000's	2017 on £000's
LAND (1)	0.0						
CONSTRUCTION (3)	865.0		208.2	635.2	21.6		
FURN & EQPT (5)	0.0						
DESIGN FEES (6)	30.0		30.0				
OTHER COSTS (7)	535.0		314.5	211.1	9.4		
TOTALS	1430.0	0.0	552.7	846.3	31.0	0.0	0.0
Total overall Funding (As per latest Capital Programme)	TOTAL £000's	TO MARCH 2013 £000's	FORECAST				
			2013/14 £000's	2014/15 £000's	2015/16 £000's	2016/17 £000's	2017 on £000's
Basic Need Grant	0.0						
	1520.5	0.0	639.2	850.3	31.0		
	0.0						
Total Funding	1520.5	0.0	639.2	850.3	31.0	0.0	0.0
Balance / Shortfall =	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Parent Scheme Number : 16585/000/000

Title: Basic Need Primary Provision 2013-14

Scheme costs will be fully financed from a combination of £909,411 of Targeted Basic Need grant and £611,089 of non-Targeted Basic Need grant.

5.5 Revenue Effects

5.5.1 Under local management arrangements Rufford Park Primary School is responsible for meeting all revenue costs:

REVENUE EFFECTS	2014/15	2015/16 and SUBSEQUENT YEARS
	£000's	£000'S
EMPLOYEES		
PREMISES COSTS	15.4	26.4
SUPPLIES & SERVICES	2.5	4.2
EXTERNAL INCOME GENERATED		

5.5.2 Funding for premises costs is largely pupil driven and the school will receive additional funding as the pupil roll increases.

5.6 Legal Implications, Access to Information and Call In

5.6.1 This is a Key Decision and will be subject to Call In.

5.7 Risk Management

5.7.1 Risk is being managed through the application of best practice Project Management tools and techniques utilising experienced Project Management in Children's Services. The allocated Project Manager is responsible for managing and maintaining the project Risk Register, reporting on risk and escalating where appropriate via regular Highlight Reporting

6. Conclusions

6.1 As a result of the increased admission limit at Rufford Park Primary School from September 2014, additional accommodation is required to provide sufficient capacity as the school fills from 210 to 315 pupils.

6.2 The project to deliver additional accommodation at Rufford Park Primary School has been managed by Children's Services in partnership with QED and other key stakeholders. The cost of the accommodation at Rufford Park Primary School will be met through capital scheme 16585/RUF/PH2 to the value of £1,430.0k.

7.0 Recommendations

7.1 Members of the Executive Board are asked to:

- Approve option 1, where the PFI provider delivers the expansion scheme and risk is transferred to the Council, and ultimately to the Trust if the school converts.
- Authorise expenditure of £1,430.0k from capital scheme number 16585/RUF/PH2 for Phase 2 works to construct a new two storey extension at Rufford Park Primary School.
- Note the programme dates identified in this report in relation to the implementation of this decision. The final delivery date for this scheme is September 2014.

- Note that the Director of Children's Services is responsible for implementation.

8.0 Background documents¹

8.1 No background documents are included as part of this report.

The background documents listed in this section are available to download from the Council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.