

Report of the Head of Programme (PPPU)

Report to the Director of Childrens Services

Date: 17 May 2016

Subject: Design & Cost Report for Phase 2 Early Works Roundhay Secondary School Learning Places Project



Capital Scheme Number: 32450/ROU/PH2

Are specific electoral Wards affected? If relevant, name(s) of Ward(s): Roundhay	<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 type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information? The following documents are exempt from Access to Information Rule 10.4 (3)	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Summary of main issues

1. As a consequence of the increasing birth rate in Roundhay and surrounding areas, it is necessary to expand provision at Roundhay Secondary School to increase places from 250 to 300 throughout years 7 to 11; to be available from September 2017. This new scheme will be completed under the City Council's Learning Places Programme which aims to ensure its statutory duties are met with respect to ensuring a school place for every child within the city, and was approved by Executive Board in September 2015.
2. An objective in the Best Council Plan 2013-2017 is to build a child friendly city with a focus on: our three Children's Trust partnership obsessions (looked after children, NEET and attendance); ensuring the best start in life; raising educational standards; and ensuring sufficiency of school places. The programme seeks to deliver a supply of good quality accessible local school places which can contribute to these objectives.
3. The project to develop Roundhay Secondary School will be delivered in two phases as Roundhay Secondary School forms part of the original 7 Schools PFI Project with services being delivered by The Education Support Company (ESCO).
4. Phase 1 of the scheme focusses on the augmentation of car parking provision on site, and an extension to the dining facilities. Under the terms of the PFI contract, ESCO have the exclusive right to carry out construction work (subject to some limits) on site at Roundhay Secondary School. The Design and Cost Report for Phase 1 was approved by Executive Board in February 2016 and the scheme commenced on site in early April this year.

5. Phase 2 concentrates on the construction of a new teaching block and a synthetic turf pitch.
6. The ESCO confirmed that they had no appetite to undertake Phase 2 and furthermore had no objections to the Council utilising a third party to deliver the scheme. Therefore, Phase 2 of the project will be delivered in conjunction with the Leeds Local Education Partnership (LLEP), Leeds D&B One Ltd sub-contracting to Interserve Construction plc (building contractor), the Council's Projects Programmes and Procurement Unit (PPPU) and Children's Services. The LLEP has exclusivity over elements of secondary school construction in Leeds.
7. The feasibility scheme budget of £11.4M for phase 2 of the scheme was previously approved by Executive Board in October 2015, as part of the overall £13M spending approval for both phases of the project.
8. When the tender for the scheme was submitted by the LLEP on the 4th April 2016, it was £1.2M above the affordability envelope. Subsequently, a value engineering exercise has been undertaken and the affordability gap has been reduced to £800,000. A separate design and cost report will therefore be submitted in June 2016 for the main scheme and will include a request to access the Learning Places Programme capital risk fund to enhance the previously agreed budget by up to £800,000; in order to meet the affordability gap, and provide an appropriate level of contingency (approx. 5% of the construction cost). The exact amount of capital risk fund required will be dependent on further value engineering.
9. To ensure that Phase 2 is available from September 2017, work needs to commence on site on the 23rd May 2016 to undertake enabling works consisting of; site accommodation, temporary works and services, tree protection, groundwork's and advance orders are required for excavation and the obstructions in the ground . It will not be possible to award the contract by 23rd May and therefore an underwriting and early works contract will be required for Phase 2 to undertake the enabling works at a cost of £242k (for 3 weeks from 23rd May to 13th June 2016) made up of £130k of early works expenditure underwriting of advance orders for of £112k.
10. In accordance with this approval, this report has been considered and supported by the Deputy Chief Executive and Director of City Development on 17 May 2016.
11. In September 2014, Executive Board approved the Basic Need Programme report recommendation to delegate authority to the Director of Children's Services to approve Design and Cost reports for individual projects, subject to support by the Deputy Chief Executive and the Director of City Development.

Recommendations

The Programme Manager is requested to:

- i. Approve the design and cost report for the underwriting and early works for Phase 2 of the scheme at Roundhay Secondary School, the cost being £242k; with the appropriate details of the programme, design, and cost as set out in this report;
- ii. Approve entering into an early works and underwriting agreement with Leeds D&B One Ltd for £242k noting that LLEP will be acting as project manager;
- iii. Note that the surrender and variation of the lease and underlease of Roundhay school to the Education Support Company (Leeds) Ltd as approved by the Director of City Development on 29 March 2016 and set out in the Supplemental Agreement to the Principal Agreement dated 12 April 2016 will

be put in place and will take effect immediately before the commencement of the early works;

- iv. Note that the Phase 2 scheme is currently £800k over budget and a further Design and Cost Report, which will need to include a Programme Capital Risk Fund application, for the Phase 2 main works will be submitted in June 2016 for approval.
- v. Note that the Chief Officer, Projects, Programmes & Procurement Unit (PPPU) is responsible for scheme delivery which will be completed in August 2017.

1.0 Purpose of this Report

1.1. The purpose of this report is:

- To provide background information and detail in respect of the Learning Places scheme to increase Roundhay Secondary School from 250 to 300 places in years 7 to 11 to be available from September 2017.
- To seek approval for underwriting and early works for Phase 2 of the scheme on the basis of the budget, scope, and programme set out in this report.

2.0 Background Information

- 2.1. Leeds has an extremely dynamic and growing economy which makes the city a very attractive proposition for families and businesses to move to. As a result, the city's population is growing rapidly, at a faster rate than many of our neighbours and this is reflected in the increasing demand for school places.
- 2.2. The scale of the response cannot be met through the existing estate; therefore the expansion of existing schools or the creation of new schools has been required. Under the Education and Inspections Act 2006, these changes constitute prescribed alterations, and each requires a statutory process to confirm the change and make it permanent.
- 2.3. The Council's response to the demographic growth pressures on school provision in the city are managed via Children's Services Learning Places Programme. Since 2009 the programme has created over 1,400 reception places in order that the Council fulfils its statutory duty to ensure sufficiency of school places. The schemes in the programme are working with a range of partners, including schools of varying governance models, to ensure enough places are created to meet demand.
- 2.4. As reported to Executive Board in October 2015, for the academic year 2015/16 many schools have had significant expansions with building work over the summer creating 500 new primary school places. This has included expansion of three existing schools to create additional places in completely new facilities, two of which are Specialist Inclusive Learning Centres providing a total of 200 additional pupil places for children with Special Education Needs (SEN), and the third which is a brand new primary school in South Leeds creating an additional 420 pupil places.
- 2.5. This new scheme will be completed under the City Council's Learning Places Programme which aims to ensure its statutory duties are met with respect to ensuring a school place for every child within the city.

- 2.6. The proposal for the extension of Roundhay school forms part of the on-going work to address capacity and sufficiency across all of Children's Services, which includes provision for primary and secondary school places, early years, as well as specialist provision. These proposals form part of the Council's Learning Places Programme that embeds the 'one council' approach that has achieved shared ownership of proposed solutions.
- 2.7. The final determination of the statutory process for the expansion of Roundhay School was approved by Executive Board in September 2015. The approval to inject £13M into the capital programme for the holistic project; encompassing both phase 1 and phase 2 was accordingly approved by Executive board in October 2015. This proposal is for an increase in school places to serve the area and does not replace any existing schools or places within the community.
- 2.8. The project to develop Roundhay Secondary School will be delivered in two phases as Roundhay Secondary School forms part of the original 7 Schools PFI Project with services being delivered by The Education Support Company (ESCO).
- 2.9. Phase 1 of the scheme focusses on the augmentation of car parking provision on site, and an extension to the dining facilities. Under the terms of the PFI contract, ESCO have the exclusive right to carry out construction work (subject to some limits) on site at Roundhay Secondary School. The Design and Cost Report for Phase 1 was approved by Executive Board in February 2016 and the scheme commenced on site in early April this year.
- 2.10. Phase 2 concentrates on the construction of a new teaching block and a synthetic turf pitch.
- 2.11. The ESCO confirmed that they had no appetite to undertake Phase 2 and furthermore had no objections to the Council utilising a third party to deliver the scheme. Therefore, Phase 2 of the project will be delivered in conjunction with the Leeds Local Education Partnership (LLEP), Interserve Construction plc (building contractor), the Council's Projects Programmes and Procurement Unit (PPPU) and Children's Services. The LLEP has exclusivity over elements of secondary school construction in Leeds.

3.0 Main Points

- 3.1. The feasibility scheme budget of £11.4M for phase 2 of the scheme was previously approved by Executive Board in October 2015, as part of the overall £13M spending approval for both phases of the project.
- 3.2. However, when the tender for the scheme was submitted by the LLEP on the 4th April 2016, it was £1.2M above the affordability envelope. Subsequently, a value engineering exercise has been undertaken and the affordability gap has been reduced to £800,000. A separate design and cost report will therefore be submitted in June 2016 for the main scheme and will include a request to access the Learning Places Programme capital risk fund to enhance the previously agreed budget by up to £800,000; in order to meet the affordability gap, and provide an appropriate level of contingency (approx. 5% of the construction cost). The exact amount of capital risk fund required will be dependent on further value engineering.
- 3.3. To ensure that Phase 2 is available from September 2017, work needs to commence on site on the 23rd May 2016 to undertake enabling works consisting of; site accommodation, temporary works and services, tree protection, groundwork's

and advance orders are required for excavation and the obstructions in the ground . It will not be possible to award the contract by 23rd May and therefore an underwriting and early works contract will be required for Phase 2 to undertake the enabling works at a cost of £242k (for 3 weeks from 23rd May to 13th June 2016) made up of £130k of early works expenditure underwriting of advance orders for of £112k.

3.4. The planning application for phase 2 was submitted on 23rd November 2015 and was approved on 13th May 2016.

3.5. The associated planning conditions were released in advance of the approval and significant progress has been made in relation to them being discharged.

3.6. The construction of phase 2 is scheduled for final completion in July 2017.

3.7. **Design Proposals and Full Scheme Description**

3.7.1. The early works for phase 2 of the scheme focusses on the following elements:-

- Site accommodation
- Temporary works and services
- Enabling works
- Tree protection
- Groundworks

The underwriting for phase 2 of the scheme focusses on the following elements:-

- Advance orders in relation to excavation and the obstructions in the ground

3.7.2. A robust tender exercise and subsequent detailed Cost Plan and programme have been produced by the LLEP as part of the new project proposal procedure. The LLEP have also confirmed to provide a supplementary activity schedule before contract signature.

3.7.3. The tender was received from the LLEP on 4th April 2016, and was accordingly reviewed by a strategic TA commission via Capita.

3.7.4. The award of the tender will be subject to a Tender Acceptance Report which will be submitted for approval following a detailed review of all contract and tender documentation.

3.7.5. The form of contract being entered into between the LLEP and the authority is the NEC3 option A contract.

4.0 Programme

4.1. The key milestones to achieve this programme are detailed below:

Milestone	Date
Tender returned	4 th April 2016
Planning Approval	16 th May 2016
Early works start on site	23 rd May 2016
Contract Award	13 June 2016
Main Start on-site	13 June 2016
Main Phase Site Occupation by Contractor	59 weeks: 13 June 2016 – 23 rd July 2017
Final Completion	23 rd July 2017

4.2. The planning application was approved on the 13th May 2016.

4.3. Following the confirmation for the early works agreement, the start on site is planned for 23rd May 2016 with a completion date of 23rd July 2017.

5.0 Corporate Considerations

5.1. Consultation and Engagement

5.1.1. The proposal to expand the school was subject to a statutory process; a stakeholder event was held on 26 February 2015 to discuss the demand for pupil places in the area and Roundhay Secondary School was identified as a possible solution. As part of the formal Statutory consultation process sessions were held with the Governing Body on 18 March, staff and student council on 23 March, and parents and members of the public on 14th, 23rd and 27th April. The proposal to expand the school was reported to Executive Board on the 22nd April 2015. The expansion of the school was subsequently approved by the Executive Board on 23rd September 2015.

5.1.2. The proposed scheme and associated work at Roundhay Secondary School has been the subject of consultation with key stakeholders including ward members and the Executive member for Children and Families. Consultation has also involved school staff and governors, local residents and other colleagues within the Council.

5.1.3. Pre-planning application meetings were held with officers from Planning, Highways and Building Control prior to the formal submission of the planning application. Substantial engagement has taken place with key stakeholders. A number of public consultation sessions were held on the 3rd and 4th November 2015. The ward members have also been briefed at various stages during the design. All ward members are fully supportive of the project and the scheme generally.

5.1.4. Sport England has been consulted about the impact of the proposals on the playing fields along with other local interested parties such as residents. Sport England have confirmed they are content to support the scheme in alignment with exception policy E5; in that the key sporting benefit and community use generated by the all-weather pitch will outweigh the minimal loss of playing field land incurred as part of the development.

5.1.5. Throughout the design process we have, and will continue to consult with the school, the governing body, LLEP, Interserve plc , the building contractor, and the PFI Contractor (ESCO) to ensure that the final product meets expectations and that any changes proposed do not materially affect the operation and success of the school.

5.1.6. In accordance with the Basic Need Programme Approval by Executive Board in September 2014, this scheme has been considered and supported by the Deputy Chief Executive and Director of City Development on 17 May 2016.

5.2. **Equality and Diversity / Cohesion and Integration**

5.2.1. The recommendation within this report does not have any direct or specific impact on any of the groups falling under equality legislation and the need to eliminate discrimination and promote equality. A screening document has been prepared and an independent impact assessment is not required for the approvals requested. A copy is included as Appendix A to this report.

5.3. **Council Policies and City Priorities**

5.3.1. This scheme is due to be delivered under the City Council's Learning Places Programme and is required to fulfil the Local Authority's statutory responsibility to provide sufficient school places.

5.3.2. CPRs apply to this process and this report confirms that the relevant that CPRs have been adhered to. To develop this point, the CPR being invoked is 3.1.5 as exclusive supplier arrangements apply to these works.

5.3.3. An objective in the Best Council Plan 2013-2017 is to build a child friendly city with a focus on: our three Children's Trust partnership obsessions (looked after children, NEET and attendance); ensuring the best start in life; raising educational standards; and ensuring sufficiency of school places. The programme seeks to deliver a supply of good quality accessible local school places which can contribute to these objectives.

5.3.4. A further objective of the Best Council Plan 2013-2017 is to become a more efficient and enterprising Council. We want to promote choice and diversity for parents and families and deliver additional school places in the areas where families need them. Meeting this expectation while demonstrating the five values underpinning all we do is key to the Learning Places Programme.

5.4. **Resource and Value for Money**

5.4.1. The Leeds LEP has undertaken a robust market testing strategy for work packages across the scheme. The authority can confirm that 90% of the scheme has been market tested indicating value for money.

5.4.2. The total projected scheme costs are currently estimated at £12.2M which is beyond the previously approved budget of £11.4M.

5.4.3. As articulated above, this report is to request approval for the £242k for the early works with the specific activities highlighted in 3.7.

5.4.4. The cost will be met through capital scheme number 32450/ROU/PH2 as part of the Learning Places Programme.

5.5. Capital Funding & Cash Flow

Previous total Authority to Spend on this scheme	TOTAL £000's	TO MARCH 2015 £000's				
			2016/17 £000's	2017/18 £000's	2018/19 £000's	2019 on £000's
LAND (1)	0.0					
CONSTRUCTION (3)	0.0					
FURN & EQPT (5)	0.0					
INTERNAL FEES (6)	0.0					
OTHER COSTS (7)	0.0					
TOTALS	0.0	0.0	0.0	0.0	0.0	0.0
Authority to Spend required for this Approval	TOTAL £000's	TO MARCH 2015 £000's				
			2016/17 £000's	2017/18 £000's	2018/19 £000's	2019 on £000's
LAND (1)	0.0					
CONSTRUCTION (3)	242.0		242.0			
FURN & EQPT (5)	0.0					
INTERNAL FEES (6)	0.0					
OTHER COSTS (7)	0.0					
TOTALS	242.0	0.0	242.0	0.0	0.0	0.0
Total overall Funding (As per latest Capital Programme)	TOTAL £000's	TO MARCH 2015 £000's				
			2016/17 £000's	2017/18 £000's	2018/19 £000's	2019 on £000's
BASIC NEED GRANT	242.0		242.0			
TOTAL FUNDING	242.0	0.0	242.0	0.0	0.0	0.0
Balance / Shortfall =	0.0	0.0	0.0	0.0	0.0	0.0

Parent Scheme Number: 32450/000/000

Title: Basic Need Primary Expansion 2017/18

5.6. Revenue Effects

5.6.1. Any revenue implications arising from this new development will be managed through the school's own budget.

5.7. Legal Implications, Access to Information and Call-In

5.7.1. The approval for this project to proceed as set out in this report follow the delegations for the Basic Need Programme approved by Executive Board in September 2014. Executive Board has already approved the authority to spend for the project as required in Financial Procedure Rules and the decision to proceed in this report constitutes a significant operational decision and as such will not be subject to call in.

5.7.2. The Director of Children's Services has been granted the delegated authority to approve this project to proceed after complying with the conditions established by Executive Board in September 2014. As outlined in this report the Director of Children's Services has the support for the decisions in this report from the Deputy Chief Executive and Director of City Development.

5.7.3. On 29 March 2016 the Director of City Development approved the surrender and variation of the lease and underlease at Roundhay school that is required to grant Leeds D&B One Ltd the right to enter the school premises and carry out the works

and the right for the school to operate the new teaching block and synthetic turf pitch once complete. In granting this authority the Director of City Development noted that the Director of Children's Services would be granting all the approvals required to proceed with the works. Once the lease and underlease surrender and variation has taken place the Council will have taken over responsibility for part of the Roundhay site. The implications of this are set out in more detail in the Risk Management section below.

5.8. Risk Management

- 5.8.1. Risk is to be managed through the application of 'best practice' project management tools and techniques via the City Council's 'PM Lite' risk methodology. Experienced Project Management resource has been allocated from within the Projects Programmes and Procurement Unit (PPPU) to support the Children's services project manager.
- 5.8.2. A risk log has been developed for the scheme and is being modified to include all the risks for the project and the relevant owner of the risk whether it be the contractor or Leeds City Council. This log will be maintained and updated throughout the project and escalation of any risks that sit outside of the agreed tolerances will be via the Children's Services Built Environment Programme Manager.
- 5.8.3. Once the authority has completed the surrender and the respective parcels of land are carved out of the PFI contract, the authority is bound by the commitments made in relation to the surrendered land as articulated in the supplemental agreement to the principal agreement with the SPV which was completed on 12 April 2016.
- 5.8.4. The members of Learning Places programme board including Director of Children's Services and the Director of City Development are supportive of the overall phase 2 scheme but this is still subject to a Key Decision on the full scheme DCR and a tender acceptance report. If the design and costs are not approved in the forthcoming DCR for the full scheme, then the early works will have to cease and the Council will have to resolve the surrender and variation of the lease and underlease. The early works will not have been wholly abortive because foundations from the former girls school will have been usefully removed in whole or in part which will be a saving against any future expansion on this site. The Council will be required to reinstate the surrendered land back to its original condition as a grassed sports pitch and ensure it is fit for purpose. Furthermore, the land will then have to be legally reinstated back into the PFI contract through either the grant of a licence or a new lease.

6.0 Conclusions

- 6.1. As developed earlier in the body of this report, it can be clearly demonstrated that there is a real strategic need for secondary school places in Roundhay.
- 6.2. Phase 2 of the development focusses on the construction of a new teaching block and synthetic turf pitch. The works at Roundhay School will enable the increased demand for pupil places in Roundhay and surrounding areas served by the school to be met.
- 6.3. The additional 250 school places at Roundhay have been commissioned and already accepted for admission in September 2017.

- 6.4. Subsequently it is imperative that we adhere to the agreed build programme to meet this delivery date via implementing the underwriting and early works agreement. Deviation from this programme will result in the new school development not being available for the additional places.
- 6.5. The works at Roundhay School are being jointly managed by PPPU and Children's Services in partnership with the LLEP, and other key stakeholders. The cost of the underwriting and early works will be met through capital scheme 32450/ROU/PH2 to the value of £242k.

7.0 Recommendations

- 7.1. The Programme Manager is requested to:
- i. Approve the design and cost report for the underwriting and early works for Phase 2 of the scheme at Roundhay Secondary School, the cost being £242k; with the appropriate details of the programme, design, and cost as set out in this report;
 - ii. Approve entering into an early works and underwriting agreement with Leeds D&B One Ltd for £242k noting that LLEP will be acting as project manager;
 - iii. Note that the surrender and variation of the lease and underlease of Roundhay school to the Education Support Company (Leeds) Ltd as approved by the Director of City Development on 29 March 2016 and set out in the Supplemental Agreement to the Principal Agreement dated 12 April 2016 will be put in place and will take effect immediately before the commencement of the early works;
 - iv. Note that the Phase 2 scheme is currently £800k over budget and a further Design and Cost Report, which will need to include a Programme Capital Risk Fund application, for the Phase 2 main works will be submitted in June 2016 for approval.
 - v. Note that the Chief Officer, Projects, Programmes & Procurement Unit (PPPU) is responsible for scheme delivery which will be completed in August 2017.

8.0 Background Documents¹

- 8.1. Appendix A – ECDI Screening Document

¹ 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.