

**Report of:** The Chief Executive of Education Leeds

**To:** Executive Board

**Date:** 03/12/2008

**Subject:** Building Schools for the Future Phase 2 Priesthorpe Specialist Sports College

## **Executive Summary**

### **1. Purpose**

This report seeks the approval of the Executive Board to proceed with the refurbishment project to Priesthorpe Specialist Sports College and to incur the necessary capital expenditure.

### **2. Main Issues and Options**

In 2004, Leeds City Council was selected as a Wave 1 Authority in the Government's Building Schools for the Future Programme. The overriding objective of the Programme is for a transformational and step change in secondary school education by means of significant capital investment in the whole of the secondary school estate.

Within Leeds, the Programme will be delivered in partnership with the Department Children Families and Schools (DCFS) and Partnerships for Schools (PfS) and the first Wave will inject capital investment into 14 secondary schools in Leeds over four phases. All 14 schools will become operational between September 2008 and September 2011. Further investment in the remaining secondary school estate in Leeds is planned to be delivered in future Waves in the next decade.

Priesthorpe Specialist Sports College is a Wave 1 Phase 2 school with a planned number on Roll of 1,205 comprising of 975 (11 to 16) and 200 Post 16 and 30 Generic SEN places. The project scope will consist of 9% new build, 63% refurbishment, 28% minor refurbishment.

The total capital investment is £14,993,596 for the building works and £ £95,742 for authority off site works. It is anticipated that construction will be completed by December 2010.

A contingency of £1,490,000 be set aside to cover residual risks remaining with the authority should they arise. This contingency will cover the schools of Crawshaw and Priesthorpe.

### **3. Recommendations**

Members of the Executive Board are requested to:

- a) Approve the completion and entry into all necessary legal documentation in relation to the Design and Build contract for Priesthorpe Specialist Sports College ; and
- b) Authorise expenditure of £16,579,698 from the capital programme (inclusive of contingency provision referred to in paragraph 2 above).

**Report of:** The Chief Executive of Education Leeds

**To:** Executive Board

**Date:** 03rd December 2008

**Subject:** **Design & Cost Report**

**Scheme Title:** Building Schools for the Future Phase 2 Priesthorpe Specialist Sports College

**Electoral Wards Affected:**  
Calverley/Farsley

**Specific Implications For:**

Equality and Diversity

Community Cohesion

Narrowing the Gap

Eligible for Call In

Not Eligible for Call In  
(Details contained in the report)

## 1 Purpose of this Report

The purpose of this report is to:

- Approve the completion and entry into all necessary legal documentation in relation to the Design and Build contract for Priesthorpe Specialist Sports College;
- Authorise expenditure of £16,579,698 from the capital programme (inclusive of contingency provision referred to in paragraph 5.2 below) ; and

## 2. Background Information

Priesthorpe Specialist Sports College School forms part of Leeds BSF Wave 1 Phase 2 and is to be proceeded as design and build scheme.

## 2 Design Proposals / Scheme Description

Priesthorpe Specialist Sports College will be a conventional project involving new build and refurbishment of the existing school buildings. The school has a number of extensions and additions throughout its life. The BSF investment will be used to

transform the traditional areas of the school into modern learning spaces. The level of refurbishment within the buildings varies depending on the condition and suitability. This is likely to be a phased operation which will require temporary accommodation.

### **3 Consultations**

The Stakeholder Group provided a forum to represent the wider stakeholder interests associated with the Programme during the procurement process. The Head of Priesthorpe Specialist Sports College was actively involved with the City Council's Project Team, Education Leeds the LEP and E4L to ensure that the design of the project will meet their aspirations relating to design, functionality, and services.

The schools and the School's Governing Body has as part of the Communication and Consultation Strategy, been regularly consulted on the development of the Output Specifications and on design development.

The designs were prepared and developed with reference to relevant guidance (DCFS building bulletins, Commission for Architecture and the Built Environment (CABE), Sport England etc. in order to ensure that Priesthorpe Specialist Sports College will meet the transformational agenda inherent in the Building Schools for the Future Programme, improved performance and extended use.

A Full Planning Application was submitted in August 2008 and the City Council is confident that this will be approved prior to Financial Close. The Project Team, the LEP and E4L have worked closely with Planning Officers.

### **4 Implications for Council Policy and Governance**

This project has been procured through Wave 1 of the Council's Building Schools for the Future Programme (BSF) previously approved by Executive Board. The project has been developed under the BSF New Projects Procedure utilizing the approved governance framework for PFI/PPP projects.

### **5 Legal and Resource Implications**

#### **5.1 Programme**

The Strategic Partnering Agreement (SPA) signed by the parties at Financial Close on 3<sup>rd</sup> April 2007 provided, contractually, for the Leeds LEP to benefit from a measure of "exclusivity", subject to the terms set out in the SPA. These terms are encapsulated within the SPA in the New Projects Procedures. These Procedures require that the LEP's and E4L's proposals for Priesthorpe Specialist Sports College must proceed, successfully through two approval stages. The Final Business Case is expected to confirm that the proposals have successfully proceeded through these stages. At the point of reporting a small number of contractual issues remain to be finalised, but it is not anticipated that these will impact adversely on the programme below. The key project milestones for Priesthorpe Specialist Sports College are summarised in the table below.

<b>KEY MILESTONE</b>	<b>DATE</b>
Executive Board Approval of the Outline Business Case for Phases 2 and 3 of Wave 1	22 <sup>nd</sup> August 2007
Approval of the Outline Business Case for Phases 2 and 3 of Wave 1 by Partnerships for Schools	12 <sup>th</sup> February 2008
Successful progress of the Priesthorpe Specialist Sports College School proposal through Stage 1 of the New Projects Procedures	1 <sup>st</sup> October 2007
Successful progress of the Priesthorpe Specialist Sports College School proposal through Stage 2 of the New Projects Procedures	1st December 2008
Commercial and Financial Close	15 <sup>th</sup> December 2008
Contractor Mobilisation	23rd February 2009
Construction Complete	December 2010

The period between the progress through Stage 2 of the New Projects Procedure and Commercial and Financial Close, programmed for 15<sup>th</sup> December 2008, will be utilised by the City Council, the LEP and E4L to prepare contract documents.

## **5.2 Scheme Design Estimate**

Estimated costs for this scheme have been reviewed by external qualified quantity surveyors consultants based on an approved costing system, using previous schemes cost information and industry knowledge, to check that value for money is achieved.

The construction cost of the project is £14,993,596 plus £95,742 for authority works a total of £15,089,338. This report seeks approval to expend these amounts.

Members will recall from the October half yearly update report on the work of the PPPU that there are cost pressures on the Council's Wave 1 Phase 1 BSF schemes. In the light of these issues, the project team is recommending a contingency provision of £1.490m to address residual risks remaining with the authority. This provision will need to be funded within the overall Wave 1 BSF capital programme allocations. A further report on this programme identifying the impact of the cost pressures will be made to a future meeting of the Executive Board.

## **5.3 Commercial Position**

The contracting parties are in accordance with the SPA the Council contracting with a special purpose company on behalf of the LEP. The contract terms will be substantially based on those developed by Partnerships for Schools as agreed with the LEP in April 2007

## 5.4 Capital Funding and Cash Flow

Previous total Authority to Spend on this scheme	TOTAL £000's	2008/09	2009/10	2010/11
		£000's	£000's	£000's
LAND	0.0	0	0	0
CONSTRUCTION	15,090,000	0	9,959,000	5,131,000
DESIGN FEES	0.0	0	0	0
<b>TOTALS</b>	<b>15,090,000</b>	<b>0.0</b>	<b>9,959,000</b>	<b>5,131,000</b>
				Total <u>15,090,000</u>

Authority to Spend required for this Approval	TOTAL £000's	2008/09	2009/10	2010/11
		£000's	£000's	£000's
LAND	0.0	0	0	0
CONSTRUCTION	15,090,000	0	9,959,000	5,131,000
CONTINGENCY	1,490,000	0	1,490,000	0
<b>TOTALS</b>	<b>16,580,000</b>	<b>0.0</b>	<b>11,449,000</b>	<b>5,131,000</b>
				Total <u>16,580,000</u>

## 6 Revenue Effects

The majority of the Design and Build Costs are funded by DCSF through the governments BSF Programme.

## 7 Risk Assessments

Operational risks will be addressed by effective risk management procedures as outlined in the PPPU governance procedures.

The outline risks to the project are:

- Extensive construction activity in the Schools sector nationally and locally may impact on the LEP's ability to respond to the volume of work across the programme resulting in delays to the project.
- Stretch market capacity could force prices up project affordability and/or placing tension at sub contact level on quality
- Latent defect risk is not fully transferred to the contractor
- Construction costs could inflate well beyond the levels at which funding will have been fixed if the approved timescales are not met
- Failure to obtain and maintain school/stakeholder buy-in of a proposed design solution.

However the potential for some of these risks to arise are mitigated as a consequence of the current national and international economic climate.

## 8 Recommendations

The Executive Board is requested to:

- Approve the completion and entry into all necessary legal documentation in relation to the Design and Build contract for Priesthorpe Specialist Sports College; and
- Authorise expenditure of £16,579,338m from the capital programme.

## 9 Background Papers

- i. Executive Board Report 22 August 2007 Subject: Leeds Building Schools for the Future – Submission of the Outline Business Case for Phases 2 and 3
  
- ii. Executive Board Report 23 January 2008 - Subject: Leeds Building Schools for the Future – Submission of the Final Business Case and Execution of the Contract for the New School for West Leeds and Wortley