

Report of the Deputy Chief Executive, the Director of Children’s Services and the Director of City Development

Report to Executive Board

Date: 22 June 2016

Subject: Learning Places Programme - Capital Programme Update



Are specific electoral Wards affected? If relevant, name(s) of Ward(s): All wards	<input type="checkbox"/> Yes	<input checked="" 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? If relevant, Access to Information Procedure Rule number: 10.4 (3) Appendix number: Appendix E – Bulge schemes requiring ATS (exempt from publication)	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No

Summary of main issues

Executive Board in September 2014 considered and supported the adoption of a programme approach to the implementation of Learning Places projects, which forms part of the strategy for ensuring sufficient good quality learning places in Leeds. The Learning Places Programme represents the Council’s response to the demographic growth pressures on the school provision in the city. The rapidly increasing birth rate in Leeds has required the Council to approve over 1400 new reception places since 2009 in order to fulfil its statutory duty to ensure sufficiency of school places. The programme will continue as there are ongoing pressures on school places. This report provides an update on the scale of the future programme and key achievements to date.

For the academic year starting September 2016, a total of 3 Forms of Entry permanent and 14 Forms of Entry bulge/temporary (some of this will become permanent) has been successfully secured to meet the level of demand from preferences received for this year, which means that every child in Leeds has a sustainable, good learning place. Bulge cohorts are a one off increase to the published admission number (PAN) which will take seven years to go through the school and the PAN usually reverts back to its original number the following year. The bulge is normally brought about from an increase in demand within an area, usually following on from a spike in the birth rate in a particular year. Temporary is where a planned expansion is being delivered at a school, but additional places are needed in a particular year in advance of when the expansion is planned for.

Although the birth rate appears to be levelling out at around 10,000 per year, up to 20 Forms of Entry permanent provision is projected to be required to meet demand for 2017 onwards. Currently there is 9.5 Forms of Entry at consultation stage or awaiting final approval, which if approved would be delivered for either September 2017 or 2018. A further 1 Form of Entry has already been approved for delivery by September 2017. In addition to this there are a number of areas totalling 8 Forms of Entry, where we are liaising closely with free school groups and the Education Funding Agency, to ensure additional places are created either through the local authority or the DfE's free school programme.

In addition to the reception places required which have resulted from the increasing birth rate, as the Council continues with its journey towards achieving its vision for Leeds to be a compassionate, caring city that helps all its residents benefit from the effects of the city's economic growth, the city continues to attract new arrivals which has led to a rise in the number of pupils requiring school places across all key stages during the school year, placing significant pressure on both school and council resources.

Pressure on places will also generate a number of large scale projects to expand secondary and specialist provision; discussions are already underway with secondary schools to secure additional places. For September 2017, an additional 50 places are approved at Roundhay School, and a consultation is progressing to create a further 60 places at the Cooperative Academy Leeds. Further places will be created, where schools are able to increase their PAN (Published Admission Number) with some minor remodelling. As with primary provision, we are liaising with Free School groups and the Education Funding Agency to ensure additional secondary places are planned strategically.

Funding provided by central government to provide additional pupil places is known to be insufficient to meet current scheme cost estimates. The funding model assumes that abnormal costs and site costs will be met by local authorities. The projects in development are becoming more complex, which increases the 'abnormal' cost estimates. These pressures include the cost of land acquisition for expansion purposes or additional sites to locate new schools, and the possible loss of capital receipts to the Council. Latest discussions for increasing school places, particularly within the secondary sector, have more examples of these pressures included within them.

As the construction industry continues to revive, sharp increases in tender prices have and are likely to continue to occur. As a consequence, Executive Board is asked to note the current Council estimate of the funding gap is £67.5m; this calculation is primarily based on Education Funding Agency funding rates, which is known to be insufficient to meet current scheme cost estimates. Elected Members should note that this does not include the cost for additional nursery and sixth form places where required, nor any accommodation required to address in-year pupil transfers, and there are increasing pressures on the accommodation providing specialist provision. The need for additional places in these areas is likely to significantly increase this funding gap.

Since the last update to Executive Board in October 2015 the programme delivery team led by officers from the Projects, Programmes and Procurement Unit and assisted by colleagues in Children's Services and City Development have successfully delivered a further £14.33m of investment into six schemes. A further eight schemes totalling an investment of £24.99m are on programme to deliver in 2016.

The Learning Places Programme is currently made up of 11 active schemes. Work continues to be undertaken in other areas of the city identifying possible solutions to satisfy the need for further places and further detail on this is set out in section 3. Of the active schemes, 8 have authority to spend from Executive Board (or under delegation for smaller schemes) with a total value of £24.99m.

Up to 22 bulge or temporary schemes will be delivered ready for September 2016 cohorts, consisting of temporary modular accommodation, internal remodelling and minor extension to existing buildings. Executive Board is asked to give authority to spend on a number of schemes within the 2016 Bulge Cohort Programme, totalling £3,410,000.

In the current reporting period there has been two further request to access the programme capital risk fund for Castleton Primary School and Roundhay Secondary School totalling £1,278,944 leaving a balance of £4,356,056

Recently, there have been a number of issues with regards problems on site and defects. Therefore, a number of processes have now been put in place to ensure such issues are dealt with in a timely manner and there is one point of contact for each school project.

Recent data shows that Children's Services Projects from 2014 onwards, called off through YORbuild, have supported 53 new and existing apprentices and 38 people into employment. These figures relate to employees of both main contractors and their supply chains.

Recommendations

Executive Board is requested to approve:

- Authority to spend on the schemes identified within the 2016 Bulge Cohort Programme which have an individual cost in excess of £500k, at a total value up to £3,410,000, as detailed in the Table in Appendix E
- The delegation of the approval of design and cost reports for the bulge cohort schemes which exceed £500k to the Director of Children's Services, and that these approvals shall be subject to the agreement of the Director of City Development and the Deputy Chief Executive in consultation with the appropriate Executive Members in line with the September 2014 Executive Board approval for the Learning Places Programme, as detailed in the Table in Appendix E
- That the recommendations within this report be exempted from the Call In process, for the reasons detailed within paragraph 4.5.3 above

Executive Board is requested to note:

- The projected funding deficit which currently stands at £67.5m based on Education Funding Agency rates. Members should note that this is likely to increase due to a number of factors set out in 4.4.5.

- That in the current reporting period there has been two requests to access the programme capital risk fund for Castleton Primary School and Roundhay Secondary School totalling £1,278,944 leaving a balance of £4,356,056, which was approved in accordance with the Executive Board governance arrangements.

1 Purpose of the Report

- 1.1 To update Executive Board on the three year strategy for providing sufficient school places in the city, an update on progress of the projects currently forming part of the Learning Places Programme, and to seek approval for authority to spend for schemes within the 2016 Bulge Cohort Programme, which is a sub-programme of the Learning Places Programme, with delegation of the approval of design and cost reports for the schemes to the Director of Children's Services.

2 Background information

- 2.1 The demand for additional school places has been increasing across the city as birth rates started to rise in 2000/2001. The Council has so far successfully delivered over 1400 reception places. The Cross-Party Steering Group, chaired by the Executive Member for Children's Services and endorsed by Executive Board in July 2013, continues to assist the programme with Members from across the Council taking a proactive role. The group is supported by senior officers in considering strategic issues for the programme.
- 2.2 The Council retains a statutory responsibility to ensure that there are sufficient school places in the city, but in an environment of very limited direct control. Foundation Schools, Academies (including Free Schools) and Voluntary Aided Schools all have increased powers to make changes to their capacities. This means that the Council must work in partnership with schools and with sponsors of schools to meet its legal responsibility on school places. The local authority's role is as a commissioner of places and it will seek to ensure good quality school places are provided to meet local demand. However the local authority is the provider of last resort and is currently only able to open a community school if no other provider wishes to do so.
- 2.3 Children's Services is responsible for ensuring that capacity and sufficiency planning leads to proposals for good quality local learning places. Children's Services leads the management and delivery of consultations with schools and the local community, the subsequent development of the scope and viability of school expansions, the formal statutory approvals process to enable schools to expand and is responsible for delivery of the annual Bulge Cohort projects. Clear responsibility and accountability protocols have been established to support the client role and transparency. Following organisational changes approved by Executive Board in September 2014, the Projects, Programmes & Procurement Unit (PPPU) is responsible for the delivery of permanent Learning Places projects once the viability and scope has been agreed between the Schools and Children's Services.

3 Main issues

3.1 Forward plan of need

- 3.1.1 All children and young people should be able to achieve well at school, from the earliest years through primary, secondary and specialist education, no matter what their background. The goal of the education system in Leeds is to enable all young people to have the best opportunities and to gain the right qualifications for rewarding employment and independence as they become young adults. Securing good quality learning places in every community is essential for every young person to have the best start in life.
- 3.1.2 Leeds City Council has a statutory duty to ensure the provision of good quality learning places and to secure an appropriate balance locally between education supply, demand, choice and diversity. It is the role of the City Council to plan, organise and commission learning places in Leeds in a way that raises educational standards, manages fluctuations in pupil numbers and creates a diverse community of good schools. The Authority seeks to exercise this function in partnership with children and families, elected members, diocesan education boards, governing bodies of schools, head teachers, local communities and other key stakeholders.
- 3.1.3 Planning for changes in demand for education places is an important function which can only be fulfilled locally, at a level above the individual schools. Estimating school places is a complex process and rapid shifts in demographic changes, economic conditions, patterns of migration, parental preference patterns, and house building create uncertainties that require robust methodologies and responsive implementation. It is imperative that the best information on housing, access to services, economic development and regeneration are brought together, alongside data held by other agencies, to inform the future needs for school places. Planning for learning needs to take into account the requirement to provide a learning offer across a wide age spectrum, from eligible 2 year olds right up to 18 year olds.
- 3.1.4 For Early Years provision, the latest DfE figure of eligible 2 year old places needed in Leeds is 4250 new places. The expectation is that around 80% of families will want to take up a place, and a target was set of 3,400 places opened and filled by January 2016. Unfortunately, we have fallen short of this target and current take up is 2890 eligible children in place which equates to 68%, a drop from 74% in the autumn term. It is important to note that spring term is traditionally one of the worst terms for take up nationally. It is anticipated that by the end of summer term 2016, the numbers will be much higher and closer to the minimum 80% take up figure. Significant improvements have been made to performance management reporting which has made it easier to more accurately determine which areas and communities need further provision and additional support to promote take up.
- 3.1.5 Free early education places, for 3 and 4 year olds, can be accessed in a variety of settings across the city. These include school nurseries, private nurseries, pre-school groups and child-minders. The take up of places as at summer 2014 was 15,363 with 97% of eligible children accessing provision. By summer 2015 this

had increased to 16,139 with 101% of children accessing free early education. This is due to children from out of the area attending settings in Leeds

Primary

- 3.1.6 For the academic year starting September 2016, a total of 3 Forms of Entry (FE) permanent and 14FE bulge/temporary (some of this will become permanent) has been secured to meet the level of demand from preferences received for this year. A table detailing the where the additional places for September 2016 have been agreed for each planning area is attached at Appendix A.
- 3.1.7 Although the birth rate appears to be levelling out at around 10,000 per year, up to 20FE of permanent provision is projected to be required to meet demand for 2017 onwards. Currently there is 9.5FE at consultation stage or awaiting final approval, which if approved would be delivered for either September 2017 or 2018. A further 1FE has already been approved for delivery by September 2017.
- 3.1.8 It is unlikely that all of the 20FE additional capacity will be delivered within the existing school estate due to site constraints in terms of size or topography, therefore discussions are taking place cross-council in order to identify existing Council owned sites which may be suitable for use for the development of school accommodation. Where sites are identified adjacent to existing schools, this could facilitate the expansion of existing schools, or where non-adjacent sites are identified, the development of a 'through school' model in conjunction with existing schools or the formation of new schools through the Academy and Free School presumption process. Two wave-10 free school applications were recently successful, potentially providing up to 4FE of primary capacity across the Roundhay and Harehills areas. In addition to these discussions are continuing with the Education Funding Agency (EFA) and other free school groups, where a further 4FE capacity could be created across the city.

Secondary provision

- 3.1.9 Projections have previously indicated that 4 new schools are required before 2019 in the following areas: Inner East, Inner North East, Outer South and Outer North West. We are currently looking at potential expansions of existing schools/academies in the area, which could potentially deliver an additional 2FE within the Inner East. An additional 50 places have been created at Roundhay in the Inner North East. The whole East will be impacted by the East Leeds Extension and initially by the 2000 houses that form part of the Northern Quadrant, where the need for 2 additional schools has been identified based on projections in these areas by 2020. Evaluation of potential sites is being undertaken to meet this need.
- 3.1.10 The Outer North West and Outer South areas are projecting the need for 5 schools between them by 2022, with 2 of this 5 being by 2019. The table in the Appendix A represents that need. Changes to 6th form may release some space within schools to allow for expansion and this will need to be investigated alongside current/best use of space.

- 3.1.11 Some of the changes that have occurred this year such as increases at Morley Academy, Rodillian, Allerton High and Ruth Gorse will change projections within the areas where these schools are located and although demand for places in these areas is starting to increase, these changes have been implemented by the schools themselves without financial assistance from the Council. As more free schools are established across the city, including The Temple Learning Academy free school, due to open secondary provision in 2017, creating 120 places per year will help ease the projected secondary demand.

Post 16

- 3.1.12 Discussions are continuing to progress with Secondary Schools regarding their Post 16 provision. Following the launch of a Discussion Document with Heads, Chairs of Governors and Elected Members in the Summer of 2014, many schools are now considering their Post 16 provision which could create capacity in Secondary provision for 11-16 year old learning places.
- 3.1.13 The opening of the Elliott Hudson 6th Form College in Sept 2015 has created capacity at The Morley Academy, The Farnley Academy, Bruntcliffe High School and Swallow Hill Community College who have all closed their 6th form provision within their schools, allowing potential use of that space for additional 11 – 16 year olds.

In-Year Transfers

- 3.1.14 Whilst Leeds has seen its school population growing significantly due to the increasing birth rate, as the Council continues with its journey towards achieving its vision for Leeds to be a compassionate, caring city that helps all its residents benefit from the effects of the city's economic growth, the city continues to attract new arrivals which has led to a rise in the number of pupils requiring school places during the school year.
- 3.1.15 Over the period from September 2015 to March 2016, there were 2914 in-year applications for places across all four Key Stages, which was an increase of 444 in comparison to the same period in the 2014/15 academic year. This increase of in-year applications has also led to an increase in the number of 'shortages', which is where there are no school places available within a reasonable walking distance.
- 3.1.16 This places significant pressure on both school and council resources to provide additional places over and above those being planned for reception aged children, which can also have an impact on the accommodation requirements for both the temporary bulge cohorts and permanent expansions, potentially leading to additional classroom and ancillary facilities having to be provided over and above that being required for the planned places.

SEN

- 3.1.17 Demand for specialist provision has risen more steeply than the increase in the overall birth rate would suggest. There is an increasing trend for children and young people with higher levels of need; data from January School Census and

Leeds Funding for Inclusion shows a 16% increase in children from N1 to Year 14 classified as Statement or School Action Plus. There has been a particularly sharp rise in under-fives with higher levels of need; children from N1 to reception show an increase of 84% over the period of 2001 to 2014 from 626 children to 1153.

- 3.1.18 Across primary and secondary schools a projected 9% increase is expected between now and 2019. Complexity is also rising; increasing numbers are accessing Funding for Inclusion (FFI) for multiple needs: 386 in 2012 compared to 252 in 2009, a 53% rise.
- 3.1.19 Demand for specialist school places has also risen; to meet future need and respond to increasing demand for generic specialist places, there will be increased capacity in areas of increased demand. In April 2013 the Complex needs service was successful in their bid to the DFE to fund the cost of this expansion of provision. The North East SILC (Woodhouse Site) will increase by 50 places for the academic year 2015-2016 and full capacity of 150 places will be reached by the academic year 2017-18. The South SILC will increase by 25 places for the academic year 2015-2016 and full capacity of 50 will be reached in the next academic year. The Capacity Planning and Sufficiency Team are exploring ways to increase the availability of resourced provision in mainstream schools.
- 3.1.20 The BESD Specialist Inclusive Learning Centre SILC (at Elmete Wood) was placed into 'special measures' by Ofsted. By considering their structural future, at the same time as consulting on improvements to the wider continuum of provision to meet Social Emotional and Mental Health (SEMH) needs, there is an exciting opportunity to establish a coherent whole offer of provision to meet a complex and diverse range of needs and improve outcomes for these most vulnerable children and young people.
- 3.1.21 In December 2015, Executive Board granted permission to consult on the proposal to further develop provision for children with SEMH across the city and take steps to move the governance (cease to provide) of some existing providers to become part of an outstanding local academy. This will establish additional SEMH provision on sites in the east and in the south of the city as part of the conversion process with an outstanding preferred sponsor, Wellspring, and the new facilities will become operational from January 2018 on a phased basis. In the interim, new temporary satellite sites are being developed to enable Wellspring to take over the operation of the SEMH provision and build up numbers, ready for occupation of the new facilities.

3.2 **Strategy of Delivery**

- 3.2.1 As highlighted previously, it is unlikely that all of the additional primary capacity will be delivered within the existing school estate, and there is also a need for additional sites to be identified for the new secondary provision that is being projected. A 'School Review Group' has been established, the purpose of which is to develop a strategic plan for primary and secondary school sites on a city wide basis. Whilst recognising the Council's statutory responsibility to ensure that there are sufficient school places, the group provides a Council-wide check and challenge of the demographic assumptions and land requirements, and considers them against other corporate priorities. .

- 3.2.2 In areas where expansion of existing schools cannot be achieved and/or where the demand for school places exceeds supply, the group will identify and review Council owned sites which may provide a suitable location for a new school, or where land is owned adjacent to existing school sites, provide opportunities for further expansion. Consideration will be given in regard to the opportunity cost of utilising existing council-owned sites which have been identified within the capital programme for disposal, where a capital receipt would have been realised. Under such circumstances, a report would be submitted to Asset Management Board requesting that the site is reserved for potential future school use.
- 3.2.3 Under circumstances where there are no council-owned sites available in an area of demand, the group will consider other land options available, such as buildings and sites in private ownership which may be available for sale. Where such buildings and sites are identified, reports will be submitted to both Asset Management Board and Strategic Investment Board for consideration.
- 3.2.4 To deliver such a high profile and challenging programme of work to the timescales required by colleagues in Children's Services, will necessitate development of an effective partnership approach with contractors utilising a pre-existing framework arrangements. It should be noted that the default procurement strategy for the Learning Places programme is the YORBuild2 framework unless exclusivity provisions apply, e.g. the Leeds Education Partnership who have exclusive right to works over £100k on the secondary estate, although other routes will also be considered as part of a risk-based approach. YORbuild2 has recently been procured and has provided a greater tender capacity.
- 3.2.5 Recently, there have been a number of issues with regards problems on site and defects. A number of revised processes and procedures have now been put in place to ensure such issues are dealt with in a timely manner and there is one point of contact for each school project.

3.3 **Current programme**

- 3.3.1 Since the last update to Executive Board in October 2015 the programme delivery team led by officers from PPU and assisted by colleagues in Children's Services and City Development have successfully delivered a further £14.33m of investment into six schemes (Appendix B, Table 1). Eight schemes totalling an investment of £24.99m are on programme to deliver in 2016 (Appendix B, Tables 3A and 3B). Three schemes totalling an investment of £17.80m are on programme to deliver in 2017 (Appendix B, Table 3C).
- 3.3.2 The Learning Places Programme is currently made up of eleven active schemes. Work continues to be undertaken in other areas of the city identifying possible solutions to satisfy the need for further places and further detail on this is set out in section 3. Of the active schemes, eight have authority to spend from Executive Board (or under delegation for smaller schemes) with a total value of £24.99m. Detailed Design and Cost reports for remaining active schemes will be submitted to the Director of Children's Services following detailed design and submission of tender prices

3.3.3 Up to 22 bulge or temporary schemes will be delivered ready for September 2016 cohorts, consisting of temporary modular accommodation, internal remodelling and minor extension to existing buildings (Appendix C and Section 3.4 provides further detail).

3.3.4 Recent data shows that Children's Services Projects in 2014 onwards and called off through YORbuild have supported 53 new and existing apprentices and 38 people into employment. These figures relate to employees of both main contractors and their supply chains.

3.4 **Bulge Cohort Programme 2016**

3.4.1 A Bulge cohort is a one off increase to a school's published admission number (PAN) which will take seven years to go through the school, commencing from Reception through to Year-6, and the PAN usually reverts back to its original number the following year. The bulge is normally brought about from an increase in demand within an area, usually following on from a spike in the birth rate in a particular year. Temporary places are provided where a planned expansion is being delivered at a school, but additional places are needed in a particular year in advance of when the expansion is planned for.

3.4.2 Children's Services commenced with planning the required places for September 2016 at the start of the 2015/16 academic year. This resulted in a city wide engagement with particular focus on schools in areas of projected need. Following the return of parental preferencing data and its subsequent analysis (concluded in April 2016), 20 schools were confirmed as requiring works to support a bulge cohort, with one further school requiring phase-2 works to support a bulge cohort from 2015.

3.4.3 This juncture is the point at which projected data is defined as essential projects that require delivering for September 2016. This results in a number of schemes ceasing development due to lack of demand and new schools being added to the programme to reflect the actual preferencing data. Engagement with the new schools is required to rapidly develop the required solutions to meet the accommodation requirements.

3.4.4 The 'bulge' accommodation requirement for 2016 has become far more complex than in previous years due to a combination of the following factors;

- Protracted engagement with schools seeking agreement of the accommodation requirement, often requesting additional improvements to areas of the school beyond immediate classroom provision such as additional hard play space, toilets, storage and office/staff accommodation, which could increase individual project costs by up to 20% in certain circumstances, although this is not the norm. This is particularly the case whereby a school has taken a previous bulge cohort, which has led to a shortage of ancillary facilities when taking a further bulge in September.
- Significant reduction of accessible sites to undertake the projects due to this programme being the third year of 'bulge' works, which leads to additional 'abnormal costs' such as the need to construct temporary access roads to

enable delivery of modular units, deeper excavations for foundations and construction of retaining walls.

- Schools having taken in-year transfers and bulge cohorts, which leads to additional classroom and ancillary accommodation being required in addition to that being provided for the upcoming Reception bulge cohort.
- Seeking flexible approved procurement routes to deliver the required works that will support the limited resource of LBS. This was made all the more difficult this year due to a national framework for modular accommodation (accessed in previous years via Crown Commercial Service) expiring last September, limiting the options available to us.
- It should also be noted the above factors, and the upturn in the construction industry, has resulted in a significant uplift in project costs.

3.4.5 Projects will be delivered utilising a variety of procurement routes including traditional remodelling and minor extensions being delivered by a combination of the Internal Service Provider, Leeds Building Services, and our Joint Venture Partner, NPS Leeds Limited, with standard modular accommodation being provided through the YORbuild2 framework and bespoke/non-standard modular solutions being delivered via the Leeds Local Education Partner (LLEP).

3.4.6 To meet the accommodation requirement for previous 'bulge' years, the financial approvals were sought on an individual scheme basis as tender returns were submitted. Due to the contractual challenges in mobilising the appropriate contractors, as highlighted above, and the sheer number of schemes requiring design and development (once the appropriate contractors are in place and the outcome of parental preferencing was known in April), it has not been possible for final costs to have been submitted for all schemes in advance of seeking authority to spend. The latest cost estimates provided for the schemes suggest that there are a number of schemes that will exceed £500k, and therefore Executive Board approval will be required.

3.4.7 However, due to the constricted nature of the programme for delivery by September 2016, orders will need to be placed by the end of June, which means that authority to spend needs to be in place by then. Whilst final costs for all schemes are due to be submitted by early June, the Executive Board meeting cycle would require approval to be sought for authority to spend against final costs at the July meeting, which is too late for this time critical programme, where orders will need to be placed by the end of June to enable commencement on school sites at the start of the school summer holiday period,

3.4.8 In view of this, it is proposed that authority to spend is sought for the schemes estimated to cost in excess of £500k based on latest costs estimates which include a level of risk contingency, with individual design and cost reports for the schemes being delegated to the Director of Children's Services in the same way that permanent schemes are approved across the Learning Places Programme, following the September 2014 Executive Board approval. These approvals shall be subject to the agreement of the Director of City Development and the Deputy Chief Executive in consultation with the appropriate Executive Member and will be

based on the final submitted tender costs. Where final submitted tender costs result in contract costs lower than those anticipated in the ATS, the ATS will be reduced in line with the tender exercise in accordance with Financial Regulations.

3.4.9 Authority to spend of £3,410,000 is therefore sought, as set out in the table within Appendix E, which will enable the schemes to remain on programme for delivery by September 2016. Other bulge schemes below £500k are not included in this report, and will be subject to individual DDN approvals and normal governance requirements.

3.5 Applications to the Programme Capital Risk Fund

3.5.1 In the September 2014 Basic Need Programme report, Executive Board approved the establishment of a Capital Risk Fund. Approval was given to allow the Director of Children’s Services delegated authority to manage decisions on the allocation of money from the fund in to individual schemes budgets. Decisions by the Director of Children’s Services to access the fund must be made with the prior approval of the Director of City Development and the Deputy Chief Executive and be in consultation with the appropriate Executive Members.

3.5.2 This approval process provides a mechanism which will enable timely and proportionate responses to variations which are required to individual project budgets pre and post DCR as well as providing an effective mechanism to manage financial risks at a programme level. The Capital Risk Fund Budget was originally set at £10m or 10% of the total programme value.

3.5.3 In the October 2015 Executive Board Report - Basic Need Programme - Capital Programme Update, Executive Board approval was given to:

- Reset the balance of the programme risk fund is £5.635m, to facilitate effective risk management at programme level; and
- Return any savings made on applications to the programme risk fund to the risk fund to support continued management of programme risks.

3.5.4 In the current reporting period since the October 2015 Executive Board Report there have been two further requests to access the risk fund for Castleton Primary School (£528,944) and Roundhay Secondary School (£750,000) totalling £1,278,944 leaving a balance of £4,356,056, which was approved in accordance with the Executive Board governance arrangements.

Scheme	Approved Scheme Budget (£)	Risk Fund application value (£)
Exec Board 21/10/15 approved re-set of the Risk Fund		5,635,000
Castleton Primary School	5,000,000	-528,944
Roundhay Secondary School	11,400,000	-750,000
Total Risk Fund Remaining		4,356,056

3.5.5 The application to the Programme Capital Risk Fund for Castleton Primary School was necessary because:

- The construction industry is now buoyant and recovering from recession and therefore building inflation is higher than expected, which is being reflected in tender submissions.
- The detailed design process has uncovered unknown risks to the project which is resulting in additional project costs. These include difficult ground conditions resulting in deeper foundation requirements and more excavation material that requires disposal.
- Due to delayed scheme commencement as a result of extensive value engineering being carried out, additional temporary accommodation is now required to assist with the phasing and reorganisation of the school. This was not included in the original scheme design.
- The construction programme at 66 weeks is much longer than initially thought due to the complicated phasing required and therefore additional preliminaries costs.

3.5.6 The application to the Programme Capital Risk Fund for Roundhay Secondary School was necessary because:

- The construction industry is now buoyant and recovering from recession and therefore building inflation is higher than expected, which is being reflected in tender submissions. RIBA Stage 4 is the period when market testing was undertaken and therefore “real” costs were determined.
- Significant adverse ground conditions identified in relation to the footprint of the new teaching block; there are notably significant existing foundations compounded by the presence of asbestos in the ground, as a legacy from the former Roundhay girl’s school, which are present underneath approximately 80% of the new building.
- Subsequently, the resulting ground conditions has necessitated the foundations and structural frame for the new building to be substantially redesigned; reinforced and increased adding costs in terms of design fees , materials , and programme duration.
- Significant additional attenuation capacity is required on site to cater for the drainage requirements of the STP, and to satisfy Yorkshire Waters storm attenuation requirements. Alternative solutions for attenuation are currently being investigated in order to try to make savings in this area of the design.
- Specific planning requirements pertaining to tree protection, and the Synthetic Turf Pitch. However following recent consultation with Sport England a saving of approximately £30k has been made from the omission of floodlighting.
- Substantial amelioration of IT provision to provide robust facilities for the additional pupils. Work is on-going at the school to trial new products over the

summer break, which if successful will result in a saving be made from the loose furniture and equipment budget.

- Complexities around the land surrender and substantial legal processes resulted in fees increasing from the original allocation for this work package.

4 Corporate Considerations

4.1 Consultation and Engagement

4.1.1 The programme includes a comprehensive approach to consultation with programme and project stakeholder engagement plans in place. Consultation is managed in accordance with relevant legislation and good practice.

4.2 Equality and Diversity / Cohesion and Integration

4.2.1 Each Learning Places project is assessed on an individual basis, with EDCI screening accompanying the Design and Cost Report. Each project is designed to comply with building regulations including adherence to the building regulations associated with the Disability Discrimination Act. A completed Equality, Diversity, Cohesion and Integration Screening (EDCI) form for this report is attached at Appendix D.

4.3 Council Policies and the Best Council Plan

4.3.1 The recommendations are being brought forward to meet the Council's statutory duty to ensure there are sufficient school places for all children living in Leeds. Providing places local to where children live improves accessibility, reduces the journey to school and reduces the risk of non-attendance.

4.3.2 This contributes to the 2016/17 Best Council Plan outcomes for everyone in Leeds to 'Do well at all levels of learning and have the skills they need for life'; 'Be safe and feel safe' and 'Enjoy happy, healthy, active lives'. It also supports the vision in the supporting Children and Young People's Plan 2015-19 to build a child-friendly city with a focus on ensuring all children and young people are safe from harm; do well at all levels of learning and have the skills for life; enjoy healthy lifestyles; have fun growing up; are active citizens who feel they have a voice and influence. The programme seeks to deliver a supply of good quality accessible local school places which can contribute to these outcomes.

4.3.3 When consulting on the schemes to progress as part of this programme, the consultation process is in line with the Best Council value 'working with communities' in ensuring that 100% of major decisions are supported by community engagement, consultation and due regard for equality.

4.4 Resources and value for money

Current position and funding allocations and funding gap

4.4.1 Funding for new school places is provided by central government in the form of an annual basic need capital grant allocation and this has previously been supplemented with bid rounds for targeted funding. The funding provided to local

authorities is rationed by central government based on the projections of places required nationally and locally. Some funding adjustments are made to the allocations to fund the national Academy and Free School programmes.

4.4.2 Allocations for Leeds are shown in the following table.

	2014-15	2015-16	2016-17	2017-18	2018-19	Total 2014-19
Annual basic allocation	18,480,325	19,430,969	20,402,517	33,141,952	20,994,359	112,450,122

4.4.3 The most recent Basic Need grant announcement was issued on 17th March 2016, which confirmed the grant allocations for 2018/19. The allocation for Leeds will be £20,994,359, which amounts to £12,320 per primary place (same as 2017/18) and an increase to £15,995 per secondary place. The net effect of this is that the 18/19 grant announcement amount is higher than the estimate provision for this in the capital programme, thereby having a positive impact on the funding gap, but this will be offset by additional costs resulting from the increase in the cost per Secondary school place.

4.4.4 Additional funding has also been provided through s106 Education Contributions, which are paid to the Authority by developers in order to fulfil respective planning obligations relating to housing developments. The contributions are generally allocated to be used mainly for school expansions, the need for which arise from the increased pupil numbers likely to be experienced at schools as a result of nearby housing developments. Whilst this provides additional funding towards some of our expansion projects and therefore reduces the level of Basic Need funding required, it should be noted that as part of the School Capacity Survey that LA's are required to submit to the DfE each year, there is now a requirement to identify s106 contributions, and it is assumed that the DfE will be taking these contributions into account when calculating future Basic Need Allocations. It should also be noted that s106 contributions have now been replaced by the Community Infrastructure Levy.

4.4.5 The 2016 Bulge Cohort Programme scheme costs will be funded from the Basic Need grant.

4.4.6 Based on projects delivered between 2010/11 and 2013/14, the latest Department for Education scorecard showed that Leeds is one of the best performing local authorities for the value for money on Learning Places schemes delivered. An update to the scorecard to include schemes delivered 2014/15 is expected in July 2016. It should be noted that projects are becoming more and more complex, which increases the 'abnormal' costs (e.g. building on poor, contaminated or sloping ground, sites with poor access for contractor's leading to high set up costs, small uneconomical extensions and / or refurbishments, the requirement for temporary accommodation, etc.), reduces the opportunity to utilise standardised designs and makes the projects less attractive to the contractors, which results in higher 'risk pricing'. Contractors are becoming more selective around the

schemes they tender for leading to either low tender return rates, or inflated prices.

- 4.4.7 The Council continues to monitor the overall deficit in funding which will arise from the need for new school places. This takes into account the latest demographic projections for primary and secondary places, the existing capacity in schools and projected funding assumptions up to 2018-19. The current Council estimate of the funding gap is £67.5m; however, this calculation is primarily based on EFA funding rates, which is known to be insufficient to meet current scheme cost estimates. Elected Members should note that this does not include the cost for additional nursery and sixth form places where required, and there are increasing pressures on the accommodation providing specialist provision. The need for additional places in these areas is likely to significantly increase this funding gap.
- 4.4.8 The discrepancy between funding provided by government and the cost of new places is most noticeable where new schools or large expansions have to be delivered. This appears to be because the DfE assumes that abnormal costs and site costs will be met by local authorities and these costs are not generally assumed to be covered by these funding allocations. These pressures include the cost of land acquisition for expansion purposes or additional sites to locate new schools, and the possible loss of capital receipts to the Council. Latest discussions for increasing school places, particularly within the secondary sector, have more examples of these pressures included within them.
- 4.4.9 There has been a general increase in construction costs, heightened by the increase in demand for construction related services as a result of the improving economy. Construction firms with strong order books are being selective about the schemes for which they bid and are including risk premiums in the prices they quote. It is expected therefore that tender prices will continue to rise for the foreseeable future potentially resulting in further applications to the programme capital risk fund.

4.5 Legal Implications, Access to Information and Call In

- 4.5.1 There are no direct legal implications arising from the recommendations in this report.
- 4.5.2 The processes for school expansions which have been followed are in accordance with the Education and Inspections Act 2006 and the School Organisation (Prescribed Alterations to Maintained Schools) (England) Regulations 2013.
- 4.5.3 Decisions taken by Executive Board are eligible for Call In, however due to the constricted programme required to enable delivery of Bulge Cohort schemes by September 2016 and the limited opportunity to seek authority to spend between the date when pupil preferencing data is available (April 2016) and when orders need to be placed (mid to end of June 2016), a request has been made to exempt this report from Call-in. The latest budget estimates have only just been received and costs are higher than anticipated on some of the projects, which has meant that they now fall within the remit of Executive Board rather than general departmental delegation limits, and some orders will need to be placed as soon as

the authority to spend is granted at the Executive Board meeting in order to maintain programme. If the decision is not implemented before the end of the call-in period on 1st July, there is a significant risk that some projects will not be completed in time for the start of term, with the subsequent risk of disruption to the education of a number of children starting school this year. Timescales are all the more important this year due to the summer holiday period being less than six weeks.

4.5.4 Delegated decisions made by officers are subject to the usual constitutional rules on decisions. Decisions are subject to call in at their design and cost stage and where funding from the Learning Places programme capital risk fund is proposed in excess of £250,000 they will be key decisions subject to call in.

4.5.5 Appendix E of this report has been marked as 'Exempt from Publication' under Access to Information Procedure Rules 10.4 (3) on the basis that if it contains information relating to the financial or business affairs of any particular person (including the authority holding that information) which, if disclosed to the public could or would be likely to prejudice the commercial interests of that person or of the Council. On the basis that the information provided details pre-tender estimates, there is a risk that disclosing the information could prejudice the outcome of the tenders when submitted.

4.6 **Risk Management**

4.6.1 There are a range of risks on projects which are managed by the programme approach to the governance and funding of the schemes. Projects to deliver new places routinely carry a range of risks from their inception and the Council continues to review its approach to ensure risks are effectively managed.

4.6.2 Risks arise because project delivery timescales are limited, school sites are constrained, land in the right locations is limited, funding is limited, disruption to the school must be minimised and new school places must be available from the respective Autumn term (September) to meet the statutory duty. A cross-Council approach to dealing with site issues is in place to deliver solutions when risks materialise.

5 **Conclusions**

5.1 The Council has responsibility for delivering new school places where needed. The Children's Services Learning Places programme delivers on key strategic outcomes for the city and must continue its success against the background of Council budget saving targets, the pace and scale of the Learning Places programme and the complex risks on projects including a rising economy.

6 **Recommendations**

6.1 Executive Board is requested to approve:

- Authority to spend on the schemes identified within the 2016 Bulge Cohort Programme which have an individual cost in excess of £500k, at a total value up to £3,410,000, as detailed in the Table in Appendix E

- The delegation of the approval of design and cost reports for the bulge cohort schemes which exceed £500k to the Director of Children’s Services, and that these approvals shall be subject to the agreement of the Director of City Development and the Deputy Chief Executive in consultation with the appropriate Executive Members in line with the September 2014 Executive Board approval for the Learning Places Programme, as detailed in the Table in Appendix E
- That the recommendations within this report be exempted from the Call In process, for the reasons detailed within paragraph 4.5.3 above

6.2 Executive Board is requested to note:

- The projected funding deficit which currently stands at £67.5m based on Education Funding Agency rates. Members should note that this is likely to increase due to a number of factors set out in 4.4.5.
- That in the current reporting period there has been two further requests to access the programme capital risk fund for Castleton Primary School and Roundhay Secondary School totalling £1,278,944 leaving a balance of £4,356,056, which was approved in accordance with the Executive Board governance arrangements

7 Background documents¹

7.1 None

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.