

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

Report to Executive Board

Date: 14 December 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 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 rapidly increasing birth rate in Leeds has required the Council to approve over 1500 new reception places since 2009 in order to fulfil its statutory duty to ensure sufficiency of school places. This report provides an update on the scale of the future programme and key achievements to date.
2. For the academic year starting September 2016, a total of 3 Forms of Entry (FE) permanent and 14FE bulge/temporary have been secured to meet the level of demand from preferences received for this year, which means that every primary age child in Leeds has a sustainable, good learning place.
3. Although the birth rate appears to be levelling out at around 10,000 per year, around 14.5FE of permanent provision, in addition to 6FE of Free School provision already approved by the EFA, is projected to be required to meet primary demand for 2017 onwards. The city also 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. The two wave-10 free school applications that received approval to open in September 2017 potentially provide up to 4FE of primary capacity across the Roundhay and Harehills areas. However, until these new provisions receive a funding agreement, the Council must plan for alternative places to be available.
4. Projections also indicate that a number of new high schools are required between 2019 and 2022. Evaluation of potential sites is being undertaken to

meet this need, and more free schools, including The Temple Learning Academy and Dixons Academy free schools will help ease the projected secondary demand.

5. Demand for specialist school places has also continued to rise, with teams working collaboratively across the council to identify solutions, some of which will be undertaken in conjunction with general Learning Places expansions where possible.
6. Since the last update, in July 2016 the Executive Board approved Authority to Spend of £45m for the Social, Emotional and Mental Health (SEMH) programme, with construction works having now commenced on two of the three new sites.
7. Since the last update to Executive Board in June 2016 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 £19.969m of investment into seven schemes. A further eleven schemes totalling an investment of £67.586m are on programme to deliver in 2017/18.
8. Recent data shows that Children's Services Projects in 2014 onwards and called off through YORbuild have supported 69 new and existing apprentices and 92 people into employment. These figures relate to employees of both main contractors and their supply chains.
9. Executive Board approval is sought for additional authority to spend on the Learning Places Programme of £40.5m.
10. In the current reporting period since the June 2016 Executive Board Report there has been one further request to access the risk fund for the Hovingham Primary School bulge scheme which leaves a balance of £4.068m.
11. An evaluation of risks that could impact on programme delivery has taken place and Executive Board approval is requested to reset the balance of the programme risk fund to £6.7m and for authority to spend on the increase of £2.632m.
12. Executive Board is asked to note the current Council estimate of the funding gap is £84.6m. Based upon current cost estimates it is anticipated that there is an immediate cash flow pressure in 2017-18. Options to address the cash flow shortfall are currently being considered, however it is likely that the council may need to increase its borrowing level if other options cannot be identified.

Recommendations

Executive Board is requested to approve:

- Authority to spend on the Learning Places Programme for the ten schemes, at a total value of £40.5m as detailed in this report.
- That the balance of the programme capital risk fund is reset from £4.068m to £6.7m, to facilitate effective risk management at programme level, and authority to spend on the increase of £2.632m.

Executive Board is requested to note:

- That Children's Services Projects in 2014 onwards and called off through YORbuild have supported 69 new and existing apprentices and 92 people into employment.
- The projected funding deficit which currently stands at £84.6m based on Education Funding Agency rates. Members should note that this is likely to increase due to a number of factors set out in this report.
- That in the current reporting period there has been one request to access the programme capital risk fund for Hovingham Primary School totalling £287,868, which was approved in accordance with the Executive Board governance arrangements.
- That any savings made on applications on the programme capital risk fund are returned to the risk fund to support continued management of programme risks.
- That the Head of Learning Systems is responsible for capacity and sufficiency planning of school places and delivery of the Bulge Cohort programme, and that the Chief Officer, Projects, Programmes & Procurement Unit (PPPU) is responsible for delivery of permanent Learning Places expansion projects once the viability and scope has been agreed between the Schools and Children's Services.

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 the SEMH Programme, seek approval for further authority to spend, approval to reset the capital risk fund and an update on applications for access to the programme capital risk fund since the last Executive Board Update report.

2 Background information

- 2.1 The demand for additional school places has been increasing across the city since 2000/2001. The Council has so far successfully delivered over 1500 reception places in response to this.
- 2.2 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.
- 2.3 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.
- 2.4 As part of its pupil place planning duties, the Local Authority must also take into account new free school applications submitted to the DfE, which may not necessarily be in areas of demographic demand, but which will have an overall effect on the distribution and requirement for places. The DfE/EFA are also able to purchase sites and buildings on which a Free School can be opened, whereas the Local Authority receives no additional funding for site acquisition to enable them to either expand an existing school or build a new school through the Free School Presumption process.
- 2.5 The issues with the EFA securing appropriate sites for pre-approved Free Schools in a timely manner continues to present significant challenges to place planning. The uncertainty about availability of places leads to additional costs for bulge classes in the area to meet demand when offers are made in April. Parents are left unclear as to the options that are available to them when they are expressing their preferences.
- 2.6 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.

- 2.7 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.
- 2.8 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 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 The Good Learning Places Board are currently producing a 'Leeds Good Learning Places Strategy: 2016-2021' to provide a high level summary of these various, interlinking aspects. The document will assess progress to date and the way forward for the future

Early Years

- 3.1.5 For Early Years provision, the DfE estimated there would be 4250 eligible 2 year old places required in Leeds. The expectation is that around 80% of families will want to take up a place as an average over the year, which equate to 3,400 places. Current take up is 3,184 eligible children in place which equates to 74%, an increase of 4% from the summer term.
- 3.1.6 Free early education entitlement (FEEE) 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 2015 was 16,139 with 101% of children accessing free early education. This is due to children from out of the area attending settings in Leeds. This decreased in summer 2016 to 15,851 children accessing 3 and 4 year old FEEE which is a 97% take up rate in the city. The number of hours a child is able to claim per week for 3 and 4 year old FEEE is increasing in September 2017 from 15 hours to 30 hours dependent upon an eligibility criteria. We expect that 70% children within this age group in the city will be eligible and of those eligible 90% will take up the extended offer.

Primary

- 3.1.7 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) have 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.
- 3.1.8 Although the birth rate appears to be levelling out at around 10,000 per year, around 14.5FE of permanent provision, in addition to 6FE of Free School provision already approved, is projected to be required to meet demand for 2017 onwards. Currently there is 11FE at consultation stage or awaiting final approval, which if approved would be delivered for either September 2017 or 2018.
- 3.1.9 It is unlikely that all of the 14.5FE 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. However, the latest DfE guidance now states that a through

school created from an existing primary school would not be appropriate in the majority of cases.

- 3.1.10 The two wave-10 free school applications that received approval to open in September 2017 potentially provide up to 4FE of primary capacity across the Roundhay and Harehills areas. However, until these new provisions receive a funding agreement, the Council must plan for alternative places to be available. The Roundhay free school has no agreed site at this time, and is therefore very unlikely to open in 2017. Although the site for Dixons Trinity is not yet secured there is still an expectation that the school could be open in 2017.

Secondary provision

- 3.1.11 Projections have previously indicated that 4 new high schools are required before 2019 in the Inner East, Inner North East, Outer South and Outer North West.
- 3.1.12 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. A Community Infrastructure Levy (CIL) contribution will be made through the development to contribute to infrastructure which may include secondary education provision in East Leeds (with a further contribution payable through a S106 legal agreement which will cover the provision of an on-site primary school - the Northern Quadrant planning outline application makes provision for one 2FE Primary School on site).
- 3.1.13 The Outer North West and Outer South areas are projecting the need for 3 schools between them by 2022, with 2 of this 3 being by 2019. Changes to 6th forms may release some space within schools to allow for expansion and this will need to be investigated alongside current/best use of space.
- 3.1.14 Some of the changes that have occurred this year, such as the Ruth Gorse Academy moving to its new permanent location, will change projections within the areas where these schools are located.
- 3.1.15 As more free schools are established across the city, including The Temple Learning Academy and Dixons Academy free schools, due to open secondary provision in 2017 creating 120 places per year each, will help ease the projected secondary demand.

Post 16

- 3.1.16 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 have or are considering their Post 16 provision which could create capacity in Secondary provision for 11-16 year old learning places.
- 3.1.17 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. CAPA college is due to open in 2017 however we understand site discussions are still taking place.

In-Year Transfers

- 3.1.18 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, as well as a Child Friendly City, 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.
- 3.1.19 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.
- 3.1.20 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

- 3.1.21 Reception to KS5 numbers have increased from 103,862 to 110,391 between 2013 and 2016; a 6.3% increase. SILC numbers have increased from 929 to 1,047 over the same period; a 12.7% increase (i.e. double the rate).
- 3.1.22 The total school population is projected to increase by around 9.8% (Reception to KS5) by 2019 based on a robust methodology and on the numbers provided for SCAP. Based on January Census data and applying the above projections, the SILC population is projected to increase by around 8.6% (Reception to KS5) and the total SEND population is projected to increase by around 10.8% (Reception to KS5), although these are based on a less robust methodology and therefore may be prone to fluctuations.
- 3.1.23 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. Previous updates have been provided regarding the increased SEN places provided through the expansion of provision at the North East SILC and South SILC, and in order to remain proactive around planning specialist school places, the Capacity Planning and Sufficiency Team are exploring ways to increase the availability of resourced provision in mainstream schools where this is possible with the Special Educational Needs team.

3.1.24 Since the last update, in July 2016 the Executive Board approved Authority to Spend of £45m (subject to individual Design and Cost reports) for the SEMH programme. The aim of the programme is to combine the existing BESD SILC and Pupil Referral Unit (PRU) provision into one multi-site, innovative SEMH Academy catering for ages four to nineteen and all aspects of the SEMH spectrum. Delivery of these proposals will be managed as part of a co-ordinated, city-wide, multi-agency programme covering all aspects of this transition for handover during the 2017/18 academic year, with construction works having commenced at two out of the three new sites.

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. The 'School Review Group' continues 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.

3.2.5 The internal service provider, Leeds Building Services (LBS) proved to be an incredibly valuable resource to Leeds City Council over the 2016 summer period and helped ensure that the planned works were all delivered on time. This has shown that Children's Services, PPPU and NPS must work closer together in the

future to deliver some of our smaller projects. With this in mind, a number of other primary school expansion projects have been highlighted as future collaboration opportunities.

3.3 **Current programme**

3.3.1 Since the last update to Executive Board in June 2016 the programme delivery team led by officers from PPPU and assisted by colleagues in Children's Services and City Development have:

- Successfully delivered a further £19.969m of investment into seven schemes (Appendix B, Table 1).
- Four schemes totalling an investment of £27.086m are on programme to deliver in 2016/17 (Appendix B, Tables 2 and 3A).
- Two schemes totalling an investment of £7.4m are on programme to deliver in 2017 (Appendix B, Table 3B).
- Eight schemes totalling an investment of £33.1m are on programme to deliver in 2017/18 (Appendix B, Table 4A and 4B).

3.3.2 The extended summer break is always a busy time for Children's Services and the Learning Places team and this year has seen the successful delivery of three key programmes of work, the details of which are set out in Appendix C.

3.3.3 A total of 21.5 forms of entry are required to meet the need for primary school places between 2017 and 2019. Of this need, 7.5FE has been approved as permanent expansions to be delivered. A further 11.5FE is expected to be met through bulge solutions, of which 4.5FE has been agreed with schools, or proposed expansions that are currently or planned to be consulted on. Solutions for 2.5 forms of entry to be delivered between 2018 and 2019 are still to be identified.

3.3.4 Recent data shows that Children's Services Projects in 2014 onwards and called off through YORbuild have supported 69 new and existing apprentices and 92 people into employment. These figures relate to employees of both main contractors and their supply chains.

3.3.5 Planning approval for all three SEMH development sites has now been granted and under the decision granted at the July 2016 Executive Board, a series of 'Early Works' packages were approved to facilitate the development of the SEMH Programme on-site. These 'Early Works' packages constituted implementation of the pre-commencement planning conditions, site clearance and setup works, commencement of the major ground work packages and instigation of procurement of critical material and design packages. They will continue up until financial close, wherein they will be subsumed with the main programme contract.

A full independent evaluation of the market testing submission was completed in October and Financial Close achieved, with the programme being within the £45m

budget set. Individual Design and Cost Reports were submitted in respect of each of the three schemes and Children's Services worked in conjunction with PPPU to ensure all contractual requirements were met in order to achieve the target contract award date of 11 November 2016. The main construction works have now commenced on site at two of the three sites, with the final site (North) due to commence in January 2017.

3.4 **Bulge Cohort Programme 2017**

3.4.1 Children's Services have commenced planning of the September 2017 programme. Current demographic data suggests that 7.5FE of temporary/bulge expansions will be required for September 2017, and potential options are currently being considered in consultation with schools.

3.4.2 The full extent of the programme will be confirmed after receipt of parental preferencing data and its subsequent analysis (which will be concluded in April 2017). This may result in a number of schemes ceasing development due to lack of demand and / or new schools being added to reflect the actual preferencing data.

3.4.3 As in previous years, it is anticipated that 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 an appropriate framework.

3.5 **Projects in the next phase of the Learning Places programme**

3.5.1 Executive Board approval is sought for additional authority to spend on the Learning Places Programme of £40.5m for the seven schemes in the next tranche of delivery set out below (and in Appendix B, Table 3B, 4A and 4B). At this stage, this is a high level indication of the anticipated cost of the schemes. Scheme costs will be refined and updated at Design and Cost Report stage (RIBA Work Stage 3 or 4):

Park Spring Primary School	£4,900,000
Pudsey Greenside Primary School	£2,500,000
Hunslet St. Mary's Primary School	£1,600,000
Hawksworth Wood Primary School	£4,000,000
Hovingham Primary School	£5,000,000
Low Road Primary School	£1,700,000
Shakespeare Primary School	£14,000,000
Beecroft Primary School	£1,200,000
Bramley Primary School	£3,250,000
Brudenell Primary School	£2,350,000

3.6 Applications to the Programme Capital Risk Fund

- 3.6.1 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.
- 3.6.2 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.
- 3.6.3 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.
- 3.6.4 In the current reporting period since the June 2016 Executive Board Report there has been one further request to access the risk fund for the 2016 bulge scheme at Hovingham Primary School (£287,868). Taken with the previous period (October 2015 to May 2016) this leaves a balance of £4,068,188, which was approved in accordance with the Executive Board governance arrangements.
- 3.6.5 The application to the Programme Capital Risk Fund for the 2016 bulge scheme at Hovingham 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 uncovered unknown risks to the project which resulted in additional project costs, including the results of the ground investigation survey, which required a substantial increase in the specification of the foundations to the proposed building, and the subsequent making good to the existing external play areas local to the construction compound. Surveys also revealed the need to replace existing end-of-life accommodation.
- 3.6.6 An evaluation of risks that could impact on programme delivery has taken place to establish whether it may be necessary to adjust the amount of funding retained in the Programme Capital Risk Fund. The main risks to the programme include increases in construction costs, which are reported by the Royal Institute of Chartered Surveyors to be between 5% and 7% per annum, site abnormalities, and

resource constraints across the delivery partnership. On this basis Executive Board approval is requested to:

- Reset the balance of the programme risk fund to £6.7m, to facilitate effective risk management at programme level which maintains the fund at 10% of the current primary and secondary programmes capital value, and 5% in respect of the SEMH programme. And for authority to spend on the increase of £2.632m from £4.068m.

Any savings made on applications to the programme risk fund up to tender acceptance stage will be returned to the risk fund to support continued management of programme risks.

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 for each individual scheme. 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 2018/19 allocation amounts to £12,320 per primary place (same as 2017/18) and an increase to £15,995 per secondary place. Assuming that the timing of grant announcements follows the time scales of previous years we would expect the DfE to announce grant allocations for 2019-20 in the early part of 2017.

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 or supplemented by the Community Infrastructure Levy.

4.4.5 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. Whilst updates to the scorecard are usually published in July, an update to the scorecard this year to include schemes delivered 2014/15 has yet to be released. It should

be noted that projects are becoming more and more complex, which increases the 'abnormal' costs, reduces the opportunity to utilise standardised designs and makes the projects less attractive to the contractors, which results in higher 'risk pricing'. Contractors continue to be selective around the schemes they tender for leading to either low tender return rates, or inflated prices.

4.4.6 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 £84.6m; 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.

4.4.7 Based upon current cost estimates it is anticipated that there is an immediate cash flow pressure in 2017-18 due to the issues mentioned above. Options to address the cash flow shortfall are currently being considered, however it is likely that the council may need to increase its borrowing level if other options cannot be identified.

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 As previously reported, 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. There is some evidence that whilst there have been a couple of areas where costs have increased, Brexit has not and will not increase costs, nor will activity significantly reduce.

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 The proposals in this report are key decisions and subject to call in.

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.

4.6 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.

4.6.3 The current Council estimate of the funding gap is £84.6m. Based upon current cost estimates it is anticipated that there is an immediate cash flow pressure in 2017-18. Options to address the cash flow shortfall are currently being considered, however it is likely that the council may need to increase its borrowing level if other options cannot be identified.

4.6.4 The two wave-10 free school applications that received approval to open in September 2017 potentially provide up to 4FE of primary capacity across the Roundhay and Harehills areas. However, until these new provisions receive a funding agreement, the Council must plan for alternative places to be available and may require a request to access the Programme Capital Risk Fund.

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, with a forecast funding deficit scheduled to arise in 2017. However, there are strong cross-council partnerships in place to respond to these challenges, and adequate controls in place to provide appropriate levels of governance and oversight of the programme.

6 Recommendations

6.1 Executive Board is requested to approve:

- Authority to spend on the Learning Places Programme for the ten schemes, at a total value of £40.5m as detailed in this report.
- That the balance of the programme capital risk fund is reset from £4.068m to £6.7m, to facilitate effective risk management at programme level, and authority to spend on the increase of £2.632m.

6.2 Executive Board is requested to note:

- That Children's Services Projects in 2014 onwards and called off through YORbuild have supported 69 new and existing apprentices and 92 people into employment.
- The projected funding deficit which currently stands at £84.6m based on Education Funding Agency rates. Members should note that this is likely to increase due to a number of factors set out in this report.
- That in the current reporting period there has been one request to access the programme capital risk fund for Hovingham Primary School totalling £287,868, which was approved in accordance with the Executive Board governance arrangements.
- That any savings made on applications on the programme capital risk fund are returned to the risk fund to support continued management of programme risks.
- That the Head of Learning Systems is responsible for capacity and sufficiency planning of school places and delivery of the Bulge Cohort programme, and that the Chief Officer, Projects, Programmes & Procurement Unit (PPPU) is responsible for delivery of permanent Learning Places expansion projects once the viability and scope has been agreed between the Schools and Children's Services.

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.