

Report of the Director of Resources & Housing, the Director of Children & Families and the Director of City Development

Report to Executive Board

Date: 21 June 2017

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 1600 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. Good progress is being made with the accommodation requirements required for the academic year starting September 2017.
3. For September 2017, a further 210 permanent reception places (7FE) will be in place, along with another 150 bulge reception places (5FE) and 30 places (1FE) through the opening of a Free School to meet the expected demand for places. Projections for September 2018 anticipate a further 345 places (11.5FE) needed, to be met by a combination of Free Schools, permanent expansions and bulge cohorts.
4. The increase in cohort sizes is now beginning to impact on Secondary places. Projections currently indicate that the equivalent, of up to 5 new schools, are required by 2020 across the following areas of the city: Inner East, Inner North East, Inner South, Inner West and Outer South. We are currently looking at potential expansions of existing schools/academies across the city, in addition to new free schools that are opening. As more free schools are established across the city,

including The Temple Learning Academy (opening in 2017) and Dixons Academy free schools, (due to open secondary provision in 2018) creating 120 places per year each, 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. Whilst the Free School route offers the only opportunity for new school provision to come on board to meet demand, the complexity and uncertainty of the programme (particularly in relation to the identification of appropriate sites) can de-stabilise and undermine the planning of learning places in some instances.
7. Since the last update to Executive Board in December 2016 the programme delivery team led by officers from the Projects, Programmes and Procurement Unit and assisted by colleagues in Children & Families and City Development have successfully delivered a further £5.3m of investment into the Gledhow Primary School Expansion scheme. A further twenty-one schemes totalling an investment of £94.965m are on programme to deliver in 2017/2018.
8. As part of this report Executive Board approval is sought for additional authority to spend on the Learning Places Programme of £19.3m on 4 schemes as detailed in **Appendix A Table 4A**. It should be noted that the table makes reference to Cockburn Academy. The DCR and scope of works for this scheme was approved separately at the April 2017 Executive Board report. It is now proposed that the progress of this project is monitored through the Learning Places Programme governance. There are currently 21 schemes in the programme with a total value of £128.651m
9. In the current reporting period since the December 2016 Executive Board Report there has been one further request to access the risk fund for the Bramley Primary School expansion project which leaves a balance of £6.130m.
10. 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 £10.771m and for authority to spend on the increase of £4.641m.
11. The governance arrangements for the programme have been reviewed in light of the Council's revised leadership team arrangements. It is proposed that the Director of Resources and Housing will take on the chair of the Learning Places Programme Board ensuring that appropriate governance and check and challenge is applied to the programme and specifically Capital Risk Fund applications and individual scheme DCR as they are brought forward for approval.
12. The benefits realisation strategy for the Learning Places Programme has demonstrated that on Projects commissioned via the programme from 2014 onwards and called off through either the YORbuild arrangements and or in conjunction with the Leeds Local Education Partnership (LLEP) have supported **72 new and existing apprentices and 102 people into employment**. These figures relate to employees of both main contractors and their supply chains. These schemes have also **recycled or reused 99% of the waste generated** during the construction process with **only 1% going to landfill**.

13. Executive Board is asked to note the current Council estimate of the funding gap is £71.2m. Discussions continue to seek additional central government funding, along with the potential to utilise other funding sources such as S106 development contributions and Community Infrastructure Levy funding. The Capital Programme report to February '17 Executive Board recognised this funding gap as the largest significant pressure that the capital programme faces and Strategic Investment Board is being regularly updated on this position. Executive Board will be kept updated via these update reports and future Capital Programme reports..

Recommendations

Executive Board is requested to approve:

Authority to spend on the Learning Places Programme for the three schemes, at a total value of £19.3m as detailed in this report;

That the balance of the programme capital risk fund is reset from £6.13m to £10.771m, to facilitate effective risk management at programme level, and authority to spend on the increase of £4.641m; and

The revision to programme governance arrangements proposed to maintain and appropriate level of check and challenge which include:-

- the delegation of the approval of design and cost reports for the schemes which form part of the programme approved by Executive Board to the Director of Children & Families and that these approvals shall be subject to the agreement of the Director of City Development and the Director of Resources & Housing in consultation with the appropriate Executive Member and that these reports will be open to scrutiny by Members; and
- the delegation of the management and use of the basic need risk capital fund to the Director of Children & Families and that these decisions shall be subject to the agreement of the Director of City Development and the Director of Resources & Housing in consultation with the appropriate Executive Member and that decisions on with these matters will be open to scrutiny by Members.

Executive Board is requested to note:

The good progress made on this challenging programme of work which is currently valued at £128.651m.

That the following benefits have been delivered from the Projects commissioned via the programme from 2014 onwards. These have been called off through either the YORbuild arrangements and or in conjunction with the Leeds Local Education Partnership (LLEP). The programme has in total supported **72 new and existing apprentices and 102 people into employment**. These figures relate to employees of both main contractors and their supply chains. These schemes have also **recycled or reused 99% of the waste generated** during the construction process with **only 1% going to landfill**.

The projected funding deficit which currently stands at £71.20m based on Education Funding Agency rates. Executive Board is asked to support a meeting between the Executive Member for Children's & Families and the Education Funding Agency. That in the current reporting period there has been one request to access the programme capital risk fund for Bramley Primary School totalling £0.57m, 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.

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, outline the revised programme governance arrangements and 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 in December 2016.

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 1600 reception places in response to this.
- 2.2 The Cross-Party Steering Group, chaired by the Executive Member for Children & Families 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 Children & Families is responsible for ensuring that capacity and sufficiency planning leads to proposals for good quality local learning places. Children & Families 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 & Families.

- 2.5 In addition, Executive Board supported the extension of good governance for the programme including the use of a programme board with strong cross council and corporate involvement. The programme board will follow corporate standards with senior officers from Children & Families, City Development, Strategy and Resources and Housing as well as Legal and Democratic Services. This board will provide check and challenge on proposals under the programme including the delegated decisions requested in this report.
- 2.6 For Primary School Places, 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.
- 2.7 For Secondary school places, schools usually admit 'Over PAN' if they have spare capacity within the school as they have more flexibility in the delivery of the curriculum and timetabling. This would not incur any capital costs. Some secondary schools may also require a Bulge, similar to Primary provision and would take 5 years to go through the school from Year-7 to Year-11.
- 2.8 The Free School process offers the only opportunity for new school provision to come on board to meet demand. Children & Families work closely with prospective applicants to identify areas of need in the city where a Free School application would help to meet increasing demand for schools places. This includes early discussions, involving colleagues in City Development, to identify potential site options. However, in the current process, the ESFA do not enter into negotiations regarding sites for schools until after an application has been approved. In some instances this can delay or even prevent the opening of a Free School, as in currently the case with Roundhay Park Primary and CAPA College.
- 2.9 Post approval of a Free School application, the Council continues to work closely with applicants and the ESFA to identify site that would be suitable to meet the needs of the community the school will serve. Examples of this close work include the Acre Mount site for the Element Primary Academy, when City Development have work closely with the ESFA to acquire the appropriate site for the Free School development to progress.
- 2.10 The Local Authority does have the option to bring forward a Free School Presumption, whereby the Council undertakes a tendering process to identify an Academy Trust sponsor to operate a new school. The Council are required to provide the land for the Academy Trust sponsor in these instances.
- 2.11 Children & Families are also closely involved with Housing and Planning Officers in determining the potential impact of new housing developments on school place planning. This includes the reserving of potential sites for new Free Schools in the Site Allocations Plan through the schools background paper; and attendance and discussion at individual site proposals as planning applications are submitted to Plans Panels.

- 2.12 However, the Free School process also allows for speculative applications with no requirement for the applicant to engage with the local authority. The complexity and uncertainty of the Free School programme (particularly in relation to the identification of appropriate sites) can de-stabilise and undermine the planning of learning places in some instances.

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 have produced a 'Leeds Good Learning Places Strategy: 2017-2022' to provide a high level summary of these various, interlinking aspects. The document will allow assessment of progress to date and the way forward for the future.

Early Years

- 3.1.5 Leeds has approximately 4,250 eligible 2 year olds at any one time. Of those on average 74% take up their place (in the autumn term). Leeds has set its own target of 80% of eligible children accessing a Free Early Education Entitlement (FEEE) place. Families are able to take up a funded place at a variety of settings, including schools, private nurseries, child minders and preschools. There are a number of reasons why parents do not access a place and the Family Outreach workers and Early Years sufficiency team are working hard to promote and engage those families who do not or cannot access their free entitlement.
- 3.1.6 Places in schools are currently being targeted as they are able to offer places to eligible children for the last term before the universal entitlement at 3 years old. There is a challenge in achieving 100% take up as free early education entitlement for 2 year olds is not statutory and some parents are choosing not to access their child's place.
- 3.1.7 Free Early Education Entitlement places, for 3 and 4 year olds, can be accessed in a variety of settings across the city. The take up in summer term 2015 was 16,139, 101% of eligible children (This is due to children from out of the area accessing provision in Leeds) and take up at summer 2016 was 15,379, 94%.
- 3.1.8 With the introduction of Free Early Education Entitlement for working families increasing to 30 hours from September, plans are currently being developed to ensure sufficiency of provision to ensure families are able to access their entitlement.

Primary

- 3.1.9 For September 2017, a further 210 permanent reception places (7FE) will be in place, along with another 150 bulge reception places (5FE) and 30 places (1FE) through the opening of a Free School to meet the expected demand for places.
- 3.1.10 Projections for September 2018 anticipate a further 345 places (11.5FE) needed, to be met by a combination of Free Schools, permanent expansions and bulge cohorts.
- 3.1.11 The permanent expansions, free school openings and a steadying of the birth cohort around 10,000 children per year means that projections for 2019 and 2020 will only require modest expansions or bulges in the primary phase.
- 3.1.12 It is unlikely that all of the 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.

- 3.1.13 The other wave-10 free school applications that received approval to open in September 2017 potentially provide 2FE of primary capacity in the Roundhay areas. However, until these new provisions receive a funding agreement, the Council must plan for alternative places to be available.

Secondary provision

- 3.1.14 The increase in cohort sizes is now beginning to impact on Secondary places. Projections currently indicate that the equivalent of up to 5 new schools are required by 2020 across the following areas of the city: Inner East, Inner North East, Inner South, Inner West and Outer South. We are currently looking at potential expansions of existing schools/academies across the city, in addition to new free schools that are opening.
- 3.1.15 A proposed expansion to deliver an additional 2FE within the Inner East is in addition to the 4FE from the opening of the Dixons Trinity free school from September 2018. An additional 50 places have been created at Roundhay in the Inner North East. The whole of the East will be impacted by the East Leeds Extension, initially by the 2,000 houses that form part of the Northern Quadrant, where the need for an additional school has been identified based on projections in these areas by 2020. Evaluation of potential sites is being undertaken to meet the additional need, expected to be the equivalent of two new schools in total.
- 3.1.16 The Inner South demand would largely be met by the recently approved new Free School from the Cockburn Academy Trust, alongside a small expansion to the existing Cockburn High School. Children & Families, along with City Development, held initial discussions with the Trust to explore potential site options and are now working closely with the Trust to identify the most suitable site that is feasible and meets the need of the community it is to serve.
- 3.1.17 Options for the Inner West and Outer South are being explored further.
- 3.1.18 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.
- 3.1.19 As more free schools are established across the city, including The Temple Learning Academy (opening in 2017) and Dixons Academy free schools, (due to open secondary provision in 2018) creating 120 places per year each, will help ease the projected secondary demand.

Post 16

- 3.1.20 The Council are continuing to work closely with schools, colleges and training providers to consider the future configuration of Post 16 provision across Leeds. Increasing funding pressures, improving outcomes for young people and helping to meet basic need are driving the focus to review existing Post 16 provision.
- 3.1.21 There is no prescription in the approaches being considered, with schools and colleges considering various options including collaboration on subject delivery, formal and informal joint Sixth Forms, closure of sixth form provision and establishing new separate sixth form provision.

- 3.1.22 The Elliott Hudson College opened in September 2015 and offers a 1,000 place A-Level provision as part of the Gorse Academy Trust. The opening of The Elliott Hudson site has resulted in Morley Academy, Farnley Academy, Bruntcliffe and Swallow Hill closing their sixth forms, creating some capacity for secondary provision.
- 3.1.23 Horsforth High School had their Post 16 Free School submission in Wave 12 recently approved and are anticipating an opening date of September 2019.
- 3.1.24 Schools and colleges in other areas of the city are considering the future of their sixth form provision, and discussions are taking place between the Council and schools to develop an appropriate way forward for these areas. Discussions are taking places with schools and colleges across the city.

In-Year Transfers

- 3.1.25 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.
- 3.1.26 There has been a significant increase for in year applications for places across all four key stages, since 2015. 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.
- 3.1.27 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

- 3.1.28 Demand for school places for children and young people with Special Education Needs and Disability (SEND) continues to increase as previously identified. Additional work is being undertaken to project the increases in demand for school places for CYP with SEND and the Council will produce a SEND Strategy for place planning of sufficient and appropriate SEND provision. Underpinning this strategy will involve the LA undertaking a review of SEND provision in Leeds to consider how best to develop existing and commission new provision which is in the right areas and in line with what partners, CYP and families want, taking into account the changing needs of children and young people. This will also include collaboration with our neighbouring boroughs to ensure that provision can be commissioned efficiently and in order to achieve the best possible outcomes for our CYP.

- 3.1.29 Capacity has been increased and recently an additional 100 places have been created at North East SILC Woodhouse and this will grow to 150 places by July 2018. South SILC has also recently increased its capacity by 50 places.
- 3.1.30 The LA has also placed significant investment in provision for children and young people with SEMH needs and by September 2018, Springwell Leeds will have the capacity for up to 360 places across the city over 4 sites. The LA continues to work with the Wellspring trust to put in place interim arrangements for pupils until the new buildings become available.

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, for this reason it is necessary to identify a need for additional sites 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 could be submitted to both Asset Management Board and Strategic Investment Board for consideration for future education provision.
- 3.2.4 To deliver such a high profile and challenging programme of work to the timescales required by colleagues in Children & Families, will necessitate development of an effective partnership approach with contractors utilising either a pre-existing framework arrangements for primary accommodation and or the Leeds Local Education Partnership (LLEP) arrangement for secondary accommodation. There is a need to be flexible and adopt a range of procurement routes to meet the specific need of the individual projects whilst ensuring that value for money remains a key driver. It should be noted that the current procurement route for the Learning Places programme is the YORBuild2 framework unless it is appropriate to utilise the internal service provider Leeds Building Services (LBS) and or exclusivity provisions apply, e.g. the LLEP who's contract has recently been extended for a further five year and includes the

retention of their exclusive right to works over £100k on the secondary estate, although other routes could also be considered as part of a risk-based approach.

- 3.2.5 In recent years the programme has very much focussed on the delivery of primary accommodation. A variety of procurement routes have been utilised to test the market. One of our most recent projects Shakespeare primary is the first project in the Council to utilise “Cost Led Procurement” a new model of procurement recommended by the Cabinet Office and Constructing Excellence. As a result of the procurement methodology, the new build 3FE project has to date identified potential savings of £3.4m against the original budget set.
- 3.2.6 The programme is now moving its’ focus to the delivery of the identified need at secondary. The delivery partner for this aspect of the programme would be the LLEP. This arrangement has already assisted the Council in delivering over £400m of capital investment in the city. The five year extension of contract has resulted in a refreshed set of documents to ensure that it continues to provide the Council with a value for money procurement route, whilst providing a proven delivery mechanism for the potential secondary basic need programme which is currently in development.
- 3.2.7 The internal service provider, LBS proved to be an incredibly valuable resource to the Learning Places Programme over the 2016 summer period and helped ensure a small programme of planned works at Hollybush Primary School were delivered on time. This has shown that the programme would benefit from Children & Families, PPPU, NPS and LBS working more closely together on delivery of some of our smaller projects. With this in mind, three of the smaller primary expansion schemes are currently in development with LBS providing an opportunity to build more effective collaboration and partnership working.

3.3 **Current programme**

- 3.3.1 Since the last update to Executive Board in December 2016 the programme delivery team led by officers from PPPU and assisted by colleagues in Children & Families and City Development have:
1. Successfully delivered a further £5.30m of investment into the Gledhow Primary Expansion Scheme (Appendix A, Table 1).
 2. Twenty-one schemes totalling an investment of £128.651m are on programme to deliver in 2017/18 (Appendix A, Tables 2 and 3A,3B &4A).
- 3.3.2 A total of 18.5 forms of entry are required to meet the need for primary school places between 2017 and 2019.
- 3.3.3 The Programmes benefits realisation strategy has demonstrated that on Projects commissioned from 2014 onwards and called off through either the YORbuild arrangements and or in conjunction with the Leeds Local Education Partnership (LLEP) have supported 72 new and existing apprentices and 102 people into employment. These figures relate to employees of both main contractors and their supply chains. These schemes have also recycled or reused 99% of the waste generated during the construction process with only 1% going to landfill.

3.4 **Bulge Cohort Programme 2017**

3.4.1 Following analysis of the parental preferencing data and subsequent engagement with the relevant schools, an additional 5 forms of entry have been identified for the 2017 bulge cohort requirement. The schools identified are as follows:

- Windmill Primary school (.5FE) – No works required due to the relevant accommodation being delivered under the 2016 bulge cohort programme
- Shakespeare Primary school (.5FE)– No works required due to sufficient accommodation existing within the current school.
- Carr Manor Through School Primary Phase (1FE) – No works required due to the relevant accommodation being delivered under the 2016 bulge cohort programme.
- Moor Allerton Hall Primary School (1FE) – Modular accommodation delivered through an existing framework.
- Allerton C of E Primary school (1FE)- Modular accommodation delivered through an existing framework.
- Immaculate Heart of Mary Catholic Primary School (1FE) – Self delivery.

3.4.2 It should be noted a second phase of works associated to the 2016 bulge cohort programme will be delivered during the 2017 summer break. The required 'phase 2' works will deliver the non-critical element that could not be delivered during the 2016 programme at 4 primary schools.

3.4.3 As in previous years, the projects for both the 2017 programme and the 'phase 2' works 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 procured through PPPU.

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 £19.3m for the four schemes in the next tranche of delivery set out below. 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):

Iveson Phase 1 & 2	£3,500,000
Fieldhead Carr	£4,900,000
Hunslet Moor	£5,900,000
Carr Manor	£5,000,000
Total	£19,300,000

It should be noted that at the 2017 April Executive Board meeting members considered a report on the works required at Cockburn Academy and approved a funding envelope of £1,559,624. It is proposed that this project should be managed and reported under the learning places programme arrangement moving forward.

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 & Families delegated authority to manage decisions on the allocation of money from the fund in to individual schemes budgets. Decisions by the Director of Children and Families 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 December 2016 Executive Board Report - Basic Need Programme - Capital Programme Update, Executive Board approval was given to:
1. Reset the balance of the programme risk fund to £6.70m, to facilitate effective risk management at programme level; and
 2. 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 December 2016 Executive Board Report there has been one further request to access the risk fund for the Bramley Primary School Expansion scheme totalling £570,451 which was approved in accordance with the Executive Board Governance Arrangement approved in September 2014. This leaves a balance of £6,129,549.
- 3.6.5 The application to the Programme Capital Risk Fund for the permanent expansion scheme at Bramley Primary School was necessary to enhance the approved project budget of £3.25m at Bramley Primary by £570,451 is not as a consequence of overspends, it is a realignment of the budget necessary to reflect the extension of scope at this site, made in agreement with the Executive Member for Children & Families and the Head of Learning Improvement.
- 3.6.6 As a consequence of discussions with local ward members and the governing body the following elements have been added into the scheme which was not present when the original project budget approval was sought from Executive Board in December 2016. These are as follows; aesthetic cladding to two pre-existing pre-fabricated building, internal remodelling of the welfare facilities to the 'white' pre-fabricated building, condition based refurbishment of the 'green' pre-fabricated building, internal remodelling of the 'green' pre-fabricated building, external works to the two pre-fabricated buildings to realign as an 'early years' setting, extension of scope of the proposed canopy linking the pre-fabricated buildings to the main school, minor internal remodelling to the existing 'early years' setting into Key Stage One classroom space and confirmation of the requirement for a full fire evacuation lift with secondary power supply in the form of a generator.

- 3.6.7 Once final account has been achieved any savings made from the Bramley Primary expansion scheme will be returned to the Capital Risk Fund in-line with the recommendations within the December 2016 Learning Places Programme update to Executive Board.
- 3.6.8 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 £10.771m, 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 authorise authority to spend on the increase of £4.641m from £6.130m.
 - 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.

3.7 Revision to Programme Governance Arrangements

- 3.7.1 The September 2014 Basic Need Programme Executive Board report authorised the implementation of robust governance arrangements which would provide an appropriate level of check and challenge against this high profile programme of work. Executive Board supported the extension of good governance for the programme including the use of a programme board with strong cross council and corporate involvement. It was proposed at that time that the governance for the programme would be led by the then Deputy Chief Executive Alan Gay. The programme board will follow corporate standards with senior officers from Children & Families, City Development, Strategy and Resources and Legal and Democratic Services. This board will provide check and challenge on proposals under the programme including the delegated decisions requested in this report. It was proposed that the Deputy Chief Executive will be responsible for approving and amending the terms of reference for this board and to make agreed changes to the membership of the group.
- 3.7.2 In light of recent changes to the Council's leadership structure the programme governance arrangements have been reviewed and refreshed. It is proposed that the Director of Resources and Housing take on the chair of the Programme Board and ensure that appropriate governance is applied to the programme and specifically Capital Risk Fund applications and individual scheme DCR as they are brought forward for approval.

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 B**.

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 and a Special Educational Needs and Disability (SEND) special provision 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.

Allocations for Leeds Basic Need Grant are shown in the following table.

Funding Period	Allocation £
2014/15	18,480,325
2015/16	19,430,969
2016/17	20,402,517
2017/18	33,141,952*
2018/19	20,994,359
2019/20	£28,719,667
Total	£141,169,789

* 25.36% of this allocation £8,405,217.36 was paid in early March 17

- 4.4.2 The most recent Basic Need grant announcement was issued on 3rd April 2017, which confirmed the grant allocations for 2019/20. The 2019/20 allocation amounts to £12,320 per primary place (same as 2018/19) and an increase to £15,995 per secondary place.
- 4.4.3 In addition to Basic Need Grant allocations SEND Special Provision Fund allocations for the three years 18/19, 20/21 of £1,079k per annum were announced by the DfE on the 4th March 2017. Children & Families are managing these as part of the Learning Places Programme and this grant is also factored into the current deficit modelling.
- 4.4.4 Additional funding has also been provided through sec 106 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 for school expansion projects, 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 these contributions, and it is assumed that the DfE will be taking these contributions into account when calculating future Basic Need Allocations.

- 4.4.5 Based on projects delivered between 2009/10 and 2015/16, the latest Department for Education scorecard showed that Leeds are mid-range in the third quartile for costs per pupil place with new build schemes providing better value for money. 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'. Our schemes also contain a proportion of backlog maintenance issues which further increase average costs per pupil upon which we are measured.
- 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 2019-20. The current Council estimate of the funding gap is £71.2m; 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. The need for additional places in these areas is likely to increase this funding gap.
- 4.4.7 Discussions continue with the EFA seeking additional central government funding, along with the potential to utilise more S106 development contributions and Community Infrastructure Levy funding to address the funding gap. The Capital Programme report to February '17 Executive Board recognised this funding gap as the largest significant pressure that the capital programme faces and Strategic Investment Board is being regularly updated on this position. Executive Board will be kept updated via these update reports and future Capital Programme reports.
- 4.4.8 Based upon current cost estimates it is anticipated that there is an immediate cash flow pressure in 2018-19 due to the issues mentioned above. This cashflow pressure has been commented on in previous update reports, but as projects have been identified and new funding allocations announced, the cashflow pressure has been continually pushed back. However, if the cashflow pressure is realised the council may need to increase its borrowing level.
- 4.4.9 The discrepancy between funding provided by government and the cost of new places is most noticeable where new schools or large complex expansions project including backlog maintenance 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.

4.4.10 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. The full impact of Brexit has yet to be determined however there is some evidence that whilst there have been a couple of areas where costs have increased, it has not reduced construction activity within the city putting further pressure on tender prices.

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 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 & Families 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 2018/19. 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 three schemes, at a total value of £19.3m as detailed in this report;

That the balance of the programme capital risk fund is reset from £6.13m to £10.771m, to facilitate effective risk management at programme level, and authority to spend on the increase of £4.641m; and

The revision to programme governance arrangements proposed to maintain and appropriate level of check and challenge which include:-

- the delegation of the approval of design and cost reports for the schemes which form part of the programme approved by Executive Board to the Director of Children & Families and that these approvals shall be subject to the agreement of the Director of City Development and the Director of Resources & Housing in consultation with the appropriate Executive Member and that these reports will be open to scrutiny by Members; and
- the delegation of the management and use of the basic need risk capital fund to the Director of Children & Families and that these decisions shall be subject to the agreement of the Director of City Development and the Director of Resources & Housing in consultation with the appropriate Executive Member and that decisions on with these matters will be open to scrutiny by Members.

Executive Board is requested to note:

The good progress made on this challenging programme of work which is currently valued at £128.651m.

That the following benefits have been delivered from the Projects commissioned via the programme from 2014 onwards. These have been called off through either the YORbuild arrangements and or in conjunction with the Leeds Local Education Partnership (LLEP). The programme has in total supported **72 new and existing apprentices and 102 people into employment**. These figures relate to employees of both main contractors and their supply chains. These schemes have also **recycled or reused 99% of the waste generated** during the construction process with **only 1% going to landfill**.

The projected funding deficit which currently stands at £71.20m based on Education Funding Agency rates. Executive Board is asked to support a meeting between the Executive Member for Children's & Families and the Education Funding Agency.

That in the current reporting period there has been one request to access the programme capital risk fund for Bramley Primary School totalling £0.57m, 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.

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.