

Report of Director Children and Families

Report to Executive Board

Date: 27th June 2018

Subject: Learning Places Programme - Request for approval to Inject Basic Need Funding to expand The Co-operative Academy of Leeds



Are specific electoral Wards affected? If relevant, name(s) of Ward(s): Burmantofts and Richmond Hill	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input checked="" type="checkbox"/> Yes	<input 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: Appendix number:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Summary of main issues

1. The rapidly increasing birth rate as well as migration into the city due to an economy which is extremely dynamic and growing makes Leeds an attractive proposition for families and businesses to move to. This has required the Council to create new school places in order to fulfil its statutory duty to ensure sufficiency of school places. The Learning Places Programme represents the Council's response to the demographic pressures on the school provision in the city.
2. As part of this programme it is proposed that The Co-operative (Co-op) Academy of Leeds expands from a Pupil Admissions Number (PAN) of 180 to 240 from September 2019 creating an additional 300 places across years 7 – 11.
3. The Co-op Academy of Leeds is a Private Finance Initiative (PFI) school therefore the remodelling works will be carried out through a variation to the existing contract. This will involve amending the existing Deed of Variation, School Agreement and the 125 year lease. Payment of the Unitary Charge will become the responsibility of the Trust upon completion of the scheme.
4. The project will be delivered in conjunction with Imagile Infrastructure Management (Special Purpose Vehicle) and Imagile Project Services (SPV Building Arm) with Norfolk Property Services (NPS Leeds) providing technical advice and the Council's City Development Department responsible for the project management of the scheme.

5. This report contains details of the proposals brought forward to meet the local authority's duty to ensure sufficiency of school places. The changes that are proposed form prescribed alterations under the Education and Inspections Act 2006. The School Organisation (Prescribed Alterations to Maintained Schools) (England) Regulations 2013 and accompanying statutory guidance set out the process which must be followed when making such changes.
6. The Council has worked closely with all key stakeholders including representatives of The Co-op Academy Trust who have been involved throughout the feasibility stage and are supportive of this scheme subject to further discussions around admissions and funding. These are currently taking place and both parties are committed to a mutually benefitting outcome.
7. The estimate for this scheme is currently £4.1m.

Recommendations

Executive Board is requested to approve:

8. Authority to spend on the Learning Places Programme for the expansion of The Co-operative Academy of Leeds at a total value of £4.1m as detailed in this report;
9. Note that it is currently envisaged that the scheme will be completed by October 2019, however discussions are ongoing between all parties to look at ways to bring this date forward to September 2019;
10. Note that if in the event that the works required cannot be completed by September 2019, a contingency plan will be developed to ensure that the Academy is able to accommodate the additional pupil numbers;
11. Note that the Chief Officer, Chief Officer, Asset Management and Regeneration is responsible for scheme delivery.

1 Purpose of this report

1.1 The purpose of this report is to:

1.1.1 To provide background information and detail in respect of the proposed Learning Places Programme scheme to increase the PAN at The Co-operative Academy of Leeds from 180 to 240 from September 2019 creating an additional 300 places across years 7 – 11.

1.1.2 To seek capital spending approval of £4.1m as outlined in this report for the expansion of The Co-operative Academy in Leeds.

2 Background information

2.1 Leeds has an extremely dynamic and growing economy which makes the city a very attractive proposition for families and businesses to move to. As a result, the city's population is growing rapidly, at a faster rate than many of our neighbours and this is reflected in the increasing demand for school places. The demand for school places has been increasing across the city since 2000/ 01.

2.2 The Council retains a statutory responsibility to ensure that there are sufficient school places in the city, but in an environment of very limited direct control, Foundation Schools, Academies (including Free Schools) and Voluntary Aided Schools all have increased powers to make changes to their capacities. This means that the Council must work in partnership with schools and with sponsors of schools to meet its legal responsibility on school places. The local authority's role is as a commissioner of places and it seeks to ensure good quality school places are provided to meet local demand. However the local authority is the provider of last resort and is only able to open a community school if no other provider wishes to do so.

2.3 The increased demand for primary school places is now being seen in secondary school places across the city. The Co-operative Academy of Leeds has seen an increase in preferences over the last few years and the number of places available is not sufficient for the number of students projected to preference a secondary school place at the Academy.

2.4 This scheme consists of remodelling Shakespeare Primary School which currently occupies the same building as the secondary school (although the primary school does not form part of Academy Trust). Shakespeare Primary is expanding from a 3 Form Entry school and will be relocating to the former Primrose High School site on Dolly Lane from September 2018.

2.5 It is proposed that The Co-operative Academy of Leeds expands from a Pupil Admissions Number (PAN) of 180 to 240 from September 2019 creating an additional 300 places across years 7 – 11.

2.6 The Co-op Academy of Leeds is a Private Finance Initiative school therefore the remodelling works will be carried out through a variation to the existing contract. This will involve amending the existing Deed of Variation, School Agreement and

the 125 year lease. Payment of the Unitary Charge will become the responsibility of the Trust upon completion of the scheme.

- 2.7 The project will be delivered in conjunction with Imagile Infrastructure Management (SPV) and Imagile Project Services (Building Arm) with Norfolk Property Services (NPS) providing technical advice and the Council's City Development department responsible for the project management of the scheme.
- 2.8 The pre-feasibility budget for this project was set at £4.4m (including construction, risk, client contingency, all fees, furniture/equipment and any potential highways costs), however since then it has been revised to £4.1m after the conclusion of a series of value engineering workshops.

3 Main issues

- 3.1 The expansion of The Co-operative Academy of Leeds into the building occupied by Shakespeare Primary School has created an opportunity to provide the secondary places needed to meet the projected demand in the area.
- 3.2 The project has reached the end of feasibility and a report including the latest cost summary was submitted by IPSL on 29th January 2018 confirming a construction cost of £4.4m. This did not include a provision for contingency, legal fees, loose furniture and highways costs but did include costs that would be incurred by the SPV including legal fees both the SPV's and their Lender's.
- 3.3 A project team meeting took place on 31st January 2018 to review the report and identify areas where potential savings could be made. Concern had been raised by LCC colleagues about some of the items included in the scheme because they did not form part of the basic need scheme. These included replacing existing boilers, all new lighting and access control. Leeds City Council instructed IPSL to revise their report and resubmit their feasibility report for further consideration.
- 3.4 On 12th February 2018, IPSL resubmitted their report and the feasibility budget was reduced to £4,346,804.12 (including construction, client contingency, all SPV costs and their Lender's as well as loose furniture and highway costs). This resulted in the scheme meeting the pre-feasibility budget target of £4.4m. It was agreed that the remainder of the budget would be used to fund Leeds City Council's project management and legal fees.
- 3.5 Discussions with colleagues in Children and Families resulted in a further reduction to the overall budget which has now been revised to £4,100,000. This was achieved by reducing the amount of contingency and highway costs which were considered to be high. The scheme previously included for the SPV to provide and lifecycle all loose furniture and equipment but a decision has been made by colleagues in Children and Families to purchase these outside of the project contract and the Trust will be responsible for life cycling.
- 3.6 The Trust has raised concerns about its ability to pay the Unitary Charge (UC) when it occupies the building and sought support from the Council to contribute towards the UC with an 80% contribution in 2019 reducing by 20% each year over five years. After which the Trust would be responsible for 100% of the UC.

- 3.7 The Trust enquired about advance access to growth funding so that staff could be recruited and appointed before the end of 2018. The Trust also enquired about whether growth funding could be front loaded for the first two years and then reduced over the remaining three years until the school was at full capacity.
- 3.8 Leeds City Council's School Finance Team has advised that it is not possible to contribute towards the cost of the UC or give advance access to growth funding.
- 3.9 Whilst it is not possible for Leeds City Council to contribute towards payment of the UC or give advance access to growth funding, discussions between Leeds City Council and The Co-op Academy have taken place about the possibility of taking pupils across all years from September 2019 not just year 7. This would alleviate anticipated pressures for secondary school places in the area. Also, by admitting pupils across all year groups, The Co-op Academy will receive increase funding commensurate to the number of pupils attending and will also be able to access a higher amount growth funding due to expansion following an increase in the published admission number. The funding would then be utilised to pay for the additional expenditure the Academy will incur as a consequence of the expansion.
- 3.10 Further discussions are planned to take place between colleagues in Children and Families and representatives of The Co-operative Academy of Leeds to explore the option of taking on pupils across all year groups not just year 7. Discussions will also include what support measures are required to ensure that the Academy has sufficient number of pupils to fund their commitment.

4 Corporate Considerations

4.1 Consultation and Engagement

- 4.1.3 Consultation has been managed in accordance with all relevant legislation and local good practice. The changes that are proposed form prescribed alterations under the Education and Inspections Act 2006. The School Organisation (Prescribed Alterations to Maintained Schools) (England) Regulations 2013 and accompanying statutory guidance sets out the process and this has been followed. The decision maker in these cases remains the local authority.
- 4.1.4 At June 2016 Executive Board, members approved the publication of a statutory notice to expand secondary places at The Co-operative Academy of Leeds from a capacity of 900 students to 1,200 students with an increase in the admissions number from 180 to 240 with effect from September 2019. The statutory notice was published in the Yorkshire Evening Post on the 5th July 2016 with copies displayed at each entrance to the school.
- 4.1.5 Consultation on the proposal to expand The Co-operative Academy of Leeds took place between 29th February 2016 and 25th March 2016. This included use of the WordPress on-line forum and the Council's Talking Point survey system as well as through use of leaflet drops near the vicinity of the school. A number of drop in sessions were held which provided an opportunity for stakeholders to discuss the proposals with officers from Leeds City Council in attendance. Consultation meetings were held with the Trust, governors, staff and school council.

4.1.6 Ward members were formally consulted during the public consultation stage to both ensure awareness of all proposals city wide and to improve understanding of the impact of proposals in neighbouring areas; no concerns were raised.

4.2 At September 2016 Executive Board, approval to extend The Co-operative Academy of Leeds by Increasing its capacity from 900 students to 1200 students, increasing the admission number from 180 to 240 with effect from September 2019 was obtained.

4.2.7 The Co-operative Academies Trust is the proposer

4.3 Equality and Diversity / Cohesion and Integration

4.3.1 The EDCI form for the proposals has been completed and is attached to this report.

4.4 Council policies and Best Council Plan

4.4.2 This scheme will be delivered under the City Council's Learning Places programme and is required to fulfil the Local Authority's statutory responsibility to provide sufficient school places for all children living in Leeds.

4.4.3 This scheme will contribute to the 2018/ 19 – 2020/ 21 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'. The programme seeks to deliver a supply of good quality accessible local school places which can contribute to these outcomes.

4.4.4 It also supports the priority set out in the plan of being a Child Friendly City by 'Supporting families to give children the best start in life', 'Improving educational attainment and closing achievement gaps for disadvantaged learners', and 'Helping young people into adulthood, to develop life skills and be ready for work'.

4.4.5 The vision in the supporting 'Children and Young People's Plan 2015 – 19 is 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; enjoying healthy lifestyles; have fun growing up; are active citizens who feel they have a voice and influence. This scheme supports this vision.

4.4.6 Leeds City Council's ambition is to become a more efficient and enterprising organisation. We want to promote choice and diversity for parents and families and deliver additional school places in the areas where families need them. Meeting this expectation while demonstrating the five values underpinning all we do is key to the Learning Places Programme.

4.4.7 Our progress and achievements as a Council will be measured using the following Key Performance Indicators (KPIs):

- Attendance at primary and secondary schools;
- Percentage of pupils reaching the expected standards in reading, writing and maths at the end of Key Stage 2;

- Progress 8 score for Leeds at the end of Key Stage 4;
- Percentage and number of young people who are not in employment, education or training or whose status is 'not known'.

4.4.8 Contract Procurement Rules (CPRs) apply to this process and these will be adhered to.

4.5 Resources and value for money

4.5.1 The relocation of Shakespeare Primary School has created an opportunity to allow The Co-operative Academy of Leeds to expand through utilising the footprint of the primary provision. The scope consists of internal remodelling works to create suitable teaching and learning spaces for secondary age pupils. The existing external spaces has also been reviewed to create additional age specific social, play and PE opportunities.

4.5.2 The initial feasibility study carried out by IPSL estimated the construction cost of the total scheme at £4.4m. This did not include a provision for contingency, legal fees, loose furniture and highways costs but did include costs that would be incurred by the SPV which also included facilities management, legal fees both that of the SPV and their Lenders.

4.6 Following a value engineering meeting, the budget was subsequently revised to £4.3m and included construction costs, client contingency, all SPV and their Lender costs as well as loose furniture and highway costs. This resulted in the scheme meeting the pre-feasibility budget target of £4.4m. The remainder of the budget will fund Leeds City Council's project management and legal fees.

4.6.3 Through discussions with between colleagues in Children and Families, further opportunities for making savings have been identified resulting in an overall budget inclusive of all fees to be set at £4.1m. However it must be noted that there are a number of provisional sums included which may result in a decrease or an increase to the budget. These will be worked through during the next stage of the project.

4.7 Legal Implications, Access to Information and Call In

4.7.1 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.

4.7.2 The Co-op Academy of Leeds is a Private Finance Initiative (PFI) school therefore the remodelling works will be carried out through a variation to the existing contract. This will involve amending the existing Deed of Variation, School Agreement and the 125 year lease. Payment of the Unitary Charge will become the responsibility of the Trust upon completion of the scheme.

4.7.3 There are no other direct legal implication arising from the recommendations in this report

4.7.4 The proposal in this report is a key decisions and subject to call in.

4.8 Risk Management

4.8.1 The Trust has raised concerns over the ongoing revenue budget implications once the school has expanded. At a recent meeting between colleagues in Children and Families and the Trust, it was agreed that the concerns raised, whilst challenging, are not insurmountable and that both parties will work in partnership to address these.

4.8.2 Colleagues from Leeds City Council, The Co-operative Academy Trust, Imagile Infrastructure Management and Imagile Project Services have worked closely to progress the scheme to the end of the feasibility stage. There is a good working relationship and a common shared understanding about the aims and objectives of this proposal.

4.8.3 A decision not to proceed at this stage would mean fresh consultation on new proposals and would mean places may not be delivered in time. The Council's ability to meet its statutory duty for sufficiency of school places in the short term may also be at risk.

4.8.4 There is a corporate risk associated with failing to provide sufficient school places in good quality buildings that meet the needs of local communities.

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. The Executive Board, in setting the Capital Programme at its February 2018 meeting, recognised this funding gap of £71.7m as the largest significant pressure that the capital programme faces and as such agreed to cashflow the expected programme of works during 2018/19 by injecting additional funding of £25m of LCC Borrowing and CIL funding.

5.2 The additional places are required in the Burmantofts and Richmond Hill area to ensure the Council meets its legal requirement to ensure sufficiency of secondary provision by September 2019. There is evidence of local need for places and it is therefore recommended that the proposal be approved.

5.3 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

Executive Board is requested to approve:

- 6.1 Authority to spend on the Learning Places Programme for the expansion of The Co-operative Academy of Leeds at a total value of £4.1m as detailed in this report;
- 6.2 Note that it is currently envisaged that the scheme will be completed by October 2019, however discussions are ongoing between all parties to look at ways to bring this date forward to September 2019;
- 6.3 Note that if in the event that the works required cannot be completed by September 2019, a contingency plan will be developed to ensure that the Academy is able to accommodate the additional pupil numbers;
- 6.4 Note that the Chief Officer, Chief Officer, Asset Management and Regeneration is responsible for scheme delivery.

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.