

Report of the Head of Service Learning Systems Children & Families

Report to the Director of Children and Families

Date: 12th February 2021

Subject: Allerton Grange Permanent Expansion Scheme Tender Acceptance Report



Are specific electoral wards affected? If yes, name(s) of ward(s): Roundhay / Moortown	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Has consultation been carried out?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Will the decision be open for call-in?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, access to information procedure rule number: Appendix number:	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

Summary

1. Main issues

- The purpose of this report is to seek approval to award a tender in respect of the proposed works at Allerton Grange School to extend the former City Learning Centre building and award the contract in accordance with Leeds City Council procurement rules.
- Since 2009, Leeds City Council's Learning Places Programme has created over 11,500 primary school places across the city in response to rising birth rates which increased from 7,500 per year in 2001 to a peak of 10,350 in 2012. For the academic year starting in September 2018, a total of 1,600 new primary learning places were created to meet the continued demand and in 2019 315 were delivered. Since the peak in 2012 the birth rate has been declining resulting in the requirement for fewer permanent primary places and a decrease in the number of temporary or bulge solutions.
- As expected, as children move through primary and into secondary school, the demand for year 7 places has started to rise with 9254 places allocated for the academic year 2019/20 (an increase by nearly 300 children on the previous year) Projections estimate that in 2020/2021 it will increase by nearly 500 children and then by a similar amount in 2021/2022
- There is a clearly identified need for additional secondary places in the inner north area of Leeds to meet an increase in pupil numbers in future years. Allerton Grange School is popular and has already admitted more pupils than its Published Admission Number (PAN) for the past four years to help meet demand in the area. The school is located within an area of high demographic need, with limited alternative options available to respond to this.

The proposed 60 additional permanent year 7 places will provide some much needed additional capacity in Roundhay/Moortown to help manage future pressure.

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- On 24th June 2020, Executive Board approved the proposal to permanently expand secondary provision at Allerton Grange School from a capacity of 1200 pupils to 1500 pupils in years 7 to 11 with an increase in the admission number from 240 to 300 with effect from September 2021.
- In June 2020 capital expenditure of £2,151,200.80 was approved for works to remodel and refurbish the former City Learning Centre (CLC) to provide accommodation for the September 2020 bulge cohort of 60 pupils. The former CLC building sits within the Allerton Grange School site but is not part of the PFI and is wholly owned by Leeds City Council.
- On 24th September 2020, Executive Board approved the expenditure of £5,051,606 from Capital Scheme number 33177/AGR/000 for the redevelopment and expansion of Allerton Grange School for September 2021.
- The school has previously admitted over its published PAN of 240 to 270 and managed the additional capacity within the current footprint of the building. However in order to increase to a PAN of 300 additional accommodation will be required to support the permanent expansion.
- The overall scheme costs of £7,202,806, which incorporates the previous approval of £2,151,200.80 for the bulge expansion for September 2020, and the remaining £5,051,606 to cover the costs of works for the permanent expansion.
- The remodelling of the former CLC provides accommodation for the bulge cohort and is now in occupation. To accommodate the permanent increase in pupil numbers further works are required to build an extension with additional teaching spaces on the former CLC, and remodelling of spaces within the main school building.
- The impact of the Covid-19 pandemic on project risk, programme and cost is currently unknown, this is being actively managed by the Project Manager to ensure the scheme is delivered for September 2021. The cost plan detailed herein is priced to reflect the position known at the current stage as such they reflect the known risk of Covid-19 at this time and have adjusted accordingly, resulting in increased prelims, a longer programme, additional costs associated with productivity limitations as a result of social distancing etc. Any new escalation of the pandemic, outside of the known parameters, or changes to current Government guidance, remains an unknown and prevalent risk. The project team will continue to monitor this and report back to the Head of Programmes & Project at regular intervals. As well as a client held contingency commensurate with a project of this value to address any risks during construction, a separate sum for Covid-19 related risk has been allocated within the budget.

2. Best Council Plan Implications (click [here](#) for the latest version of the Best Council Plan)

- The 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. In providing places close to where the children live the proposals will improve accessibility of local and desirable school places, and thus reduce any risks of non-attendance.
- The scheme contributes to the 2020/2021 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 2018-23, 'Leeds to be the best city in the UK and the best city for children and young people to grow up in. We want Leeds to be a child

friendly city'. The programme seeks to deliver a supply of good quality accessible local school places which can contribute to these outcomes.

3. Resource Implications

- The total estimated cost and capital investment associated with the permanent expansion of Allerton Grange School will be £7,202,806. This figure includes the existing capital approval to spend of £2,151,200.80 to remodel the CLC building to accommodate the bulge cohort of 60 pupils (2FE) for September 2020. A separate contract has already been awarded for the remodelling works to the former CLC which has now been completed.
- In September 2020, Executive Board approved authority to spend and incur expenditure of £5,051,606 from capital scheme number 33177/AGR/000 for the redevelopment and permanent expansion of Allerton Grange School from September 2021. This covers the works which will be delivered by Phase 2 and Phase 3 of the project.
- The authority to spend included the sums for total estimated cost of the works including the all development costs, fees (including PFI fees), construction, decant, utilities, loose furniture & equipment, off-site Highways works, client held contingency.
- This report is seeking approval to accept the tender and award the contract for the sum of £3,232,010.45 to build an extension to the former CLC to facilitate the permanent expansion of Allerton Grange School from 240 to 300 PAN. This is Phase 2 of a 3 phase programme of works to facilitate the permanent expansion of Allerton Grange School.
- Phase 3 works will be via a deed of variation to the existing PFI contract, Building Schools for the Future Phase 1 to deliver the changes within the existing PFI building as further work to support the permanent expansion of Allerton Grange School.
- The cost will be met the capital scheme 33177/AGR/PH2 as part of the Learning Places Programme.

Recommendations

The Director of Children and Families is requested to:

- a) Approve acceptance of the tender submitted via the Leeds Local Education Partnership in the sum of £3,232,010.45 inclusive of all professional design fees incurred by the appointed contractor, development costs and surveys incurred by the contractor. Release of funding for the construction costs will be subject to valuations completed and validated by NPS Ltd Leeds.
- b) Approve entering into a contractual agreement with Leeds D&B One Ltd to deliver the development at Allerton Grange School. This will take the form of a JCT 2016 head contract between the authority and Leeds D&B One Ltd for the sum of £3,232,010.45.
- c) Note that acceptance and agreement to proceed with a deed of variation to the existing PFI contract, Building Schools for the Future Phase 1 to deliver the changes within the existing PFI building (Phase 3 works) will be subject to a separate report.
- d) Note that the officer responsible for implementation is the Head of Service Learning Systems and the Head of Projects and Programmes, Asset Management & Regeneration and authorise them as a signatory of all other contract related documentation that is required to deliver the project.

1. Purpose of this report

- 1.1 The purpose of this report is to seek approval to accept a tender in respect of the proposed works to extend the former CLC building at Allerton Grange School and award the contract in accordance with Leeds City Council procurement rules.

2. Background information

- 2.1 The Learning Places programme represents the Council's response to the demographic growth pressures in school place provision. The increasing birth rate in Leeds has required Leeds City Council to approve an increasing number of new school places since 2009 in order to fulfil its statutory duty. Since 2009, Leeds City Council's Learning Places Programme has created over 11,500 primary school places across the city in response to rising birth rates which increased from 7,500 per year in 2001 to a peak of 10,350 in 2012. Whilst from a primary perspective the demand for places has peaked and is now starting to decline, as expected, as children move through primary and into secondary school. The demand for year 7 places has started to rise with 9254 places allocated for the academic year 2019/20 (an increase by nearly 300 children on the previous year) Projections estimate that in 2020/2021 it will increase by nearly 500 children and then by a similar amount in 2021/2022.
- 2.2 The scale of the response cannot be met through the existing estate; therefore the expansion of existing schools or the creation of new schools has been required in many instances. The capital school building solutions to the demographic need is managed via Children's & Families Learning Places Programme. Project management of schemes arising from this process are delivered by City Development's Projects & Programmes Team in Asset Management and Regeneration.
- 2.3 There is a clearly identified need for additional secondary places in the inner north area of Leeds to meet an increase in pupil numbers in future years. To manage gradually increasing demand for secondary places in previous years, it has already been necessary to provide some additional temporary places at several schools in the inner north area and to permanently expand Roundhay School by 250 places. In addition, the greatest increase in demographics is around the Allerton Grange area and from within the schools catchment.
- 2.4 With limited options available to meet the overall need, failure to act now and agree high quality expansion schemes at good schools, such as this, is likely to result in the Local Authority failing in its duty to provide sufficient secondary school places
- 2.5 Allerton Grange School is popular and has already admitted more pupils than its Published Admission Number (PAN) for the past four years to help meet demand in the area. The school is located within an area of high demographic need, with limited alternative options available to respond to this. The proposed 60 additional permanent year 7 places will provide some much needed additional capacity in Roundhay/Moortown to help manage future pressure.
- 2.6 On 24th June 2020, Executive Board approved the proposal to permanently expand secondary provision at Allerton Grange School from a capacity of 1200 pupils to 1500 pupils in years 7 to 11 with an increase in the admission number from 240 to 300 with effect from September 2021.
- 2.7 The school has previously admitted over its published PAN of 240 to 270 and managed the additional capacity within the current footprint of the building. However in order to increase to a PAN of 300 additional accommodation will be required to support the permanent expansion.
- 2.8 Works to accommodate a bulge expansion of 60 pupils has already been undertaken for September 2020. This work has created general teaching accommodation for 6th form pupils in the former CLC building on the site in order to facilitate a bulge cohort in the main school following approval of capital expenditure in June 2020 for £2,151,200.80 specifically for the bulge. Further works to expand the CLC building and remodelling within the main

school building will be necessary in order to enable the permanent expansion of the school as pupil numbers grow to meet the maximum PAN.

- 2.9 While the former CLC building is owned by LCC, the expansion of the building will encroach onto the existing PFI site. The extension to the former CLC building will be subject to a deed of variation to remove this section of the site from the PFI agreement such that the extended building remains wholly in LCC ownership. A further deed of variation will be required for PFI approval of the internal remodelling works in the main building. These variations will attract lenders fees which are included in the project costs.
- 2.10 The proposal to expand Allerton Grange School has been developed by City Development's Projects & Programmes Team on behalf of Children's & Families. Under the exclusivity arrangements detailed within the Strategic Partnering Agreement (SPA) the Leeds Local Education Partnership (LLEP) have been appointed to deliver the proposals for Allerton Grange School.
- 2.11 The permanent expansion proposals have been subject to a planning application, which has been formally determined and approved on 2nd February 2021.

3. Main issues

Design Proposals

- 3.1.1 The proposed work to expand Allerton Grange School to facilitate the permanent increase in pupil numbers consists of the following components:
- 3.1.2 Phase 2 to be delivered via contract award to include :
- Construction of an extension to the former CLC building to create a further 6 classrooms, staff work room, store room and additional changing rooms to accommodate increased pupil numbers
 - External works for provision of additional parking spaces, electric vehicle charging points, additional pupil and staff cycle storage
 - Associated landscaping and external works.
- 3.3 Phase 3 to be delivered via a Deed of Variation on the existing PFI contract:
- Introduction of a mezzanine floor in the main school building to create increased dining space
 - Conversion of science labs, and 2 group rooms into 2 full sized labs to accommodate full class sizes
 - Conversion of 2 English teaching class bases into science presentation teaching spaces to accommodate full class sizes
 - Separation of the existing 6th form common room into 2 teaching spaces
- 3.4 Additional works to meet requirements for planning approval
- Off-site highways works as necessary to support the redeveloped school, which will be delivered via the authority's highways department. Costs for this work were included in the authority to spend approved at Executive Board in September 2020.
- 3.5 Project Delivery
- 3.5.1 The contract for the project will take the form of a 'head' contract between Leeds City Council and the Leeds Local Education Partnership and a 'pass down contract' between the

LLEP and the appointed contractor. In order to mitigate the risk of tier 1 contractor insolvency the LLEP Partnership have allowed for 'step-in' rights in the pass down contract to the contractor.

- 3.5.2 A letter detailing requirements for 'step-in' clauses, replicated in sub-contracts, is issued at project inception to the appointed tier 1 contractor. Evidence of this is then sought to ensure effective implementation of the 'step in' rights for the LLEP. The main head contract will not be signed without this evidence. This allows the LLEP to take the place of the tier 1 contractor in the event of their insolvency and to take responsibility for the sub-contractors with a view to either ensuring completion or, in the event of longer duration, appointing a replacement tier 1 contractor.
- 3.3.3 The tier 1 contractor is required to evidence that financial obligations to their sub-contractors have been discharged as part of applications for payment. Monies will not be discharged under payment certificates to the tier 1 contractor until confirmation the supply chain has been paid. This will ensure that sums outstanding to the supply chain are minimised in the event of insolvency, and allows the effective implementation of the 'step-in' rights highlighted in point 3.3.1.
- 3.3.4 A rigorous counter checking process is to be undertaken to ensure the tier 1 contractor is not over paid. This will ensure that valuations are paid only for completed works thus ensuring sufficient monies available to discharge the remaining contract sum.
- 3.3.5 The LLEP have diversified their portfolio of contractors and no longer have a preferred contractor. The 2020/21 Learning Places Programme schemes with the LLEP are being delivered by four separate contractors. This minimises the Authority's exposure to delays and additional cost risk following contractor insolvency.
- 3.3.6 The LLEP's Finance Officer completes ongoing financial checks of all the tier 1 contractor's on the LLEP's frameworks via their annual commercial reports and assessment of their credit rating score. This ensures proactive management of risk by ensuring schemes are only awarded to viable tier 1 contractors.
- 3.3.7 All projects developed for Leeds City Council will be delivered collaboratively, with the opportunity for the Authority to comment and input into the proposed tender methodology and contractor selection. Delivery of cost effective and practical solutions for Leeds is the modus operandi of the LLEP's business.

4. Corporate considerations

4.1 Consultation and engagement

- 4.1.1 The publication of the Statutory Notice to expand Allerton Grange School was approved by Executive Board on 12 February 2020. Final determination was subsequently approved by the Executive Board 24 June 2020.
- 4.1.2 The proposed scheme has been subject to consultation with key stakeholders including Children's and Families officers, the Head Teacher and Governing Body and the Executive Member for Learning Skills and Employment. Ward members have been fully briefed on the proposals as part of pre-planning submission consultation, and briefing updates will be given at key stages thereafter.
- 4.1.3 Throughout the design process we have, and will continue to consult with the school and the governing body to ensure that the final product meets expectations and that any changes proposed do not materially affect the operation and success of the school. The school have been engaged on the development process and are fully supportive of the scheme.

4.1.4 Consultation with statutory consultees: Planning and Highways has been ongoing since project inception and will continue as the scheme develops. Planning application was submitted on 2nd November 2020 and approval granted on 2nd February 2021.

4.2 Equality and diversity / cohesion and integration

4.2.1 The recommendation within this report does not have any direct nor specific impact on any of the groups falling under equality legislation and the need to eliminate discrimination and promote equality. A screening document has been prepared and an independent impact assessment is not required for the approvals requested. A copy is included as Appendix A to this report.

4.3 Council policies and the Best Council Plan

4.3.1 This scheme is due to be delivered under the City Council's Learning Places Programme and is required to fulfil the Local Authority's statutory responsibility 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 2020/2025 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 support the vision in the supporting Children and Young People's Plan 2018-23. , 'Leeds to be the best city in the UK and the best city for children and young people to grow up in. We want Leeds to be a child friendly city'. The programme seeks to deliver a supply of good quality accessible local school places which can contribute to these outcomes.

Climate Emergency

4.3.3 Full sustainability proposals have been included within the planning application in order to meet the requirements of the associated planning policies, such as EN1 and EN2.

4.3.4 In line with planning policy EN8 provision of parking spaces has been included in the design to meet the requirement for provision of electric vehicle charging points.

4.3.5 During the works period, the contractor will seek to minimise construction waste and CO2 emissions, and suitably manage site waste for the purposes of reuse and / or recycling.

4.3.6 The planning conditions for the works to expand the school include the development of the school 'Travel Plan' to seek sustainable travel options, the project will respond to the requirements of the Travelwise Team and colleagues from Highways to ensure appropriate pedestrian and cycle provisions are allowed for.

4.4 Resources, procurement and value for money

4.4.1 In order to deliver the required accommodation in time for commencement of the 2021/22 academic year the works detailed within this report have been procured under the Strategic Partnering Agreement (SPA) between the Leeds Local Education Partnership (LLEP) and Leeds City Council. The associated procurement rules applied to this process has been adhered to. The exclusive supplier arrangements, detailed under CPR 3.1.5, have been invoked in this instance. Construction contracts developed through the SPA are delivered by Leeds D & B one Ltd who are to appoint Interserve Construction Ltd as subcontractor for this project. Interserve Construction Ltd are the service providers to the PFI building which forms the main part of the school campus, and while the former CLC building sits within the

school boundary and is under the ownership of Leeds City Council, access rights and connection to services in the main building will be required to deliver this project. The tender value of the Phase 2 works is £3,232,010.45 which is inclusive of all other additional fees/services.

- 4.4.2 In line with CPR 3.1.5, the requirements for internal remodelling to the main school building (Phase 3 works) are subject to existing contractual arrangements with the PFI, Building Schools for the Future Phase 1, and is in-line with the variation process outlined in the PFI contract. The PFI provider under the existing contract will deliver the works.
- 4.4.3 NPS (Leeds) were commissioned to advise whether the proposed construction offers value for money. The outcome of their review is that the costs submitted are in line with current market rates.
- 4.4.4 During construction, the project manager will work closely with the contractor and the school to identify areas where savings might be possible.

4.5 Legal implications, access to information, and call-in

- 4.5.1 The approval of this report constitutes a Significant Operational Decision and as such will not be subject to 'Call-In'.
- 4.5.2 While the former CLC building is owned by LCC, the Phase 2 works for expansion of the building will encroach onto the existing PFI site. The extension to the former CLC building will be subject to a deed of variation to remove this section of the site from the PFI agreement such that the extended building remains wholly in LCC ownership.
- 4.5.3 A further deed of variation will be required for PFI approval of the Phase 3 works of internal remodelling works in the main building. These variations will attract lenders fees which are included in the project costs
- 4.5.4 Leeds City Council's PFI Contract Management Team have been commissioned to provide support specifically around ensuring that the change process is appropriately managed.

4.6 Risk management

- 4.6.1 Risk has been managed through application of 'best practice' project management tools and techniques via the City Council's 'PM Lite' risk methodology. Project management resource from City Development is tasked with ensuring the project remains within the predetermined risk tolerances
- 4.6.2 A joint risk log will be developed with the appointed contractor to ensure all construction related risks for the project are identified together with the relevant owner of the risk. The Council's project risk log will continue to be maintained and updated throughout the project and escalation of any risks that sit outside of the agreed tolerances will be managed via the Head of Projects and Programme, City Development
- 4.6.3 The full extent of the Covid-19 global pandemic and the end of the Brexit transition period are still to manifest, and as such remains a 'known unknown' risk. Consequently it is not possible to mitigate these risks to the fullest extent as it is not known how deep or far reaching they will be. The cost plan detailed herein is priced to reflect the position known at the current stage as such they reflect the known risk at this time and have adjusted accordingly, resulting in increased prelims, a longer programme, additional costs associated with productivity availability and limitations as a result of social distancing etc. Any new escalation, outside of the known parameters, or changes to current Government guidance, remains an unknown and prevalent risk. The project team will continue to monitor this and report back to the Head of Programmes & Project at regular intervals.

- 4.6.4 As well as a client held contingency commensurate with a project of this value to address any risks during construction, a separate sum for Covid-19 related risk has been allocated within the budget.
- 4.6.5 The contract for the project will take the form of a 'head' contract between Leeds City Council and the Leeds Local Education Partnership and a 'pass down contract' between the LLEP and the appointed contractor. In order to mitigate the risk of tier 1 contractor insolvency the LLEP Partnership have allowed for 'step-in' rights in the pass down contract to the contractor.
- 4.6.6 In addition to the above measures a performance bond for 10% of the construction cost is to be secured and, along with evidence of the 'step-in' clauses, completion of this will be a stipulated requirement of LCC entering into the construction contract.
- 4.6.7 Completion of the work detailed in this report is essential in order to provide the required accommodation associated with the additional secondary places needed at Allerton Grange School for September 2021.
- 4.6.8 Any decision not to proceed at this stage would likely result in delays and risks the local authority's ability to meet its statutory duty for sufficiency of learning places for September 2021. There is also a corporate risk associated with failing to provide sufficient learning places in good quality buildings that meet the needs of local communities.
- 4.6.9 If the proposal does not proceed there is a risk that increased demand for places in the local area would have to be met further from the area of need, reducing the opportunity for more children and young people to walk to their local school, and potentially increasing journey times and car use.

5 Conclusions

- 5.1 In order to implement the approved increased PAN at Allerton Grange School for September 2021 it is necessary to deliver the works detailed in section 3.0 *Main Issues – Design Proposals*.
- 5.2 If the proposal does not proceed there is a risk that increased demand for places in the local area would have to be met further from the area of need, reducing the opportunity for more children and young people to walk to their local school, and potentially increasing journey times and car use.
- 5.3 The impact of the Covid-19 pandemic on the successful delivery of the project is subject to continual monitoring and mitigation measures, the overall risk remains an unknown at present however the Project Team are taking every step to ensure the project remains within the critical path and funding tolerances detailed herein.
- 5.4 The cost plan detailed herein is priced to reflect the position known at the current stage as such they reflect the known risk of Covid-19 at this time and have adjusted accordingly, resulting in increased prelims, a longer programme, additional costs associated with productivity limitations as a result of social distancing etc. Any new escalation of the pandemic, outside of the known parameters, or changes to current Government guidance, remains an unknown and prevalent risk. The project team will continue to monitor this and report back to the Head of Programmes & Project at regular intervals. As well as a client held contingency commensurate with a project of this value to address any risks during construction, a separate sum for Covid-19 related risk has been allocated within the budget.
- 5.5 The delivery of the works will be managed by City Development's Projects & Programme's Team in Asset Management and Regeneration on behalf of Children's & Families in conjunction with the joint venture partners (NPS), the Leeds Local Education Partner (LLEP), the appointed contractors, the school and other key stakeholders.

6 Recommendations

The Director of Children and Families is requested to:

- a) Approve acceptance of the tender submitted via the Leeds Local Education Partnership in the sum of £3,232,010.45 inclusive of all professional design fees incurred by the appointed contractor, development costs and surveys incurred by the contractor. Release of funding for the construction costs will be subject to valuations completed and validated by NPS Ltd Leeds.
- b) Approve entering into a contractual agreement with Leeds D&B One Ltd to deliver the development at Allerton Grange School. This will take the form of a JCT 2016 head contract between the authority and Leeds D&B One Ltd for the sum of £3,232,010.45.
- c) Note that acceptance and agreement to proceed with a deed of variation to the existing PFI contract, Building Schools for the Future Phase 1 to deliver the changes within the existing PFI building (Phase 3 works) will be subject to a separate report.
- d) Note that the officer responsible for implementation is the Head of Service Learning Systems and the Head of Projects and Programmes, Asset Management & Regeneration and authorise them as a signatory of all other contract related documentation that is required to deliver the project.

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.