

Design & Cost Report and Tender Acceptance Report seeking approval of construction works and fees associated with the delivery of the new purpose built VINE Special Education Needs and Disabilities (SEND) college

Date: 22nd November 2021

Report of: Project Manager, City Development

Report to: Chief Officer – Financial Services and Director of Children and Families

Will the decision be open for call in? Yes No

Does the report contain confidential or exempt information? Yes No

What is this report about?

Including how it contributes to the city's and council's ambitions

- On 28th September, the Director of Children and Families approved authority to incur capital expenditure up to the amount of £2,255,626 under reference D54512. Within this overall approved sum, £1,476,839 was used for the purposes of entering into an early works contract with the Leeds Local Education Partnership (LLEP) to enable Galliford Try (GT) to undertake an initial package of works in advance of the contract signature for the main works.
- The purpose of this report is to seek approval to incur capital expenditure of £11,300,000 from capital scheme number 33439 /000 /000, of which £2,255,626 has already been approved under reference number D54512, for all of the works covered under this scheme.
- The approval of an additional £9,044,374 sought in this report will be used to fund the remaining works necessary to deliver the new purpose built VINE Special Education Needs and Disabilities (SEND) college for young people aged between 19 and 25 prior to the end of October 2022.
- This report also seeks approval to proceed with the acceptance of the tender submitted by the LLEP in the sum of £10,302,004 which includes the amount of £2,255,626 noted above.
- Leeds City Council has a statutory duty to meet the special educational needs of children and young people with an Education Health and Care Plan (EHCP) until the age of 25. The Vine provision is a commissioned service run by Leeds City College, graded as outstanding by Ofsted in 2018, currently providing adult education for young people aged between 19 and 25 with complex special educational needs.
- This proposal establishes high quality specialist places within the city for some of our most vulnerable learners, actively contributing towards achievement of the Best Council Plan 2020

– 2025 outcomes for everyone in Leeds to, ‘Be safe and feel safe’, ‘Enjoy happy healthy active lives’ and ‘Do well at all levels of learning and have the skills they need for life’.

- Specifically, in relation to achieving the priorities set out in the Leeds Children and Young People’s Plan 2018 – 2023. This proposal aims to ‘improve achievement and attainment for all’, ‘Improve at a faster rate educational progress for children and young people vulnerable to poor learning outcomes’, ‘Help young people into adulthood, to develop life skills and be ready for work’ and ‘Improve social, emotional and mental health and wellbeing’.

Recommendations

The Chief Officer – Financial Services is requested to:

- a) Approve the injection of £9,044,374 of departmental borrowing funding into capital scheme number 33439 /000 /000.

The Director of Children and Families is requested to:

- a) Note that approval to expend £2,255,626 was obtained in September 2021 under reference D54512 for a package of early works that are currently in progress and near completion.

In respect of the main works following the completion of the early works:

- a) Approve authority to incur capital expenditure up to the sum of £9,044,374 into the capital scheme number 33429 /000 /000 (as detailed in this report) in respect of capital works, and associated fees in relation to the rebuild of the new Vine provision.
- b) Approve the tender submitted by the Leeds Local Education Partnership in the sum of £10,302,004 for all of the works covered under this scheme.
- c) Note the revised programme dates identified in section 40 of this report represents the critical path for project success and must be adhered to where possible.
- d) Note that upon completion of the capital works, the VINE provision will be able to accommodate up to 60 young people between the ages of 19 and 25 with Special Education Needs and Disabilities (SEND).
- e) Note that the officers responsible for implementation is the Head of Service, Learning Systems and the Head of Projects and Programme, City Development.

Why is the proposal being put forward?

1. In 2016, the decision to transfer the Vine service for young people with complex special educational needs from Leeds City Council to Leeds City College was taken, changing the Local Authority’s relationship with the service from provider to commissioner.
2. As part of the 2016 decision to transfer, Leeds City College was granted a three-year lease in the Queenswood Education Centre. This lease was in place to allow a phased move from the current site into a purpose built centre in Beeston. However, due to rising demand in the city for this type of provision and the increasing complexity of the needs of the learners at the Queenswood centre meant that the transfer did not proceed as originally intended.
3. Approximately 20% of the children who attend Special Inclusive Learning Centres (SILC) in Leeds require ongoing educational support and services when they leave at the age of 19. Currently, the authority cannot meet all the complexity of needs presented within the city and is increasingly reliant on out of area placements that are more expensive. This has led to an

increase in spend from the high needs block of the designated school grant which in the long term is not sustainable.

4. Through ongoing sufficiency planning and as part of a new secondary school development, an opportunity for relocation of the Vine was identified using a suitable council owned land within close proximity of the new Trinity Academy.
5. The works detailed herein this report will be delivered by City Development Programmes and Projects Team, in partnership with the Leeds Local Education Partnership (LLEP) and Norfolk Property Services Leeds (NPSL). Galliford Try Ltd. are the principal contractor, appointed by the LLEP, for the works.

What impact will this proposal have?

Wards affected: Burmantofts and Richmond Hill

Have ward members been consulted? Yes No

6. Capital investment in a new purpose built accommodation for a 19-25 provision is a balance of cost avoidance and potential savings outlined in the Business Case approved by members of the Executive Board at their meeting in December 2020.
7. Modern and appropriate accommodation will avoid substantial uncontrolled costs that contribute to increasing pressure on the high needs block of the designated school grant. The new accommodation will allow expansion of provision to a capacity of 60, an increase of 10 additional local learning places.
8. Creating desirable local places are an efficient use of resources and reduces the risk of costly out of area placement with private providers. As reported in the December 2020 Executive Board report, out of area provision is costly with current equivalent out of area placements averaging an annual cost of £50,000 per place for a three day education placement with individual placements costing more. This approach supports the council's value of spending money wisely because savings will be generated which will reduce pressure on the designated school grant. Furthermore, the savings generated will be used to offset the cost of borrowing.
9. Alongside the delivery of the new purpose built facility, work is underway to agree a new leasehold agreement with Leeds City College which takes into account the improved accommodation, increased capacity and additional facilities. It is anticipated that the rental income generated will contribute towards offsetting the cost of borrowing.
10. The approval of this report constitutes a Significant Operational Decision and as such will not be subject to 'Call-In'.
11. The timetable to follow in order to deliver the number of spaces required for October 2022 is extremely challenging and has been further exacerbated by the disruption caused by Covid 19 and Brexit.

What consultation and engagement has taken place?

12. The process in respect of this proposal has been managed in accordance with relevant legislation and local good practice.

13. Consultation has and will continue with representatives of Leeds City College, young people attending the current Vine provision, parents of children attending the Vine, parent support groups, local residents, ward members and other relevant stakeholders.
14. Due to restrictions on gatherings caused by Covid 19, several different communication tools have been used to brief key stakeholders including Ward Members and the Executive Member for Children and Families. This included written briefings, online meetings as well as a walkaround of the site to talk Ward Members through the proposal with colleagues from Highways, the LLEP and Galliford Try also in attendance.
15. To enable the local community to comment on the proposals, a dedicated website was set up to allow the public to view and comment on the plans. The details of the website were included in the leaflets that were extensively posted within the local community.

What are the resource implications?

16. In December 2020, members of the Executive Board approved the Business Case that set out the proposal for a new purpose built building to house a commissioned service providing adult education for young people aged between 19 and 25 with an Education Health and Care Plan (EHCP). In the same report, Executive Board members were advised to note the estimated overall cost of the scheme as being £10,800,000 and approved the proposal to delegate the approval of future Design and Cost Reports (DCR) in relation to the project to the Director of Children & Families (and/or if appropriate, in consultation with School Places Programme Board)
17. In the report submitted to the Director of Children and Families and Chief Officer – Financial Services in September 2021, approval was obtained to inject £1,525,815 of departmental borrowing funding into capital scheme number 33439 /000/ 000 and authority to incur capital expenditure up to the sum of £2,255,626 was granted. This enabled the authority to enter into an early works agreement with Leeds D&B One Ltd for the sum of £1,476,839.
18. Since this cost was presented to members at their meeting in December 2020, there has been significant unprecedented upward cost fluctuations across the construction industry due to disruptions in the supply chain caused by a combination of issues relating to Covid 19 and Brexit. As a consequence of this, approval was obtained from the Chief Officer - Financial Services in September 2021 for an additional injection of £500,000 into the scheme. An updated business case demonstrated that the revised scheme cost estimate of £11,300,000 continued to represent value for money and would achieve a substantial level of future revenue savings.
19. Colleagues from Norfolk Property Services Leeds (NPSL) have undertaken a technical and financial review of the current design and confirm that the proposal put forward by the LLEP meets the requirements set out by Leeds City Council, offers value for money and their recommendation is to accept the tender.
20. The cost of the works contained in this report is £9,044,374 which will be used, subject to obtaining approval, to fund the remaining works necessary to deliver the new purpose built VINE Special Education Needs and Disabilities (SEND) college for young people between 19 – 25.
21. Following the approval of this report, the financial exposure for the project including works carried out to date will be £11,300,000. This figure includes the cost of the essential works carried out to date including design, surveys and professional services fees that were contained in the 'Pre-Construction Services Agreement' as well as the proposed works

contained in the tender submitted by the LLEP. Other fees included are those associated with submitting planning and building control application as well as project management related fees.

| Previous total Authority to Spend on this scheme | TOTAL £000's | TO MARCH 2021 £000's | FORECAST | | | | |
|---|-----------------|----------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | | | 2021/22 £000's | 2022/23 £000's | 2023/24 £000's | 2024/25 £000's | 2025 on £000's |
| LAND (1) | 0.0 | | | | | | |
| CONSTRUCTION (3) | 1476.8 | | 1476.8 | | | | |
| FURN & EQPT (5) | 0.0 | | | | | | |
| INTERNAL DESIGN FEES (6) | 0.0 | | | | | | |
| OTHER FEES / COSTS (7) | 778.8 | 352.8 | 426.0 | | | | |
| TOTALS | 2255.6 | 352.8 | 1902.8 | 0.0 | 0.0 | 0.0 | 0.0 |
| | | | | | | | |
| Authority to Spend required for this Approval | TOTAL £000's | TO MARCH 2021 £000's | FORECAST | | | | |
| | | | 2021/22 £000's | 2022/23 £000's | 2023/24 £000's | 2024/25 £000's | 2025 on £000's |
| LAND (1) | 0.0 | | | | | | |
| CONSTRUCTION (3) | 8218.8 | | 3418.8 | 4560.0 | 240.0 | | |
| FURN & EQPT (5) | 0.0 | | | | | | |
| INTERNAL DESIGN FEES (6) | 0.0 | | | | | | |
| OTHER FEES / COSTS (7) | 825.6 | | 325.6 | 500.0 | | | |
| TOTALS | 9044.4 | 0.0 | 3744.4 | 5060.0 | 240.0 | 0.0 | 0.0 |
| | | | | | | | |
| Total overall Funding (As per latest Capital Programme) | TOTAL £000's | TO MARCH 2021 £000's | FORECAST | | | | |
| | | | 2021/22 £000's | 2022/23 £000's | 2023/24 £000's | 2024/25 £000's | 2025 on £000's |
| Departmental Borrowing | 11300.0 | 352.8 | 5647.2 | 5060.0 | 240.0 | | |
| Total Funding | 11300.0 | 352.8 | 5647.2 | 5060.0 | 240.0 | 0.0 | 0.0 |
| | | | | | | | |
| Balance / Shortfall = | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

Parent Scheme Number: 33439/000/000
Title: VINE Education Centre - Rebuild

What are the legal implications?

22. Following the Executive Board approval in December 2020 of the proposal to provide a new purpose built premises to deliver the VINE service, the approval of this DCR and TAR report requesting approval to proceed with the main works constitutes a 'Significant Operational Decision' and as such will not be subject to 'Call-In'.

23. There are no other legal implications or access information issues arising from this report.

What are the key risks and how are they being managed?

24. The price provided to the LLEP by GT takes into account the disruption caused to the supply chain by Covid 19 as well as the current and likely emerging risks associated with Brexit. It was for this reason that it was felt prudent to progress with an early works package to mitigate against the potential risks relating to increasing costs of key materials caused by issues within the supply chain.

25. Obtaining approval to placing of orders for materials in advance of the main contract signature provided an element of cost certainty in relation to materials that were and still remain subject to significant cost and supply pressures.
26. Full planning approval was obtained on Thursday 29th July 2021 under reference 21/03356/FU.
27. Risks have 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.
28. A joint risk log has been 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.
29. During the period between the approval of the early works report and the submission of this report, colleagues from the LLEP and their design team in partnership with colleagues from NPSL and Leeds City Council have identified ways to reduce the overall construction cost through a process of value engineering without compromising the project outcomes sought. This exercise is ongoing but to date, £50,000 of potential savings have been provisionally agreed with further savings anticipated. Any savings identified as part of the value engineering exercise will be allocated to the contingency fund.

Does this proposal support the council's three Key Pillars?

Inclusive Growth Health and Wellbeing Climate Emergency

30. This scheme is an example of putting children at the heart of the Inclusive Growth Strategy by equipping young people with the education, attributes and awareness of opportunities they will need to succeed in work. The outcome of this project will be 60 high quality local specialist learning places for young people with complex special education needs.
31. Out of the five outcomes set out in the Health and Wellbeing Strategy, this scheme demonstrably supports the following outcomes, 'People will live full, active and independent lives' and 'People's quality of life will be improved by access to quality services'. Out of the 12 priority area, this scheme supports creating a 'Child Friendly City' and giving young people 'the best start in life'.
32. A modern, purpose built provision with increased capacity situated in Leeds' boundary will reduce travel to out of area provisions thereby contributing to reducing harmful carbon emissions by lessening journey times.
33. The contract requires Galliford Try to demonstrate a robust Waste Management Plan, be registered with The Considerate Constructors Scheme, of which, the main consideration of the scheme falls into three categories: The public, the workforce and the environment. The contractor is also required to be sympathetic to the Leeds Talent and Skills Plan by striving to employ local trades, reducing the impact of extended travel.
34. Opportunities to improve the buildings thermal efficiency and carbon footprint have been sought in-line with applicable planning policy. The design of the building exceeds current

targets set for carbon reduction and energy contribution from low and zero carbon technologies.

35. Electric vehicle charging points are to be provided in the proposed new college car park at the appropriate ratio required by planning policy.

Options, timescales and measuring success

36. A decision not to proceed with the main works will place the revised delivery date of October 2022 at significant risk of not being met. This will in turn lead to continued pressure on the high needs block of the designated school grant because of uncontrolled costs caused by placing learners in more costly out of area placements.

37. It was previously reported that the proposed target date for opening would be September 2022, however since then a number of issues have arisen which have caused delays. As a consequence, a target date of October is considered more realistic, however colleagues from the LLEP and Galliford Try have committed to accelerating and bringing forward work packages, where appropriate, during the construction stage with a view to handing over the building earlier than the revised date. Progress made against this aspiration will be reported to members of Children & Families Project Risk and Control Group as part of the monthly reporting cycle.

38. Success will be measured through reviewing performance against the revised programme and the achievement of key milestones.

39. Approval of this report represents the critical path to ensure delivery of the project in accordance with the dates set out below. Any deviation from the dates set out below could lead to potential cost increases that reflect changing market factors and may result in further delays to the opening of the new VINE provision,

40. The remaining key milestones for the project are noted below:

| Milestone | Date |
|--|--------------------------------|
| Approval of the DCR and TAR (main works) | 24 th November 2021 |
| Contract award | 26 th November 2021 |
| Main works start on-site* | 27 th November 2021 |
| Handover | 21 st October 2022 |
| Building opening* | 31 st October 2022 |

NOTE: * This dates may change and is dependent on achieving key the key milestones set out above.

41. The programme is based on current Covid 19 restrictions and working practices, any changes to this will be addressed contractually and managed by the project team in order to minimise potential cost and programme overrun. Appropriate measures have been placed within the contract to manage this risk, in addition a project contingency commensurate with a project of this complexity is being developed.

Appendices

Appendix A - Equality Impact Assessment Screening Document

Background papers

None