



Report of the Chief Executive of Education Leeds

Executive Board

Date: June 2009

Subject: Submission of the Outline Business Case for Leeds West Academy

Electoral Wards Affected:

All

Specific Implications For:

Equality and Diversity

Community Cohesion

Narrowing the Gap

Eligible for Call In

Not Eligible for Call In

EXECUTIVE SUMMARY

- 1 Members of Executive Board will recall from reports of 24th January and 16th November 2005 that Leeds was selected as a Wave 1 Authority under the Government's Building Schools for the Future (BSF) Programme. The aim of Wave 1 of the BSF Programme in Leeds has been to rebuild or refurbish, over three phases, 14 secondary schools in Leeds. Members also gave their approval to the establishment of a Local Education Partnership (LEP) and to the final scoping and financial implications of Phase 1 of the City Council's BSF Programme.
- 2 Members of Executive Board, are requested now to approve the Outline Business Case for Leeds West Academy of the Council's Wave 1 Building Schools for the Future Programme and authorise its submission to the Department for Children, Schools and Families and to Partnerships for Schools.
- 3 The British Edutrust Foundation (Edutrust) is the sponsor of Leeds West Academy that will provide an Academy school from September 2009. Leeds City Council and Education Leeds share Edutrust's aim of providing "a local academy for local children and the local community based on high aspirations, expectations and achievements".
- 4 The project for the academy is a transformational new build school under a design and build contract to become operational in September 2011.

5. Members of Executive Board are recommended to:

- a. Approve the Outline Business Case for Leeds West Academy of the Council's Wave 1 Building Schools for the Future Programme and authorise its submission to the Department for Children, Schools and Families and to Partnerships for Schools;
- b. Approve the injection of an additional expenditure of £17.018m financed by additional BSF Capital Grant Funding from the DCSF from the Capital Programme, arising from the change from school to academy status as detailed in section 8 of this report;
- c. Authorise scheme expenditure of £31.128m from capital scheme number 15414 for Leeds West Academy;
- d. Approve the application of the previously approved City Council contribution of £2.529m to be committed elsewhere in the Leeds BSF Wave 1 Programme.

1.0 Purpose Of This Report

- 1.1 The purpose of this report is to request members of Executive Board to:
- a. Approve the Outline Business Case for Leeds West Academy of the Council's Wave 1 Building Schools for the Future Programme and authorise submission to the Department for Children, Schools and Families and to Partnerships for Schools;
 - b. Approve the injection of an additional expenditure of £17.018m financed by additional BSF Capital Grant Funding from the DCSF from the Capital Programme, arising from the change from school to academy status as detailed in section 8 of this report;
 - c. Authorise scheme expenditure of £31.128m from capital scheme number 15414 for Leeds West Academy;
 - d. Approve the application of the previously approved City Council contribution of £2.529m to be committed elsewhere in the Leeds BSF Wave 1 Programme.

2.0 Background Information on the BSF Programme and Academy Transfer

2.1 On 9th March 2005, Members of Executive Board approved the submission of the Strategic Business Case (SBC) to the Department for Education and Skills (now the Department for Children, Schools and Families) for the Council's Wave 1 BSF Programme. The SBC acts as the overriding plan for the delivery of the Building Schools for the Future Programme in Leeds. It sets out the vision for Education in Leeds and acts as the tool to promote and inform the Local Education Partnership. It is intended to reflect changing and developing national and local Education priorities.

2.2 The British Edutrust Foundation (Edutrust) is the sponsor of Leeds West Academy that will provide an academy school from September 2009. Leeds City Council and Education Leeds share Edutrust's aim of providing "a local academy for local children and the local community based on high aspirations, expectations and achievements".

2.3 The aims, objectives and anticipated outcomes of the academy are set out in the sections below.

2.4 Aims

- To raise aspirations for local young people
- To improve learning and achievement
- To contribute to the realisation of the Vision for Leeds 2004 – 2020
- To value and seek education benefits from the cultural and ethnic diversity of Leeds
- To ensure that no young people are excluded from the opportunity to learn.

2.5 Objectives

- To open an Academy in the existing building by September 2009 with the new build Academy being available from September 2011
- Delivery of an Academy with English and Performing Arts specialisms on programme and to budget
- Raise educational standards by securing investment and providing an opportunity for all parties to input into a strong educationally design brief
- To provide a new building which supports 21st Century expectations in styles of teaching and learning, technological developments with flexibility and adaptability to enable future changes as the education landscape evolves
- Develop partnerships with organisations who share Leeds ' values and together transform education in a way that best serves the local community for generations to come
- Support the 'Every Child Matters' agenda and deliver significant improvements on all five outcomes for young people.

2.6 Outcomes

- Leeds West Academy will be a high achieving academy providing a curriculum which will help young people who attend to feel more powerful and optimistic about their future allowing them to follow their individual learning pathways and thereby gaining high self-esteem through achieving success
- Leeds West Academy will be fully inclusive, ensuring that all children and young people achieve success and have access to the highest quality education
- Leeds West Academy will be an e-confident school with ICT embedded in all teaching and learning
- Leeds West Academy will develop community links which will support the extended services agenda.

3. Scope of Project

- 3.1 Intake High School was originally in Phase 3 of the Wave 1 programme, as summarised below:

Original Proposal

Phase 3 School	Summary of Proposed Project Scope
Intake High School Arts College	Current School capacity 1460
Design and Build	Proposed School capacity 1,350 comprising: 1200 pupils aged 11 to 16; 150 pupils aged 16 to 18
Service commencement December 2010	The proposed scope of the work comprised 46% of new build with the remaining 54% subject to minor alterations.

3.2 Since the agreement to develop an academy through the sponsorship of Edutrust, the project moved to Phase 4 of the programme and was re-scoped:

Phase 4 Academy	Summary of Proposed Project Scope
Leeds West Academy	Academy capacity 1500
Design and Build	1,200 pupils aged 11 to 16; 300 pupils aged 16 to 18
Service commencement September 2011	100% New Build

3.3 **The Works Period:** the construction period for Leeds West Academy will run from contract signature, programmed for April 2010 through to August 2011.

3.4 **Employment and TUPE:** the change in status to an academy will result in the transfer of all staff under TUPE from the City Council to the Academy Trust Edutrust.

3.5 **Property:** the standard PfS documentation for the academy development anticipates a short term lease of the existing building pending the development on the new site of the new facilities, and will be licensed to Edutrust during the defects liability period and following this the Academy Trust will be granted a 125 year lease of the whole site.

3.6 **Communication and Consultation Strategy** will be carried out through established protocols within Education Leeds and the City Council to ensure all stakeholders, including parent/carer(s) and young people are kept fully informed and engaged in the procurement and construction stages of the process. This strategy was developed from experience acquired on earlier Schools PFI projects and the Council's BSF Programme and seeks to continue the protocols with stakeholders undertaken during the procurement processes of Phase 2 of the Programme.

3.7 **Stakeholders** in this project are identified as:

- Edutrust (Academy Sponsor)
- The existing school, the head teacher, governors, staff, parents, pupils and the wider community
- Education Leeds
- The City Council's Executive Board Members
- The Education PFI / BSF Project Board
- The BSF Project Team
- Ward members (where the academy is located)
- Department for Children, Schools and Families (DCSF)
- Partnerships for Schools (PfS)
- Other agencies and specialist bodies, including Sport England, English Heritage, Commission for Architecture and the Built Environment (CABE) etc.

- Employee representatives
- Media

3.8 Communication and consultation throughout the project to date has included:

- Members briefings
- Governor and staff meetings
- Regular update meetings with Headteacher and the Chair of Governors
- Regular reports to the Education PFI / BSF Project Board,
- Regular meetings with Partnerships for Schools
- Regular meetings with Development Department on planning, highways and site issues
- Discussions with Sport England, English Heritage, CABE etc.

3.9 **Impact upon the Leeds Public Playing Field Strategy** - In accordance with the requirements of the report on Leeds Public Playing Fields Strategy, approved by Executive Board on 13 December 2006, the potential impact on the playing fields has been fully considered and risk assessed.

3.10 During construction some of the Academy's existing playing pitches will be used to construct the new facilities. Whilst construction is ongoing, alternative sports provision will be made at the adjacent primary school (subject to their final confirmation).

4.0 Implications For Council Policy And Governance

4.1 At their meetings on 9th March and 13th October 2005 and 24th January 2007, Members of Executive Board agreed the Corporate Governance arrangements for the procurement of PPP / PFI projects, giving appropriate delegations to the PPP / PFI Co-ordination Board; to specific PFI Project Boards and to officers in connection with BSF and the LEP. The procurement of Leeds West Academy as Phase 4 of the BSF Programme will be undertaken in accordance with those arrangements by the PPP / PFI Education Project Board. The authority and powers to enter into a contract with the LEP are reserved to Members of Executive Board.

4.2 In the scope of this project as outlined in sections 3.1 and 3.2 above, it is now proposed to increase the post 16 provision from 150 pupils to 300 pupils. The academy sponsors have signed and agreed to operate within the Leeds Memorandum of Understanding for Academies. This academy will work as part of the Confederation of FE providers in West Leeds to plan and deliver 14+ provision within the city-wide protocols and in way that addresses the needs and maximises the outcomes of young adults across West Leeds. The academy is committed to actively collaborating to develop wider choice and increased participation alongside every FE provider operating in West Leeds. Similar issues apply to the PFI considerations being addressed through the transfer of South Leeds High School into an academy.

4.3 The procurement is being progressed under the Strategic Partnership Agreement signed by the City Council and the Leeds LEP on 3rd April 2007, which, subject to conditions set out in the Agreement, grants the LEP exclusive rights in relation to projects with a capital value of £100,000 or more in the Secondary School estate, including Phases 2, 3 and 4 of the Council's BSF Wave 1 Programme. These rights

are subject to compliance with procedures set out in the Agreement and providing that the New Project Procedure submissions provide value for money to the Public Sector.

5.0 Project Timetable

5.1 The Project Timetable is as follows:

Activity	Date
Submission of Outline Business Case	June 2009
Approval of the Outline Business Case	July 2009
Financial Close	March 2010
Construction Period	April 2010 – August 2011
Handover of the new building	Sept 2011

6.0 Resources to Deliver the new building

6.1 The table below illustrates the budgeted procurement cost in 2009/10 and 2010/11 for the procurement of the new academy buildings.

	Budget for 2009/10 £000	Budget for 2010/11 £000
Public Private Partnership Unit charges (includes strategic and project management, legal, financial, technical, governance, programming and performance support)	£340,510	£50,000
External adviser fees (legal, financial, technical, pension, insurance etc.)	£236,310	£25,000
Education Leeds Costs (BSF direction/strategy/client input into design, services and operation/stakeholder coordination)	£54,218	£55,302
Total	£631,038	£130,302

6.2 These cost projections reflect the City Council's experience of delivering Phase 1 and part of Phase 2 of the Programme and previous schools PFI projects. Due to procurement through the LEP, the anticipated procurement timescale is quicker than conventional procurement and consequently a less costly route to Financial Close. Provision will be made by Education Leeds to meet these procurement costs whilst the Council holds further discussions with the DCSF on the financing of both the Council's and Education Leeds procurement costs. (see paragraph 7.2 below)

7.0 Project Risks

7.1 A Risk Management Plan and a comprehensive Project Risk Register have been developed to enable the continual, effective monitoring of the risks towards

achieving successful delivery of the Project. A summary of the key risks is reported regularly to the Education PFI/BSF Project Board.

- 7.2 Edutrust will be in occupation of the existing buildings and providing education from September 2009 whilst the procurement and construction phases of the new buildings will not be completed until September 2011. This means that the procurement will be on behalf of the Academy Trust. This approach is set out in the DCSF and PFS procurement models. The projected costs of procurement are set out in the table at 6.1 above. The City Council had anticipated that the costs of procurement would be reimbursed from the capital funding allocation provided by the DCSF (leaving only a risk on such costs and the LEP's costs in some circumstances if the Project does not proceed to contract. However PFS have stated that the City Council's and Education Leeds procurement costs cannot be financed from the mainstream BSF funding. This means that PFS expect the City Council and Education Leeds to meet the cost of procuring the new academy from their own financial resources. There is no approved budget provision for the costs in 2009/10. Discussions are continuing on this with the DCSF.
- 7.3 The risks on costs are also compounded by the fact that the City Council also bears the risk of cost overruns on the Project, where they are not the risk of the Contractor under the Design and Build Contract, even where any additional costs are outside the control of the Council. A contingency sum has been included in the budget if this were to be exceeded, under current PFS funding arrangements, additional costs will fall to the Council .. Officers are mitigating this risk through discussions with DCSF and PFS. Accordingly the Council have established a contingency fund and technical due diligence will be carried out to ensure the contingency fund is not exceeded; including survey information. The risk will also be mitigated by officers of the City Council and Education Leeds exercising due diligence during various stages of the approvals procedures set out in the new projects procedures of the Strategic Partnering Agreement. Despite these risk mitigation arrangements if any additional costs were likely to be incurred they will be subject to further approval of Members of the Executive Board.

8.0 Financial Issues

- 8.1 The original scheme allocation for Intake High School when it was proposed as a refurbishment project was £16.289 million, which included DCSF capital funding of £13.760 million.
- 8.2 There has been an increase in the DCSF Capital Grant funding for the Leeds West Academy of £17.018 million due to the change in status from a school refurbishment to a new build Academy. The revised overall funding allocation for the Leeds West Academy, has increased by a net amount of £14.489 million after taking into account £2.529 million of LCC resources previously allocated to this project (which, it is proposed will continue to be committed within the Leeds BSF Wave 1 Programme). The table below shows the revised, compared to the original funding allocation that was approved by Executive Board in August 2007.

Description	Original Allocation approved for Intake High School as at August 2007	Revised Proposed Allocation as per Outline Business Case for Leeds West Academy
	£000's	£000's
Construction Works	16,289	30,778
Authority Works	350	350
Capital Programme Provision	16,639	31,128
Less DCSF Capital Funding *	13,760	30,778
Net Cost to LCC	2,879	350

* Revised DCSF capital grant funding includes £400k allowance for abnormal costs, subject to justification through Outline Business Case.

8.3 There are no ongoing revenue affordability implications as a result of establishing the Academy for the maintenance and upkeep of the building as the responsibility for this will transfer at the point of completion in 2011 to the Academy Trust.

9.0 Recommendations

9.1 Members of Executive Board are recommended to:

- a. Approve the Outline Business Case for Leeds West Academy of the Council's Wave 1 Building Schools for the Future Programme and authorise its submission to the Department for Children, Schools and Families and to Partnerships for Schools (the full Outline Business Case is available on request from the officer named on the agenda front);
- b. Approve the injection of an additional expenditure of £17.018m financed by additional BSF Capital Grant Funding from the DCSF from the Capital Programme, arising from the change from school to academy status as detailed in section 8 of this report;
- c. Authorise scheme expenditure of £31.128m from capital scheme number 15414 for Leeds West Academy;
- d. Approve the application of the previously approved City Council contribution of £2.529m to be committed elsewhere in the Leeds BSF Wave 1 Programme.

10.0 Background Papers

- Executive Board October 2007. Consultation Draft on the future of Academies in Leeds
- Executive Board April 2008. Consideration of an Expression of Interest to establish an academy to serve the Bramley area.
- Executive Board December 2008 The Executive Board was asked to; (i) note the outcome of the consultation, to close Intake High School on 31st August 2009, conditional upon DCSF approval to open an academy on that site opening Sept 1st 2009 and Approve the publication of a statutory notice.
- Executive Board March 2009 Approve the formal closure Notice

- Leeds West Academy Project – Outline Business Case, June 2009.