

**Report of the Director of Children's Services**

**Report to Executive Board**

**Date: 07 September 2011**

**Subject: E-ACT Leeds East Academy final Business Case**

Are specific electoral Wards affected? If relevant, name(s) of Ward(s): Killingbeck and Seacroft	<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. E-ACT Leeds East Academy will be a 6 form entry, mixed 11-19 Academy with a total of 1,100 places. The Academy will open in the existing building on the site of the former Parklands Girl's High School on 01 September 2011.
2. Following a comprehensive options appraisal and design development during New Project Procedure Stage 1 and 2, the Leeds LEP have submitted an affordable scheme for this project. The new build is expected to be completed by February 2013.
3. The Final Business Case has been reviewed by the Children's Services Project Board and Strategic Investment Board. Executive Board's approval is requested for the submission of the Final Business Case to Partnerships for Schools (PfS).
4. Subject to PfS approval of the final Business Case, the Council will enter into contract with the Leeds LEP to design and build E-ACT Leeds East Academy.

**Recommendations**

Members of Executive Board are recommended to approve the submission of the Final Business Case to Partnerships for Schools (PfS) for E-ACT Leeds East Academy (BSF Wave 1, Phase 5).

## **1 Purpose of this report**

- 1.1 The purpose of this report is to request Executive Board's approval for the submission of the Final Business Case to Partnerships for Schools (PfS) for E-ACT Leeds East Academy (BSF Wave 1, Phase 5).

## **2 Background information**

- 2.1 Leeds was selected as a Wave 1 Authority under the Government's Building Schools for the Future (BSF) Programme. On 9 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 Education, DfE) for the Council's Wave 1 BSF Programme.
- 2.2 BSF Phase 5 - E-ACT Leeds East Academy is the final Phase in Wave 1 and consists of a new build academy on the site of Parklands Girls' High School.
- 2.3 On 07 April 2010, Members of Executive Board approved the publication of a statutory notice to close Parklands Girls' High School on 31 August 2011 conditional upon the Department for Children, Schools and Families (DCSF) approval to open an academy on that site opening 01 September 2011.
- 2.4 In October 2010, the Department for Education (formerly DCSF) approved the Expression of Interest for an Academy. The Academy will be sponsored by E-ACT, a not-for-profit educational foundation committed to promoting excellence in education and learning. The specialisms will be English and Business and Enterprise.
- 2.5 The Academy will open in the existing building on the site of the former Parklands Girl's High School on 01 September 2011.
- 2.6 On 22 June 2011, Executive Board approved the submission of the Stage 0 submission to PfS, the injection of funding and authority to spend against scheme number 16155 (E-ACT Leeds east Academy) and the disposal of the leasehold interest at nil consideration.
- 2.7 On 30 June 2011, Partnerships for Schools (PfS) approved the Stage 0 submission for the E-ACT Leeds East Academy project.

## **3 Main issues**

### **3.1 Scope of The Project**

- 3.1.1 Parklands Girls' High School was originally in Phase 3 of the Wave 1 Programme the original scope of works included a mixture of new build refurbishment and remodel utilising the Design and Build contract.
- 3.1.2 Since the agreement to develop an academy sponsored by E-ACT, the project has moved to Phase 5 of the programme and has been re-scoped to include an increase in capacity required in the East Leeds area:

#### Current School

- Numbers On Roll: 667 (capacity: 918).

### New Academy Proposal

- Proposed Academy capacity: 1100 comprising 900 pupils aged 11 to 16 and 200 pupils aged 16 to 18.
- Service commencement - February 2013.
- The scope of work comprises 100% new build.
- Design and Build contract.

3.1.3 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 E-ACT from September 2011.

3.1.4 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 which will then be licensed to E-ACT during the defects liability period and following this, the Academy Trust will be granted a 125 year lease of the whole site.

### **3.2 Design Proposals / Scheme Design**

3.2.1 A comprehensive options appraisal was produced jointly between the sponsor E-ACT, DfE, PfS and the City Council which recommended the construction of a New Build Roundhouse Style School based on the concept used at The Roundhouse, Derby College.

3.2.2 The scheme has since been through the New Project Procedure (NPP) Stages 1 and 2 including design development and consultation. On 19 August, the LEP submitted an affordable NPP Stage 2 submission.

3.2.3 The Academy will be a 6 form entry, mixed Academy, with 200 post-16 places (1,100 total).

3.2.4 The new building consists of a steel trussed North Light frame on concrete pad foundations clad with steel panels set on a brick plinth at ground level. There will be large areas of powder coated aluminium curtain walling with some glass, particularly at low level but generally polycarbonate glazing. The roof will be a built-up system incorporating at least 10% North Lights with perforated finished liner deck. Internally there will be 'pod rooms' of varying sizes which in the main will be teaching spaces. The pods consist of modular steel panels over clad with either glass or coated steel elevation. In addition there will be a number of open learning spaces with associated FF&E. Large internal spaces such as the Sports Hall will be built in a more traditional manner using blockwork for robustness. The administration rooms will be created using lightweight metal stud partitioning with painted plasterboard or pods.

3.2.5 External treatment consists of soft & hard landscape to the front of the building and to the teaching areas to the rear. The existing car park and entrance is to be retained, supplemented with a new separate vehicular access. The existing tennis courts will be resurfaced to provide hard play area.

3.2.6 A pre-application of the design proposals was presented to Plans Panel (East) on 14 April 2011. This was then followed up with a second pre-application presentation to this panel on 16 June 2011 to provide further information on the proposed materials, car parking, public consultation and the reasoning behind the proposed siting of the building. The Plans Panel were supportive of the design and location proposed. A full planning application was submitted on 19 July 2011 and a progress update was presented to the Plans Panel (East) on 11 August 2011. Further to the planning submission, CABE requested a design review, through their role as planning consultees, which took place on 22 August 2011. A number of constructive comments (advice only) were given and in consultation with Planning and Development Services some of these will be taken on board and the planning submission amended. Full Planning approval is expected to be determined at the October 2011 Plans Panel (East).

### **3.3 Project Outcomes**

3.3.1 E-ACT's Education Brief includes their vision which is to provide "Excellence in Education for All" in its Academies, by ensuring that the life chances of all its students are enhanced. E-ACT will support the Academy to ensure its students become successful citizens who contribute fully and effectively to the Academy and to the social and economic well-being of the wider community.

3.3.2 The overall objectives of the project are:

- To deliver a 6 form entry, mixed 11-18 Academy, with 200 post-16 places which would replace Parklands Girls' High School, a girls community school situated in the Killingbeck and Seacroft district of Leeds.
- To open an Academy in the existing building by September 2011 with the new build being available in February 2013.
- To deliver an Academy within the budget.
- To deliver E-ACT's vision for the proposed Academy - to provide 'Excellence in Education for All'.
- To improve standards via governance, leadership and management, teaching and learning, curriculum development and delivery and the flexibilities offered by the Academy model.
- Educational transformation for pupils.
- To ensure the sustainability of the Academy into the future.

### **3.4 Final Business Case (FBC)**

3.4.1 PfS require a short format Final Business Case to be submitted for their approval prior to the project reaching Commercial and Financial close. This document evidences the affordability and deliverability of the project, and updates PfS of any changes since the Stage 0 submission, which was approved in June 2011.

3.4.2 The Final Business Case has been reviewed by the Children's Services Project Board and Strategic Investment Board.

3.4.3 Subject to PfS approval of the Final Business Case, the Council will then enter into contract with Leeds LEP to design and build E-ACT Leeds East Academy.

### 3.5 Programme

3.5.1 The key project milestones are summarised below:

<b>Key Milestone</b>	<b>Date</b>
E-ACT Approval to the New Build Roundhouse Style School	05 May 2011
Submission of the "Confirmation of Procurement Approval (Stage 0)" document to PfS	25 May 2011
Design Freeze	20 June 2011
NPP1 Submission by Leeds LEP	24 June 2011
Executive Board Approval of (Stage 0) document	22 June 2011
Approval of the "Confirmation of Procurement Approval (Stage 0)" document by PfS	30 June 2011
Approval of New Project Procedure Stage 1 submission by Leeds LEP by Children's Services Project Board	06 July 2011
NPP2 Submission by Leeds LEP	19 August 2011
Executive Board Approval to submit Final Business Case to PfS	07 September 2011
Approval of New Project Procedure Stage 2 submission by Leeds LEP by Children's Services Project Board	19 September 2011
Full Planning Approval	06 October 2011
Approval of the Final Business Case by PfS	07 October 2011
Commercial and Financial Close	13 October 2011
Construction Commencement of the New Building (Phase 1)	17 October 2011
Construction Completion and Handover of the New Building (Phase 1)	18 February 2013
Construction of Phase 2 (Demolition and External Works)	18 February to 16 August 2013

## **4 Corporate Considerations**

### **4.1 Consultation and Engagement**

4.1.1 A Communication Plan has been developed which identifies stakeholders, their interests and specifically what success of the project means to them, key messages and the arrangements for implementing and managing the stakeholder engagement strategy. The Communication Plan also ensures that consultation will be carried out through established protocols within Children's Services and the wider City Council to ensure all stakeholders, including parents, carers and young people are kept fully informed and engaged in the procurement and construction stages of the project. This was developed from experience acquired on earlier Schools PFI projects and the Council's BSF Programme.

4.1.2 Stakeholders in this project are identified as:

- E-ACT (Academy Sponsor).
- The existing school, the head teacher, governors, staff, parents, pupils and the wider community.
- Children's Services department.
- The City Council's Executive Board Members.
- The Children's Services Project Board.
- The BSF Project Team.
- Ward members (where the academy is located).
- Department for Education (DfE).
- 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.

4.1.3 Communication and consultation on the project to date has included a range of key stakeholders including:

- Public consultation at the school on 11 May 2011, including governors, staff, parents, pupils and the wider community.
- Member of Parliament.
- Members briefings have been held in Nov 2010, Jan, Feb, April and July 2011.
- Chair of Governors and Governor meetings / briefings.
- Staff meetings.
- Inner East Area Committee meeting on 23 June 2011.
- Outer East Area Committee meeting on 05 July 2011.
- Pre-application presentations to Plans Panel (East) on 14 April and 16 June 2011 and an progress update to the panel on 11 August 2011
- Regular update meetings with the Principal Designate.

- Project Steering Group meetings with Education Leeds, E-ACT, Department for Education and Partnerships for Schools to determine the transfer to an Academy in September 2011.
- Regular meetings with Partnerships for Schools.
- Design User Group meetings with Education Leeds, E-ACT, Leeds City Council Officers and Leeds Local Education Partnership to consult on and agree strategic procurement and design issues.
- Regular reports to the Children's Services Project Board.
- Design Development meetings with Education Leeds, E-ACT (including Principle Designate Director of ICT and Head of Design & Architecture), Leeds City Council Officers, Leeds Local Education Partnership and IPSL (contractor) to consult on and agree detailed procurement and design issues.
- Regular meetings with City Development on planning, design, highways and site issues.
- Discussions with Sport England.
- Legal forums with Education Leeds, E-ACT, Leeds City Council Officers and Leeds Local Education Partnership to consult on and agree legal issues (including short term lease, development agreement, long term lease and design & build contract).

4.1.4 Further communication and consultation on the project will continue with the above groups throughout procurement and construction.

## **4.2 Equality and Diversity / Cohesion and Integration**

- 4.2.1 This report does not have a particular impact on any of the following groups: Race, Disability, Gender, Age, Sexual Orientation, Pregnancy and maternity, Religion or belief.
- 4.2.2 For the project an Equality, Diversity, Cohesion and Integration Screening form has been completed, which determined that it is not necessary to carry out a formal impact assessment.
- 4.2.3 However, in procuring the project the proposals have been and will continue to consider its impact on equality, diversity, cohesion and integration.

## **4.3 Council Policies and City Priorities**

- 4.3.1 The E-ACT Leeds East Academy project will impact on the Children and Young People's Plan by fully supporting the pledges made within The 'Leeds Education Challenge'. E-ACT supports the ambition for Leeds to be recognised as a Child Friendly City and understands the importance of the 5 outcomes, 11 priorities and 3 obsessions.

## **4.4 Resources and Value for Money**

- 4.4.1 The procurement is being progressed under the Strategic Partnership Agreement signed by the City Council and the Leeds LEP on 03 April 2007 which 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, 4 and 5 of the Council's BSF Wave 1 Programme, subject to conditions set out in the Agreement. 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.

4.4.2 The funding available for E-ACT Leeds East Academy is summarised in table 1:

<b>Funding</b>	<b>£</b>
PfS funding	13,377,085
PfS ICT funding (excludes VAT recovery from PfS)	1,196,250
<b>SUB TOTAL (PfS Funding)</b>	<b>14,573,335</b>
LCC capital contribution (against scheme)	595,200
Project Management (PM) Fee Account *	565,000
LCC Authority Works	226,000
<b>SUB TOTAL (LCC Funding)</b>	<b>1,386,200</b>
<b>TOTAL Funding</b>	<b>15,959,535</b>
LCC Capital Contribution previously allocated to scheme (now in programme level contingency)	1,027,000

\*The PM fee account covers costs for Procurement, Survey and Planning fees

4.4.3 The construction budget for the project is £14,288,535 which excludes the ICT, Authority Works, and the Project Management Fee Account. The overall budget is summarised in table 2 .

<b>Budget</b>	<b>£</b>
<b>Construction Budget</b>	<b>14,288,535</b>
ICT Budget	880,000
LCC Authority Works	226,000
Project Management (PM) Fee Account *	565,000
<b>TOTAL Budget</b>	<b>15,959,535</b>

\*The PM fee account covers costs for Procurement, Survey and Planning fees

4.4.4 Procurement costs for this project and for the academy transfer (approx £500,000) will be met from the project. The Project management fee account has been allocated for this purpose. These costs include PPPU, external and internal advisors costs but not Children's Services costs which will be met by the

department. The procurement cost projections reflect the City Council's experience of delivering Phase 1-4 of the Programme and previous schools PFI projects.

- 4.4.5 On 22 June 2011, Members of Executive Board approved the Authority to Spend the funding amount shown in table 4.4.2.
- 4.4.6 There are no ongoing revenue implications for the maintenance and upkeep of the new build Academy as the responsibility will transfer to E-ACT, the academy sponsor, at the point of completion in February 2013.

#### **4.5 Legal Implications, Access to Information and Call In**

- 4.5.1 On 09 March 2005, 13 October 2005 and 24 January 2007, Members of Executive Board approved the Corporate Governance arrangements for the procurement of PPP / PFI projects, giving appropriate delegations to the PPP / PFI Co-ordination Board, to specific Project Boards and to officers in connection with BSF and the Leeds LEP. Subsequent changes to these delegations means that the Director of Children's Services (or delegate) now has the powers (delegated under section 3E of the Constitution (Officer Delegation Scheme)) to award a Design and Build Contract under BSF where the Director is satisfied that the project remains within the affordability and other tolerances approved by the Executive Board. The procurement of E-ACT Leeds East Academy as Phase 5 of the BSF Programme will be undertaken in accordance with those arrangements.
- 4.5.2 The period between the end of New Project Procedure Stage 2 and Commercial and Financial close (programmed for 13 October 2011) will be utilised by the City Council, LEP and Interserve to prepare contract documents.
- 4.5.3 There is no exempt or confidential information contained in this report.
- 4.5.4 This decision is made by the Executive Board and is therefore subject to call-in.

#### **4.6 Risk Management**

- 4.6.1 A comprehensive Project Risk Register has 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 and reviewed regularly to the Children's Services Project Board.
- 4.6.2 The key risks are:
  - E-ACT will be in occupation of the existing buildings and providing education from September 2011 whilst the procurement and construction phases of the new buildings will not be completed until February 2013. This means that the procurement will be on behalf of the Academy Sponsor, in line with DfE and PFS procurement models. Procurement costs are therefore at the Council's risk as they are funded from LCC's capital contribution (against scheme). Furthermore, the risk on costs are 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.

Mitigations: Regular consultation is being undertaken with E-ACT to minimise procurement and design issues. In the unlikely event that E-ACT leave the

project either another Sponsor will be identified or the School will revert to a community school. The Council has established a contingency fund and technical due diligence will be carried out to ensure the contingency fund is not exceeded. The risk will also be mitigated by officers of the City Council exercising due diligence during various stages of the approvals procedures set out in the New Project Procedure of the Strategic Partnering Agreement.

- Scheme not affordable within available funding / Cost of Works exceed funding.

Mitigations: Programme contingency in place, Survey strategy agreed, Target cost contract agreed, robust Options Appraisal undertaken, cost plan has been updated and validated at regular intervals including prior to end of Stage 0, at NPP Stage 1 and NPP Stage 2.

- Failure to secure planning permission and/or decision delayed.

Mitigations: Early and regular involvement of planning officers, LCC urban design, highways officers, Sport England and local ward members; early pre application presentations and updates to plans panel (14/04/11, 16/06/11 and 11/08/11), public consultation and consultation with Inner and Outer East Area Committees have taken place.

## **5 Conclusions**

- 5.1.1 Following a comprehensive options appraisal and design development during NPP Stage 1 and 2, an affordable scheme of £14,288,535 has been submitted for this project in line with the Construction Budget (see 4.4.3).
- 5.1.2 The Final Business Case has been reviewed by the Children's Services Project Board and Strategic Investment Board.
- 5.1.3 Subject to PfS approval of the Final Business Case, the Council will enter into contract with the Leeds LEP to design and build E-ACT Leeds East Academy.

## **6 Recommendations**

- 6.1 Members of Executive Board are recommended to approve the submission of the Final Business Case to Partnerships for Schools (PfS) for E-ACT Leeds East Academy (BSF Wave 1, Phase 5).

## **7 Background documents**

- 7.1 Executive Board August 2007 – Submission of the Outline Business Case for BSF Phase 2 & 3.
- 7.2 Executive Board October 2007. Consultation Draft on the future of Academies in Leeds.
- 7.3 Executive Board December 2009 - Proposed Variations to the BSF Capital Programme.

- 7.4 Executive Board April 2010. Approval to publish a statutory notice to close Parklands Girls' High School on 31 August 2011 conditional upon DfE approval to open an academy on that site opening 01 September 2011.
- 7.5 Executive Board October 2010. DfE approved the Expression of Interest to establish an academy to serve the Seacroft area.
- 7.6 Executive Board 22 June 2011. Design and Cost report for E-ACT Leeds East Academy, submission of Stage 0 Proposal to Partnerships for Schools and disposal of Parklands leasehold at nil consideration.
- 7.7 Equality, Diversity, Cohesion and Integration Screening form

### **Annex 1 – E-ACT Leeds East Academy Final Business Case**

**Please note that Annex 1 – the final business case is attached. The appendices to the business case are stored in the members library, and are available upon request.**

The following Appendices to Annex 1 are not yet available due to ongoing negotiations and processes. These will be complete by 6 October :

Appendix 2a & 2b – Derogations Tables (expected 19 September)

Appendix 4b – Executive Board minutes (7 September)

Appendix 7a & 7b – Planning Position Statement & Planning Decision Notice (expected 8 September and 6 October respectively)

Please refer to section 3.5 above for more details of the Programme dates.