

Report of The Director of Children's Services

Report to The Executive Board

Date: March 7th 2012

Subject: Basic need 2012: Carr Manor & Roundhay all through schools revised costs

Are specific electoral Wards affected? If relevant, name(s) of Ward(s): Moortown, Roundhay	<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
Is the decision eligible 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 of main issues

- 1 Since submission of the two Design and Cost Reports (DCRs) in October 2011, the costs on both basic need schemes have risen and are projecting increases of £655K in respect of Carr Manor all through school, and £2.77M in respect of Roundhay all through school, a total of £3.43M.
- 2 The purpose of the report is to explain:
 - The reasons behind the increases in costs in relation to both projects;
 - The recommended resolution in respect of alignment of additional funding to these two schemes.
 - The implications for project programmes and impact on the duty to deliver pupil places for September 2012; and

Recommendations

- 3.1 Executive Board is requested to transfer £0.655m of secured grant funding from scheme 14185/000/000 and authorise additional expenditure of £0.655m in respect of the Carr Manor project, to allow the scheme to progress to a formal order to the supplier and to allow 30 places to be delivered for 2012.

- 3.2 Executive Board is requested to transfer £2.775m of secured grant funding from scheme's 14185/000/000 and 16404/000/000 and authorise additional expenditure of £2.775m in respect of the Roundhay project, to allow the scheme to progress to a formal order to the supplier and to allow 60 places to be delivered for 2012.

1 Purpose of this report

- 1.1 The purpose of the report is to explain the reasons behind the increases in costs in relation to both projects, to identify additional funding, and ask for the approval of members of the Executive Board to increased expenditure on both projects in order to deliver 90 pupil places in 2012.
- 1.2 The priority is that the council is able to fulfil its statutory duty to ensure there are sufficient school places. This report identifies implications for both project programmes and impact on the delivery of pupil places for September 2012. We will work closely with the two schools to manage the delivery of the permanent accommodation whilst providing sufficient places from the start of term.
- 1.3 Finally the report outlines the current position in relation to the schemes.

2 Background information

- 2.1 In December 2010 Executive Board were asked for permission to consult on six proposals to meet the statutory duty to provide sufficient school places. An outline budget estimate was provided, based on modular framework costs, and heavily qualified as being 'subject to significant development costs; and not inclusive of fees, inflation, site acquisition costs, or provision for any site specific conditions or risk.' Subsequently one proposal has not proceeded and one remains subject to further work.
- 2.2 The outcome of the statutory notices for Carr Manor and Roundhay was reported in September 2011, and the outline cost of the schemes reported at £2.57M and £4.43M respectively. The delivery of two whole new schools within the statutory and approvals processes required a significantly accelerated programme and it was considered necessary to submit Design and Cost Reports in October 2011 to meet with the September 2012 deadline.
- 2.3 The original budget allocations were based on a cost per square metre, supplied by the Consultant partner, Jacobs, with a small allowance for risk, as this would be the first design and delivery of whole new modular schools through the framework.
- 2.4 The initial contractor, in relation to the Roundhay scheme (Britspace), went into administration in August, effectively losing 2 months of programme in relation to reviewing the existing part-complete design, developing and costing it. Following mini-competition, the allocation of a new supplier at a stage where the design was at most 75% complete meant the design has had to be reviewed to ensure that it can still be delivered through a different product. In addition to the duplication of fees required, the time lost in the development stages has had a detrimental impact.
- 2.5 As soon as the first cost plan from the suppliers was submitted through Jacobs, it became apparent that the costs were over those projected in the Design and Cost Report. In response to this activity has taken place with the school to reduce

costs, where possible, and has continued. Subsequent additional costs also became apparent following requirements of Plans panel in January 2012.

3 Main issues

Cost variances

- 3.1 A breakdown of key variances between the tender figures and the DCR breakdown of initial costs for both projects are as follows:

Summary of key issues impacting cost:

- 3.2 The site identified for the Roundhay scheme, has significant challenges in four key areas: level changes; security, services, ICT linkage and green belt treatment. The changes in level have a range of implications necessitating engineering solutions: retaining walls/structures between the plateaus, bridge links to upper building levels to meet DDA access/egress, ramps throughout the site, pathways accommodating the level changes, increased hard surface requirement.
- 3.3 The open and relatively isolated location presents an increased security and insurance implication for fencing, gates, CCTV, access control systems, and additional lighting. Existing services to site are either insufficient or in such a condition that they are not usable or do not meet current regulations. The projected costs of linkage of the two sites of the through school for ICT has far exceeded the original estimate.
- 3.4 The conservation area/green belt status of the site has presented Planning conditions impacting on the specification of the building design and structure, expensive external building materials, boundary treatment, lighting, path surfacing treatment and design, tree protection measures, and a significant landscaping scheme.
- 3.5 These challenges had not been sufficiently factored into the cost assumptions provided by Jacobs. There is no other alternative site in Council ownership in the correct location to provide the places required for 2012.

Programme implications

- 3.6 The priority is to ensure that sufficient school places are made available in a timely manner for local children. The proposed delivery of the modular accommodation for Carr Manor is likely to experience some slippage in returning to Executive Board for consideration on 7 March. We will work with the school to deliver the 30 places required if this occurs.
- 3.7 The programme in respect of Roundhay is more complex and consideration by the Executive Board on 7 March is likely to mean some slippage and we will work with Roundhay school to deliver the 60 places required. The slippage means that the supplier may require a continued presence on site until completion, and an increased cost implication.

Current Position

- 3.8 The modular framework has previously delivered timely and cost effective expansions of existing schools. However, these first examples of whole new schools have not delivered to the same benchmarks because their scope has placed them outside the notional schemes the framework was designed to deliver.
- 3.9 The risk log has been updated for planned future schemes and the requirement where there are as yet no identified schemes to make forward financial planning more realistic.
- 3.10 Children's Services are reviewing their construction approach and delivery programmes for all proposals which have not yet reached DCR stage. Where appropriate proposals may seek to include temporary accommodation to allow sufficient time for other procurement and construction approaches to be more securely costed.
- 3.11 Discussions have commenced between Children's Services and Planning and Highways officers in order to improve cross directorate working This includes improving and maximising early consultation and the provision of advice and guidance on proposed sites and developments to ensure that requirements at a later design stage, or at Planning application stage, do not present unanticipated cost and delay.

4 Corporate Considerations

4.1 Consultation and Engagement

- 4.1.1 The proposals in respect of changing the age range of both secondary schools and the provision of 90 pupil places for 2012 have been subject to extensive consultation including public consultation, and legal requirements in accordance with statutory process, since December 2010. The Executive Board reports are listed in section 7.
- 4.1.2 All proposed works have been the subject of consultation between Children's Services Officers, the school and the governing body, and the public via the statutory Planning process.

4.2 Equality and Diversity / Cohesion and Integration

- 4.2.1 The EDCI assessment was completed at the outset of the proposal for the new schools and is available from the School Organisation Team.

4.3 Council policies and City Priorities

- 4.3.1 The proposed scheme will meet the local authority's statutory duty to provide sufficient school places. These schemes will also contribute towards the modernisation of school buildings within the city thereby helping to raise standards and increase the level of educational attainment amongst school pupils

4.4 Resources and value for money

- 4.4.1 Since submission of the two DCRs in October 2011, the costs on both basic need schemes are projecting respective increases of £0.655m in respect of Carr Manor all through school, and £2.775m in respect of Roundhay all through school, a total of £3.43m. The consultant SDA partner recommends both the Carr Manor and Roundhay schemes as value for money.
- 4.4.2 It is proposed that the additional funding be allocated from two secured grant funded schemes, £3.177m from scheme 14185/000/000 (Devolved schools capital grant) and £0.253m from scheme 16404/000/000 (2011/12 Basic needs grant).
- 4.4.3 The key areas and reasons for the variances are as follows:
- 4.4.4 Both sites have experienced challenges and difficulties which have constituted 'abnormals' and attracted increased, site specific costs: £0.6m in respect of Carr Manor and £1.4m in respect of Roundhay. The detailed designs addressing the abnormal issues were completed after the costs submitted in the DCRs.
- 4.4.5 The Planning Authority's requirements in response to Roundhay scheme being within the Green Belt and conservation area required certain finishes, treatments and construction implications. This amounted to £440k.
- 4.4.6 The enhanced requirements of Plans panel to resolve traffic and road safety concerns resulted in a deferment of the Planning application and a re-design, requiring parental parking/drop off on site. This attracted additional costs in respect of construction, access and externals of £55k in respect of Carr Manor and £380k in respect of Roundhay.
- 4.4.7 The remaining cost variances of £555k for Roundhay, with regard to the construction overall, are a result of the detailed design and cost plans being submitted some 1-2 months after the DCR submission.
- 4.4.8 In addition, the scope of these first two whole school schemes, has placed them outside the notional schemes the framework was designed to deliver. As a consequence the additional scope has been treated by the suppliers as an 'abnormal' and attracted a different and enhanced cost.
- 4.4.9 Both the above issues relate to the accelerated programme in that the framework was the only vehicle which could deliver the whole new schools for September 2012.

4.5 Legal Implications, Access to Information and Call In

- 4.5.1 The consultation and statutory processes are in line with all legal requirements.
- 4.5.2 This decision is exempt from call-in due to the urgency with which the formal order must be placed if the accommodation is to be delivered for 2012. The Plans Panel decision taken in January was deferred from December which resulted in final estimated costs being too late for a February paper.

4.6 Risk Management

- 4.6.1 Operational risks are addressed through existing project management procedures via risk registers at project and programme level, highlight reports, board and other project team meetings, and in liaison with the schools.

5 Conclusions

- 5.1 There are a complex range of contributory factors resulting in the late identification of additional scheme costs on these first two whole new schools delivered via the modular approach/modular framework. A significant factor has been the scope of the requirement, which has significantly exceeded the scope of expansions of existing schools that the framework was designed to deliver and procured for in 2009.
- 5.2 This has meant a learning experience for all parties including the consultant and supplier, and consequently some of the initial assumptions on cost and risk were understated until much later in the process when detailed design work began to identify the supplier's approach to cost and risk.
- 5.3 Lessons learned are already being incorporated into future project planning including a review of the construction approach and delivery programmes.

6 Recommendations

- 6.1 Executive board is requested to transfer £0.655m of secured grant funding from scheme 14185/000/000 and authorise additional expenditure of £0.655m in respect of the Carr Manor project, to allow the scheme to progress to a formal order to the supplier and to allow 30 places to be delivered for 2012.
- 6.2 Executive Board is requested to transfer £2.775m of secured grant funding from schemes 14185/000/000 and 16404/000/000 and authorise additional expenditure of £2.775m in respect of the Roundhay project, to allow the scheme to progress to a formal order to the supplier and to allow 60 places to be delivered for 2012.

7 Background documents

Executive Board reports¹

- 7.1 15 December 2010: Primary place planning for 2012

¹ The background documents listed in this section are available for inspection on request for a period of four years following the date of the relevant meeting. Accordingly this list does not include documents containing exempt or confidential information, or any published works. Requests to inspect any background documents should be submitted to the report author.

- 7.2 30 March 2011: Basic need programme 2012, outcome of consultations on proposals for primary provision for 2012 and request for authority to spend (ATS)
- 7.3 18 May 2011: Basic need programme 2012, outcome of consultations on proposals for primary provision for 2012
- 7.4 27 July 2011: Primary basic need 2012, outcome of statutory notices for the expansion of primary provision in 2012
- 7.5 7 September 2011: Primary basic need programme, outcome of statutory notices for the expansion of primary provision in 2012
- 7.6 7 September 2011: Response to Carr Manor Road Safety Group, deputation to full Council on 13 July 2011
- 7.7 12 October 2011: Design Cost Report for Carr Manor High School Primary Accommodation
- 7.8 12 October 2011: Design Cost Report for Roundhay High School Technology and Language College Primary Accommodation