
Decision maker	Cabinet
Decision date:	11 September 2015
Title of report:	Capital support for the federation of Aylestone Business and Enterprise College (ABEC), Broadlands Primary school and Children's Centre.
Report by:	Director of children's wellbeing

Classification

Open

Key Decision

This is a key decision because it is likely to result in the council incurring expenditure which is, or the making of savings which are, significant having regard to the council's budget for the service or function to which the decision relates.

Notice has been served in accordance with Part 3, Section 9 (Publicity in Connection with Key Decisions) of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012.

Wards Affected

Aylestone

Purpose

For Cabinet to recommend to Council that provision be made in the capital programme for additional capital funding to support the relocation of Broadlands primary school and children's centre onto the Aylestone Business and Enterprise College (ABEC) site and to provide Cabinet with an update on the business case approved by Cabinet in November 2014.

Recommendation(s)

THAT:

- (a) the impact of the reduced estimated value of the land which will reduce the anticipated contribution to corporate resources, as set out at paragraph 9 of the report be noted; and
- (b) it be recommended to Council that an additional £250k of funding be approved to relocate Broadlands primary school onto the Aylestone Business and Enterprise College (ABEC) site.

Alternative options

- 1 To not approve the additional finance. The scheme would not be completed.
- 2 To seek further revisions to the costs in an attempt to bring them in line with the original budget. The uncertainty about future building costs and the current inflationary trend may mean the costs increase further with delay.

Reasons for recommendations

- 3 The council is developing a school capital investment strategy. One aspect of the strategy is to develop schemes which are substantially more costs effective in addressing failing school buildings as opposed to a traditional total new build. As an early project, Cabinet agreed to the scheme to relocate Broadlands Primary School onto the Aylestone School site. The scheme enables new high quality school facilities to be built at a fraction of the cost of a completely new build. It also means that maintenance costs, which would be extensive if the present school sites were continued, will be significantly reduced in the future.
- 4 The scheme has had to be adapted due to, for example, site conditions. A projected spending profile for the scheme was set out in appendix 1 of the report to cabinet on 13th November 2014. This totalled £1m. Following consultation and detailed design work the scheme has changed and different costs have emerged. Some of these projections were in excess of £1,500k. Redesign and further consideration have led to a revised estimate based on firm tenders of £1,258k. The key reasons for the additional costs are summarised below.
- 5 The creation of additional classrooms to comply with the size and numbers of spaces for a one form entry school has cost considerably more than estimated. The original costing was based on using some temporary classrooms and a two story extension. The revised design, which has now received planning approval, is for a larger single story extension that does not involve the use of temporary classrooms. The classes are to be of a modular construction, which provides a more sustainable and comfortable environment. The subcontractor work associated with the building works has increased since the original forecast. The additional cost is nearly £400k.
- 6 The extent of the hard play area needed to comply with building bulletin 103 was underestimated and more area is needed. The projected additional cost is £30k.

- 7 The relocation of the early years and children's centre provision is projected to cost £13k more than originally thought, due to a revised specification linked to suitable toilet provision and covered areas.
- 8 The extent of the fencing needed to protect the site is more than originally thought. Aylestone School was considered to be falling below the current safeguarding standards and additional fencing and security measures have had to be factored in. This additional work is considered essential and was raised by parents as being a key issue during consultation about the design. This additional fencing work has a projected cost of £12k.
- 9 Capital receipts are a corporate resource that can be used to reduce debt levels or fund priority capital schemes. The original report to Cabinet in November 2014 approving the scheme used an element of the receipts on the basis that the merger both fitted corporate priorities and enabled the receipt to happen. It was assumed that the net receipt, based on an external valuation would be £1.8m. A more detailed assessment of the resulting surplus land has now been undertaken and in order to develop the land a developer would be required to build an access road for the site. This reduces the estimated net value of the land to £1m.
- 10 The original contribution to the building works £647k reduced the estimated balance of the receipt to £1.2m.
- 11 The increased contribution to the works and the reduced estimated value of the land means that the net balance to corporate resources will potentially be reduced to £200k.
- 12 Approval of the capital budget is reserved to Council; the council's financial procedure rules require Council approval of the capital programme.

Key considerations

- 13 The scheme was tendered via the council's current collaborative procurement framework; SCAPE and Kier Construction emerged as the preferred bidder.
- 14 The scheme, at a cost of £1,258k will create a modern, fit for purpose school building that is in good condition. If a similar building were to be built from scratch this would cost circa £4,500k.
- 15 Through the consultation and design process some of the original proposals were changed to bring reductions from the original budget forecast and make the scheme more practical. Examples include proposals to develop Broadlands House, which is a listed building.
- 16 Some options to keep the budget within that forecast would have reduced the specification such that the building would not be fully compliant or would have created spaces that are awkward to work in. Examples include the idea of dividing the hall, which is slightly oversized, to create a classroom.
- 17 The schools, who are formally federated, are very supportive of the scheme and are supporting it through taking responsibility for the ICT installations at a cost expected to be in excess of £40k.

Community impact

- 18 The scheme supports the council priorities of:
- Keeping children and young people safe and giving them a great start in life and
 - Investing in projects to improve roads, create jobs and build more homes
- 19 Having a high quality learning environment is relevant part of improving educational outcomes.

Equality duty

- 20 An equality impact assessment was completed for the cabinet report in November 2014. This has been kept under review.

Financial implications

- 21 Cabinet approved a capital scheme of up to £1m on the 13th November 2014 to be funded from capital maintenance grant funding of £360k and capital receipts reserve funding of £647k. Council approved inclusion of the scheme in the capital programme.
- 22 As detailed in this report the improvement scheme is now expected to cost £1,257k to complete. The additional £250k funding is recommended to be funded from capital maintenance (£70k), section 106 (£30k) and the net capital receipt (£150k).
- 23 The scheme is now expected to generate a net capital receipt of approximately £1m. Costs to enable the sale have been increased from the original estimate to reflect anticipated access costs. The site has not been actively marketed and any eventual receipt will be subject to market appetite and conditions. Until the sale the scheme requires funding of upfront costs of £797k, £647k approved in November 2014 and £150k relating to the additional costs. When the receipt is realised this will leave a £200k balance for corporate resources. The net corporate receipt is £1m lower than first anticipated in November 2014.

Detail	Original £000	Revised £000	Variance £000
Scheme capital cost	1,007	1,257	250
Funding			
Capital receipt contribution	(647)	(797)	(150)
Capital maintenance grant funding	(360)	(430)	(70)
Section 106	0	(30)	(30)
Total	(1,007)	(1,257)	(250)

Legal implications

- 24 The council has a duty to provide and support places of education that are both fit for purpose and health and safety compliant. Broadlands is a maintained school, specifically a community school for which the council has responsibility for the land, buildings and relevant funding. Under Section 22 of the School Standards and Framework Act 1998 the LA has a duty to maintain such schools and in relation to Community Schools that duty includes “(a) the duty of defraying all the expenses of maintaining it, and (b) the duty of making premises available to be used for the purposes of the school.”
- 25 There is also a statutory obligation pursuant to section 14 of the Education Act to secure sufficient schools for the provision of primary and secondary education in the area. Such schools must be separate. Therefore whilst co-location is possible the schools themselves must be in separate buildings. If the additional costs were not anticipated and therefore the contract for the works does not include them a variation will be required. A variation can trigger the need for a further procurement exercise unless certain criteria are met in accordance with regulation 72 of the Public Contracts Regulations 2015. Regulation 72 permits certain changes some of which as below may be relevant to this cost increase :-
- Changes that were provided for in the initial procurement documents.
 - Additional works, services or supplies by the original contractor that were not included in the initial procurement, where a change of contractor:
 - cannot be made for economic or technical reasons; or
 - would cause significant inconvenience or substantial duplication of costs for the contracting authority,
 - provided that each increase in price does not exceed 50% of the value of the original contract. If this is to be relied upon the council must publish a notice in accordance with regulation 51.
 - Changes arising from circumstances which a diligent contracting authority could not have foreseen, as long as the change does not alter the overall nature of the contract, and each increase in price does not exceed 50% of the value of the original contract -this also requires notice in accordance with regulation 51.
 - Failure to comply with the Regulations renders any such contract open to challenge and a rule of ineffectiveness and/or financial penalties.
- 26 Before a sale of the Broadlands site can proceed Sport England and the secretary of state will need to consent to a disposal for non-educational use. In addition as there is currently an occupier on site their occupation must first be terminated to enable the site to be sold with vacant possession. As that occupier potentially has security of tenure a negotiated surrender is needed.

Risk management

- 27 There is an additional reputational risk if the scheme does not go ahead. The school, children and parents are ready to move to the new site for September. A halt to the scheme for the difference of the £251k when the scheme will bring a net receipt to the council would be portrayed negatively.
- 28 The risk of the cost rising further from this point are considered to be low. The increase in the costs outlined above are mainly based on tendered costs being received following detailed site and design work. The project will be professionally

Further information on the subject of this report is available from
Andy Hough, head of education development on Tel (01432) 260920

managed to mitigate and minimise this risk.

Consultees

29 The school, staff, parents and children have been consulted on the arrangements and design for the scheme. A project manager and project team have reviewed the development, proposals and changes. The governors and ward members have been consulted on the scheme.

Appendices

None.

Background papers

None