

ITEM NO: 10

DECISION-MAKER:	CABINET COUNCIL		
SUBJECT:	ACADEMIES: CAPITAL PROJECTS		
DATE OF DECISION:	30 th JUNE 2008 16 th JULY 2008		
REPORT OF:	CABINET MEMBER FOR CHILDREN'S SERVICES		
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STATEMENT OF CONFIDENTIALITY			
None			

SUMMARY

This report updates Cabinet on the building programme for the two new Academies in Southampton and seeks approval for a number of actions to progress the projects. When an Academy is established the Local Authority is expected to provide project management for the construction of a new building. An agreement will be required between the Department for Children, Schools and Families (DCSF), Oasis Community Learning (OCL) and the Council to enable the buildings to be procured and constructed. The promoter, Oasis Community Learning, provides the educational vision for the academy. Advice and support will be provided by Partnership for Schools, the government agency responsible for advising on the development of school buildings. The construction costs are funded by the Department for Children Schools and Families, through Partnership for Schools.

RECOMMENDATIONS:

CABINET

- (i) To agree in principle that the Council undertake the project management role for the construction of new buildings for Oasis Academy Lord's Hill and Oasis Academy Mayfield
- (ii) That the Director of Children's Services and Learning be delegated to enter into negotiations with Department for Children Schools and Families (DCSF), Partnership for Schools (PfS) and Oasis Community Learning (OCL) to confirm the terms of the Council's project management role for the construction of Oasis Academy Lord's Hill and Oasis Academy Mayfield;
- (iii) That an application for the maximum available funding be made to Partnership for Schools for Project Management purposes;
- (iv) That Capita Symonds be appointed under the terms of the Strategic Services Partnership to carry out the Council's technical Project Management responsibilities for the Academy Projects. To meet the obligations required by the PfS National Framework for Academies procurement.

- (v) To note the outcomes of the feasibility study into the transfer of Oasis Academy Lord's Hill to Lordshill Recreation Ground and, subject to the satisfactory completion of all statutory processes, to agree in principle to make an area of land at Lordshill Recreation ground available by way of long lease for the site of Oasis Academy Lord's Hill
- (vi) That the required statutory processes commence to enable land at Lordshill Recreation Ground (also known as Five Acre Field) to be used as the site for Oasis Academy Lord's Hill, whilst preserving and enhancing community use.
- (vii) That options be investigated for improving access to the Oasis Academy Mayfield (former Grove Park) site, by creating an entrance from Portsmouth Road, and that a further report be brought to Cabinet to determine the preferred approach
- (viii) To recommend to Council that the management of the academy building programme in the sum of £805,800 be added to the Children's Services capital programme
- (ix) To approve, in accordance with Financial Procedure Rules, capital expenditure of £805,800 to be phased £285,000 in 2008/09, £178,000 in 2009/10, £203,800 in 2010/11, £85,000 in £2011/12 and £54,000 in 2012/13 for the management of the Academy building programme.
- (x) To recommend to full Council that it agrees the required funding contribution in the sum of £405,800 funded from corporate resources towards the total cost of meeting the authority's role in the procurement and project management of the academies projects.
- (xi) To recommend to Council that an amount of £40,000 be added to the Children's Services revenue budget to fund an Academies Buildings Project Officer for the lifetime of the scheme.
- (xii) To note that a request for additional capital resources may be made to cover the cost of the items listed not covered by DCSF funding, listed in paragraph 25.
- (xiii) To delegate authority to the Executive Director of Children's Services & Learning in consultation with the Solicitor to the Council, and following consultation with the Cabinet Member for Children's Services, to do anything necessary to give effect to the recommendations above including but not limited to the procurement of external, legal and financial technical advisors as required.

COUNCIL

Subject to approval of recommendations (vii) to (xii) by Cabinet on 30th June 2008:

- (xiv) To add £805,800 to the Children's Services Capital Programme phased £285,000 in 2008/09, £178,000 in 2009/10, £203,800 in 2010/11, £85,000 in £2011/12 and £54,000 in 2012/13 for the management of the Academy building programme to be funded from DCSF grant and Council contribution.
- (xv) To agree to contribute the sum of £405,800 from Council resources as required by recommendation (x) in order to fund the authority's role in the procurement and project management of the academies projects.
- (xvi) To add £40,000 to the Children's Services revenue budget to fund an Academies Buildings Officer.

REASONS FOR REPORT RECOMMENDATIONS

1. The recommendations are necessary to enable the implementation of previous Cabinet and Council decisions to invite Oasis Community Learning to establish two Academies in Southampton, delivering new or remodelled accommodation.

CONSULTATION

2. Regular meetings have taken place between the Council, Oasis Community Learning (OCL) , the Department for Children Schools and Families (DCSF) and Partnership for Schools (PfS) since the decision taken by Cabinet on 19th July 2007 to invite OCL to establish two Academies in Southampton. A Design User Group has been established to steer the building project. It is now necessary to take formal decisions to progress to the next stage. Significant consultation will be required with residents, parents and others in relation to the development of plans for the new buildings.

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

3. The Council's role in supporting and enabling the construction of the Academy buildings is a consequence of its decision to hold competitions and selecting an Academy sponsor to set up two new schools in Southampton. It is an expectation of DCSF that the Local Authority takes the role of Project Manager in Academy building projects. There is currently no binding legal agreement between the Council, the Department for Children, Schools and Families, Partnership for Schools or Oasis Community Learning in relation to the building of the Academies, other than that implied in the decision to hold a competition and to select Oasis Community Learning to sponsor two Academies. The Council is also committed by the terms of the competition to provide Oasis Community Learning with the sites named in the competition notice. An agreement will be required at the point that the Secretary of State for Children, Schools and Families enters into a funding agreement with OCL to run the Academies, and at the same time agrees to the funding of the new buildings.

DETAIL

4. The decision to hold a new schools competition taken by the Cabinet Member on 27th November 2006, identified Lord's Hill Recreation Ground as the preferred site for the new school on the west of the city, and the Grove Park site as the preferred site on the east of the city. Statutory notices were

published on 6th December 2006 and a competition was held. The statutory notice for “New School West” stated that the current Oaklands Community School site would be the main site for the new school, with Millbrook Community School used as an annexe. It also stated a longer term preference for the Lordshill recreation ground to be the location of the new school. The competition was determined by Cabinet on 19th July 2007. Oasis Community Learning was chosen to establish two new Academies.

5. At the time of the competition it was strongly indicated by government that future Academy building projects would be delivered as part of Building Schools for the Future (BSF) programmes. However subsequent to the decision to appoint OCL it became clear that there was another procurement route available, the National Framework for Academies Procurement. OCL expressed the view that it would prefer that procurement route to be used. This was supported by a decision of Cabinet on 21 January 2008.
6. The National Framework for Academies Procurement is a procurement framework developed by Partnership for Schools. Six major contractors have been approved for projects in the framework. For a given project two contractors are invited to compete and a final decision is made between them. The project is delivered through “design and build”. This means the client specifies what is required from the building, but the details of the design, and associated risks, are transferred to the contractor. The sum available for the project is determined by Partnership for Schools through a formula, known as the Funding Allocation Model (FAM), based on school size and other relevant factors.
7. The Academy Sponsor is responsible for developing the educational vision which will inform the design of the building. Most of the cost of the project is met by DCSF. The Local Authority has the role of Project Manager, and is responsible for project delivery. The project is coordinated through a Design User Group chaired by the Academy sponsor.
8. Discussions between the Council, DCSF, OCL and PfS have been taking place since the autumn. A Design User Group has been established. Initial feasibility studies have commenced. This has included investigation into land tenure and planning issues, as well as consideration of options for the utilisation of the sites. In the case of the Grove Park site options for creating an alternative access have also been under consideration.
9. Property Services officers and colleagues from Capita Symonds, the Council’s SSP partner, have been scoping the Project Management requirements based on documentation provided by PfS.
10. For a multi-academy project an allocation of £400k can be applied for from PfS in relation to Project Management costs. This funding is top sliced from the overall capital allocation for the project. To apply for this funding the authority has to submit a costed proposal to PfS who, in turn, make a recommendation to the DCSF. Currently estimates of the costs for Project Management are significantly greater than the allocation. It is the opinion of Property & Procurement Services that:

1. The level of funding is inadequate to meet the project management services described by the PfS specification. It is evident from the initial interpretation of the resources required to meet the specification by Capita Property Services and enquiries made to other local authorities involved in similar academies using the PfS model that the funding allocation is inadequate. Fee estimates have been reported in a range from £450,000 to £650,000 for single academy projects to in excess of £1,200,000 for multi-academy projects.
2. The level of service described does not provide adequate professional support to the Employer under the procurement process. The PfS model for the Project Management role is based on a design and build contract relationship between the council as employer and one of the Framework Panel Members as the contractor. The concern expressed by Capita Property Services is that this leaves the Employer at risk. Particular areas of concern include:
 - -. Limited design support to the Employer throughout the process .
 - -. Limited site monitoring of the quality of the Contractors work and compliance with the design proposals.
 - -. No support if changes to the contract are required.
 - -. No support if the actions of OCL result in variations to the contract

The Employer will take on these and other contractual risks under the PfS National Framework for Academies Procurement. To mitigate these risks it is recommended that further funding to meet the need for additional professional services is allocated as a contingency of £75,000.

Oasis Academy: Lord's Hill

11. In relation to Oasis Academy Lord's Hill the site for the Academy was specified in the competition notice as Oaklands, but the notice also expressed an intention that, subject to the outcome of a detailed feasibility study, the schools should ultimately be rebuilt on Lord's Hill Recreation Ground (also known as Five Acre Field). The building would therefore be completely new, For this aspiration to be realised various statutory consultation processes are required. The report therefore recommends that these processes commence.
12. The feasibility study on Lordshill Recreation Ground indicated that the prospects for locating the Academy there were good providing certain conditions were met.
13. The intention is that OCL will manage the use of the field on terms to be agreed with Southampton City Council. It is expected that community access to the field will continue, including usage by the sports clubs which have existing arrangements, and also that informal community use of the field will be preserved in ways consistent with its use by children and young people for school purposes. The importance of the field as a landing area for emergency service helicopters is also recognised, and it is recommended that formal long-term arrangements are put in place to secure this important service.

14. OCL is committed in principle to developing and encouraging use of the field working in partnership with clubs and other users. The consultation proposed would be intended to identify working arrangements which satisfy the aspirations of the academy and the Community. Prior to the submission of any planning application Children's Services and Learning officers, together with representatives of Oasis Community Learning, will engage in consultation with stakeholders who have an interest in the field and develop a plan for the use and management of the field to optimise access and use by the Academy and by community users.

Oasis Academy: Mayfield

15. Oasis Academy Mayfield will be based on the Grove Park Business and Enterprise College site, using Woolston School Language College as an annexe. An assessment for Partnership for Schools indicates that the recently constructed sports hall should be retained as part of the new Academy, as should the block constructed in about 1999. The remainder of the school qualifies for rebuilding.
16. Whilst the entrance to the Grove Park site is manageable, there are a number of disadvantages which OCL and others associated with the school would like to address. The Grove Park site is currently accessed from the Grove. The entrance is relatively narrow, and the Grove is a quiet residential street. The Grove itself adjoins Portsmouth Road immediately adjacent to a mini-roundabout, making turning difficult, especially in heavy or stationary traffic. Large vehicles such as coaches and deliver vehicles experience particular problems. Capita Symonds has investigated a number of options for improving access, and is attempting to find a cost neutral solution. Whilst this may be possible, it is also possible that there may be costs if a suitable scheme is identified. The report recommends that options continue to be explored and that a further report be brought to Cabinet for a final decision as to whether a new entrance be created.

FINANCIAL/RESOURCE IMPLICATIONS

Capital

17. **Funding Allocation Model**
Partnership for Schools has issued the City Council with a Funding Allocation model for the two Academy rebuilds. The model uses a similar methodology to Building Schools for the Future to calculate how much funding will be provided.
18. The school area formulae applied to school projects is based on the assumed size of each school. A base floor area is applied to each school, and additional floor space is funded on a per pupil basis. The resulting floor area is then funded as follows:

Type	Base cost £/m ²	F&E £/m ²	Abnormals	Site Costs
New Build	1,080	1,000	5%	12%
Remodelling	700	500	9%	8%
Minor refurbishment	150		9%	8%

19. An assumption has been made that the Lord's Hill Academy will be 100% new build and the Mayfield Academy 65% new build, 15% remodelling and 20% minor refurbishment. The new Sports hall and one block of the existing Grove Park Business and Enterprise College will be retained.

20. Abnormal costs

Abnormal costs cover:

- Enabling works - demolition, asbestos removal and temporary accommodation
- Site issues - difficult topography and poor ground conditions (substructure);
- Building issues - work to listed buildings, planning constraints, party walls, and environmental issues.

Where abnormal costs relate to the provision of another service – for instance road works outside the perimeter of the school – they will not be funded.

21. Indicative Funding

Using these criteria, the PfS Funding Allocation Model has calculated the following indicative funding for the Academy projects:

	Mayfield £m	Lord's Hill £m
Buildings	£9.023	£11.643
Site costs	£1.025	£1.397
Abnormals with life cycle	£0.509	£0.582
Professional fees	£1.362	£1.703
Furniture & Equipment	£0.738	£1.018
ICT Infrastructure	£0.203	£0.203
ICT Hardware	£1.305	£1.305
Total before inflation	£14.165	£17.851
Additional inflation to funding start	£1.062	£1.368
Total including inflation	£15.227	£19.218

22. Professional fees equate to 12.5% of the construction costs. ICT infrastructure and Hardware is calculated at £1,675 per pupil.

23. Partnership for Schools has indicated that it regards the National Framework as being robust in terms of holding contractors to the initial project price. Although it is assumed that the actual costs of construction will not come to more than the funding available, there is a risk that costs will overrun. It is therefore recommended that the arrangements for meeting any shortfall are negotiated with Partnership for Schools and the DCSF to minimise risk to the Council.

24. Costs not covered by DCSF funding

The following capital costs which may occur are not covered by the DCSF funding as a matter of course, and may need to be funded from Council resources:

- Section 106 costs (as may be required to secure planning permission)
- Section 278 costs (as may be required to secure planning permission)
- Infrastructure costs (connection of utilities)
- New entrance to Mayfield Academy
- Relocation of “Down to Earth”

25. There are no means of producing a reliable estimate of the section 106 / 278 contributions at this stage. Costs will be estimated at the appropriate stage in the planning process.

26. Project Manager/Technical Advisor

Partnership for Schools have produced a detailed Project Manager/Technical Advisor scope of services to assist authorities in assessing the amount of resource required to manage, procure and implement the Academy building programme.

27. The scope of services includes managing the following activities, from appointment until the buildings are handed over:

- Overall project management
- Initial design options
- Outline business case
- Initial engagement and shortlisting of contractors from the PfS National Framework
- Invitation to tender and evaluation of tenders
- Final business case and contract award
- Post contract award
- Post practical completion and defects

28. Partnership for Schools allow up to £400,000 to be top sliced from the Academy funding to pay for these revenue costs. The City Council have asked Capita to manage this process on their behalf and the estimated cost of this will be £805,800. It should be noted that this cost includes:

- Provision of up to £75,000 for additional property services support which may arise due to changes in the council’s requirements. See paragraph 10 bullet point 2

29. The figure of £805,000 does not include any additional legal costs to the Council that may be incurred as a result of the procurement process, rights of way issues, input to the planning process.

30. It is recommended that the shortfall of £405,800 is funded from Council resources. It should be noted that there is likely to be the possibility of achieving a capital receipt from the disposal of part or all of the Oaklands Community School site once the Oasis Academy Lord’s Hill has taken occupation of its new building on the Lordshill Recreation Ground.

Revenue

31. Capita Symonds will be managing the Academy Building programme on behalf of the City Council in respect of the buildings, technical, planning and procurement requirements of the project. It is recommended that Children's Services and Learning employ a project officer to ensure that key stakeholders, including Oasis Community Learning, the Principals of the two Academies, staff, governors and pupils, as well as members of the community, are fully consulted, and that the educational vision for the academies is delivered. The project officer will oversee the project on behalf of the City Council liaising with Oasis Community Learning, Partnership for Schools, Capita Symonds and the building contractor. The cost of this is £40,000 and it is recommended that it be funded from Council resources. Without such a post the Council will be entirely dependent on third parties for the management of this major project.
32. The ongoing revenue costs of the two Academies are funded directly by the DCSF and are external to the City Council's accounts.

Property

33. The Council is committed by the terms of the new schools competitions and associated legislation to providing OCL with land for the Academies. Whilst the Academies occupy the existing buildings short leases will be in place. When the construction of the new buildings is complete, then the final sites will be leased to OCL for 125 years. In the case of Oasis Academy Mayfield the final site will be at Grove Park. In the case of Oasis Academy Lord's Hill, the final site is expected to be the Lordshill Recreation Ground, subject to the statutory processes set out in this report. In the event that the aspiration to use the Lordshill Recreation Ground cannot be delivered, then the competition notice specifies the Oaklands site as the location for the Academy.

Other

34. None

LEGAL IMPLICATIONS

Statutory power to undertake proposals in the report:

35. Academies are independent state funded schools established under the Education Act 2002. The Oasis Academies were authorised by virtue of a statutory competition process under the Education & Inspections Act 2006. The Council has the power to assist Academies (having regard to the Community Strategy) under s.2 Local Government Act 2000. Academies are also public bodies for the purposes of the Local Authorities Goods and Services Act 1972 and s.111 Local Government Act 1972.
36. Statutory Guidance on the National framework for the Procurement of Academy Buildings requires the Council, as 'Commissioning Authority' for Education Services in its area, to undertake the procurement and project management role on behalf of the Academies and the DCSF.

Other Legal Implications:

- 37. The Council will be required to enter into a Project management Agreement with DCSF and the Academies setting out the roles, responsibilities and liabilities of each body in the procurement of the new facilities for the two Academies and such procurement will be subject to national procurement legislation, the Council’s Procurement Strategy and the Council’s Contract Procedure Rules.
- 38. As Lordshill Recreation Ground is public open space held as leisure land any proposed lease to an Academy must be treated as an appropriation of land to an Education function together with a disposal by way of lease and advertised in accordance with the provisions of s.122 and 123 Local Government Act 1972. Any representations received in response to advertisement must be considered prior to the council making any final decision on offering a lease of the site. The Lease will also be subject to compliance with conditions relating to the disposal or change of use of school playing fields (the recreation ground having previously been used by the Academies predecessor Oaklands School) and compliance with the Education (school Premises) Regulations. Planning consent and diversion of footpaths or rights of way may also be required where necessary and is subject to further legal investigation.

POLICY FRAMEWORK IMPLICATIONS

- 39. The development of new buildings for Oasis Academy Lord’s Hill and Oasis Academy Mayfield will help to deliver the “Every Child Outcomes” and the priorities set out in the Southampton Children and Young People’s Plan.

SUPPORTING DOCUMENTATION

Appendices

1.	None
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Documents In Members’ Rooms

1.	None
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Background Documents

Title of Background Paper(s)	Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)
None	

FORWARD PLAN No: CS02961 **KEY DECISION** YES

WARDS/COMMUNITIES AFFECTED:	All
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