

EXECUTIVE BOARD – 17 MARCH 2015

Subject:	Expansion of Nottingham Academy		
Corporate Director(s)/ Director(s):	Alison Michalska, Corporate Director, Children and Adults		
Portfolio Holder(s):	Councillor Jon Collins, Leader of the Council, Portfolio Holder for Strategic Regeneration and Schools		
Report author and contact details:	Robert Caswell, Programme Manager, Telephone: 0115 876 3408 Email: Robert.caswell@nottinghamcity.gov.uk		
Key Decision	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Subject to call-in	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Reasons: <input checked="" type="checkbox"/> Expenditure <input type="checkbox"/> Income <input type="checkbox"/> Savings of £1,000,000 or more taking account of the overall impact of the decision			<input type="checkbox"/> Revenue <input checked="" type="checkbox"/> Capital
Significant impact on communities living or working in two or more wards in the City			<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Total value of the decision: £7,100,000			
Wards affected: Dales	Date of consultation with Portfolio Holder(s): 2 March 2015		
Relevant Council Plan Strategic Priority:			
Cutting unemployment by a quarter			<input type="checkbox"/>
Cut crime and anti-social behaviour			<input type="checkbox"/>
Ensure more school leavers get a job, training or further education than any other City			<input checked="" type="checkbox"/>
Your neighbourhood as clean as the City Centre			<input type="checkbox"/>
Help keep your energy bills down			<input type="checkbox"/>
Good access to public transport			<input type="checkbox"/>
Nottingham has a good mix of housing			<input type="checkbox"/>
Nottingham is a good place to do business, invest and create jobs			<input type="checkbox"/>
Nottingham offers a wide range of leisure activities, parks and sporting events			<input type="checkbox"/>
Support early intervention activities			<input type="checkbox"/>
Deliver effective, value for money services to our citizens			<input checked="" type="checkbox"/>
Summary of issues (including benefits to citizens/service users):			
<p>This report outlines the approvals required to allow the continued progress of a scheme at Nottingham Academy. The City Council urgently needs additional school places for primary age children and the Sneinton area has been identified as a priority.</p> <p>A Stage 1 submission has been received from the Local Education Partnership (LEP) for the Nottingham Academy scheme and has been reviewed by the Council's Team and its advisors. The evaluation report is shown at Appendix 1.</p> <p>This report asks for approval to progress to Stage 2, accepting the financial and legal risks outlined below. In addition, the report asks for approval to delegate the acceptance of the Stage 2 submission and authorisation to proceed to Financial Close allowing the Council to enter into contract with the LEP to deliver the scheme to the Director of Legal and Democratic Services. The reason for this is that the timeline for delivery is exceptionally challenging and any delay will mean that the project will not be completed by September 2016. This will mean that children already attending the school may not have a school place.</p>			

Exempt information:

State 'None' or complete the following.

None.

Recommendation(s):

1 Executive Board is asked to approve the Stage 1 submission from the Local Education Partnership (LEP), noting the evaluation report at Appendix 1, authorising progress to Stage 2 for both the primary school and the Year 7 base.

2 Executive Board is asked to delegate the approval of the Stage 2 submission from the LEP to the Director of Legal and Democratic Services, subject to a satisfactory review by the Project Team and a robust value for money assessment being in place from advisors, allowing the project to proceed to Financial Close.

1 REASONS FOR RECOMMENDATIONS

1.1 To allow the continued progress of a scheme at Nottingham Academy which will provide urgently needed additional school places for primary age children in the Sneinton area.

2 BACKGROUND (INCLUDING OUTCOMES OF CONSULTATION)

2.1 This report sets out the approvals necessary to deliver a project at Nottingham Academy using the Local Education Partnership (LEP) as a procurement route. The LEP were procured to deliver the Building Schools for the Future (BSF) projects but have also delivered leisure and other projects for the City Council.

2.2 Part of the contractual documentation between the City Council and the LEP is the Strategic Partnering Agreement which sets out the contractual relationship including the process for developing new schemes. As part of this agreement the LEP must submit a Stage 1 Submission for each New Project Request it receives from the City Council. This is subject to a review by the Project Team and its Technical Advisors and submitted for approval before progressing to Stage 2. The Nottingham Academy project Stage 1 submission has now been received and is appended to this report as Appendix 1.

2.3 In December 2013 Executive Board approved the funding of £3.100m and a further £0.900 was approved by DDM in December 2014 to fund the expansion of the school, providing 420 primary places on the Greenwood Dale site. Greenwood Academy Trust is funding the demolition and replacement of their existing Year 7 base on site and both projects will be delivered in parallel through the LEP.

2.4 The Council's Technical Advisors have been closely involved in the build-up of the LEP's construction cost plans. They have confirmed that they are consistent with current market rates and the benchmark costs presented as part of the submission and are therefore value for money. Please refer to Appendix 1.

2.5 Any delay in approvals would mean that there is a risk that some children do not have a school place in September 2016. The timeline to deliver the project

is already challenging and Nottingham Academy is supporting the City Council by providing space for additional children as bulge years within their existing accommodation but has reached capacity; the new school must be in place by September 2016 to provide the required places.

- 2.6 The expansion of Nottingham Academy and an allocation of £4 million in funding were approved in an exempt report to Executive Board in December 2013 and in a Delegated Decision Maker report no. 1789 in December 2014. This report set out the need for additional primary school places in several areas across the City, including Sneinton.
- 2.7 The scheme has two parts; firstly, to build a new 420 place primary school for Nottingham Academy on the Greenwood Dale site and secondly to demolish and replace the existing Year 7 base. The new primary school is being funded by the City Council and the replacement of the Year 7 base is being funded by Greenwood Academy Trust; both projects are being delivered in parallel by the LEP. The cost of the primary school is £4m and the cost of the Year 7 base is £3.1m with the overall cost of £7.1m.
- 2.8 There will be a back to back agreement between the City Council and the Greenwood Academy Trust to protect the City Council for any overspends on the Year Seven base.
- 2.9 The cost of the project includes fees for the Project Team, Technical and Legal Advisors which have already been approved (DDM 1789).

3 OTHER OPTIONS CONSIDERED IN MAKING RECOMMENDATIONS

- 3.1 A feasibility study was undertaken by another contractor at an early stage but the contractor was unable to deliver the scheme within the allocated budget. A high level options appraisal was undertaken to evaluate the potential of expanding other schools in the Sneinton area but no other options were identified due to the site constraints of the other primary schools in this area. It was confirmed that the preferred option was to expand Nottingham Academy and that the LEP were able to deliver the project within the budget. No further options are considered appropriate at this time.

4 FINANCIAL IMPLICATIONS (INCLUDING VALUE FOR MONEY/VAT)

- 4.1 £3.1m for the expansion of Nottingham Academy new primary unit was included into the capital programme as part of the Investment strategy in December 2013 and a further £0.900k was approved by a delegated decision in December 2014 giving a total of £4m already included in the capital programme.
- 4.2 The development is part of Primary Schools Re-organisation Phase 2 (PSR) which is to be funded from basic needs grant (both confirmed and expected over the next five years). Since part of PSR is to be funded by future indicative grant there is a possibility that actual grant may be lower than anticipated which could cause a potential shortfall on the overall PSR programme. Due to the uncertainty around future grant allocations, only a prudent amount of future grants have been included in order to mitigate the risk of a shortfall. In addition the shortage of primary school places is an increasing nationwide issue therefore, the assumption is that it is unlikely the government will reduce the basic needs grant significantly over the next few years.

- 4.4 If the project does not go ahead abortive costs have been estimated to be in the region of £397k. Greenwood Academy Trust and the City Council have agreed to jointly fund any abortive costs as set out in 5.1.i below. As abortive costs cannot be capitalised in this event the Council will need to fund these costs through revenue budgets.

5 RISK MANAGEMENT ISSUES (INCLUDING LEGAL IMPLICATIONS AND CRIME AND DISORDER ACT IMPLICATIONS)

- 5.1 Risks are managed through a formal risk register. The key risks at this stage are:

i. Financial risk - the City Council will have to carry part of the Stage 1 and Stage 2 submission costs if Stage 1 is approved and the project is aborted by the City Council or Nottingham Academy. This total cost of this financial risk for both parties is £709,395.68. This financial risk will also be incurred if the Department for Education does not approve the expansion of Nottingham Academy and the project is stopped. The likelihood of this is low, given that the Greenwood Academy Trust has a record of expanding schools. This financial risk is shared, with the City Council liable for £397,261.58, 56% of the cost and Greenwood Academy Trust agreeing to fund £312,134.10, which is 44% of the cost.

ii. Legal implications –

(a) the Project Team has appointed external advisors to provide detailed advice on the development of contracts, but this project will use the standard BSF design and build contract developed by the City Council following the delivery of the BSF programme.

(b) procuring the project through the LEP is a reasonable decision, given the factors outlined in this report. It is a legally compliant procurement route and the Council has the power to procure these working through it.

iii. Procurement Implications

a) The project will be delivered through the Local Education Partnership which was procured in compliance with EU Regulations

b) There are no significant Procurement concerns with the proposals.

6 SOCIAL VALUE CONSIDERATIONS

The Local Education Partnership (LEP) has targets in relation to Local spend which include:

- Re: spend with NG companies – 56%
- Re: Spend within 50 miles – 34%
- Spend with small local enterprises (e.g. small NG companies) – 10%

We will work with the LEP to facilitate their delivery of the targets. This will include linking with the Employer Hub to encourage local job creation through this contract. In addition the LEP targets for apprenticeships and entry level jobs.

7 REGARD TO THE NHS CONSTITUTION

Local Authorities have a statutory duty to have regard to the NHS Constitution when exercising their public health functions under the NHS Act 2006. In making this decision relating to public health functions, we have properly considered the NHS Constitution where applicable and have taken into account how it can be applied in order to commission services to improve the health of the local community.

8 EQUALITY IMPACT ASSESSMENT (EIA)

Has the equality impact been assessed?

- (a) not needed (report does not contain proposals for new or changing policies, services or functions, financial decisions or decisions at implementation of policies development outside the Council)
- (b) No
- (c) Yes – Equality Impact Assessment attached

Due regard should be given to the equality implications identified in any attached EIA.

An Equality Impact Assessment was undertaken for the Delegated Decision Maker report approved in December 2014. The circumstances have not changed since that assessment was undertaken.

9 LIST OF BACKGROUND PAPERS RELIED UPON IN WRITING THIS REPORT (NOT INCLUDING PUBLISHED DOCUMENTS OR CONFIDENTIAL OR EXEMPT INFORMATION)

None

10 PUBLISHED DOCUMENTS REFERRED TO IN THIS REPORT

Delegated Decision Maker report no. 1789, 'Approval for the additional funding, Stage One works and procurement of consultants in relation to works at Nottingham Academy', approved 22 December 2014.

11 OTHER COLLEAGUES WHO HAVE PROVIDED INPUT

Glen O'Connell – Acting Corporate Director of Resources: legal comments added in Section 5

Tina Adams – Finance Manager: financial comments added in Section 4

Sue Oliver – Procurement Category Manager: procurement comments added in Section 5 and 6.