

BARNSELY METROPOLITAN BOROUGH COUNCIL

This matter is not a Key Decision within the Council's definition and has not been included in the relevant Forward Plan

Joint Report of the Executive Director People and
Executive Director Place to Cabinet

Penistone Grammar School Enlargement Update

1.0 Purpose of the Report

- 1.1 To provide an update on the Penistone Grammar School Enlargement project;
- 1.2 To request approval for the additional capital spend required to fully deliver the programme of works to enlarge Penistone Grammar School to meet the demand for places in the West of the Borough.

2.0 Recommendation

- 2.1 **Cabinet note the progress made in the delivery of the school enlargement project;**
- 2.2 **Cabinet approve the revised cost estimate for the school enlargement of £4.226M, and funds this utilising Basic Need Grant awarded by the Department for Education allocated to address the shortfall in pupil places in the West of the Borough, along with Section 106 funding from private developers.**

3.0 Introduction

- 3.1 In September 2017, Cabinet approved the publication of a Statutory Notice to enlarge the premises of Penistone Grammar School from a net capacity of 1400 to 1650 pupils with effect from September 2018 and to fund the estimated £2.011M capital cost of the extension. (Cab. 6.9.2017/15).
- 3.2 The Programme of works will be completed in 2 phases:
 - Phase 1 – Internal re-modelling work to create the initial 50 places required for September 2018;
 - Phase 2 – A two extension storey to create capacity for an additional 200 places, to be completed by the start of the academic year September 2019.
- 3.3 A highways assessment has also been carried out which has dictated the need for an additional pedestrian crossing that will have to be funded as part of the project.

4 Proposal and Justification

4.1 Phase 1 Update:

As Penistone Grammar School is a Private Finance Initiative (PFI) school a formal Deed of Variation to the Building Schools for the Future Contract has been required, the project has been procured via the Local Education Partnership who have appointed the construction contractor RJ Cadmans. The total cost of Phase 1 works is £1.072M. The costs of works are

higher than the original cost plan by £0.302M predominately as a result of the short timescales to complete the work over the summer break, requiring shift working patterns to ensure the project is completed on time to accommodate pupils at the start of the new academic year September 2018. In addition only 1 contractor submitted a tender due to the high level of risk associated with the project timescales, as there were no comparative tenders the cost price may not have been as competitive as it could have been. Further to the increase in contractor costs, higher than anticipated professional and legal fees have also been incurred, further details are provided in section 4.11.

4.2 Phase 1 consists of internal remodelling works, comprising of a number of internal modifications to create additional space including ICT rooms, science laboratories and teaching space whilst also making improvements to ensure circulation routes and facilities are adequate to accommodate the increase in pupil numbers.

4.3 Phase 2 extension

Phase 2 works will comprise of a 2 storey sunken extension to be completed by September 2019; to provide additional science and general classrooms, staff workspaces and toilet facilities. The extension has been designed to RIBA Stage 3 and site investigations have taken place. Outlined below is a summary of the current programme:

- Planning & Building Control approval expected by end of October 2018;
- Tender documents to be issued early November, with appointment of the preferred contractor expected early January 2019;
- Mobilisation on site to commence late January 2019 with construction completion anticipated October 2019.

4.4 It should be noted that the completion date is later than originally planned as a result of time loss from the concentration on phase 1 works and aligning with Planning Committee dates. The revised programme and implications from a later completion date have been discussed and accepted by the school.

4.5 The current construction cost estimate for Phase 2 works is £2.954M, exceeding the original quote of £1.241M by £1.713M. Explanations for the cost increase are detailed below. There is a risk that costs may increase further once the contractor is appointed, however BMBC officers and the LEP will work with the contractor to value engineer costs down as far as possible.

4.6 In addition there is a planning requirement that in order for the surrounding infrastructure to deal effectively and safely with the increased number of pupils accessing the school on foot that the footpath is widened and a pedestrian crossing is installed on Huddersfield Road which is adjacent to the school. The associated cost of this being £0.200M.

4.7 The Council will also incur its own legal fees estimated at cost of £0.050M to deal with the Deed of Variation to the BSF contract; a separate variation is required for both phases, approximately £.0025M per phase. The legal costs are included in the total cost stated in section 4.1 and 4.5.

4.8 The current estimate for the total project therefore stands at £4.226M, presenting a cost increase of £2.215M against the original approved budget. The table below summarises the current cost estimates:

Description	Phase 1	Phase 2	Total
Construction	£0.755	£2.132	£2.887
Contingencies	£0.043	£0.306	£0.349
Professional & Legal Fees	£0.232	£0.389	£0.621
PFI Management Fees	£0.042	£0.127	£0.169
Highways	n/a	£0.200	£0.200
Total	£1.072	£3.154	£4.226

4.9 Explanation for cost increase

The original Cabinet approval of £2.011M was based on a high level feasibility study undertaken by Gleeds and Halliday Meecham in March 2016, applying a standard accommodation model. AA projects were then appointed by the Barnsley Local Education Partnership to develop the proposal in line with Royal Institute of British Architects (RIBA) Stage 1, which highlighted that the proposal was not achievable within the £2.011M budget. In order to determine a more realistic cost the authority instructed the SPV to develop the proposal to RIBA Stage 2 which ensured further engagement with the school, the project has now been developed to RIBA Stage 3.

4.10 The key reasons for the increase in costs are as follows

- The extension is being built in a Conservation Area with surrounding Green Belt land, consultation with the Councils planning service has determined that the extension needs to be carefully designed to ensure it fits well within the landscape. As a result of this and through consultation with planning the proposal is now to build a sunken two story extension instead of the originally proposed three storey extension which has to be dug into the ground, resulting in significantly higher costs. This has also resulted in an increase to the footprint of the building due to the need to remodel the position of toilets and stores/staff spaces to improve circulation and supervision which in turn has generated more site clearance costs. In addition the original proposed roof finish has also had to be changed to meet planning requirements which has resulted in higher costs.
- Phase 1 work had to be completed in a very short time frame, during the school holiday which resulted in additional construction costs.
- Management of the project is undertaken by the Barnsley Local Education Partnership on behalf of the Special Purpose Vehicle who represent the original funders of the project and they charge a management fee of approximately 20% of the total cost of the work for this service. Therefore as the cost of the project increases the management fee increases.
- A 12% allowance for risk and contingency has also included, and this will naturally increase as the total contract value increases.

- An assumption for legal and funders fees was made at the time of the original feasibility, as both phase 1 and phase 2 works now require 2 separate Deed of Variations to the PFI contract, this has resulted in higher than anticipated legal costs.
- Inflation had not been allowed for at feasibility, this has increased the overall cost by £0.088M assumed at 4.5%, inflated to 2019 prices.

4.11.1 Assurance around value for money can be demonstrated through the EFA who use a formula to determine the funding required to increase pupil places at a rate of £16,056 per secondary pupil which when multiplied by 250 pupils equates to £4,014M. This is in line with the total anticipated costs of £4.006M for the work required to enlarge Penistone Grammar School, excluding the associated highways works. This information was not available at the time of gaining the original approval, should it have been further work would have been done to challenge the estimates provided by Gleeds.

4.12 Since the original Cabinet approval, the Authority has been awarded £2.170m Basic Need Grant allocation from central government for the financial year 2020/21 to support pupil demand in the West of the Borough. In additional Basic Need funding of £0.137M is available to address pupil places in 2018, along with £0.041M Section 106 funding from a private housing developer.

4.13 It is proposed that this funding is allocated to fund the additional costs to enlarge Penistone Grammar school over and above the £2.011M already approved, resulting in a total approval of £4.359M to contribute towards on this proposal, this allows a small contingency of £0.133M should there be any unforeseen cost increases that cannot be mitigated.

4.14 The authority are also putting pressure on the Barnsley Local Education Partnership to ensure that they meet their responsibility in delivering these type of projects in order to avoid similar problems in future. In addition to this the authority is reviewing its approach to commercial risk which should help mitigate any delays in getting approval from the PFI funders.

5.0 Consideration of Alternative Proposals

5.1 There are no alternative approaches considered as part of this report.

6.0 Implications for Local People and Service Users

6.1 Local people and service users have been consulted with as part of the statutory consultation process. The implication is positive in that the demand for additional school places in the West of the Borough will be met locally.

7.0 Financial Implications

7.1 Consultations have taken place with representatives of the Service Director – Finance (S151 Officer).

7.2 Total funding previously approved for the development of an extension at Penistone Grammar to create an additional 250 pupil places was £2.011M.

- 7.3 The scheme is to be completed over 2 phases. Phase 1 is now complete which was predominately remodelling the internal areas of the existing building. The total cost of phase 1 was £1.072M.
- 7.4 Phase 2 works have been designed to RIBA Stage 3, the estimated cost of works are £3.154M. Phase 2 works comprise of a sunken 2 storey extension to provide an additional 4 science labs and 4 classrooms.
- 7.5 In addition to building works, as Penistone falls under the PFI Building Schools for the Future programme significant costs are required to proceed with a Deed of Variation to the contract, resulting in high legal and funder fees in order to gain approval to the variation. As the scheme is to be completed over 2 phases, 2 separate Deed of Variations are required adding further costs to the overall scheme. Total legal and funder costs are estimated to be in the region of £0.300M, and have been included in costs outlined above.
- 7.6 A highways assessment has identified the requirement for a new pedestrian crossing to ensure the safety of the pupils. The associated estimated of works are £0.200M, again included above.
- 7.7 The total estimated costs for completing the scheme of works is £4.226M, a projected increase of £2.215M, against the original approval. The table at 4.8 summarises the key elements of the scheme and 4.11 provides explanations for the increase in costs.
- 7.8 As referenced in section 4.1, the cost of phase 1 works may not have been as competitive as they could due to having no comparative tenders, however if we apply the ESFA formula for capital spend on providing 250 school places as outlined in section 4.12 this does provide some assurance that costs for the overall scheme offer value for money.
- 7.9 A full tender process will be carried out for phase 2 works by the Local Education Partnership requiring value for money to be demonstrated before any commitment to proceed is made.
- 7.10 The Education and Skills Funding Agency have awarded the Council £2.170M Basic Need Grant Allocation to address the projected shortfall for school places for 2020/21 in the West of the Borough. This funding can be utilised to contribute towards addressing the cost increase against this scheme. However, it is noted that funding will not be received until financial year 2020/21, but school places are required to be provided by September 2019. It is proposed that the Council cash flow the project until the grant funding is received.
- 7.11 In addition Basic Need grant of £0.137k for the provision of 2018 pupil places is available to contribute towards this proposal alongside Section 106 funding of £0.041M, as outlined in section 4.14 and 4.15. This allows total funding towards this proposal of £4.359M against current cost estimates of £4.226M.
- 7.12 There is a risk that costs may increase further once costs are firmed up at tender stage, however the Council will work with the LEP and contractors to bring costs back in line with the funding available as far as possible. As a way to mitigate any unforeseen costs that cannot be mitigated there is a small contingency of £0.133M Basic Need Grant in the event

costs exceed the current estimates. Should this contingency not be required it will be free to contribute to the wider school place planning in the central area.

7.13 It is noted that should the information provided by the ESFA on the estimated cost of providing 250 secondary school places, as set out in 4.11, been available at the time of gaining the original approval, further challenge and scrutiny of the cost estimates would have been undertaken prior to gaining Cabinet approval.

7.15 The full financial implications are detailed within Appendix A.

8 Employee Implications

8.1 There are no direct employee implications.

9.0 Communications Implications

9.1 The school have communicated with pupils, parents and the local community on progress made in completing the work.

10.0 Consultations

10.1 Consultation has taken place with Planning, Highways and Transportation on the proposed extension.

11.0 The Corporate Plan and the Council's Performance Management Framework

11.1 Penistone Grammar was rated as 'good' in all categories of inspection by Ofsted in October 2013 and as such meets the Councils priority as set out in the Corporate Plan for 2017 – 2020 People Achieving Their Potential which is:

11.2 'Every child attends a good school and is successful in learning and work.'

11.3 The provision of additional places at a school rated 'good' also indirectly supports the Thriving and Vibrant Economy 20:20 Outcome 5 of creating more and better housing as potential residents are more likely to move into an area that can accommodate future educational needs of their children. In turn this would increase the opportunity of potential income streams for the Authority from New Homes Bonus, Council Tax and Business Rates.

12. Promoting Equality, Diversity and Inclusion

12.1 An Impact Assessment has been undertaken which has shown extending the existing school will bring the following benefits:

- Children will be accommodated within the locality of their homes thereby encouraging social inclusion. A shortfall in local school places is likely to have a greater impact on those with protected characteristics such as disabled people and people on low incomes.
- The school is a state of art facility which was built around the principle of inclusion.

13. Tackling the Impact of Poverty

13.1 There are no direct implications.

14. Tackling Health Inequalities

14.1 There are no direct implications.

15. Reduction of Crime and Disorder

15.1 There are no implications

16. Risk Management Issues

Risk Detail	Probability and Impact	Score	Mitigation
Failure to complete project within agreed timescales and hence deliver sufficient secondary school places thus breaching statutory requirement.	Probability - low Impact - high	3 (Amber)	There is an agreed procurement route and the extension does not need completing until September 2019.
The initial budgeted cost may not be sufficient to meet the final tendered cost for Phase 2 of the work	Probability – low Impact - high	3 (Amber)	Tendered procurement exercise to establish Value for Money.

17. Health, Safety and Emergency Resilience Issues

17.1 The project will be managed by the Barnsley Local Education Partnership who will be responsible for complying with Health and Safety Legislation

18. Compatibility with the European Convention on Human Rights

18.1 There are no implications.

19. Conservation of Biodiversity

19.1 There are no implications.

20. Glossary of Terms and Abbreviations

20.1 Private Finance Initiative (PFI)

21. List of Appendices

21.1 Appendix A Financial Implications

22. Details of Background Papers

22.1 None

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