

CABINET

2 August 2011

POST 16 UPDATE

Report of the Strategic Director for Places

STRATEGIC AIM:	Creating a Brighter Future for All		
KEY DECISION	NO	DATE ITEM FIRST APPEARED ON FORWARD PLAN	July 2011

1. PURPOSE OF THE REPORT

- 1.1 This report recaps on some general background information for the benefit of new Members and provides a brief update on the progress of the capital project to provide replacement post 16 facilities in Barleythorpe for September 2012. It also includes a budget and cost review highlighting a redistribution of capital grants from savings on other projects to allow the optimum scheme to be delivered for post 16 learning provision in Rutland
- 1.2 With Casterton Business and Enterprise College aiming to convert to an Academy from September 2011, the report also sets out the steps that are being taken for the Council to reduce its level of direct engagement and responsibility in managing the revenue service arrangements for post 16 learning.

2. RECOMMENDATIONS

- 2.1 **That Cabinet note the progress made by the Post 16 Project Board in developing the scope, design and business planning of the replacement post 16 facility.**
- 2.2 **That a further report is presented for approval of the Target Cost Contract prior to commencement of construction works on site.**
- 2.3 **That Cabinet agrees to underwriting the 5% EMPA contingency with the expected capital underspend from The Better Schools for All programme to meet any contract requirements.**
- 2.4 **That the full transfer of responsibility from Rutland County Council to Casterton Business and Enterprise College for delivery of the post 16 revenue service arrangements is noted.**

3. REASONS FOR THE RECOMMENDATIONS

- 3.1 The recommendations will enable the design and construction to move onto the next steps in planning and contract commencement with sufficient budgetary provisions.

4. BACKGROUND

- 4.1 Following formation of the Rutland County College Trust in September 2010 the Council have continued to work in partnership with the College as a member of the Trust (Report No. 65/2010). A Project Board was formed in December 2010 and the capital project budget was agreed at £5.119m (exempt Report No. 211/2010). Additional funding of £200k was agreed on 5 July 2011 as part of the 2010/11 financial outturn to take-up the underspend of the Rural Capital Grant (Report No. 81/2011), at which time it was agreed a subsequent report would be presented giving further detail in respect of funding for the project.

5. DESIGN AND PLANNING

- 5.1 The Project Board has been acting as a steering group with delegated authority to progress the scope and design of the replacement college facility and the business planning of the new post 16 college.
- 5.2 The Project Board has established a visioning and design sub-group with the Council's Project Manager, the College Principal and Vice Principal and the East Midlands Property Alliance (EMPA) framework contractor commissioned to deliver the property refurbishment scheme.
- 5.3 The sub-group has agreed a design brief and curriculum plan 'Rutland County College Barleythorpe 2012 *Blending academic excellence with the spirit of enterprise*' (Appendix A) that sets the spatial requirements for learning, business and social spaces and facilities. This has been interpreted into a building design which has been refined and value engineered attempting to restrict the works to within the defined capital budget. As an existing building there is some risk of additional remedials and replacements once work on site is commenced and the fabric and services are opened up. This is causing some cautious pricing by the contractor as well as the need to ensure a reasonable level of contingency.
- 5.4 The EMPA form of contract under the EU procured framework is on the basis of an agreed deliverable target cost with the Council liable to a maximum of 5% above this for any additional unidentified or risk items or increased costs (Report No. 256/2009 Construction Efficiency Through Frameworks provides further detail). This necessitates a sum of 5% of the construction contract value to be available as contingency. In real terms this reduces the available budget for the refurbishment project at the outset and potentially leaves an underspend if not used. Where this is capital grant it could be viewed unfavourable to not fully take up the grant made available and stand the risk of claw back by the funding body. As the works progress and risks diminish items can be added back but it is too late to make substantial changes that may have been removed initially due to insufficient budget. An alternative approach would be to hold the required 5% contingency outside of the approved capital grant budget as an additional budget reserve to enable the initial design to be optimised.

6. BUDGET COST AND PROGRAMME FOR CAPITAL PROJECT

- 6.1 As outlined at 4.1 above the budget is agreed as £5.319m made up of Targeted Capital Fund (14-19), Rural Capital Grant and a contribution from Tresham Institute. This budget includes the purchase of the Barleythorpe centre and associated costs together with fees and charges for design and project management. The allowance for the actual building work has been an ongoing challenge to the team in shaping the remodelling and refurbishment work made further challenging by an increased contribution to the revenue service costs over the period of the initial business plan.
- 6.2 At this stage of the design as the key aspects have been captured and detailed specifications are being prepared the scheme has been refined to only £20k over budget. This may be able to be further reduced or avoided as the details progress and work is carried out on site, but there are risks with existing buildings and any further significant adaptations or value engineering to the scheme as designed would begin to erode away some key features and spaces that are fundamental to the success of the new facility. In order to remain on programme for opening in September 2012 the planning application has been submitted and work will need to start on site in early November 2011.
- 6.3 It was agreed in March 2010 that the Council would meet any shortfall in capital resources to fund the replacement facility and associated financing costs. Given the current budget constraints, design and planning stage and revenue contribution in order to retain the current scheme with appropriate risk allowance additional funding could be earmarked from other underspends. The Little Build as part of the Better Schools for All programme is due for completion in August 2011 and an underspend of £270k is expected. It is recommended this is used as the 5% set aside contingency releasing the equivalent amount (approx £130k) back into the scheme to optimise the design and specification.

7. POST 16 SERVICE ARRANGEMENTS

- 7.1 The Council has continued to support and firmly endorse the ongoing post 16 provision in the county making a significant direct input to aspects of the planning over and above the capital project. Advice on visioning, curriculum, marketing and publicity, as well as commercial and financial aspects has been provided through a business plan group working with the College. With the College aiming to convert to an Academy from 1 September 2011 it is recommended that the extent of the involvement in officer time and costs be much more limited allowing the College the autonomy and independence sought by being an Academy. The Council will cap its exposure to revenue budget deficit by fully transferring the revenue arrangements and responsibility to the College.

8. RISK MANAGEMENT

RISK	IMPACT	COMMENTS
Time	HIGH	The project needs to be completed for occupation in Sept 2012. Signing-off the design to progress to planning and specification is now critical after a significant period of value engineering to bring the scheme closer to the budget. Delays to refine the scheme to below the budget may impact on the ability to open in September 2012.
Viability	HIGH	The Trust business model is dependant upon increasing the post -16 students. Assuming a reasonable growth in numbers there remain risks of revenue deficit over the current 5-7 year period of the business model. Exposure to these costs can be controlled by transferring full responsibility for the revenue budget to the College.
Finance	MEDIUM	Additional capital is available and can be agreed to top up the budget to cover the contract contingency.
Profile	HIGH	Re-providing a College for post 16 learning in Rutland is a positive proposal welcomed by many in the community. However its success will be down to the fundamentals of courses on offer and the marketing of an attractive inspiring new facility.
Equality and Diversity	LOW	An EIA screening has been carried out which indicates a low impact at this stage. A full EIA will be prepared prior to construction and opening.

Background Papers

81/2011, 5 July 2011 Cabinet
239/2010, 14 December 2010 Cabinet
211/2010, 19 October 2010 Cabinet Exempt report
65/2010, 8 March 2010

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A Large Print or Braille Version of this Report is available upon request – Contact 01572 722577.