

Proposed Recommendation to be made Under the Council's Urgency Procedure by the Deputy Leader on 5 December 2022

Oakley School Additions to the Capital Programme

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| Deputy Leader | Councillor Peter Butlin |
| Date of recommendation | 5 December 2022 |
| | Signed |

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| Recommendation |
| The Deputy Leader recommends to Council the addition of £4.311m in relation to Oakley School to the Capital Programme 2022/23 to be funded from Education capital resources |

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| Reasons |
| <p>The Council has an approved budget allocation for the development of Oakley School. However, for the reasons set out in this report, an additional sum is required to be allocated to the Capital Programme for the development of Oakley School (formerly Oakley Grove). The additional sum exceeds £2m and therefore requires a decision of full Council pursuant to the Warwickshire County Council Constitution. This report asks the Deputy Leader to support and recommend to full Council on 13th December 2022 the required addition to the capital programme.</p> <p>Construction costs generally continue to be subject to significant inflationary rises as a result of global increases in the price of materials and supply chain pressures for both materials and labour. This impact has been felt in the procurement exercises undertaken to develop and obtain the works packages necessary to build the school. Costing accuracy typically increases as a project proceeds through its development through to delivery. At the time of approval for the current budget allocation, the project was at the detailed business case stage with an 85% costing confidence and a recognised risk that project costs could increase. In this case the allocated budget was also confirmed to be subject to the results of further required site surveys and the continued development of the detailed design which at the time of allocation had still to be worked through.</p> <p>As would be expected in the development of such a significant project to delivery stage, the project has continued to be developed and to identify value management in the design. In addition, further survey information has been returned ranging from ecology, archaeology, geology, ground investigation report (including soil samples) and significant engagement with Highways, and a greater understanding of these aspects and the constraints resulting from them has been developed. It is a combination of further inflationary increases and the additional works required as a result of the surveys which have resulted in the request to increase the budget allocation and the increase to the capital programme. More detail about this and the outcomes of the survey work are set out in more detail below.</p> |

The school is required to meet the Council's statutory sufficiency obligations and the timing is critical given the need to maintain the critical path to completion in Summer 2024. The matter could come before Cabinet in December and onto Council in February 2023. However, deferring this matter to the February Council meeting given its urgency would seriously prejudice the Council's interests and the wider interests of the community affected in that deferring this matter to a Council decision in February would delay the project and would put at risk the Summer 2024 completion date. As Cabinet in December takes place after full Council it was therefore considered appropriate for the Deputy Leader to review and make a recommendation to Council in these circumstances to ensure that the project can proceed and is not delayed. A decision in December would ensure that the Council can enter into contract with Wilmott Dixon and minimise future cost increases.

Reasons for Urgency

In order to achieve completion of the scheme by September 2024, it is necessary for works to commence prior to Christmas 2022 and for materials to be ordered.

As Cabinet in December takes place after full Council it was considered appropriate for the Deputy Leader to review and make a recommendation to Council in these circumstances to ensure that the project can proceed to successful completion and is not delayed.

Given that papers for Council on 13 December 2022 must be published on 5 December 2022, it has been necessary to deal with this by way of an urgent report to the Deputy Leader. As this is a recommendation to Council (that decision sits with Council under the Constitution) and the Council papers are required to be published on 5 December it is considered appropriate to treat this as an urgent decision as it is considered that any delay likely to be caused by call-in would seriously prejudice the Council or the public interest as provided for in Standing Order 18 and therefore urgency is justified

Background information

1. Through decisions of Cabinet and Council between September 2021 and July 2022 the approved budget for the delivery of a new All-through School in South Leamington/ Warwick (Oakley School) stands at £56.150 million. The new school is required in line with the Education Sufficiency Strategy to accommodate the expected increase in pupil numbers within the Warwick District and in particular in this area of Leamington Spa which has been, and continues to be, subject to significant housing growth.
2. A main contractor (Wilmott Dixon) has been appointed and a reserved matters planning application has been approved by Warwick District Council in November 2022 with start on site estimated for December 2022 and completion expected for Summer 2024.
3. The allocated budget was subject to the results of further required site surveys and the continued development of the detailed design which at the time of allocation had still to be completed. Costing accuracy typically increases as a project proceeds through its development through to delivery and at the time that the current budget allocation was approved the project was at the detailed business case stage with an 85% costing confidence.
4. Since this time, as would be expected in the development of such a significant project to delivery stage, the project has continued to be developed and additional work undertaken to identify value management in the design. In addition, further survey information has been returned ranging from ecology, archaeology, geology, ground

investigation (including soil samples) and highway safety and operation requirements. The greater understanding of these aspects and the constraints resulting from them, which has developed as part of this exercise, has been included within the tender process on all works packages based on these detailed designs. That process has been undertaken with a focus on securing best value and, where necessary, the need to place early orders for materials that may have significant lead times, and the potential risk of further inflationary uplifts, and to allow the Council to agree a final contractual position with the main contractor prior to commencing work on site.

5. The results of the tender exercise have increased the cost estimate to £60.461 million meaning that additional funding of £4.311m is necessary to deliver the school. The revised project budget at £60.461million includes a five percent contingency and has been subject to detailed scrutiny and due diligence by officers to ensure that the figures are robust. The figures do include a provisional sum in respect of highways works for which final costings are awaited but the contingency allowed is considered sufficiently robust to deal with this uncertainty. It is proposed this addition will be funded from unallocated Basic Need funding; the grant received from central government to support school place capital projects.
6. The most significant element of the increase relates to ground works. Further survey work in finalising the design has identified a need for lime stabilisation and significant additional earth works to improve the existing ground conditions following the detailed survey results at an approximate extra cost of £2.4m. Although the challenges presented by the topography of the site were recognised, the extent of the required stabilisation works was not anticipated when the budget provisions was agreed. Further increases in cost of circa £1m arise as a result of inflation (materials and labour) which has been and continues to be significant within the construction sector alongside the ongoing global supply chain difficulties. The remaining increases result from a range of mechanical and electrical requirements and additional costs of the highways works to improve traffic management and address local concerns raised in relation to traffic flow.
7. It is critical that the Council enters into contract with the main contractor prior to Christmas so that the project can progress, prices can be fixed, and completion dates are not put at risk. The Deputy Leader is therefore asked to consider and recommend to Council on 13th December the necessary addition to the Capital Programme.

Financial implications

The financial implications of this recommendation are covered in the main body of the report above in that an additional £4.311m will be requested of Council to be allocated to the project from existing unallocated Basic Need grant. This brings the total cost of the school to £60.461 million

The Basic Need Allocation grant is awarded by the Department for Education. The grant received in 2022/23 has been fully allocated and utilised, therefore, the additional £4.311 million required will form a first call on future Basic Need allocations. Basic Need grant has been confirmed by the Department up to 2024/25. Currently the 2023/24 allocation contains £17.921 million not yet committed and the 2024/25 allocation contains £21.366 million not yet committed.

Approval of this additional cost will reduce the total available Basic Need grant balance to £34.976 million. Any further cost increases on this project will continue to call off the available Basic Need grant balance, resulting in fewer resources for other schools building and expansion projects across the county.

Following approval, the total funding of the project will consist of £11.466 million of Developer Contributions and £48.995 million of Basic Need grant.

Environmental implications

There are no environmental implications arising directly from this report. The detailed environmental impacts of the scheme have been covered in previous reports containing the detail of the project proposal.

The Council remains committed to ensuring that all school buildings are compliant with Building Regulations including the increased sustainability requirements brought about by changes to Building Regulations in June 2022.

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| Report Author | Matthew Biggs Strategy and Commissioning Manager (Education and Early Years) |
| Assistant Director | Chris Baird Assistant Director for Education |
| Strategic Director | Nigel Minns Strategic Director for People |
| Portfolio Holder | Deputy Leader |

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| Urgent matter? | Yes |
| Confidential or exempt? | No |
| Is the decision contrary to the budget and policy framework? | No |

List of background papers (If applicable)

Draft Council Report for 13 December 2022
(earlier Decisions and Reports are available from Democratic Services on request)

Members and officers consulted and informed

Portfolio Holder for Education – Councillor Kam Kaur

Legal – Nichola Vine, Strategy and Commissioning Manager, Legal and Democratic and Sarah Duxbury, Assistant Director Governance and Policy

Finance – Andy Felton

Democratic Services – Deborah Moseley, Team Lead

Councillor Adrian Warwick (For consent to urgency)

Strategic Directors – Rob Powell, Nigel Minns

Local Member(s): Cllr Matecki

This report was also circulated to Group Leaders in accordance with Standing Orders