

County Council

13 December 2022

Addition to Capital Programme 2022/23 Oakley School

Recommendation

That Council approves the allocation of an additional £4.311 million to the Oakley School project to be funded from unallocated Education Capital Resources, and its addition to the Capital Programme.

1. Key Issues/Background

- 1.1. 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.
- 1.2. 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.
- 1.3. 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.
- 1.4. 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.

- 1.5. 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 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.
- 1.6. 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.
- 1.7. 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. Council is therefore asked to agree the allocation of an additional £4.311million to the capital programme in respect of this project.

2. Environmental Implications

- 2.1. 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.
- 2.2. 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.

3. Financial Implications

- 3.1. 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

- 3.2. 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.
- 3.3. 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.
- 3.4. 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.

4. Background papers

Prior papers on this project are available via the Council's committee management system and on the Council's Website at <https://www.warwickshire.gov.uk/democracy/committee-agendas-meetings-papers>

Decisions were taken at Cabinet on 9 September 2021 and 14 July 2022 and at Council on 28 September 2021 and 19 July 2022.

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This paper was circulated to the following members: Cllr Jan Matecki – local member
Group Leaders were also made aware of the recommendations in this report.

