



## DECISION BOOK

**Issue: 607      Date: 24 JULY 2020**

Decisions set out in the book have been made under delegated powers by the Chief Executive, Executive Directors or the Chief Finance Officer and Monitoring Officer, in consultation either with the relevant committee or Lead Councillor.

The Decision Book process has been altered to suspend the current Councillors' call-in arrangements within the 10-day period after its publication and replace it with the ability during that period for three Councillors to request a retrospective review of the decision in writing to the Head of Legal and Democratic Services.

The decision book can be accessed on the Council's website - [www.reading.gov.uk/decisionbooks](http://www.reading.gov.uk/decisionbooks).

The officer reports accompanying the decisions are attached.

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## DECISION BOOK - ISSUE 607 - 24 JULY 2020

1. RELOCATION OF HAMILTON SCHOOL (FORMERLY PHOENIX COLLEGE) TO THE HAMILTON CENTRE

<u>DECISION</u>	<u>LEAD COUNCILLOR(S)</u>	<u>WARDS AFFECTED</u>	<u>PAGE NO.</u>
1. RELOCATION OF HAMILTON SCHOOL (FORMERLY PHOENIX COLLEGE) TO THE HAMILTON CENTRE	COUNCILLORS BROCK AND PEARCE	PARK	1

This report sets out the decision to allocate additional funding to the Scheme, enter into a construction contract and amend the approved Capital Programme for 2020-21 accordingly.

On 8<sup>th</sup> April 2020 a Decision Book was published (under the Chief Executive's Emergency powers) which gave approval for the release and spend of the £8.1m budget for the above project and delegated authority to award the construction contract to ISG Ltd.

The Main Contract Tender was procured through the Southern Construction Framework. The mini-competition tenders for Contractor selection were invited via Hampshire County Council's In-Tend system. ISG Ltd tender return has come in £600k over the allocated budget.

It is proposed to use the secured DfE Special Provisions Fund Grant for Hamilton School development to fund the gap. The grant was originally secured in 2018 and is held in RBC accounts and was allocated for the development of the then Phoenix School (now Hamilton School) to allow the School to take girls. The physical limitations of the existing school building had only allowed for boys to be accommodated. The new relocated school will enable girls to be accommodated at the School.

It is the decision of the Executive Director of Economic Growth and Neighbourhood Services, in consultation with the Lead Councillor for Education, to allocate £600k, which has been received from the DfE Special Provisions Fund Grant on the specific condition that it is used to cover the increased cost and deliver the Hamilton School Development project on the basis described in Section 4.2 of the report.

It is the decision of the Executive Director for Economic Growth and Neighbourhood Services in consultation with the Assistant Director for Procurement and the Lead Councillor for Education to enter into a contract with ISG Construction Limited to carry out the refurbishment and new building works for a total sum of £7,641,828.16.

It is the decision of the Executive Director for Resources in consultation with the Executive Director for Economic Growth and Neighbourhoods and the Leader of

the Council to amend the approved Capital Programme for 2020-21 to include the additional expenditure and grant funding of £600k.

## READING BOROUGH COUNCIL

### REPORT BY DIRECTOR OF ECONOMIC GROWTH AND NEIGHBOURHOOD SERVICES

LEAD COUNCILLOR:	COUNCILLOR PEARCE. LEAD COUNCILLOR FOR EDUCATION COUNCILLOR BROCK. LEADER OF THE COUNCIL		
DATE:	24 JULY 2020		
TITLE:	RELOCATION OF HAMILTON SCHOOL (FORMERLY PHOENIX COLLEGE) TO THE HAMILTON CENTRE		
SERVICE:	AMU (DEGNS)	WARDS:	PARK
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#### 1. EXECUTIVE SUMMARY

- 1.1 This report sets out the decision to allocate additional funding to the Scheme, enter into a construction contract and amend the approved Capital Programme for 2020-21 accordingly
- 1.2 On 8<sup>th</sup> April 2020 a Decision Book was published (under the Chief Executive's Emergency powers) which gave approval for the release and spend of the £8.1m budget for the above project and delegated authority to award the construction contract to ISG Ltd.
- 1.3 The Main Contract Tender was procured through the Southern Construction Framework. The mini-competition tenders for Contractor selection were invited via Hampshire County Council's In-Tend system. ISG Ltd tender return has come in £600k over the allocated budget.
- 1.4 It is proposed to use the secured DfE Special Provisions Fund Grant for Hamilton School development to fund the gap. The grant was originally secured in 2018 and is held in RBC accounts and was allocated for the development of the then Phoenix School (now Hamilton School) to allow the School to take girls. The physical limitations of the existing school building had only allowed for boys to be accommodated. The new relocated school will enable girls to be accommodated at the School.

#### 2. DECISION:

- 2.1 It is the decision of the Executive Director of Economic Growth and Neighbourhood Services, in consultation with the Lead Councillor for Education, to allocate £600k, which has been received from the DfE Special Provisions Fund Grant on the specific condition that it is used to cover the increased cost and deliver the Hamilton School Development project on the basis described in Section 4.2 of the report.
- 2.2 It is the decision of the Executive Director for Economic Growth and Neighbourhood Services in consultation with the Assistant Director for Procurement and the Lead Councillor for Education to enter into a contract with ISG Construction Limited to carry out the refurbishment and new building works for a total sum of £7,641,828.16.
- 2.3 It is the decision of the Executive Director for Resources in consultation with the Executive Director for Economic Growth and Neighbourhoods and the Leader of the

Council to amend the approved Capital Programme for 2020-21 to include the additional expenditure and grant funding of £600k.

### 3. POLICY CONTEXT

- 3.1 The project meets the following criteria in terms of Council policy
- Maintains existing facilities
  - Improves the overall school environment (non-statutory/non-emergency)
  - Meets essential (including statutory) health & safety requirements

### 4. THE DECISION

#### 4.1 Current Position

- 4.1.1 ISG's tender return has come in £600k over the Hampshire County Council (HCC) pre-tender estimate.
- 4.1.2 The HCC approved cost plan estimate was £8,262,000 project total. The ISG tender return equates to a project total of £8,861,502. A thorough Tender has been received from the Contractor. However, due to the tender being over the estimated budget, HCC have undertaken a thorough review process to understand the differences between the return and budget.
- 4.1.3 HCC recommendation, having consulted the Framework Managers and the DfE in detail, is that the Tender is accepted, and a Contract is entered into with ISG in the sum of £7,641,828.
- 4.1.4 The total Project cost of £8,861,501.96 (which includes costs excluded from the ISG Ltd Contract) have been analysed and are affordable within the proposed revised budget allocation.
- 4.1.5 The DfE invited RBC to submit a case for extra funding to cover the increase in tender costs and costs related to the COVID pandemic - a case was submitted and the Council are currently awaiting their consideration and determination. Should any extra funding be awarded, it would be used to release the DfE Basic Need grant allocated to the project which could then be reallocated within the Capital Programme or future revised Capital Programme
- 4.1.6 The Legal land transfers - will have been agreed and will be signed prior to the contract award to ISG

#### 4.2 Options Proposed

- 4.2.1 That ISG are appointed as per the Decision book report 4<sup>th</sup> April 2020 and that £600k of the DfE Special Provisions Fund Grant of £821,129 which has been granted for the development of Hamilton School is released to meet the increased tender cost. The residual grant will be used to mitigate any potential further cost overruns and if not required will be used to substitute other funding. The Special Provisions Fund was detailed in a report to ACE Committee on 4 October 2018.
- 4.2.2 The Council's 2020/21 3-year Capital Programme approved by Full Council in February 2020 refers to a capital project to relocate the school - 'Hamilton School - (formerly Phoenix College) Redevelopment Priority Schools Building Programme' with a total funding envelope of circa £8.1m.
- 4.2.3 £600k of the DfE Special Provisions Fund Grant for Hamilton School development which was detailed in a report to ACE Committee on 4 October 2018 will be allocated to offset the increased costs of the scheme. The Grant money is now held in the RBC accounts.

- 4.2.4 The extra grant funding specially allocated for the development of Hamilton School means there is no material effect on the Council's overall finance position.
- 4.2.5 The remainder of the funding for the project remains as per the current Capital Programme, The DfE have given Outline Business Case approval for the grant of £5.7million. There is a further £0.6m of DfE Basic Needs grant funding towards the costs leaving a net budget of £1.8m not funded by grant. In addition, the scheme enables the generation of a £1.8m capital receipt through the disposal of the existing school site. This capital receipt can be invested back into the Capital Programme.

4.2.6 The table below sets out the position for the revised Capital Programme.

Capital Programme reference from budget book: page line	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000
Proposed Capital Expenditure	500	-7121	1300	0
Funded by Grant - DfE Priority Schools Funding Grant - DfE Special Provisions Fund Grant - DfE Basic Need Section 106 (specify) Other services Capital Receipts)	500	4800 600 600	400	0
Total Funding	500	6000	400	0

#### 4.3 Other Options Considered

- 4.3.1 A Scheme deferral analysis has been undertaken and a 6 months deferral to start the project would be estimated to increase costs by a further £160k and a 12 month deferral would increase costs by a further £365k.
- 4.3.2 A Cost Benefit Analysis (CBTA) has been undertaken and the option of re-tendering with another contractor is not recommended as proceeding with ISG minimises the risk of losing the DFE grant of £5.78m. The extra time it would take to restart the tender negotiation with another Contractor would put the DFE Grant of 5.7m at risk through RBC not being able to meet the timescales for spend. The grant would therefore fall out of the Priority Schools Building Programme (PSBP) 2 timescales and would have to be re submitted under PSBP3. The DfE advise against this course of action as there would be no guarantee of the funding then being available.

#### 4.4 CONCLUSION

- 4.4.1 The use of the Special Provisions Fund Grant to bridge the current funding gap is the best option and does not impact on other projects as the grant can only be spent on the development of Hamilton School.

#### 5. CONTRIBUTION TO STRATEGIC AIMS

- 5.1 The Council's Corporate Plan 2018 - 2021 'Shaping Reading's Future' sets out the Council's priorities. These priorities include:

- Securing the economic success of Reading
- Improving access to decent housing to meet local needs
- Protecting and enhancing the lives of vulnerable adults and children
- Keeping Reading's environment clean, green and safe

- Promoting great education, leisure and cultural opportunities for people in Reading
- 5.2 The proposals set out in this report supports a number of those strategic aims but principally ‘Promoting great education, leisure and cultural opportunities for people in Reading’ by ensuring that all Reading children will have a school places and a safe and fit for purpose place in which to learn.

- 5.3 It is intended that Reading children are educated within buildings that are fit for purpose within settings fit for learning.

## 6. COMMUNITY ENGAGEMENT AND INFORMATION

- 6.1 The changes proposed to the building and playing fields outlined within the previous Decision Book report have been part of a pre planning local consultation before proceeding with plans involving accessibility and the development of the STP. The scheme has been granted Planning Permission.

## 7. EQUALITY IMPACT ASSESSMENT

- 7.1 An Equality Impact Assessment will not be relevant to this decision to award a contract. The relocation of the school will provide significantly improved education facilities for secondary aged children with Social Emotional and Mental Health (SEMH) issues, and who cannot attend mainstream schools.

## 8. LEGAL IMPLICATIONS

- 8.1 The Council has a statutory duty to provide a school place for every child of statutory school age, resident in the borough who seeks one. The admissions code suggests that the maximum time a child should be out of school is 20 school days.

- 8.2 Wherever applicable, it is proposed that schemes are procured through HCC (Hampshire County Council) using their Framework Agreements in accordance with contract procedure rule 5. These Framework Agreements have been through the EU regulated tendering process to appoint the Framework Contractors. This means that individual projects using the Frameworks and carried out by Framework Contractors do not have to be advertised in the Official Journal of the European Union (OJEU) again however the call off requirements of the frameworks are followed to tender and appoint any contractors. Works contracts with the framework contractors in respect of each of the individual school projects will be entered into following the tender under the frameworks.

- 8.3 It is proposed that the design work and contract administration is undertaken by Hampshire County Council, working in accordance with the Reading & Hampshire Property Partnership.

- 8.5 The Council will enter the required contracts as referred to in this report.

- 8.6 If the Council is required to dispose any of the open space to MET then in accordance with S123 of the Local Government Act 1972 this will involve advertising the disposal for 2 consecutive weeks in a local press publication and any objections received will need to be considered at a future meeting of Policy Committee.

- 8.7 Under the Scheme of Delegation (page 36) the Executive Director of Resources has the general authority to give capital and/or revenue spending approval for schemes up to the level of any Government Grant allocations and other external contributions awarded, in consultation with the relevant Executive Director and Lead Councillor(s)

## 9. FINANCIAL IMPLICATIONS

9.1 The financial implications are set out in the main body of the report.

## 10. ENVIRONMENT AND CLIMATE CHANGE IMPLICATIONS

10.1 Greater levels of insulation to the building, replacement windows and new services pipework will create an environment capable of achieving a better ambient temperature with much greater efficiency. New lighting will also enhance the learning environment.

10.2 Improved building thermal values should generate greater energy efficiency for the school going forward.

10.3 It is proposed to retain the existing Solar panels on the roof of the building if possible and provide electric vehicle points in the car park

## 11. BACKGROUND PAPERS

11.1 Report by Director of Economic Growth and Neighbourhood Services - Relocation of Hamilton School (formerly Phoenix College) to the Hamilton Centre 8<sup>th</sup> April 2020.