

MANCHESTER CITY COUNCIL REPORT FOR RESOLUTION

REPORT TO: Resources and Governance Overview and Scrutiny Committee

DATE: 11 December 2008

SUBJECT: Capital Expenditure Approval – Academies Programme

REPORT OF: The City Treasurer

PURPOSE OF REPORT:

To note the need to approve capital expenditure of £133 million to ensure the opening of the new Academies buildings by September 2010.

RECOMMENDATIONS

Members are asked to:

1. Note that the Chair of the Resources and Governance Overview and Scrutiny Committee will be requested to exempt the capital expenditure approval key decisions from the call in procedures.

FINANCIAL CONSEQUENCES FOR THE REVENUE BUDGET

1. There are no revenue consequences in respect of the capital expenditure.

FINANCIAL CONSEQUENCES FOR THE CAPITAL BUDGET:

1. The Executive on 24th October 2007 approved a budget of £133 million (comprising £106 million Partnerships for Schools contribution and £27 million Manchester City Council contribution) for the five Academies (excluding Manchester Creative and Media Academies). An Outline Business Case will be submitted for the Manchester Creative and Media Academies for a budget of £39 million (comprising £36 million Partnerships for Schools contribution and £3 million Manchester City Council contribution) when the site location and planning issues have been resolved. These budgets have been increased to reflect inflation and additional government funding in relation to meeting sustainability targets. It is necessary to place Advance Works Orders (AWOs) to ensure that the new Academies buildings will be completed by September 2010.

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BACKGROUND DOCUMENTS

Files: Academies: 01-17, Capital Programme BSF: PM08 DCSF and PfS, Public Private Partnership Unit, Corporate Services Department, Heron House

WARD(S) AFFECTED

All

IMPLICATIONS FOR:

ANTI POVERTY
YES

EQUAL OPPS.
YES

ENVIRONMENTAL
YES

EMPLOYMENT
YES

1. CURRENT POSITION

- 1.1 Academy Education Trusts have now been established and Funding Agreements have been signed for the following Academies: Manchester Communication Academy, Manchester Health Academy; The Co-operative Academy of Manchester; East Manchester Academy; and Manchester Enterprise Academy. The Funding Agreements will now be submitted to the Minister for signing on behalf of the Department for Children, Schools and Families (DCFS).
- 1.2 An Outline Business Case (OBC) has been submitted to Partnerships for Schools (Pfs) to confirm approval of the £133 million budget including contributions from the City Council. Approval of the OBC is expected on 19th December 2008. Final Business Case (FBC) submissions for each Academy will follow to release the Government grant contributions. The City Treasurer in consultation with the Chair of Finance and Human Resources will approve capital expenditure in the near future to ensure the new Academies are delivered in line with the planned opening dates. The Chair of Resources and Governance Overview and Scrutiny Committee will be requested to exempt the capital expenditure approval key decisions from the call in procedures.

2. ADVANCE WORKS ORDERS

- 2.1 Negotiations have taken place with the Framework 2 Contractors Laing O'Rourke and Balfour Beatty, to establish the level of AWOs to ensure that the planned programme opening dates of September 2010 are achieved. These AWOs will cover the following items across the five Academy sites:

1. Vegetation and knotweed removal;
2. Groundworks;
3. Drainage and alternation tanks
4. Piling and substructure;
5. Preliminaries (staff and site costs)
6. Structural steel;
7. Pre-cast concrete units;
8. Kalzip roofing
9. Classroom ventilation units; and
10. Hoardings.

AWO Summary	
Manchester Health Academy	£761,692
Manchester Communication Academy	£3,144,803
The Co-operative Academy of Manchester	£284,051
East Manchester Academy	£2,515,397
Manchester Enterprise Academy	£1,101,114
Framework Class Vents	£662,437
AWO Total	£8,469,494

- 2.2 The Treasurer in his role as the Authority's Section 151 Officer has provided a letter of comfort to PfS that the City Council will meet its commitments to capital contributions as previously approved by the Executive. The letter also underwrites the VAT risk arising from the amendments required to the standard PfS Development Agreement (DA). These amendments are necessary to ensure that the DA reflects the delivery of the five Academies via the Manchester Local Education Partnership (MLEP). A copy of the amended DA has been sent to HMRC to ensure that the design and build of the Academies and transfer of the land and building to the new Trusts on the basis of a non-business peppercorn lease is VAT efficient.

3. CONCLUSION

- 3.1 In order to ensure that the five Academies buildings open as planned in October 2010 it is necessary to request the Chair of Resources and Governance Overview and Scrutiny to exempt the capital expenditure approvals key decisions from the call in procedures.

4. ANTI-POVERTY

- 4.1 Providing locally based integrated children's services will address the needs of all Manchester children and contribute to the achievement of the five outcomes of "Every Child Matters". Providing an adequate number and distribution of school places in high quality designed 21st Century premises is a key priority in raising educational attainment at GCSE; increasing school attendance; increasing special needs education through mainstream schools; meeting the requirements of the Extended Schools Prospectus; and assisting Manchester residents to access further education and employment opportunities. Through engagement with our private sector co-sponsors we will be creating opportunities for the schools and their associated communities to be actively involved in creating an education system that will inspire them to want to learn, achieve and contribute to society; with the aim of breaking the cycle of high unemployment and low aspirations.

- 4.2 The City Council has recently extended the eligibility criteria for free travel passes, to include children who live between 2 and 3 miles of their preferred school, who are in receipt of free school meals or whose parents receive the maximum amount of family credit. This will help to ensure that the choice of school for children from poorer families is not restricted by access difficulties caused by financial constraints.

5. EQUAL OPPORTUNITIES

- 5.1 Barrier-free access provision will be incorporated into the design of all new Manchester schools and other premises for integrated Children's Teams.
- 5.2 The admissions policies of the seven Academies will be aligned with those of the City Council, to ensure that all applications for places at either

schools or Academies are dealt with fairly and equitably.

6. ENVIRONMENTAL

- 6.1 The existing school estate is in urgent need of renewal or rebuilding. The new school buildings will directly contribute to Area Regeneration Initiatives in their respective areas. Investment in energy conservation, crime prevention measures, improving road safety adjoining new schools will all contribute to the development of a safe and attractive local environment improving the quality of life for Manchester residents. This will allow Children's Services to contribute to the requirements for safety in "Every Child Matters".

7. EMPLOYMENT

- 7.1 New partnerships with Manchester based businesses through our Education Partnership Programme will create new opportunities to equip young people with academic, vocational and life skills. The new school building programme will create opportunities during construction and Officers will work with private sector partners, Learning and Skills Council and vocational training educational providers to link trainees directly to the opportunities created by the investment. This will help children achieve the "Economic Well Being" outcome of "Every Child Matters".