

# Public Document Pack



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Date 13 February 2012

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## **CABINET – SPECIAL MEETING**

**Date:** Tuesday 21 February 2012  
**Time:** 2pm  
**Venue:** COUNCIL HOUSE, PLYMOUTH

**Members:**

Councillor Mrs Pengelly, Chair  
Councillor Fry, Vice Chair  
Councillors Ball, Bowyer, Jordan, Michael Leaves, Sam Leaves, Monahan, Ricketts and Wigans.

Members are invited to attend the above meeting to consider the items of business overleaf.

Members and officers are requested to sign the attendance list at the meeting.

Please note that unless the chair of the meeting agrees, mobile phones should be switched off and speech, video and photographic equipment should not be used in meetings.

**Barry Keel**  
Chief Executive

# **CABINET**

## **AGENDA**

### **PART I – PUBLIC MEETING**

#### **1. APOLOGIES**

To receive apologies for non-attendance submitted by Cabinet Members.

#### **2. DECLARATIONS OF INTEREST**

Cabinet Members will be asked to make any declarations of interest in respect of items on this agenda.

#### **3. MINUTES**

**(Pages 1 - 12)**

To sign and confirm as a correct record the minutes of the meeting held on 7 February 2012.

#### **4. QUESTIONS FROM THE PUBLIC**

To receive questions from the public in accordance with the Constitution.

Questions, of no longer than 50 words, can be submitted to the Democratic Support Unit, Corporate Support Department, Plymouth City Council, Civic Centre, Plymouth, PL1 2AA, or email to [democraticsupport@plymouth.gov.uk](mailto:democraticsupport@plymouth.gov.uk). Any questions must be received at least five clear working days before the date of the meeting.

#### **5. CHAIR'S URGENT BUSINESS**

To receive reports on business which, in the opinion of the Chair, should be brought forward for urgent consideration.

### **CABINET MEMBER: COUNCILLOR SAM LEAVES**

#### **6. CAPITAL INVESTMENT DELIVERY FOR MARINE ACADEMY, PLYMOUTH**

**(Pages 13 - 20)**

The Director for Place will submit a written report on the confirmed bidder and delegation arrangements for letting the construction contract for works to the Marine Academy Plymouth.

**7. UNIVERSITY TECHNICAL COLLEGE, PLYMOUTH (Pages 21 - 32)**

The Director for Place and Director for People will submit a written report on proposals for the Council to become a co sponsor and the delivery agent for the University Technical College.

**8. EXEMPT BUSINESS**

To consider passing a resolution under Section 100A(4) of the Local Government Act 1972 to exclude the press and public from the meeting for the following item(s) of business on the grounds that it (they) involve the likely disclosure of exempt information as defined in paragraph 3 of Part I of Schedule 12A of the Act, as amended by the Freedom of Information Act 2000.

**PART II (PRIVATE MEETING)**

**AGENDA**

**MEMBERS OF THE PUBLIC TO NOTE**

that under the law, members are entitled to consider certain items in private. Members of the public will be asked to leave the meeting when such items are discussed.

NIL.

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## Cabinet

**Tuesday 7 February 2012**

### **PRESENT:**

Councillor Mrs Pengelly, in the Chair.

Councillor Fry, Vice Chair.

Councillors Ball, Bowyer, Jordan, Michael Leaves, Sam Leaves, Monahan and Wigen.

Also in attendance: Councillor James (Chair of the Overview and Scrutiny Management Board), Barry Keel (Chief Executive), Adam Broome (Director for Corporate Services), Carole Burgoyne (Director for People), Anthony Payne (Director for Place), David Northey (Head of Finance), Giles Perritt (Head of Performance, Policy and Partnerships) and Nicola Kirby (Senior Democratic Support Officer (Cabinet)).

Apology for absence: Councillor Ricketts.

The meeting started at 2 pm and finished at 2.40 pm.

*Note: At a future meeting, the Cabinet will consider the accuracy of these draft minutes, so they may be subject to change. Please check the minutes of that meeting to confirm whether these minutes have been amended.*

### 111. **DECLARATIONS OF INTEREST**

The following declaration of interest was made in accordance with the code of conduct in relation to items under consideration at this meeting -

<b>Councillor</b>	<b>Minute</b>	<b>Reason</b>	<b>Interest</b>
Councillor Michael Leaves	Minute 120 - Adult Social Care Personal Budgets Policy	Owner of a residential home	Personal and prejudicial

### 112. **MINUTES**

Agreed that the minutes of the meeting held on 17 January 2012 are confirmed as a correct record.

### 113. **QUESTIONS FROM THE PUBLIC**

There were no questions from the public for this meeting.

### 114. **CHAIR'S URGENT BUSINESS**

There were no items of Chair's urgent business.

115. **BUDGET AND CORPORATE PLAN SCRUTINY REPORT 2012/13**

The report of the Overview and Scrutiny Management Board on the Budget and Corporate Plan Scrutiny 2012/13 was submitted together with minute 84 of the Overview and Scrutiny Management Board.

Councillor James (Chair of the Overview and Scrutiny Management Board) presented the report and advised Cabinet Members that -

- (a) the Overview and Scrutiny Management Board had scrutinised the Council's partners for the first time, in addition to the Cabinet Members;
- (b) the Management Board had been assisted by advisers this year;
- (c) the scrutiny exercise had been undertaken over three days, 11, 16 and 18 January 2012;
- (d) his thanks were extended to Cabinet Members, directors and assistant directors for their assistance;
- (e) his thanks were also were extended to Katey Johns and Ross Jago (Democratic Support Officers) and Giles Perritt (Head of Performance, Policy and Partnerships) for their immense contributions and support;
- (f) the recommendations of the Management Board were submitted for consideration.

In response to questions from Cabinet Members, Councillor James advised that the scrutiny process could be improved and indicated that he was in favour of replacing the scrutiny panels with task and finish groups.

The Chair responded and expressed a reservation about the role of advisers. She thanked Councillor James, the Management Board and advisers for their considerable amount of work and felt that the sessions had been genuinely challenging. The inclusion of the Council's partners had added to the quality of the sessions and the exercise demonstrated that scrutiny could add value to the Council's decision making process.

On behalf of Cabinet, she broadly welcomed the recommendations and Cabinet's response to the Budget and Corporate Plan 2012/13 scrutiny recommendations was submitted.

Agreed the responses, as submitted and appended to these minutes, as the Cabinet's formal response to the recommendations of the Overview and Scrutiny Management Board.

116. **CORPORATE PLAN 2012 - 2015**

The Chief Executive submitted the draft Corporate Plan 2012 – 2015 which set out the Council's strategic direction for 2012-15 and beyond.

It focused on the vision for the city and the Council and the four shared priorities with partners, together with a range of supporting outcome measures. Whilst in incredibly challenging times financially, a number of major items were highlighted to be delivered during the period of the plan, for example –

- adult social care transformation;
- health integration;
- early intervention and prevention, including trouble families;
- tackling worklessness and unemployment;
- delivering some key elements of the growth agenda, particularly around rail and broadband connectivity;
- working with other organisations to reduce costs and improve services;
- transforming working practices and improving customer contacts.

It also summarised the Council's financial position, the public budget consultation, partnership input and the overview and scrutiny focus.

Agreed that the Corporate Plan 2012 -2015 is commended to the City Council for adoption subject to agreement on any minor amendments and editorial design changes being delegated to the Leader and Chief Executive.

### 117. **PERFORMANCE AND FINANCE REPORT (INCLUDING CAPITAL PROGRAMME UPDATE)**

The Corporate Management Team submitted a written report on the third monitoring report for 2011/12 which outlined the performance and finance monitoring position of the Council as at the end of December 2011.

The report indicated -

- (a) how the Council was delivering against its key indicators in terms of performance, and its financial measures using its capital and revenue resources;
- (b) that with effect from 1 January 2012, the Council restructured its directorates to move from five to three, with a corresponding reduction in directors. However, for comparison purposes, the report continued to monitor against the "old" five directorate model. Monitoring of the three new directorates would commence on 1 April 2012;
- (c) the Council's newly designed scorecards;
- (d) that the overall performance position continued to have no highly critical issues, with 88 per cent of the performance indicators there or there about on target;

- (e) that areas requiring close scrutiny were –
- domestic burglary;
  - processing of new housing and Council tax benefit claims;
  - those not in education, employment or training (NEETs);
  - self-directed support;
- (f) that the Council was forecasting a revenue over spend at year end of £0.454m against a net revenue budget of £208.237m, which was a variance of 0.2 per cent. The main adverse variations related to Community Services in relation to the adult social care service, the learning disability service and environmental services;
- (g) that good progress had again been made against the £15.197m revenue delivery plans set for 2011/12, with just under 95 per cent rated either green or amber. RAG (red, amber, green) rated delivery plans were detailed in the report;
- (h) that following approval of new schemes, re-profiling and variations at the City Council on 5 December 2011, the capital programme for 2011/12 was £87.005m however the latest forecast at 20 January 2012, was now £78.661m.

Agreed –

- (l) the variations to capital spend and re-profiling as follows -

<b>2011/12</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>Re-Profiling / Other Variations</b>
<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	
(2,041)	2,041	-	-	Corporate Accommodation Strategy - Re-profiling to take into account changes to work plans
(535)	535	-	-	Autistic Spectrum Disorder – Re-profiling of expenditure on project following delays in planning and feasibility.
(1,093)	1,093	-	-	Mercury Abatement – Re-profiling to reflect more realistic delivery dates.
(1,087)	1,087	-	-	SAP Replacement – Updated cashflow information from project officer.
-	(3,800)	3,800	-	Materials Recycling Facility – Re-profiling with updated information from project officer.
662	(657)	(5)	-	Plymouth Life Centre - Re-profiling of budget from 12/13



				to 11/12 for risk items that will be expended in this financial year.
(4,350)	4,176	327	191	Other Re-profiling – Details in Appendix B of the report.
44	1,097	3,928	4,853	Variations and virements – Details in Appendix B of the report.
<b>(8,400)</b>	<b>5,572</b>	<b>8,050</b>	<b>5,044</b>	<b>Total Re-Profiling / Other Variations</b>

(2) the budget virements as follows -

Virements over £100k Directorate	000's		
	Delivery Plan Management	Other	Total Virements
Chief Executive	(5)	0	(5)
Children and Young People Services	(37)	0	(37)
Corporate Items	(0)	(721)	(721)
Community Services	(914)	87	(826)
Corporate Support	1,019	58	1,077
Development and Regeneration	(63)	575	512
<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>0</b>

- (3) the potential draw down on the waste reserve for 2011/12, subject to the 2011/12 outturn position;
- (4) the potential draw down on the pension reserve for 2011/12, subject to the 2011/12 outturn position;
- (5) the funding of the Council's element of the carbon reduction commitment levy for 2011/12.

(See also minute 117a below).

#### 117a New Capital Schemes for Investment - Recommendations to the City Council

Further to minute 117 above,

the City Council is Recommended to approve the new capital schemes for investment as follows amounting to £0.056m in 2011/12 and £2.026m for future years –

£000	£000	£000	£000	Scheme to be approved at February Council
11/12	12/13	13/14	14/15	
-	80	320	500	Plymouth Natural Networks – Increased green space in the city to match the additional housing as per the Growth Agenda
-	790	-	-	Gypsy and Travellers Site – Site at Broadley Park
-	51	285	-	Southway Community Football Hub
56	-	-	-	Mount Edgumbe – Purchase of Marquee
<b>56</b>	<b>921</b>	<b>605</b>	<b>500</b>	<b>Total of new Schemes for approval February 2012</b>

118. **TREASURY MANAGEMENT STRATEGY STATEMENT AND ANNUAL INVESTMENT STRATEGY 2012/13**

The Director for Corporate Services submitted a written report setting out the Council's Treasury Management Strategy for borrowing and Annual Investment Strategy.

The report indicated -

- (a) that the borrowing and investment strategy sought to balance financial returns from the Council's cash balances whilst at the same time minimising financial risk to the Council;
- (b) how the treasury management function contributed to the Council's overall policy objectives;
- (c) the risks inherent within the treasury management function and how officers would seek to minimise those risks;
- (d) that any amendments to the Treasury Management Strategy would require the approval of Cabinet with the exception of changes to the prudential indicators which required approval by the City Council;
- (e) that the strategy over the medium term would be to align borrowing with the capital financing requirement and investments with available balances and reserves;
- (f) that the Council would continue to regard risk, security and liquidity as the key factors in all its investments with the interest rate only considered after these prime objectives;

- (g) that following discussions with the Council's treasury management advisers, Arlingclose, it is proposed that investments were limited to a maximum of one year with organisations meeting the appropriate credit quality, with consideration to longer-term investments in pooled funds and government/corporate bonds;
- (h) the Council's prudential indicators for the next three years together with the minimum revenue provision for debt redemption policy for 2012/13;
- (i) that the CIPFA code of practice on treasury management required a formal mid year report and an end of year report to be presented to the City Council.

Agreed that the Director for Corporate Services, acting under delegated authority in accordance with the constitution, keeps the lending list under review and updates the list during the year as dictated by market circumstances.

(See also minute 118a below)

**118a Treasury Management Strategy Statement and Annual Investment Strategy 2012/13 - Recommendations to the City Council**

Further to minute 118 above,  
the City Council is Recommended to approve -

- (1) the Treasury Management Policy Statement as submitted in Appendix A to the written report;
- (2) the Treasury Management Strategy Statement for 2012/13;
- (3) the Investment Strategy for 2012/13 as set out in Sections 8 and 9 of the written report including the use of specified and non-specified investments;
- (4) the lending organisations and counterparty limits as set out in Appendix D to the written report;
- (5) the prudential indicators as set out in the written report covering the revised indicators/limits for 2011/12 and the forecasts/limits for 2012/13 to 2014/15;
- (6) the authorised borrowing limits of £309m, £284m and £274m for the period 2012/13 to 2014/15;
- (7) the operational boundary of £279m, £268m and £259m for 2012/13 to 2014/15;
- (8) the minimum revenue provision for debt redemption policy for 2012/13.

119. **2012/13 UPDATED DRAFT BUDGET (REVENUE AND CAPITAL)  
ALLOCATED TO CORPORATE PRIORITIES**

Further to minute 96 which gave approval to the 2012/13 Indicative Revenue and Capital Budget Report, the Director for Corporate Services submitted a written report on the 2012/13 updated draft budget (revenue and capital), allocated to corporate priorities. The report took into account the recommendations from the consultation process, including budget scrutiny (referred to in minute 115 above).

The draft budget would be presented to the City Council on 27 February 2012 and for comparative purposes, would be structured around the existing directorates, although a summary would be provided on how the new budget would look under the revised three directorate model.

The settlement was in line with officers' predictions and no major adjustments were necessary to the original budget assumptions and allocations. However, the settlement figures quoted in the written report were still subject to final approval by the government and the decision was expected in early February 2012.

The report identified areas of the budget where there were either perceived timing issues in relation to the implementation of budget delivery plans, or forecasted pressures which required greater clarity on funding. Officers and Cabinet would work through these areas in conjunction with the original budget allocations to ensure the correct alignment of resources to priorities and to enable a balanced budget to be presented to the City Council on 27 February 2012.

Following final analysis of all grants, a funding shortfall remained of circa £0.800m and final plans were being developed to address this.

The report needed to be read in conjunction with the third quarter Performance and Finance Report (including capital programme update) (referred to in minutes 117 and 117a above) and the Treasury Management Strategy Statement and Annual Investment Strategy 2012/13 (referred to in minutes 118 and 118a above).

Agreed that –

- (1) Cabinet notes -
  - (a) the impact of the funding requirements as shown in the written report of £203.7m available resources to meet an indicative spend of £204.5m and the progress to date to close the gap of £0.8m;
  - (b) the proposed capital expenditure of £173.061m;
  - (c) that the report had taken into account the recommendations from the consultation process, including budget scrutiny referred to in minute 115 above;

- (2) officers identify further savings in advance of the City Council meeting on 27 February 2012 to arrive at the budget requirement;
- (3) the City Council is Recommended to consider a final version of the 2012/13 draft budget (revenue and capital) in order to achieve the proposed target budget requirement of £204.5m for 2012/13.

120. **PERSONAL BUDGET POLICY**

The Director for People submitted a written report on the proposed Personal Budget Policy for adult social care.

Minute 87 of the Overview and Scrutiny Management Board (held on 1 February 2012) was submitted asking Cabinet to delay the decision on this matter to allow for pre-decision scrutiny by the Health and Adult Social Care Overview and Scrutiny Panel.

The Chair thanked members of the adult social care team for their work on drafting the proposed policy.

Agreed that the report is referred to the Health and Adult Care Overview and Scrutiny Panel and the panel's recommendations together with the draft policy are submitted to a future meeting of Cabinet.

(Councillor Michael Leaves having declared an interest, withdrew from the meeting during consideration of this item).

121. **EVENTS ON THE PUBLIC HIGHWAY POLICY**

The Director for Place submitted a written report -

- (a) indicating that the Growth and Prosperity Overview and Scrutiny Panel had established a Task and Finish Group to review the department's charges and procedures for community events and road closures;
- (b) setting out the proposed responses to the five recommendations proposed by the scrutiny panel;
- (c) proposing a new draft Events on the Public Highway policy which related to all internally (council led) and externally organised events and provided –
  - the framework for new guidance on events giving officers and events organisers a clear understanding of their responsibilities and charges;

- that events requiring temporary road closures were categorised as 1, 2 or 3 events, each category reflecting network importance and used to determine the charges levied for the production of Temporary Traffic Regulation Orders (TTRO). The charges did not relate to other costs associated with organising an event on the highway, i.e. traffic management, insurance, permits etc. which would still be borne by the event organiser;
- that Category 3 dealt generally with closures of quiet residential type roads for small events such as street parties and fetes and it was proposed that no charge would be levied in respect of such events. Categories 1 and 2 related to events on more important routes and a scale of charges were proposed for these;
- that the cost to undertake a TTRO would be reduced from the current flat rate fee of £1000, to £500, £250 and £0 for Category 1, 2 and 3 events respectively;
- that £5m public liability insurance would be mandatory for Category 1 and 2 events;
- that £1m public liability would be advisable for organisers of Category 3 events;
- that advertising of TTRO's in the local press would be discontinued; however proposed road closures would still be advertised on the Council's PlymGo website and through the placing of on-street notices to ensure local residents and businesses were aware of forthcoming road closures;
- that all existing events currently supported by the City Council would continue to be supported in the current format, but a further review would take place during 2012/13.

Agreed –

- (1) to note the recommendations of the Growth and Prosperity Overview and Scrutiny Panel and provide responses as follows -
  - (a) making representations to central government in relation to the medium used to advertise TTRO's are no longer necessary following changes to government guidance;
  - (b) further work is needed to establish how best to manage an approved list of events once the new policy on reduced charging has been introduced and after the events and economic development teams have merged under the new Place Directorate;

- (c) further work is needed on budget decisions once the new policy has been introduced and after the events and economic development teams have merged under the new Place Directorate;
  - (d) the advertising of TTRO's for events will cease following the withdrawal of government guidance which effectively removes the need to do so;
  - (e) the authority will introduce a new, reduced charging regime for event road closures, with charges differentiated based upon the category of road to be closed;
- (2) the Events on the Public Highway Policy, as submitted.

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**PLYMOUTH CITY COUNCIL**

**Subject:** Capital Investment Delivery for Marine Academy Plymouth  
**Committee:** Cabinet  
**Date:** 21 February 2012  
**Cabinet Member:** Councillor Samantha Leaves  
**CMT Member:** Director for Place  
**Author:** Gareth Simmons (Programme Director for Learning Environments)  
**Contact:** Tel: 01752 307161 : gareth.simmons@plymouth.gov.uk  
**Ref:**  
**Key Decision:** Yes  
**Part:** I

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**Executive Summary:**

On 18 October 2011 Cabinet gave approval for the Council to act as procurement agent for the Marine Academy and All Saints Academy. Seventy one academies were given allocations by the Department for Education (DfE) on 20 December 2010. The Marine Academy Plymouth (MAP) was allocated £8.6 million. The academy sponsors (of which Plymouth City Council are co-sponsor) appealed against the allocations and these were revised following submissions to Ministers. The capital allocated was approved in May 2011 and increased to £9.4 million.

Ministers have signed off the allocation on the basis that the delivery of this capital investment is procured through the Partnership for Schools (PfS) Academies Framework. In the discussions between PfS and sponsors of MAP in May 2011 it was indicated that the funding allocated is reliant on the procurement being through this route and managed through the Local Authority.

Technical Advisors were appointed through the Office of Government Commerce (OGC) advisor framework to project manage the procurement.

A feasibility study was developed that considered the building options and set out a control scheme that met the objectives of the Academy. This feasibility study has also been through a pre-application planning process. The control scheme had also been evaluated to ensure that it is deliverable and within the allocated budget. This feasibility was submitted to PfS and approved on the 24 November 2011. This report deals with the Marine Academy. A later report will come to Cabinet dealing with that of All Saints Academy.

The project was put out to the PfS construction framework through a Provisional Invitation to Tender (PITT) where all regional framework contractors were invited to express an interest in tendering. Only two contractors, Bam and Leadbitter, chose to respond. Both contractors were short-listed for the next ITT stage. The PITT includes the option to also use the successful contractors to deliver the University Technical College (UTC) at a later stage should the Council wish to do so. This would save a considerable amount of procurement time.

Full Invitations to Tender (ITT) were sent out on the 12 December 2011 and a formal design engagement process has been concluded with both contractors' design teams being offered equal time allotted to the Academy and building end users. The contractors submitted ITT's on the 6 February 2012 which have been evaluated for quality and value for money using the PfS agreed evaluation criteria. This evaluation demonstrates that \_\_\_\_\_ would be recommended as the selected panel member (preferred bidder). This recommendation has been endorsed by the Academy, and by the Academy's main sponsors who are the University of Plymouth.

The capital investment into the city will have an important impact the local economy. It is estimated that as much as 80% of this value will be spent in Plymouth and the demand for skilled trades will also allow the council to negotiate that the contractor will take on apprentices as part of the proposal.

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### Corporate Plan 2011 - 2014:

This programme aligns with and supports the following corporate priorities:

- Deliver growth and promote Plymouth as a thriving growth centre by creating the conditions for investment in quality new homes, jobs and infrastructure. The academy investment will improve education infrastructure that supports the growth of the city, by supplying good quality education provision that meets need; it makes the city an attractive place to live and work. This paper brings to Cabinet opportunities for substantial investment into the city.
- Raise aspiration and the skills and expectations of Plymouth residents to ensure our young people achieve better qualifications and find high quality jobs. The investment this paper describes will significantly improve the secondary school infrastructure in the city.
- Reduce inequalities by reducing the large economic and health gaps between different areas of the city by improving the educational offer in these parts of the city. The proposals in this paper are targeted at narrowing the gaps in inequality of education that exists in the city.
- Provide value for communities and to become more efficient and joined up with partners and local residents to deliver services in new and better ways. These proposals seek to support the academies that are the Local Authority's partner organisation brokered to achieve the maximum value for the communities they serve.

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### Implications for Medium Term Financial Plan and Resource Implications: Including finance, human, IT and land

The sum of £9,372,967 has been approved by Partnership for Schools (PFS) as the investment budget which is to be allocated in the following way:

- Construction Costs £5,509,073 External Works and Abnormal Costs £766,496
- Fees £672,356
- FFE £1,215,542
- ICT Infrastructure £265,500
- **D&B Contract sub-total £8,428,967**
- ICT Hardware £944,000

Under the terms of the PfS framework the contract budgets above are fixed contractual sums. The scope of the works delivered by the design and build contractor is a variable throughout the procurement and the quality and quantity of the offer is what has been evaluated using PfS's strict procurement process.

Whilst the contracting risks are small, it should be understood that acting as procurement agent, the Council will take on liability for the project should there be a legitimate claim. However PFS have devised a client

biased contract that offers a considerable amount of comfort that much of the risk is transferred to the contractor. The procurement will also be undertaken with some rigour therefore the onward risk is very small.

Within the fee element for both academies, the sum of £300,000 was top sliced for the Council to use for procurement costs. Based on analysis of costs, this top slice is unlikely to be sufficient to fund the full costs of managing a project. However, the academy sponsors have agreed to meet procurement costs above this provision, based on the view that reduced expenditure in this area would be a false economy.

The Authority's time in gaining internal approvals, letting and monitoring the building and technical advisors contracts was assessed to be a total of 210 days of work. As these expenses cannot be recovered against the allocated funding, this represents the Council's contribution in support of the two academy projects.

The ongoing operation and condition liability of MAP falls to the Academy and the Government, so there are no direct costs falling to the Council.

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### **Other Implications: eg Community Safety, Health and Safety, Risk Management and Equality, Diversity and Community Cohesion:**

Schools are a key facility in their local communities and support wider cohesion in the area. An Equality Impact Assessment has not been completed as the investment in school buildings would be designed to current building regulations which are fully DDA compliant. In addition, these are community facilities which are open to all; therefore issues surrounding discrimination on the basis of age, faith, gender, race, or sexual orientation are not applicable.

Capital investment into schools offers the opportunity for them to resolve many issues of health and safety and community safety that have become long-standing in schools. The capital investment will resolve building condition issues that in the long term improve the building fabric that could lead to Health & Safety breaches.

A fully compliant risk register has been developed for the project.

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### **Recommendations and Reasons for recommended action:**

#### **Recommendations**

1. That Cabinet approves the appointment of \_\_\_\_\_ as the selected panel member to deliver the capital improvements to the Marine Academy Plymouth and that expenditure of the design fees is awarded to this contractor.
2. That the final approval to agree the scope and quality of works be delegated to the Director for Place.

Reasons for these recommendations are to comply with PfS approval process that contractual decisions should be made with speed and efficiency. Also to fully comply with the Council's constitutional arrangements and to ensure that this centrally allocated investment is delivered through the PfS construction framework process and procedure.

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**Alternative options considered and reasons for recommended action:**

The project undertook a detailed feasibility study that considered a number of building options before a control scheme was chosen as a preferred design. Through the procurement process two contractors have developed alternative options that have been carefully evaluated for design compliance and value for money.

Consideration of different procurement routes were considered in the 18 October 2011 Cabinet.

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**Background papers:**

1. [Plymouth City Council Children's Services Strategy for Change Investment for Children](#)
2. Capital investment delivery for Marine Academy Plymouth and All Saints Academy, Plymouth. Cabinet 18 October 2011.

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**Sign off:**

Fin	ChS0 370.	Leg		HR	NA	Corp Prop	CJT/0 93/020 212	IT	NA	Strat Proc	
Originating SMT Member: Gareth Simmons and David Draffan											

## **Background**

Seventy one academies were given allocations by the Department for Education (DfE) on 20 December 2010. The Marine Academy Plymouth (MAP) was allocated £8.6 million. The academy sponsors (of which Plymouth City Council are co-sponsor) appealed against this allocation and these were revised following submissions to Ministers. The capital allocated was approved in May 2011 and increased to £9.373 million.

Ministers have signed off the allocations on the basis that the delivery of this capital investment is procured through the Partnership for Schools (PfS) Academies Framework. In the discussions between PfS and sponsors of MAP in May 2011 it was indicated that the funding allocated is reliant on the procurement being through this route and managed through the Local Authority. This was reinforced through a direct contact with the Local Authority (LA) through a meeting with the Director for Services for Children and Young People and the Director for Corporate Support on 21 May 2011.

Cabinet took the decision to proceed with the procurement on the 18 October 2011 and Technical Advisors were appointed through the Office of Government Commerce (OGC) advisor framework to project manage the procurement.

A feasibility study was developed that considered the building options and set out a control scheme that met the objectives of the Academy. This feasibility study has also been through a pre-application planning process. The control scheme had also been evaluated to ensure that it is deliverable and within the allocated budget. This feasibility was submitted to PfS and approved on the 24 November 2011. This report deals with the Marine Academy. A later report will come to Cabinet dealing with that of All Saints Academy.

The project was put out to the PfS construction framework through a Provisional Invitation to Tender (PITT) where all regional framework contractors were invited to express an interest in tendering. Only two contractors, Bam and Leadbitter, chose to tender so no formal evaluation of the tenders was necessary, as the PfS procurement route requires two contractors to be short-listed for the next ITT stage. The PITT included the option to use the procurement to batch the University Technical Project (UTC). This means that the delivery of this additional project can be undertaken by the same successful contractor saving a considerable amount of procurement time.

Full Invitations to Tender (ITT) were sent out on the 12 December 2011 and a formal design engagement process has been concluded with both contractors' design teams being offered equal time allotted to the Academy and building end users.

*Both Contractors submitted ITT's on the 6 February 2011 which have been evaluated for quality and value for money using the PfS agreed evaluation criteria. This evaluation demonstrates that \_\_\_\_\_TBC would be recommended as the selected panel member. This recommendation has been endorsed by the Academy, and by the Academy's main sponsors who are the University of Plymouth.*

## **Proposed scope of the project**

The feasibility control scheme included the demolition of the old part of the school, built in the 1930's. It also allowed for the demolition of a small proportion of the 1980's building. The remainder of the 1980's buildings, including the sports hall and gym would have been refurbished and remodelled. The Esher Building, built in mid 2000's, would have remained with no works proposed. The balance of new build to refurbishment was as follows:

New build 2961m<sup>2</sup>  
Refurbishment and Remodelling 4286m<sup>2</sup>  
No work 1853m<sup>2</sup>  
Demolition 3087m<sup>2</sup>

The proposed work by the recommended selected panel member was similar to the control scheme in that it made the same judgments about the quality of the existing buildings. It also made the same proposals to demolish the old school and approximately the proportion of the 1980's building.

*The balance of new build to refurbishment of the recommended selected panel member is as follows:*

New build \_\_\_\_\_m<sup>2</sup>  
Refurbishment and Remodelling \_\_\_\_\_m<sup>2</sup>  
No work \_\_\_\_\_m<sup>2</sup>  
Demolition \_\_\_\_\_m<sup>2</sup>

### **Financial position**

#### VAT – Academies

The treatment of VAT has been simplified following a change in VAT legislation in April 2011, which means that all academies are now able to reclaim any VAT which they incur.

#### VAT – Plymouth City Council

Although a Tenancy at Will (TAW) has been granted to MAP, this TAW will be amended during the construction period, so that the Council will retain an interest in the land. It will contract with the contractor and incur all the design and build costs. The Council will make contract payments and receive funding in the form of a capital grant from the Department of Education. Once the works are completed, the TAW will expire and 125-year peppercorn lease granted to the Academy.

Provided that the lease granted to MAP is a true peppercorn, ie a lease granted for no consideration in money or kind, then the Council is able to fully recover the VAT relating to the construction contract. If the lease does not represent a true peppercorn lease, however, then the grant of land would be made in the course of business. The default liability of a supply of land is exempt from VAT, but this could result in a proportion of the Council's VAT becoming irrecoverable, potentially at a cost of more than £1 million.

The Council will opt to tax the MAP site as an insurance to protect the Council's ability to recover input tax, should it be deemed by HM Revenue & Customs that the lease is not a true peppercorn lease.

### **Legal position**

Whilst changes have been introduced by the Academies Act 2010, the Council does retain power to act as a procurement agent in the type of arrangements proposed.

As the academies are now separate organisations to the Local Authority, there will be the need to transfer collateral and other warranties from the consultants, contractors and manufactures of the works. The Council would not hold a residual role following the completion of the works as the Academy will retain responsibility for the ongoing repair and maintenance of the property as set out in the standard 125 year academy lease.

At the completion of the works contract the responsibility of the ongoing contractual obligations are transferred in a standard Development Agreement between the Authority and the Academy Trust,

this agreement, drafted by PfS, will clearly set out the transfer of the completed building works to the Academy Trust.

Partnership for Schools has also set out a standard Memorandum of Understanding (MOU) between the Council and themselves that formally sets out the agreement that the council will follow PfS processes and use all of their standard documents including the frameworks design and build contract.

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**PLYMOUTH CITY COUNCIL**

**Subject:** University Technology College for Plymouth  
**Committee:** Cabinet  
**Date:** 21 February 2012  
**Cabinet Member:** Councillor Samantha Leaves  
**CMT Member:** Director for People and the Director for Place  
**Author:** Gareth Simmons, Programme Director for Learning Environments  
**Contact:** Tel: 01752 307161, [gareth.simmons@plymouth.gov.uk](mailto:gareth.simmons@plymouth.gov.uk)  
**Ref:**  
**Key Decision:** Yes  
**Part:** I

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**Executive Summary:**

In the Spring of 2011 the Secretary of State for Education announced that a number of University Technical Colleges (UTCs) would be developed across the country. Following this announcement an application process was developed for universities and colleges to submit bids for UTC funding. The closing date was mid June 2011.

A consortium of Plymouth University, City College Plymouth - the College of Further Education and Plymouth City Council, developed a vision to promote employer led learning in Plymouth that would be delivered through a UTC. The University, who acted as lead sponsors, City College and leading employers formed a limited company in order to make a bid for a UTC based at a Devonport location. They were supported in this by, amongst others, Babcock Marine, Princess Yachts International, Plymouth Manufacturers Group, Plymouth Chamber of Commerce and Industry and Plymouth Federation of Small Businesses.

On 10 October 2011 the Government announced that a number of UTCs would be taken forward including one in Plymouth. The announcement made clear that the Secretary of State hoped that Plymouth UTC would be opened in 2014, but there were possibilities of an earlier start in 2013.

Plymouth University, Plymouth City College and Babcock Marine are developing the governance arrangements of what will become a UTC Academy Trust. It will be this body that seeks to take the proposals through the stages of forming a UTC that is capable of signing a formal Funding Agreement with the Secretary of State for Education. These partners have proposed the site of the former Parkside School as a suitable location. Partnership for Schools (PFS) have appointed the Mott MacDonald Group as national Technical Advisers to the UTC programme and have made available project managers to develop a feasibility study. This is at present ongoing.

PFS have set out its preferred delivery of the capital investment in the buildings. This would be for Plymouth City Council (PCC) to add this proposal as a follow-on project to the procurement of the Marine Academy Plymouth (MAP). This procurement route would be very cost effective for the private sector as the costs of procurement would be considerably reduced for them. It would also allow a very fast turnaround in development time as the procurement time would be minimal.

PFS have indicated that it is the Government's preferred route for the Council to act as procurement agent as it has for the delivery of the Marine Academy Plymouth (MAP). The University, as main sponsors and the co-sponsors, have endorsed this as a preferred procurement method.

The UTC will bring capital investment, in the order of £8m, into the city. This will have an important impact the local economy. It is estimated that as much as 80% of this value will be spent in Plymouth and the demand for skilled trades will also allow the council to negotiate that the contractor will take on apprentices as part of the proposal.

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### **Corporate Plan 2011 - 2014:**

This programme aligns with and supports the following Corporate Priorities:

- Deliver growth and promote Plymouth as a thriving growth centre by creating the conditions for investment in quality new homes, jobs and infrastructure. The UTC investment will improve education infrastructure that supports the growth of the city, by supplying good quality education provision that meets need, it makes the city an attractive place to live and work. This proposal brings opportunities for substantial investment into the city.
- Raise aspiration and the skills and expectations of Plymouth residents to ensure our young people achieve better qualifications and find high quality jobs. The UTC is aimed at raising the aspirations of those students that do not seek to follow an academic pathway into employment but seeks to promote practical and technical ways for students to become skilled and attractive to the businesses of Plymouth. The UTC offers opportunity to broaden even further the diverse offer to young people in Plymouth.
- Reduce inequalities by reducing the large economic and health gaps between different areas of the city by improving the educational offer in these parts of the city. The proposals in this paper are targeted at narrowing the gaps in inequality of education that exists in the city.
- Provide value for communities and to become more efficient and joined up with partners and local residents to deliver services in new and better ways. These proposals seek to support businesses that are our partner organisations brokered to achieve the maximum value for the communities in which they operate.

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### **Implications for Medium Term Financial Plan and Resource Implications: Including finance, human, IT and land**

There is capital funding available for UTCs through the Government's Academies Investment Programme and this is anticipated to be just under £8m for building refurbishment, equipment and ICT. It is expected that, in addition, industry standard equipment and machinery, and the assets which will become the UTCs location, need to be donated to the UTC. In Plymouth's case the proposed asset, (125 year lease), the former Parkside Community College (valued at £1.3m) would become the Council's only financial contribution for the proposal.

All the revenue funding for the UTC will be funded through the YPLA (Young Peoples Learning Agency, soon to be the Education Funding Agency EFA) based on formula driven allocations that are predominantly based on pupil numbers. This revenue funding, similar to academies, will be allocated to the UTC from Government, meaning it will not be allocated through the Council's Dedicated Schools Grant.

Within the fee element for the UTC, there is a top-slice for the Technical advisors and project management. This is retained by PfS and the liability of these services including over run costs remain with PfS. This is different to the academies because PfS have framework contracts for the delivery of UTC's. The Authority's time in gaining internal approvals is estimated to be a total of 50 days of work. As these expenses cannot be recovered against the allocated funding, this represents the Council's revenue contribution in support of the UTC project.

For long term viability the UTC is seeking approval for the facility to be able to expand to a full size of 600-650.

Acting as co-sponsor has no financial implication except for the time of officers in offering support, expertise and guidance to the UTC as an organisation. For Plymouth this would be a short term support in the capital delivery, similar to that offered to Marine Academy Plymouth and All Saints Academy Plymouth. However the time commitment would be less as the combined procurement would be delivered through the same governance, so meetings already set up would be used to conduct business. Over the longer term senior officer time would be given to attend governance meetings to guide and steer the educational outcomes of the organisation. This latter commitment will be heavier as the organisation is set up but will nonetheless remain a commitment into the long term, in the same way as currently happens for MAP and ASAP.

Similar to the academies capital investments PfS are insistent that the capital delivery is through the national construction framework. This means that the funding is a fixed sum and the design and build contract is also for the same fixed sum. The variance to the contract is in the scope of the work which is defined in the offer from the framework Panels Member (contractor) which is developed over a six month period. This contracting method considerably reduces the risks to the contracting party but also allows Central Government to have certainty of delivery from a given allocation.

When the Authority accepts the role as procurement and delivery agent on behalf of the UTC, the Capital Grant will be payable to Plymouth City Council and the Council will become the contracting party to the design and construction contract.

Whilst the contracting risks are small, it should be understood that acting as procurement agent, the Council will take on liability for the project should there be a legitimate claim. However PfS have devised a client biased contract that offers a considerable amount of comfort that much of the risk is transferred to the contractor. The procurement will also be undertaken with some rigour therefore the onward risk is very small.

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### **Other Implications: e.g. Community Safety, Health and Safety, Risk Management and Equality, Diversity and Community Cohesion:**

Schools are a key facility in their local communities and support wider cohesion in the area. An equality impact assessment has not been completed as the investment in school buildings would be designed to current building regulations which are fully DDA compliant. In addition, these are community facilities which are open to all; therefore issues surrounding discrimination on the basis of age, faith, gender, race, or sexual orientation are not applicable.

Capital investment into schools offers the opportunity for them to resolve many issues of Health & Safety and community safety that have become long standing in schools. The capital investment will resolve building condition issues that in the long term improve the building fabric that could lead to Health & Safety breaches.

A fully compliant risk register has been developed for the project, the major risks and benefits are as follows:

### Risks

- The Design and Build Contract is heavily biased to the client side to pass most risk traditionally associated with building contracts over to the contractor. There are two basic risks in the contract that remain with the client and these are contamination of land under existing buildings where investigation cannot take place, and Asbestos, again where it cannot be identified by survey. This latter risk is mitigated in the design process by intrusive type III surveys being carried out. The former risk is low as the buildings to be demolished are of a minor nature.
- The main risk to manage is that of the UTC being uncertain of what building work it needs and making changes to the design. This risk is the main reason the Government wish LA's to control the contract to avoid change instructions adding to the cost. For Plymouth this risk will be mitigated through a strong governance process placing the control of the procurement and contract with PCC officers.

### Benefits

- The benefits that the Local Authority gains for providing this free support to the UTC as a co-sponsor are that the Council will be supporting economic growth in the city in a tangible way. The economic advantage of the capital and revenue funding the UTC will achieve will generate local jobs into the economy at a time when they are most needed.
- In addition to the immediate injection to the economy that the capital funding would generate the longer term effect of improving the skill base of young people in key engineering and technical production will assist key employers to expand their businesses in Plymouth.
- The Local Authority has and will also benefit from the reputational boost of showing a proactive role in supporting the bringing together of education and industry in a way that is focused on the economic regeneration of Plymouth's industrial base.

In order for the former Parkside site to be transferred to the UTC Trust it is necessary to serve notice on a lease arrangement that Stoke Damerel Community College has with the Council to use some rooms in the ROSLA block on the site. This Academy Trust will either rent alternative accommodation or may accommodate these students on its own site.

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### **Recommendations and Reasons for recommended action:**

#### **Recommendations**

1. That Plymouth City Council formally become a co-sponsor of the UTC Plymouth.
2. That Plymouth City Council become the delivery agent for the University Technical College.

Reasons for these recommendations are to ensure that Plymouth City Council remains at the heart of the economic regeneration of the city and offer support and direction to organisations that promote the improvement of the skill base of young people through the active involvement in education of employers of the city.

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### **Alternative options considered and reasons for recommended action:**

It was considered that the Council could not play a part in the development of a UTC and choose not to be a co-sponsor. The University and employers could develop proposals independently and a UTC could still be delivered for the city. This was rejected because the Council would not be playing its part in supporting such important growth, economic stimulus in the city industrial base and the improving skill base of the city's young people.

The Authority not taking up the role as procurement agent was considered as this would mean the Council took no part in accepting the risk of the project. This was rejected as it is not in the long term interests for the Council to lose reputation with partners and Government by acting in such a non-supportive way in the delivery of a facility that is so beneficial to the economic heart of Plymouth.

**Background papers:**

1. [Investment for Children Cabinet Paper approved 11 November 2008.](#)
2. [Plymouth City Council Children's Services Strategy for Change Investment for Children.](#)
3. Capital investment delivery for Marine Academy Plymouth and All Saints Academy, Plymouth. Cabinet 18 October 2011.
4. History Centre and UTC Cabinet 9 November 2011.
5. Children and Young People Overview and Scrutiny 10 November 2011.
6. Capital investment delivery for Marine Academy Plymouth Cabinet 21 February 2012.

**Sign off:**

Fin	CHS 0371	Leg	DS	HR	NA	Corp Prop	CJT/094/ 060212	IT	NA	Strat Proc	JK/SPU/ CP/266/ 0212
Originating SMT Member Colin Moore / David Draffan											

## Background

### 14-19 University Technical College

- 1.1 University Technical Colleges (UTCs) are a new Government initiative which aims to offer 14-19 year olds the opportunity to take a highly regarded, technically-orientated case of study at a college that is equipped to industrial standards. They are usually sponsored by a university or FE college and they offer clear progression routes into either higher education or higher level apprenticeships in a place of employment. Chiefly the curriculum is set and run by local industry through key employers.
- 1.2 Young people start at 14 with a curriculum that is 60% core studies in English, Maths, Science, IT and PSE. This core also offers Sports and Business and Financial Studies which would help young people learn how to set up a business. The other 40% of the curriculum is focused on the technical specialist courses which the UTC offers such as Marine Technology or Engineering.
- 1.3 The UTC also offers opportunities in Science, Technology, Engineering and Mathematics (STEM) contexts which will widen opportunities for progression into employment and/or further and higher education. These will be enhanced by opportunities to study Modern Foreign Languages, reflecting the international nature of the Science, Technology, Engineering and Manufacturing industries.
- 1.4 Qualifications may include vocational qualifications, such as BTEC and NVQs, and STEM qualifications typically leading to Level 2 qualifications at 16 and Level 3 at 18. These are mapped into the wider qualifications framework and apprenticeship opportunities dependant on the sponsors' expertise and provision. Core learning in functional Literacy, Numeracy and IT, Personal Learning and Thinking Skills will be explicitly linked to employability and enterprise skills.
- 1.5 Some young people may transfer to the UTC at the end of Year 11 from other educational providers in order to pursue advanced technical courses. The curriculum at 16+ will have a balance of 60% technical specialism and 40% core studies including English, Maths and IT.
- 1.6 Typically a UTC will have 150-200 pupils in each of four year groups giving a total of 600 to 800 places. They are funded via the Academies Programme and so receive grant funding from the YPLA (Young People's Learning Agency soon to become the Education Funding Agency EFA). The YPLA will be responsible for monitoring and enforcing the funding agreement and the success and failure of the organisation rests with Central government.
- 1.7 In September 2010 the first UTC opened in Staffordshire. The JCB Academy, sponsored by the global manufacturer JCB, has worked with a range of industry partners to offer high quality practical engineering courses to the students on its roll. Since then the Black Country UTC in Walsall was opened with a key sponsor of Siemens in September 2011. Three more UTCs have their Funding Agreements approved and a further 12 UTCs across England are working towards their Funding Agreements.
- 1.8 It is the present Government's intention to see at least one UTC develop in every large city over the next few years.

- 1.9. In the Spring 2011 the Secretary of State for Education announced that a number of UTCs would be developed working with the Baker Dearing Educational Trust (BDET) chaired by Lord Baker. Following this announcement an application process was developed for universities and colleges of further education to submit bids for UTC funding, the closing date was mid June 2011.

## **A Plymouth Perspective**

- 2.1 The Council and its partners have declared a new set of priorities via the Local Strategic Partnership (LSP). The need to create a skilled workforce within the context of a higher wage economy is at the heart of the priority to create economic regeneration and wealth for the city. Similarly the LSP is committed to the priority to raise aspiration and achievement so that young people have the necessary skills to take advantage of future job opportunities.
- 2.2 The need to develop Science, Technology, Engineering and Mathematics (STEM) opportunities will be pivotal to realising the LSP's ambitions.
- 2.3 The opportunity created by the establishment of a Plymouth UTC, could potentially add enhanced opportunities for young people in the "travel to learn" area of the city to access cutting edge technical and engineering training.
- 2.4 The marine technologies associated with companies such as Babcock and Princess Yachts would provide an obvious technical specialism for a potential UTC. This would be supported by the University of Plymouth's extensive research and development facilities both in terms of teaching and learning resource and also for curriculum development.
- 2.5 Whilst Plymouth has been relatively successful in driving down the number of young people Not in Education, Employment or Training (NEET) in recent years a significant number of young people 6.5% are currently within this category. This would suggest that for a significant number of young people the "learning offer" that the city currently provides does not match their needs.
- 2.6 The concentration of NEET young people reside in the west of the city in the NW, SW and SE localities. These localities are also the coastal locations of marine economic activity. It would assist the city in developing a more inclusive and at the same time high quality offer to the young people of the city if a UTC was set up in the west location preferably in the SW locality aligned to the major businesses such as Babcock and Princess Yachts.
- 2.7 The UTC will bring capital investment, in the order of £8m, into the city. This will have an important impact the local economy. It is estimated that as much as 80% of this value will be spent in Plymouth and the demand for skilled trades will also allow the council to negotiate that the contractor will take on apprentices as part of the proposal.

## **Demographics for UCT places and its effect on other secondary provision**

- 3.1 The raising of the participation age has been factored into the pupil place planning in the city. This suggests that as young people are required to stay in education and training to 17 years of age by 2013 and to 18 years of age by 2015, early indications suggest that the city has the

necessary provision via FE providers, schools and training agencies to manage this extra demand from within the existing resource.

- 3.2 The current city policy is set out in [Plymouth City Council Children's Services Strategy for Change Investment for Children](#), shows how secondary pupil numbers are steadily decreasing but will start to rise again in 2015. The policy the Council has been following with secondary places has been one where secondary places have been cut back to allow for new growth as the demographic demand lifts.
- 3.3 Under current educational reform as set out in the White Paper "The Importance of Teaching", the Council is moving from direct provider of school places to a commissioning role for place planning. This has been manifest in the move within the secondary sector to Academy Status for the majority of secondary schools and colleges in the city. Similarly to academies, UTCs receive funding direct from the YPLA and are fully independent of the Local Authority. As strategic commissioner of provision the Local Authority is charged with securing a diverse high quality pattern of educational provision, matched to the strategic priorities of the city and to the needs of the populace.
- 3.4 The development of a high quality UTC with state of the art industrial quality resource would inevitably be a popular choice for aspirational young people and their families, from not just Plymouth but also Cornwall and Devon.
- 3.5 The net effect on the overall pattern of post 14 provision in the city would be that students would transfer from the traditional providers which are the schools at an age of 14 but the effect on pupil places will be most notable in the shift of post 16 places and this will be seen in the schools' sixth forms and the colleges. It is envisaged that the UTC would have an eventual capacity for 600; 14-19 students which would add capacity to the city to meet growth post 2015, allowing current capacity used for post 16 in secondary schools to be used for what will be rapidly growing Key Stage 3 students.
- 3.6 As the numbers of 14-19 young people in Plymouth will be dropping in the short term it could be argued that a secondary sixth form could become weak and its viability could be threatened in the early days of a UTC opening. However the UTC curriculum offer is specialised and will have appeal across the city and into Devon and Cornwall. Modelling suggests that students will be drawn from many existing schools including the College of Further Education. It is unlikely that a UTC opening in 2013 will have become established before the growth in the secondary sector feeds into schools in 2015 and beyond.

### **Plymouth's Bid**

- 4.1 A bid for a Plymouth based UTC in Devonport was made by a consortium of sponsors including the University of Plymouth (as lead sponsor), The College of Further Education and Plymouth City Council also sponsored by the major businesses of Babcock and Princess Yachts, as well as the Chamber of Commerce and federation of small businesses. The University and City College formed a limited company in order to make a national bid for Plymouth to develop a UTC, this was led by the university as lead sponsor and was supported by the leadership of Plymouth City Council.
- 4.2 The bid was for a UTC based at a Devonport location with a capacity of 600-650 (this was revised up from the original estimate to ensure the long term financial viability and sustainability of the college).



- 4.3 Visits to Plymouth to assess the suitability of the location were made by Partnership for Schools and Lord Baker, who is promoting UTCs at Government level. It was made clear that the location and building available for a suitable UTC was a critical factor in the success of the proposal.
- 4.4 On 10 October 2011 the Government announced that UTC would be taken forward and Plymouth was among these. The announcement made clear that the Secretary of State hoped that Plymouth UTC would be opened in 2014, but there were possibilities of an earlier start in 2013.
- 4.5 The partners and sponsors have formed a Project Steering Group (PSG) and are in the process of developing governance arrangements of what will become the UTC Trust. It is this body that will seek to take the proposals through the Government stages of forming a UTC that is capable of signing a Funding Agreement with the Secretary of State for Education similar to academies.
- 4.6 The UTC was set up as a limited company in the Summer 2011, its members being drawn from Plymouth University and the College of Further Education. The articles of governance of this company are being changed as the UTC is developed ready to be accepted by the DfE in the funding agreement. Until this is complete the UTC is a non-funded organisation, although is eligible to start up grants, for legal and management costs.
- 4.7 The funding agreement is planned to be signed by the end March 2012.

### **The Council as co-sponsor**

- 4.8 The UTC and its lead sponsors, the University of Plymouth, see that there is very significant advantage if Plymouth City Council becoming co-sponsors. As a consequence from its early conception including early discussions with Lord Baker and the Minister for Schools, Lord Hill, the Council has been a part of the discussions and has offered support to the development of the proposals.
- 4.9 The University and all the co-sponsors believe that the role of the Council as a fellow co-sponsor is very important to the long term success of the UTC and therefore wish the Council to confirm its role.
- 4.10 To be a co-sponsor there is no financial contribution that is necessary, however it is expected that the co-sponsor will offer time, expertise and vision, so that it can be a participating partner in the governance of the UTC long term.
- 4.11 The members of the limited company that is the UTC will appoint directors of the Academy Trust. The Council will not be a member but, as co-sponsor would put forward an officer as representative to be appointed by the members as a director of the company. This role is also seen as a trustee, as the UTC would be a charity and also a governor as the UCT is also seen as an educational establishment.
- 4.12 The liability of the directors is limited and is very similar to that of governors in schools that are academies.
- 4.13 The risks and benefits of the Council becoming a co-sponsor are as follows:

### **Risks**

- There is a reputational risk that being associated with an organisation that in one way or another fails could involve the Council in defending the reputational loss. The liability of catastrophic failure rests with the DfE as the direct funding and benefit derived from this funding is between the UTC and the DfE in the funding agreement.

- There could be liability if the person employed by Plymouth City Council acting as director is negligent in some manner.

### **Benefits**

- Acting as co-sponsor allows the Council to influence the UTC in acting in an appropriate manner to all other schools in the city to restrict the competition risk that might in other ways result in other establishments losing a sustainable share of the pupil numbers. This might in other ways involve the Council in its statutory duty to commission school places.
- Acting as co-sponsor places the Council in a proactive way, working directly with employers to improve the skill base of the future workforce, thereby supporting the stimulation of the economy in the near and more distant future.
- Forging closer and more productive links with Employers, the University and City College.
- Being co-sponsor offers the Council the opportunity to assist in the development of an exciting new curriculum offer, that enhances the diversity of education provision in the city. This allows the Council to influence, and enhance the economic benefits that will support the underlining industries that the LSP identify as key to the future prosperity of Plymouth.

### **Assets and Procurement**

- 5.1 The Consortium of Partners, of which the Council is an active partner, has put forward the site of the former Parkside School as a suitable location. Cabinet approved the allocation of this site for a UTC on 11 November 2011. This equates to an asset value contribution to the UTC of £1.3m. The site offers a very suitable location and with extension and adaptation it would serve the projected numbers of students. The site freehold would remain with the Council and the Council would grant a 125 year lease similar to the academies lease. This is the preferred option proposed by PfS and the DfE.
- 5.2 PfS have appointed the Mott MacDonald Group as national Technical Advisers to the UTC programme and have made available project managers to develop the feasibility study. This is at present ongoing.
- 5.3 PfS have set out its preferred delivery of the capital investment in the buildings that would be for Plymouth City Council (PCC) to add this proposal to the procurement of the Marine Academy Plymouth (MAP). This is made possible because the Provisional Invitation to Tender (PITT) for MAP included the option for a follow-on project to deliver the UTC. This procurement route would be very cost effective for the private sector as the costs of procurement would be considerably reduced for them. It would also allow a very fast turnaround in development timetable as the procurement time would be minimal.
- 5.4 The UTC Trust and main sponsors are all in favour of PCC acting as agent as it has for the Academy's delivery of MAP and have endorsed this as a preferred procurement method. This role for the Local Authority is the preferred route set out by PfS as the Government deem that local authorities are best placed to strictly manage the risks. The risks and benefits of the Authority acting as agent are the same as the Council considered and accepted for the MAP and ASAP. For clarity they are set out overleaf:

## Risks

- The Design and Build Contract is heavily biased to the client side to pass most risk traditionally associated with building contracts over to the contractor. There are two basic risks in the contract that remain with the client and these are contamination of land under existing buildings where investigation cannot take place, and Asbestos, again where it cannot be identified by survey. This latter risk is mitigated in the design process by Intrusive Type III surveys being carried out.
- The main risk to manage is that of the UTC being uncertain of what building work it needs and making changes to the design. This risk is the main reason the Government wish local authorities to control the contract to avoid change instructions adding to the cost. For Plymouth this risk will be mitigated through a strong governance process placing the control of the procurement and contract with PCC officers.

## Benefits

- The benefits that the Local Authority derives for providing this free support to the UTC as a co-sponsor are that the Council will be supporting economic growth in the city in a tangible way. The economic advantage of the capital and revenue funding the UTC will achieve will generate local jobs into the economy at a time when they are most needed.
- In addition to the immediate injection to the economy that the capital funding would generate the longer term effect of improving the skill base of young people in key engineering and technical production will assist key employers to expand their businesses in Plymouth.
- The Council has and will also benefit from the reputational boost of showing a proactive role in supporting the bringing together of education and industry in a way that is focused on the economic regeneration of Plymouth's industrial base.

## Legal and Financial

- 5.5 Provided that the lease granted to MAP is a true peppercorn, ie a lease granted for no consideration in money or kind, then the Council is able to fully recover the VAT relating to the construction contract. If the lease does not represent a true peppercorn lease, however, then the grant of land would be made in the course of business. The default liability of a supply of land is exempt from VAT, but this could result in a proportion of the Council's VAT becoming irrecoverable, potentially at a cost of more than £1 million.
- 5.6 The Council will opt to tax the MAP site as an insurance to protect the Council's ability to recover input tax, should it be deemed by HM Revenue & Customs that the lease is not a true peppercorn lease.
- 5.7 As the UTC is a separate legal entity to the Council, there will be the need to transfer collateral and other warranties from the consultants, contractors and manufactures of the works. The Council would not hold a residual role following the completion of the works as the UTC will retain responsibility for the ongoing repair and maintenance. The Council will set this out in a standard 125 year lease which is agreed by the DfE as the same lease arrangement as academies.
- 5.8 There is a standard Development Agreement between the Authority and the UTC Trust provided by PfS that clearly sets out the transfer of the completed building works to the UTC Trust.
- 5.9 Partnership for Schools have also set out a standard MOU between the Council and themselves that formally sets out the agreement that the Council will follow PfS processes and use all of their standard documents including the frameworks design and build contract.

