

## **PROJECT DOCUMENTATION**

### **FULL BUSINESS CASE**

#### *Marlbrook Primary School Expansion*

Release: Draft/Final

Date: 3 October 2019

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Document Number: Marlbrook/003

## Document History

There have been two earlier versions of the business case, dated 28 February 2018 and 16 May 2018. This document updates the Business Case in the context of the Stage 4 design and cost plan provided by the principal contractor for the construction project.

## Document Location

The source of the document can be found on the Verto project management database

## Revision History

| Revision date   | Summary of Changes                   | Changes marked |
|-----------------|--------------------------------------|----------------|
| 6 November 2019 | First issue of revised business case |                |

## Approvals

This document requires the following approval.

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## 1. Purpose of document

This business case sets out the justification for continuing with a capital project to provide a new extension at Marlbrook Primary School enabling the school to expand in permanent accommodation from a capacity of 420 to 630 pupils, plus early years provision, increasing its admission number from 60 to 90. The majority of the organisational expansion has already taken place, but has been accommodated to date in temporary buildings. The project is currently at (Royal Institute of British Architects) RIBA Stage 4 – detailed design. A principal contractor was procured through the “Constructing West Midlands” framework and the project is being delivered through a design and build approach.

As the design has developed some site constraints have become apparent that will make the contractor’s access arrangements more difficult, and the implications of the expanded numbers on the size and layout of the school kitchen have led to a recommendation to confirm a higher specification for the school kitchen to ensure that hot meals can continue to be produced on site.

This document is intended to support a cabinet decision to increase the approval to spend for the project to cover these items and to ensure there is sufficient provision for project management costs and the council’s contingencies. The overall budget for the project was set at £6.141m by council in July 2018. The recommendation to cabinet is that approval is given to expenditure of the full sum already in the capital programme. No additional budget is sought from council.

The underlying business case for renewing Marlbrook Primary School is as previously – to provide permanent accommodation for an expanding school. The reason for presenting a revised business case is to take account of the cost plan for the remaining works.

An earlier project was undertaken early in 2017 for a substantial rebuild of Marlbrook Primary School, which would also have re-provided accommodation for the private and voluntary sector occupants of the site, and improved and extended council accommodation on the site including the children’s centre and multi-agency office. This project was not taken ahead as it would have cost substantially more than the available budget, and included many elements that were not strictly related to the enlargement of the school.

A new capital request was made in 2018, and a sum was added to the capital programme which was confirmed as £6.141m at full council in July 2018. Meanwhile a schedule of accommodation required for a 630 place primary school was developed, based on the Department for Education’s Building Bulletin 103, Area Guidelines for Schools.

Cabinet approved a total expenditure of up to £5.135m and a procurement of a principal design and build contractor was undertaken through the Constructing West Midlands framework. Although the Cabinet report did not specify a maximum value for the construction contract, management budgeting aimed to achieve this for up to £4.2 million. It should be remembered that the full cost of any project is not only the contract cost, but includes the council’s own project management and professional services costs, and contingencies. In addition the full budget sum also covered costs already incurred, including feasibility works, interim works to modify the Greencroft building for use as the school nursery in 2018, and required interim works to cope with new reception intake in 2019.

The successful tender was a) within the overall cabinet approved budget; and b) within the £4.2 million management budget for construction.

In the course of developing a detailed design a more complete cost plan was produced, based on the actual design and the sub-tendered packages from the various construction trades (e.g. groundworks, steelworks, brick works, etc.). This exceeded £4.2 million. The principal contractor was asked to propose value engineering solutions to bring the contract price back within the management budget. They did this. The majority of their proposals were accepted. There was one sticking point in respect of the school kitchen. The contractor proposed omitting any extension or improvement. It was not an explicit requirement of the schedule of accommodation that the kitchen be extended, but it was the view of the school that a larger kitchen was essential in order to secure the long term provision of hot meals cooked on site. This view was broadly accepted by children and families officers, and discussions between the school, the caterer and the principal contractor's designers to develop a cost effective plan for improved kitchen provision. This was done and could be added into the contract if agreed.

There were also concerns about some of costs of enabling works which were higher than indicated in the original tender. These mainly related to access to the site and the area on which the new extension is to be built. In order to satisfy concerns about the validity and value for money of these works a review was commissioned from an external, independent firm of quantity surveyors and cost consultants. Their report concludes that the price offered by the contractor provides value for money for the council.

If there is support for the provision of the full schedule of accommodation including an improved kitchen, and if assurances from the council's independent cost consultants in relation to the costs and value for money of the contractor's enabling works is accepted, then there is a compelling business case for the construction project to provide permanent accommodation for the expansion of Marlbrook Primary School. It is therefore recommended that the full sum of £6.141m earmarked for the project already in the capital programme is approved for expenditure. This will include costs already incurred in earlier phases of work, the cost of the contracted work, the council's project management costs, and contingencies. Any sums remaining at the conclusion of the project will be returned to the capital programme.

Rigorous cost control will be exercised throughout the construction phase. The director for children and families has overall delegated authority for the project. The assistant director for education development and skills is the project sponsor. The interim education and capital manager with experience of school build projects will act as project lead. A technical project manager from property services, with construction and surveying professional experience and qualifications, will advise on all technical matters and will be the designated point of contact with the contractor, issuing all instructions and orders. A project manager from the corporate programme team will provide project assurance. The services of independent cost consultants will be retained to advise on any cost issues which may arise in the life of the project. A project board comprising the above will meet monthly, and will also include representatives of other council services – particularly finance. The headteacher will be invited to attend as required as "senior user"; and the contractor as "senior supplier", to ensure good lines of communication are maintained. Project documents and records will be maintained on the Verto project management system. The status of the project will be regularly reported to the children and families capital programme board, management board, and the relevant cabinet members.

## 2. Project aims and objectives

The Schools Capital investment Strategy (SCIS), adopted in 2017, sets out the principles for investment in the schools estate. This section refers to the key principles and how they are relevant to the Marlbrook project.

The SCIS principles include:

- 1) High quality learning environments are more likely to deliver the best outcomes for all children and young people – *the Marlbrook expansion project is intended to enable more children to be educated in a popular and successful school rated “outstanding” by Ofsted. Up to now the increased numbers have been educated in mobile classrooms, and expansion of shared spaces such as halls and practical areas has not kept pace with the overall expansion of the school. The project is intended to support good outcomes for all pupils at Marlbrook.*
- 2) A high quality learning environment is one where:
  - The building is in good condition with an affordable and planned programme of maintenance – *whilst the existing main school building at Marlbrook is relatively modern and in good condition, the mobiles do not provide a good learning environment in the long term. They are not energy efficient and the associated maintenance burden increases with age.*
  - The building has the right number of suitable places – *Marlbrook has expanded by taking a larger intake each year since 2014, with piecemeal extensions and modular buildings. The current project will ensure the whole building fully meets the requirements both in terms of size, and suitability. Suitability means that classrooms are an appropriate size, and ancillary spaces such as halls, dining spaces, external areas, toilets, offices, first aid, hygiene and physio rooms are provided and are fully accessible to all pupils. The new building has been specified accordingly with reference to the Department for Education’s building Bulletin 103: Area Guidelines for Schools, to ensure it fully meets suitability expectations.*
  - The building supports the delivery of a suitable curriculum and learning - *The new extension will ensure all classes are arranged round a year base for practical activities. A new additional school hall will ensure all children get regular indoor physical education and performing arts (music, dance and drama) opportunities. It will also ensure children can enjoy lunch indoors throughout the year. New hygiene and physio rooms will ensure that the school will be accessible to children with special needs. A lift will be provided to classrooms on the first floor.*
  - There is sufficient suitable outdoor space including playing fields and all weather surfaces – *the school benefits from a large field, which it will retain. It has a multi-use games area (MUGA) which it will retain. New netball courts will be provided, and the existing outdoor cycling track will be enhanced. New external grassed areas may be used for games or social purposes. Sport England were a statutory consultee in the planning process, and their recommendations have been reflected in the final design of the project.*
  - Children are not taught in temporary classrooms – *at the end of the project all the existing temporary buildings used by the school will be removed. These include buildings used for*

*classrooms and as a staffroom. All children will be educated in permanent buildings that fully meet the recommended standards set out by the Department for Education.*

- *The building is energy efficient – The new extension will benefit from photo-voltaic solar panels, and a combined heating and ventilation system. The new kitchen will be fitted with efficient cooking and ventilation systems to improve energy efficiency.*
- *The school has full disabled access – there will be full wheelchair access throughout. The new extension will benefit from a lift providing access to the first floor. The new corridors will be of a width to enable easy movement for pupils, staff, parents and visitors with disabilities.*
- *The school meets all health and safety requirements – all statutory health and safety requirements will be met or exceeded in the new extension and throughout the site. The contractor will work closely with building control to ensure that the construction process is safely managed and the resulting building is safe.*

The project aims to deliver new permanent accommodation for Marlbrook Primary School expanding its capacity from 420 to 630 (plus early years provision) and increasing its admission number from 60 to 90.

The project will enable the removal of mobile classrooms from the site.

The project will enable the council to better fulfil its statutory duty to offer a school place to all children whose parents request one, and maintain the percentage of parents receiving an offer at their first preference school – a school which is popular and successful – rated “outstanding” by Ofsted.

### **3. Background**

The school is rated outstanding by Ofsted and is a teaching school. It has been over-subscribed since 2011 and was requested to admit a larger number of children by the council in 2014 and in the years following that. Previously the school’s planned admission number was 60. Since 2014 it has been 90. It is usually fully subscribed. A school with an admission number of 60 results in a maximum total number of pupils of 420 (60 x 7 year groups). A school with an admission number of 90 results in a total number of 630. The additional numbers admitted since 2014 have been accommodated in temporary buildings, with some minor modifications to the main building. The Schools Capital Investment Strategy discourages long-term use of temporary buildings. While classroom space has expanded with the use of mobiles, shared spaces such as hall space, practical areas, and other specialist facilities have not. The project is therefore intended to ensure that the accommodation is extended to provide the recommended building for a school of 630 (plus nursery/early years). The specification for the required accommodation has been developed using the Department for Education’s Building Bulletin 103, “Area Guidelines for Schools”. This is recognised as providing a consistent basis for planning school buildings in England, reflecting good educational practice. The resulting buildings should be what any responsible parent or teacher could expect in a new school building, without providing merely “nice to have” accommodation.

#### **3.1. Project Drivers**

The number of children in south Hereford has been increasing over recent years as a result of demographic growth. There are very few surplus places available in the planning area and without the

expansion of Marlbrook there would be a shortage of places. As the school is rated outstanding by Ofsted it is popular with parents, and consistently fills to capacity.

The other primary schools in the Hereford City South school planning area are full, or nearly so. The expansion of Marlbrook has been a response not only to parental preference for a popular and successful school, but of demographic growth in an area where many young families live, with some housing development also supporting pupil growth.

It is expected that overall numbers in the area will be sustained at broadly similar levels for the next decade.

### **3.2. Current performance measures**

Marlbrook Primary School is rated outstanding by Ofsted and is a teaching school. Teaching schools are good or outstanding schools that play an important role in a school-led system, working with others to provide high-quality training and support for school improvement in their local area.

Currently the school is operating in accommodation designed for 420 pupils, supplemented by some temporary modular buildings to enable it to admit a larger number. The existing arrangements provide only substandard accommodation, as the temporary classrooms are detached from the main building and are not intended for permanent use. The shared facilities such as the school hall, staffroom accommodation, and other spaces are below the recommended areas set out in the Department for Education's Building Bulletin 103, "Area Guidelines for Schools".

The project is intended to deliver the recommended area of internal and external space in permanent accommodation, thereby facilitating the school to provide an outstanding educational experience in permanent buildings of the recommended specification.

## **4. Scope**

### **4.1. Included in Scope**

The project will deliver accommodation meeting the recommended areas set out in the Department for Education's Building Bulletin 103, "Area Guidelines for Schools", including teaching and non-teaching spaces. It will deliver increased car parking to address the problems caused by high levels of parking outside the school on the neighbouring residential roads. It will provide new netball courts to replace those that will be lost as a result of the siting of the new building. It will include the removal of existing temporary classrooms. It will provide an enhanced school kitchen that will continue to provide hot meals cooked on site. The school will be designed and constructed to maximise energy efficiency and will include photo-voltaic solar panels. Additional bike and scooter storage will be provided along with some landscaping to improve pedestrian access to encourage sustainable journeys to school.

Sport England were a statutory consultee in the planning process and they have asked that new netball courts are included to replace those that would be lost under the footprint of the new extension. This work has already been done so there will be no loss of amenity when the full works start.



#### **4.2. Out of scope**

The project does not include any works beyond those that result from the standards recommended by the Department for Education, the external works specified above. It specifically does not include works to the private sector day nursery, or the voluntary sector community centre on site.

A previous feasibility study had investigated re-providing accommodation for the private and voluntary sector occupants of the site. This is not being taken forward for reasons of costs. Those organisations will continue to occupy their existing buildings.

All the works being undertaken derive from the recommendations of the Department for Education's Building Bulletin 103, Area Guidelines for Schools.

### **5. Stakeholders**

The key stakeholders are the school, represented by the headteacher and business manager who attend most project board meetings by invitation as senior users. Parents, other users of the site and buildings, and local residents are engaged mainly by the school, and were consulted in an open session held by the developer as part of the planning process. The school is supportive of the project, and has contributed to the design development. The interim works conducted in the summers of 2018 and 2019 have both been implemented expeditiously by the respective contractors, with minimal disruption to the school. The continued close involvement of the school is expected throughout the construction phase, which will necessarily include works during term time.

Neighbours are particularly important as the nearby roads are relatively narrow and easily blocked by large vehicles or heavy traffic. Their priorities are recognised by the improvements to school parking, the reworking of the school travel plan, and the contractor's plans for managing deliveries during the construction phase.

### **6. Constraints and dependencies**

#### **6.1. Initiatives which depend on this project are:**

There are no specific projects other than the permanent expansion of Marlbrook Primary School which depend on this project.

#### **6.2. This project depends on:**

There are no specific projects which are likely to hinder the progress of this project.

A number of areas of the council have been involved in the development of this project, including planning (which advised pre-application and enabled planning permission to be granted without significant difficulty), highways (in respect of considering the impact on the road network), property services (managing the technical aspects of the project), corporate programme team (supporting project management and project assurance), finance (advising and supporting on budget development and monitoring). There are no external stakeholders involved other than the on-site day nursery and community centre both of whom have been supportive and not raised any problems either with the project proposal, or the initial works which have already taken place.

## 7. Options considered

### Option 1

|  |  |
|--|--|
| <b>Seek approval for expenditure of the full sum allocated to the project in the capital programme</b> |  |
| Cost   | £6.141m  |
| Advantages   | This will deliver the envisaged project within the sum already added to the capital programme.   |
| Disadvantages  | None   |
| Impact   | The project will provide the school with the accommodation recommended by the Department for Education's Building Bulletin 103, Area Guidelines for Schools, improving the school environment, maximising parental preference and improving outcomes for children. The project will address the pressure of parking on nearby residential streets by better management of school related parking and traffic.  |
| Deliverability   | This is a deliverable project: there is sufficient budget to deliver the planned works. The main challenges during the construction period are likely to be managing contractors' access to the site because of the narrow residential roads in the area. The contractor has plans for managing this. Unforeseen below ground site issues are always a potential risk. These have been investigated as far as possible through surveys. Macro-economic challenges which might affect material prices or the cost and availability of labour are a risk. These are not directly within the control of the project team. |
| Recommendation   | This option is recommended.  |

**Option 2**

| <b>Seek further cost savings from the contractor</b> |   |
|--|---|
| Cost   | The cost could be reduced if required, by reducing the specification for the new building, and/or omitting certain elements. It should be noted that the value of <i>any</i> changes, including cost saving proposals, may not be fully realised due to the cost of reworking designs and drawings. |
| Advantages   | It may be possible to save £250k on the contact cost by omitting works to improve kitchen facilities.   |
| Disadvantages  | The school would be left with a building that did not fully meet the recommended specification in terms of space and suitability and could compromise its ability to provide hot meals cooked on site.  |
| Impact   | Aspects of the work of the school would be affected... for example school meals might have to be prepared off-site.   |
| Deliverability                                       | This may be deliverable, however the knock on effects of changing the design at this stage are hard to assess and the full saving may not be deliverable.   |
| Recommendation                                       | This option is not recommended.   |

**Option 3**

| <b>Not proceed with the project</b> |  |
|-------------------------------------|--|
| Cost                                | Unknown, but likely to exceed £1m because of sunk costs that cannot be recovered, such as the cost of designing the unbuilt extension.   |
| Advantages                          | It would be the least expensive option.  |
| Disadvantages                       | It would not deliver the core aims and objectives of the project, leaving the school operating out of temporary classrooms. None of the benefits of the project intended to meet the principles of the Schools Capital Investment Strategy would be delivered. |
| Impact                              | The learning environment at the school would not benefit from the improvements envisaged.  |

|                |                                 |
|----------------|---------------------------------|
| Deliverability | Deliverable.                    |
| Recommendation | This option is not recommended. |

## 8. Budget provision

The budget for the project has already been added to the capital programme by council, and approval to spend the full budget will be sought from cabinet.

## 9. Detailed costs and assumptions on final recommendation

The cost plan has increased since the current budget was approved by cabinet in May 2018 but costs are still within the overall sum added to the capital programme by council.

| Capital Cost of Project                               | Total          |
|---|----------------|
|   | £000           |
| <b>Phase 1</b>  |                |
| Thinking Buildings Feasibility Design (2017)          | 146.5          |
| Phase 1 Greencroft remodelling (2018)                 | 300.0          |
| <b>Phase 2 (Main Extension)</b>                       |                |
| Construction D&B                                      | 4,445.5        |
| Additional Construction D&B Costs From Initial Works* | 99.0           |
| Procurement Framework Fee                             | 10.0           |
| Other Costs   | 1,140.0        |
| <b>Total</b>  | <b>6,141.0</b> |

The additional construction design and build costs relate to:

- an increase in design costs for the re-design work involved with the value engineering items; and
- the increase in the preliminaries resulting from the extended programme duration following the need to carefully scrutinise the cost of the overall works. Works that were originally planned to be delivered in parallel are now having to be delivered sequentially.

## 10. Benefits

The anticipated benefits of the proposed project are listed below:

### **10.1. Cashable benefits**

#### **Details anticipated savings from the project and how/when they will be realised**

The cashable benefits will mainly accrue to the school. These will include reduced maintenance costs as the new building will be handed over in good condition. Improved energy costs and inefficient mobile classrooms will be replaced with efficient permanent buildings including photovoltaic solar panels. Greater opportunities for the school to benefit from letting income and community activities using the new school hall. Potentially greater opportunities to derive an income from use of the school field. More efficient use of the school's delegated budget, as larger schools have relatively lower overheads for administration.

Cashable benefits for the council: reduced potential maintenance costs. The building should be handed over in good condition, so the risk of large reactive maintenance costs such as boiler failure should be reduced.

### **10.2. Non-cashable benefits**

#### **Details any non-financial benefits of the project**

The main non-cashable benefits are for the school, its pupils and their families who will benefit from an improved building with better facilities, offering a high quality learning environment.

The enlargement of the school – judged outstanding and with teaching school status – will enable the council to a) meet its statutory duty to offer a school place to all children whose parents request one; and b) meet more parents' first preference; and c) increase the number of children educated in an outstanding school. This in turn will support improved outcomes for children.

The enlarged car parking provision should reduce the pressure of parental parking on the neighbouring residential streets, improving road safety.

### **10.3. Dis-benefits**

There are no clear dis-benefits to the project, beyond the fact that it represents a significant capital investment and cost to the council.

There may be short term dis-benefits during the construction phase in respect of movements of large vehicles making deliveries to the site, some disruption to the school, potential noise at certain times.

## **11. Resources**

Children and families management – providing project sponsor, project lead, cabinet member briefing, liaison with school, ensuring the educational objectives of the project are met, record keeping and day to day population of Verto.

Corporate programme team project management – providing project assurance, and accountability to corporate programme team

Property Services technical project management – providing technical support and advice requiring surveying/construction expertise. This includes issuing all instructions and orders to the contractor. Some services may be contracted out – such as cost consultancy, or very specialist technical expertise which may not be available in house.

Legal services - internal and external legal costs to prepare contract and any other legal documentation which may be required.

## 12. Project timeline

The remaining project timeline is:

|               |   |
|---------------|---|
| November 2019 | Decision to proceed                             |
| December 2019 | Formation of contract/contractors' mobilisation |
| January 2020  | Start of work on site                           |
| January 2021  | Completion of work on site *                    |
| January 2021  | Handover and occupation                         |
|               | Benefits realisation                            |

\*It is hoped completion may be earlier, but it is prudent to allow 12 months construction period, particularly as the project is likely to start in winter.

## 13. Risks

### 13.1. The key risks of not doing the project are:

- Continued occupation of mobile classrooms not intended for permanent use
- Continued shortage of non-classroom spaces including shared learning areas, hall etc.
- Lack of provision of facilities enabling accessibility of school to all pupils, including those with disabilities through lack of hygiene and physio rooms

### 13.2. The key project risks are:

- Costs: risk of cost increases, due to inflation, labour shortages, contractor or sub-contractor failure, project "creep". Mitigated by having a clear and comprehensive contract, with detailed design and cost plan attached, and rigorous adherence to specification.
- Costs: risk of cost increases as a result of any delay in decision making, resulting in inflationary costs, or increased contractors' preliminaries. Mitigated by having a robust project management system in place, and a project sponsor with delegated powers to take timely decisions when required and a contingency to address specific issues if necessary.
- Delay to completion due to weather, supply chain disruption, etc.: mitigated by council and school level plans to address delay, as well as by robust contractual arrangements to ensure timely delivery. (The school has contingency plans for this eventuality).
- Quality – non-delivery or low performance of key requirements. Mitigated by clear specification of accommodation and standards required, role of technical project manager making frequent site visits and monitoring progress and standards against specification.

