

PROJECT DOCUMENTATION

BUSINESS CASE

Brookfield Special School Capital Improvement Project

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Author: Sue Woodrow Schools Capital Investment Advisor Children and Families Directorate

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Business Case History

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The first version of this document was produced in September 2019, to support a request for funding report to be discussed at full council meeting 14th February 2020. The second and final version of the document, produced as Appendix 1 to the cabinet report regarding Brookfield School to be discussed at the Cabinet meeting on 27th March 2020 will be uploaded to the council's project management system, Verto, within the Brookfield School listing.

Revision History

Date of this revision: 30.01.20

Date of next revision: no further revisions anticipated

Revision date	Previous revision date	Summary of Changes	Changes marked
30.01.2020	First draft September 2019 as above	Update of minor details involving progression of lease changes since September 2019, and adjustment of narrative assuming allocation of further funding at full council meeting February 14 th 2020	

Approvals

This document requires the following approvals.

Name	Signature	Title	Date of Issue	Version
Chris Baird		Director for Children and Families	31.01.2020	2.0

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Chris Baird	Director for Children and Families	31.01.2020	2.0	Agreed

Brookfield Special School Improvement Project

Business Case

Date: 20 April 2020

Ceri Morgan	Assistant Director Children and Families, and Brookfield project sponsor	31.01.2020	2.0	Agreed
Les Knight	Head of Special Educational Needs, Children and Families Directorate	31.01.2020	2.0	Agreed

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1. Purpose of Document

On 6th December 2018, the procurement of a business case (phase 1 feasibility study) was approved, and recorded as an officer decision by the Director of Children and Families, its purpose being to explore options for the modification and improvement of the site and buildings at The Brookfield Special School.

Phase 1 of the project looked at feasibility for the site in two key areas:

1. To improve the compliance (and therefore the suitability) of the school with Government Building Bulletin 104, which describes the schedule of accommodation that is required for the provision of education for special needs pupils with social emotional and mental health needs.
2. To develop suitable accommodation on the main school site to enable the education of those pupils currently educated in a split site temporary building on Symonds Street.

This document provides an update on the results of phase 1 of the project. Based upon the outcome of phase 1, it also sets out the rationale for a capital funding request to council, in order to meet the funding gap apparent between the funds currently available, and the identified capital costs (including contractor costs, and client costs) associated with the next steps of the project. Should the funding be agreed, it also sets out the parameters of the project in order to inform a cabinet decision to allow commencement of the project.

2. Objectives

1. To present the outcome of the phase 1 feasibility study to inform future decision making.
2. Based upon the above, to seek initial agreement for the overarching capital costs associated with the next steps of the project.
3. On receipt of the extra funding necessary for completion of the project in February 2020, to inform a cabinet discussion and decision in March 2020, to progress the project to the next stage.

3. Background

The Brookfield Special School educates pupils between 7 and 16 years old, with social emotional, mental health needs. It is the only school in Herefordshire with this designation. It is situated on a site running alongside Grandstand Road, and adjacent to the Hereford Racecourse.

Brookfield was a Herefordshire Council maintained school, but is now an academy school. The 1996 Education Act allows for the spending of council funds to effect improvements to academy schools.

The imperative to improve the suitability of the school site and buildings was recognised in 2015. At that time, no detailed work was completed in order to establish the feasibility of the proposed improvements, or the high level costs that may be incurred. Agreement was gained to place an indicative sum into the council capital programme, which would be serviced mainly by prudential borrowing, but also by a small element of anticipated grant funding. This total sum, minus the grant funding anticipated, has been carried forward, or 're-profiled' to the present time.

In order to take forward the intention to future proof this key special school provision, it was recognised that a robust feasibility study was needed in order to examine the options available to achieve the required improvements, and to provide a rigorous rationale in the production of indicative high level costs for such options.

3.1. Project Drivers and High Level Issues

- The proposed investment by Herefordshire Council, into the improvement of this academy school, is because this is the only Herefordshire school that can provide the required places for children and young people with social emotional and mental health needs that Herefordshire Council has a statutory obligation to commission.
- The Brookfield School currently serves the needs of some 80 pupils. These pupils all have an education health care plan (EHCP) describing their needs, and how these needs should be met. If this school does not meet these requirements, significantly higher costs for the education of these children will be incurred, by use of places in independent schools or out of county settings (typically an out of county day placement for SEND of this designation would be between £60-£80k, with added transport costs dependent on location). In addition children would be subject to longer travel times to and from school, and have no choice but to be educated outside their community. Officers of the Children and Families Directorate are in direct communication with the DfE education, skills funding agency to make a case for some central government funding that would, if available, support the costs of some of the health and safety elements of the improvement project.
- The current premises were built to accommodate approximately half this number of pupils, although the council has provided an extra primary phase classroom recently, to partially alleviate the unsuitability of the accommodation. The buildings are still not compliant with government guidance, and as a result, a cohort of pupils is currently 'housed' in a temporary classroom on Symonds Street, which is in very poor condition, and is inefficient to operate, as it is some way away from the main school site.
- None of the classrooms in the main school buildings are compliant in size, and there are no dedicated spaces for the delivery of physical education, which is a statutory requirement, or therapy. In addition, there are no facilities for girls' hygiene. This year for the first time, the school has a girl on roll, and there may be more in the future. The school has put management measures in place to accommodate one girl, but this situation is a temporary solution only.
- Capacity to meet the demand for SEMH pupil placements in Herefordshire is pressured, but by future proofing the Brookfield setting with a well thought through capital improvement programme, the council will ensure that in future SEN pupils with SEMH are accommodated in a high quality physical environment.

4. Phase One Outcomes

The local authority undertook a procurement exercise to commission expert consultant advisors who would;

- a) Provide a range of feasible options to achieve the desired improvements to the school buildings, and
- b) Provide a breakdown of costs for each option.

4.1. Architecture and design consultancy support – outcome of feasibility

The architectural design company appointed to conduct the feasibility study was Haverstock Associates.

The resulting report provides guidance in terms of the range of options possible on the Brookfield site, along with indicative costs for each element. The option that will achieve the priority improvements for the school, includes the following elements selected from the options presented;

- 1) An on-site new build small workshop with wet room and external horticulture area for the pupils currently accommodated off site in a temporary classroom on Symonds Street.
- 2) A small sports hall situated between the primary and secondary school buildings that will serve both phases.
- 3) The provision of two extra BB104 (DfE) compliant classrooms for the secondary age phase, by the creation of a mezzanine floor to the secondary phase dining room
- 4) The creation of girls toilet and hygiene facilities within the secondary block
- 5) The creation of an external fire escape from the first floor of the secondary block, and the upgrading of the two internal staircases to fire protected status.

Other options described within the report demonstrate that a complete new build school on the site would not be cost effective, and that the necessary improvements are achievable by a mixture of remodelling the current secondary building, and creating two new build components, one for sport and one for vocational education.

The works proposed in numbers 1 – 5 above, present the least costly option of those prepared by the feasibility study, but will still not be achievable within the budget currently available of £2.744m. The extra funding needed to cover full costs was requested at full council meeting on 14th February 2020

The estimate for construction costs is based on various GIFA for all options. Costs are current day fixed price at 1st Quarter 2019 pricing levels. The costs include a design and construction contingency of 15%, and an inflation, professional fees and surveys contingency of 12.5%

The feasibility contractor has assumed a period of 12 months in order to develop the design, ready for tender in 1Q2020 and a mid-point of construction at 1Q21. Subject to the issue of a more detailed programme these values and subsequent costs will be revised. Due to the need to secure extra funding, the timeline assumed by Haverstock may be compromised.

A number of assumptions have been made in the costings which include the following:

- That there is no asbestos present within the building
- That there will be no overly restrictive planning conditions imposed upon the development
- That the project will be procured as a single stage tender and competitively tendered
- That some walls and facilities are retained within our 'Minor Remodelling - Level 1' allowances
- That the current building is in sound structural condition and that no major structural repairs will be required.
- That the tender inflation and mid-point inflation allowances are based upon RLF's assumptions for the project programme

In addition there are a number of exclusions identified within the report including:

- Removal of any unknown contaminated material, including asbestos
- Works in connection with abnormal ground or drainage conditions
- Land acquisitions costs and fees
- Services diversions or upgrades
- Unexploded ordinance survey
- Legal fees and funding costs
- Loose furniture and fittings
- Planning fees and charges
- Archaeological fees
- Value Added Tax
- Professional fees over and above the 12.5% allowance.
- Decant and move management fees
- Marketing costs or advertisement fees
- Rights of Light charges
- S106 fees

4.2. Financial modelling

The total estimated cost of the construction work is based upon a start time for the project, of Q12020. This timeline may not be achievable, so a percentage increase for inflation has been added to the feasibility construction cost. In addition, in order to respond to the exclusions present in the feasibility report, percentage costs have been added to cover client contingency, furniture and ICT, fees (property services, project leads), legal fixed sum, and corporate project management fees. This brings forward a total estimated cost of £3,939,000. The above assumed costs have been discussed with council property services and finance officers, and tabled at children and families capital programme board 23.09.19.

Detailed costs - In order to provide a more detailed estimate it is recommended by the feasibility study that the design brief for this school is further developed by a specialist design team, the council and the school.

Procurement and commissioning of an external consultant to provide a costing review. (Blueschool recommendation 4). This initial cost check has been completed by Herefordshire council property services.

5. Scope

5.1. Included in Scope

- The project will include the availability of the detailed business case to inform the final approval (or otherwise) for the project at a Cabinet meeting on 27th March 2020
- The project will implement the improvements listed above, numbered 1-5, through procurement of design and build services, and including an allowance for fixtures and fittings

5.2. Not included in Scope

- Full cost of movable furniture and ICT, the balance of which will be met by the academy school

6. Stakeholders

Project Sponsor – Ceri Morgan (Assistant Director Children and Families)

Lead Member – Cllr Felicity Norman (Lead Member Children and Families)

Senior Corporate Project Lead – Nigel Thomas (Senior Project Manager Corporate Services)

Subject Specialist Project Lead – Sue Woodrow (Schools Capital Investment Advisor Children and Families)

Finance Lead – Karen Morris (Strategic Capital Finance Manager Corporate Services)

Procurement Lead – Mark Cage tbc. (Procurement Officer Corporate Services)

Property Lead – Chris Keeton (Project Manager and Coordinator Economy and Place)

Legal Lead – Andrea Franklin

Michelle Parkes (Brookfield School Head teacher)

Edward Challands (DfE contact re Brookfield Academy)

Note: Andrew Lovegrove (section 151 officer) and Felicity Norman (lead member) have been consulted on the project.

7. Dependencies

- Agreed lease changes between Herefordshire Council and both the Brookfield School, and their co-tenants occupying the other half of the council building, Greyhound Rugby Club
- The agreement to a capital funding request at full council meeting 14th February 2020 that would cover the funding gap apparent between funds already in place (£2.744m) and the overall anticipated high level cost (£3.939m). Capital funding request of £1.195m.

8. Benefits

The anticipated benefits of the proposed project are listed below:

- Ensuring greater compliance with the DfE building bulletins describing schedules of accommodation suitable for SEN children and young people
- Providing facilities for physical education, a key curriculum component that is severely restricted currently.
- Providing hygiene facilities and toilets for female pupils
- Enabling the school to operate on a single site, and decommissioning the use of a temporary mobile classroom currently sited on council land situated on Symonds Street.
- Provision of high quality vocational facilities for horticulture and other vocational subjects.

- Controlling the costs of placements for pupils with an education health care plan for social emotional, mental health needs, by future proofing the Brookfield School as an 80 placement school in high quality buildings
- Revenue savings for the academy school by use of more energy efficient and ecologically sound materials.
- Future capital cost avoidance for both the school and Herefordshire Council
- Improving outcomes for children and young people with special educational needs

9. Contribution to Strategic Objectives

The council plan has outlined priorities. The improvement to Brookfield School supports three of these:

- Ensure all children are healthy, safe and inspired to achieve
- Protect and improve the lives of vulnerable people
- Invest in education and the skills needed by employers.

The children and young people’s directorate schools capital investment strategy itemises 10 principles. The Brookfield improvement project would align with principles 1, 2, 7, 8, 10 and 11.

https://www.herefordshire.gov.uk/download/downloads/id/2934/schools_capital_investment_strategy.pdf

10. Potential Costs and Options for Project

- Capital Costs
 - Estimated costs of remodel and new build improvements- £3.939m
This could be financed through current prudential borrowing listed in the council capital programme of £1.895m, with the addition of the special provision government fund for SEN capital improvements of £0.849m (governance already in place to spend on Brookfield School), and the addition of a proposed capital funding request for £1.195m to be decided at full council meeting 14th February 2020.
See costs table below.
- One-off Revenue Costs
 - Professional fees for feasibility Study (£25k already met from cost centre C03495)
 - Additional Revenue Costs if project proceeds after feasibility study (included in the above capital total, and fees element below)

Capital cost of project	2020/21	2021/22	2022/23	Future Years	Total
	£000	£000	£000	£000	£000
<i>Design & Build Costs</i>	1,659	1,000			2,659

<i>Fees</i>	351	89			440
<i>Furniture & IT</i>	0	150			150
<i>Contingency</i>	450	240			690
TOTAL	2,460	1,479			3,939

Funding streams	2020/21	2021/22	2022/23	Future Years	Total
	£000	£000	£000	£000	£000
<i>Special Provision Capital Fund</i>	849				849
<i>Corporate funded borrowing</i>	1,611	284			1,895
<i>Capital receipts reserve</i>		1,195			1,195
TOTAL	2,460	1,479			3,939

11. Risks of not doing the Project

11.1. The key risks of not doing the project are:

- Losing the opportunity to future proof the only Herefordshire school accommodating children and young people with an EHCP for SEMH, and by doing so ensure high quality accommodation.
- Planning permission on the split site element of the school on Symonds Street will lapse.
- Failure to release the site on Symonds Street for alternative council use.
- Incurring further capital costs in a piecemeal way, as accommodation pressures escalate
- Inability of the school to operate the full curriculum requirement
- Difficulty in sourcing placements may occur, in particular for girls with SEMH. This may lead to increased commissioning costs for Herefordshire and increased pressure on the high needs block (budget for placement of SEN pupils).

The key project risks are:

Risk	Mitigation
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If lease changes are not negotiated by Herefordshire Council, only a much scaled down improvement will be possible that doesn't meet the key project priorities.

There is a financial risk of investment into a developed design for the improvements being made, and the project becoming compromised by delay in the agreement of the new leases by either tenant

The indicative high level costs from the feasibility study, with the percentage uplift for client costs and other costs identified in the table of costs (appendix 1) exceed the current available budget.

The failure to secure a capital funding request that will meet the identified funding gap of £1.195m for the refurbishment costs and other identified costs, would result in a much scaled down improvement project that doesn't meet the key project priorities

Reputational and legal risk of not implementing the project (see Cabinet report for Cabinet meeting 27th March 2020)

Draft heads of terms have been produced by property services and legal officers, agreed in principle by both parties. Confirmation of commitment to proceed to sign off of new leases to be gained.

The council's legal services have received positive indications from the Brookfield trustees, the Greyhound Rugby Club trustees, and the Education Skills Funding Agency, that the content of the new leases described in the head of terms circulated is agreeable in principle

Funding request submitted to full council for deliberation 14th February 2020 to ensure adequate funds. Subsequently, during the RIBA stage 3 procurement of a developed design in preparation for planning application, will be costed by an independent quantity surveyor, to ratify cost assumptions.

The detailed business plan will not be put forward to cabinet until a prior council decision is made to approve funding identified as necessary in order to meet the project priorities.

See Cabinet report for Cabinet meeting 27th March 2020.

12. Appendices

None.