

CABINET

6 AUGUST 2013

SAXON WAY PRIMARY SCHOOL – BUSINESS CASE FOR EXPANSION TO 2 FORMS OF ENTRY

Portfolio Holder: Councillor Mike O'Brien, Lead Portfolio Holder - Children's Services

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Summary

This report seeks approval from Cabinet for the business case, based on an initial feasibility study, for the expansion to 2 forms of entry at Saxon Way Primary School and permission to proceed to detailed design stage prior to Gateway 1 approval.

1. BUDGET AND POLICY FRAMEWORK

- 1.1 This project supports the Council's School Organisation Plan 2011 – 2016, approved by Cabinet on 1 November 2011 (decision number 143/2011), which highlights the need for more pupil places in the Gillingham area. The Council has a statutory duty to ensure there are sufficient school places as set out in the Education & Inspections Act 2006.

2. BACKGROUND

- 2.1 The School Organisation Plan 2011-16 highlighted that in some areas of Medway pressure on pupil places was expected; initially in Key Stage 1. The specific problem areas were the Chatham and Gillingham West areas.

- 2.2 We cannot predict with any certainty whether the birth rates will continue to rise, level out or fall in the coming years. However, 2010/11 had the highest birth numbers on record across Medway. In Gillingham the past four years have been the highest on record and the trend overall is increasing. These children will filter into reception classes over the next four years.
- 2.3 Saxon Way Primary School is currently a 1FE primary school, enjoys a larger than average site, and is close to the major developments at Grange Farm and Victory Pier, as well as a number of smaller schemes. Expanding Saxon Way to a 2FE Primary school would be in accordance with Medway's preferred primary school size. From a geographical and capacity aspect, Saxon Way would be a good solution.
- 2.4 Unfortunately, Ofsted placed the school into Special Measures in May 2012, which usually would not fit with the policy of good schools expanding. However an interim head teacher and an Interim Executive Board are in place to drive standards forward and a recent monitoring inspection by Ofsted in December 2012 highlighted that the school is making reasonable progress.
- 2.5 Colleagues from School Improvement do not think in this case that Saxon Way should be dismissed from considerations as improvement in standards is evident, and expansion could help the school's progress and viability.
- 2.6 Saxon Way is also at the early stages of the process to convert to academy status under the sponsorship of a successful Academy Trust, a move that has been brokered by the LA and which is subject to Secretary of State's (SoS) approval. It is expected that conversion will have taken place before September 2014 when the first additional places will be required. This in itself does not need to affect the expansion; the LA are the commissioner of places and as this is a basic need expansion the funding responsibility falls to the council. The council would however, need the cooperation of the sponsor in any expansion project. The sponsor has confirmed that they would be supportive of an expansion at the school.
- 2.7 Considering all of the above factors and implications for expanding Saxon Way, an underperforming school, it remains officers preferred option. Permanent expansion at this school is likely to require funding of £3-4m, but could be phased in line with demand, as the school would expand from reception upwards one year at a time, and could initially make use of temporary accommodation.
- 2.8 Following the decision by Cabinet (12/2013) on 15 January 2013 to permanently expand Saxon Way Primary School to 2 forms of entry from September 2014, it was agreed that a feasibility study be undertaken to assess how best to phase the building work.

- 2.9 The funding for the project is included in the Children & Adults capital programme approved by Full Council on 21st February 2013.

3. BUSINESS CASE

- 3.1 A budget has been identified to provide the additional accommodation required to increase the PAN to 60. Depending on which option is selected there may be a need to delivery the accommodation over two phases.
- 3.2 A feasibility study has been undertaken that has highlighted the shortfall in the current accommodation, in line with the DfE Building Bulletin guidance.
- 3.3 Options have been considered which use temporary accommodation to deliver classroom space in the short term, as well as permanent expansion in the future in two phases.
- 3.4 The initial space needed for this expansion will be two additional class spaces in September 2014. It may be possible for this to be provided by reconfiguration of the existing accommodation, or by providing some temporary modular accommodation.
- 3.5 The use of temporary accommodation would have less impact in terms of disruption to the school in the short term, enabling them to focus on raising standards.

4. OPTIONS

- 4.1 Three options for the permanent expansion have been explored as follows.

4.2 Option 1 – Two phase project

- 4.3 This option would provide accommodation in two extensions.
- 4.4 Phase 1 would provide an extension on the south playground to provide four classrooms, a small group room and cloakrooms. The new accommodation will be adjacent to the existing early years and reception class provision. The nursery play area will be extended and a new reception play area created to serve the new reception classroom.
- 4.5 Phase 2 proposes alterations to the SENCO and SEN rooms with a two-storey extension to provide three classrooms and small group room. A small group room and cloaks are provided at each level within the extension.
- 4.6 An all-weather multi use games court is proposed on the playing field at the bottom of the steps and ramp to provided games and play facility.

4.7 The indicative cost estimate provided by the quantity surveyor including contingencies and fees for option 1 is included in the exempt appendix.

4.8 **Option 2 - Single phase project**

4.9 This option provides a two-storey new build extension is constructed to provide eight classrooms, two small group rooms, and cloakrooms. The extension is linked to the existing school building with the existing corridor circulation at the south end of the existing early year's classrooms.

4.10 The project programme indicates it would not be possible to complete this building work by September 2014.

4.11 The indicative cost estimate provided by the quantity surveyor including contingencies and fees for option 2 is included in the exempt appendix.

4.12 **Option 3 – Two phase project**

4.13 This option would provide accommodation in two extensions, the first phase extension being completed for September 2014, with the second phase extension required for September 2017.

4.14 Phase 1 will provide a purpose built staffroom PPA room and SEN group room, speech and language and SENCO office. The learning resource centre with ICT provision will be created. This will enable the existing staff room and SEN and ICT rooms to be reinstated as classroom spaces.

4.15 Phase 2 will provide a single storey extension with four additional classrooms, required from September 2017 onwards.

4.16 The indicative cost estimate provided by the quantity surveyor including contingencies and fees for option 3 is included in the exempt appendix.

5. **PREFERRED OPTION**

5.1 Option 3 is the preferred option of the design team and the school. (Appendices 1 and 2).

5.2 The preferred approach will be to initially install temporary accommodation to enable the first phase of expansion to take place, which is shown in the exempt appendix as option 3a. This will manage the following risks:

- The risk that the forecast increase in roll numbers in the Gillingham area, are not as significant, or do not happen as early as our forecasts would suggest;

- The risk that improvements in standards at the school take longer to achieve and impact on the popularity of the school.

5.3 The use of temporary accommodation (Option 3a) as the first phase of expansion will also profile the expenditure for the project over a longer period, in line with the expected receipt of future capital grant funding.

6. **ADVICE AND ANALYSIS**

6.1 The Council has a statutory duty to provide school places for children resident in Medway as set out in the Education Act 1996. This project is required to enable the Council to discharge that duty.

7. **BENEFITS**

7.1 The project will deliver benefits in the following areas:

- **Need to provide sufficient capacity to meet increasing demand**

Local Authorities Statutory responsibility to provide sufficient school places.

- **Cost savings**

Works to the fabric of the existing buildings will include insulation, which will reduce the running costs for the school.

- **Time and efficiency gains**

Relocation of the staffroom and library to a more central location, so that they are more adjacent to the teaching and learning spaces.

- **Improved quality**

The project will deliver appropriate accommodation for 21st century learning, focusing on improved use of spaces for all pupils, particularly for SEN & Pastoral care.

- **Process improvement**

This project will enable better curriculum delivery for pupils and improvements for learning and school management

8. OTHER CONSIDERATIONS

8.1 Site issues

Saxon Way Primary School will convert to an academy with the Griffin Trust on 1 September 2013. Therefore title requirements to develop the site will need to be considered.

8.2 Resources & Project Management

The School Organisation Team has the resources in place to act as Client Project Manager for the project. They will be supported by a full design team of external consultants appointed by Building and Design Services including an external project manager and will be led by a Building & Design Services Project Manager in order to prepare the specification and drawings. Category Management will support the procurement process.

Full details of the governance structure are attached in Appendix 3.

8.3 Contract Management

The contract management of this procurement project post award will be resourced through the Building and Design Services Project Manager, who will undertake full management and monitoring of the project to ensure the work is progressing on time and within budget and providing Quality Assurance for the process. Outputs of this process will include regular meetings with the contractor, project reporting, monthly valuations, strict change control processes and risk reviews, with progress reports going to the Children and Adults Capital Programme Cabinet Advisory Group.

8.4 Risk Management

A copy of the full risk register is attached as Appendix 4.

8.5 Stakeholder Consultation

As part of the feasibility process, we have undertaken external stakeholder engagement with the interim head teacher of the school, members of the senior management team and the Executive Head from Brompton Westbrook Primary School to develop options that will deliver the requirements for this project. During the detailed design stage and through the planning process, there will be internal stakeholder consultation with Medway Council's Planning department, Section 151 Officer and Strategic Procurement and the Monitoring Officer. We will undertake external consultation with the new headteacher (once appointed) continuing with the Executive Head, The Griffin Trust and Senior Management Team, pupils and members of the school and local community.

9. COSTS/TIMESCALES

- 9.1 A quantity surveyor has provided indicative cost estimates for these options including professional fees and risk allowances. The indicative costs provided at this stage are based on a typical build rate, and not on detailed designs, and do not take into account the actual ground conditions, or any other key design risks. During the next stage of the project, surveys and more detailed design work will be undertaken, to allow a more accurate cost estimate to be developed, prior to Gateway 1 approval.

10. PROCUREMENT

- 10.1 We will procure this project through a phased design and build contract the estimated timetable for the project will be:

| | |
|--------------------------|--------------|
| ➤ Business case approval | August 2013 |
| ➤ Gateway 1 approval | October 2013 |
| ➤ Gateway 3 approval | January 2014 |

Confirmation of the phasing, expected construction period and completion date will be established during the detailed design period, this will be included in the Gateway 1 report.

11. FINANCIAL AND LEGAL IMPLICATIONS

- 11.1 As the contract value is below the EU procurement threshold for works, the procurement of the project will primarily be subject to the Council's Contract Rules. Generally speaking these Rules require a competitive tendering process to be undertaken. EC case law now suggests that some form of advertising of requirements should take place in all instances regardless of contract value or any need to place a Notice in the OJEU. Where the contract value is below the EU procurement threshold it may be appropriate to use an approved or select list of contractors from which a tender list can be drawn. The proposal is to use KCC's select list of approved contractors. The contractors on this list will have been selected after advertisements in the appropriate trade journals and a process of evaluation that would have considered the financial stability and technical competence of contractors applying to be included in the list. In all cases the procurement should be subject to the overriding requirement to secure value for money for the Council.
- 11.2 Financial implications are set out in the body of the report, and in the Exempt Appendix.

12. RECOMMENDATION

12.1 Cabinet is asked to approve the outline business case and the preferred design option to allow more detailed design work to be undertaken.

13. SUGGESTED REASONS FOR DECISION(S)

13.1 Option 3 is the preferred choice of the design team. In order that we can be confident of the projected rising roll our preferred option is 3a, which whilst is slightly more expensive, allows use to be certain we are not building for unfilled spaces and in addition allows use to profile the spending across the whole capital programme more effectively.

13.2 This option also provides best value for money.

13.3 The cost estimates indicate that the preferred scheme, which will deliver the identified accommodation requirements, is the most cost effective solution.

13.4 Accurate cost estimates will be developed during the detailed design stage and presented for approval at Gateway 1 stage, prior to the tendering process.

Lead officers' contact details:

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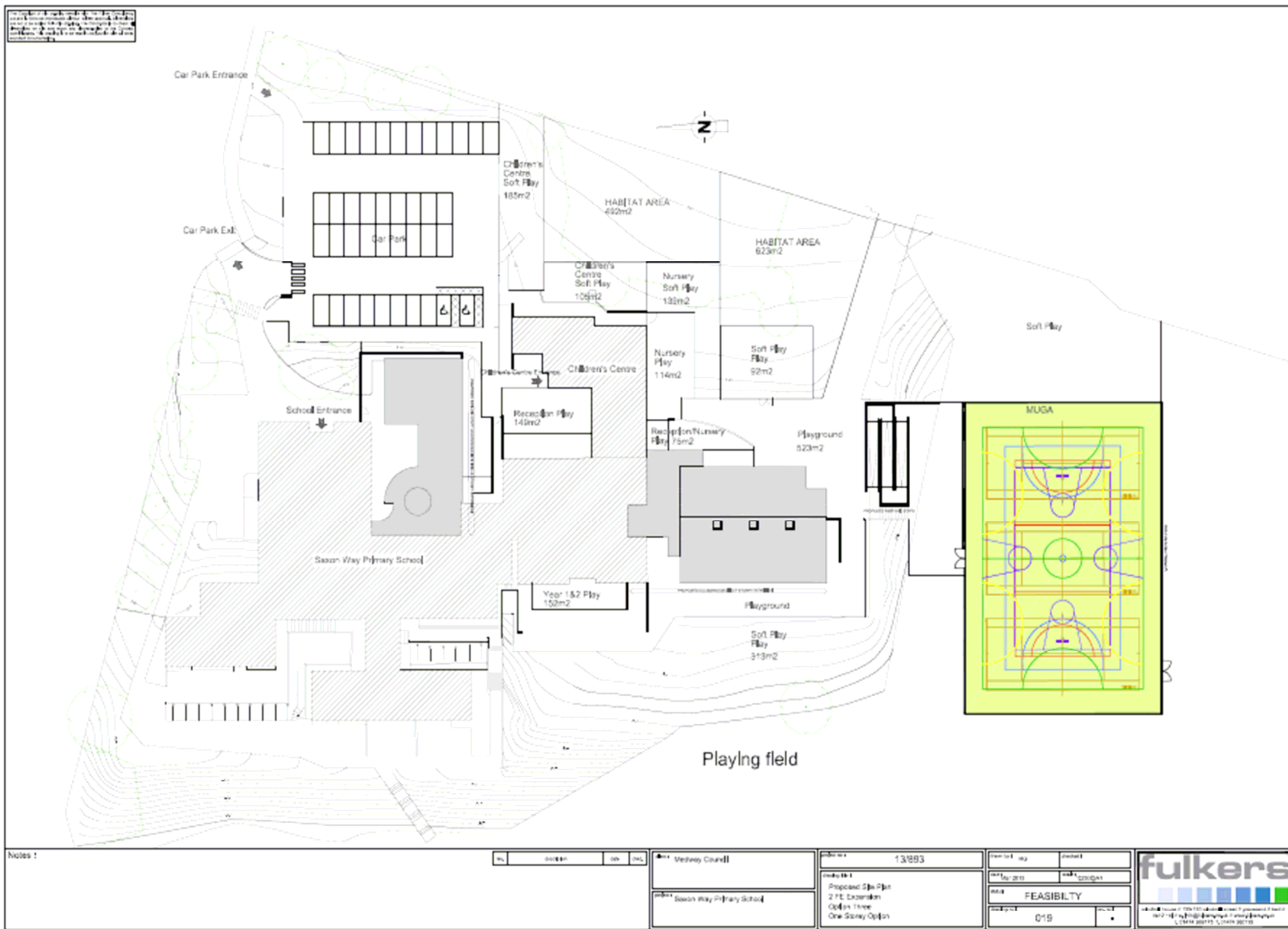
Sarah Woods, Interim Capital Programme Manager, 01634 332116

Background papers

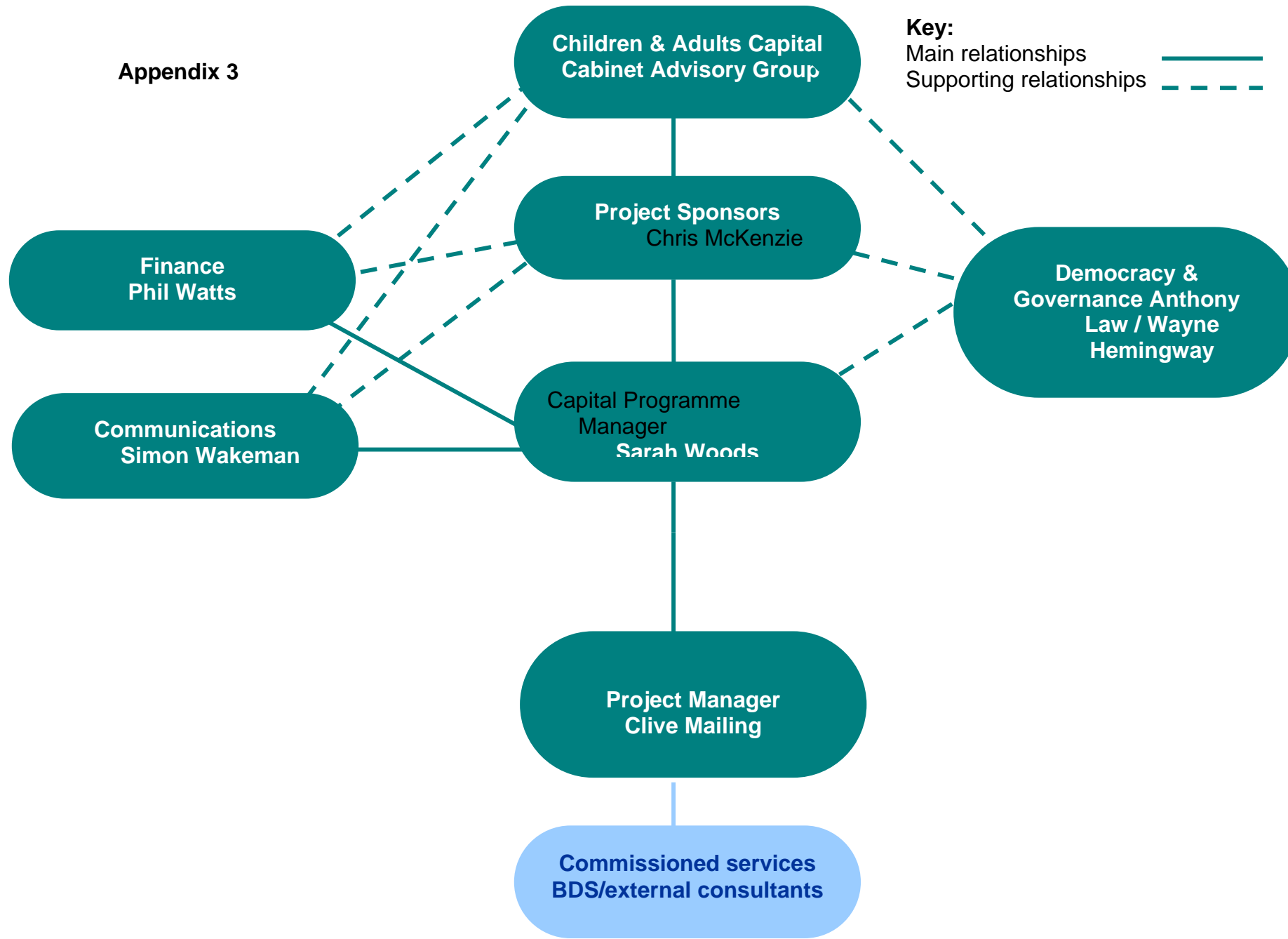
The following documents have been relied upon in the preparation of this report:

| Description of document | Location | Date |
|---|---|-----------------|
| Proposals for additional primary age provision in Gillingham Report | http://democracy.medway.gov.uk/ieListDocuments.aspx?CId=115&MId=2533&Ver=4 | 15 January 2013 |

Appendix 1 (Option 3 – 2fe expansion, one storey option)



Appendix 3



Appendix 4 Risk Register

| Number | Category | Risk Identification | Impact | Date Identified | Risk Owner | Likelihood (1-5) | Impact (1-5) | Risk Score | Likelihood % | Contingency & Mitigation Action | Risk Cost | Risk Neutral Cost | Previous Risk Rating | Current Risk Rating | Date Last Updated | Action Deadline | Action Owner | Notes on changes To Risk Register Rating |
|--------|-----------|---|--|-----------------|---------------------|------------------|--------------|------------|--------------|---|-----------|-------------------|----------------------|---------------------|-------------------|-----------------|----------------------------------|--|
| 1 | Programme | New build not ready in time for September 2014 intake of children | New building to teach extra children. Medway fail to deliver core requirement | 10/05/13 | Client | 3 | 5 | 15 | 60% | All parties being able to keep to programme | £25,000 | £15,000 | | High | 10/05/13 | | ALL | |
| 2 | Building | Scope of works not fully understood by Client/clients | Expectations raised unnecessarily. Client not satisfied | 10/05/13 | Client | 4 | 4 | 16 | 64% | Lead Architect to go through specification with school and CM to ensure scope is understood and expectations are met. School to sign off spec | £30,000 | £19,200 | | High | 10/05/13 | | Lead Architect | |
| 3 | Programme | Change of Head Teacher and or key stake holder | Delays created by difference of opinion on the end need | 10/05/13 | Client | 4 | 4 | 16 | 64% | Design sign off ASAP manage expectations of end user | £30,000 | £19,200 | | High | 10/05/13 | | ALL | |
| 4 | Programme | Asbestos programme delays start & delivery of project | Delays commencement of main contract and completion date | 10/05/13 | Asbestos Consultant | 2 | 4 | 8 | 32% | Early identification of Asbestos material via surveys. Scope of works to be produced and Removal of any asbestos material to come under the main contractor. Boiler room asbestos has been removed. | £15,000 | £4,800 | | Medium | 10/05/13 | | Project Manager | |
| 5 | Programme | Delays with Procurement Gate Process. DMT Boards | Delay in being able to place Contract | 10/05/13 | Client | 2 | 4 | 8 | 32% | Work Closely with Cat man team in order to avoid delays with processes | £15,000 | £4,800 | | Medium | 10/05/13 | | ALL | |
| 6 | Programme | Planning conditions not discharged. | Programme delayed until conditions are discharged | 10/05/13 | Client | 3 | 2 | 6 | 24% | Pre-application consultation meetings held with local authority planning dept. Speedy resolution of planning conditions. Pre commencement meeting required with planning authority to clarify the project position. Lead Architect to organise. | £10,000 | £2,400 | | Medium | 10/05/13 | | Lead Architect / Project Manager | |
| 7 | Budget | Variations in budget allocation results in additional design time incurred by consultant team | Additional cost (fee's) to project | 18/02/13 | Client | 3 | 3 | 9 | 36% | Consultant claims issued immediately upon realisation of incurred cost. Value engineer project if required by client. | £20,000 | £7,200 | | Medium | 18/02/13 | | ALL | |
| 8 | Programme | Tight & Complex decant programme over a number of Phases | Additional cost to project and delay in delivery | 18/02/13 | Client | 1 | 4 | 4 | 16% | Contractor to provide clear and realistic project programmes. Clear communication required between contractor, school and design team. | £5,000 | £800 | | Low | 18/02/13 | | | |
| 9 | Budget | Building Regulations application submitted concurrently with tender invitation. | Additional costs incurred as a result of un-specified works being requested by building control. | 18/02/13 | Client | 2 | 2 | 4 | 16% | Thorough pre-application consultation to be carried out with building control, during the detailed design period. | £15,000 | £2,400 | | Low | 18/02/13 | | ALL | |
| 10 | Building | Scope of works not fully understood by Client/clients | Expectations raised unnecessarily. Client not satisfied. | 18/02/13 | Client | 4 | 4 | 16 | 64% | Lead Architect to go through specification with school and SW to ensure scope is understood and expectations are met. School to sign off spec. | £30,000 | £19,200 | | High | 18/02/13 | | Lead Architect | |
| 11 | General | Project Team members change | Project loses momentum, as new person gets up to speed. | 18/02/13 | All | 2 | 4 | 8 | 32% | All project information to be up to date to allow succession of info if other persons are required to take over project | £10,000 | £3,200 | | Medium | 18/02/13 | | Project Manager / All | |
| Number | Category | Risk | Impact | Date | Risk | Likeli | Impact | Risk | Likelihood | Contingency | Risk | Risk | Previous | Current | Date | Action | Action | Notes on changes |

| | | Identification | | Identified | Owner | hood (1-5) | (1-5) | Score | % | & Mitigation Action | Cost | Neutral Cost | Risk Rating | Risk Rating | Last Updated | Deadline | Owner | To Risk Register Rating |
|----|-----------------|--|--|------------|--------|---------------|-------|-------|-----|--|---------|-----------------|----------------|----------------|-----------------|----------|-----------------------|----------------------------|
| 12 | Building | Scope / Specification Change | Introduction of changes will increase programme, Construction cost and professional fees | 18/02/13 | Client | 2 | 3 | 6 | 24% | All changes to be approved through the change control procedure managed by employer and QS.. | £10,000 | £2,400 | | Medium | 18/02/13 | | ALL | |
| 13 | Health & Safety | Construction works in close proximity to pupils, staff & visitors | Disruption, Injury or worse | 18/02/13 | Client | 1 | 3 | 3 | 12% | Contractor to provide clear and concise health & safety procedures / measures, with close liaison with the school. CDM-C to ensure reasonable measures have been taken by all. | £0 | £0 | | Low | 18/02/13 | | ALL | |
| 14 | Budget | Contract contingency is insufficient to cover unforeseen additional works identified during the contract period. | Additional funding required or items of remaining project omitted / amended. | 18/02/13 | Client | 2 | 3 | 6 | 24% | QS to allow suitable % allowance and scrutinise variation costs thoroughly. | £50,000 | £12,000 | | Medium | 18/02/13 | | ALL | |
| 15 | Budget | Repairs and maintenance items identified which should be completed concurrently with the Capital Works Project | Effects appearance of completed project and may prevent the building regulations approval being obtained, as consequential improvements are not satisfied. | 18/02/13 | Client | 2 | 4 | 8 | 32% | Clearly identify and cost the repairs and maintenance items, and issue to relevant Medway Council officer. The enable additional maintenance funding to be obtained. | £20,000 | £6,400 | | Medium | 18/02/13 | | Client | |
| 16 | Budget | Contractor Tenders returned higher than estimated. Pre-tender estimate higher than expected. | Programme delayed whilst scheme is reduced / value engineered | 18/02/13 | Client | 3 | 4 | 5 | 20% | Accurate Pre-Tender estimates to be prepared by the QS. Carry out value engineering with preferred contractor. | £50,000 | £10,000 | | Medium | 18/02/13 | | All | |
| 17 | Contract | Contract docs not signed before construction commences | Works do not commence on programme | 18/02/13 | Client | 2 | 3 | 6 | 24% | Medway legal and QS to work together to agree terms and conditions. PM to indicate clearly to Medway the key dates for execution of contract. | £10,000 | £2,400 | | Medium | 18/02/13 | | QS, PM & Medway Legal | |