

## CABINET

9 NOVEMBER 2010

### OUTLINE BUSINESS CASE FOR BROMPTON ACADEMY

Portfolio Holder: Councillor Les Wicks, Children's Services

Report from: Rose Collinson, Director of Children and Adults

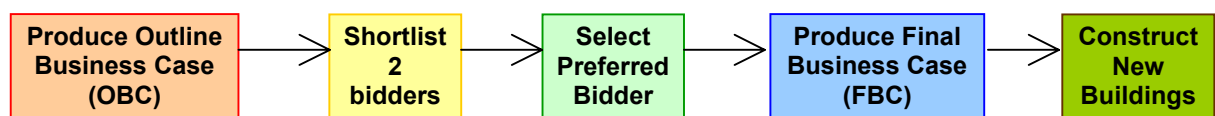
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#### Summary

To present the Outline Business Case for Brompton Academy for Cabinet approval and onward submission to Partnerships for Schools to secure funding. This report also seeks approval relating to a number of ancillary issues at the Brompton Academy site and former Temple School site.

#### 1. Budget and Policy Framework

- 1.1 This report is seeking Cabinet approval for the Brompton Academy Outline Business Case (OBC).
- 1.2 Following Cabinet's approval of the OBC, the OBC will be submitted to Partnerships for Schools (Pfs) for review and to seek approval. Pfs approval of the OBC secures external funding to build the Brompton Academy.
- 1.3 The approved OBC is then passed to the Design and Build Contractor to further develop the design for the new academy.
- 1.4 Further milestones for the Brompton Academy project are:
  - Approval of a Final Business Case (FBC) – October 2011
  - Entering into the Design and Build Contract at Financial Close – December 2011.
- 1.5 Depicted below is the standard Pfs process:



1.6 Below is an indicative timetable:

<b>Stage</b>	<b>Timeline</b>
Cabinet Approve OBC	9 November 2010
PfS Approve OBC	December 2010
Submit FBC for Cabinet approval	October 2011
PfS Approve FBC	November 2011
Enter into the Design and Build Contract	December 2011
Commence Construction	December 2011
Academy Building Opening	June 2013

- 1.7 The variation of the covenant is a matter for cabinet as the consideration is over £20,000 but below £1,000,000.
- 1.8 Declaring part of the Temple site surplus is a matter for Full Council as the value of this site is likely to be over £1,000,000.
- 1.9 The decision to seek to obtain vacant possession of the Youth House site so that it can be developed as part of the Academy site is a matter for Cabinet.

## **2. Background**

- 2.1 Medway's Academy programme is part of the wider transformation of Medway's portfolio of secondary schools and will be created by merging five existing schools into three, each with capacity for 1,500 students.
- 2.2 On 12 May 2009, Cabinet (Decision Number 78/2009) agreed to:
- authorise The Director of Children and Adults, in consultation with The Portfolio Holder for Children's Services, to publish formal proposals including statutory notices relating to the closure of New Brompton College;
  - delegate authority to The Director of Children and Adults, in consultation with The Portfolio Holder for Children's Services, to determine whether to approve the closure proposals at the end of the statutory consultation period, if no objections are received;
  - delegate authority to The Director of Children and Adults, in consultation with The Portfolio Holder for Children's Services, to pursue the necessary steps to establish a co-educational academy of eight forms of entry and a sixth form on the existing site admitting students aged 11 - 19 from 1 September 2010 (subject to no decisions being taken committing the Council to any course of action until and unless the Council has approved the closure proposal).

- 2.3 Following consultation, no objections were received and The Director of Children and Adults, in consultation with The Portfolio Holder for Children's Services determined the closure of New Brompton College and the consequent establishment of the new academy, which was called Brompton Academy and opened in September 2010 in the existing school buildings. The University of Kent are the lead sponsor of the new Academy, with Medway Council as co-sponsor.
- 2.4 The procurement of a design and build contractor for Brompton Academy will take place as a batched procurement process. This scheme is batched with Strood Academy and the Bishop of Rochester Academy.
- 2.5 Strood Academy is the sample scheme for this batched procurement. An OBC for Strood Academy has been produced and received Cabinet approval on 15 December 2009 (Cabinet Decision Number 224/2009).
- 2.6 Cabinet also approved the procurement of a design and build contractor via the PfS Contractors Framework on 15 December 2009 (Cabinet Decision Number 223/2009).
- 2.7 The procurement phase has commenced and the design competition began on Wednesday 6 May at Strood Academy and concluded with the submission of ITT responses on 13 August 2010. Whilst the design competition was underway, the Department for Education confirmed that all the funding allocated to Medway's academy programme is secure. The preferred panel member BAM Construction has been notified of the outcome of the ITT evaluation process. Contract award for the Strood Academy is scheduled for early 2011 and the approved OBC for Brompton Academy will then be passed to BAM Construction to further develop the design.
- 2.8 Medway Council will be required to produce a Final Business Case (FBC) prior to reaching Financial Close for Brompton Academy. The FBC will require Cabinet and PfS approval. After Financial Close the contractor can then commence construction.
- 2.9 It is considered that the Outline Business Case, including appendices and associated documents should be treated as exempt. This ensures there is no risk with commercially sensitive information becoming available to any third party and the associated risk of any party therefore obtaining an advantage through the procurement process. This has been circulated to the Cabinet separately and a copy is available in each of the Group Rooms.
- 2.10 The local authority is required to confirm within the Outline Business Case that they own the land upon which the Academy will be built and that there are no encumbrances or restrictive covenants that would place the development and operation of the Academy at risk. Paragraphs 2.11, 2.12, 2.13 and section 5 of this report set out the

specific issues relating to the Brompton Academy site, and the proposals for resolution.

- 2.11 Playing field land to the north and south of the Brompton Academy site is subject to a covenant, which states that it cannot be built on. Further details are outlined in section 5.4. Terms have been agreed for the variation of this. Appendix B shows a site plan of the areas covered by the restrictive covenant.
- 2.12 The expression of interest for Brompton Academy, signed by the Academy's lead sponsor and Medway Council, details the agreement for the handover of land/buildings to Brompton Academy and states, "There is a piece of land in the middle of the site which is owned by the co sponsor Medway Council who agrees to the transfer of that land to the Academy." This land, known as the Youth House is currently used by a number of council occupiers and tenants. Details of these are outlined in section 5.1. The proposals for the Academy will see this area redeveloped as part of the new academy and the council occupiers and tenants will therefore need to be relocated from this area. The trust relating to the previous school owned the rest of the site, as the school was a foundation school. However, the freehold of the remainder of the school site was transferred to the Council on the opening of the Academy and is therefore now owned by the Council and leased to the Academy Trust.
- 2.13 During the development of the design options, it became apparent that the relocation of an existing public right of way would improve the preferred design option. Officers are also seeking approval to undertake the process to divert the footpath.

### **3 Options**

- 3.1 As noted in 2.5 above, all procurement options have already been considered and Cabinet has approved the preferred procurement route.

### **4 Advice and Analysis**

- 4.1 The Outline Business Case will secure external funding from PfS for building the Brompton Academy. The executive summary of the OBC, as shown in Appendix A, to this report sets out the following:
- Overview and Commitment – describes the scheme and confirms the commitment of all parties to the procurement process
  - Procurement Strategy – describes the details of the scheme being put to the market
  - Design and Construction – describes the site options appraisal undertaken for the building design and construction
  - ICT – provides an overview of the ICT vision and the proposed delivery approach for the ICT provision
  - Facilities Management – details the proposals for the provision of Life Cycle and Hard FM. The life cycle being the cost of replacing

the various building elements over the life of the building and Hard FM being the cost of maintaining these building elements

- Affordability – describes the affordability position for the whole scheme
- Readiness to Deliver – sets out the LA's project management structure and identifies the roles and responsibilities of each part of the structure
- Moving Forward – the OBC provides a critical review of the options appraisal through completion of the DFE checklist. Also included in this section is the benchmarking data collected at this OBC stage and confirmation that the document required for the procurement process have been developed

#### 4.2 Indicative Funding Allocation

The Local Authority Cost Estimate has been prepared to demonstrate the affordability of the design option contained in the OBC with reference to the PfS indicative funding allocation.

The design option is based on a gross floor area of 12,020 square metres. This comprises 10,688 square metres as the PfS indicative funding allocation together with 1,332 square metres for an additional SEN facility funded directly by Medway Council

The total estimated construction cost is £26,966,478 (including Project Support Funding and ICT Hardware). PfS components of the Cost / Funding comparison are as of base date Quarter 4 – 2011 price levels; Medway Council funding (SEN) is at March 2010 levels and consistent with available budget.

This comprises:

- i) £23,385,373 PfS indicative funding allocation for the mainstream academy.
- ii) £570,390 carbon reduction funding.
- iii) £3,010,715 for the SEN facility funded directly by Medway Council. To replace the unit which is already there supporting Medway students

The total estimated construction cost is consistent with the PfS indicative funding allocation together with Carbon Reduction Funding and agreed additional funding from Medway Council.

#### Scope of Works

The design option reflects the following provision:

##### New Build – 89.5%

This scope applies to both new stand-alone buildings and new build extensions to existing buildings.

#### Refurbishment and remodelling – 10.5%

This scope involves a complete strip back of building to its frame, replacement of components and reconfiguration of internal spaces. For the non-system buildings, this scope involves a partial strip back replacing of key components of the building fabric except the masonry external walls. It allows for alterations and reconfigurations of external and internal components of the building.

- 4.3 The Special Educational Needs (SEN) facility funded by Medway Council will provide 140 pupil places. This will accommodate 20 pupils in each year group with severe dyslexia, pupils with significant vulnerability due to combined needs such as dyslexia, dyspraxia, social difficulties and pupils with speech and language needs. The academy currently has 101 pupils on role with these special needs.

There is no capacity within Medway Council's Special Schools to accommodate these pupils. The cost to Medway Council to provide pupil places outside of the authority for these pupils would be approximately £2m per annum.

- 4.4 A Section 151 Officer's letter is included within the OBC, acknowledging this financial contribution and that Medway fully accepts the responsibility for the delivery of the academy buildings. Once the OBC has had Cabinet approval, this letter will be signed by the Chief Finance Officer within Medway Council.
- 4.5 The procurement of ICT hardware is subject to a separate procurement process.
- 4.6 Funding for the mainstream academy was calculated by PfS using the September 2010 indices. Medway Council funding (SEN) is at March 2010 levels and is consistent with available budget. The Cost / Funding comparison is shown in the following table:

Item	PfS indicative funding allocation	Additional funding - SEN facility *	Indicative funding allocation	L.A. estimate	Variance	Comments
Construction	14,842,689	1,987,369	16,830,058	16,830,683	625	Balance of funding allocated to construction costs
Site Costs	1,781,122	N/A	1,781,122	1,781,000	(122)	Estimated cost b/fwd from Appendix 6B-1
Abnormals	742,134	99,369	841,503	841,000	(503)	Estimated cost b/fwd from Appendix 6C
Professional Fees (less any approved Project Support Funding)	2,069,101	260,842	2,329,943	2,329,943	-	
F&E	1,555,327	435,360	1,990,687	1,990,687	-	
ICT Infrastructure	315,000	22,500	337,500	337,500	-	
Carbon Reduction Funding	570,390	60,279	630,665	630,665	-	
Project Support Funding	50,000	N/A	50,000	50,000	-	
<b>SUB TOTAL</b>	<b>£21,925,763</b>	<b>£2,865,715</b>	<b>£24,791,478</b>	<b>£24,791,478</b>	-	
ICT Hardware	2,030,000	145,000	2,175,000	2,175,000	-	
<b>TOTAL</b>	<b>£23,955,763</b>	<b>£3,010,715</b>	<b>£26,966,478</b>	<b>£26,966,478</b>	-	

\* funded directly by Medway Council

## 5 Third Parties/Restrictive Covenants/Footpath relocation

### 5.1 Third parties on Brompton site

The piece of land described in section 2.11 includes buildings known as “The Youth House”, which currently accommodates the following tenants who would need to be relocated before the proposed building work commences:

- Key Training – This is a KCC provision that holds a long-term lease to use accommodation within Youth House for a peppercorn rent.
- Various 3<sup>rd</sup> sector youth service providers – A variety of groups and providers, with space allocated by Medway Council Youth Service.
- Offices for the Youth Service.
- Bradfields post 16 further education centre for pupils with special educational needs.
- A Council run youth club.

Officers have identified alternative accommodation for these third party users as described in the following paragraphs.

## 5.2 Proposals for the relocation of tenants to the Temple site

Temple School closed in August 2009 after the school amalgamated with Chapter School to form the Strood Academy. Initially the Academy operated across two sites, but in Summer 2010, the Academy was given permission by the Department for Education (DFE), to relocate all students to a single site on Carnation Road.

The Temple School site is now vacant, and will pass back to the council in Autumn 2010 once notice on the tenancy is given by the Academy.

The Temple site comprises two blocks of buildings previously used by Temple School, and a 1-form entry primary school, Temple Mill Primary School.

The Council owns the land outlined in black on the attached plan (Appendix C)

The buildings towards the North end of the site, hatched on the plan are in poor condition, and are not considered to be suitable for alternative uses.

The buildings to the south of the site are the Temple Mill Primary school and are to be retained. Additional land is shown within the boundary for Temple Mill Primary, to enable expansion of the school to two forms of entry in future, should this be required.

The buildings towards the Southwest end of the site as shown crosshatched known as Block 3 are in better condition, and are considered to be suitable for re-use.

It is proposed to let these to Key Training and various 3<sup>rd</sup> sector youth service providers all previously based in Youth House. In addition Medway NHS has approached council officers, about the possibility of locating the child development centre (CDC) currently in various locations in Medway into accommodation on the Temple site. At the Children and Adults Overview and Scrutiny Committee meeting on 20 October 2010, the committee received a report updating them on progress with the relocation of the Child Development Centre (CDC). The report presented two options for the future location of the service, the former Temple School site and a property owned by a health provider (currently partially used by mental health services).

The committee debated the two options and expressed support for the use of part of the former Temple School site although requested that assurances be made with regard to appropriate public transport provision to the site and that the building could be modernised and adapted to meet the needs of the CDC service.



The committee recommended the Cabinet to approve the use of part of the Temple site for the Child Development Centre and recommended officers to work with Arriva to ensure bus routes, frequencies of service and vehicles used would be suitable for the users of the service.

Officers have visited the site with representatives from Key Training and Medway Council's Youth Service who viewed the buildings on behalf of the various 3<sup>rd</sup> sector youth service providers. These users have given in principle agreement to re-locate to these buildings. Works have been identified to ensure that the buildings are suitable for use by Key Training and the Youth services at an estimated cost of £320,000.

NHS representatives have also visited and evaluated the remaining available accommodation on the site and confirmed that they would be interested in renting the space. Medway NHS would fund any capital works required to convert accommodation into use for the CDC and the council will be seeking to charge a market rent for the accommodation.

The remainder of the site, as shown edged black on attached plan (Appendix D), including the remaining buildings (hatched) would be declared surplus, to allow its sale. The land, which is not built on, is designated as protected open space in the local plan so it is unlikely that planning permission will be forthcoming to build on these areas.

### 5.3 Proposals for the relocation of Bradfields post-16 further education centre for pupils with special educational needs

Officers are considering a number of options for the relocation of Bradfields post 16 further education centre for pupils with special educational needs (which is also currently located in Youth House).

In July 2010 the Government announced there will be a green paper on special educational needs and disability (SEND) in the autumn 2010. In addition the James Review of Capital Investment will be published in the autumn setting out the framework for the allocation of education capital funding in the future.

Both of these reports are likely to have a bearing on the viability of the options for the relocation of Bradfields post-16 further education centre, and a further paper setting out proposals will be presented to members following the publication of these reports. The OBC confirms the councils commitment to relocate all tenants from Youth House prior to the commencement of building works.

### 5.4 Restrictive Covenant

In 1974 Kent County Council acquired the present Brompton Academy playing fields (to the north and south of the present Brompton Academy buildings) from the Ministry of Defence. A restrictive covenant was

imposed limiting use to school playing fields and prohibiting any further building other than the present sports hall. (Appendix B)

The MOD has agreed to vary this covenant at a cost of £30,000.

## 5.5 Diversion of a public right of way

Section 119 of the Highways Act will be used to seek to divert a public right of way, which crosses the site. A Public Right of Way (PROW) handbook has been developed, which has been approved by the PROW officer for use. Early consultation with interested parties has been undertaken. The Chatham World Heritage Group has provided a letter of support, which is included in the OBC. A site plan showing the footpath route diversion is shown in Appendix F. The existing route is shown as a solid line and the new route as a dashed line.

## 6. Risk Management

### 6.1 Residual Risk

Following PfS approval of the Outline Business Case (OBC), the capital allocation is confirmed and the financial risk passes from PfS to Medway Council. Until that confirmation there remains a risk that funding could be arbitrarily reduced as part of spending reductions. At present there is no indication that this is likely to occur but if it did then the project would need to be adjusted accordingly.

Whilst substantial financial risk will pass from Medway Council to the constructor at Financial Close, limited residual risks will remain with the local authority and will potentially require remedial action by the project team. Should any of the residual risk identified below result in additional cost to the project the project team will seek to manage these changes to remain cost neutral overall.

Examples of these risks are detailed below:

- Discovery of asbestos within existing buildings in addition to that identified in the Type 2 survey.
- Discovery of ground obstructions requiring removal or bridging in addition to that identified in surveys.
- Potential requirement for upgrade of existing utilities infrastructure - electricity, water, gas and telecoms (letters of comfort will be obtained from the relevant statutory undertakers to minimise this risk).
- Discovery of existing services requiring diversion or protection in addition to that identified in surveys.
- Insolvency of main contractor leading to potential additional costs in re-procuring and completing the construction works over and above the value of the Guarantee Bond.

## 6.2 What if the builder goes bankrupt or fails to deliver?

Approving the OBC does not commit the Council contractually to any contractor or other party associated with the design and build of the academy. For the avoidance of doubt there will be three separate design and build contracts for each of the three projects and it is on execution of these individual contracts that Medway Council will be contractually committed to the delivery of each individual project.

Due diligence is carried out by Partnership for Schools on all of the Panel Providers prior to entry on to the framework and this is continually monitored by PfS to identify any changes or potential changes in financial standing.

Further steps will be undertaken to protect the Council's position with the preferred Contractor. The two main mechanisms being:

- **Obtaining a Parent Company Guarantee:** This ensures that where the preferred bidder is a subsidiary to a larger organisation (parent company) the parent company is obliged to deliver the project as set out in the contract for example failure to deliver to the agreed specification, programme and costs in the event of a breach of contract by the subsidiary and failure on the part of the subsidiary to rectify the breach.

**Or**

- **Obtaining a Bond:** This is an independent insurance policy which means that if the contractor goes bankrupt the Council can claim on this insurance to cover associated costs to the amount agreed in the bond. The cost of this bond would be met from within the total capital allocation from PfS.

The contract to be entered into by Medway and the contractor will set out the processes and procedures to be followed in the event that the contractor goes into receivership or is declared bankrupt and also the consequences of any such declaration.

A full risk register has been developed and has progressed with the delivery of the OBC.

## **7. Consultation**

### 7.1 Sponsors Consultation

From the onset, Design User Groups and Design Working Groups were set up to distil the education vision into a design brief. The development of the Design Brief is an iterative process and involved continuous dialogue between the educational advisers, design advisers and other key stakeholders over several months.

The design is now at a feasible stage that demonstrates that the scheme is deliverable within the allocated funding, and that the design fits the education vision.

The development of the Design is overseen by the Design Group and has been approved by both the Design Group and the Project Steering Group prior to inclusion in the Outline Business Case.

## 7.2 Stakeholder engagement

As part of the process to develop the design a workshop was undertaken with key stakeholders to prioritise key areas of design. This workshop is known as a Design Quality Indicator (DQI) workshop.

The stakeholders included; teachers, governors, the Principal Designate, Technical Advisor, Architect, non teaching staff and pupils.

Prior to the DQI workshop, pupils from New Brompton College were engaged with to share what they liked/disliked about the predecessor school. This was shared with the DQI group by way of a PowerPoint presentation.

A tour by stakeholders and users was made of City Academy on the morning before the Briefing stage DQI workshop. The views collected during the tour are summarised in Appendix 3 of the design brief.

Details of the workshops findings from DQI were presented to all students in a series of assemblies, and were commented upon by other students.

The Principal Designate also presented to students in assemblies through virtual tours from a variety of Academies including:

- The Thomas Deacon Academy, Bristol,
- Brunel Academy, Folkestone,
- Unity Academy, Middlesbrough to give students ideas of other builds.

This was then taken as discussion work in all Home groups.

## 7.3 Occupants of Youth House/Youth Wing

Consultation has been undertaken with the third parties as highlighted in section 2 above. The outcomes of consultation and proposals for the relocation of third parties is included within this report.

## 8. **Financial and Legal Implications**

### 8.1 Chief Finance Officer Comments:

PfS has provided an initial Funding Allocation Model for the overall academies programme in Medway of approximately £80 million. The Outline Business Case for the Brompton Academy analyses the scheme estimate of £26,966,478 across the scheme components. This

comprises indicative funding from PFS of £23,385,373 Carbon reduction funding of £570,390 and a Medway Council contribution of £3,010,715 for SEN facilities. As indicated in the OBC the Council has committed to establish additional SEN provision in each of the new academies as part of the SEN strategy.

The SEN facility is to be funded from the Targeted Capital Fund, set aside to deliver the SEN Action Plan. The ongoing revenue costs will be met from efficiency savings, by diverting children from SEN independent sector placements.

The value of the works required to relocate the third party youth providers and Key Training from Youth House has been estimated at £320,000 as per section 5.2 above. It is also likely that there will be costs arising from the potential relocation of the Bradfields post-16 unit and it is suggested that all these costs, plus the cost of varying the restrictive covenant of £30,000, be funded from the proceeds of the surplus Temple site.

#### 8.2 Monitoring Officer or designated deputy comments:

Cabinet has previously approved the use of the PFS Contractors' Framework for the procurement of the Academies programme. The proposal set out in the earlier reports (Strood Academy & Bishop of Rochester OBCs) described the batched procurement activity for the works to be undertaken at each Academy. The contractors on the PFS framework have already been through a formal procurement process. This is to ensure both their professional competence and their ability to carry out works that provide value for money. The proposal is for a process that is in accordance with both the relevant EU procurement rules and the Council's contract rules.

Cabinet approved the procurement route in December 2009 (Cabinet decision 223/2009) and regular updates on the procurement process are reported to Procurement Board with the most recent update being 29<sup>th</sup> September 2010.

The Council has entered into an Option with the Academy Trust which would oblige the Council to lease the Youth House site to the Trust should it become vacant and there is clearly an understanding that vacant possession would be achieved by Spring 2011. However there is no legal obligation on the Council to ensure that the site is vacated. Clearly the proposed works would not be able to proceed as designed unless Youth House is vacated and any failure to vacate would necessitate the Academy being re-designed to accommodate the tenants. Such a re-design would be at the Council's cost and could well be as great or a greater figure than the proposals at section 5. In addition such a re-design would extend the timescale for agreement of the OBC and place the funding at risk.

## **9. Recommendations**

That Cabinet:

- 9.1 Approves the Outline Business Case for Brompton Academy and gives delegated authority to the Director of Children and Adults in consultation with the Portfolio Holder for Children's Services, Chief Finance Officer and Monitoring Officer to make minor changes to the OBC after it has been subjected to the PfS Peer Review for ratification on behalf of the Council,
- 9.2 Authorises the Director of Children and Adults, in consultation with the Portfolio Holder for Children's Services, to utilise part of the vacated Temple school buildings to allow the relocation of tenants of Youth House, including Key Training outlined in section 5.1 and to seek to obtain vacant possession of Youth House.
- 9.4 Authorises the Assistant Director of Housing and Corporate Services in consultation with the Portfolio Holder for Finance to grant leases for existing occupiers of Youth House to occupy parts of the Temple School Block 3 and ancillary buildings.
- 9.5 Authorises the Assistant Director of Housing and Corporate Services in consultation with the Portfolio Holder for Finance to enter into negotiations with Medway NHS for a lease of part of the Temple School Block 3 and ancillary buildings and to grant such lease subject to suitable terms being agreed.
- 9.5 Authorises the Assistant Director of Housing and Corporate services in consultation with the Portfolio Holder for Finance, to enter in to an agreement with the MoD to vary the restrictive covenant outlined in section 5.4.
- 9.6 Authorises the Assistant Director of Housing and Corporate services, in consultation with the Portfolio Holder for Frontline Services, to undertake the process to the divert the footpath described in section 5.5, including the consideration of any representations.
- 9.7 Recommends that Full Council agrees and declares that part of the Temple school site shown edged black on site plan Appendix D surplus and be available for disposal.
- 9.8 Recommends to Council that a scheme be included in the capital programme, funded from the proceeds of the sale of the surplus Temple site, to fund the variation of the restrictive covenant and to facilitate the moves of the current occupants of Youth House to their new locations. In the first instance this be a sum of £350,000 for the adaptations to the Temple buildings with a further report on the proposal for relocating the Bradfields post-16 unit.

## 10. Suggested reasons for decision(s)

- 10.1 The submission of a completed Outline Business Case is required by PfS, in order to secure funding for the scheme.
- 10.2 The covenant will need to be varied before the development can go ahead.
- 10.3 In order to include the Youth House/Wing in the development site, there will be consequential moves needed.
- 10.4 After consultation on all options for the location of the new buildings, the Youth House site provides the best solution as a site for the development, which means that vacant possession of this part of the site will be required in time for construction works to commence.

### Lead officer contact

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### Background papers

Description of document	Location	Date
Medway Academies Procurement Board Report – 29 September 2010	W:drive/planning & review/Academies/procurement meeting info	29 September 2010
Cabinet report on Academies procurement – 15 <sup>th</sup> December 2009	W:drive/planning & review/Academies	15 December 2009
Strood Academy OBC Cabinet Report	W:drive/planning & review/Academies/1) Strood Academy/OBC/Final	15 December 2009
PFS contractors framework report	W:drive/planning & review/Academies	15 December 2009





### EXECUTIVE SUMMARY

#### Introduction

The document outlines the options appraisal, cost estimates, affordability assessment and procurement strategy for the Brompton Academy in sufficient detail to allow capital funding to be confirmed and gain approval to proceed with the delivery of the academies/school(s) via the PfS Contractors Framework.

#### Overview and Commitment

**Section 1** and **Appendix 1** of this OBC describe the Scheme and confirm the commitment of all parties to the procurement process.

The Local Authority has confirmed that the Scheme fits with its local priorities.

The Scheme involves Brompton Academy.

The Education Brief, including the curriculum model and accommodation schedule, has been developed and signed off by the Project Steering Group (PSG) and by the Department for Education (DFE). The accommodation schedule details a total area that is within the BB98 gross internal floor area stated in the Funding Allocation Model (FAM).

The Sponsor/Academy Trust and LA confirm their commitment to working together to procure the design and construction of the new Academy using the PfS Contractors Framework and confirm that they will follow established PfS procedures and utilise the standard suite of documents for procurement.

The Sponsor/Academy Trust has signed the Funding Agreement

#### Procurement Strategy

**Section 2** and **Appendix 2** of this OBC describe the details of the Scheme being put to the market.

The Scheme is a Batched Scheme and includes design and construction projects for a mixture of both new build and refurbishment projects for Strood, Bishop of Rochester and Brompton Academies.

In addition the following services are being procured for the Academy:

- Facilities Management (FM) services
- ICT services contract

A clear rationale has been followed to select the sample scheme.

A realistic programme of work has been put in place based on the guidance issued by PfS Building Completion dates for each project within the Scheme are detailed below:

- |                        |                           |             |
|------------------------|---------------------------|-------------|
| • Strood:              | Building Completion Date: | August 2012 |
| • Bishop of Rochester: | Building Completion Date: | June 2013   |
| • Brompton:            | Building Completion Date: | June 2013   |

## Design and Construction

**Section 3** and **Appendix 3** of this OBC describe the site options appraisal undertaken for the building design and construction.

The LA can confirm that they own the land upon which the Academy will be built and that there are no encumbrances or restrictive covenants that would place the development and operation of the Academy at risk.

A robust and thorough options appraisal been carried out to determine the project proposals. The site options appraisals meet the requirements of Building Bulletin 98.

Surveys and investigations have been undertaken and the results evaluated. Collateral warranties are in place for these surveys, with the objective that the Framework Panel Members can rely on their factual accuracy.

An initial control option for the Scheme has been prepared which demonstrates that the Scheme is deliverable. This initial control option has been signed off by the Design Group and PSG as meeting the requirements of the Education brief and Design Brief and as acceptable to all parties.

An Initial DQI Workshop has been held and there is a commitment to using the DQI process throughout the design, construction and operation of the projects.

There is a commitment to implement the requirements of the Minimum Design Standard and an MDS Threshold Workshop has been programmed for first quarter 2011.

There is a commitment to achieving a BREEAM 'very good' rating.

The Design Brief has been developed. The Scheme will utilise the PfS Authority's Requirement document, amended to suit the local circumstances.

A construction phasing and decanting strategy has been developed.

The FAM for this project includes an allocation of £570,390 to deliver the carbon reduction targets required by the DFE. The LA confirms that a requirement of the ITT submissions will be for the Panel Members to demonstrate that their proposals will achieve the 60% target within the funding allocation.

All existing and proposed third party users have been identified and have agreed in principle to vacate the site and Medway Council commits to relocating all third party users prior to the commencement of building works.

## ICT

**Section 4** and **Appendix 4** of this OBC provide an overview of the ICT Vision and the proposed delivery approach for the ICT provision. It encapsulates the preferred delivery method and validates the rationale for that choice, including how the service is intended to integrate with the wider LA provision.

The Sponsor/Academy Trust has conducted a robust and thorough ICT options appraisal to determine the ICT approach.

Stakeholders been consulted in developing the ICT proposals.

The Sponsor/Academy Trust has confirmed that they will procure the ICT provision through the Becta Infrastructure Framework.

BECTA has reviewed the proposed delivery approach for the ICT provision and confirmed that it is acceptable.

A detailed risk register for the ICT project been developed and a clear strategy to manage / mitigate ICT risks has also been put in place.

The ICT Output Specification also been completed to a satisfactory level

## Facilities Management

**Section 5** and **Appendix 5** of this OBC detail the proposals for the provision of Life Cycle and Hard FM.

The Academy Trust has set out their strategy for delivering life cycle and hard FM services and confirmed that in the future, should a LEP be established that they would consider buying these services from the LEP.

The Sponsors/Academy Trust has confirmed that they will meet the expected costs for hard FM and lifecycle services from their available budgets.

## Affordability

**Section 6** and **Appendix 6** of this OBC describes the affordability position for the whole Scheme.

The OBC provides a separate cost estimate reconciled against the FAM for both the design and build and ICT elements of the project.

The estimate indicates that the proposals are affordable within the funding allocation.

This section of the OBC confirms the Council's view that the construction Scheme represents value for money.

The LA has submitted their application for Project Support Funding and it has been approved by PFS.

The Sponsor and the LA accept that they have to deliver the Academy building within the agreed funding envelope and they will ensure that the scope of the development work fits within this envelope with due reference to the Framework rates. The Sponsor and the LA will work with the Framework Panel Members to optimise the scope and will undertake any project re-scoping necessary to ensure that the project fits within the funding envelope.

The following additional sources of funding have been secured for the project:

<b>Source:</b>	<b>Value:</b>	<b>Providing:</b>
Medway-----	£3,010,715-----	SEN Provision

### **Design and Construction**

The initial design options for the Scheme have been fully costed. The cost estimate includes an assessment of likely abnormal costs resulting from the initial site investigations that have been carried out.

The capital costs fit within the Funding Allocation Model (FAM) agreed with PFS.

### **ICT**

The OBC sets out the cost per pupil in relation to a learning environment, managed service platform.

*Capital Costs* - The initial design options for the Academy have been fully costed and it has been identified what is to be delivered through the £1450/pupil funding.

We can confirm that the capital costs fit within the Funding Allocation Model (FAM) agreed with PFS.

*Ongoing Costs* - ICT costs have been estimated for a 25-year period. The estimated annual cost is £120 per pupil £118k in total per annum and the Sponsor/Academy Trust has confirmed its commitment to meeting these costs through the General Annual Grant (GAG).

### **Facilities Management**

Life Cycle and Hard FM costs have been estimated for a 25-year period. The Sponsor / Academy Trust has confirmed its commitment to investment in life cycle and hard facilities management costs based this estimate.

## **Readiness to Deliver**

**Section 7** and **Appendix 7** of the OBC sets out the LA's project management structure and identifies the roles and responsibilities of each part of the structure. The key members of the team and the external advisers are named and information is provided on their skills, experience and time commitment to the project. This section also sets out the approved budgets (including consultant advisory fees), risk strategy, market interest and the delegated authorities given to a named senior officer within the key stakeholders.

The Academy Trust and Medway Council, in conjunction with the Department for Education (DFE), has followed the project structure and governance for PFS Contractor's Framework Academy projects established by PFS, which includes the creation of a Project Steering Group, a Design Group and the LA Project Team.

Medway Council has put in place resources for the duration of the project, including post contract, to monitor and maintain ongoing relations with the Framework Panel Members and ensure that performance is continually reviewed.

Medway Council hosted a Bidders Day for the Framework Panel Members. All 12 eligible Panel Members attended the Bidders Day. 10 Panel Members requested the PITT (Preliminary Invitation to Tender). 9 responses were received and following evaluation in line with the framework, 2 Panel Members were selected and the Invitation to Tender issued to them.

A risk register has been developed and is reviewed at each Design User Group and Medway's Education Programme Board meetings.

## **Moving Forward**

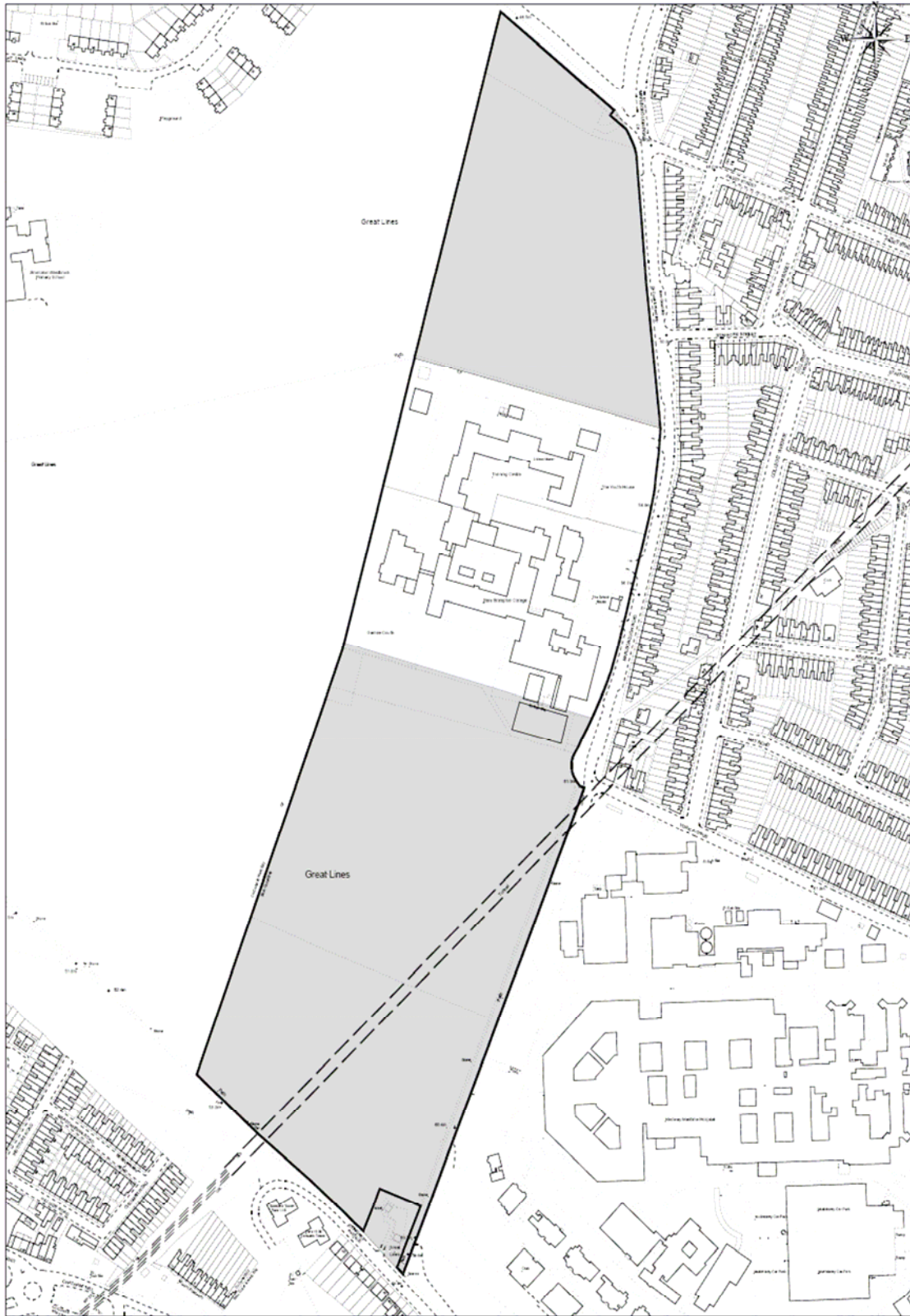
**Section 8** and **Appendix 8 of this OBC** provide a critical review of the options appraisal through the completion of the DFE Checklist. Also included in this section

is the benchmarking data collected at this OBC stage and confirmation that the documents required for the procurement process have been developed.

A critical review of the options appraisal has been conducted and the benchmarking data needed by PfS has been provided.

Following issue of the ITT, clarification meetings are being held with each Panel Member to enable designs to be progressed with responses programmed for August 2010.





**Brompton Academy - Restrictive Covenant**

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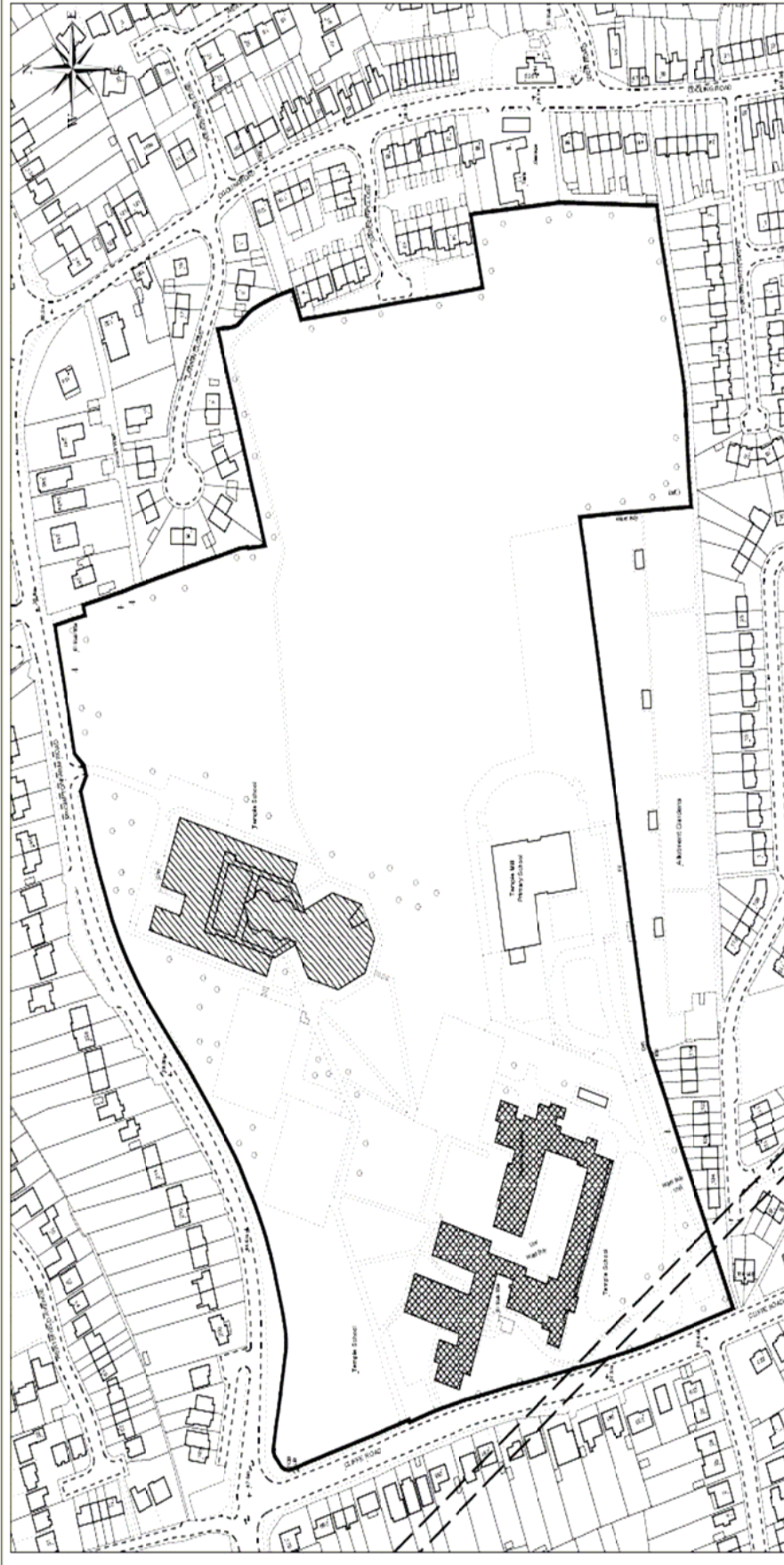
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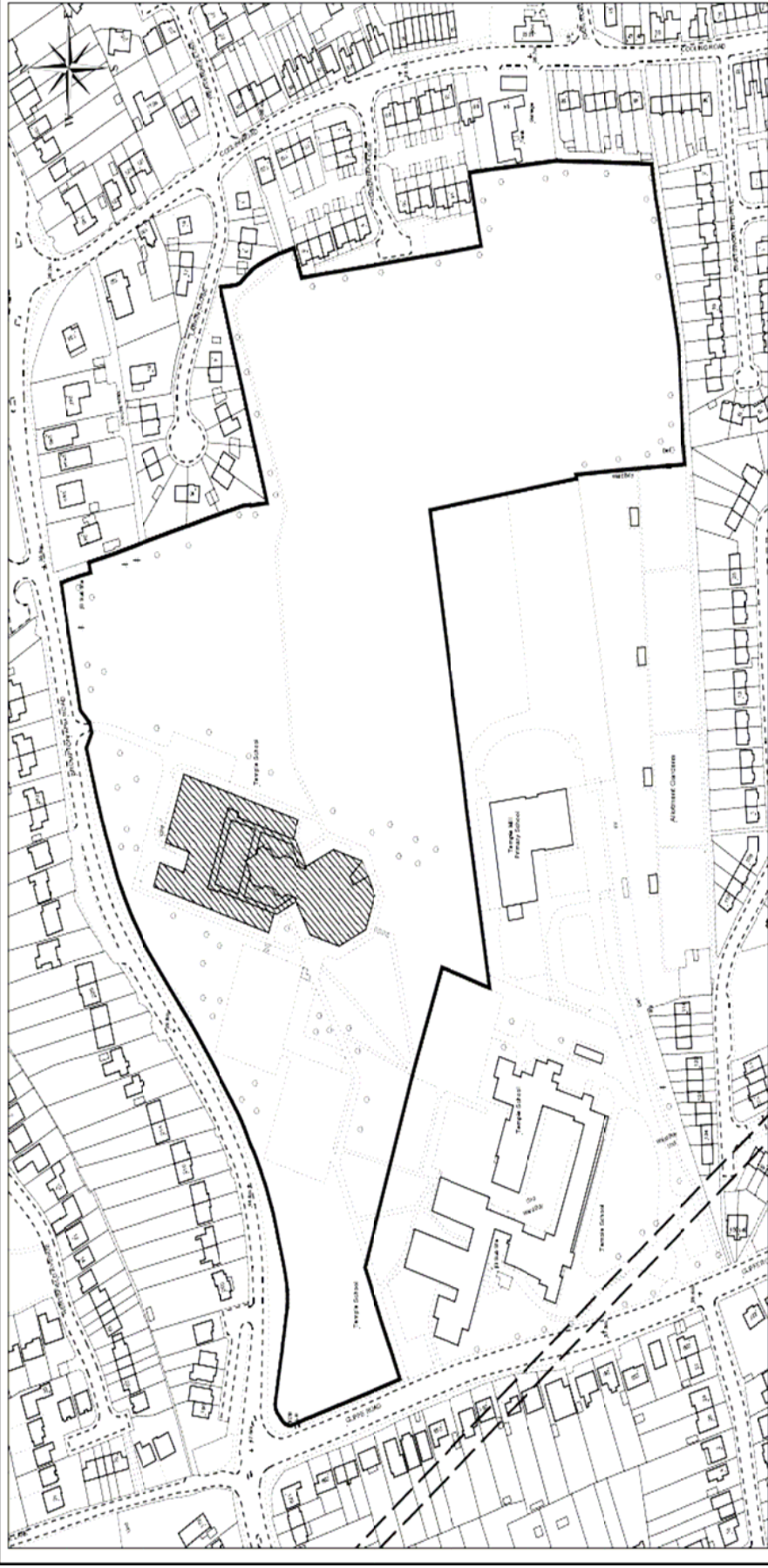
# Appendix C



**Temple Site - Appendix A**



Appendix D



Temple Site - Appendix B

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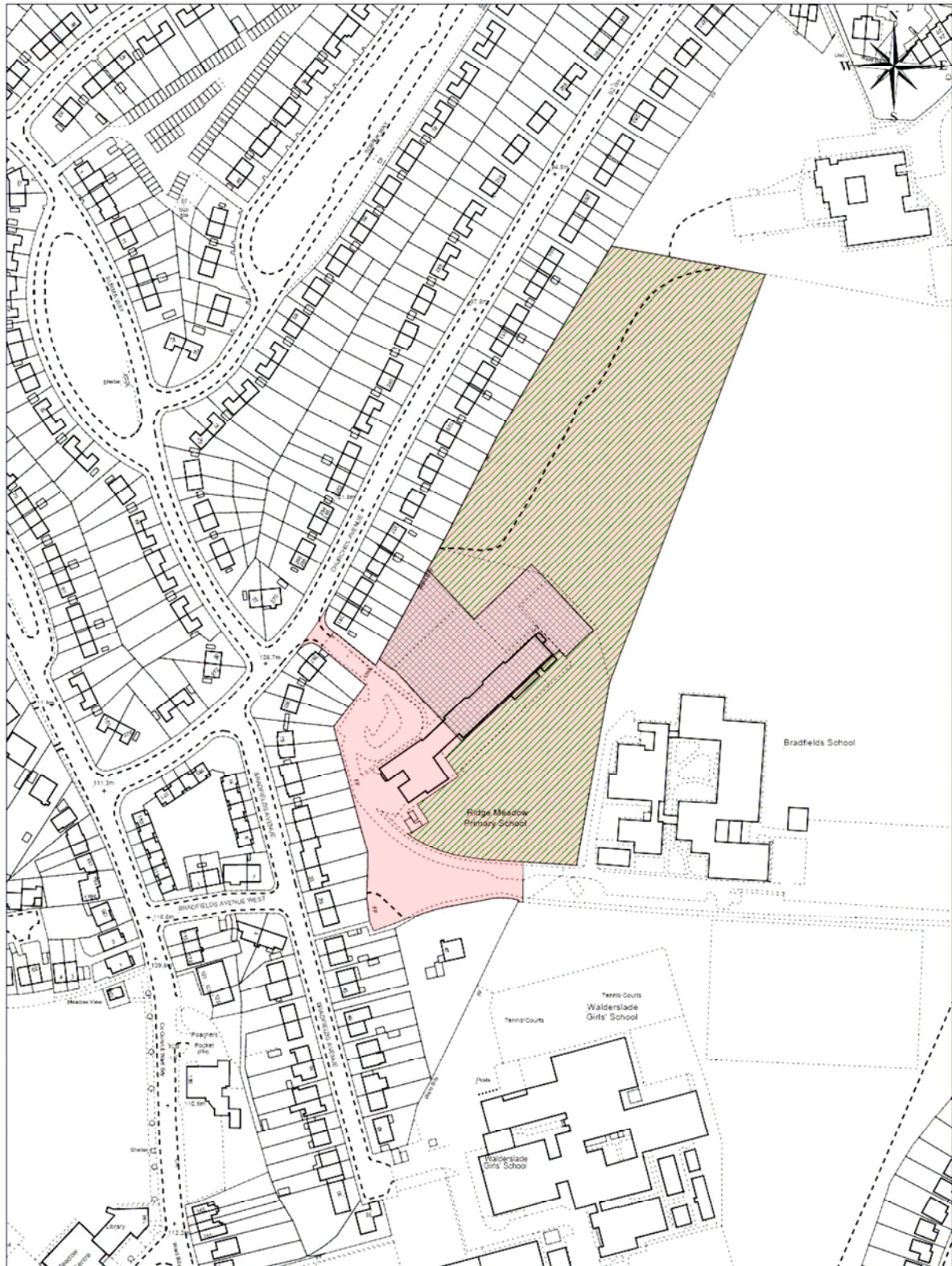


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Appendix E



**A00552 - Ridge Meadow Primary School**

 **4,303 m<sup>2</sup>**

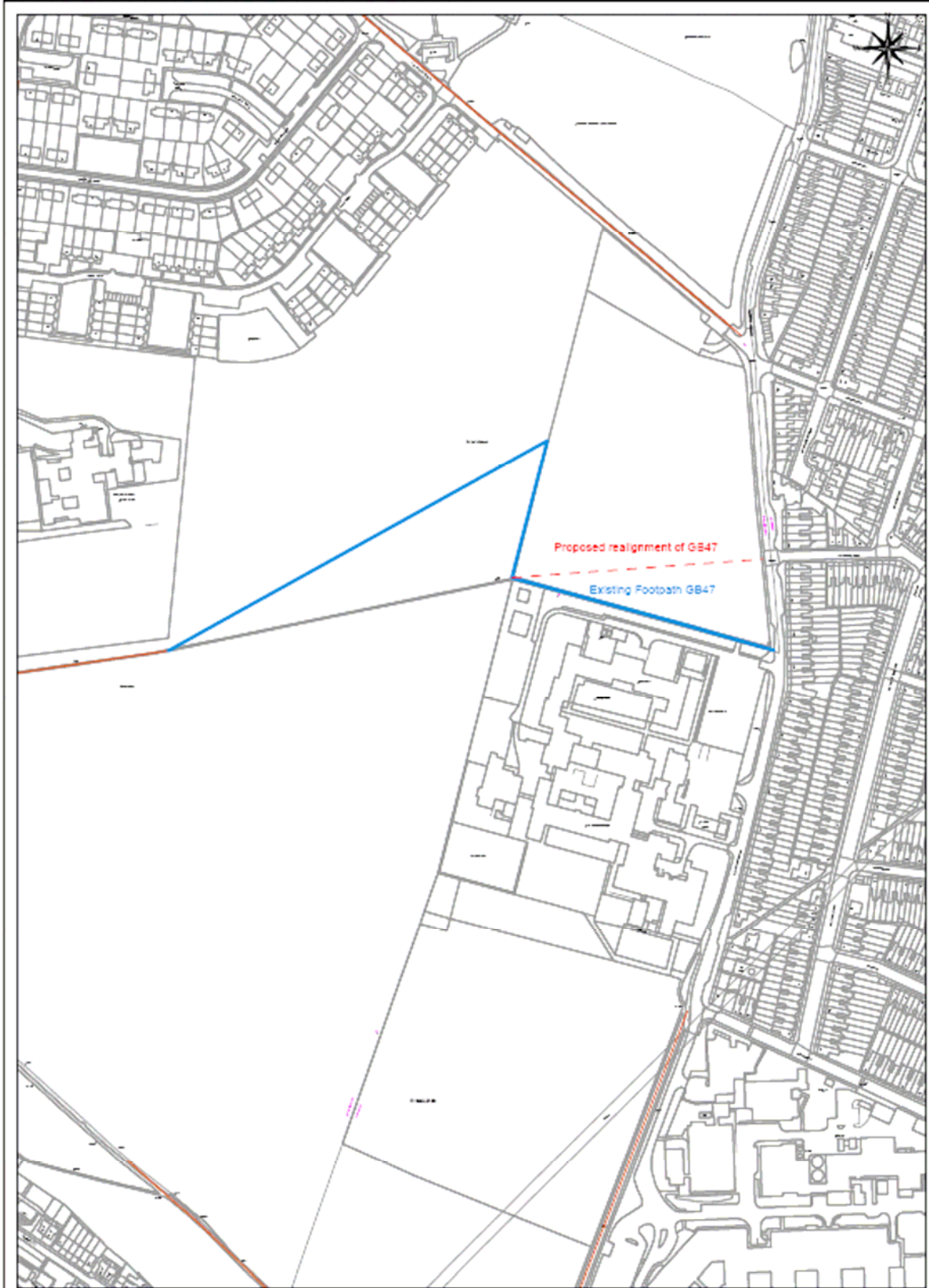
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# Appendix F



**Application to divert footpath GB47 - Marlborough Road, Gillingham**

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