

CABINET

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STRATEGIC PLAN FOR SPECIAL EDUCATIONAL NEEDS

Portfolio Holder: Councillor Wicks, Children's Services

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Summary

This report sets out proposals for the development of additional Medway based Special Educational Needs (SEN) provision, based on an analysis of need, including actual and forecast pupil numbers for the next five years.

1. Budget and policy framework

- 1.1 This report supports Medway Council's SEN strategy (2009) in aiming to educate as many children as possible close to where they live and to reduce the number of children and young people being educated outside the Medway area or in independent provision. This is consistent with the Strategic Priority of 'Children and young people having the best start in life' as set out in the Children and Young People's Plan 2011 - 14.
- 1.2 Capital grant funding has been allocated in the 2012/13 programme to start to address the needs identified in this report and capital funding assumptions are set out in section 6.3 of this report.

2. Background

- 2.1 Following consultation Medway Council published "Special Educational Needs – An Inclusive policy and strategy for Medway 2009 – 2014", which set out the ambition that wherever possible the special educational needs of Medway children should be met so that they are able to learn and achieve in local provision, close to where they live. Generally, provision for children with SEN in Medway is good and children with SEN make good progress. However, the number of children from Medway educated outside local mainstream or maintained special schools is too high, which includes a number of children educated outside the Medway area or in independent provision.
- 2.2 Medway has agreed the principle that the trend to place children out of area or in independent provision should be reversed where possible and aims to educate

as many children as possible close to where they live and to reduce the number of children and young people being educated outside of mainstream or local maintained special schools. Currently to meet need 22% of the total children requiring specialist provision, 303 children, are educated in independent or out of area provision. A key part of our approach has been to ensure that sufficient places and suitable support sites are available locally.

- 2.3 Developing Medway based provision has enabled a reduction in the number of new children being placed in independent or out of area schools, particularly at secondary transfer. Furthermore, the complementary strategy of defending tribunals is proving to be successful and cost effective in this respect. Since 2010, the cost benefit analysis shows a saving of over £1m from placing children in local provision. This saving is based on the school lifetime costs of placing in independent or out of area provision instead of locally. It is important to note that as soon as a child is placed in a non-Medway provision at high cost, that cost continues year on year. Although the expansion of local places and more robust defence of tribunals has reduced the number of out of area and independent placements there is more to do. This plan sets out proposals that aim to transfer at least half of the current demand for independent and out of area placements.
- 2.4 The School Organisation Plan which was approved by Cabinet on 1 November 2011 (Decision 142/2011) sets out the further commitment to:
- produce robust pupil forecast data to show the likely number of pupils with special educational needs by type of need for the next five years and enable the local authority to maintain and update those forecasts so that we retain an up to date picture;
 - assess the current SEN school building estate against the forecast need;
 - show how the accommodation could be best developed and SEN provision organised to make the best use of the accommodation available;
 - identify further opportunities for provision to be developed in mainstream schools;
 - explore the opportunities for all of Abbey Court provision to be based on a single site and to increase the amount of overall accommodation available to the school;
 - consider the opportunities to develop additional SEN provision in the buildings previously occupied by Chatham South School and currently occupied by Bishop of Rochester Academy until they move into new buildings in September 2013.
- 2.5 This report addresses these commitments, and sets out the work that has been completed to date as well as proposals to undertake further work to test the potential impact of further changes.
- 2.6 The following sets out the current baseline position of children and young people attending specialist school provision and sets out the forecast demand for places for the next five years. The forecast includes the following needs:
- Projected population increases
 - Inward migration (Unpredictable but currently rising)
- 2.7 In addition future development of provision will need to take account of the urgency to re-provide some of the current out of area provision more locally. The

assumption made is that at least 50% of existing provision should be re-provided locally accounting for 151 additional places.

- 2.8 The report sets these needs against the current facilities and planned developments, identifying future gaps in provision and proposing options against each type of need.

3 Options

The need for additional provision

- 3.1 An assessment of the current number of Medway children with statements requiring specialist provision by the main disability need type has been undertaken, alongside forecasts of the likely number of statemented children requiring specialist provision in Medway over the next five years. These forecasts are based on information held by the council (Special Needs Team, Medway NHS Maternity System, Social Services and Planning Services) and external sources for national trends (Department for Education and the Office for National Statistics).
- 3.2 The following table shows the baseline picture of the number of Medway children currently in specialist provision, indicating the main disability need type, set against the type of provision, i.e. Medway maintained, Out of area and independent/non-maintained. A glossary of terms for the disability abbreviations used in the table is included at appendix 1.

Baseline: Statements requiring specialist provision in 2011/2012				
Primary need	Total children	Medway maintained	Out of Area	Independent / Non-maintained
VI	26	25	1	0
SpLD	90	63	7	20
SLD	197	178	13	6
SLCN	107	85	9	13
PMLD	50	48	0	2
PD	58	42	14	2
MLD	246	218	14	14
HI	59	31	14	14
BESD	209	151	10	48
ASD	316	216	22	78
LD	2	0	1	1
Total children per year	1360	1057	105	198

- 3.3 It should be noted that there is a wide spectrum of special educational needs and many children will have needs and requirements which may fall into several need types, and have inter-related needs. In some cases a child's needs may be able to be met by different types of providers, in which case the main disability need designation may relate to the designation of the school rather than the child.

- 3.4 “Out of area” will include schools maintained by other local authorities such as Kent, as well as tuition services. “Independent / non-maintained” (which may be in or outside Medway) schools are often private providers, and are likely to be more expensive because they are run as a private business. However, they may be the only provision available with a current vacancy able to meet the needs of an individual child with complex and/or challenging needs.
- 3.5 We expect that the number of children with statements requiring specialist provision in Medway will increase over the course of the next five years. The reasons for the expected increase are:
- A recent increase in the birth rate, which will increase the overall number of primary age pupils;
 - The raising of the participation age, which will result in some more pupils remaining in education for longer;
 - An increase in the proportion of children with statements of special educational needs nationally;
 - Inward migration to the Medway area;
 - Increase in survival rate of pre-term babies.
- 3.6 Taking these factors into account the net increase in pupils with statements requiring specialist provision over the course of the next five years, relating to normal population growth alone is expected to be 59 pupils.
- 3.7 A recent high level of inward migration has resulted in 60 unexpected additional children moving into Medway in the last year with statements requiring specialist provision. These children have moved into Medway from other parts of the UK, with a large proportion moving in from other parts of Kent and London.
- 3.8 If this short-term increase were to continue at the same rate over the next five years, then this would result in an additional 300 pupils with statements requiring specialist provision, over and above the 59 projected through normal population growth. The increase experienced this year is unprecedented and may not be sustained at this level in the future. However, we must seek to plan for a proportion of inward migration as part of our planning for special educational needs and it is recommended that we should plan for at least a third of this increase being sustained over the next five years.
- 3.9 If no further provision is developed, this could result in 158 additional children being placed in independent out of area provision taking the total number of children to 461 over the next five years (303 existing plus 158 future need projected).
- 3.10 The final factor incorporated into the projections are the number of children the authority aims to a) return to local placements or b) specialist needs currently provided out of area that in future we aim to place locally. Realistically, it is unlikely to be possible, and/or cost effective to create sufficient provision to meet the needs of all children with statements requiring specialist provision in Medway Schools. This is because there will be some pupils, who will have particularly specialist needs, which a particular provider is well placed to meet, where the costs of creating Medway based provision, for a small number of pupils, would not be justified. Our assessment of live cases indicates that it is more realistic to plan to provide additional capacity for half of the type of needs currently educated in independent or out of area provision in the medium term accounting for 151 places.

- 3.11 The proposed approach will therefore aim to develop sufficient local provision for:
- 59 pupils as a result of the overall increase in the pupil population over the next five years
 - 99 pupils, representing 33% of the unplanned inward migration
 - 151 pupils, representing 50% of the number of pupils educated in out of area and independent/non-maintained provision. This would not represent an increase in total pupil places overall, but does represent an increase in local provision to meet existing demands in the system, thus reshaping the pattern of placements.
- 3.12 The forecast increase is shown in the table below by main disability need type based on the forecast increase of 59 pupils plus 33% of the current unpredictable inward migration which represents 99 pupils, plus 50% of the places currently provided in independent and out of area provision which represents 151 pupils. This would require the creation of 309 additional local places overall.

Forecast increase in statements requiring specialist provision over 5 years									
	2012/2013	2013/2014	2014/2015	2015/2016	2016/2017	Total increase			
						Forecast population increase	33% of unpredictable inward migration demand*	50% of places currently provided in independent / out of area provision	Total increase planned for
Primary need									
VI	0	0	0	0	0	0	0	0	0
SpLD	1	1	1	0	0	3	13	14	30
SLD	3	4	3	2	1	13	10	10	33
SLCN	1	1	1	0	0	3	10	11	24
PMLD	1	1	1	1	0	4	0	1	5
PD	0	0	0	0	0	0	3	8	11
MLD	3	4	3	1	0	11	20	14	45
HI	0	0	0	0	0	0	0	14	14
BESD	3	3	3	2	1	12	33	29	74
ASD	3	4	3	2	1	13	10	50	73
Total	15	18	15	8	3	59	99	151	309

* The unprecedented increase in the table above refers to the recent high level of inward migration that has resulted in additional children moving into Medway in the last year with statements requiring specialist provision.

SEN Expansion already planned

- 3.13 The development of additional provision is already planned at a number of existing schools within Medway over the next few years, and this will start to address some of this additional need set out above.
- 3.14 The creation of an ASD unit at Bradfields School will result in provision for up to an additional 40 pupils with severe and complex ASD need across all key stages.

- 3.15 Each of the three new build Academies will include accommodation for secondary pupils with special educational needs, which will provide an additional 40 places in total. This consists of new provision for 20 pupils with a main need type of ASD or MLD at Strood Academy, which will be completed in September 2012 and for 20 pupils with a main need type of ASD or MLD at the Bishop of Rochester Academy, which will be completed in September 2013. The provision at Brompton Academy will be for the same number of pupils currently provided for, but the need type will be balanced differently to take account of the changing profile of need in Medway, which will include children with a main disability needs of SpLD, SLCN, and in addition, vulnerable children.
- 3.16 The creation of a new hub at Riverside Primary School already provides places for six primary age children with ASD. The planned expansion of specialist provision at Twydall Primary School, which will be complete by September 2012, will provide additional capacity for up to 12 children with hearing impairments, in addition to the school's existing provision for children with physical difficulties.
- 3.17 This additional capacity, which is already planned, will therefore provide for up to 98 additional pupils overall leaving 211 places to plan for in this strategic planning phase. The impact of these additional places on the projected forecast need and the profile of these pupils are shown in the table below. This projected forecast will be kept under review based on actual and emerging need trends.

	Projected forecast of additional need	Provision already planned	Remaining forecast of additional primary age need	Remaining forecast of additional secondary age need	Remaining forecast of total additional need
SpLD	30		9	21	30
SLD	33		11	22	33
SLCN	24		4	20	24
PMLD	5		2	3	5
PD	11		3	8	11
MLD	45	35	10	0	10
HI	14	12	0	2	2
BESD	74		19	55	74
ASD	73	51	0	22	22
TOTAL	309	98	58	153	211

Current SEN Sites and opportunities for expansion

- 3.18 Within Medway there are currently four maintained special schools operating over five sites, all of which have been rated as good or outstanding by Ofsted, they are:
- Abbey Court split across two sites in Strood and Rainham (main need types SLD/PMLD)
 - Bradfields (main need types MLD/ASD)
 - Danecourt (main need types MLD/ASD)
 - Rivermead (main need type ASD)

3.19 In addition there are 11 designated units (additionally resourced provision) located in mainstream schools, with two more due to come on-line with the completion of the new builds of Strood Academy in September 2012 and the Bishop of Rochester Academy in September 2013. The existing hubs are located at:

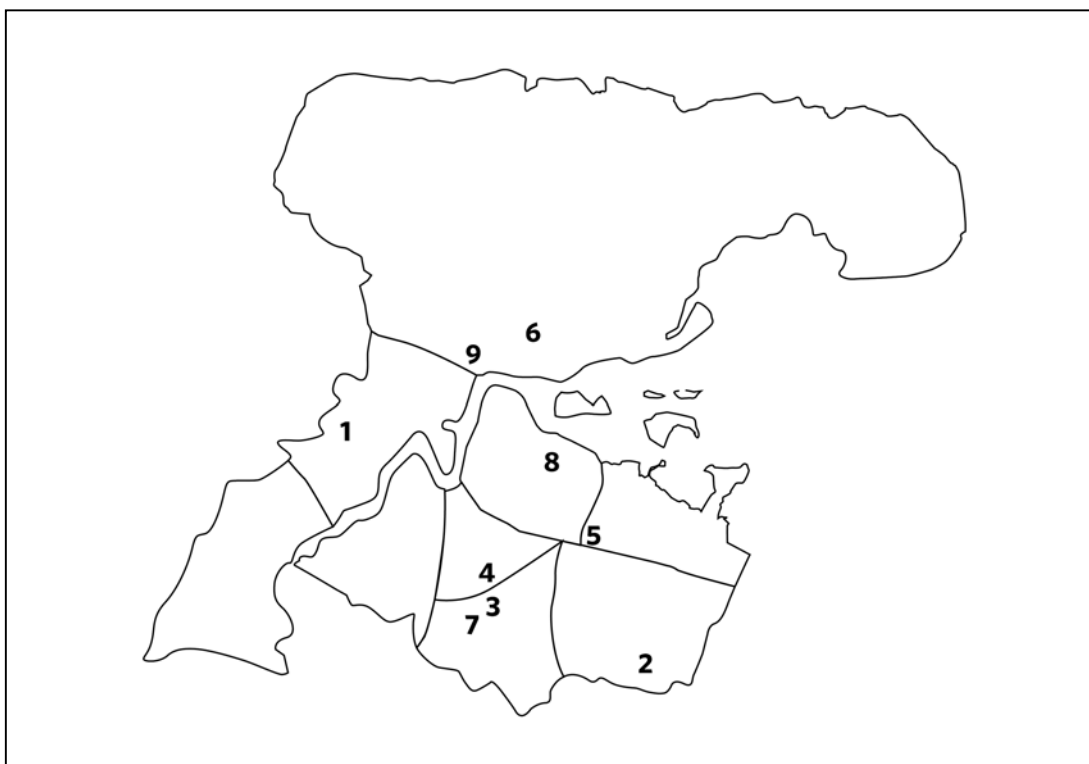
- All Faiths Primary School
- Chalklands at Elaine Primary School
- Marlborough Centre at Hoo St Werburgh Primary School
- Horsted Infant and Junior Schools
- Riverside Primary School
- Twydall Infant and Junior Schools
- Woodlands Primary School (MLD provision for children on roll at Danecourt)
- Evergreen Unit at Warren Wood Community Primary School
- St Werburgh at the Hundred of Hoo Comprehensive School
- The Robert Napier School
- Brompton Academy

It should be noted that five of these schools are already academies, or in the process of converting to academy status which will inevitably reduce the local authorities ability to influence their activity.

3.20 Within the current education estate there are nine key sites that have been considered in terms of the potential for expansion of existing provision, either because of their existing role as a provider for children with special educational needs, or their availability, or the size of the sites and therefore the opportunities for expansion.

3.21 These key sites shown in the map below are:

- 1) Abbey Court (Strood site)
- 2) Abbey Court (Rainham site)
- 3) Bradfields
- 4) (Former) Chatham South School site
- 5) Danecourt
- 6) Hoo St. Werburgh
- 7) The Oaks at Silverbank
- 8) Rivermead
- 9) (Former) Temple School site



- 3.22 The development of new provision, or expansion of the existing provision at the above named sites, would offer opportunities to address the existing and future need highlighted in the table under paragraph 3.12.
- 3.23 In addition, the expansion of designated hubs in mainstream schools will be considered to support children with particular needs or disabilities, and these form part of the overall strategy to increase provision.

Constraints on the use of existing sites

Former Chatham South site

- 3.24 In considering the future use of the former Chatham South buildings, it should be noted that these are currently leased to the Bishop of Rochester Academy but will be vacated on completion of the new Bishop of Rochester School buildings by September 2013.
- 3.25 In addition, consideration should also be given to the needs of Chatham Grammar School for Boys, which shares the site of the former Chatham South School. The school has limited on-site sports facilities with no access to a sports hall on site and shared use of some outside spaces and would benefit from some additional teaching and learning accommodation, in order to support effective delivery of the curriculum.
- 3.26 Furthermore, Chatham South site is a key location in considering the pressures building in Chatham for additional primary places and it may be prudent to reserve this site for a primary school to address this demand. There are few real opportunities elsewhere in Chatham to expand current primary provision to respond to the level of demand being experienced now and forecast in the future.

Former Temple School site

- 3.27 In considering the future use of the former Temple School buildings, it should be noted that part of the site (approx 50%), including some of the buildings, have been declared surplus. Of the remaining buildings and site a quarter has been agreed for use by Child Development Centre (CDC) a health funded integrated service for disabled children.

Legal constraints

- 3.28 In considering the future use of any former educational buildings and sites, the provisions of the Section 63 and Schedule 14 of the [Education Act 2011](#) which amends various statutory provisions regarding school land and premises, including the Academies Act 2010 and the School Standards and Framework Act 1998, should be considered. The Act includes arrangements, which require Secretary of State consent for land disposals, and includes powers for the Secretary of State to transfer any such land to an academy or a free school. This applies to all land held by an LA that has been used for any school in the eight years preceding the disposal.
- 3.29 Seeking approval to dispose of an educational building could therefore result in the buildings being reallocated for the expansion of an existing Academy, or for the establishment of a free school.

- 3.30 No consent would be required, however, if former educational buildings were to be used for the purposes of another educational establishment. For example, if either the Temple site or the Chatham South site were to be used for Medway maintained SEN provision, then this could be done without needing to obtain consent, except where it is proposed to build on playing fields.
- 3.31 The power of the Secretary of State to transfer land to an academy or free school does not however rely on the local authority requesting consent for a change of use. The Secretary of State can order a transfer at any time, when a site is no longer used for educational purposes, or where the Secretary of State thinks that it is about to be no longer so used.
- 3.32 This means that there is a risk that the Temple site or Chatham South site could be transferred at any time up until they are put into use for another educational establishment and this risk remains as long as the sites remain vacant.
- 3.33 It is therefore recommended where possible that surplus educational buildings should be utilised for alternative educational purposes as soon as possible after they become vacant.
- 3.34 In considering the establishment of new provision the provisions of the Section 37 and Schedule 11 of the Education Act 2011, which set out the expectation that any new school provision will be established as an Academy or Free School, are relevant.
- 3.35 Additionally, the Academies Act 2010 gives the ability for existing maintained special schools to seek to convert to Academy status. This means that there is a risk that some or all in-area maintained SEN provision could become Academy provision. This could constrain Medway's ability to prioritise the placement of Medway pupils, and could result in the cost of placements to the local authority increasing.

4 Diversity Impact Assessment

- 4.1 A Diversity Impact Assessment screening will be completed in relation to any specific proposals that are taken forward.

5 Impact of the proposal on arrangements for looked after children

- 5.1 It is essential that children with special educational needs are placed quickly into appropriate provision, and this is particularly true for looked after children with special educational needs, as they will often have experienced disruption and uncertainty. Some of the pressure on Medway provision comes from the placement of looked after children in Medway by other local authorities.

6 Advice and analysis

6.1 Reducing the number of children in independent / out of area provision

- 6.1.1 It cannot be assumed that creating additional provision will immediately result in a corresponding reduction in the number of children educated in independent or out of area provision. A transition phase will be required before we reach our target of reducing out of area placements by 50%

- 6.1.2 The majority of children with special educational needs will transfer into new provision, at a normal transition point, which would be on entry into key stage 1 (age 4 to 5), key stage 2 (age 7), key stage 3 (age 11) and key stage 5 (age 16). These key transition points present the opportunity to review whether local provision is available, which would allow the transfer of some existing out of area or independent placements to within the area.
- 6.1.3 Once a child is established in a particular provision, it might not be in the best interests of the child for them to transfer to a different establishment, outside of these key transition points. In addition, any such move would need to be supported by the parents/carers.
- 6.1.4 There will however be some children for whom it is appropriate, possible, and in their best interests to move to locally based Medway maintained provision outside of these normal transition points. This is most likely where the quality of the education offer in Medway provision is better than the current placement, or where the parent wants their child to be educated closer to home. We estimate for example that up to 20 pupils with BESD/ASD needs could be transferred on this basis.
- 6.1.5 In addition some children develop particular needs during childhood and experience barriers to learning as they mature and may therefore require specific provision, outside of the normal transition points.
- 6.1.6 The best opportunity therefore to reduce the number of children in independent and out of area provision, is to ensure that appropriate Medway based provision is available for children as they change establishments at the normal transition points as well as making placements available for pupils moving into the area or whose needs develop as they mature.
- 6.1.7 This means that any new provision will not necessarily be fully occupied, as soon as it becomes available, but is more likely to fill over time, as children transfer at the normal transition points, arrive into the area, or as their needs become apparent and they can no longer be educated in mainstream provision.
- 6.1.8 A clear analysis of the impact of developing any new provision, including the potential financial pay back, over an identified time period will be developed as part of the detailed business case for each specific new provision proposed by this strategic plan.
- 6.1.9 The delivery of any proposed projects will also be phased, to ensure the prioritisation of schemes that have the most potential to deliver the maximum impact for pupils and for the council and schools financially, in the shortest time possible.
- 6.2 Assessing the suitability of accommodation in current provision
- 6.2.1 An assessment of the suitability of the accommodation at all Medway special schools, plus the designated units in mainstream schools has been undertaken as a key part of developing proposals to meet the future identified need.
- 6.2.2 This assessment has taken account of government guidelines for the amount and type of accommodation a school needs, which is detailed in "building bulletin 102:

Designing for disabled children and children with special educational needs”, which was published in 2008

- 6.2.3 It should be noted that whilst the building bulletin includes guidance on the minimum expected floor area for schools, based on the type of need a school provides for, it is for guidance purposes only to be used typically when building new, or expanding existing provision. There is no statutory requirement for a school building to meet the minimum floor area in the building bulletin guidance and the DFE have indicated following recommendations in the James Review of Education Capital that they intend to revisit and simplify the current guidelines.
- 6.2.4 The government has also indicated that it intends to revise down the minimum accommodation guidelines included in the building bulletin guidance. For the most recent school building programme the government has indicated that the space provided for any new build special educational needs provision will be circa 25% less than the minimum shown in the building bulletin.
- 6.2.5 Nevertheless, the guidance is helpful when assessing the suitability of accommodation, and it would be reasonable to aim for all special needs accommodation to meet at least 75% of the minimum floor area shown in the building bulletin.
- 6.3 What funding is available to develop additional provision?
- 6.3.1 The report to the Overview and Scrutiny Committee on 6 December 2011 set out the assumptions about the expected future levels of grant funding that we could expect to receive. Since that report, the Council has approved the capital budget for 2012/13, and so the assumptions below have been revised to take into account the actual allocations.
- 6.3.2 £1.5m of funding from the 2011/12 capital programme will be rolled forward to the 2012/13 programme and added to £1.6m of new approvals which gives a total of £3.1m for SEN priorities in the 2012/13 financial year.
- 6.3.4 In the written ministerial statement by the Secretary of State for Education accompanying the education financial settlement for 2011/12 it was confirmed that the headline annual amounts of funding for basic need and for maintenance will for 2012/13 until 2014/15 be in line with the amounts announced for 2011/12.
- 6.3.5 We can therefore reasonably expect a similar grant settlement of approximately £3m to address basic need in each of the financial years from 2013/14 to 2014/15
- 6.3.6 In addition, approximately £4m of developer contributions have already been included in section 106 agreements for developments due to be undertaken in Medway which have not yet been received or included in the 2011/12 capital programme. There is a risk that some section 106 contributions will not be realised, for example if the timeframe for developments changes, a developer goes out of business, or if a development doesn't go ahead, however this gives a reasonable indication of potential income.
- 6.3.7 On the basis therefore of a similar level of funding being received and a similar breakdown agreed by the council, we can plan on the basis of approximately £9.5m to address SEN priorities over the next five financial years. This forecast is

around £3m lower than the figure presented to Overview and Scrutiny Committee, before the 2012/13 grant allocation figures were known. This allows specific projects to be prioritised and developed, although specific projects will only be approved once funding in future years is confirmed.

6.3.8 Other potential sources of funding will also be considered on a case by case basis, as part of the development of a business case for each project. Where appropriate, and if sufficient payback can be demonstrated, then the potential for borrowing to be used to fund individual schemes will be considered.

6.3.9 The building cost estimates for the development of additional provision in the following section are based on the estimated building costs per square metre, from benchmark data for comparable schemes. Detailed feasibility studies to establish robust cost estimates will be developed for each proposed project once there is in principle agreement to the development.

7 Future needs and provision

7.1 Outline business cases have been developed for three key categories of need where significant changes to the current provision are likely to be needed and attached as appendices to this report. These are for:

- Complex and severe learning needs (Appendix 2)
- Autistic Spectrum Disorder needs (Appendix 3)
- Behavioural, Emotional and Social Difficulty Needs (Appendix 4)

7.2 The following section summarises each of these business cases, and presents proposals for developing additional provision for other need types.

7.3 Complex and severe learning needs

7.3.1 In terms of the needs of children with complex needs, these are Severe Learning Difficulties (SLD) and Profound and Multiple Learning Difficulties (PMLD) as highlighted below. A glossary of terms for the disability abbreviations used in the table is included at appendix 1.

	Projected forecast of additional need	Provision already planned	Remaining forecast of additional need
SpLD	30		30
SLD	33		33
SLCN	24		24
PMLD	5		5
PD	11		11
MLD	45	35	10
HI	14	12	2
BESD	74		74
ASD	73	51	22
TOTAL	309	98	211

- 7.3.2 This highlights a need for additional provision for 38 pupils with SLD and PMLD of which 25 is secondary age need and 13 is primary age need. Abbey Court is currently the only school in Medway able to cater for children with the most complex needs (SLD and PMLD). Children in Abbey Court often have significant medical needs and over 50% of pupils are wheelchairs users or have mobility aids
- 7.3.3 The business case in appendix 2, presents two realistic options for developing additional provision for Abbey Court, which are:
- Option 1, Relocation and expansion of Abbey Court on a new site
 - Option 2, Expansion of existing Abbey Court on current sites
- 7.3.4 Each of these options would be able to create additional provision for 38 pupils, and would therefore deliver the same revenue costs savings of up to £1.4m per annum within approximately five to six years. Other options were considered but were rejected based on a consideration of initial feasibility issues.
- 7.3.5 The development capital costs have been estimated on a square footage basis and range from £7.3m for option 2 to up to £19.5m for option 1.
- 7.3.6 The estimated costs to relocate Abbey Court onto the Temple site vary depending on whether the option to remodel existing buildings is taken or existing buildings are demolished to enable new build. Remodelling is estimated to be in the region of £14.5 million while new build costs are estimated to be £19.5 million. If the relocation to the Temple site were the preferred option, a detailed assessment of the suitability of the current Temple buildings would need to be undertaken to understand the extent to which buildings could be remodelled.
- 7.3.7 Alternatively, it would be possible to expand provision at the existing Abbey Court sites, to accommodate additional pupils whilst improving the amount of accommodation for current pupils, to bring them more in line with the building bulletin guidance, at a minimum estimated cost of £7.3million. This is based on £3.1m for the expansion of the primary age site at Rainham, and £4.2m for the expansion of the secondary age site at Strood.
- 7.3.8 This represents capital investment of between £300,000 and £515,000 for each additional pupil for provision to be based on a single site, compared to £192,000 for provision to be expanded on the existing sites.
- 7.3.9 It is unlikely that either of these options could be funded entirely in the short term using grant funding alone, without significantly affecting the council's ability to develop provision for other needs. The potential to use prudential borrowing has therefore been considered for the development of additional complex needs provision regardless of the option selected.
- 7.3.10 The payback time for prudential borrowing depending on the option chosen is shown in the table below, assuming full take up of available spaces within 6 years.

Option	Total Capital cost including interest payments	Payback time (years)
Option 1a – Complete new build	£38.3m	30
Option 1b – Remodel Temple accomodation	£23.2m	16
Option 2 – Expand on current sites	£8.6m	7

7.3.11 This means that there would not be any cashable savings until the borrowing is paid back and savings would therefore only be realised at the earliest in year 8, and for a complete new build in year 31. The payback time could be reduced in each case if capital grant funding were used to part fund the cost of any scheme.

7.3.12 The business case in appendix 2 explores the benefits and disadvantages of each option for Abbey Court in detail. This highlights some important benefits of the single site option over expansion on the current split sites. The key benefits of the single site option are:

- That it would give flexibility for additional future expansion if required, whereas expansion on the current sites would not. This is important because the estimate of 38 additional places is based on a proportion of the potential demand over the next five years. If pupil numbers were to increase at a greater rate in the short term, or continue to rise in the longer term then further capacity would be needed;
- Expansion on the current sites could cause significant disruption to the operation of the school, particularly due to the complexity of pupils needs;
- The single site option would be able to address the current deficiencies in external spaces, whereas expanding on the current sites would further constrain those spaces;
- The ongoing costs of running provision across a split site of at least £200,000 which could be saved through the single site option,
- Split site working and the constraints of current sites have a significant educational impact on pupils with severe and complex needs;

However the projected higher cost of the single site option remain a considerable disadvantage from the local authority perspective.

7.3.13 It is proposed that regardless of the option selected, that more detailed feasibility studies, involving detailed design are undertaken, so that more accurate costs and proposals can be presented for decision by Cabinet (including decision to start any necessary statutory consultation/process).

7.3.14 On 2 August 2011, Cabinet approved the invitation of tenders for a scheme to create much needed therapy, physiotherapy and medical rooms as well as additional storage for wheelchairs and other equipment, on the Abbey Court Rainham site. £600,000 of the Council's capital funding for SEN projects had been

identified for this scheme, and the school agreed to contribute £250,000 of their own funding, giving a total project budget of £850,000.

7.3.15 It is proposed that this scheme should no longer proceed, and that the council and schools contribution (subject to the school's agreement), should be allocated to whichever future option is agreed, thus contributing to a reduction in the amount of funding that needs to be borrowed. This will ensure the most effective use of the available funding.

7.4 **Autistic Spectrum Disorder and Moderate Learning Difficulty Needs**

	Projected forecast of additional need	Provision already planned	Remaining forecast of additional need
SpLD	30		30
SLD	33		33
SLCN	24		24
PMLD	5		5
PD	11		11
MLD	45	35	10
HI	14	12	2
BESD	74		74
ASD	73	51	22
TOTAL	309	98	211

7.4.1 The business case in appendix 3 proposes the following developments to address the needs identified:

- Nursery phase – Development of integrated foundation stage at Marlborough Centre (providing 10 ASD places)
- Primary phase – Creation of additional primary age MLD hub, linked to Danecourt Special School (providing 10 MLD places)
- Secondary phase – Relocation and expansion of Rivermead on a new site with expanded capacity (providing 32 ASD places)

Marlborough Centre

7.4.2 These proposals would address a current gap in additional provision for children with other needs, most commonly ASD, who are typically educated in private nursery provision. This means that there are some children for whom a placement at the Marlborough Centre is likely, who cannot be placed in the most appropriate early years provision.

7.4.3 It is proposed that with appropriate input at nursery age, some children would be able to move to a mainstream school at transition rather than specialist provision. It is proposed that this need be met through the creation of additional nursery provision at Hoo St Werburgh Primary School where the Marlborough Centre already provides support for children with ASD need.

Danecourt School

7.4.4 Pressure on MLD places is most acute in the primary phase, but there are limited opportunities for further expansion on the Danecourt site, where the majority of primary age MLD provision is based. It is recommended that additional primary age provision should be development through the creation of an additional

mainstream hub, with children on the roll at Danecourt and supported through their outreach provision. The potential savings to be realised from creating a primary age hub for an additional 10 pupils would be £56,940 per annum.

Rivermead School

- 7.4.5 Rivermead was re-designated from a hospital school to a community special school on 1 September 2011. This means that the school is better able to meet the needs of children and will have the added benefit of parents being able to express a preference for their child to attend Rivermead where it is the most appropriate option. This will serve to increase diversity within the school and extend their reach and capacity.
- 7.4.6 An assessment of the current accommodation at Rivermead, demonstrates that whilst the school buildings are well maintained, the school is significantly under the recommended size of school of its type and is over-crowded. The site that the school is based on is small, and does not offer any opportunity for expansion to address this overcrowding.
- 7.4.7 The recent re-designation presents opportunities to expand the current provision, if the school were based in suitable buildings on a different site.
- 7.4.8 Consideration has therefore been given to the potential for Rivermead to be relocated onto a single site in remodelled accommodation and expanded. The estimated cost to relocate Rivermead into remodelled accommodation and to expand to accommodate 32 additional pupils with a primary need type of ASD are estimated to be in the region of £4.7million for relocation to the Chatham South or to the Temple site.
- 7.4.9 Should members decide on an option to relocate Abbey Court to a new site then this would also open up the opportunity for Rivermead to relocate into the current Abbey Court Strood accommodation at an estimated cost of £4.9m. This is considered a better option than the Abbey Court Rainham site, as the Strood site is not shared with another school and is therefore a secure site, which would ensure that the needs of vulnerable pupils who attend Rivermead are protected.
- 7.4.10 The disadvantage of this option however is that it would not be possible for the relocation of Rivermead to take place until Abbey Court have vacated the site, thus delaying an urgent need for relocation.
- 7.4.11 Rivermead School have indicated a preference for relocation to the Temple site on the basis that this would allow for relocation more quickly but this would be possible only if the higher priority needs of Abbey Court are not relocated to the site.
- 7.4.12 The option to relocate Rivermead to the Chatham South site, is not recommended at this time, because of the need to reserve the site for a primary school to address the future demand for places.
- 7.4.13 Each of these options would allow for additional provision for up to 32 additional pupils, and would deliver revenue costs savings of up to £240,000 per annum within approximately five to six years.

7.4.14 It is unlikely that the relocation of Rivermead could be funded entirely using grant funding alone, without significantly affecting the council's ability to develop provision for other needs. The potential to use borrowing approvals has therefore been considered for the relocation of Rivermead.

7.4.15 Based on the potential savings, up to £3m could be borrowed to part fund the costs of additional provision, with the borrowing paid back over 25 years, with the remainder of the cost of development of approximately £1.9 million for relocation to the Abbey Court Strood site, being funded from capital grant funding in 2014/15.

7.5 **Behaviour Emotional and Social Difficulty Needs**

	Projected forecast of additional need	Provision already planned	Remaining forecast of additional need
SpLD	30		30
SLD	33		33
SLCN	24		24
PMLD	5		5
PD	11		11
MLD	45	35	10
HI	14	12	2
BESD	74		74
ASD	73	51	22
TOTAL	309	98	211

7.5.1 The business case attached as appendix 4 presents two options for the development of additional BESD provision, which are:

- Option 1, Creation of a new secondary age BESD school in vacated special school accommodation
- Option 2, Development of one additional BESD hub in a mainstream primary school

7.5.2 Other options were considered but were rejected based on a consideration of their feasibility.

7.5.3 The Chalklands unit at Elaine Primary School currently provides primary age BESD provision and the Oaks at Silverbank provides secondary age BESD provision, but is currently designated as a PRU. There is a need to re-designate the Oaks, as a special school and this need is also considered in the attached business case appendix 4 as part of these overall proposals.

7.5.4 There is a gap of approximately 55 secondary age pupils with BESD need over and above the current Medway provision. Based on a comparison of the average cost of independent placements against the costs of purchasing special school places via the funding formula, it is estimated that revenue savings of £633,215 per annum could be achieved if Medway based secondary provision is provided for these pupils.

- 7.5.5 It is recommended that option 1 should be implemented to meet the need for additional secondary age places, and potential providers should be identified as part of a more detailed feasibility study. Any new provision would need to be established as an Academy or Free school, and therefore the potential level of savings may not be as high as those shown in 7.5.4.
- 7.5.6 Should Cabinet decide to relocate Abbey Court then consideration should be given to the potential to establish new secondary age BESD provision in the vacated Abbey Court Rainham site. Capital funding is available from the Department for Education specifically to support the capital costs of developing new free school provision, and so, if a school was proposed through this route, it is recommended that this should be pursued before any other sources of funding, such as prudential borrowing are considered.
- 7.5.7 It is recommended that the need for additional primary age BESD provision should be met through the creation of an additional designated unit in a mainstream primary school, which has the potential to release savings of around £346,400 per annum. This new provision could be funded using approved capital grant funding.
- 7.5.8 It is recommended that the Will Adams pupil referral unit providing for a maximum of 48 pupils should also be relocated into more suitable accommodation, as the current building is significantly undersized. Should Cabinet decide to relocate Rivermead then it is recommended that the vacated accommodation should be used for Will Adams. This relocation would represent a significant improvement in both the size and quality of current accommodation, and may not require significant capital investment, which would keep capital costs to a minimum. The disadvantage of this proposal is that the relocation would not take place until at least 2016 if Rivermead is moved to the Abbey Court vacated site in Strood.

7.6 **Hearing impairment, Physical disability, learning, speech/language/communication, primary behaviour/emotional, social and autistic need**

	Projected forecast of additional need	Provision already planned	Remaining forecast of additional need
SpLD	30		30
SLD	33		33
SLCN	24		24
PMLD	5		5
PD	11		11
MLD	45	35	10
HI	14	12	2
BESD	74		74
ASD	73	51	22
TOTAL	309	98	211

- 7.6.1 Three additional designated units in mainstream Medway schools could provide for up to 44 pupils, to address the following needs:
- Secondary Hearing Impairment (HI) provision (18 places)

- Secondary Physical Disability (PD) provision (11 places)
- Primary Specific learning difficulties and Speech, Language and Communication Needs (SpLD/SLCN) provision (20 places)

7.6.2 The estimated cost for the development of these additional hubs are:

- Secondary Hearing Impairment (HI) provision £770,000
- Secondary Physical Disability (PD) provision £730,000
- Primary Specific learning difficulties and Speech, Language and Communication Needs (SpLD/SLCN) provision £730,000

These are general estimated costs that would need to be adjusted depending on the specific available sites to be used.

7.6.3 It would be necessary to identify schools, which would be prepared to operate each of these specialist hubs, and it is proposed that mainstream Medway schools are approached to identify the opportunities for these to be developed.

7.7 Prioritisation of schemes

7.7.1 The following table sets out a prioritised list of the proposed schemes prioritised on the basis of how well they address projected needs (ie urgent need for places and suitability pressures) within a value for money envelope. The table includes the capital costs, potential revenue savings, additional capacity created, and the extent to which existing suitability issues are addressed.

Need type	Scheme	Option	Capital cost	Annual revenue savings	Additional capacity created	Addresses significant suitability issues	Priority
SLD/PMLD	Abbey Court expansion	Option 1a – Complete new build	£19.5m	£1.4m plus £200,000 split site allowance	38 pupils (plus flexibility for additional expansion)	✓	1
		Option 1b – Remodel Temple accomodation	£14.5m	£1.4m plus £200,000 split site allowance	38 pupils (plus flexibility for additional expansion)	✓	
		Option 2 – Expand on current sites	£7.3m	£1.4m	38 pupils		
ASD	Rivermead expansion on new site	Option 1 - Relocation to Temple site	£4.7m	£240,000	32 pupils	✓	2
		Option 2 - Relocation to Abbey Court Strood site	£4.9m	£240,000	32 pupils	✓	
Pupil Referral Unit	Will Adams relocation	Relocation to Rivermead site with minor refurbishment	£1m	N/A	N/A	✓	3
BESD	Secondary provision	Relocation to Abbey Court Rainham	Capital cost to be met from free school funding	£633,215	55 pupils	N/A	4
ASD	Marlborough Centre nursery	Expansion on current site	£0.5m to £1m	N/A	10 spaces for 20 part time pupils	N/A	5
HI	Secondary age hub	Hub at mainstream school	£770,000	£388,300	18 pupils	N/A	6
BESD	Primary age hub	Hub at mainstream school	£770,000	£346,400	20 pupils	N/A	7
MLD	Primary age hub	Hub at mainstream school	£0.5m to £1m	£56,940	10 pupils	N/A	8
SpLD/SLCN	Primary age hub	Hub at mainstream school	£730,000	£315,060	20 pupils	N/A	9
PD	Secondary age hub	Hub at mainstream school	£730,000	None	11 pupils	N/A	10

- 7.7.2 The estimated capital costs provided in the table above are based on estimates provided external architects and cost consultants, and are based on assumptions of the level of refurbishment, remodelling and new-build required. More detailed feasibility studies will be required to establish robust capital cost estimates.
- 7.7.3 The expansion of Abbey Court, the relocation of Rivermead and the relocation of Will Adams, highlighted in the table above are essential schemes to be prioritised in the first instance.
- 7.7.4 Additional SLD/PMLD provision (Abbey Court is the main provider) is essential because of the limited number of places available even in independent/out of area provision. The council has a statutory and moral duty to ensure that children are able to access appropriate provision, and this is becoming more difficult for children with the most severe needs. In addition, the cost of placing these children in independent out of area provision is expensive, when compared with the cost of in-house local provision.
- 7.7.5 The current Rivermead accommodation is significantly under the recommended size for a school of its type and is over-crowded. The site that the school is based on is small, and does not offer any opportunity for expansion. This means that despite being a popular and successful school, it is not able to effectively deliver a full and balanced curriculum to pupils in the same way as other schools, due to physical constraints. There is an equality issue, therefore for the children attending Rivermead, compared to children attending other Medway school provision. The existing site also precludes expansion of the number of places available at Rivermead.
- 7.7.6 The current Will Adams accommodation is significantly under the recommended size for provision of its type. This means that there is an equality issue for children attending Will Adams, compared to children attending other Medway school provision.
- 7.7.7 The potential to use borrowing approvals has been considered for a) the Abbey Court expansion (including a possible relocation) and b) to part fund the Rivermead expansion.
- 7.7.8 If borrowing were approved for these two schemes, then it would allow the council to fund all of the proposed schemes in the medium term, assuming similar levels of grant funding over the next few years. The following prioritisation of schemes would be recommended. This order takes into account the need for other accommodation to be vacated before work can start on other schemes, particularly if Abbey Court is to be relocated.

	2012/13 £,000	2013/14 £,000	2014/15 £,000	2015/16 £,000	2016/17 £,000
Funding					
B/fwd Grant	1,500	60	1,660	360	500
Grant	1,600	1,600	1,600	1,600	1,600
	3,100	1,660	3,260	1,960	2,100
Expenditure					
Abbey Court Expansion	Pru.Bor.	0	0	0	0
Primary BESD Provision	770	0	0	0	0
Marlborough Centre Nursery	750	0	0	0	0
Secondary HI Provision	770	0	0	0	0
Primary MLD Provision	750	0	0	0	0
Rivermead Relocation (combination of £3m pru. Bor. plus £1.9m grant)	0	0	Pru. Bor. 1,900	0	0
Will Adams Relocation	0	0	1,000	0	0
Secondary BESD Provision	0	0	0*	0	0
Secondary PD Provision	0	0	0	730	0
Primary SPLD / SLCN Provision	0	0	0	730	0
	3,040	0	2,900	1,460	0
Cumulative Uncommitted Funds	60	1,660	360	500	2,100

* assumes free school capital funding from central government, and no cost to council

The payback time for any schemes using prudential borrowing could be reduced in each case if capital grant funding were used to part fund the cost of any scheme.

7.7.9 If borrowing were not to be used then it would not be possible to deliver all of the schemes shown above in the planning period of five years. Instead, schemes would need to be delivered in the priority order shown in the table under paragraph 7.5.1 using grant funding as it becomes available, this would inevitably limit the nature of the development options available and this approach would be more likely to be affected by some of the potential constraints identified in section 3.

7.7.10 The prioritisation process is helpful as the council may not be able to move forward on all the schemes proposed at the same time. It provides a framework for considering the relative urgency of schemes and the affordability in both the short and longer term. The three schemes recommended by officers as essential developments to support the SEN strategy are: Abbey Court expansion, Rivermead expansion on a new site and the relocation of Will Adams. Members will need to agree additional schemes following agreement on these three main priorities.

7.8 Next steps

7.8.1 More detailed feasibility study for capital work (including detailed costs and funding arrangements) should be developed for each of the potential schemes highlighted in the above section subject to Cabinet agreeing that further work should be undertaken on each scheme:

- The expansion of Abbey Court School using options agreed by members either on the existing sites or on the Temple site. This should include an assessment of the extent to which the Temple buildings could be remodelled;
- The relocation of Rivermead to the Abbey Court Strood site

- The relocation of Will Adams to more suitable buildings, (possibly in vacated accommodation at Abbey Court or Rivermead.)
- The establishment of additional secondary age BESD provision,(possibly in vacated accommodation at Abbey Court or Rivermead;)
- The creation of specialist nursery provision at Hoo St Werburgh Primary School
- The establishment of primary age BESD hub provision
- The establishment of primary age MLD hub provision
- The establishment of secondary age HI hub provision
- The establishment of secondary age PD hub provision
- The establishment of primary age SpLD/SLCN hub provision

7.8.2 Each feasibility study should agree host schools, in the case of hubs at mainstream schools and identify accurate capital cost estimates for developing the provision as specified.

7.8.3 Any changes to Medway based provision would require the co-operation and support of those schools. Each school and their governing body will want to carefully consider the impact of any proposed changes on their existing provision and delivery. As such, following agreement from Cabinet on the proposed way forward, more detailed discussion would be undertaken with all schools affected by the proposed changes before any scheme is taken forward.

7.8.4 In implementing these proposals, a change in the arrangements for any individual school may need to follow a statutory process, which would include a need for consultation. In addition, each of the schools affected by these proposals will be consulted as part of the development of a feasibility study.

8 Risk management

8.1 The following table highlights some of the key risks relating to the development of additional SEN provision:

Risk	Description	Action to avoid or mitigate risk
Increase in costs	Failure to develop additional provision is expected to result in an increase in the number of pupils educated in independent / out of area provision, thus increasing cost pressures for SEN provision and transport.	The report sets out plans to develop additional provision. A detailed business case for each project will set out the likely impact.
Estimated costs for the development of additional provision are too low	The cost estimates provided in this report are based on the estimated building costs per square metre, from benchmark data for comparable schemes.	Detailed feasibility studies will be undertaken to produce more accurate cost estimates but it is standard practice to use an average cost estimate in the first instance.
The pupil forecasts do not accurately predict future levels of need.	A recent increase in inward migration has resulted in significant additional need.	The report plans for a proportion of unplanned inward migration need currently at 33%.
Insufficient capital funding	The capital funding available to develop additional provision will be insufficient to address all of the need.	Schemes have been prioritised based on the areas of greatest pressure, and detailed business cases will highlight potential impact and sources of funding.
Changes require support of schools	Schools and governors may decline to support changes as increasing size / adding need type can impact on their existing provision and delivery	Discussions and engagement with schools required to agree way forward with individual schemes. All affected schools have been engaged throughout the development of this plan
DFE requirements to transfer vacant educational land to an academy or free school	The Secretary of State has the power to transfer former educational land to an academy or free school	Proposals for the future use of vacant sites for these purposes are presented in this report
Use of borrowing approvals	There are various risks of agreeing borrowing approvals given the changing national policy context on schools and their funding. (See below for detail)	These risks would need to be mitigated on a case by case basis forming a key part of the detailed feasibility proposals (See below for detail)

8.2 This report and the attached business cases have considered the potential for the use of borrowing approvals to fund certain schemes. There are strategic risks associated with this approach including:

- Rising capital costs could increase the borrowing and associated costs.
- That additional provision reaches full capacity more slowly and therefore not generating the savings to fund the costs.
- No cashable savings would be made until the borrowing is paid back.
- Given the current uncertainty around funding arrangements for schools it is not possible to predict what the revenue implications might be for the Council should a special school convert to an academy, which may impact on the level of savings accrued to pay back borrowing.
- Due to the upcoming introduction of a national school funding formula, the council does not have certainty over Dedicated Schools Grant funding over the longer term.
- The risk of changes to the responsibilities of local authorities over the borrowing period. For example, if there are changes which mean that the LA is no longer responsible for SEN provision would the units have a sale value that would repay the outstanding debt.

9 Children and Young People Overview and Scrutiny Committee – 6 December 2011

- 9.1 The Head of School Organisation and Student Services introduced the report, explaining that current specialist provision was good or better in Medway and had been flexible and responsive to the needs of its children and young people. The report used a technical evidence base to contribute to information of what needs for SEN provision are now and what they are likely to be in the future, to develop proposals for additional provision for all levels of special educational needs (SEN).
- 9.2 The Headteacher of Abbey Court Special School, Mrs Joy, then addressed the committee, explaining that the school felt that the strategic planning provided an opportunity to look at and address the school's accommodation. She felt the report focused too much on pupil places and not enough on suitable accommodation. The school were finding it increasingly difficult to deliver education at a 21st century standard for children with profound physical and learning difficulties. The two buildings the school operated from were not fit for purpose and space had been used imaginatively. The corridors were too small, making it very difficult for children to move around the buildings. Furthermore, children were taken by bus, 12 miles from Rainham to the Strood site to access the hydrotherapy pool there, which they needed as part of their care. The gymnasiums were used as dining halls and so equipment was set up and taken down twice a day. She added that the school was ambitious and wanted to teach more science, music and drama and build on its Duke of Edinburgh Award successes. Mrs Joy also referred to a document she had sent to some Councillors who had visited the school, which presented some financial costings by the school, which it felt would enable it to move to one site, and urged the committee to support this.
- 9.3 The Headteacher of Rivermead Community Special School, Mrs Rogers, then addressed the committee, explaining that the school had historically been Medway's hospital school but had been re-designated to a community special school recently. The school was increasingly taking children with complex needs, mainly with autistic spectrum disorders (ASD), which

accounted for approximately 70% of the students. She added that the school was currently in an old Victorian building, which was not practical for the school. It also had a very small playground and had no green space. Mrs Rogers then referred to the proposal for the school to move to part of the Chatham South site and explained that there were some concerns about this, which included; it being based on a longer timescale than the school had hoped and also that the site would be shared with Chatham Grammar School for Boys and so site security and how the site would accommodate both of the schools in a sensitive way was a concern. She therefore suggested that a move to the Temple site also be considered as part of the proposals.

- 9.4 The committee then made comments and asked questions, which included:
- The view that the SEN strategic planning should provide an opportunity to look at accommodation for Abbey Court Special School and the possibility of moving these schools to one site;
 - Clarification on the financial implications, in light of the document that had been circulated by Abbey Court Special School;
 - That there was a need for much more consultation;
 - A request for clearer financial implications and costings, to include lifetime costs and savings;
 - That moving Abbey Court to one site would provide an invest to save opportunity for the long term of Medway's children and young people with profound physical and learning difficulties;
 - That educational aspirations for children with SEN should be included in the report to Cabinet and concern that the date scheduled for Cabinet to consider the report was too close to allow time for the extra work on this to take place.
- 9.5 In response to the financial implications following the document circulated to Members by Abbey Court Special School officers explained that the school had quoted capital receipt figures for the valuation of the two sites as £11.9 million. However, officers confirmed that this figure came from asset valuations for accounting purposes. The Council's property team had confirmed the combined capital receipt as £1.4 million.
- 9.6 Furthermore, the Director of Children and Adult Services explained that the report was a technical one and therefore did not include educational richness which would be an important factor in the necessary, deeper engagement about the proposals. She explained that the needs of all children and young people with SEN needed to be sustainable and resourced for now and in the future and confirmed that the Council would need to engage further before formally consulting to develop clear business cases.
- 9.7 The committee recommended the Cabinet to defer its consideration of the report on strategic planning for SEN, scheduled for 20 December 2011, to early 2012 to allow time for the following: -
- Further engagement with stakeholders on the proposals;
 - A clear and detailed business case to be developed with full financial costing, including lifetime costs and savings;

- Details of educational aspirations to be included in the report to Cabinet.

10 Directors comments

- 10.1 Section 3 of this report considers the need for additional Medway based Special Educational Needs provision, using actual and forecast pupil numbers, and based on the principles contained in the council's Special Educational Needs Strategy 2009.
- 10.2 Section 7 and the attached business cases, then set out options for the development of additional provision to meet this need.
- 10.3 Essential provision is required, to address the shortage of places for pupils with the most severe and complex needs, and the report considers different options for achieving this expansion, either through the expansion of Abbey Court on current sites, or through relocation to a new site.
- 10.4 The relocation of provision currently based in significantly deficient accommodation at Rivermead and Will Adams is also required as a matter of urgency to ensure that their pupils have the same opportunities to access a broad a balanced curriculum as other pupils.
- 10.5 Additional provision for other need types are considered desirable, but will need to be prioritised based on available funding and the local authorities capacity to deliver.

11 Financial and Legal implications

- 11.1 Proposals for building works will either need to be funded via the Children's Services Capital programme which is mainly funded by Government and targeted grants or through the use of prudential borrowing approvals. In considering the potential to use prudential borrowing Cabinet should consider the risks highlighted in paragraph 8.2.
- 11.2 Section 6.3 set out the expected levels of funding available. It may not be possible to fund all of the proposals in this report, unless other sources of funding such as borrowing approvals can be identified, but the proposals to phase the delivery of projects, will ensure that funding is directed where it can have the greatest impact.
- 11.3 The cost estimates provided in this report are based on the estimated building costs per square metre, from benchmark data for comparable schemes. It is recommended that detailed feasibility studies are developed to establish robust cost estimates for each proposed project.
- 11.4 In determining whether to implement these proposals, a change in the arrangements for any individual school will need to follow a statutory process. Separate statutory processes exist for:
- Planning and developing special educational provision
 - Duty to respond to parental representations about the provision of schools
 - Making changes to a mainstream school
 - Establishing a new maintained school

- Closing a maintained mainstream school.
- Expanding a maintained mainstream school by enlargement or adding a sixth form

11.5 The Education Act 2011 includes changes to the arrangements for the establishment of new schools by introducing a presumption that when local authorities set up new schools they will be Academies or Free schools and also introduces Alternative Provision Academies, which allow special schools to become an Academy.

11.6 This report considers the potential to use former educational sites for new or relocated SEN provision. The powers of the Secretary of State to transfer former educational land for the use of an Academy or Free School, set out in paragraphs 3.28 to 3.35 should be carefully considered

12 Recommendations

12.1 The Cabinet is asked to consider the options for the expansion of Abbey Court's SLD/PMLD provision, and to identify a preferred option from those set out in paragraph 7.3.3. The Cabinet is asked to consider whether borrowing approvals should be used to fund the preferred scheme and further whether any contribution to the cost should be made from the capital grant funding available over the period. Officers recommend that the single site option at Temple school site represents the best value.

12.2 The Cabinet is asked to consider the proposal to relocate Rivermead Special School to accommodation either at the former Temple site or Abbey Court, Strood site (if Abbey Court is relocated) and to consider whether borrowing approvals should be used to part fund the preferred scheme. Officers recommend that if Abbey Court is moved to the Temple site then the Strood Abbey Court site released provides the best strategic option for the relocation and expansion of Rivermead.

12.3 The Cabinet is asked to consider the proposal to relocate Will Adams to accommodation, which would be vacated by Rivermead.

12.4 The Cabinet is asked to consider the proposal to establish additional BESD secondary age provision in accommodation at Abbey Court, Rainham site, if this site is vacated and for officers to seek to identify potential providers, whilst also exploring the potential for capital works to be funded by central government free school funding.

12.5 Subject to borrowing approvals being approved the Cabinet is asked to approve the proposed prioritisation of projects shown in the table in paragraph 7.7.1, or to indicate preferred schemes for development should borrowing approvals not be approved.

12.6 The Cabinet is asked to approve the development of more detailed feasibility studies for each of the potential schemes highlighted in paragraph 7.6.1. at an estimated cost of £10,000 for each study. With more detailed proposals being agreed by Cabinet as the feasibility studies become available.

13 Reasons for recommendations

- 13.1 The recommendations will allow suitable local schemes to be developed to meet new and emerging special educational needs (as projected) and enable a reduction in the number of children who would otherwise need to be placed in expensive independent and out of area schools.

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Background papers

Medway's Children & Young Peoples Plan 2011-14 – making a difference for children and young people in Medway.

SOP 2011

Making changes to a Maintained Mainstream School (A guide for Local Authorities and Governing Bodies).

Special Educational Needs – An inclusive policy and strategy for Medway 2009-2014.

The School Organisation (Prescribed Alterations to Maintained Schools) (England) Regulations 2007.

Appendix 1 – Glossary of terms

A. Communication and interaction

- Speech, Language and Communication Needs (SLCN)
- Autistic Spectrum Disorder (ASD)

Most children with special educational needs have strengths and difficulties in one, some or all of the areas of speech, language and communication. Their communication needs may be both diverse and complex. They will need to continue to develop their linguistic competence in order to support their thinking as well as their communication. The range of difficulties will encompass children and young people with speech and language delay, impairments or disorders, specific learning difficulties, such as dyslexia and dyspraxia, hearing impairment and those who demonstrate features within the autistic spectrum; they may also apply to some children and young people with moderate, severe or profound learning difficulties. The range of need will include those for whom language and communication difficulties are the result of permanent sensory or physical impairment.

B. Cognition and learning

- Specific Learning Difficulty (SpLD)
- Moderate Learning Difficulty (MLD)
- Severe Learning Difficulty (SLD)
- Profound and Multiple Learning Difficulty (PMLD)

Children who demonstrate features of moderate, severe or profound learning difficulties or specific learning difficulties, such as dyslexia or dyspraxia, require specific programmes to aid progress in cognition and learning. Such requirements may also apply to some extent to children with physical and sensory impairments and those on the autistic spectrum. Some of these children may have associated sensory, physical and behavioural difficulties that compound their needs.

C. Behaviour, emotional and social development

- Behaviour, Emotional and Social Difficulty (BESD)

Children and young people who demonstrate features of emotional and behavioural difficulties, such as being withdrawn or isolated, disruptive and disturbing, hyperactive and lacking concentration; those with immature social skills; and those presenting challenging behaviours arising from other complex special needs.

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D. Sensory and/or physical needs

- Visual Impairment (VI)
- Hearing Impairment (HI)
- Multi-Sensory Impairment (MSI)
- Physical Disability (PD)

There is a wide spectrum of sensory, multi-sensory and physical difficulties. The sensory range extends from profound and permanent deafness or visual impairment through to lesser levels of loss, which may only be temporary. Physical impairments may arise from physical, neurological or metabolic causes that only require appropriate access to educational facilities and equipment; others may lead

to more complex learning and social needs; a few children will have multi-sensory difficulties some with associated physical difficulties. For some children the inability to take part fully in school life causes significant emotional stress or physical fatigue.



APPENDIX 2

STRATEGIC PLAN FOR SPECIAL EDUCATIONAL NEEDS

BUSINESS CASE FOR

DEVELOPMENT OF ADDITIONAL COMPLEX AND SEVERE LEARNING NEEDS PROVISION

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1. PROJECT SUMMARY

Project Title: Development of additional complex and severe learning needs provision
 Project Sponsor: Juliet Sevier
 Directorate: Children and Adults
 Service: School Organisation

2. VERSION CONTROL AND CHANGE HISTORY

Version	Date	Comments / Changes	Name
1.0	09/02/12	Initial Draft	CM
2.0	22/02/12	Following comments from DMT, SEN team and Finance	CM
3.0	28/02/12	Following comments from Sally Morris	CM
4.0	02/03/12	Following meeting with Abbey Court school	CM
5.0	05/03/12	Following comments from Portfolio Holder	CM

3. BACKGROUND AND CURRENT SITUATION

This business case supports Medway Council's SEN strategy in aiming to educate as many children as possible close to where they live and to reduce the number of children and young people being educated outside the Medway area or in independent provision. This is consistent with the Strategic Priority of 'Children and young people having the best start in life' as set out in the Children and Young People's Plan 2011-14.

The report "Strategic Planning for Special Educational Needs", presented to Medway Council's Cabinet on 13 March 2012 sets out the baseline position of children and young people attending specialist school provision and sets out the forecast of needs for the next five years. The report identifies the need to develop additional Medway maintained provision for children with complex needs, categorised here as those with Severe Learning Difficulties (SLD) and Profound and Multiple Learning Difficulties (PMLD).

The table below highlights the forecast additional need using the assumptions described in the "Strategic Planning for Special Educational Needs" report:

	Projected forecast of additional need	Provision already planned	Remaining forecast of additional need
SpLD	30		30
SLD	33		33
SLCN	24		24
PMLD	5		5
PD	11		11
MLD	45	35	10
HI	14	12	2
BESD	74		74
ASD	73	51	22
TOTAL	309	98	211

A glossary of the abbreviations used in the table above is shown in section 21.

Abbey Court is currently the only school in Medway able to cater for children with the most complex needs (SLD and PMLD). Children in Abbey Court often have significant medical needs and over 50% of pupils are in wheelchairs or have mobility aids

4. OBJECTIVES

Our forecasts based on information held by the council (Special Needs Team, Medway NHS Maternity System, Social Services and Planning Services) and external sources for national trends (Department for Education and the Office for National Statistics) indicate the need for an additional 38 places for pupils with a primary need type of SLD or PMLD over the next 5 to 6 years, coming on stream at a rate of between 5 to 7 pupils per year.

The objectives of this business case are to set out proposals for the establishment of sufficient additional provision in Medway maintained provision to cover this additional need.

5. OPTIONS

In developing the options below, it is assumed that some action to provide the additional places highlighted above will be required. Taking no action is likely to result in additional budget pressures from the additional costs of educating additional children in out of area or independent provision.

Each of the options below assume the creation of sufficient additional capacity to meet the needs of the additional 38 pupils and would therefore result in the cost savings highlighted in section 7.

In developing this business case, consideration has been given to the potential to establish new SLD/PMLD provision, in addition to the current provision at Abbey Court. This approach is not recommended however, because a school of that size is unlikely to be viable, and would result in the replication of costly resources and facilities. Any new provision would also need to be established as an Academy, which would have cost and control implications for the local authority.

In considering each of the options below, suitability issues with the existing Abbey Court accommodation have also been considered.

The Rainham site has the following suitability issues:

- Quantity and layout of the nursery play space. The ramped link and the restricted dry area made the place crowded for 8 children.
- The need for more space to take a different approach to teaching the children with ASD away from the distractions of the other children.
- The undersized classrooms limit pupils freedom of movement, and access to the curriculum.
- Lack of a art/science/design area, a technology area, and a music/drama large group room.
- Provision of storage space generally, particularly for mobility aids.
- Quality of some of the toilet and hygiene provision.
- Quantity and variety of play area, particularly for KS1.
- Inadequate external space for games and sports at break- and lunchtimes.
- Lack of staff preparation space, parents' room, quantity of staff room space, small laundry.
- Quantity of parking space, including turning space for minibuses.
- Quality of ventilation and building insulation generally.

The Strood site has the following suitability issues:

- The internal spaces are difficult to navigate. There are few references to external spaces or daylight from which a visitor can get their bearings and additions have reduced the presence of the courtyard, which would have previously assisted orientation.
- Lack of coherence generally and bases laid out with little relationship to a child's progression.
- Missing access to adjacent support facilities of storage, time-out spaces or sanitary facilities.
- Poor daylight and ventilation.
- Lack of a music/drama room and a design and technology space.
- The library has been established in a creative way in the corridor.
- This, however, does not provide opportunities for undisturbed private study and there is a shortage of daylight.
- There are severe constraints on P.E. offer as the hall is also a dining room and a thoroughfare.
- Three post 16 groups share two classrooms.
- Lack of learning resource areas severely limits the curriculum offer.
- The lack of storage generally is evident from the frequent storage of mobility aids in the corridors.
- The main play area with tarmac, grass and some play equipment is not well accessed from the school. It provides little of the variety of quality expected of a modern special school. The ball court and grass pitch on the opposite side of the car park is a good facility.

Option 1 – Relocation and expansion of Abbey Court on a single new site

Relocation onto a new site could either be achieved by building a completely new school on a new site, or through remodelling existing accommodation on either the old Temple School site, or the Chatham South site.

The estimated cost to relocate Abbey Court into remodelled and some new build accommodation would be in the region of £11.5million for relocation to the Chatham South site, £14.5million for relocation to the Temple site, and in the region of £19.5m for a new build school on a new site. The difference in cost between the options for relocation to the Chatham South site and the Temple site is because of the different proportions of new build and remodelling of accommodation that would be required.

The cost estimates for relocation to the Temple site and Chatham South site, both assume that it would be possible to re-use the existing accommodation on those sites following refurbishment or remodelling alongside some new build accommodation. Because this assumption is not based on a detailed assessment of the current accommodation, there is a risk however, that some of the current accommodation may not be suitable for refurbishment and as such a much higher proportion of new build may be required. At the Temple site there are significant level changes on the site, which effect the potential suitability of some parts of the existing buildings and some of the buildings are not in good condition. This could mean that the cost of creating a new Abbey Court School using the existing site and buildings at Temple may be closer to the cost of a complete new build, i.e. £19.5m.

The Temple site is considered a better option for relocation than the Chatham South site for the following reasons:

- The Chatham South site is more constrained and is shared with Chatham Grammar School for Boys. Some new build accommodation would be required, which would result in further site constraints, and would not allow for the transfer of any accommodation to Chatham Grammar for Boys school;
- Cabinet have agreed a separate proposal to lease part of the former Temple site to the Child Development Centre (CDC), which will provide services to support families of children with disabilities. There would be real opportunities for the development of synergies between the CDC and Abbey Court school if they were based on the same sites;
- Chatham South site is a key location in considering the pressures building in Chatham for additional primary places and it may be prudent to reserve this site for a primary school to address this demand. There are few real opportunities elsewhere in Chatham to expand current primary provision to respond to the level of demand being experienced now and forecast in the future.
- There is greater potential for additional future expansion on the Temple site as it is a larger site.

Option 1: Benefits

Option 1 would allow for the consolidation of skilled staff and physical resources on a single site, with associated opportunities to reduce staffing costs. Transport costs would be reduced, as there would no longer be a need for staff and pupils to move between sites, which would also have benefits in terms of the time impact of moving between sites.

Split site working directly affects the ability of the school to manage the curriculum, and of specialist agencies to provide effective support:

- Subject leadership is not readily achievable across the school, as relevant staff are not easily accessible
- Teaching is not possible across a range of ages to aid professional development and share skills
- Specialist staff such as Speech and Language, music and physiotherapies are at one site or the other, and hence often not available when needed
- Recruitment of staff can be affected by the possibility of being deployed at either site
- Meetings are difficult to convene as there is always travel involved
- Curriculum provision is restricted - for example opportunities for older children to do 'work experience' with younger children
- Parents are not able to meet parents of older children for vital sharing of experience

Abbey Court are allocated a budget of around £200,000 per annum to offset the cost of running a split site, and a single site would mean that this funding could be used to support other priorities. Abbey Court school have provided further information to suggest that the true cost of running a split site is actually closer to £360,000, which includes a notional cost in respect of lost hours with regard to staff, who are required to travel between the two sites. This cost is estimated as £88,800, representing 2,979 hours in a school year at an average cost of £29.81 per hour.

The educational impact on children with severe and complex needs directly resulting from the split site arrangements is significant. The loss of valuable teaching and learning time, due to the need to transport children from one site to another to access valuable facilities such as the hydrotherapy pool, is a significant issue. Other site constraints and deficiencies also impose severe limitations on students' access to the curriculum.

This option would present opportunities to create purpose built accommodation designed to meet the needs of pupils with severe and complex needs, as well as the opportunity to greatly improve the availability and accessibility of external space and sporting facilities, thus addressing the suitability issues described above.

The development of new facilities on a new site, would also allow for additional future expansion, should demand continue to rise in the future. This is particularly true on the old Temple School site, which benefits from a large site. This is important because the estimate of 38 additional places is based on a proportion of the potential demand over the next 5 years. If pupil numbers were to increase at a greater rate in the short term, or continue to rise in the longer term then further capacity would be needed.

This option would provide expanded provision to allow for the education of pupils in Medway maintained provision who would otherwise be educated in independent provision at greater cost to the authority.

Expansion on a new site would also give greater flexibility for the school to be able to develop provision to meet other local needs, such as the development of enhanced outreach/training facilities to support other schools, and pupils in other settings.

Option 1: Disadvantages

The capital cost of this option is significant and could only be funded using borrowing approvals, giving a capital cost per additional pupil of between £610,520 and £1,008,355, as set out in section 10.

Option 2 – Expansion of existing Abbey Court provision on both current sites

Option 2 would be to expand provision at the existing Abbey Court sites, to accommodate additional pupils whilst improving the amount of accommodation for current pupils, to bring them more in line with the building bulletin guidance, at a minimum estimated cost of £7.3million. This is based on £3.1m for the expansion of the primary age site at Rainham, and £4.2m for the expansion of the secondary age site at Strood.

A separate study carried out by architects appointed directly by the school, have however estimated that the true costs for developing the existing sites, could be closer to £15m, and therefore similar to the costs of relocation onto a new site. The additional cost, assumes that a significant amount of internal remodelling of existing accommodation is required alongside some new build, to ensure that the current deficiencies and suitability issues are addressed and building spaces are optimally organised.

The school have indicated that without this work, the proposal to expand provision on the current sites could not be achieved, without leaving significant deficiencies in the current accommodation. The school would not therefore support this option if the funding was limited to £7.3m.

Option 2: Benefits

This option would provide expanded provision to allow for the education of pupils in Medway maintained provision who would otherwise be educated in independent provision at greater cost to the authority.

This option would represent good value for money in terms of the continued use of existing accommodation and facilities, which have received significant investment for improvements in recent years.

The capital cost of this option whilst significant, is potentially more affordable than option 1, with a capital cost per additional pupil of £247,835, based on the use of borrowing approvals to fund building work, however there is a risk that the actual cost could be significantly higher if all suitability issues are addressed in the current accommodation.

Option 2: Disadvantages

As set out above there are significant suitability issues with the current accommodation. Whilst some of these could be addressed as part of an expansion project, some constraints would remain, namely:

- The internal spaces are likely to remain difficult to navigate and it may not be possible to organise spaces optimally, without significant investment;
- The external space is already constrained and any further build on site, will further constrain the external space;

The school would continue to operate across two sites, and therefore the following significant issues would remain:

- There would be no consolidation of skilled staff and physical resources on a single site, with associated opportunities to reduce staffing costs. A budget of £200,000 per

annum would continue to be provided to Abbey Court for running a split site, with the overall wasted costs estimated by the school to be £360,000.

- The educational issues for children with severe and complex needs directly resulting from the split site arrangements would remain significant. Site constraints and deficiencies would continue to impose severe limitations on students' access to the curriculum along with the loss of valuable teaching and learning time.
- Split site working directly affects the ability of the school to manage the curriculum, and of specialist agencies to provide effective support as described in more detail under the benefits of a single site.

The amount of expansion possible on the current sites would be constrained, by the physical limits of the sites and as such, it is unlikely that any further expansion would be possible in the future. This represents a significant risk, as the needs analysis that has been undertaken only looks at the likely increase in pupil numbers over the next 5 years. If pupil numbers were continue to increase at the same rate beyond that point and/or to increase at a faster rate in the short term, then there would be no flexibility for any further expansion.

The building work required to achieve this option, will be significant and whilst it will be possible to plan the project to minimise disruption, because of the constrained nature of the current sites, some disruption is inevitable. The phasing of any works, particularly works to the existing accommodation, would need to be carefully planned and may need to be phased over a longer period to take advantage of school holidays, which could lengthen the overall build time required, and increase the costs of construction

6. BUSINESS FEASIBILITY

Regardless of the option selected, more detailed feasibility work to develop designs for additional/new accommodation should need to be commissioned through qualified architects, working alongside educationalists specialising in provision for children with complex needs and representatives of the school.

The results of the feasibility exercise, including more accurate costs could then be presented to Cabinet to approve the commencement of any building works.

7. SAVINGS AND BENEFITS

If it is assumed that the additional proposed places would have a similar SEN profile to the pupils currently educated at Abbey Court, the average cost per pupil to be educated in Medway maintained provision would be £24,821, including transport costs.

It is much more difficult to determine an average cost for an equivalent placement in out of area/independent provision, as these range from as low as £18,000 for a placement at a special school in another authority area, to around £50,000 for a day placement in independent provision, around £100,000 for 38 week residential boarding provision, and up to £270,000 for a 52 week residential placement.

Because neighbouring authorities are facing the same pressure on places as Medway, the ability to secure placements in other local authority provision is likely to be limited in the future. It is therefore reasonable to assume that any future placements not in Medway maintained provision, would be in the independent sector.

The average cost of educational provision in the independent sector for current Medway pupils excluding residential costs, but including transport costs is £51,000, and this is the cost used to compare the cost of Medway and independent provision.

Of the 25 pupils currently placed in independent/out of area provision, 8 are in 52 week residential care placements because of the complexity of the individual child's needs, which means that they require a package of support, including social care. 5 pupils are in 38-week residential boarding provision, where the residential placements are needed because of a lack of available Medway based or independent day provision.

Once a child is established in a particular provision, it might not be in the best interests of the child for them to transfer to a different establishment, outside of a key transition points, however in some cases this may be possible, with the agreement of parents. For pupils, not yet in specialist provision however, the additional costs of a residential placement in the future could be avoided if appropriate provision was available in a Medway maintained school.

Whilst it is possible to place children in the independent sector with most need types, recently this has been more difficult when trying to place children with these profound and complex needs as there has been no appropriate provision in the independent sector, particularly in the primary phase.

The following table compares the likely cost of educating the expected additional pupils in Medway maintained provision over the next 5 years, versus the costs of independent placements. The costs assume an educational cost for all pupils of £51,000 in the independent sector, and residential costs

of an additional £50,000 for 20% of pupils for whom the availability of Medway based provision would avoid the need for a residential placement.

	Unit Costs		Total Costs		Estimated Net Saving £ pa
	Independent Sector £ pa	Medway maintained £ pa	Independent Sector £ pa	Medway maintained £ pa	
Year 1					
5 children	51,000	24,821	255,000	124,105	130,895
1 child residential cost	50,000	0	50,000	0	50,000
Total year 1 saving			305,000	124,105	180,895
Year 2					
10 children	51,000	24,821	510,000	248,210	261,790
2 children residential cost	50,000	0	100,000	0	100,000
Total year 2 saving			610,000	248,210	361,790
Year 3					
17 children	51,000	24,821	867,000	421,957	445,043
3 children residential cost	50,000	0	150,000	0	150,000
Total year 3 saving			1,017,000	421,957	595,043
Year 4					
24 children	51,000	24,821	1,224,000	595,704	628,296
5 children residential cost	50,000	0	250,000	0	250,000
Total year 4 saving			1,474,000	595,704	878,296
Year 5					
31 children	51,000	24,821	1,581,000	769,451	811,549
6 children residential cost	50,000	0	300,000	0	300,000
Total year 5 saving			1,881,000	769,451	1,111,549
Year 6					
38 children	51,000	24,821	1,938,000	943,198	994,802
8 children residential cost	50,000	0	400,000	0	400,000
Total year 5 saving			2,338,000	943,198	1,394,802

Therefore, based on a comparison of the average cost of independent placements against the costs of purchasing special school places via the funding formula, it is estimated that revenue savings of over £1m could be achieved in approximately 5 years and up to almost £1.4m when all new places are in use

The lifetime educational costs of each child in each phase of education (i.e. primary or secondary) at Abbey Court would be approximately £173,747 (£24,821 x 7), compared to lifetime educational costs of £357,000 (£51,000 x 7 years) in independent / out of area provision. With the raising of the participation age due to start from 2013, and extend in 2015, the lifetime educational costs for both Medway maintained and independent/out of area placements will increase.

In addition, if the option to relocate Abbey Court onto a single site were pursued then additional savings of £200,000 per annum or £1million over the five year period, (which represents the budget allocated to Abbey Court to operate across two sites), would be able to be re-allocated to other priorities.

Other non-cashable benefits of each proposed option are shown in section 5.

8. COSTS

The cost estimates given in this report for building works are based on the estimated building costs per square metre, from benchmark data for comparable schemes. Detailed feasibility studies to establish robust cost estimates will be developed before seeking approval to commence procurement of a contractor.

As well as a more detailed cost estimate for any building works, the feasibility stage should also identify all other project related costs, which would include but are not limited to the following:

- Consultancy, project management and technical advisor costs
- Relocation costs (should a new site be preferred)
- Vacant site management costs (for vacated buildings unless alternative uses can be identified, or sites are sold for capital receipts)
- ICT costs (costs for additional hardware and ICT infrastructure)
- FF&E (Furniture, fixtures and equipment costs)

9. FUNDING SOURCES

Funding for any of the options shown could come from one of the following funding sources:

- 1) Government grant funding used to fund the Children's Services capital programme.

£3.1m has been set aside in the council's 2012/13 capital programme to deliver the first phase of the council's strategic plan for special educational needs, comprising £1.5m brought forward from 2011/12 and £1.6m of new grant funding.

- 2) Developer contributions

Any new developer contributions could, subject to Council approval be added to the total capital programme funding already approved.

- 3) Capital receipts

The option to relocate Abbey Court to a new site, would release the two existing sites. These buildings and sites could either be put to use for other education provision, possibly linked to other needs identified in the strategic plan for special educational needs, or alternatively the sites could be sold to generate a capital receipt, which could be used to offset some of the cost of the building project.

The estimated capital receipt values of the existing sites are:

Strood site: £835,000
Rainham site: £550,000
Total value: £1,385,000

It cannot be automatically assumed however that capital receipts from the sale of former educational establishments are able to be used to release funding whether for other educational building schemes or not.

Section 63 (Schedule 14) of the Education Act 2011 includes arrangements, which require Secretary of State consent for land disposals, and includes powers for the Secretary of State to transfer any such land to an academy or a free school. This applies to all land held by an LA that has been used for any school in the eight years preceding the disposal.

Seeking approval to dispose of an educational building could therefore result in the buildings being reallocated for the expansion of an existing Academy, or for the establishment of a free school. It is therefore recommended where possible that surplus educational buildings should be utilised for alternative educational purposes where possible.

4) Prudential borrowing

Delivering the least expensive option for additional SLD/PMLD provision, would exceed the funding available in the next financial year, which would mean that grant funding and developer contributions alone are unlikely to allow the council to be able to develop sufficient additional provision in the short term. The option to relocate Abbey Court to a new site is not affordable using grant funding alone.

Therefore, officers have considered the potential to fund any development using prudential borrowing.

The savings identified in section 8 could in principle, be used to offset the cost of borrowing. These savings would come partly from the LA retained part of the DSG (for the cost of pupil placements) and partly from the council's general fund, which funds the cost of transport.

The payback time for prudential borrowing will depend on the option chosen and therefore the overall scheme costs.

10. FINANCIAL FEASIBILITY

None of the options for increasing Medway's SLD / PMLD capacity are affordable in the short term, unless funded from borrowing. The costs of financing a scheme under the prudential borrowing regime could potentially be charged against the retained Dedicated Schools Grant and met from the revenue savings generated on expensive independent sector placements, but only with the permission of Schools Forum.

The table below demonstrates the payback period for the following options based upon current borrowing rates

- 1a: Complete new build
- 1b: Remodel Temple accommodation
- 2: Expand on current sites

Interest Rate Capital Cost of Project	4.25%			4.05%			3.12%		
	19,500,000			14,500,000			7,200,000		
	Annual Savings	Annual Loan Charge	Cumulative Impact on Revenue Reserves	Annual Savings	Annual Loan Charge	Cumulative Impact on Revenue Reserves	Annual Savings	Annual Loan Charge	Cumulative Impact on Revenue Reserves
Year 1	180,895	1,277,250	(1,096,355)	180,895	1,160,000	(979,105)	180,895	865,440	(684,545)
Year 2	361,790	1,277,250	(2,011,815)	361,790	1,160,000	(1,777,315)	361,790	865,440	(1,188,195)
Year 3	595,043	1,277,250	(2,694,022)	595,043	1,160,000	(2,342,272)	595,043	865,440	(1,458,592)
Year 4	878,296	1,277,250	(3,092,976)	878,296	1,160,000	(2,623,976)	878,296	865,440	(1,445,736)
Year 5	1,111,549	1,277,250	(3,258,677)	1,111,549	1,160,000	(2,672,427)	1,111,549	865,440	(1,199,627)
Year 6	1,394,802	1,277,250	(3,141,125)	1,394,802	1,160,000	(2,437,625)	1,394,802	865,440	(670,265)
Year 7	1,394,802	1,277,250	(3,023,573)	1,394,802	1,160,000	(2,202,823)	1,394,802	865,440	(140,903)
Year 8	1,394,802	1,277,250	(2,906,021)	1,394,802	1,160,000	(1,968,021)	1,394,802	865,440	388,459
Year 9	1,394,802	1,277,250	(2,788,469)	1,394,802	1,160,000	(1,733,219)	1,394,802	865,440	917,821
Year 10	1,394,802	1,277,250	(2,670,917)	1,394,802	1,160,000	(1,498,417)	1,394,802	865,440	1,447,183
Year 11	1,394,802	1,277,250	(2,553,365)	1,394,802	1,160,000	(1,263,615)			
Year 12	1,394,802	1,277,250	(2,435,813)	1,394,802	1,160,000	(1,028,813)			
Year 13	1,394,802	1,277,250	(2,318,261)	1,394,802	1,160,000	(794,011)			
Year 14	1,394,802	1,277,250	(2,200,709)	1,394,802	1,160,000	(559,209)			
Year 15	1,394,802	1,277,250	(2,083,157)	1,394,802	1,160,000	(324,407)			
Year 16	1,394,802	1,277,250	(1,965,605)	1,394,802	1,160,000	(89,605)			
Year 17	1,394,802	1,277,250	(1,848,053)	1,394,802	1,160,000	145,197			
Year 18	1,394,802	1,277,250	(1,730,501)	1,394,802	1,160,000	379,999			
Year 19	1,394,802	1,277,250	(1,612,949)	1,394,802	1,160,000	614,801			
Year 20	1,394,802	1,277,250	(1,495,397)	1,394,802	1,160,000	849,603			
Year 21	1,394,802	1,277,250	(1,377,845)		<u>23,200,000</u>				
Year 22	1,394,802	1,277,250	(1,260,293)						
Year 23	1,394,802	1,277,250	(1,142,741)						
Year 24	1,394,802	1,277,250	(1,025,189)						
Year 25	1,394,802	1,277,250	(907,637)						
Year 26	1,394,802	1,277,250	(790,085)						
Year 27	1,394,802	1,277,250	(672,533)						
Year 28	1,394,802	1,277,250	(554,981)						
Year 29	1,394,802	1,277,250	(437,429)						
Year 30	1,394,802	1,277,250	(319,877)						
Year 31	1,394,802	0	1,074,925						
		<u>38,317,500</u>							

**10 Year Loan at 3.12%
Savings realised in year 8**

**20 Year Loan at 4.05%
Savings realised in year 17**

**30 Year Loan at 4.25%
Savings realised in year 31**

The tables above therefore show the total cost of each option including interest payments. This allows us to calculate the cost per additional place provided (assuming 38 additional places) for each option taking into account the total cost of each scheme.

Option	Total cost (£)	Cost per additional pupil (£)
1a complete new build	38,317,500	1,008,355
1b Remodel Temple	23,200,000	610,526
2 Expand on current sites	8,654,400	227,747

These are prudent estimates based upon the new provision not operating at full capacity until year 6, but even so there are still the following risks:

- Rising capital costs could increase the borrowing and associated costs.
- That additional provision reaches full capacity more slowly and therefore not generating the savings to fund the costs.
- No real savings would be made, until the call made on reserve balances in the early years, when annual savings are likely to be insufficient to meet the costs of the loan repayments, has been repaid.
- Given the current uncertainty around funding arrangements for schools it is not possible to predict what the revenue implications might be for the Council of the special school converting to an academy.
- Due to the upcoming introduction of a national school funding formula, the council does not have certainty over DSG funding in the longer term
- The risk of changes to the responsibilities of local authorities over the borrowing period. For example, if there are changes which mean that the LA is no longer responsible for SEN provision would the units have a sale value that would repay the outstanding debt.

The payback time could be reduced in each case if capital grant funding were used to part fund the cost of any scheme and Abbey Court have confirmed that funding of approximately £250,000 which was previously to be used to part fund the development of therapy provision on the Rainham site, could be contributed to a new scheme. The potential to draw in other sources of funding, such as sponsorship, should also be explored.

11. MEASURING AND MONITORING SUCCESS

Success will be measured through the outcomes achieved for the pupils in the new provision and the take up of places in expanded or new provision. Savings over time will be calculated by comparing the cost of places for those pupils in Medway maintained provision against the cost for an equivalent place in independent provision.

A baseline of existing service provision is included in the report “Strategic plans for special educational needs”, and the expected additional capacity would be for 38 additional places. It

is expected that these places would be filled within 6 years of implementation following completion of the build.

12. STAKEHOLDERS

The following is a list of identified stakeholders, which may not be exhaustive:

- Abbey Court school staff, governors, pupils and their families
- Staff, governors, pupils and their families at other Medway maintained special schools
- Pupils and families of pupils in independent or out of area provision
- Medway Councillors
- Medway MPs
- Kent & Medway PCT
- Medway Youth Parliament

13. CONSULTATION

Full statutory processes will be required for the following organisational changes to community special schools;

- a) Change to upper and/or lower age ranges
- b) Change to designation of SEN provision
- c) Increase or decrease to pupil numbers (subject to increase being more than 10% of the pupil numbers at given time, depending upon circumstances such as any recent changes to numbers)
- d) Transfer of site

Statutory consultation would therefore be required to implement each of the options shown, as follows:

Option 1, Relocation and expansion of Abbey Court on a new site would require statutory consultation for the transfer of site and an increase in pupil numbers

Option 2, Expansion of existing Abbey Court provision on current sites would require statutory consultation for an increase in pupil numbers

Option 3, Retention of the existing Abbey Court provision whilst establishing additional complex and severe learning needs provision on a new site, would require statutory consultation for an increase in pupil numbers, if created through expansion of existing school provision. No statutory consultation would be required if additional provision is a new Academy or Free School, although approval from the DFE would be required.

As part of officer's engagement with the headteacher and governors of Abbey Court during the development of these proposals, the school have submitted the following statement, for consideration and inclusion in this business case.

The Governors at Abbey Court are pleased to have an opportunity to respond to this document, and appreciate the openness with which Local Authority Officers and Members have been willing to share information and ideas.

All local Members will know that the Governors and Staff at Abbey Court are committed to establishing a new school to serve the increasingly complex needs of the pupils and students who currently attend Abbey Court. The Governors are also dedicated to achieving a new school that has the potential for future development as pupil numbers increase over the next five to six years – as acknowledged in this paper (sections 3 & 4) – and continue to increase beyond that timeframe.

The Governors wish to see a new school established on a single site because they are aware that the current arrangements:

- *severely **restricts** the educational development of pupils;*
- ***limits** the curriculum expansion and the development of specialist teaching areas and resource bases;*
- ***prevents** some vital aspects of personal and social development through a lack of interaction between younger and older pupils and students.*

There are other serious disadvantages to operating on a split site which affect all teaching staff and both the strategic and day to day management of the school.

Single site provision would produce significant savings for the Local Authority within 5 years, and we have an array of well researched figures that support our arguments and which differ from some of the figures contained in this document.

Above all, however, the Governors are committed to the need for all current and future pupils and students at Abbey Court to have access to well designed and appropriate facilities, worthy of the 21st century, to serve their needs for education and learning. Such a school would enable Abbey Court to fulfil its potential as a National Leader in its field, and also demonstrate how the local community values all its members, and seeks to provide them with educational buildings and opportunities that match those enjoyed by their peers in mainstream education, and values their existence as members of the community.

As Governors, we have approached this issue with care, foresight and planning. We have commissioned research, visited other schools, spoken to a range of professionals in school design and architecture and – above all – been guided by the needs of our pupils and the advice of our Headteacher and her staff. We wish to continue to work closely with officers and Members to achieve an outcome that is firmly based on the learning and educational needs of our pupils and students, and allows for the on-going growth of the school in the long-term.

14. EQUALITY IMPACT

Accommodation at the Abbey Court Rainham site was originally built as a mainstream infant school, and has therefore had to be adapted to meet the needs of current pupils.

Whilst the Strood site was purpose built as an SLD school for secondary age pupils, the needs of pupils have changed and in many cases become more complex over recent years.

Whilst a series of adaptations have been made to both sites over the years, and some valuable additions to the accommodation made, there remain some significant deficiencies in the accommodation, when compared against the government guidelines for the amount and type of accommodation to meet the schools needs.

Each of the proposed options would seek to address these deficiencies by ensuring that the quantity of accommodation, would be in line with current government guidelines/allowances for an equivalent new build provision.

A new build school or in remodelled accommodation on a new site, would provide the opportunity to design accommodation, which takes into account the educational requirements of the school, with the organisation of spaces planned to take this into account.

Regardless of the option selected, any new build or remodelled provision, would meet all current DDA legislation, and would be accessible and appropriate for the needs of all children, staff and visitors.

15. ENVIRONMENTAL IMPACT

Any new accommodation will be built with the aim of achieving a BREEM rating of at least very good, in line with local and national policy.

16. IMPACT ANALYSIS

It is expected that the development of additional Medway maintained SLD/PMLD provision would have a significant positive impact on the overall cost of educating pupils as set out in section 8.

The development of additional provision would also positively impact on families, who would be able to access more local provision to meet their child's needs.

It would be expected that the development of Abbey Court provision on a single site, would have additional impacts, for example a reduction in travel time for pupils and staff, a reduction in the revenue costs to run provision across two sites and greater efficiencies in the use of resources.

17. RISK ASSESSMENT

Risk	Description	Action to avoid or mitigate risk
Increase in costs	Failure to develop additional provision is expected to result in an increase in the number of pupils educated in independent / out of area provision, thus increasing cost pressures for SEN provision and transport.	This business case sets out proposals to develop additional provision
Estimated costs for the development of additional provision are too low	The cost estimates provided in this business case are based on the estimated building costs per square metre, from benchmark data for comparable schemes.	Detailed feasibility studies will be undertaken to produce more accurate cost estimates.
The pupil forecasts do not accurately predict future levels of need.	A recent increase in inward migration has resulted in significant additional need and new unexpected needs may not be fully accounted for in the needs analysis	The report plans for a proportion of recent need.
Insufficient capital funding	The funding available to develop additional provision will be insufficient to address all of the need.	Options for funding the proposals are included in section 10 and the risks of using borrowing approvals are shown in section 11
Impact of developing provision	The impact of developing additional provision is not clearly understood, leading to capital investment with limited payback.	The expected financial payback is shown in section 8, based on actual costs Statutory consultation detailed in section 14. Detailed discussions with Abbey Court school and governors have been undertaken in the preparation of this business case.
Changes require consultation and support of key stakeholders	Schools, governors and other stakeholders may decline to support changes as increasing size / adding need type can impact on their existing provision and delivery	The prioritisation of funding on projects will be considered in the SEN strategic plan
Impact on ability of Medway to develop provision for other categories of need	If significant grant funding is used to fund Abbey Court provision, this would leave less funding for other needs.	This business case considers the potential to use borrowing approvals to enable greater flexibility

18. CONSTRAINTS

The key constraints are:

- The availability of capital funding, and the potential need for borrowing approvals
- The need to undertake statutory consultation for any proposed changes

19. TIMETABLE

The key milestones for the development of additional provision would need to be worked up as part of the detailed design and build plans. The following sets out an indicative timetable for the most lengthy option development ie the development of a single site:

March 2012	Cabinet agree preferred option and approve further feasibility work
Summer 2012	Completion of business case for build project
Autumn term 2012	Start informal consultation on proposed changes and undertake more detailed design work
Spring 2013	Publication of statutory notices
Easter 2013	Approval of proposals including approval of appointment of contractor
Summer 2013	Commence building works
Summer 2015	Complete building works for use

20. GLOSSARY

Abbreviation	Description
SpLD	Specific Learning Difficulty
SLD	Severe Learning Difficulty
SLCN	Speech, Language and Communication Needs
PMLD	Profound and Multiple Learning Difficulty
PD	Physical Disability
MLD	Moderate Learning Difficulty
HI	Hearing Impairment
BESD	Behaviour, Emotional and Social Difficulty
ASD	Autistic Spectrum Disorder



APPENDIX 3

STRATEGIC PLAN FOR SPECIAL EDUCATIONAL NEEDS

BUSINESS CASE FOR

DEVELOPMENT OF ADDITIONAL AUSTISTIC SPECTRUM DISORDER AND MODERATE LEARNING DIFFICULTY NEEDS PROVISION

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1. PROJECT SUMMARY

Project Title: Development of additional autistic spectrum disorder and moderate learning difficulty needs provision

Project Sponsor: Juliet Seviar

Directorate: Children and Adults

Service: School Organisation

2. VERSION CONTROL AND CHANGE HISTORY

Version	Date	Comments / Changes	Name
1.0	09/02/12	Initial Draft	CM
2.0	02/03/12	With comments from Sally Morris	CM
3.0	05/03/12	With comments from DMT, Finance and Portfolio Holder and Rivermead School	CM

3. BACKGROUND AND CURRENT SITUATION

This business case supports Medway Council's SEN strategy in aiming to educate as many children as possible close to where they live and to reduce the number of children and young people being educated outside the Medway area or in independent provision. This is consistent with the Strategic Priority of 'Children and young people having the best start in life'

The report "Strategic Planning for Special Educational Needs", presented to Medway Council's Cabinet on 13 March 2012 sets out the baseline position of children and young people attending specialist school provision and sets out the forecast of needs for the next five years. The report identifies the need to develop additional Medway maintained provision for children with Autistic Spectrum Disorder (ASD) and Moderate Learning Difficulties (MLD).

The table below highlights the forecast additional need using the assumptions described in the "Strategic Planning for Special Educational Needs" report (dated 13 March 2011)

	Projected forecast of additional need	Provision already planned	Remaining forecast of additional need
SpLD	30		30
SLD	33		33
SLCN	24		24
PMLD	5		5
PD	11		11
MLD	45	35	10
HI	14	12	2
BESD	74		74
ASD	73	51	22
TOTAL	309	98	211

There is a range of available provision in Medway for children with a main need type of ASD and/or MLD, depending on the complexity of need, and in some cases alongside children with other need types, as follows:

- Marlborough Centre (Specialist ASD primary age unit attached to Hoo St Werburgh Primary School)
- Danecourt Special School (Special school for primary age pupils, including remote provision based at Woodlands Primary School)
- Bradfields Special School (Special school for secondary age pupils)
- Riverside Primary School (Specialist ASD unit provision for primary age pupils)
- Rivermead Special School (Special school for secondary age pupils)
- Brompton Academy (Specialist secondary age unit attached to Brompton Academy, catering for a range of needs including some children designated with ASD)

In addition there is expansion already planned, where funding has already been committed, at the following schools to increase Medway's capacity for ASD/MLD pupils:

- Blue Zone at Bradfields (New specialist unit for up to 40 primary and secondary age ASD pupils as part of Bradfields Special School, available from September 2012)
- Strood Academy (New specialist ASD and MLD unit for up to 20 pupils as part of new build school, available from September 2012)
- Bishop of Rochester Academy (New specialist ASD and MLD unit for up to 20 pupils as part of new build school, available from September 2013)

There is currently school based nursery provision for children with Special Educational Needs in Medway at Abbey Court Special School, Twydall Primary School and All Faiths Primary School. In addition, the health service special needs nursery has provision for disabled children with medical needs and provide assessment for a wide spectrum of needs. There is currently a gap in additional provision for children with other needs, most commonly ASD, who are typically educated in private nursery provision. This means that there are some children for whom a placement at the Marlborough Centre is likely, who cannot be placed in the most appropriate early years provision.

This also restricts opportunities to assess the needs of some children until they start at specialist provision in Reception (year R). Also, as significant progress can often be made for all children including those with SEN, if early years provision is good, there may be some pupils, who with the right support from a specialist provision, could be placed in mainstream provision from year R.

4. OBJECTIVES

Our forecasts based on information held by the council (Special Needs Team, Medway NHS Maternity System, Social Services and Planning Services) and external sources for national trends (Department for Education and the Office for National Statistics) indicate the need for at least an additional 22 places for pupils with a prime need type of ASD over the next 5 to 6 years, at least 10 places for children with a prime need type of MLD, plus the need for nursery provision for ASD pupils. The objectives of this business case are to set out proposals for the establishment of sufficient additional provision in Medway maintained provision to cover this additional need.

This is consistent with the council's SEN strategy which aims to educate as many children as possible close to where they live and to reduce the number of children and young people being educated outside of mainstream schools.

5. OPTIONS

In developing the options below, it is assumed that some action to provide the additional places highlighted above will be required. Taking no action, would likely result in additional budget pressures as a result of the additional costs of educating additional children in out of area or independent provision. The options presented address need across three different phases of education, nursery provision, primary age provision and secondary provision.

Each of the options below assume the creation of sufficient additional capacity to meet the needs of the additional pupils and would therefore result in the cost savings and benefits highlighted in section 7.

Nursery phase – Development of integrated foundation stage at Marlborough Centre

The Marlborough Centre at Hoo St Werburgh Primary School is a specialist unit for up to 61 pupils with ASD.

The development of integrated foundation stage provision at the Marlborough Centre would result in the following benefits:

- Ensures that children with ASD diagnosed at a young age have the opportunity to be placed in the most appropriate early years provision for their needs;
- Opportunities to progress learning more effectively than in non-specialist settings, could result in children being able to be placed in mainstream primary provision, thus reducing the number of pupils requiring specialist provision;
- Opportunities to effectively assess the needs of pupils at an earlier age, thus ensuring the most appropriate primary age placement.

The estimated costs for the development of an integrated foundation stage provision are expected to be in the range of £0.5m to £1m but a detailed feasibility study will need to be undertaken to identify more accurate costings.

Primary phase – Creation of additional primary age MLD hub, linked to Danecourt Special School

Danecourt Special School is Medway's largest primary age specialist provision and provides for a range of need types, most commonly MLD, but with around 20% of pupils with ASD need.

Recent expansion of pupils on roll at Danecourt has been through the development of additional linked provision in other premises offsite. One example of this expansion has been through the development of a specialist unit at Woodlands Primary School, with the children attending remaining on the pupil roll of Danecourt Special School. Danecourt school provide outreach support to this facility.

It is recommended that additional primary age provision should therefore be developed through the expansion of Danecourt roll numbers, but through the development of provision on at least one other school site.

The estimated costs for the development of an additional primary age hub are expected to be in the range of £0.5m to £1m and a detailed feasibility study should be undertaken to identify more accurate costings once an appropriate host school is identified. Two primary schools have so far approached the council to indicate that they would be willing to manage this provision.

Secondary phase – Relocation and expansion of Rivermead on a new site

Rivermead was re-designated from a hospital school to a community special school on 1 September 2011. This means that the school is better able to meet the needs of children and has the added benefit of parents being able to express a preference for their child to attend Rivermead where it is the most appropriate option. This will serve to increase diversity within the school and extend their reach.

Children at Rivermead have a degree of vulnerability that means they are unable to access a large mainstream secondary school. Many have autistic spectrum conditions, some of the children have MLD, and some of the children experience anxiety and depression. As at the October census date 66 full time pupils were on the roll of the school, although around 6 other pupils attend full time, but are on the roll of a mainstream Medway school. In addition to these pupils the school also provides outreach support, including provision at Medway Maritime Hospital and provide a 6 week intensive support provision for up to 6 pupils at any one time who would otherwise be at risk of dropping out of mainstream schools. This provision is very successful in supporting the return of children to their mainstream school.

An assessment of the current accommodation at Rivermead, demonstrates that whilst the school buildings are well maintained, the school is significantly under the recommended size for a school of its type and is over-crowded. The site that the school is based on is small, and does not offer any opportunity for expansion.

The recent re-designation presents opportunities to expand the current provision, if the school were based in suitable buildings on a different site.

Expansion of the school would need to take place in a way which allowed for the sensible organisation of pupils, and an increase in the number of pupils per year group from the current level of 13 to 14 per year group, up to 20 pupils per year group, would allow for 32 additional pupils.

Consideration has therefore been given to the potential for Rivermead to be relocated onto a single site in remodelled accommodation and expanded. The estimated cost to relocate Rivermead into remodelled accommodation and to expand to accommodate additional pupils with a primary need type of ASD would cost approximately £4.7million for relocation to either the Chatham South site, or to the Temple site.

The Chatham South site is a key location in considering the pressures building in Chatham for additional primary places and it may be prudent to reserve this site for a primary school to address this demand. There are few real opportunities elsewhere in Chatham to expand current primary provision to respond to the level of demand being experienced now and forecast in the future. The option to relocate Rivermead to the Chatham South site is therefore not recommended at this time,

because of the need to reserve the site for a primary school to address the future demand for places.

Should members decide on an option to relocate Abbey Court to a new site then this would also open up the opportunity for Rivermead to relocate into the current Abbey Court Strood accommodation at an estimated cost of £4.9m. This is considered a better option than the Abbey Court Rainham site, as the Strood site is not shared with another school and is therefore a secure site, which would ensure that the needs of vulnerable pupils who attend Rivermead are protected.

The disadvantage of this option however is that it would not be possible for the relocation of Rivermead to take place until Abbey Court have vacated the site, thus delaying an urgent need for relocation.

Rivermead School have indicated a preference for relocation to the Temple site on the basis that this would allow for relocation more quickly but this would be possible only if the higher priority needs of Abbey Court are not relocated to the site.

Each of these options would allow for additional provision for up to 32 additional pupils, and would deliver revenue costs savings of up to £240,000 per annum within approximately 5 to 6 years.

6. BUSINESS FEASIBILITY

More detailed feasibility work to develop designs for additional/new accommodation should be commissioned through qualified architects, working alongside educationalists specialising in provision for children with ASD needs and representatives of the schools.

The results of the feasibility exercise, including more accurate costs will then be presented to Cabinet to approve the commencement of any building works.

7. SAVINGS AND BENEFITS

Integrated foundation stage provision

The development of integrated foundation stage provision at the Marlborough Centre would ensure that specialist early years provision is available for autistic pupils and broaden the overall availability of early years provision for children with special educational needs, where there is currently a gap. This would result in the benefits highlighted in section 5.

The establishment of this provision, would not however result in savings to the local authority, as those pupils who would be suitable for the provision, would otherwise be educated in local private provision, and not costly out of area independent placements.

Theoretically, there is the potential for savings in the cost of provision as children transfer to Reception, as for some, early intervention could mean placement in a less expensive provision at year R.

Primary age provision

If it is assumed that the additional proposed primary age places would have a similar SEN profile to the pupils currently educated at Danecourt, the average cost per pupil to be educated in Medway maintained provision would be £19,206, including transport costs.

The cost of equivalent independent provision has an average cost of approximately £24,900.

The potential savings to be realised from creating a primary age hub for an additional 10 pupils would therefore be £56,940 per annum.

Secondary age provision

If it is assumed that the additional proposed secondary age places would have a similar SEN profile to the pupils currently educated at Rivermead, the average cost per pupil to be educated in Medway maintained provision would be £15,411, including transport costs.

The cost of equivalent independent provision ranges a cost broadly similar to the cost of a placement at Rivermead of around £15,000 up to £40,000 with an average cost of approximately £22,900.

The potential savings to be realised from an expanded Rivermead provision would therefore depend on the number of additional pupils to be accommodated. The proposal is that in relocating Rivermead we should plan to create 32 additional places to support children with ASD, representing 20 pupils in total per year group, as indicated in the needs analysis work. Assuming an additional 32 places were created to meet the ASD needs over the next 5–6 years the savings would be £240,000 per annum, based on a comparison of the average cost of independent placements against the costs of purchasing special school places via the funding formula, as shown in the following table:

	Unit Costs		Total Costs		
	Independent Sector £ pa	Medway maintained £ pa	Independent Sector £ pa	Medway maintained £ pa	Estimated Net Saving £ pa
Year 1					
7 children	22,900	15,411	160,300	107,877	52,423
Total year 1 saving			160,300	107,877	52,423
Year 2					
14 children	22,900	15,411	320,600	215,754	104,846
Total year 2 saving			320,600	215,754	104,846
Year 3					
21 children	22,900	15,411	480,900	323,631	157,269
Total year 3 saving			480,900	323,631	157,269
Year 4					
28 children	22,900	15,411	641,200	431,508	209,692
Total year 4 saving			641,200	431,508	209,692
Year 5					
32 children	22,900	15,411	732,800	493,152	239,648
Total year 5 saving			732,800	493,152	239,648

Additional non-cashable benefits would include the following:

- the potential to increase the number of places available for intense support provision, who would otherwise be at risk of dropping out of mainstream schools;
- the development of more suitable and appropriate accommodation for vulnerable children who are currently educated in overcrowded and unsuitable provision;
- the increase in capacity would allow more Medway resident pupils to access appropriate provision, rather than more costly out of area provision.

8. COSTS

The cost estimates given in this report for building works to relocate Rivermead are based on the estimated building costs per square metre, from benchmark data for comparable schemes.

The cost estimates for the creation of an Integrated Foundation Stage at the Marlborough Centre and an additional MLD hub are based on the cost of similar projects undertaken by the local authority at other schools in recent years.

Detailed feasibility studies to establish robust cost estimates would be developed before seeking approval to commence procurement of a contractor.

As well as a more detailed cost estimate for any building works, the feasibility stage should also identify all other project related costs, which would include but are not limited to the following:

- Consultancy, project management and technical advisor costs
- Relocation costs (should a new site be preferred)
- Vacant site management costs (for vacated buildings unless alternative uses can be identified, or sites are sold for capital receipts)
- ICT costs (costs for additional hardware and ICT infrastructure)
- FF&E (Furniture, fixtures and equipment costs)

9. FUNDING SOURCES

Funding for any of the options shown could come from one of the following funding sources:

- 1) Government grant funding used to fund the Children's Services capital programme.

£3.1m has been set aside in the council's 2012/13 capital programme to deliver the first phase of the council's strategic plan for special educational needs, comprising £1.5m brought forward from 2011/12 and £1.6m of new grant funding.

- 2) Developer contributions

Any new developer contributions could, subject to Council approval be added to the total capital programme funding already approved.

3) Capital receipts

The option to relocate Rivermead to a new site, would release the existing sites. The building and site could either be put to use for other education provision, possibly linked to other needs identified in the strategic plan for special educational needs, or alternatively the site could be sold to generate a capital receipt, which could be used to offset some of the cost of the building project.

The estimated capital receipt values of the existing Rivermead site is approximately £0.5m

It cannot be automatically assumed however that capital receipts will be able to be obtained from the sale of former educational sites.

Section 63 (Schedule 14) of the Education Act includes arrangements, which require Secretary of State consent for land disposals, and includes powers for the Secretary of State to transfer any such land to an academy or a free school. This applies to all land held by an LA that has been used for any school in the eight years preceding the disposal.

Seeking approval to dispose of an educational building could therefore result in the buildings being reallocated for the expansion of an existing Academy, or for the establishment of a free school. It is therefore recommended where possible that surplus educational buildings should be utilised for alternative educational purposes where possible.

4) Prudential Borrowing

The relocation of Rivermead would likely exceed the funding available for SEN projects in the next two financial years, which would mean that grant funding and developer contributions alone are unlikely to allow the council to be able to develop sufficient additional provision if it were intended that Rivermead should be relocated into the Chatham South site as soon as the site becomes available in September 2013.

Therefore, officers have considered the potential to fund any development using borrowing approvals.

The savings identified in section 8 could in principle, be used to offset the cost of borrowing. These savings would come partly from the LA retained part of the DSG (for the cost of pupil placements) and partly from the council's general fund, which funds the cost of transport.

10. FINANCIAL FEASIBILITY

Capital Grant funding could be used to fund the proposed projects at the Marlborough Centre and to create an additional MLD hub linked to Danecourt. The timescale for the delivery of these projects should therefore be considered alongside other priorities requiring grant funding, identified in the Strategic Plan for Special Educational Needs.

Whilst it would be possible to fund the relocation of Rivermead using grant funding alone, this would be based on the accrual of funding over the next 3 financial years, and so would only allow the scheme to be completed in the 2014/15 financial year. The use of grant funding alone would only be recommended therefore if this timescale corresponded with the release of an appropriate site.

Grant funding should not therefore be considered if it were decided to relocate Rivermead either to the Temple site or the Chatham South site as this would result in the sites remaining vacant for some time. This option could, however, be considered if it were decided that Rivermead should be relocated to the Abbey Court Strood site, if this were to be vacated.

The following table compares the likely cost of educating the expected additional pupils in Medway maintained provision over the next 5 years, versus the costs of independent placements.

Interest Rate	Capital Cost of Project	4.19%	
		£	£
	Annual Savings	Annual Loan Charge	Cumulative Impact on Revenue Reserves
		3,000,000	
Year 1	40,000	214,500	(174,500)
Year 2	80,000	214,500	(309,000)
Year 3	120,000	214,500	(403,500)
Year 4	160,000	214,500	(458,000)
Year 5	200,000	214,500	(472,500)
Year 6	240,000	214,500	(447,000)
Year 7	240,000	214,500	(421,500)
Year 8	240,000	214,500	(396,000)
Year 9	240,000	214,500	(370,500)
Year 10	240,000	214,500	(345,000)
Year 11	240,000	214,500	(319,500)
Year 12	240,000	214,500	(294,000)
Year 13	240,000	214,500	(268,500)
Year 14	240,000	214,500	(243,000)
Year 15	240,000	214,500	(217,500)
Year 16	240,000	214,500	(192,000)
Year 17	240,000	214,500	(166,500)
Year 18	240,000	214,500	(141,000)
Year 19	240,000	214,500	(115,500)
Year 20	240,000	214,500	(90,000)
Year 21	240,000	214,500	(64,500)
Year 22	240,000	214,500	(39,000)
Year 23	240,000	214,500	(13,500)
Year 24	240,000	214,500	12,000
Year 25	240,000	214,500	37,500
		<u>5,362,500</u>	

25 Year Loan at 4.19%
Savings realised in year 24

Assuming a level of savings of £239,648 per annum by year 5, or when the provision is full, it would be possible to borrow up to £3m to part fund the costs of additional provision, with the borrowing paid back over 25 years.

This is a prudent estimate based upon the new provision not operating at full capacity until year 6, but even so there are still the following risks:

- Rising capital costs could increase the borrowing and associated costs.
- That additional provision reaches full capacity more slowly and therefore not generating the savings to fund the costs.
- No real savings would be made, until the call made on reserve balances in the early years, when annual savings are likely to be insufficient to meet the costs of the loan repayments, has been repaid.
- Given the current uncertainty around funding arrangements for schools it is not possible to predict what the revenue implications might be for the Council of the special school converting to an academy.
- Due to upcoming introduction of a national school funding formula, the council does not have certainty over DSG funding in the longer term
- The risk of changes to the responsibilities of local authorities over the borrowing period. For example, if there are changes which mean that the LA is no longer responsible for SEN provision would the units have a sale value that would repay the outstanding debt.

11. MEASURING AND MONITORING SUCCESS

Success will be measured through the take up of places in expanded or new provision. Savings over time will be calculated by comparing the cost of places for those pupils in Medway maintained provision against the cost for an equivalent place in independent provision.

A baseline of existing service provision is included in the report “Strategic plans for special educational needs”, and the expected additional capacity would be for at least 22 and a maximum of 42 additional school places and 10 nursery places. It is expected that these places would be filled within 6 years of implementation.

12. STAKEHOLDERS

The following is a list of identified stakeholders, which may not be exhaustive:

- Rivermead school staff, governors, pupils and their families
- Danecourt school staff, governors, pupils and their families
- Hoo St Werburgh and Marlborough Centre school staff, governors, pupils and their families
- Staff, governors, pupils and their families at other Medway maintained special schools
- Pupils and families of pupils in independent or out of area provision
- Medway Councillors
- Medway MPs
- Medway Health authority
- Kent & Medway PCT
- Medway Youth Parliament

13. CONSULTATION

Full statutory processes will be required for the following organisational changes to community special schools;

- a) Change to upper and/or lower age ranges
- b) Change to designation of SEN provision
- c) Increase or decrease to pupil numbers (subject to increase being more than 10% of the pupil numbers at given time, depending upon circumstances such as any recent changes to numbers)
- d) Transfer of site

Statutory consultation would therefore be required to implement each of the options shown, as follows:

Nursery phase – Development of an integrated foundation stage at Marlborough Centre, would require a change to the lower age range

Primary phase – Creation of additional primary age hub, possibly linked to Danecourt Special School would require statutory consultation for change to designation of SEN provision.

Secondary phase – Relocation and expansion of Rivermead on a new site would require statutory consultation for an increase in pupil numbers and transfer of site.

As part of officer's engagement with the headteacher and chair of governors at Rivermead during the development of these proposals, the school have submitted the following statement, for consideration and inclusion in this business case.

Rivermead School is currently overcrowded and this is demonstrated clearly in the data gathered in the recent study by the architects commissioned by Medway Council. In practical terms this has a number of practical implications among which are:

- *We currently turn away learners whose parents wish to place in our school and whose needs could be met in Rivermead. This has an impact on Medway's budget as frequently these learners take up an expensive out of area place.*
- *Our learners with more complex needs are particularly impacted because the lack of physical space has implications for their own and others' health and safety.*
- *Specialist rooms such as technology and science are small and are unable to accommodate a whole group safely for some practical activities.*
- *Movement around the school is restricted and there are implications for safety throughout the day.*
- *Outside space is restricted and there is no green space. This limits recreation and PE and learners are often frustrated that they are unable to play freely on the playground.*
- *All of our classrooms have multiple uses and the hall has had to be divided into a classroom, library and careers interview room. These areas are used concurrently throughout the day for teaching, individual tuition, therapies and interviews.*
- *Our wheelchair users find movement around the school difficult at change of lessons because of lack of corridor space.*

The issues highlighted above are just a few of the everyday challenges in Rivermead School. In spite of this we provide a good education for some of the most vulnerable learners in Medway who deserve an adequate space in which to work and play.

Our capacity to continue to improve and develop as a school and Medway's capacity to answer the needs of its most vulnerable learners who want places in a Medway rather than an out of area provision are severely limited by our current site and any delay in providing a new one.

14. EQUALITY IMPACT

The limited availability of school based nursery provision for children with special educational needs in Medway means that many children are not able to access provision, which is most suitable for their needs. The development of integrated foundation stage provision at the Marlborough Centre will seek to address this inequity, whilst also providing a valuable opportunity to better assess the future needs of those children.

Accommodation at the Rivermead site was originally built as a mainstream infant school, and has therefore had to be adapted to meet the needs of current pupils.

Whilst a series of adaptations have been made to the building over the years, and some valuable additions to the accommodation made, there remain some significant deficiencies in the accommodation, when compared against the government guidelines for the amount and type of accommodation to meet the schools needs. The school is overcrowded and the site too small for further development.

The proposal to relocate Rivermead to remodelled accommodation on a new site, would provide the opportunity to design accommodation, which takes into account the educational requirements of the school, with the organisation of spaces planned to take this into account.

Any new build or remodelled provision, would meet all current DDA legislation, and would be accessible and appropriate for the needs of all children, staff and visitors.

15. ENVIRONMENTAL IMPACT

Any new accommodation will be built with the aim of achieving a BREAM rating of at least very good, in line with local and national policy.

16. IMPACT ANALYSIS

It is expected that the development of additional Medway maintained ASD/MLD provision would have a positive impact on the overall cost of educating pupils as set out in section 8.

The development of additional provision would also positively impact on families, who would be able to access more local provision to meet their child's needs.

17. RISK ASSESSMENT

Risk	Description	Action to avoid or mitigate risk
Increase in costs	Failure to develop additional provision is expected to result in an increase in the number of pupils educated in independent / out of area provision, thus increasing cost pressures for SEN provision and transport.	This business case sets out proposals to develop additional provision at a lower unit cost
Estimated costs for the development of additional provision are too low	The cost estimates provided in this business case are based on the estimated building costs per square metre, from benchmark data for comparable schemes.	Detailed feasibility studies will be undertaken to produce more accurate cost estimates before work is formally commissioned.
The pupil forecasts do not accurately predict future levels of need.	A recent increase in inward migration has resulted in significant additional need.	The report plans for a proportion of unplanned migration need.
Insufficient capital funding	The funding available to develop additional provision will be insufficient to address all of the need.	Options for funding the proposals are included in section 10 and indicate borrowing will be required to address the identified future needs
Impact of developing provision	The impact of developing additional provision is not clearly understood, leading to capital investment with limited payback.	The expected financial payback is shown in section 8, based on actual costs and the feasibility study would detail any disruption to the current provisions
Changes require consultation and support of key stakeholders	Schools, governors and other stakeholders may decline to support changes as increasing size / adding need type can impact on their existing provision and delivery	Statutory consultation detailed in section 14. Engagement with relevant schools has been undertaken as part of the development of these proposals

18. CONSTRAINTS

The key constraints are:

The availability of capital funding

The need to undertake statutory consultation for any proposed changes

19. TIMETABLE

The key milestones for the development of additional provision will depend on the options chosen and the availability of funding, however the following gives an indicative timescale as an example for the option to relocate Rivermead to Abbey Court Strood site, assuming the site were available from Summer 2015.

March 2012 – Cabinet agree preferred option and approve further feasibility work

Summer 2012 – Completion of business case for build project

Autumn term 2012 – Start informal consultation on proposed changes and undertake more detailed design work

Spring 2013 – Publication of statutory notices

Easter 2015 – approval of proposals including approval of appointment of contractor

Summer 2015 – Commence building works



APPENDIX 4

STRATEGIC PLAN FOR SPECIAL EDUCATIONAL NEEDS

BUSINESS CASE FOR

DEVELOPMENT OF ADDITIONAL BEHAVIOUR, EMOTIONAL AND SOCIAL DIFFICULTY NEEDS PROVISION

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1. PROJECT SUMMARY

Project Title: Development of additional Behaviour, Emotional and Social Difficulty needs provision

Project Sponsor: Juliet Seviar

Directorate: Children and Adults

Service: School Organisation

2. VERSION CONTROL AND CHANGE HISTORY

Version	Date	Comments / Changes	Name
1.0	22/02/12	Initial Draft	CM
2.0	2/03/12	Following comments from Sally Morris	CM
3.0	05/02/12	With comments from DMT, Finance and Portfolio Holder	CM

3. BACKGROUND AND CURRENT SITUATION

This business case supports Medway Council's SEN strategy in aiming to educate as many children as possible close to where they live and to reduce the number of children and young people being educated outside the Medway area or in independent provision. This is consistent with the Strategic Priority of 'Children and young people having the best start in life' as set out in the Children and Young People's Plan 2011-14.

The report "Strategic Planning for Special Educational Needs", presented to Medway Council's Cabinet on 13 March 2012 sets out the baseline position of children and young people attending specialist school provision and sets out the forecast of needs for the next five years. The report identifies the need to develop additional Medway maintained provision for children with Behaviour, Emotional and Social Difficulty (BESD) needs.

The table below highlights the forecast additional need using the assumptions described in the "Strategic Planning for Special Educational Needs" report:

	Projected forecast of additional need	Provision already planned	Remaining forecast of additional need
SpLD	30		30
SLD	33		33
SLCN	24		24
PMLD	5		5
PD	11		11
MLD	45	35	10
HI	14	12	2
BESD	74		74
ASD	73	51	22
TOTAL	309	98	211

The Chalklands unit at Elaine Primary School currently provides primary age BESD provision and the Oaks at Silverbank provides secondary age BESD provision, but is currently designated as a PRU. There is a need to re-designate the Oaks, as a special school and this need is also considered in this report as part of these overall proposals.

Children and young people with BESD display a range of difficulties, such as being withdrawn or isolated, disruptive and disturbing, hyperactive and lacking concentration; those with poor social skills; and those presenting challenging behaviours arising from other complex special needs.

Views on the optimum size of BESD provision vary although the current size of the Oaks with 40-50 pupils is a typical size for BESD provision. Whilst it may be possible to create a larger provision, organised as schools within schools, it would be appropriate to limit the maximum size of any provision to around 50 pupils, in line with the current capacity of the Oaks.

The needs of BESD children are such, that co-location of any such provision with other special or mainstream provision would need careful management.

No existing developments for additional BESD provision are planned,

4. OBJECTIVES

Our forecasts based on information held by the council (Special Needs Team, Medway NHS Maternity System, Social Services and Planning Services) and external sources for national trends (Department for Education and the Office for National Statistics) indicate the need for an additional 74 places for pupils with a primary need type of BESD over the next 5 to 6 years. In addition there is a need for the Oaks to be re-designated as a special school.

The objectives of this business case are to set out proposals for the establishment of sufficient additional provision in Medway maintained provision to cover this additional need.

This is consistent with the council's SEN strategy which aims to educate as many children as possible close to where they live and to reduce the number of children and young people being educated outside of mainstream schools in independent or out of area provision.

5. OPTIONS

In developing the options below, it is assumed that some action to provide the additional places highlighted above will be required. Taking no action, would likely result in additional budget pressures as a result of the additional costs of educating additional children in out of area or independent provision. The options presented address need across the primary and secondary age ranges.

In developing these options, Officers considered the possibility of re-designating any one of Medway's existing special schools to include BESD provision. On the basis that this approach has not been possible in relation to the existing Oaks provision, officers have concluded that this is not feasible for any new provision.

A combination of the following options may be needed to accommodate all of the additional pupils identified, and to generate the cost savings and benefits highlighted in section 7.

Option 1 – Creation of a new BESD school or schools

The creation of a new BESD school or schools, would be possible as long as the new provision was established as an Academy or Free School.

The Academies Act means that the establishment of a new Academy or Free School does not require the local authority to run a competition. This means that there is the opportunity for the local authority to identify and work alongside a preferred provider in developing additional provision.

There is an expectation that where a new Academy or Free School is required that the Local Authority would be expected to offer accommodation for the use of the Academy or Free School. In addition the Secretary of State has the power to transfer land/buildings used for the purposes of a school in the last 8 years, where it is no longer used for that purpose to an Academy.

A related business case includes an option for the relocation of Abbey Court to a new site. If that proposal were taken forward then consideration should be given to the potential to establish new BESD provision in the vacated Abbey Court Rainham site.

Capital funding is available from the Department for Education specifically to support the capital costs of developing new free school provision, and so, if a school was proposed through this route, it would be possible to seek Capital funding to fund part or all of the costs of any development.

By increasing the number of competitors into the market and the supply of places, this could result in a reduction in the cost of placements at other independent providers used by the local authority.

This option would be most appropriate for secondary age provision where around 55 places are needed, which represents an optimum size for a BESD school.

Option 1: Benefits

This option would provide expanded provision to allow for the education of pupils in Medway maintained provision who would otherwise be educated in independent provision at greater cost to the authority, although see the point below under disadvantages.

There is the potential opportunity to draw in capital funding from central government if the new provision is established as a free school

Option 1: Disadvantages

The creation of new provision as an Academy could constrain Medway's ability to prioritise the placement of Medway pupils, and could result in the cost of placements to the local authority increasing.

Option 2 – Development of additional BESD hubs in mainstream schools

The Chalklands unit at Elaine Primary School currently provides primary age BESD provision for up to 19 pupils and benefits from co-location with the Primary school as many of the children are able to spend some of their time in mainstream classes.

The co-location of one additional BESD hub at another Medway primary school, would meet the identified needs of around 20 additional primary age BESD pupils. The capital cost for developing an additional primary age BESD hub would be in the range of £770,000 and two primary schools have approached the council to express a potential interest in running the provision.

There is no equivalent co-located secondary provision in Medway and it may prove challenging to identify mainstream schools willing to manage such provision due to the challenging behaviour inherent in the needs of these pupils. Also, in order to provide sufficient provision for the number of secondary age pupils expected, more than one secondary age hub would be required.

Option 2: Benefits

This option would provide expanded provision to allow for the education of pupils in Medway maintained provision who would otherwise be educated in independent provision at greater cost to the authority.

This option is affordable using council grant funding would use surplus accommodation at an existing mainstream school, thus representing a good use of existing resources.

Option 2: Disadvantages

This option is unlikely to be possible for secondary provision, due to the number of children to be accommodated.

6. BUSINESS FEASIBILITY

In considering the future use of the any former educational sites and buildings it should be considered that any vacant sites could in the meantime be transferred by the Secretary of State for use by a Free School or an Academy. Under Schedule 1 of the Academies Act 2010

the Secretary of State has the power to transfer land to a Free School or Academy and this is the case, even where the Secretary of State thinks a school site is about to be no longer used for that purpose.

More detailed feasibility work to develop designs for additional/new accommodation, in line with the preferred options, should be commissioned as required through qualified architects, working alongside educationalists specialising in provision for children with BESD needs and representatives of the schools.

The results of the feasibility exercise, including more accurate costs will then be presented to Cabinet to approve the commencement of any building works.

7. SAVINGS AND BENEFITS

Primary age provision

If we assume that the additional proposed primary age places would have a similar SEN profile to the pupils currently educated at Chalklands, the average cost per pupil to be educated in Medway maintained provision would be £18,680, including transport costs.

The cost of equivalent independent provision has an average cost of approximately £36,000.

The potential savings to be realised from creating a primary age hub for an additional 20 pupils would therefore be £346,400 per annum.

Secondary age provision

If we assume that the additional proposed secondary age places would have a similar SEN profile to the pupils currently educated at the Oaks, the average cost per pupil to be educated in Medway maintained provision would be £24,487 including transport costs.

The average cost of equivalent independent school provision is approximately £36,000.

If we assume the need for additional BESD provision for up to 55 pupils at either a new special school, or via an expanded Medway special school then the following table shows the likely cost of educating the additional pupils in Medway maintained provision over the next 5 years, versus the costs of independent placements based on the average shown above:

	Unit Costs		Total Costs		Estimated Net Saving £ pa
	Independent Sector £ pa	Medway maintained £ pa	Independent Sector £ pa	Medway maintained £ pa	
Year 1					
9 children	36,000	24,487	324,000	220,383	103,617
Total year 1 saving			324,000	220,383	103,617
Year 2					
19 children	36,000	24,487	684,000	465,253	218,747
Total year 2 saving			684,000	465,253	218,747
Year 3					
29 children	36,000	24,487	1,044,000	710,123	333,877
Total year 3 saving			1,044,000	710,123	333,877
Year 4					
39 children	36,000	24,487	1,404,000	954,993	449,007
Total year 4 saving			1,404,000	954,993	449,007
Year 5					
49 children	36,000	24,487	1,764,000	1,199,863	564,137
Total year 5 saving			1,764,000	1,199,863	564,137
Year 6					
55 children	36,000	24,487	1,980,000	1,346,785	633,215
Total year 6 saving			1,980,000	1,346,785	633,215

Therefore, based on a comparison of the average cost of independent placements against the costs of purchasing special school places via the funding formula, it is estimated that revenue savings of £633,215 could be achieved when all additional places are taken up.

8. COSTS

The cost estimates given in this report for building works are based on the estimated building costs per square metre, from benchmark data for comparable schemes.

Detailed feasibility studies to establish robust cost estimates will be developed before seeking approval to commence procurement of a contractor.

As well as a more detailed cost estimate for any building works, the feasibility stage should also identify all other project related costs, which would include but are not limited to the following:

- Consultancy, project management and technical advisor costs
- Relocation costs (should a new site be preferred)
- Vacant site management costs (for vacated buildings unless alternative uses can be identified, or sites are sold for capital receipts)
- ICT costs (costs for additional hardware and ICT infrastructure)

- FF&E (Furniture, fixtures and equipment costs)

9. FUNDING SOURCES

Funding for any of the options shown could come from one of the following funding sources:

- 1) Government grant funding used to fund the Children's Services capital programme.

£3.1m has been set aside in the council's 2012/13 capital programme to deliver the first phase of the council's strategic plan for special educational needs, comprising £1.5m brought forward from 2011/12 and £1.6m of new grant funding.

- 2) Developer contributions

Any new developer contributions could, subject to Council approval be added to the total capital programme funding already approved.

- 3) Capital receipts

The option to relocate Rivermead to a new site, would release the existing sites. The building and site could either be put to use for other education provision, possibly linked to other needs identified in the strategic plan for special educational needs, or alternatively the site could be sold to generate a capital receipt, which could be used to offset some of the cost of the building project.

The estimated capital receipt values of the existing Rivermead site is approximately £0.5m

It cannot be automatically assumed however that capital receipts are able be used to release capital receipts, whether to fund other educational building schemes or not.

Section 63 (Schedule 14) of the Education Act includes arrangements, which require Secretary of State consent for land disposals, and includes powers for the Secretary of State to transfer any such land to an academy or a free school. This applies to all land held by an LA that has been used for any school in the eight years preceding the disposal.

Seeking approval to dispose of an educational building could therefore result in the buildings being reallocated for the expansion of an existing Academy, or for the establishment of a free school. It is therefore recommended where possible that surplus educational buildings should be utilised for alternative educational purposes where possible.

- 4) Central government funding to establish Free School provision

The Department for Education holds funding specifically to support the capital costs of developing new free school provision, and so, if a school was proposed through this route, it would be possible to seek Capital funding to fund part or all of the costs of any development.

- 5) Prudential Borrowing

Whilst it may be possible to attract central government grant funding to establish a BESD free school, or to use council grant funding the potential savings are significant enough to consider the potential to fund any development using prudential borrowing.

The savings identified in section 8 could in principle, be used to offset the cost of borrowing. These savings would come partly from the LA retained part of the DSG (for the cost of pupil placements) and partly from the council's general fund, which funds the cost of transport.

10. FINANCIAL FEASIBILITY

Capital Grant funding should be used to fund the development of an additional BESD primary hub. The timescale for the delivery of this project should therefore be considered alongside other priorities requiring grant funding, identified in the Strategic Plan for Special Educational Needs.

There is the opportunity to bid for capital funding from the Department for Education specifically to support the capital costs of developing new free school provision, and so, if a school was proposed through this route, it would be possible to seek Capital funding to fund part or all of the costs of any development.

The significant financial payback on additional Secondary BESD provision, for comparatively low capital costs, means that consideration should be given to the potential benefits of using borrowing approvals, if capital funding is not available from the Department for Education in the short term.

Assuming that buildings were identified that could be converted for use, then an estimated cost for the development of appropriate provision, would be in the region of £3.5m. The following table demonstrates that the cost could be paid back over a period of 10 years.

Interest Rate Capital Cost of Project	3.12%		Cumulative Impact on Revenue Reserves
	Annual Savings	Annual Loan Charge	
			£
Year 1	105,536	420,700	(315,164)
Year 2	211,072	420,700	(524,793)
Year 3	316,608	420,700	(628,885)
Year 4	422,143	420,700	(627,442)
Year 5	527,679	420,700	(520,463)
Year 6	633,215	420,700	(307,948)
Year 7	633,215	420,700	(95,433)
Year 8	633,215	420,700	117,083
Year 9	633,215	420,700	329,598
Year 10	633,215	420,700	542,113
		<u>4,207,000</u>	

10 Year Loan at 3.12% Savings realised in year 8

These are prudent estimates based upon the new provision not operating at full capacity until year 6, but even so there are still the following risks:

- Rising capital costs could increase the borrowing and associated costs.
- That additional provision reaches full capacity more slowly and therefore not generating the savings to fund the costs.
- No real savings would be made, until the call made on reserve balances in the early years, when annual savings are likely to be insufficient to meet the costs of the loan repayments, has been repaid.
- Given the current uncertainty around funding arrangements for schools it is not possible to predict what the revenue implications might be for the Council of the special school converting to an academy.
- Due to upcoming introduction of a national school funding formula, the council does not have certainty over DSG funding in the longer term
- The risk of changes to the responsibilities of local authorities over the borrowing period. For example, if there are changes which mean that the LA is no longer responsible for SEN provision would the units have a sale value that would repay the outstanding debt.

11. MEASURING AND MONITORING SUCCESS

Success will be measured through the take up of places in expanded or new provision. Savings over time will be calculated by comparing the cost of places for those pupils in Medway maintained provision against the cost for an equivalent place in independent provision.

A baseline of existing service provision is included in the report “Strategic plans for special educational needs”, and the expected additional capacity would be for 74 additional school places. It is expected that these places would be filled within 6 years of implementation.

12. STAKEHOLDERS

The following is a list of identified stakeholders, which may not be exhaustive:

- Staff, governors, pupils and their families at Medway maintained special schools
- Pupils and families of pupils in independent or out of area provision
- Medway Councillors
- Medway MPs
- Medway Health authority
- Medway Youth Parliament

13. CONSULTATION

Full statutory processes will be required for the following organisational changes to community special schools;

- a) Change to upper and/or lower age ranges
- b) Change to designation of SEN provision
- c) Increase or decrease to pupil numbers (subject to increase being more than 10% of the pupil numbers at given time, depending upon circumstances such as any recent changes to numbers)
- d) Transfer of site

Statutory consultation would therefore be required to implement each of the options shown, as follows:

Option 1, Re-designation of an existing special school to include BESD provision based on the same site as the existing special school would require statutory consultation for the increase in pupil numbers and change to designation

Option 2, Re-designation of an existing special school to include BESD with actual provision based on a different site would require statutory consultation for the increase in pupil numbers and change to designation

Option 3, Creation of a new BESD school or schools, would not require statutory consultation if additional provision is a new Academy or Free School, although approval from the DFE would be required.

Option 4, Development of additional BESD hubs in mainstream schools would require statutory consultation for the change to designation

14. EQUALITY IMPACT

Any new build or remodelled provision, would meet all current DDA legislation, and would be accessible and appropriate for the needs of all children, staff and visitors.

15. ENVIRONMENTAL IMPACT

Any new accommodation will be built with the aim of achieving a BREEM rating of at least very good, in line with local and national policy.

16. IMPACT ANALYSIS

It is expected that the development of additional Medway maintained BESD provision would have a positive impact on the overall cost of educating pupils as set out in section 8.

The development of additional provision would also positively impact on families, who would be able to access more local provision to meet their child's needs.

17. RISK ASSESSMENT

Risk	18. Description	Action to avoid or mitigate risk
Increase in costs	Failure to develop additional provision is expected to result in an increase in the number of pupils educated in independent / out of area provision, thus increasing cost pressures for SEN provision and transport.	This business case sets out proposals to develop additional provision
Estimated costs for the development of additional provision are too low	The cost estimates provided in this business case are based on the estimated building costs per square metre, from benchmark data for comparable schemes.	Detailed feasibility studies will be undertaken to produce more accurate cost estimates.
The pupil forecasts do not accurately predict future levels of need.	A recent increase in inward migration has resulted in significant additional need.	The report plans for a proportion of recent need.
Insufficient capital funding	The funding available to develop additional provision will be insufficient to address all of the need.	Options for funding the proposals are included in section 10
Impact of developing provision	The impact of developing additional provision is not clearly understood, leading to capital investment with limited payback.	The expected financial payback is shown in section 8, based on actual costs
Changes require consultation and support of key stakeholders	Schools, governors and other stakeholders may decline to support changes as increasing size / adding need type can impact on their existing provision and delivery	Statutory consultation detailed in section 14. Detailed discussions with relevant school and governors have been undertaken in the preparation of this business case.

19. CONSTRAINTS

The key constraints are:

The availability of capital funding

The need to undertake statutory consultation for any proposed changes

20. TIMETABLE

The key milestones for the development of additional provision will be depend on the availability of appropriate sites and funding.