

DECISION-MAKER:	CABINET COUNCIL		
SUBJECT:	SPRINGWELL SCHOOL EXPANSION PHASE 2		
DATE OF DECISION:	15 MARCH 2016 16 MARCH 2016		
REPORT OF:	CABINET MEMBER FOR EDUCATION AND CHILDREN'S SOCIAL CARE		
<u>CONTACT DETAILS</u>			
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STATEMENT OF CONFIDENTIALITY			
None			
BRIEF SUMMARY			
<p>This report sets out the proposal for increased capacity at Springwell Special school (Phase 2) following increased demand on places for children with special educational needs. The report seeks approval to add a further £9.67M of expenditure to the Education and Children's Social care Capital Programme in addition to the £2.70M approved for the completion of Phase 1 in September 2015. The total phase 2 scheme is to be phased; £0.10M in 2015/16, £0.70M in 2016/17, £7.70M in 2017/18 and £1.17M in 2018/19.</p>			
RECOMMENDATIONS:			
	Having complied with paragraph 15 of the Council's Access to Information Procedure Rules:		
Cabinet:			
	(i)	Subject to Council approval of recommendations (iv) and (v) below, to authorise the expansion of Springwell Special School (Phase 2) and to procure the works and all associated delivery services in accordance with the Council's Contract Procedure Rules.	
	(ii)	To delegate authority to the Service Director: Children's and Families following consultation with the Service Director: Legal & Governance and the Acting Service Director: Strategic Finance and Commercialisation to do anything necessary to procure the expansion works and services together with anything ancillary to, necessary for or calculated to facilitate the expansion.	
	(iii)	To delegate authority to the Service Director: Children's and Families to consult on, publish and, in the absence of any objections, to determine statutory school organisation proposals to expand Springwell Special School by 28 pupil places together with the associated physical enlargement in accordance with the requirements of the School Standards & Framework Act 1998 and statutory	

		school organisation guidance. In the event that objections to the proposals are received in the statutory representation period, to note that a further report to Cabinet will be required.
Council		
	(iv)	To add, in accordance with Financial Procedure Rules, a sum of £9.67M to the Education and Children's Social Care Capital Programme for Phase 2 of the expansion of Springwell School funded from Council resources.
	(v)	To approve, in accordance with Financial Procedure Rules, capital expenditure of £9.67M, phased £0.10M in 2015/16, £0.70M in 2016/17, £7.70M in 2017/18 and £1.17M in 2018/19 within the Education and Children's Social Care Capital programme to deliver the expansion of the school.
REASONS FOR REPORT RECOMMENDATIONS		
1.	This report is submitted for consideration as a General Exception under paragraph 15 of the Access to Information Procedure Rules in Part 4 of the City Council's Constitution, notice having been given to the Chair of the relevant Scrutiny Panel and the Public	
2.	This report has not been included within the Forward Plan to date. This scheme proposal received endorsement from the Capital Board on 18 th February 2016 (alongside the agreement to explore the opportunity to develop a Free School for special needs provision within the City). It was agreed to pursue full and formal approval for this scheme on the basis of it being a Maintained School. Therefore under paragraph 15 of the Council's Access to Information Procedure Rules this report has been brought to Cabinet in March so as to not further delay this project and subsequently increase the associated costs in terms of temporary accommodation, out of city placements/transport and tribunals. Any delay may result in insufficient special school places by September 2017.	
3.	The current situation is that the Council does not have sufficient special school places to meet the demand and needs of the Special Educational Needs and Disability ('SEND') population. This has resulted in a significant increase in SEND Tribunal activity, rising from a total of nine appeals for the period January 14-15 to a total of 24 appeals for the period January 15-16. It is difficult to give an average cost per tribunal but this additional pressure on the SEND 0-25 and Legal Service has resulted in the need to recruit a temporary solicitor at the cost of £0.06M (for 11 months), plus significant levels of LA officer time.	
4.	Additionally there has been an increase in independent, high cost placements out of area, due to the lack of capacity within Springwell Special School. In September 2015 three independent placements were agreed because we could not offer a suitable place in a maintained special school.	
5.	The Council's revenue funding to meet costs in the High Needs Block has also increased significantly for the current financial year and beyond. This has been achieved by transferring additional resources from the schools block, following consultation with the Schools Forum as additional resources have not been provided for within the Dedicated Schools Grant (DSG). Further, the current and anticipated increase in demand in special school places will continue to put pressure on High Needs budgets as there no additional money is expected from future years DSG allocations.	
6.	As a response to demand in the previous two years the number on role at Springwell Special School has been increased. However, it has been impossible to physically accommodate these pupils on the existing Springwell site. An interim solution (Phase 1) of temporary accommodation was created at Bassett Green Primary School (2014) at a cost of £0.11M and Startpoint Sholing (2015) at a cost of £0.11M. This has created	

	significant capacity demands on management from a school and LA perspective as well as the considerable financial impact.
7.	The current classroom base at Startpoint Sholing is only agreed on a temporary basis and parents have been given assurances that their children will move into the new site as soon as it is ready.
8.	The impact of Phase 1 will be to accommodate those currently in temporary accommodation at Startpoint Sholing, as well as the Year R and year's 1-6 intake for September 2016.
9.	The impact of Phase 2 – the expansion of the Springwell site itself - will be to create the places required at the forecast rate of intake, in response to both local need and the statutory duty to meet parental preference. This will significantly reduce tribunal activity and the need to fund high cost independent placements.
10.	The risk of not agreeing phase 2 would mean that we significantly limit the intake of new pupils (based on number of leavers) from September 17 onwards which will have significant legal and financial implications. Additionally, phase 1 has designed with the assumption of phase 2 and so has not been designed in isolation. The classrooms provided by Phase 1 will require the additional space and resources in Phase 2.

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

11.	<p>i) Proceed with Phase 1 and delay Phase 2 for 1-2 years – this would not address the immediate need to house the intake that has been committed to and would require additional funds to be found to cover the costs of placing these children in out of city placements together with the associated travel costs. This would also put Phase 1 at risk and place an additional pressure on the DSG High Needs Block which is already under significant pressure. If additional funding is diverted from the Schools Block it will push more schools below the Minimum Funding Guarantee (MFG).</p> <p>The additional cost of placing children in Non Maintained and Independent Special Schools (NMISS) over and above current budget level will be £10.2M by 2022/23, based on current known profile of children.</p> <p>In addition, General Fund will have pressure due to additional transport costs of £0.73M over and above the current budget level for out of city placements places</p>
12.	<p>ii) Decline capital / pay for placements at non-maintained independent special schools - costs as per reasoning above PLUS high cost of tribunals to the Council from parents of those who applied to Springwell and mainstream schools who do not have the capacity to deliver for highly complex Special Education Needs & Disability (SEND) children. In addition to the NIMSS costs highlighted in option (i), the termination of the consultant service provided by Capita will incur abortive costs for the design fees incurred for Phase 1 and 2 (i.e. 43% of total fees). This cost would need to be met from the General Fund. This option will mean collapse of Phase 1 with no physical capacity for 28 children placed in temporary classrooms.</p> <p>iii) Decline capital and terminate entire project (including Phase 1) and use capital already agreed to create temporary classrooms – this is only a temporary solution and the need for a significant increase in Special School places would still exist. In addition the termination costs would still apply together with the need to identify c£12.3M (Phase 1 and 2 combined) to restart the project. Time delays would lead to high cost NMISS placements. Costings as per option (i).</p>

DETAIL (Including consultation carried out)

13.	It is proposed that Phase 2 will physically expand Springwell and consist of 10 class
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	rooms, a hydrotherapy pool which will be available out of school hours to parents of SEND children, a sensory room, hall, catering kitchen and associated supporting facilities for 128 children. There will also be works to provide improved staff and visitor car parking, improving access for school transport together with relevant landscaping.
14.	<p>Project Tolerances (cost, time and quality)</p> <p>Costs</p> <p>Based on Feasibility Study costs provided within the Capita report (May 2015. See Appendix 1), capital costs and fees are predicted to be £8.67M. These are high level estimates. There will be additional costs related to the need for temporary accommodation. There is also the potential for additional surveys such as a Highway Condition Survey and Planning Conditions. The additional costs for furniture and equipment are not included. It is therefore suggested that an additional £1.0M should be added to the Capita estimate to meet this project costs. The expenditure of the Capita estimate of £8.67M and additional £1.0M for the project will be spread over four financial years (2015-2019), as set out in Table 2 paragraph 19 below.</p>
15.	<p>Time</p> <p>Key Project milestones</p> <ul style="list-style-type: none"> • Start on site April 2017 • Completion summer 2018 • Occupation September 2018
16.	<p>Quality</p> <p>This building will meet the standards contained in Building Bulletin 102. The Council policy regarding the Building Research Establishment Environmental Assessment Methodology (BREEAM) standards achieved is noted. The project will aim to achieve a rating of Excellent under the BREEAM standard, however where cost advice indicates that this cannot be contained within the cost plan for the project then it will be the subject of value engineering. The design will balance costs with the available budget across all quality criteria including BREEAM related elements.</p>
17.	<p>Revenue costs</p> <p>The recurring revenue costs associated with the phase 2 increase in capacity at the school are anticipated to be funded from within the recurrent DSG.</p>

RESOURCE IMPLICATIONS

Capital/Revenue

18.	The changes to the programme in respect of the increase in capacity at Springwell School are shown in the table 1 below.																													
	<p>Springwell Phase 2</p> <p>Table 1 - Summary of changes to the Education & Children Social Care Capital Programme to increase capacity at Springwell School</p> <table border="1"> <thead> <tr> <th></th> <th>2015/16</th> <th>2016/17</th> <th>2017/18</th> <th>2018/19</th> <th>Total</th> </tr> <tr> <th></th> <th>£'M</th> <th>£'M</th> <th>£'M</th> <th>£'M</th> <th>£'M</th> </tr> </thead> <tbody> <tr> <td>Total Required for Phase 2</td> <td>0.10</td> <td>0.70</td> <td>7.70</td> <td>1.17</td> <td>9.67</td> </tr> <tr> <td>To be added as per this report</td> <td></td> <td></td> <td></td> <td></td> <td>9.67</td> </tr> </tbody> </table>							2015/16	2016/17	2017/18	2018/19	Total		£'M	£'M	£'M	£'M	£'M	Total Required for Phase 2	0.10	0.70	7.70	1.17	9.67	To be added as per this report					9.67
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A breakdown of the estimated costs for the construction of Phase 2 is contained in the Option Appraisal carried out by Capita is summarised in Table 2 below and detailed in Appendix 1.

Table 2- Budget Estimate for Phase 2 Springwell School	£'M	£'M
New Build		6.08
Drainage & external works		0.67
Site Specific Allowances and abnormals		0.19
Risk (design & construction) Allowance		0.63
Professional fee (14%)		1.02
Feasibility study fee		0.08
Total (Excludes FF&E)		8.67
Additional cost including:		1.00
Temporary Accommodation	0.40	
Section 106/278 Agreements	0.20	
Additional Fees (Legal / BREEAM Assessment)	0.30	
Furniture and Equipment	0.20	
Overall Total Cost		9.67

19. It is proposed that the additional capital expenditure will be funded from Council Resources which will need to be secured through additional borrowing. However, if £9.67M is borrowed, over the 50 year estimated life cycle of the asset this will be at an annual cost of £0.43M and the lifetime cost of loan will be £21.60M.
In accordance with the School and Early Years Finance (England) Regulations, the cost of borrowing cannot be charged to DSG this cost will therefore need to be met by General Fund.
20. Upon completion of the build the recurring revenue costs, excluding the interest repayments, associated with the phase 2 increase in capacity at the school is anticipated to be £1.70m over and above the current budget levels. Of this £1.40M placements cost per year will need to be met from DSG and £0.30M transport costs per year will require funding from the General Fund. Please note that any alternative educational arrangements would cost significantly greater and therefore to meet the needs of the forecast number of children both the General Fund and the DSG would be further adversely affected.
21. The revenue cost implications on the general fund from 2016/17 to 2022/23 are shown in table 3 below.
This tables shows total forecast cost of Borrowing and Minimum Revenue Provision (MRP) costs and transport costs to the general fund.

Table 3 - Revenue cost implications on general fund

	Borrowing Cost £'M	Transport Cost £'M	Total £'M
2016/17	0.32	0.00	0.32
2017/18	0.42	0.05	0.47
2018/19	0.43	0.10	0.53
2019/20	0.43	0.16	0.59
2020/21	0.43	0.21	0.64
2021/22	0.43	0.26	0.69
2022/23	0.43	0.30	0.73

These numbers are purely indicative based on known variables at this time, and that for calculation purposes the debt is taken out on the 1st April in the relevant year. Please note that MRP accrues in the year following borrowing, but interest payments accrue from the time debt is taken out. The loan has been assumed for 50 years, over the life of the asset.

The additional cost of borrowing shown above will be a further pressure and therefore will increase the General Fund saving requirement in 2019/20 from £42.30M to £42.73M.

22. It is important to note that the agreement for the funding is based on current status of Springwell as a local authority maintained special school. If the status of the school changes in future to an academy or a free school, it will be the Council's intention to clawback all funds (capital and revenue) in full before the school changes its status and these funds will need to be paid by the school or sponsor before conversion.

Property/Other

23. All property matters have been covered elsewhere in the report.

LEGAL IMPLICATIONS

Statutory power to undertake proposals in the report:

24. The power to provide and maintain educational facilities as proposed in this report is set out in the Education Act 1996

Other Legal Implications:

24. Proposals in increase pupil numbers at a special school by either 10% or 20 pupils (whichever is the lesser) require statutory proposals to be published in accordance with the School Standards & Frameworks Act 1998 and associated statutory guidance. Phase 2 consultation will be required for a minimum of 4 weeks in school term time prior to publication of statutory proposals with a further 4 week representation period. If no objections are received in the second (statutory) representation period, a decision to proceed may be delegated to officers to determine and approve the proposals. If objections are received then a further report of Cabinet will be required to consider the representations and determine the proposals. The statutory proposals will be twin tracked with procurement activity and completed prior to any binding contractual commitment to undertake the works is entered into in order to comply with statutory requirements. The Council can therefore determine not to go ahead with the expansion as any point up until the date on which the statutory proposals are determined and binding contractual commitments to complete works are entered into.
25. Works and services will be procured in accordance with the Council's Contract Procedure Rules and will be required to comply with all relevant pervasive legislation including, but not limited to, the Equalities Act 2010 and associated statutory guidance on the design

	and construction / accessibility requirements for Special Schools and design for pupils with a disability.
POLICY FRAMEWORK IMPLICATIONS	
26.	This relates to the strategic priority for Protecting Vulnerable People and the School Improvement Plan

KEY DECISION?	Yes	
WARDS/COMMUNITIES AFFECTED:	The school is located in the Bitterne Ward but admits children from all areas of the City	
<u>SUPPORTING DOCUMENTATION</u>		
Appendices		
1.	Appendix 1 – Springwell School Options Appraisal	
2.	Appendix 2 – Springwell School Outline Business Case	
3.	Appendix 3 - ESIA	
Documents In Members' Rooms		
1.	None	
Equality Impact Assessment		
Do the implications/subject of the report require an Equality and Safety Impact Assessment (ESIA) to be carried out.		YES
Privacy Impact Assessment		
Do the implications/subject of the report require a Privacy Impact Assessment (PIA) to be carried out.		No
Other Background Documents None		
Title of Background Paper(s)		Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)
1.	None	