

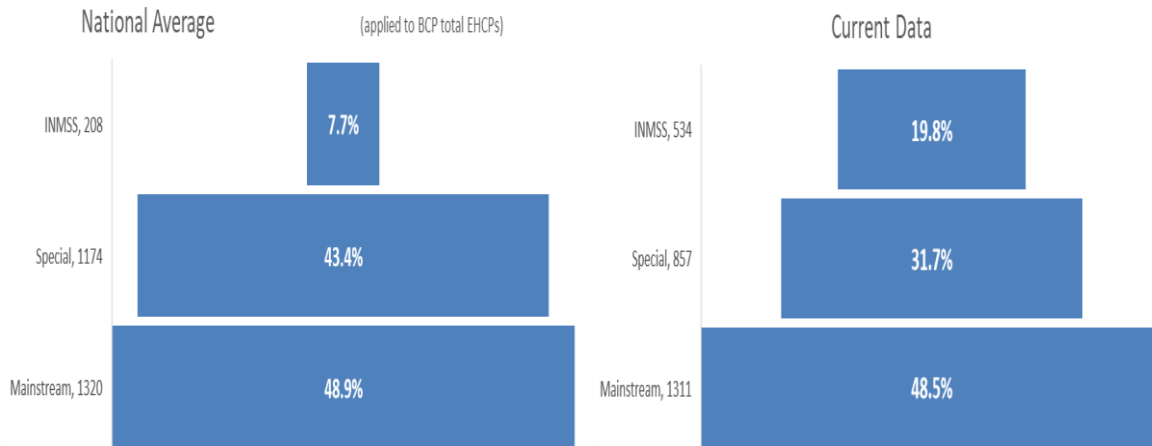
Report subject	<b>Special Educational Needs and Disability Capital Investment – Expansion of Longspee Special School at the Bournemouth Learning Centre</b>
Meeting date	14 April 2021
Status	Public Report
Executive summary	<p>As part of the Council’s commitment to pupils with special educational needs and disabilities (SEND), Cabinet in June 2020 approved £500,000 to re-purpose the former Bournemouth Learning Centre (BLC) building as a satellite site for Longspee Special School. The Council has a duty to ensure a sufficiency of school places in its area under s14 of the Education Act 1996.</p> <p>After that original cost estimate, and as a result of the procurement process carried out by the Council’s partner, the Ambitions Academies Trust, the total cost of the capital works amounts to £1,250,000, leaving a shortfall of £750,000 which the Council intends to meet in order to ensure the extra places are available for September 2021. Funding is available to meet the shortfall.</p> <p>The reasons for the shortfall, set out in the report, include unforeseen works due to the poor condition of the building and the need to increase the specification in order to be able to take on roll children and young people with the broadest range of needs.</p> <p>The project still represents exceptional value for money as the cost of each place will be more than 40% below the national average and as a result of not needing so many independent placements, the council will make a revenue saving in the region of £1.2 million annually.</p>
Recommendations	<p><b>It is RECOMMENDED:</b></p> <ol style="list-style-type: none"> <li>1. That Cabinet approves the further allocation of £750,000 to complete the conversion of the Bournemouth Learning Centre;</li> <li>2. That Cabinet requests the Chief Executive to use the urgency powers delegated to him under Part 3.15 of the BCP Council Constitution to approve the combined spend on this project of £1,250,000 in advance of the next available Council meeting, scheduled for 2 June 2021 and that he report this decision to Council at that meeting, in</li> </ol>

	order for the additional school places to be available for eligible children by September 2021,;
Reason for recommendations	To enable the completion of the project at the BLC site to create a high quality special school satellite provision for Longspee Special School, meeting local need and reducing pressure on the high needs budget.
Portfolio Holder(s):	Councillor Nicola Greene, Portfolio Holder for Covid Resilience, Public Health and Education
Corporate Director	Elaine Redding - Interim Corporate Director, Children's Services
Report Author	Simon McKenzie, Head of Service, Special Educational Needs and Disability
Wards	All
Classification	Decision

## Background

1. As a Council we have high aspirations for children and young people with special educational needs and disabilities (SEND), striving to ensure children and young people achieve their potential. We are committed to ensuring children and young people experience inclusion in every aspect of their lives.
2. The Council is ambitious for all children and young people living within the BCP area. Children with SEND can be vulnerable and the Council intends to make the strongest possible contribution to improving the lives of vulnerable children and young people. The Council wishes to champion the needs of children with SEND and their families and to create a local environment for them which meets their needs.
3. To deliver this vision, the Council is investing in children and young people with SEND through the provision of up to an additional £10 million capital investment in our schools, from April 2021, funded from borrowing, to ensure that children and young people in BCP have the best environment and settings to maximise their learning potential. This is in addition to the funds received from the Department for Education and previously committed funds.
4. Many Councils are struggling to contain spend within the dedicated schools grant high needs budget allocated by central government. Within BCP Council we are facing similar challenges with a funding shortfall estimated at £6 million in 2020/21 and £9.7 million projected for 2021/22 and likely to continue in future years. Schools are also concerned that in order to promote inclusion in a mainstream school, an increasing number of children and young people require costly support.

5. Within BCP a high proportion of the high needs budget (circa £15 million) is being spent on independent and non-maintained special schools (INMSS) and colleges. This is significantly higher than the national picture with 19.8% (534) of pupils with education, health and care plans issued by BCP attending education in the independent sector compared to 7.7% nationally. The diagram below outlines this difference.



6. SEND sufficiency plans have identified the need for additional special school places in the local area to meet demand. Through the provision of high quality local special school provision, the goal is to avoid more expensive placements in independent schools as well as meeting the council's duty to ensure a sufficiency of places in its area under section 14 of the Education Act 1996.
7. This approach will form part of the development of a more robust high needs budget recovery plan with BCP schools and other stakeholders. The aim is to change the profile of the locations where BCP children and young people are educated. The plan is to increase the numbers of pupils with education, health and care plans (EHCPs) attending our mainstream schools and increase the numbers within our local special schools, with schools being able to provide quality provision to meet greater needs. The impact will be a reduction in the use of independent schools and colleges with a resultant reduction in overall expenditure within the high needs budget, This approach will support our goal of ensuring our children are educated within their local community in high quality education provision with their peers.
8. Our sufficiency analysis of specialist school places for children and young people with an EHCP maintained by BCP Council shows that the need for places continues to increase. Local special schools are already at capacity, and as a result some children and young people are needing to be placed in Independent and Non-Maintained Special Schools (INMSS) placements.
9. Based on this analysis, and following detailed work with local schools, some initial plans have been developed and further work is being undertaken to develop further a set of proposals to increase capacity in the local system. Cost effective and tried and tested approaches are likely to include the creation of

new 'satellite' provision located in mainstream schools but operated by a local special school, expanding existing specialist provision, and creating 'resource bases' in mainstream schools to provide for pupils with additional needs.

### **Longspee Satellite at Bournemouth Learning Centre**

10. As part of addressing the lack of special places locally, initial funding of £500,000 was agreed in June 2020 by Cabinet to develop further provision at Bournemouth Learning Centre with Ambitions Academies Trust (AAT). Initial plans anticipated places being created to accommodate 40-50 pupils. The proposal which followed was to create that provision as a satellite of Longspee Academy (graded Outstanding by Ofsted February 2020).
11. The proposed Longspee satellite at the Bournemouth Learning Centre will now offer 54. Initially 12 places will be available from April 2021 and this will increase up to 54 places from September 2021. This is a larger number of pupils than initially anticipated and will help meet local needs. The satellite will offer provision for secondary phase pupils who have a diagnosis of social emotional mental health (SEMH) / autistic spectrum condition (ASC) / complex needs.
12. Initially a budget of £500k was identified to deliver both phase 1 and phase 2 of the project. This was based on the expectation that a limited scheme of works would be needed to restore the building for use as a special school, reflecting that the layout of the building remained largely unchanged since its previous use as a special school. The information considered at the time suggested that the cost of the building and the facilities would support the school in meeting the needs of pupils.
13. Further detailed planning work has since been undertaken with AAT in liaison with the Council. This has shown that, in order to fully meet the needs of the widest cohort of children, additional facilities and specialist teaching spaces will be required. This has included the provision of a multi-use games area (MUGA) a sensory room, a music room, suitable indoor hall, and IT suite. All classrooms will also allow access to outside areas. These enhancements will ensure that the pupils attending have access to a high-quality environment and an enhanced curriculum offer. This provision will be an attractive option for parents who will be comparing with alternative and more costly independent school options.
14. Following the building being vacated and detailed surveys, additional unanticipated costs were identified due to the poor condition of the property. These have included the removal of some asbestos, work relating to the electric supply and the wiring and cabling, additional ICT equipment and suitable wall coverings being required. These essential works were included in the tender specification.
15. As a consequence of Covid 19, additional requirements and costs have been incurred to ensure compliant safer working procedures as well as meeting additional costs relating to supply chains and/or ensuring staffing capacity.
16. A full procurement process for the work was completed by AAT, who are leading in the delivery of the project. Following a value engineering process, the total cost of the project, including an appropriate level of contingency, is now £1.25 million. This reflects the expanded scope set out above and

increased costs relating to condition issues and the need to deliver during the Covid-related restrictions.

17. This increase has led to the need to re-visit the business case for the project. National benchmarking data shows that the average cost for the delivery of a SEND refurbishment project was £42,500 per place. For a new build this increases to £84,000 per place. The revised cost of the project set out above equates to £23,000 per place for 54 places, so still represents good value for money.
18. The business case also shows that savings of up to £1.2 million per annum could be delivered through the provision of these additional places, based on the avoidance of need to access costly INMSS places. These figures are based on the average cost of a BCP special school (£25,000) in comparison with an independent school placement (£48,000).
19. An options appraisal undertaken at the time of developing the BLC proposals identified only one alternative that would have delivered a similar number of places. This was a new build on a BCP owned site that, due to site restrictions, was estimated to cost circa £100,000 per place.
20. Taking all of this into account, it is concluded that the BLC project remains the most cost-effective way to invest resources to provide additional special school places to meet local need, but it requires a significant additional capital contribution to be agreed.
21. Capital funding is available through the DfE Basic Needs Grant, some residual SEND grant and the recently announced SEND grant allocation.
22. To ensure due diligence, proposed costs and plans have been reviewed and a site visit has been undertaken by the Director of Children's Services, Cllr Greene and key BCP Officers. Significant work has been carried out on the site such that the school will be able to open for 12 pupils after this Easter break. The second phase of the work to provide classrooms and facilities for the additional 42 pupils has commenced but completion is dependent on the additional funding.

It was evident that work and plans in place would provide a high-quality special school meeting the needs of pupils with special educational needs as well as providing a suitable alternative to an independent school.
23. The visit, plans and evidence of work completed indicate that Longspee at BLC special school satellite will offer a high quality environment and curriculum offer to meet the needs of pupils with SEND.
24. A breakdown of costs is included in the following table 1 identifying the difference to the new revised cost. Contingency funding and additional costs relating to Covid 19 have been included with the budget for professional fees also increased as the scope of work has expanded.

**Table 1: comparison of original and revised budget**

	Initial budget	Revised budget	Difference
Refurbishment Contract	£432,500	£475,600	£43,100
Additional facilities-(see below)	£0	£505,900	£505,900
Additional place capacity (from 45 to 54 (see below)	£0	£110,000	£110,000
Contingency	£50,000	£117,600	£67,600
Project and professional fees	£17,500	£40,900	£23,400
<b>Total</b>	<b>£500,000</b>	<b>£1,250,000</b>	<b>£750,000</b>

25. A breakdown of the additional facilities/ budget extras costs is provided in table 2 below:

**Table 2: breakdown of the additional facilities and additional places costs**

Description	Cost
Covid-19 inflated costs estimated at 15%	£163,710
MUGA BB104 recommends for sports related curriculum	£88,000
High fencing to secure grounds	£45,500
Indoor hall/gym for PE, assemblies	£28,220
Rectifying historic electrical issues, increase number of toilets to BB104 recommended ratio, upgrading inadequate existing drainage, repairing leaking roof, FF&E, ICT, Fire- and Intruder alarm upgrades, plastering areas of old BLC.	£290,469
<b>Total</b>	<b>£615,899</b>

26. The ongoing revenue costs of operating the new provision, including future repairs and maintenance to the building, will be met by the academy trust from the dedicated schools grant allocations paid by BCP for commissioned places and as places are filled.

27. As Longspee Special School is an academy, within the AAT, a revised funding agreement to include these additional places is being put in place.

## **Summary of legal implications**

28. Councils have a statutory duty to ensure there are sufficient school places available for children in their area. The Children and Families Act 2014 requires councils to keep provision for children and young people with SEND under review including its sufficiency.

## **Summary of financial implications**

### **Capital outlay - £1.25m**

29. Revised project cost estimates are £1.25 million. This consists of £1.09m academy managed build costs and separate £0.16 million BCP capital budget for professional fees and contingency. Build cost estimates are based on independent contractor estimates, include 2.8% contingency within the academy managed budget, and have been reviewed by the Council's in-house capital client project management team for completeness and reasonableness. Structural and asbestos surveys have been undertaken, as well as an internal fire strategy assessment.

### **Academy managed budget - £1.09m**

30. The £1.09 million academy managed spend will be subject to a formal funding agreement with the trust. The funding agreement will cap BCP financial commitment and clearly define expected project outputs. The academy will also be expected to adopt a procurement approach that is consistent with BCP's requirements.
31. Spend incurred by the academy under the funding agreement will be reimbursed by BCP in arrears. In anticipation of a formal funding agreement and subsequent reimbursement from BCP, the academy has already committed £500,000 of spend. No invoices for reimbursement have yet been received from the academy and there is not yet a formal funding agreement.

32. Academy managed costs are below:

	£
Building <b>Contractors Quote</b> (internal refurb/ remodel)	894,739
Outside Fencing	35,100
Media (ICT/ e-boards etc)	33,618
Goal Ends with Basket Ball	10,132
External ground works & MUGA	87,500
2.8% Contingency (to cover some professional fees – added by AAT)	30,310
<b>Total costs managed by Academy</b>	<b>1,091,399</b>

33. In addition to direct costs managed by the academy, BCP has earmarked a further £158,500 capital budget to cover overall 10% contingency (to over unforeseen costs that may arise) and project and professional fees. This budget is BCP specific and will not form part of the main funding agreement with the academy. Of this budget, £7,000 has been spent to date on architect's fees. No further orders or commitments have been made.

#### **BCP managed budget - £0.16m**

<b>BCP managed budget</b>	£
Contingency	117,600
Project and professional fees ( <u>including £7,000 incurred to date on architect's fees</u> )	40,900
<b>Total costs managed by BCP</b>	<b>158,500</b>
<b>TOTAL (academy managed budget + BCP managed budget)</b>	<b>1,249,899</b>

#### **Funding implications**

34. £0.50 million of the £1.25 million capital budget needed has already been approved, funded from basic need grant. The supply of new school places is in line with the grant conditions.



35. It is proposed that the additional budget requirement of £0.75 million is funded from high needs capital allocations for 2021/22.

### **Financial risks**

36. The academy has already committed £500,000 for building works in anticipation of a formal funding agreement and reimbursement from BCP. This work will facilitate the supply of 12 new school places from Easter and is expected to complete on time. There is a risk that alternative provision (at BCP cost) will be required for the 12 school places if the project is not completed as planned as the operation of the site as a special school would be unviable.
37. Spend incurred by the academy to date is in line with capital budget estimates and contractor quotation. Whilst build costs are expected to complete within the £1.09m budget, BCP will retain project contingency of £118k for any unforeseen costs that may arise. The project will result in the provision of 54 new school places (12 from April 2021 and 42 from September 2021). There is always an inherent risk that not all of the places will be taken up or be required, but current projections of pupil numbers suggest this risk is low.
38. The capital investment will reduce ongoing revenue budget funding pressures within the high needs block. Similarly, all direct building operational spend (including maintenance and running costs) will now be met by the academy. A formal lease specifying terms and conditions of academy use of the building is also required. There is a risk that once the building becomes operational that further remedial works will be identified. The council must provide a building to the academy in a suitable condition for use and the proposed contingency is considered sufficient to manage this risk.

### **VAT implications**

39. The property will be leased to the academy trust on a 24-year peppercorn lease (FRI lease). The effective date will be backdated to 1 February 2021 when their occupation started.
40. Based on the proposed heads of terms the academy trust will be responsible for any internal and external refurbishment works. The Council can passport the funding via a grant funding agreement and the academy will be entitled to reclaim any VAT charged on capital works under Section 33B (as long as they are incurred solely in relating with provision of education).

### **Value for Money assessment**

41. National benchmarking data shows that the average cost for the delivery of a SEND refurbishment project is in the region of £42,500 per place. The revised cost of the BLC project will equate to £23,000 per place.

### **Summary of environmental impact**

42. As part of the planning application consideration is being undertaken as to any environmental impact.

## **Summary of equality implications**

43. The provision of additional special school places within BCP will have a positive impact ensuring children and young people attend local schools within their community.

## **Summary of risk assessment**

44. There is an evident need for special school places within BCP with the Longspee at Bournemouth Learning Centre providing an opportunity to provide a cost-effective solution creating 54 places. There is a low risk that the places will not be needed for the foreseeable future.
45. Significant work has been completed on site with a view to opening for 12 pupils in April and an additional 42 in September. Failure to provide the additional funding at this point would result in the building not being completed and only 12 pupils able to be admitted. This would be poor value for money for the capital budget already spent and likely make the building operationally unviable for the academy as noted above.

## **Background papers**

46. BLC Cabinet report - June 2020.

## **Appendices**

47. None.