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Stage 2 – Full Business Case/ Project Approval (Commit to Spend/ Contract)

DIVISIONS AFFECTED:

East Oxford

TOTAL CAPITAL BUDGET:

£8.058m

APPROVAL NO:

ED805

Programme/ Project:	Oxford Spires Academy
Ref: (as in the capital programme)	
Date:	13th September, 2012
Author:	Adrian Hewitt - Hewitt Freeborn Jane Farrow – CCS Property and Facilities
Programme / Project Manager:	Hewitt Freeborn Associates (external advisor)
Sponsor: (where exist)	Nigel Cunning
Version No:	Final
Distribution:	Kevin Griffin, Graham Clare, Simon Pickard, Adrian Hewitt, Nigel Cunning, John Disley, Martin Tugwell,

1 Sign-off & Approval

The input must be obtained from the following:

Responsible Owner	Name	Date	Relevant Signature
Service Manager/ Client (Contributor)	Kevin Griffin	17 th September	By email
Property and facilities representative working on project development/ delivery (co-author)	Jane Farrow		
Service Finance Business Partner or Management Accountant in Consultation with E&E Finance Business Partner (Contributor - checks against the Business Strategy & revenue implications)	Simon Pickard	21st September 2012	By email
The Capital Finance Team (Contributor - checks against the capital programme & cost of capital financing)	Graham Clare	various	By email
Other Technical Contributor (co-author)	Adrian Hewitt	various	By email

The final approval must be obtained from one of the following:

Approval Level	Name	Date	Relevant Signature
Cost Centre or Service Manager (up to £500k) Optional for controversial/ sensitive programmes/ projects	-	-	-
PDGs/ On behalf of PDGs (£500k to £1m) [KSMs responsible for H&T or P&F delivery teams in consultation with the relevant Deputy Director]	-	-	-
C&APB / On behalf of C&APB (£1m to £2m) [Deputy Directors responsible for H&T or P&F delivery teams in consultation with the Chief Finance Officer & Director for E&E]	-	-	-
CIB / On behalf of CIB (£2m to £5m) [The Chief Finance Officer & Director for E&E for transport & property programmes/ projects]	-	-	-
Cabinet/ On behalf of Cabinet (over £5m) [Leader of the Council]			
Council (Proposals outside the approved Policy & Budgetary Framework)			

Oxford Spires Academy

EXECUTIVE SUMMARY

Oxford Spires Academy opened in January 2011, replacing Oxford School. The project is to provide new and refurbished accommodation funded by a £7.808m capital grant the Education Funding Agency (EFA).

The capital project follows the National Academy Framework process established by Partnership for Schools (PfS) now EFA and is similar to that followed by the Oxford Academy (formerly Peers School). Under this process the Authority (OCC) are responsible for procurement of the works (excluding ICT which is procured by the Academy Trust) which it then leases to the Academy Trust by way of a Development Agreement, interim short term lease and ultimately a long term (125 year) lease.

Planning consent is due in early October, 2012 with EFA approval sought soon after this and formal Contract signing programmed for October, 26th, 2012; the Contract Sum is £6,433,777 which will be met from EFA funding, a separate contract for ICT will be let by CfBT Schools Trust. The date for the proposed opening of the new Academy buildings is proposed to be in phases from September 2013.

Approval is sought to award the contract and sign contract documents, subject to EFA approval and agreement on funding drawdown. Approval is also sought to 'passport' ICT funding to the Academy Trust in accordance with EFA processes.

BACKGROUND

Oxford Spires Academy is sponsored by CfBT as lead sponsor working in partnership with Oxford and Cherwell Valley College and Oxfordshire County Council. The new Academy, which opened in the existing buildings in 2011, provides for 1050 11-16 pupils (7 F.E.) with a sixth form roll of 250. The academy specialisms are business and enterprise. The date for the proposed opening of the new Academy buildings is proposed to be in phases from September 2013.

The project to reconstruct and refurbish existing facilities is funded through the Education Funding Authority (EFA) and is procured using a national framework.

DESCRIPTION OF THE PROJECT

The project is to provide new and refurbished accommodation at the Oxford Spires Academy funded by the Education Funding Agency (EFA) and sponsored by CfBT. The new building will accommodate the 11 Science classrooms, 6 I.T. & Business Enterprise classrooms, the Sixth Form and create a new Assembly space to seat 330 students.

Also included is the refurbishment of circulation space, food technology, humanities classrooms, sports changing and the remodeling of spaces to better suit the curriculum.

The designs have been reviewed by the Academy, the sponsor and the Authority and have been agreed and signed off; a planning application was submitted in July.

No	Key Milestones until Project Completion	Start Date	Finish Date
1	Planning Consent		09/10/12
2	Cabinet Approval		12/10/12
3	EFA FBC Approval	1/10/12	16/10/12
4	Contract Signing		26/10/12
5	Phase 1 Completion (new buildings)		No later than 31/08/13

EXPECTED BUSINESS BENEFITS & CONTRIBUTION TO THE COUNCIL'S BUSINESS STRATEGY

The replacement of existing buildings and construction of new, purpose designed spaces will support the Academy in its drive to raise levels of attainment and to make Oxford Spires Academy a school of choice for parents in Oxford.

SUMMARY OF OPTIONS CONSIDERED AND REASONS FOR RECOMMENDED OPTION

At feasibility stage a number of options we considered as set out below:

No	Option Considered	Implications	Recommendation (Rejected/ Recommended)
1	Do nothing		Not considered as investment agreed
2	Large areas of refurbishment	The amount of investment required across the whole estate to bring it up to standards was initially considered with the school but would not provide the educational impact required	rejected
3a	Combined new Science and ICT Block, demolishing Science and mothball existing ICT block	Capital costs exceed budget and economics of mothballing an existing building deemed unacceptable	rejected
3b	New science block and extension / remodelling to ICT and provision of new 6 th Form	Environmental and planning benefits; good integration of facilities for school; reduction in running costs; requirements of the brief met	recommended

Option 3b, recommended, was taken forward as the preferred option and formed the basis for the procurement process.

The project will be managed by Hewitt Freeborn overseen by CCS Property and Facilities Partnership and using PfS's NAF2 construction partners. The feasibility stage has engaged with highways, planning, ecology, archaeology and other specialists within the County Council to ensure that the project is in a position to be deliverable.

RISKS AND ASSUMPTIONS

A risk register for the project has been developed as part of the feasibility and briefing stages of the project. The OCC project report also logs key client risks and is updated and challenged on a regular basis

Key areas of risk are integrated into the table below.

No	Description of areas or sources of risk and impact on project	Mitigation	Owner
1	Asbestos within the Science Building. This building is to be demolished but the extent of the asbestos cannot be fully anticipated until it is vacated at the end of the project.	Retain £100,000 sum from the alteration budget (anticipated from 1 st floor maths, food tech, humanities and drama lighting) until full extent of asbestos is known	OCC / Adrian Hewitt/ Jane Farrow
2	Whilst low risk, a judicial review could hold up the project indefinitely, leading to unidentifiable delay and cost once the project has started on site.	CfBT are to issue a letter confirming that they will take the risk of judicial review.	OCC/ Adrian Hewitt/ Jane Farrow
3	The delivery of the project requires 'buy in' from a number of bodies including CfBT	Regular meetings at a number of levels are scheduled to agree requirements	OCC /Adrian Hewitt / Jane Farrow
4	Challenging budget, estimates could be exceeded during tender phase	The Council's advisors are managing the procurement phase which will include a series of Contractor engagements; Contractors will be instructed that unaffordable solutions will be deemed non compliant	OCC /Adrian Hewitt
5	The scope of works could change due to the passage of time or new staff / governors	The existing feasibility design drawings integrating descriptions of fitting out and the like have been agreed by the head teacher in the presence of the governors as the agreed scope of works	OCC /Jane Farrow
6	Planning consent could be delayed, issues around car parking and highways	Initial discussions including a pre-application meeting have been positive; continue dialogue	OCC -Jane Farrow
7	Breakdown in relationships between CfBT and OCC	Continue high level dialogue	OCC /Nigel Cunning
8	Archaeology	A watching brief has been commissioned	OCC /Adrian Hewitt / Jane Farrow
9	EFA FBC approval not received	Ensure timely submission of EFA FBC and legal documents	OCC /Adrian Hewitt / Jane Farrow

The procurement process has followed a prescribed procedure in accordance with EFA guidelines. The formal appointment of Kier will utilise a standard EFA Design and Build form of Contract (fixed price) and the majority of the risk will pass to the contractor.

SERVICE & STAFFING IMPLICATIONS

The Academy will be responsible for managing the revenue resource implications including all staffing and building operation costs

OCC are acting as the procuring agent for this project and as such will require resources to cover the monitoring and help to direct the progress of this project. The majority of the resource will be required by the OCC/CCS property partnership. Additional resources will also be required form legal to provide advice on and to negotiate the 125year lease for the Academy.

It is anticipated that premises costs will remain broadly the same. It is expected that heating costs will reduce from current levels due to the replacement of the science block although electricity costs may increase due to the significant investment in ICT. Repairs and Maintenance costs will be reduced.

The whole life premises costs should be reduced as a result of improved energy efficiency, modern systems and new fixtures, fittings and finishes. It is not practicable to quantify this at this stage but none of these costs will fall to the county council.

OTHER TECHNICAL IMPLICATIONS

Sustainable Implications

The scheme will be designed to meet the requirements of current regulations which envisage high levels of insulation and modern fittings and controls together with energy efficient boilers and sustainable technologies.

The existing ICT building (EBIT) is being incorporated into the new building and will undergo a total refurbishment which includes new windows and insulated render.

ICT Implications

The EFA are also providing funding for a separate contract for ICT. This will be let by CfBT Schools Trust.

The ICT infrastructure has been considered in tandem with the detailed design of the new build accommodation.

Results of the Services and Community Impact Assessment (SCIA)

The attached SCIA shows that the development should have a positive impact on many aspects of the Academy and the Community.

LEGAL IMPLICATIONS (INCLUDING PROCUREMENT RELATED ISSUES)

OCC are acting as the procuring agent for this project following a prescribed procedure from EFA. The procurement process has followed a prescribed procedure in accordance with EFA guidelines including a Preliminary Invitation to Tender (PITT) where two contractors from a panel of framework contractors were taken forward to an Invitation to Tender (ITT) process. A 'selected 'panel member' letter has been issued and both OCC and the Contractor (Kier) are preparing contract documents. The form of Contract is an EFA Lump Sum Design and Build Contract with largely pre-agreed conditions attached by way of the framework agreement. OCC internal legal officers are preparing the final suite of contract documents for completing with assistance on the technical schedules by the Council's advisors.

Simultaneously the Council must enter into a development agreement and short term lease with the Academy Trust; again these are a standard suite of documents provided by EFA. The Council's in house legal officers and CfBT lawyers are preparing and agreeing these documents. In addition, within the Development Agreement is the long term lease (125 years) which the Academy Trust will enter into with the Council 12 months after completion of the construction works; again these are being prepared and agreed.

It should be noted that minimal changes only can be made to the standard legal documents and that these have to be approved by EFA before the contract can be signed.

FINANCIAL IMPLICATIONS & AFFORDABILITY

Capital Implications

The estimated cost of the project is £8.058m based on the contract sum of £6.434m. The project cost includes a capital programme contingency of £0.277m. Included within the total project cost is £1.040m earmarked for ICT provision that will be transferred to the Academy.

The contingency provision of £0.277m, which is 3.6%, has been set lower than the standard 5%, taking into account the design and build contract is for a fixed price.

The risks and uncertainties identified in the above table are standard project issues and no additional budget provision is required at this stage over and above the provisions already included within the construction estimate and identified above.

The funding identified for the project will be met from the following sources:

- EFA Academy grant specific to the project and time-limited of £7.808m;
- OCC corporate capital resources of £0.250m;

No additional funding has been awarded for VAT, and both the County Council and the Academy will be able to reclaim VAT on their procured areas respectively.

Ref	Approved Budget Versus Estimated Cost & Project Contingencies	£000
A	Gate 0 project development budget released previously (+)	150
B	Gate 1 project delivery budget agreed to be released based on Feasibility Study (including £261k project contingency)	8,116
C	Total Approved Budget [as in the Capital Programme (A+B)]	8,266
D	Gate 2 project delivery budget (revised cost estimate or confirmed agreed maximum price)	7,631
E	Revised Project Contingencies (expected to be lower than original contingency level and justified)	277
F	Revised Project Budget Requirement (A+D+E)	8,058
G	Difference (C-F) (if positive represents savings to the capital programme, if negative represents requirement for additional capital resources or funded increase in the project cost which needs to be explained/ justified)	208

The cost reduction of £0.208m is due to the change in VAT status for Academies (ICT provision procured by the Academy) and the grant allocation has been reduced accordingly.

Revenue Implications

The Academy will be responsible for managing all revenue implications of the project. These will need to be funded from the Academy's delegated Budget Share. Resources for academy budget shares are provided by government through the Education Funding Agency. With no increase in pupil numbers expected as a consequence of the project there will be no additional resources provided through the delegated budget share.

Oxfordshire County Council has no responsibility for ongoing revenue running costs at the academy.

The net floor area of the school will increase by 555m² as a result of these works. This increase in isolation would be reflected in increased running costs for cleaning, maintenance and utilities which will need to be met from the academy's budget share.

The costs arising from increased floor area will be mitigated by improved cost efficiency of the new buildings due to benefits gained from the incorporation of the latest design technology for windows systems, lighting, insulation etc which are aimed at reducing energy costs.

The building due to be demolished has relatively poor energy performance and high maintenance requirements, which will therefore be eliminated from the academy's running costs after completion of the project.

Whilst it is not possible to accurately calculate the ongoing impact on running costs it is estimated that overall the project is likely to be broadly cost neutral in terms of energy costs and will remove long term maintenance liabilities from the academy.

Value for Money Analysis & Other Affordability Concerns & Statement

The project has been subject to a professional cost and value for money review by OCC's advisors; this has included benchmarking the scheme against other similar projects. The costs are in line with the costs prepared at feasibility stage and as agreed with EFA.

CONSULTATION

Staff, Student and Governor Consultation.

The academy's senior teaching staff, students and governors have been fully engaged in the development of design proposals which have been signed off as an acceptable design solution

Feedback from both staff and pupils has been incorporated into the design as it has progressed. This consultation will continue throughout the detailed design and delivery process through to completion

The Academy's Pupil Council, Governors and the Principal have been involved in the on-going discussions. The Principal has also discussed the needs and aspirations of different groups within the community at the next East Oxford Young People Partnership (EOYPP group)

Councillor involvement

There was initial councillor involvement, when the Expression of Interest (EOI) was originally submitted. Since then a meeting has taken place between Councillor Tilley and Nigel Cuning (OCC Asset Strategy Manager) on 2nd March 2012 to discuss the project.

Email updates were sent to Cllr Tilley, Cllr Malik and Cllr Sanders on 13th July 2012 followed by a further update on 13th September 2012

Public consultation

On Friday 6th July 2012 a public consultation evening was held at the Oxford Spires Academy. Two sessions were held at 2.30-3.30pm and 5.30-7.30pm. Both sessions were publicly advertised, although the early session was intended for students, parents and staff, while the later session was intended for the wider public and local community. This offered all interested parties the opportunity to view the proposal in full detail to prepare them for the Planning Application, while enabling them to review the scheme and develop their personal opinion. To advertise the event 800 flyers were hand delivered to local residents; while a further 900 flyers were sent home to parents via students of the Academy. Key members of the design team were on hand to answer questions. During the sessions, students, staff and the public were able to review the proposed works and encouraged to fill out feedback forms before leaving. The information presented included a

full set of floor plans, elevations, 3D visualisations from all angles, site management plans, construction traffic strategy plans, design development work, physicals models and programming details.

In addition, the academy plans to publicise the design and construction process of the new building on a new section of their website. This will be updated throughout the process and will serve as a gateway for students, staff and the community to keep track of developments on site.

On-going communication and Consultations will continue in line with plan defined within the project brief, design development requirements and Gateway procedures.

There is no requirement for a statutory consultation for the proposals at this school.

RECOMMENDATIONS

The Cabinet is RECOMMENDED to:

1. Approve the Final Business Case
2. Authorise that the contract be let and the development agreement be entered into subject to EFA approval and agreement on funding drawdown. Approval is also given to 'passport' ICT funding to the Academy Trust in accordance with EFA processes

Report Authors & Contributors

As sign off and approval

Background Papers

Accompanying appendices listed below.

Appendix A – Resource Appraisal Form

Appendix B – Grant/ External Funding Confirmation

Appendix C – The Latest Cost Plan

Appendix D – The Latest Project Risk Register

Appendix E – Services and Community Impact Assessment (SCIA)

Appendix F – EFA Procurement Guidelines (PfS Contractors Framework Local Competition Overview)

Appendix G – Drawings