

Mr Jupp, Cabinet Member for Education & Skills	Ref No: ES07 (19/20)
January 2020	Key Decision: Yes
Southwater Infant and Junior Schools; Additional Funding for Replacement of Modular Teaching Accommodation	Part I
Report by Director of Property and Assets and Director of Education and Skills	Electoral Divisions: Southwater and Nuthurst
<p>Summary</p> <p>The County Council has a statutory duty to provide sufficient school places for all children who need a place. This report seeks approval for the expenditure of an additional £800,000 from S106 funds to replace the modular teaching accommodation at Southwater Infant and Southwater Junior Schools to ensure the schools can continue to accommodate the demand for pupil places in the locality. This report follows a previous decision to set the budget (decision reference ES03 (18/19)).</p>	
<p>West Sussex Plan: Policy Impact and Context</p> <p>The proposal is in accordance with the Best Start in Life Policy within the West Sussex Plan. It will ensure access to education, meeting the needs of the community.</p>	
<p>Financial Impact</p> <p>The use of S106 funds will incur no cost to the County Council. There may be a marginal saving in revenue costs in relation to heating and lighting as the new units will be more efficient.</p>	
<p>Recommendations</p> <p>The Cabinet Member for Education and Skills is asked to:-</p> <ol style="list-style-type: none"> (1) Approve an additional £800,000 from Section 106 funds to enable the replacement of the modular teaching accommodation at Southwater Infant School and Southwater Junior School. (2) Authorise the commencement of a procurement for the supply and construction of the modular teaching accommodation for the schools to be available for use by September 2020 within the budget set out in the report. (3) Delegate authority to award the contract for carrying out the works detailed in the report to the Director of Property and Assets 	

Proposal

1. Background and Context

- 1.1 The County Council has a statutory duty to provide sufficient primary and secondary school places for all children who need a place. The suitability and condition of the teaching environment is also a key factor, giving every pupil the best opportunity of achievement throughout their education.
- 1.2 This report sets out an identified need for the replacement of teaching accommodation at Southwater Infant and Southwater Junior Schools. The proposal to replace the current poor quality accommodation will ensure the schools can continue to provide for the current and projected numbers in the locality and to ensure effective organisation of the schools.
- 1.3 An initial budget of £1.1m was allocated to the project, report [ES03 \(18/19 refers.](#) to replace the four double modular units across the two schools, each unit comprising of two classrooms, storage, lobby and WC.'s.
- 1.4 The initial budget proved to be insufficient to achieve the replacement of all four modular units. The Multidisciplinary Company, Faithful and Gould, undertook a condition survey, which confirmed that all four units had reached their end of life and required replacing. As a result, in accordance with the County Councils' Capital Programme governance process, a change request increasing the gross budget of £1.1m to £1.9m has been proposed. The cost increase was due to the original budget being based on a single estimate, which included many cost exclusions. These are more fully set out in Appendix 1.

2. Proposal Details

- 2.1 To meet the needs of the pupils, the proposal is to replace four double modular classrooms including storage and WC.s. It is proposed that the new accommodation will be available at both schools for September 2020.
- 2.2 The proposed works will ensure that the County Council meets its statutory duty to provide sufficient primary school places in the locality and meets its statutory responsibility with regard to the provision of school places in safe and properly maintained buildings.
- 2.3 The gross out turn cost of the Project is now estimated at £1.9m, to be funded from Section 106 contributions.

3. The procurement process

- 3.1 All procurements are generally undertaken on a 40% quality/60% commercial basis as agreed by Procurement Board.
- 3.2 The procurement for these new, purpose built modular classrooms will require a robust quality assessment to ensure compliance with the following bespoke requirements:
 1. The relevant British Standards;
 2. Space restrictions as per the planning approval;

3. DfE (Department for Education) guidance and best practice.
- 3.3 The procurement options considered for contractor appointment are via established frameworks or via an open tender to the modular market.
- 3.4 The preferred option is to procure the modular contractor via an open tender with a 60:40 price to quality weighting and based on a linear minimum/maximum scoring methodology. Consultant appointments are based on MDC/WSCC Contract.

Factors taken into account

4. Consultation

- 4.1 The project has been designed and agreed in full consultation and agreement with the schools.
- 4.2 The project has secured planning permission.
- 4.3 The Local Member for Southwater and Nuthurst has been kept fully updated and has been part of the consultation process.
- 4.4 The Cabinet Member for Finance has also been consulted on this proposal.

5. Financial (revenue and capital) and Resource Implications

5.1 Capital consequences

	Current Year 2018/19 £m	Year 2 2019/20 £m	Year 3 2020/21 £m	Year 4 2021/22 £m
Original Capital budget s106		1.1		
Change from Proposal		0.8		
Revised budget s106		1.9		

- 5.2 The table above shows that the increase in funding required is £800k in addition to the £1.1m approved in the Capital programme. The original and revised budget totals will be funded by section 106 contributions which are appropriate for this scheme. There are sufficient anticipated eligible section 106 contributions to fund this increase however these have not all been received yet. They are more fully set out in Appendix 2. As at June 2019 £1.083m had been received. The balance to be received in 2019/20 & 2020/21. If these are not received by the time the scheme has completed it is proposed that the Basic Need Fund will be used as an interim substitute. The scheme is largely due to complete in 2020/21 so this contingency may not be required.

5.3 Future transformation, savings/efficiencies being a marginal saving in revenue costs in relation to heating and lighting as the new units will be more efficient.

6. Legal Implications

6.1 It is confirmed that the s.106 funds identified can be properly used for the purposes of this scheme.

7. Risk Implications and Mitigations

Risk	Mitigating Action (in place or planned)
Surface water flooding/drainage (planning condition)	Attenuation tanks to be installed and units raised between 150mm and 300mm.
Project cost exceeds budget	Ensure design follows project brief.
Design changes increase costs	Stakeholders, funders & end users to sign off design and cost plan at each stage. No changes to be made before time & cost implications have been fully assessed.
Building regulations approval process is delayed or requires changes to design prior to construction	Design to commence early dialogue with local Building Control inspector. Contractor to submit a building regulations application as soon as reasonably possible.
Limited information leading to non-compliant tenders	Ensure as much information is within the tender packs to ensure compliant tenders.
Adverse ground conditions	Ground investigations undertaken and ground remedial works to be included in tender.
Existing services inadequate for proposed development	Load/capacity survey undertaken.
Asbestos containing materials discovered in the ground (existing buildings built post 2000)	Ground investigations undertaken and any remedial works included in tender.
Extended lead times for manufacture and delivery of units	Ensure critical path in programme followed to ensure project is delivered on time. Ensure order is placed with supplier in advance of respective programme date.
Access and carnage for modular units	Principle designer to make an assessment of physical access to site.
Contractor taking possession of the site delayed by school	Schools understand the programme and the implications of delaying handing over the site to the contractor.

Building not handed over by Sept 2020	Contingency measures to be explored should the building not be completed by early September 2020.
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8. Other Options Considered (and reasons for not proposing)

- 8.1 Option 1: Retain and refurbish existing modular units - S106 funds cannot be used for refurbishment.
- 8.2 Option 2: Enhanced refurbishment of existing modular units, including external façade – S106 funds cannot be used for refurbishment.
- 8.3 Option 3: Replace modular units with “off the shelf” standardised new modular units in the locations proposed by the approved planning application – Preferred option.
- 8.4 Option 4: Do nothing – A condition survey, undertaken by the MDC, found the existing units had reached their end of life and recommended replacing.

9. Equality and Human Rights Assessment

- 9.1 Everyone has the right to respect for private and family life, home and correspondence under Article 8 of the Human Rights Act. The impact of any proposed changes on the right to family life will be taken into consideration. Article 2 of the First Protocol is the right to education. No person shall be denied the right to education. The project therefore supports this right as school places are available in the Southwater and Nuthurst area for all children of primary school age.

10. Social Value and Sustainability Assessment

- 10.1 Not applicable.

11. Crime and Disorder Reduction Assessment

- 11.1 None.

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Appendices:

Appendix A: Breakdown of project costs
Appendix B: S106 Funds Available

Background papers: None

Appendix A

In 2018 an allocation of £1.1m from Section 106 funds was approved to enable the replacement of 4 double modular units that had reached their end of life.

The £1.1m sought was based on an estimate for standard units, replaced in the existing locations, using existing infrastructure and had many exclusions listed. The Business Case did not include for bigger units and the relocation of the modular units at the Junior Academy and the listed exclusions.

Indicative cost: £284,000 + VAT x 4 = £1,136,000 + VAT

Excludes:

- Client contingency
- Provisional sums
- Any costs associated with access issues (both sites look to be land locked).i.e. trackway, fence removals/reinstatement etc.
- External works
- Gates, fences, paths etc.
- Utility upgrades
- Ground investigation reports, surveys, testing.

The breakdown of total project costs, including the exclusions listed above is as follows:

Facilitating and demolition works	£77,000
New modular buildings	£980,950
External works and services	£85,840
Main Contractor preliminaries	£114,379
Main Contractor design fees	£31,455
Main Contractor overhead and profit	£64,481
Design development risk	£27,082.30
Construction contingency risk	£69,059
Client contingency	£90,466.20
Inflation (2Q2020)	£58,009
Professional fees	£153,239
Site surveys and investigations/LA fees	£30 000
ICT and ICT enabling works	£40,000
FF&E Move management	£20,000
Professional fees (pre-construction)	£8,400
Pre-Construction Agreement	£43,250
MDC cost evaluation for Stage 1 costs	£3,085
Ground clearance	£2,695
	£1,899,370.20

Appendix B: S106 Funds Available

S106 Money currently held by County Council totals £1,265,255. It includes one sum collected outside of Southwater which we are able to use for this project:

Planning Application	Site Address	Service	Banked Funds	Funds held at WSCC	Funds Held at LPA	Expiry Date	Financial Year Expiry	Allocated Funds
DC/1172/12	Heath Barn Farmhouse, Billingshurst Road, Broadbridge Heath, West Sussex	Primary	£73,288	£73,288	£0	01/01/2022	21-22	£73,288
DC/657/11	Land East of, Turners Close and E&S of, Millfield, Southwater, West Sussex	Primary	£315,447	£315,447	£0	04/06/2020	20-21	£315,447
DC/1923/09	Land R/O Trollslund and The Rest, Worthing Road, Southwater, West Sussex	Primary	£38,954	£38,954	£0	15/07/2021	21-22	£38,954
DC/579/12	Martindale Farm, Worthing Road, Horsham, West Sussex	Primary	£96,494	£96,494	£0	01/01/2022	21-22	£96,494
DC/1474/13	Oakview & Land Rear of Tiree, Little Twynham & Tenure House, Worthing Road, Southwater,	Primary	£21,299	£21,299	£0	01/01/2025	24-25	£21,299
DC/1606/14	Ellington House, Worthing Road, Horsham, West Sussex	Primary	£21,299	£21,299	£0	01/01/2026	25-26	£21,299
DC/590/14	Land west of, Worthing Road, Southwater, Horsham, West Sussex	Primary	£416,799	£387,229	£0	30/04/2025	25-26	£416,799
DC/937/13	Land West of, Rascals Close, Southwater, West Sussex	Primary	£79,906	£79,906	£0	01/01/2023	22-23	£79,906
DC/2582/14	Land To The East of Mill Straight, Worthing Road, Southwater	Primary	£231,339	£231,339				

In addition, Horsham have collected two sums on our behalf, which total £398,370.99:

App No	Address	Parish	Received	Receipt Date	Spend By	Spent	Balance	Allocated
DC/16/0863	Land West of, Worthing Road, Southwater, West Sussex	Southwater PC	14,760.52	13/03/2018	13/03/2028	0.00	14,760.52	0.00
DC/14/0590	Land West of Worthing Road, Southwater, West Sussex	Southwater PC	383,610.47	08/03/2019	08/03/2026			

S106, money that has already been paid, either to ourselves or Horsham, totals £1,663,625.99.

The County Council have invoiced the developer for Mill Straight, Southwater for £238,707.33 and are expecting this to be paid within the next month. Once paid this brings the total paid in Southwater to **£1,902,333.32**.