

## **Report to Cllr N Jupp, Cabinet Member for Learning and Skills**

**March 2023**

### **Allocation of Funding for Expansion of Queen Elizabeth II Silver Jubilee School, Horsham**

**Report by Mr A Edwards, Assistant Director (Property and Assets) and Mr P Wagstaff, Assistant Director (Education and Skills)**

**Electoral divisions: Horsham East and Horsham Hurst**

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#### **Summary**

The County Council has a statutory duty to provide sufficient school places for all children who need a place.

There is a need to reduce the number of children and young people with Special Educational Needs and Disabilities (SEND) moving into costly independent and non-maintained special school sector (INMSS) provision. The costs associated with these placements create financial pressure and are contributing to the Dedicated Schools Grant (DSG) High Needs Block being in deficit. Reducing the number of placements into the INMSS sector is a key driver in the DSG High Needs Recovery Plan. Increasing provision for children and young people with SEND through the creation of additional places in West Sussex Special Schools and Specialist Support Centres (SSCs) will assist in reducing this demand and assist with the aim of enabling children to attend school locally.

Queen Elizabeth II Silver Jubilee School (QE2) in Horsham is a Special School for young people aged 2 to 19 with severe or profound and multiple learning difficulties. Due to the growing demand in West Sussex for additional pupil places for children with these areas of need it is proposed to create a satellite provision for secondary aged and post 16 pupils at QE2 School.

Approval is required for the allocation of funding from the Capital Programme to provide the necessary adaptations at the proposed satellite site - Arun House which is located in Hurst Road, Horsham for up to 60 children and young people aged between 14 and 19 years of age and for those that are post 19 years of age. In addition the budget will fund all associated fees, ICT and furniture and equipment. The freehold estate of Arun House is owned by Horsham District Council (HDC) and a separate key decision is currently being sought for authority for WSCC to enter into an agreement for lease with HDC and once the conditions are met, the grant of a lease of Arun House.

#### **Recommendations**

The Cabinet Member for Learning and Skills is asked to approve:

1. The allocation of £3.570m to fund the necessary urgent condition works; adaptations to the existing accommodation and external works as set out in paragraph 2.3 of the report to enable the phased establishment of a satellite site to Queen Elizabeth II Silver Jubilee School for up to 60 children and young people from September 2024;
  2. The authorisation to commence a procurement process and delegation to the Assistant Director (Property and Assets) to appoint contractors to complete the design and cost the new accommodation. Such authorisation to be subject to the Cabinet Member for Finance and Property approving the proposed terms for the conditional agreement for lease followed by the lease of Arun House from Horsham District Council;
  3. The delegation of authority to the Assistant Director (Property and Assets) to submit the necessary planning application and building regulations approval application and to obtain any other required statutory consents, and to enter into a construction contract or contracts with the successful tenderer or tenderers, such delegation to be subject to the Cabinet Member for Finance and Property approving the proposed terms for the conditional agreement for lease followed by the lease of Arun House from Horsham District Council.
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## **Proposal**

### **1 Background and context**

- 1.1 There is a need to reduce the number of children and young people with Special Educational Needs and Disabilities (SEND) moving from maintained schools and academies into costly out of county education provision. Increasing provision for children and young people with SEND through the creation of additional places in County Council Special Schools will assist with the aim of enabling children to attend school locally and meets a key objective of the County Council's [SEND and Inclusion Strategy 2019 - 2024](#).
- 1.2 It has been identified that children with severe or profound and multiple learning difficulties are more likely to move into Independent and Non-Maintained Schools (INMS) because it is currently not possible to meet their needs in maintained schools and academies and the County Council's Special Schools do not have sufficient additional capacity. There are only two Special Schools in West Sussex offering provision for children with these profound needs – Fordwater in Chichester and QE2 School in Horsham. By creating more provision to meet these areas of need the County Council will be able to reduce spending on both expensive placements at INMS and costs associated with transporting children to out of county provision.
- 1.3 In Spring 2022 the Assistant Director (Property and Assets) approved the budget required to develop the viability study for the use of a Horsham District Council owned building - Arun House - as a satellite site for QE2 School. The building was previously used as a temporary site for the Bohunt School whilst construction of the new school was being completed and therefore much of the accommodation is potentially suitable for QE2's use.
- 1.4 The County Council's Multi-Disciplinary Consultant (MDC), Faithful+Gould Ltd were appointed to undertake the viability study. This included a full condition

survey of the building and a study detailing the works required to adapt the building to meet the requirements of QE2 School, including any adaptations required to ensure compliance with statutory regulations.

- 1.5 Whilst this proposal offers additional capacity for QE2 School for the medium term, it is not anticipated to be a permanent solution for providing additional capacity at the school. Options will continue to be explored for long term additional provision for children and young people with severe or profound and multiple learning difficulties.

## **2 Proposal details**

- 2.1 Arun House is a vacant building owned by Horsham District Council on Hurst Road, close to the QE2 School campus. It was most recently leased by the Bohunt Education Trust and had up to 240 pupils on roll at any one time. Significant work was undertaken by the Department for Education (DfE) on Arun House to enable its use as a school. Before its use as a school, it had been used as a college facility and also as office accommodation by the Coast to Capital Local Enterprise Partnership (LEP).
- 2.2 It is proposed that a lease of Arun House is agreed between WSCC and HDC for a satellite provision for QE2 School for up to 60 additional places.. Based on the construction programme, it is anticipated that the building could be completed for occupation in Spring/Summer 2024.
- 2.3 The proposal is to adapt the Arun House accommodation to provide suitable and sufficient accommodation to meet the needs of up to 60 additional children and young people aged between 11 and 19 years of age, post 19 year old students and the associated staff. The building is located less than two miles from the existing QE2 School and will operate as a satellite site to the main building in Comptons Lane, Horsham with the young people accessing facilities on the main site as required. The project will provide general and specialist teaching facilities; group and therapy space; life skills facilities; hygiene/changing provision and staff and administrative accommodation. The project will enable the school's capacity to increase from 120 to 180 planned places with places being filled by approximately 15-19 extra pupils per year until full.
- 2.4 It is proposed that, following detailed design, and agreement of terms for an agreement for lease followed by the lease with Horsham District Council (HDC), a procurement exercise is launched to appoint a contractor to undertake the construction activities. This will be advertised on the Council's e-Sourcing portal In-Tend, as well as Contracts Finder in accordance with the Council's Standing Orders on Procurement and Contracts and Public Contract Regulations 2015 (PCR 2015).
- 2.5 As the freehold estate of Arun House is owned by HDC it is not envisaged that the County Council will meet carbon net zero requirements within this project. Whilst adaptations will meet all current building regulations and planning requirements, the proposal does not include funds to undertake works on heat decarbonisation or to achieve carbon net zero for the site.
- 2.6 As part of this decision the Cabinet Member is asked to approve delegation of authority to award the contract to the Assistant Director (Property and Assets); the process to award will be subject to an officer key decision.

- 2.7 The building is in a poor condition and requires investment. An allocation for capital maintenance has been included within the gross budget sought for works anticipated over the 10 year period. The works include maintenance to the building fabric and services.
- 2.8 The design and tendering exercise will be managed by the MDC and the County Council's Procurement Category Lead for Place.
- 2.9 Any derogations away from WSCC Design Guides and DfE Building Bulletins in relation to the accommodation will be agreed and signed off through WSCC capital governance. All statutory requirements for the building to be used for a Special School will be met.
- 2.10 The additional accommodation will be utilised by the School to support the placement of additional children into QE2 School and the County Council will put in place mechanisms to monitor that the project is achieving the required benefits.

### **3 Other options considered (and reasons for not proposing)**

- 3.1 There is an option to do nothing but this will not offer any savings to the high needs block, create much needed additional places for children with SEND or enable children to be placed in a Special School near to home. Other buildings were considered for the satellite site but were not of sufficient size for the increase in capacity required.
- 3.2 Whilst this proposal offers additional capacity for QE2 School for the medium term, it is not anticipated to be a permanent solution for providing additional capacity at the school. Options will continue to be explored for long term additional provision for children and young people with severe or profound and multiple learning difficulties.

### **4 Consultation, engagement and advice**

- 4.1 The Capital and Assets Board (the Council's internal governance process for capital projects) has considered and supports the proposal and comments from the Board have been incorporated into the final proposal and recommendations.
- 4.2 The Headteacher and Governors have been fully involved in the early feasibility work and support the proposals.
- 4.3 The details of the proposal have been shared with the local Members representing the Horsham East and Horsham Hurst Divisions.
- 4.4 The proposal will be subject to the Council obtaining planning permission for improvements to fencing and a Water Neutrality Statement will be required as this site falls within the Water Neutrality Zone. The County Council has sought pre-application advice from the appropriate planning authority and has considered the Water Neutrality issues relating to this proposal. The proposal will also be subject to WSCC obtaining building regulations approvals for the intended works.
- 4.5 The Commercial Panel, part of the County Council's internal governance process for assessing procurement proposals, will be consulted on this proposal.

## 5 Finance

5.1 There is provision in the capital programme to progress this project. The table below shows the additional draw down into the main Capital Programme required is £3.570m to implement the proposal at Arun House.

5.2 The £3.570m being requested will be funded from the unallocated SEND Development Programme approved by the County Council in February 2023. The SEND Grant was provided by Government to enable investment and create additional places for children with SEND. The table below demonstrates the funding split and funds available based on the approved capital programme for 23/24.

	Approved Capital Programme £m
SEND Development Programme - pipeline Capital Programme	19.377
Funded by:	
Special Educational Needs & Disability Grant	15.664
Corporate Borrowing	3.713
Total funding	19.377

5.3 If approved the remaining unallocated funds would be £15.807m.

5.4 The total estimated gross cost of the project, including urgent and anticipated capital condition works and adaptations is £3.570m inclusive of projected inflation and contingencies to reflect current market conditions. The gross cost per place is £59,500 which is significantly below national benchmarks for completed SEN projects of £70,000 per place.

5.5 The budget requested is broken down as illustrated in the following table.

Summary of Project Costs	Order of Cost Estimate
Estimated construction cost	£2,204,293
Construction Contingency Risk	£330,644
<b>Total Estimated Construction (including contingency)</b>	<b>£2,534,937</b>
Client's Contingency (Change and Other Risks)	£253,494
Professional fees	£330,000
Local Authority Fees (planning and building control)	£8,500
Site Surveys and Investigations	£45,000
<b>Capital Maintenance</b>	<b>£400,000</b>
<b>Total Estimated Project Cost</b>	<b>£3,570,000</b>

5.6 The budget requirement to complete the project is therefore £3.570m funded from the SEND budget within the approved Capital Programme. The table below shows the projected profile of the gross project costs.

<b>Capital Programme allocation</b>	<b>2023/24 £m</b>	<b>2024/25 onwards</b>	<b>Total £m</b>
QE2 / Arun House project allocation	3.320	0.250	3.570

- 5.7 The DSG High Needs Block is in deficit and this is inextricably linked to the increasing number of children with Education, Health and Care Plans and the need to procure INMSS placements due to the county's own specialist provision being full to capacity.
- 5.8 The creation of 60 additional Special School places is projected to save on average £18,000 per place per annum when comparing the cost of a Special School placement to the cost of a placement in INMS. Once the cost of the lease and exceptional needs funding is applied, this is anticipated to save £1.080m per annum once all 60 additional places are filled. Further detail in relation to the projected take up of places and cost implications is included in the table at 5.10.
- 5.9 The operational running of the building as an Annex will be met through the school's revenue budget which is allocated per pupil and covers staffing, utilities, etc. In order to fully meet these responsibilities the top up value for the Annex ie. the value a Special School receives in addition to mainstream funding, will be updated appropriately. The mechanism for this is under review. It is not anticipated that this will reduce the value of cost avoidance in the table at 5.10.

## 5.10 Revenue Cost implications

<b>Cost Implication</b>	<b>2024/25 part year further 19 places</b>	<b>2025/26 Full year effect of 19 places and part year further 15 places</b>	<b>2026/27 Full year effect of 34 places and part year further 15 places</b>	<b>2027/28 Full year effect of 49 places and part year further 11 places</b>	<b>2028/2 Full year effect of 60 places repeated annually until 2032/33</b>
Forecast cost of 19 places from Sep 24, further 15 places from Sept 2025 and then 15 places Sept 2026 and final 11 places Sept 2027	£0.543m	£1.360m	£2.095m	£2.715m	£2.940m
Independent sector*(£49k average) <b>(A)</b>					
Forecast cost of 19 places from Sep 24, further 15 places from Sept 2025 and then 15 places Sept 2026 and final 11 places Sept 2027 at QE2 (WSCC average £24k) <b>(B)</b>	£0.266m	£0.666m	£1.026m	£1.330m	£1.440m
Forecast cost of 19 places from Sep 24, further 15 places from Sept 2025 and then 15 places Sept 2026 and final 11 places Sept 2027 (WSCC average allowance for exceptional needs funding £4k) <b>(C)</b>	£0.044m	£0.111m	£0.171m	£0.222m	£0.240m
Lease Cost pa (to be added to school cost) (£180k pa) <b>(D)</b>	£0.105m	£0.180m	£0.180m	£0.180m	£0.180m
<b>Total Net cost Avoidance</b>	<b>£0.128m</b>	<b>£0.403m</b>	<b>£0.718m</b>	<b>£0.983m</b>	<b>£1.080m</b>
(A-B-C-D)					
<b>Cumulative cost avoidance</b>	<b>£0.128m</b>	<b>£0.530m</b>	<b>£1.248m</b>	<b>£2.232m</b>	<b>£3.312m</b>
NB assume no inflationary changes					

## 6 Risk implications and mitigations

<b>Risk</b>	<b>Mitigating Action</b>
Insufficient allowance in capital programme to award the contract tender to the contractor.	This report is seeking funds estimated as being required at this stage. Contingencies have been included within the budget sought. Any requests for additional funding will be subject to the agreed Change Control Process.

Contractor's ability to deliver this project on time and to budget.	The MDC will work closely with the contractor and school to drive forward a programme to enable delivery within timescales set out in paragraph 2.2, subject to statutory compliance (eg Planning determination, Building Regulations approval and Water Neutrality) and lease agreement.
Planning permission is refused or there is a current planning condition restricting our intended use of the property. Building regulations approval application is refused or plans for works amended	Initial pre-planning consultation has been undertaken with Planners and will continue, along with liaison with statutory consultees to minimise the risk of issues arising.
Current volatile marketplace for supplies and securing contractors. Delay to programme and unavailable materials to deliver to programme	This will be monitored by the MDC throughout the project and in particular when entering into the tender process,.
Water neutrality not achieved or demonstrated	The building sits within the area currently impacted by the Water Neutrality issues. A Statement will be provided through the MDC. A review of potential water usage compared with previous usage suggests a reduction in water usage from this proposal. However, the statement will still need to be processed via the Planning Authority and Natural England, subject to statutory timeframes.
WSSC Design Guides / DfE Building Bulletins for accommodation in Special Schools will not be met in full	As the proposal is utilising an existing building and is for Secondary and Post 16 provision only, some aspects of the Building Bulletin 104 Guidelines will not be met. These will be agreed between West Sussex and the School with use of the existing facilities on the main site. Any statutory requirements will be included in the scheme.
Delay in agreeing the lease of the Building	The lease for the building is not signed in line with the construction programme. This will directly impact on the completion date. Detailed discussions are underway to agree the terms of the lease with HDC and allocation of places should not take place until the completion date is confirmed, following the signing of the lease
Poor Window condition	The building is currently glazed with wooden-framed, single-glazed windows that are in varying states of repair and not fitted with safety glass. The solution to ensure the windows are safe is not yet confirmed. The solution will be subject to further assessment and driven by the safety of the building users.



Additional Capital Maintenance funding required to sustain maintenance of an additional building	The budget sought includes for the capital condition works anticipated over the 10 year lease period.
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## 7 Policy alignment and compliance

7.1 [Our Council Plan](#) sets out the corporate priorities and includes a commitment to help people and communities to fulfil their potential. This proposal will provide appropriate accommodation and equipment to best meet the needs of the young people within the Special School.

### 7.2 Legal Implications

The County Council's MDC has been appointed to undertake the viability work and surveys it is proposed that they are appointed to take forward the detailed design work required. The MDC was competitively procured from the Crown Commercial Framework reference RM3741. The instruction of the MDC to provide technical consultancy advice for the design of the Arun House project is compliant with the Public Contract Regulations 2015 (PCR) and the Council's Standing Orders.

The value of the work is below the threshold for works set out in PCR 2015. The resulting construction contract will be procured via a tender on the Council's e-Sourcing solutions in accordance with the Council's Standing Orders on Procurement and Contracts and Legal Services will be instructed in the usual manner.

As and when WSCC have agreed terms with Horsham District Council (HDC), the County Council will need to negotiate and agree a conditional agreement for lease followed by a lease with HDC. The agreement for lease should state that the grant of the lease will only occur on the latest of the following three events

1. Horsham District Council have practically completed the roofing works and these have been certified by a monitoring surveyor as complete;
2. WSCC have obtained planning consent including satisfying the water neutrality requirements for the works;
3. WSCC have obtained building regulations approval for the works

Once the last of the above three conditions has been met then the lease will be granted. It is now proposed that WSCC will commence the WSCC works after the grant of the lease and as these works will take some time, WSCC will not be able to permit the pupils of QE2 School to occupy the premises until the WSCC works are completed.

### 7.3 Equality Duty and Human Rights Assessment

Section 149 of the Equality Act 2010 requires that public bodies, in exercising their functions, have due regard to the need to (1) eliminate discrimination, harassment, victimisation and other unlawful conduct under the Act, (2) advance equality of opportunity and (3) foster good relations between persons who share a protected characteristic and persons who do not share it. This

proposal will ensure suitable school places for those with protected characteristics.

- 7.4 Climate Change – this proposal will increase the County Council’s carbon footprint.
- 7.5 Crime and Disorder – None
- 7.6 Public Health – None
- 7.7 Social Value - Not applicable for this specific proposal.

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**Background papers**

None