

APPENDIX 2

Return to Agenda

Division(s): Peers & Littlemore
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**ITEM CA7E****OUTLINE PROJECT APPRAISAL  
ED686****APPRAISAL NO.**

**NAME OF SCHEME:** Oxford Academy

**START YEAR:** 2008/2009

**BASIS OF ESTIMATE:** Hewitt Freeborn Estimate based on concept scheme

**1. INTRODUCTION AND DESCRIPTION OF PROJECT**

In Autumn 2005, Peers school went into the Ofsted category of special measures. During 2006 meetings were held between the Leader of the County Council, the Director for Children Young People & Families and the Oxford Diocese with the DfES, now the Department for Children, Schools and Families (DCSF), about the possibility of Peers School becoming an Academy. It was felt that this would be an appropriate course of action as Peers met many of the criteria to become an Academy.

It was agreed that the local authority (LA) would submit an 'expression of interest' in partnership with Oxford Diocese as the sponsor and the Cabinet agreed the strategy at its meeting on 20 November 2007. The Diocese has also integrated Oxford Brookes University and The Beecroft Trust as co-sponsors. There are equally a number of interested parties, including BMW and Oxford United Football Club, who have developed a working relationship with Peers School and wish to continue and further develop this relationship with the Academy.

The expression of interest was submitted in November 2006. This proposal was for a school of around 1250 pupils including 6<sup>th</sup> Form. The school was expected to become an Academy in September 2008. The decision to close Peers School on condition that funding agreement is signed was agreed at the Cabinet meeting on 20 November 2007.

An Academy is an independent state school and as such is fully separated from the local authority. It has its own governing body arrangements and all revenue funding comes direct from DCSF. Revenue funding allocations are based on the local authority formula funding; allocations to the LA are reduced accordingly. The Academy is expected to contribute to the priorities within the Children and Young People Plan and in the collaborative 14-19 arrangements.

There has been a significant change in recent months over the basis of procurement for Academies. The Academies programme has been brought into the wider "Building Schools for the Future" (BSF) programme in the sense that procurement will follow a similar route to that envisaged

through BSF. In other words, a major stakeholder in the process will be Partnerships for Schools (PfS) who have oversight of the procurement process. Although the sponsors will have their own project manager who will oversee the wider developments of the Academy, the local authority will have the responsibility for procuring and delivering the school building project. This will be within the National Framework set down by PfS and uses standardised forms, contracts and National Framework contractors have been engaged who will bid for contracts against agreed costs.

The local authority has the role in leading on procurement in respect of design, letting contracts and project management but also in respect of managing the risk in terms of programme and cost. The County Council is required to submit an Outline Business Case (OBC) using the PfS template (the final draft OBC is appended to this report Annex 1).

The site currently includes joint use sports provision which includes swimming pool, sports hall and squash courts. Oxford City Council has for some time expressed a desire to withdraw from the arrangement; it has provided data showing that it currently operates the facility at a significant deficit: in excess £200,000 per annum. The City Council have indicated that it continue its contribution to the costs and commitment to using the site until 31 March 2008.

Both the City and County Councils currently contribute to the revenue and maintenance costs of the pool. Leisure centres are the responsibility of the City Council and no school is financially able to offer such a facility on its own. The management and running costs falling on the Academy, or indeed any school, would be prohibitive and there is no source of funding to run, maintain or replace the swimming pool.

The Academy Sponsors are committed to making its facilities available to the wider community as an extended school, but is not able to offer a leisure centre facility on its own. The Academy Sponsors are committed to offering the dry facilities on a school hire basis from 1 September 2008 onwards and they will strive to minimise any disruption to its availability caused by the building project.

Although the County Council will have no legal involvement from September 2008 it is feasible for the agreement to continue with the sponsors' agreement. This would be subject to the outcome of any risk assessment as part of determining how the site will be redeveloped. The current concept does not envisage retention of the buildings and if they were retained it could compromise other planned sports provisions identified in the Design Statement.

Oxfordshire County Council would consider what contribution it could make towards the community engagement, if the pool was continued and the majority of the revenue costs continued to be subsidised by the City Council. If the City Council (or other party) were able to commit funds to extend the use of the sports facilities as a leisure centre beyond 31 March 2008, the Academy Sponsors would be open to such discussions. The City Council has been asked to clarify its position on this by the date of the meeting.

## 2. JUSTIFICATION AND ASSESSMENT OF NEED

Within the procedures set by Partnership for Schools, the sponsor is responsible for the overall Educational Vision, Curriculum Analysis and the like. Officers from Children, Young People & Families Directorate are included on the Sponsors Steering Group and have contributed fully to the process.

During the development of the project the proposed size of the school has increased post-16 numbers from 250 to 400 as agreed with the DCSF, Learning and Skills Council (LSC), local authority and the Sponsor. Additional funding is being provided through the DCSF to support this. This increase in numbers is because of the development of a Football Academy within the plans.

## 3. OPTION APPRAISAL

A detailed Option Appraisal has been carried out to consider how best to resolve the other County Council uses, particularly the secondary department for Mabel Prichard Special School. A case was made to the DCSF for increased funding to enable the School to be re-constructed as an integral part of the Academy by bringing forward future BSF allocations. The case for funding was not supported by the DCSF; it has however been concluded that this was the best option and should be adopted. Funding for supporting the Mabel Prichard Project was identified by the Capital Steering Group.

The scheme will include provision of a new Special School and Adult Learning spaces with shared use of the new Academy by their users. The current proposal also integrates a replacement library (the final decision on whether to include the facility is reliant upon the outcome of the Service Review due to be carried out in early 2008).

'Food with Thought' occupies space on the existing Campus; this service will be found alternative accommodation off-site prior to construction. A Charitable Trust (PEEP) occupies two temporary buildings which will be retained on the Academy site. A Rugby Club also occupies premises on the campus and again this will be retained on the Academy site.

A part of the site will be retained by the County Council but will be surplus to needs and can be sold when the new buildings have been completed. The land is likely to be developed for housing and will include at least the proportion of affordable housing as is required by the local plan. The City Council and the housing association which owns the adjoining houses will be given the opportunity to express interest before the land is offered for sale on the open market.

The boundary between the retained land and the Academy will only be finalised after agreement of the detailed Academy layout during the summer of 2008. The Children's Services Scrutiny Committee has asked that the Cabinet consider whether community facilities could be provided on this land instead of more housing, for example, a Youth Centre.

In November 2006 a report to Capital Steering Group identified seven key

priority sites which did not include Rose Hill. The Rose Hill Youth Centre was noted to be generally fit for purpose and recently there has been significant partnership investment. The Rose Hill Youth Service site is not owned by the County Council. The Youth Service seek to avoid locating facilities close to secondary school sites. Full market value of any disposal would be needed to meet the identified funding gap.

If the Cabinet approves the business case for the creation of an Academy from 1<sup>st</sup> September 2008, the signing of the proposed funding agreement in January 2008 by DCSF and the Academy Sponsors in effect commits the Council and the other partners to a DCSF specified process which will culminate in the grant of a 125 year lease of the Academy site to the Academy sponsors on completion of the building project in 2011.

The Council's Constitution delegates authority to the Head of Property to declare land permanently surplus only after consultation both with internal departments and local and Cabinet Members and for it then to be disposed of on the open market by public tender, auction or sealed bid. Normally this process is undertaken after the closure of the relevant establishment. However, the DCSF has advised that the Academy Sponsors will need certainty at the signing of the funding agreement in January 2008 that the site will be ultimately available. Therefore to provide this certainty, it is essential that the necessary authority for the Council to grant the lease in 2011 to the Academy Sponsors is obtained at the outset as set out in the recommendations below.

#### **4. FINANCIAL IMPLICATIONS**

The capital costs of construction of the Academy itself is being covered by DCSF funding.

Oxford Academy has an identified allocation of £26.25M, which includes £2.10M for an ICT managed service. Total funding for construction and fees is therefore £24.15M although this will increase as allowances for abnormalities and the like are identified. A further update will be provided on costs through issue of a resource appraisal in advance of the meeting. The major issues arising for the local authority are as follows:

- (a) Although the building solution for Peers is fairly straight forward with an acceptance by the DCSF that there is going to be a large rebuild, the site does present a number of complex issues. The OBC has established a solution which enables the existing school to continue in operation whilst the new buildings are constructed. There are several other users on the site, not least is the presence of Mabel Pritchard School, which occupies a new build extension to an older building that is earmarked for demolition. There are therefore significant costs required for site rationalisation.
- (b) The PfS set a limit on the Council's costs for procurement and management of the building works to a maximum of £300,000 though the costs will in practice be higher. It has indicated that it expects the Council to fund the site rationalisation. The current estimates show that there could be a substantial cost to Oxfordshire County Council. The Council had asked that the DCSF and

sponsors consider that the Council become co-sponsor because of the considerable contribution that has been made in support for the Academy. This was frequently requested by community members and staff within the consultation period. This has not been granted.

- (c) Part of the site is shown within the OBC to become surplus to requirements and should be suitable for housing development. Any net capital receipts will be used to offset the costs referred to in (b) above. The level of capital receipt will be effected by the market place and associated local factors such as planning, access and highways constraints.

This project will be the largest single building project undertaken by the authority in recent years and has significant resource implications for both CYP&F as well as Property Services.

Additional approximate levels of funding will be required and initial estimates prepared. These estimates will be included within final costs presented prior to the Cabinet meeting. They seek to cover:

- make up any shortfall arising from the integration of Mabel Prichard School;
- fund costs arising from relocation of food for thought;
- costs of relocating one of the PEEP temporary buildings;
- costs of re-providing accommodation for Adult Learning;
- costs of re-providing accommodation for the Library Service;
- provision for costs of fees / on costs outside the provisions made by PfS of £300,000;
- provide contingency against risk of cost escalation following sign off of the Outline Business Case;
- There is the possibility that funding of an Artificial Turf Pitch might be required to facilitate the section 77 consent required to enable release of a capital receipt.

Based on the above, £4.730m funding would be required (refer to the build up of costs included in the Outline Business Case); £3m has been provisionally identified in the CYP&F forward plan to cover costs of the relocation of Mabel Prichard (which includes the £1.63m surplus capital receipts secured from the sale of the former Mabel Prichard site) plus further capital receipts of £468,000 agreed by the Capital Steering Group.

The potential of a capital receipt from the Peers site has been explored. The Academy site area has been reduced to a level where should future demands dictate a need to expand the school by inclusion of an artificial turf pitch, it could satisfy the standards required for an increase from 7FE to 8FE. The remaining land is proposed to be sold subject to Section 77 consent, and other planning issues.

The current value of the receipt is estimated to meet the shortfall of OCC's direct costs. However, there is risk associated with these values including potential Section 77 restrictions and capacity of the local road network. Consultants suggest the percentage probability of gaining the finance required from the sale is 70%. Work is ongoing to seek to gain a greater

level of certainty.

The PfS require that the County Council gives full commitment to underwrite the funding for these items on the conclusion of the Section 77 Agreement and prior to the issue of the invitation to tender. The PfS will not allow the scheme to be bid on unless the funding for all aspects is guaranteed at that point. Any shortfall would have to be made up through use of unallocated capital receipts or through Oxfordshire's Supported Capital Expenditure allocation.

In order to meet the required timescales for the submission of the business case, work has been undertaken including site investigations and the appointment of a project manager prior to a project appraisal. These costs have been managed from the cash flow within the capital programme.

Should the OBC be agreed by the PfS; the DCSF; the County Council; and the Sponsors contractors, will be selected to undertake the building works. The procurement is required to follow procedures laid down by PfS and this will result in the following process:

1. each of the six framework contractors identified by PfS will be asked to submit an expression of interest
2. two contractors will then be identified as preferred bidders
3. the two contractors will offer design solutions which meet the defined parameters and that they would be prepared to contract to construct within the defined budget
4. one of the two contractors will be selected on the basis of design and best value

Whilst this process will seek to identify and take account of anticipated risks, once the contract is let and funding passed to the County Council from central Government, future risks which do not pass to the constructor will fall to the County Council.

The conceptual design solution is being resolved and will fit within the areas defined within the DCSF space area guidelines (BB98) which determines the funding levels. The funding provided by the DCSF does assume use of an existing building for Academy use.

The design concept envisages a proportion of the existing building being used by the County Council (and not solely the Academy). The County Council will however be required to fund these provisions as though they were new build solutions as the DCSF is unable to increase the funding for the Academy to provide alternative new build provision.

Day to day revenue costs of the School will be met through the Academy. It is the intention of the project to ensure that revenue costs arising from the integration of the Library, Adult Education and Mabel Prichard as part of the Academy Complex do not increase. This will be the subject of detailed analysis at the detailed Project Appraisal Stage.

An assessment of risk has been carried out by Hewitt Freeborn, the County Council's Project Managers for the scheme, and a Risk Register is being maintained.

Whole life appraisal techniques will be integrated within the design development of this project to reduce running costs to the end users.

## **5. STAFFING IMPLICATIONS**

There are no direct staffing implications arising from this project at this stage, although the pressures on Property Services and CYP&F Directorate have been recognised. Staff of Peers School will go through the TUPE process if the proposal to establish the Academy goes ahead.

## **6. ENVIRONMENTAL IMPLICATIONS**

The design will be required to meet BREEAM standards of Very Good.

The Secretary of State for Children, Schools & Families has also announced that funding will be made available for increased use of on site renewable energy sources for Oxford Academy. This provides an additional £50 per m<sup>2</sup> (about £500k for the average secondary school) to invest in energy efficiency and renewable energy measures on school sites.

Clearly as a consequence of re-development of the site, the replacement of highly inefficient plant and buildings with those of modern standards will have significant environmental benefits.

## **7. EQUALITY AND INCLUSION IMPLICATIONS**

The new complex will be designed to current building standards. The design concept seeks full integration of the Special School as an equal partner with the Academy pupils. Access to learning and facilities by all users of the site will be significantly improved as a consequence of the project. The clear intention is for the school to have full community access.

## **8. RECOMMENDATION**

The Cabinet is **RECOMMENDED** to:

- (a) **approve the Outline Project Appraisal & Outline Business Case;**
- (b) **declare permanently surplus the entire Peers School site at closure on 31 August 2008;**
- (c) **approve the disposal on a 125 year lease at a peppercorn rent of those parts of the site required for the establishment of the Oxford Academy;**
- (d) **approve the disposal 'off market' to the Oxford Academy Sponsors;**
- (e) **authorise officers to undertake all necessary steps including affixing the common seal for the grant of a 125 year lease to**

**the Oxford Academy Sponsors; and**

**(f) agree to retain the Mabel Pritchard School within the Academy facility.**

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[Return to TOP](#)