

# CAPITAL INVESTMENT BUSINESS CASE

*Schools Condition Works Programme*



## EXECUTIVE SUMMARY

*The Executive Summary is a short summary of the Business Case and should be the last section you complete, this will enable you to extract or only the key facts from relevant sections i.e. 'project on a page'. The summary is a 'snapshot' of the business case which will need to tell the story and sell the proposal.*

*key notes*

Plymouth City Council receives a Central Government Capital Grant each year from the Department for Education, to support Major Works to the school estate, although this funding is limited and has to be strategically targeted at the worst elements of the School Estate.

Plymouth City Council have legacy and future elements within the wider estate that are in need of repair and/or replacement, although this is accurately prioritised/rated and will, going forward, form part of an annual yearly maintenance programme funded by the Capital Grant.

Plymouth City Council/Education Participation & Skills actively review the overall condition of the school estate and monitor triggers/thresholds that could lead to a refurbishment or replacement of a specific element of a school, or in an extreme case, the school in its entirety, however this will also be linked to suitability issues, as well as condition and viability elements. All Condition Works identified then form elements of a package of works/Programme.

There are elements of the Estate in need of major works, or replacement and or outside of their Life Expectancy/Obsolete, however PCC/EPS ensure that in these instances that there are no Health and Safety, Safeguarding, Wind and Watertight Issues. This ensures that there are no buildings with issues that would reasonably be expected to be unsafe, at risk of collapse, or present an imminently danger to the users or public.

LA Schools are responsible for Minor Works and the general day to day maintenance of their estate, although PCC/EPS do offer ongoing support and guidance to these schools as required.

The pandemic, together with shortages of certain trades and materials in the area disrupted our ability to deliver structured work programmes. However, the schools have Delegated Authority over their budgets and, as such, should therefore manage their basic estate maintenance through their own planned programmes of works.

During the period from 2010-2015 PCC operated a Condition Bid process, however from 2015 to the present day, due to the Recession and Austerity measures PCC/EPS were forced to adopt an Estate Management Policy of only addressing Wind, Water Tight, Heating or Health and Safety/Safeguarding issues. This was undertaken by way of individual Business Cases and was only able to address major component failure(s) that the school could not afford to address from their own maintenance/devolved budget(s). The Policy was intended to keep the schools operational. During this period a significant number of maintained schools have transferred to Academies. Currently PCC/EPS has 18 maintained schools remaining, however some of these are currently undergoing, or investigating, an academisation options for themselves. This process for managing urgent defects/issues was slow and cumbersome and often ineffective when trying to respond to urgent issues.

Where Condition Works are deemed necessary, EPS will assist the schools in obtaining the necessary quotes, evaluate the quotations received and the appointment of the contractor. EPS will monitor and evaluate the ongoing works as required, will sign off the works on completion.

Larger project may have to go to Tender, although none in this year's batch reach the de-minimis to go out to tender.

Approval is now sought for funding to carry out urgent Health and Safety/condition works on the following schools:

Establishment Number	Establishment Name	Type Of Establishment (name)	School Capacity	Number Of Pupils	Administrative Ward (name)
7063	Cann Bridge School	Community special school	92	93	Moor View
2640	Laira Green Primary School	Community school	315	262	Efford and Lipson
7068	Longcause Community Special School	Community special school	116	116	Plympton Erle
3161	Mary Dean's CofE Primary School	Voluntary controlled school	350	334	Southway
2707	Yealmpstone Farm Primary School	Community school	240	221	Plympton Erle

This Business Case will concentrate on the following schools, all of which have costly condition works which need to be resolved in order to maintain the schools as operational.

School	Condition Business Case 2023	Indicative Costs	11%	Total
Cann Bridge	Hydrotherapy Pool Floors (Kitchen & Foundation)	£ 42,500.00	£ 4,675.00	£ 47,175.00
Laira Green	Lift	£ 24,524.00	£ 2,697.64	£ 27,221.64
Longcause	Roof	£ 36,995.00	£ 4,069.45	£ 41,064.45
Mary Dean's	Boiler	£ 34,330.35	£ 3,776.34	£ 38,106.69
Yealmpstone Farm	Roof	£ 48,325.14	£ 5,315.77	£ 53,640.91
Yealmpstone Farm	Roof	£ 14,687.30	£ 1,615.60	£ 16,302.90
<b>Total</b>		<b>£ 201,361.79</b>	<b>£ 22,149.80</b>	<b>£ 223,511.59</b>

#### key risks

The residual risks are :-

- Partial/full closure of a school premises, if no actions are taken.
- Potential claims due to accidents or ill health, if no actions are taken.
- Timing, the programme of works needs to be carried out where possible during the major 6 week school closure period to avoid major disruption and health and safety issues.
- Failure to achieve the above could leave pupils without a safe or adequate learning environment.
- Time is required to obtain quotations and award works to various contractors during their major busy period on various sites.
- We are still feeling the impacts of Covid on manufacturing along with cost inflation and uncertainties associated to the economy. Due to the markets there is cost uncertainty and only when orders are placed will the final outturn costs be fully confirmed.

- Two schools (Mary Dean and Laira Green) included in the programme are now indicating they intend to transfer post September 2023. They have however made EPS aware of major component failure that would be Summer Works, prior to notification of the intention to transfer and thus it is arguably works that we would have to undertake as part of the transfer and is thus included in the programme of works process. Mary Dean is transferring under its own volition, however Laira Green is forced transfer due to a poor Ofsted.

## SECTION I: PROJECT DETAIL

<b>Project Value (indicate capital or revenue)</b>	<b>£223,511.59</b>	<b>Contingency (show as £ and % of project value)</b>	<b>£22,149.80 (11%)</b>
	<b>Condition Funding (capital) + £200,000.00 for Reactive Works (no contingency)</b>		
<b>Programme</b>	Condition Works Programme at identified Schools	<b>Directorate</b>	Childrens Services
<b>Portfolio Holder</b>	Cllr Sally Cresswell	<b>Service Director</b>	Annie Gammon
<b>Senior Responsible Officer (client)</b>	Amanda Paddison	<b>Project Manager</b>	Ian Baker
<b>Address and Post Code</b>	Various	<b>Ward</b>	Citywide

**Current Situation:** *(Provide a brief, concise paragraph outlining the current situation and explain the current business need, problem, opportunity or change of circumstances that needs to be resolved)*

It is proposed, in order to deal with the condition issues at the maintained schools identified, that a programme is utilised in order to facilitate the undertaking and completion of the various works at multiple locations, together with any associated works, in order to remove the most serious condition elements.

EPS (School Investment & Organisational Manager) will oversee the programme of works as the Client. Monitoring the Quality and Cost during the lifetime of the various school projects and overseeing the delivery of the projects to the expected standards contained within the Programme of works.

The schools will raise the necessary orders and will only be reimbursed, in full, following full and satisfactory completion of the works, which will be approved by EPS on completion. The schools will be responsible for providing all financial information requests throughout the project and any subsequent queries that may arise post contract.

The schools for the proposed programme of works currently are:-

School	Condition Business Case 2023
Cann Bridge	Hydrotherapy Pool
Laira Green	Floors (Kitchen & Foundation)
Longcause	Lift
Mary Dean's	Roof
Yealmpstone Farm	Boiler
Yealmpstone Farm	Roof

The cost of not doing anything to reduce the poor condition elements of the estate could potentially lead to partial, or whole school closure(s), due to Health and Safety or Safeguarding issues.

Condition works:

It is proposed that the individual school projects identified above are carried out as part of a phased Programme of Works, making full use of the long school breaks to accomplish the works whilst minimising the disruption to the operation of the schools.

**Proposal:** *(Provide a brief, concise paragraph outlining your scheme and explain how the business proposal will address the current situation above or take advantage of the business opportunity) and (What would happen if we didn't proceed with this scheme?)*

The proposal addresses the 2023/2024 School Condition Work(s) related elements.

If the programme doesn't proceed, this will lead to Health and Safety and Safeguarding issues due to the schools being either severely dilapidated or potentially unsafe in operation, alongside any safeguarding concerns that this may present or manifest.

Condition Element: The proposed programme of works aims to remove the greatest dilapidations currently within the maintained school estate as identified for 2023/2024.

The Condition Budget currently has circa £1.9m available.

The proposed Programme of Works would provide the basic minimum standard expected for the safe and effective operation of the schools.

The schools will all need to function alongside building works on the site, making the programme of works being carried out during the summer break the most suitable solution. The Client and EPS, School Investment & Organisational Manager, will work closely with the Senior Management Team of the schools to ensure that all works and operations are managed and supervised accordingly. The day to day running of the school would not be adversely affected and the project team(s) would make full use of holiday periods to carry out the majority of the works required.

The approval of this Business Case will allow the Condition works to be completed as a Programme of Works for the aforementioned projects, during the 2023 summer holiday period.

EPS (School Investment & Organisational Manager) have reviewed and evaluated the quotations from the various contractors.

It is further proposed that we include a reserve sum for 'Reactive Maintenance' of £200K, this would be delegated to the Service Director and would be used to deal with significant condition elements as they arise. This will allow EPS to react to critical incidents without the delay, for instance a boiler failure, damaged roof, collapsed sewer, flood, alarm or services failure etc. This would then allow EPS to react as necessary and resolve/mitigate the issue in a timely manner.

This would mean that PCC/EPS have the ability to deliver a Planned Programme of Summer Works and also be able to deal with Reactive Condition Works.

Condition Surveys have been carried out on the various sites to identify the extent of the issue. Surveyors, and PCC representatives and contractors have visited the sites to complete evaluations of the works required and to provide technical guidance and quotations for the works.

**Option 1**

Do Nothing. This option was discounted for all sites because of the Health and Safety issues or the potential closure of parts or all of a school building.

**Option 2**

Close the school or part of the school and transport children to other schools. This option was discounted because of the increased transport cost and the disruption in education this would cause for all pupils. Further the places are unlikely to be available.

**Option 3,**

(Preferred Option).

Carry out the proposed Programme of Summer Condition Works, removing / reducing the H & S issues to increase the life expectancy of the school building by reducing condition damage and making the schools watertight Allow a further sum of £200K for Reactive Maintenance as and when critical issues occur.

If the Planned projects are carried out or commenced during the school holidays, this eliminates or reduces disruption to pupils and parents whilst enabling the various contractors to have full site access to carry out works and ensuring materials could be delivered and stored safely on the school grounds, minimising the impact on the local community.

**Milestones and Date:**

Contract Award Date	Start On Site Date	Completion Date
Order's to be raised as soon as possible to secure work slots with various contractors	Mid July 2023	Initially Phased for September 2023 (programme)

**SECTION 2: PROJECT RISK, OUTCOMES AND BENEFITS**

**Risk Register:** *The Risk Register/Risk Log is a master document created during the early stages of a project. It includes information about each identified risk, level of risk, who owns it and what measures are in place to mitigate the risks (cut and paste more boxes if required).*

<b>Potential Risks Identified</b>		<b>Likelihood</b>	<b>Impact</b>	<b>Overall Rating</b>
<b>Risk</b>	Failure to provide safe teaching and learning environment.	High	High	High
<b>Mitigation</b>	Undertake programme of works as described.	Low	Low	Low
<b>Calculated risk value in £ (Extent of financial risk)</b>	£ Unlimited		An accident, injury or Occupational Health claim, associated to a Health & Safety incident, can be unlimited. Loss of reputation within the City.	

**Outcomes and Benefits**

**List the outcomes and benefits expected from this project.**

*(An **outcome** is the result of the change derived from using the project's deliverables. This section should describe the anticipated outcome)*

*(A **benefit** is the measurable improvement resulting from an outcome that is perceived as an advantage. Benefits are the expected value to be delivered by the project, measurable whenever possible)*

**Financial outcomes and benefits:**

**Non-financial outcomes and benefits:**

<ul style="list-style-type: none"> <li>• Schools remain operational (and Fit for Purpose), without the school or PCC incurring any negative publicity or incurring costs for temporary accommodation due to partial or full school closures for health and safety / safeguarding issues.</li> <li>• Assets are maintained to a good standard, benefiting staff, pupils and the local community.</li> <li>• Proper maintenance can prevent further issues from developing while maintaining buildings in good condition can help save money on repairs.</li> </ul>	<ul style="list-style-type: none"> <li>• Schools remain operational without the school or PCC incurring any negative publicity due to Health and Safety and or Safeguarding issues.</li> <li>• Schools, including staff and pupils safety has been maintained</li> <li>• The school condition improved, providing better working and learning environments.</li> <li>• Poorly maintained schools are not popular with pupils, parents or teachers and can affect Health, Safeguarding and Wellbeing, thus pupil numbers and School Condition are inextricably linked</li> <li>• The maintenance of a school building is essential for the environment. Assisting to keep the building healthy and functioning properly, while also reducing environmental impact.</li> <li>• The LA has a statutory duty to provide pupil places and to maintain school buildings.</li> <li>• The LA has a statutory duty of care for the health, safety and wellbeing for staff, pupils and the general public.</li> <li>• If PCC decides not to proceed there could be a significant accident or incident which could either lead to;             <ul style="list-style-type: none"> <li>• potential prosecution,</li> <li>• negative press and loss of reputation,</li> <li>• personal loss or injury, risk of fatality</li> </ul> </li> <li>• Address health and Safety condition issues at the existing school</li> <li>• Reduces maintenance costs for the school</li> <li>• Prevent further building deterioration caused by water ingress and causing internal damage</li> <li>• Improve the safety of the school building users by eliminating known hazards</li> <li>• Prevent school closure due to health and safety risks identified above if inspected by a Health &amp; Safety Officer (HSO).</li> </ul>
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<b>Low Carbon</b>	
<b>What is the anticipated impact of the proposal on carbon emissions</b>	Compliance with all Building Regulations and ACOPS. It is an environmentally friendly solution as well maintained buildings reduce the overall carbon emissions and reduces overall energy consumption.
<b>How does it contribute to the Council becoming Carbon neutral by 2030</b>	If sustainability and environmental elements are added to units this promotes further carbon savings and works towards carbon neutrality.

	Carrying out condition works on schools will improve the overall energy efficiency of the existing buildings by replacing old systems with more energy-efficient ones, such as better boilers. Responsible condition works also means that occupants will use less energy day-to-day, but it also means more embodied carbon as more material is added to the building and older dilapidated and inefficient systems are updated. These improvements can extend the lifespan of the building and so they help avoid the embodied carbon needed to replace an old building with a new one.
<b>Have you engaged with Procurement Service?</b>	No
<b>Procurement route options considered for goods, services or works</b>	N/A
<b>Procurements Recommended route.</b>	N/A
<b>Who is your Procurement Lead?</b>	N/A
<b>Is this business case a purchase of a commercial property</b>	No
<b>If yes then provide evidence to show that it is not 'primarily for yield'</b>	N/A
Which Members have you engaged with and how have they been consulted ( <i>including the Leader, Portfolio Holders and Ward Members</i> )	Service Director for Education, Head of Services for EPS and SEND have consulted with Portfolio Holder for Education

## SECTION 4: FINANCIAL ASSESSMENT

**FINANCIAL ASSESSMENT:** *In this section the robustness of the proposals should be set out in financial terms. The Project Manager will need to work closely with the capital and revenue finance teams to ensure that these sections demonstrate the affordability of the proposals to the Council as a whole. Exact amounts only throughout the paper - not to be rounded.*

### CAPITAL COSTS AND FINANCING

<b>Breakdown of project costs including fees surveys and contingency</b>	<b>Prev. Yr.</b>	<b>23/24</b>	<b>24/25</b>	<b>25/26</b>	<b>26/27</b>	<b>27/28</b>	<b>Future Yrs.</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Capital (DfE Condition Funding Grant.) (90% of indicative costs)			181,225.61					
Schools Contribution (10% of indicative costs)			20,136.18					
Contingency including design, survey and fees (DfE Condition Funding Grant.) (11% of total indicative costs)			22,149.80 (Does not include Reactive Maintenance element)					

Reactive Condition Maintenance			200,000					
<b>Total capital spend Capital (DfE Condition Funding Grant.)</b>			<b>423,511.59</b>					

<b>Provide details of proposed funding: Funding to match with Project Value</b>								
<b>Breakdown of proposed funding</b>	<b>Prev. Yr. £</b>	<b>23/24 £</b>	<b>24/25 £</b>	<b>25/26 £</b>	<b>26/27 £</b>	<b>27/28 £</b>	<b>Future Yrs. £</b>	<b>Total £</b>
DfE Condition Funding Grant.			403,375.41					
School Contribution			20,136.18					
<b>Total funding</b>			<b>423,511.59</b>					

<b>Which external funding sources been explored</b>	<p><b>Allocated funding from School Condition Funding Budget to carry out the works.</b></p> <p><b>It is proposed that schools contribute to the costs of the condition works on a sliding scale, as identified below:</b></p> <p><b>The proposed school contributions are based on a sliding scale:-</b>  <b>For projects up to £100K</b>  <b>Requires a 10% School's contribution up to the £100k threshold. Equals a contribution of £100 per thousand. Making the schools maximum contribution £10K</b></p> <p><b>Example:- A £50K project would require schools contribution of £5,000</b></p> <p><b>For projects over £100K up to £250K</b>  <b>Requires a 10% School's contribution for the initial £100K = £10k (as above) plus an additional 5% contribution of £50 per thousand from £100k to £250k. Making the schools maximum contribution £17.5K</b></p> <p><b>Example:- A £175K project would require schools contribution of £13,750</b></p> <p><b>For projects in excess of £250k</b>  <b>Requires a 10% School's contribution for the initial £100K = £10k plus the additional 5% contribution of £50 per thousand from £100k to £250k = £17.5K (as above) plus a further 2.5% contribution of £25 per thousand over £250K</b></p> <p><b>Example 1:- A £275K project would require schools contribution of £18,125</b></p> <p><b>Example 2:- A £350K project would require schools contribution of £20,000</b></p>
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	<p><b>A review of each school previous 5 year capital spend prior to works being agreed / carried out in order to ensure they have been carrying out a maintenance Programme and committing their maintenance budget.</b></p> <p><b>A minimum project value of £10,000 must be exceeded before a project is considered for a condition project and it must be a major component/element failure not decorative or cosmetic. Condition projects are also not for improvement, expansion or Capital works. Only in exceptional cases will lower values be considered and must be approved by the Head of Service and Service Director. The schools contribution is to be recovered post works (deducted from the final payment to the school) and added back into Condition Budget for future years, works programmes.</b></p>																								
	<table border="1"> <thead> <tr> <th>School</th> <th>Condition Business Case 2023</th> <th>School Contribution 10%</th> </tr> </thead> <tbody> <tr> <td>Cann Bridge</td> <td>Hydrotherapy Pool</td> <td>£ 4,250.00</td> </tr> <tr> <td>Laira Green</td> <td>Floors (Kitchen &amp; Foundation)</td> <td>£ 2,452.40</td> </tr> <tr> <td>Longcause</td> <td>Lift</td> <td>£ 3,699.50</td> </tr> <tr> <td>Mary Dean's Yealmpstone</td> <td>Roof</td> <td>£ 3,433.04</td> </tr> <tr> <td>Farm Yealmpstone</td> <td>Boiler</td> <td>£ 4,832.51</td> </tr> <tr> <td>Farm</td> <td>Roof</td> <td>£ 1,468.73</td> </tr> <tr> <td><b>Total</b></td> <td></td> <td><b>£ 20,136.18</b></td> </tr> </tbody> </table>	School	Condition Business Case 2023	School Contribution 10%	Cann Bridge	Hydrotherapy Pool	£ 4,250.00	Laira Green	Floors (Kitchen & Foundation)	£ 2,452.40	Longcause	Lift	£ 3,699.50	Mary Dean's Yealmpstone	Roof	£ 3,433.04	Farm Yealmpstone	Boiler	£ 4,832.51	Farm	Roof	£ 1,468.73	<b>Total</b>		<b>£ 20,136.18</b>
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<b>Are there any bidding constraints and/or any restrictions or conditions attached to your funding</b>	Condition funding is provided annually by the DfE for the maintenance of the maintained school buildings. Academy schools are funded directly by the ESFA for their condition works and therefore are not eligible to be funded by PCC. There are no bidding constraints attached to this funding.																								
<b>Tax and VAT implications</b>	<p>VAT Implications</p> <p>The project relates to urgent Health and Safety/Condition works on a number of primary and special schools. Since the provision of statutory education is a non-business activity of the Council, the VAT incurred on the project will be fully recoverable and there will be no adverse impact on the Council's partial exemption position.</p>																								
<b>Tax and VAT reviewed by</b>	Sarah Scott (Service Accountant, Finance)																								

## REVENUE COSTS AND IMPLICATIONS

### *Cost of Developing the Capital Project (To be incurred at risk to Service area)*

<b>Total Cost of developing the project</b>	N/A
<b>Revenue cost code for the development costs</b>	N/A

<b>Revenue costs incurred for developing the project are to be included in the capital total, some of the expenditure could be capitalised if it meets the criteria</b>	N/A
<b>Budget Managers Name</b>	Amanda Paddison (Head of SEND Services) v

<b>Ongoing Revenue Implications for Service Area</b>							
	<b>Prev. Yr. £</b>	<b>23/24 £</b>	<b>24/25 £</b>	<b>25/26 £</b>	<b>26/27 £</b>	<b>27/28 £</b>	<b>Future Yrs. £</b>
<b>Service area revenue cost</b>							
<b>Other</b> (eg: maintenance, utilities, etc)		0	0	0	0	0	0
<b>Loan repayment</b> (terms agreed with Treasury Management)		0	0	0	0	0	0
<b>Total Revenue Cost (A)</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Service area revenue benefits/savings</b>							
<b>Annual revenue income</b> (eg: rents, etc)		0	0	0	0	0	0
<b>Total Revenue Income (B)</b>		0	0	0	0	0	0
<b>Service area net (benefit) cost (B-A)</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Has the revenue cost been budgeted for or would this make a revenue pressure</b>	N/A						
<b>Which cost centre would the revenue pressure be shown</b>					<b>Has this been reviewed by the budget manager</b>	Y/N	
<b>Name of budget manager</b>	Amanda Paddison(Head of SEND Services)						
<b>Loan value</b>	£0	<b>Interest Rate</b>	%	<b>Term Years</b>		<b>Annual Repayment</b>	£
<b>Revenue code for annual repayments</b>	N/A						
<b>Service area or corporate borrowing</b>	N/A						
<b>Revenue implications reviewed by</b>	Louise Jenkins (Lead Accountancy Manager)						

**Version Control:** (The version control table must be updated and signed off each time a change is made to the document to provide an audit trail for the revision and update of draft and final versions)


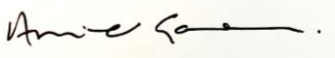
Author of Business Case	Date	Document Version	Reviewed By	Date
Ian Baker (School Investment & Organisational Manager)	22/05/2023	2	S.Scott	24/05/2023
Ian Baker (School Investment & Organisational Manager)	05/06/2023	3	A.Selvester, L.Jenkins,	13/06/2023 16/06/2023
Ian Baker (School Investment & Organisational Manager)	20/06/2023	4		

## SECTION 6: RECOMMENDATION AND ENDORSEMENT

### Recommended Decision

It is recommended that the Leader of the Council:

- Approves the Business Case
- To delegate the awarding of contracts to the Service Director for Education, Participation and Skills where they would not have the authority to do so;
- Allocates the Condition Programme of £223,511.59 to the Capital Programme, financed by DfE School Condition Grant (90%) and Schools Contributions (10%);
- Allocates a further £200,000.00 to the Capital Programme, financed by DfE School Condition Grant for Emergency School Condition Works.

[Name, Portfolio]		Service Director	
Either email dated:	date	Either email dated:	
Or signed:		Signed:	
Date: 17 July 2023		Annie Gammon, Interim Service Director, Education, Participation and Skills	Date: 11/07/2023