



# Northumberland

## County Council

### **CABINET**

**Date:** 12 February 2019

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### **The Outline Business Case for The Replacement School Buildings for Hadrian Learning Trust Schools.**

Report of the Executive Director of Adult and Children's Services: Cath McEvoy-Carr  
Deputy Leader and Cabinet Member for Children's Services: Councillor Wayne Daley  
Report Author: Sue Aviston Head of School Organisation and Resources

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### **Purpose of Report**

To request Cabinet's approval of the Outline Business Case (OBC) to provide new school buildings for Hexham Queen Elizabeth High School and Hexham Middle school.

An outline capital allocation for investment in Education has already been made within the Council's medium term capital programme. The Outline Business Case seeks to confirm the estimate of capital required for the construction of the proposed scheme, being £37.1m.

### **Recommendations**

#### **Cabinet are recommended to:**

1. Note the allocation of £37.1m capital funding, subject to full Council approval on 20 February 2019, in the Council's medium term financial plan 2019-2022 to deliver the scheme to provide new school buildings for Hexham Queen Elizabeth High School and Hexham Middle School, both of which form part of Hadrian Learning Trust (HLT). The scheme is planned to be completed by September 2021.
2. Subject to full Council approval of the project, approve the commencement of procurement using a Design and Build Procurement strategy in order to deliver the project through a competitive dialogue process which would begin on 25 February 2019 with the publication of the OJEU notice.

3. Note the Final Business Case to be approved by Cabinet prior to the award of contract to the preferred contractor in the summer term of 2019 following the procurement process as set out in the Outline Business Case within Appendix 1 of this report.
4. Approve the development of an Outline Business Case to evaluate the options for capital investment in the Seaton Valley Federation of schools.

### **Link to Corporate Plan**

This report is relevant to the Council's Corporate Plan 2018-2021: "*We want you to achieve and realise your potential*".

### **Key Issues**

1. Unlike neighbouring authorities, Northumberland has never benefited from being part of any government funded large scale school building replacement programme. It has, therefore, predominantly been the responsibility of the Council to fund its own capital investment in the school estate. There has been some success in applying for external funding for three of our high schools through the Priority Schools Building Programme. However, even within these projects the local authority still had to contribute approximately £5m. It should also be noted that despite the above, NCC still has over £80m of backlog maintenance issues in our maintained school estate.
2. There is no doubt that HLT academy buildings are in need of significant capital investment, particularly at QEHS which has nearly £15m in required backlog maintenance repairs. These costs are so significant that they have already been identified as a national priority for investment and have been included in the Priority Schools Building Programme. This need for investment was also widely accepted by the community during the recent consultations on Future of Education in the West, with the vast majority agreeing that capital investment was required for new school buildings.
3. HLT's desire is to provide a financially and educationally secure future for its schools. If approved, the proposal to replace the buildings will address the capital investment for the academy, although financial challenges would still remain if the schools were to operate on two sites. As such, the proposed project has allowed HLT to explore different operating models to ensure the most cost effective model whilst maintaining each school's own age range and distinctiveness. The conclusion of the trust board on their preferred option of co-locating both schools is contained in the Education Brief which can be found in Appendix 1 - the OBC.
4. To support the development of a detailed business case, a project team has been set up with representatives of HLT, DfE and technical advisors to develop a preferred option.

5. Whilst all site options were explored as part of the business case, some sites were not in the ownership of NCC. Negotiations were undertaken with the landowners, but their subsequent valuation of these sites was well in excess of what the local authority could offer for land being used for education purposes. The attached OBC provides the full detail on the site options and has concluded that the preferred option is to develop new school buildings for Queen Elizabeth High School and Hexham Middle School on the existing high school site.
6. There have been many challenges in developing a design for the new schools that takes into account the site constraints, the topographical challenge and a Grade II\* listed building. The views of the schools, along with the conservation officer and the statutory consultees such as highways and Sport England, have been sought throughout the process and have been fundamental in developing the control option. This is detailed within the Outline Business Case in Section 4.
7. A full appraisal of the procurement option is contained within the OBC Appendix 1, Section 2 of the report. It is recommended that NCC follow a Design and Build Procurement strategy to deliver the project using a competitive dialogue process. This route to market enables NCC to achieve further design efficiencies and introduce added value to the project to maximise the overall capital spend. This approach was used to deliver the Ponteland Schools and Leisure scheme, which garnered £2.4m in added value to the project. If approved, the procurement process would begin by the end of February 2019 with the publication of the OJEU Contract Notice. The target date for awarding the contract is January 2020 with the aim for the school buildings being completed for September 2021.
8. A full commercial appraisal of all of the six options has been undertaken in order to establish the costs for each. The detail for each of these options is contained in Section 5 of the OBC, attached at Appendix 1. The recommendation is to proceed with option 1 which is to re-provide and refurbish the buildings on the current high school site. This is denoted within the OBC as the preferred option with a recommendation to proceed through to procurement with a construction budget of £37.1m.
9. A risk workshop was undertaken in the early phase of the project which included representatives from HLT, the Project Team and the Council's Risk Manager who facilitated the process. A risk register was developed and mitigation measures were put in place in order for this project to proceed. The risk register will be constantly monitored throughout the project with key risks and issues being reported at every Project Board meeting. The risk register is managed by the Project Director with specific input from the Project Team.
10. In the Council's revised medium term plan for 2019-2022, the Seaton Valley Federation of Schools has been named as the next project proposed for major capital investment. More than ten years ago, Astley High School was identified for a new school build as part of a previous capital investment programme but unfortunately, this investment did not come to fruition. Since this time there has

been some capital investment in the school, but it has become increasingly difficult to keep the building operational. The school is currently in need of over £4m worth of investment to address the most urgent maintenance issues.

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## Background Information

11. During 2018, the local authority and HLT undertook separate informal consultations on the organisation of the Hexham partnership of schools. As a result of this consultation it was clear that there was not overwhelming support from the vast majority of schools in the partnership to change school structures. In light of the consultation, Cabinet decided to make no changes to the current structure of schools in Hexham. The full details of the process and the analysis of the feedback on this consultation is contained within the report in the background papers.
12. Cabinet decided it would respond to HLT's consultation by stating they could not support their proposal to close Hexham Middle School and extend the age range of Queen Elizabeth High School due to the impact this would have on other schools in the Hexham Partnership. This decision was based upon the lack of support from other educational professionals in schools and the widespread objections raised by the community. Cabinet did, however, agree that Council officers work with the HLT to establish a proposal for redevelopment of the existing school buildings.
13. In order to develop the proposals for redevelopment, Cabinet allocated £250k from the Medium Term Plan to undertake site investigations and surveys in order to provide cost certainty and deliverability of the project before entering into a procurement process. The results from the finding are contained within Appendices of the OBC.
14. In July 2015, the Local Authority was successful in its application for Queen Elizabeth High School to be part of the national school replacement programme Priority School Building Programme (PSBP). Although the initial bid was for a whole school replacement, the DfE only agreed to the refurbishment of the Grade II\* listed hydrotherapy building. Since this time, the school has been working with DfE project team to develop the scope of works. This has been a complex task due to the nature of the building and the costs involved and at the time of the consultation in December 2017 no firm proposals were agreed in order to take the project into construction.

During the wider consultation, the Local Authority received a letter from Lord Agnew supporting the principle of the transfer of the funding earmarked for the development of the Hydro buildings to be used as a contribution towards the wider redevelopment. Since the approval by Cabinet for the redevelopment of the school, Local Authority officers and the school have been working with the DfE to secure a financial contribution to the wider scheme. The full details are contained in the Appendices of the OBC.

## Conclusions and recommendations

15. The preferred scheme supports the objectives set out in the Council's vision for Northumberland's residents. While strong leadership and good governance are key components of successful schools, the provision of a suitable learning environment can have a positive impact on outcomes for children and young people.

The need to improve the buildings of Queen Elizabeth High School had already been identified by the successful application for funding for the refurbishment of the academy's Hydrotherapy building through the Priority Schools Building Programme in 2014. However, the consultations undertaken in 2018 in the West of the County by the Council and the Governing Body of HLT highlighted that additional funding to improve the buildings of both HLT academies would be extremely beneficial to improve outcomes for the Northumberland children and young people who attend them. Subsequently, Council approved funding for officers to carry out works to enable the development of the OBC, which sets out the work undertaken to establish the feasibility and affordability of this proposal. The high level costs for this option are outlined in Section 5 of the OBC.

After undertaking a site option appraisal process on four potential sites for the development of the two academies, only one option proved feasible. This was to re-provide and refurbish the buildings on the current high school site and is denoted as the preferred option within the OBC. The Local Authority, with support from HLT, are now working with the DfE to bring the two funding streams together and to secure the level of contribution from DfE to the wider scheme in order to ensure that the project is delivered within agreed timescales.

As well as improving the teaching and learning environment for current and future pupils in the schools, improvements to the on-site sporting and community facilities will benefit the wider Hexham community.

Pupil place planning data for Hexham Partnership shows that reprovision of the current capacity for pupils at HLT will be adequate for current and future needs.

The co-location of the two academies in HLT will help to secure its financial and educational future by reducing ongoing maintenance and other fixed costs, consolidating back office functions and by reducing the revenue cost liability of running two school sites. Savings will be redirected towards supporting the delivery of the curriculum.

The timeline for the delivery of the school is September 2021.

**In light of the conclusion of the OBC, Cabinet are being asked to:**

16. Note the allocation of £37.1m capital funding; subject to full Council approval on 20 February 2019 of the Council's medium term financial plan; to deliver the scheme to provide new school buildings for Hexham Queen Elizabeth High School and Hexham Middle School, both of which form part of Hadrian Learning Trust (HLT). The scheme is planned to be completed by September 2021.
17. Note that due to the previous successful application by the local authority to have Queen Elizabeth High School included in the Priority School Building Programme, the DfE will be making a contribution to the project for works associated with the refurbishment of the Grade II\* listed building. This is a time limited and ring-fenced fixed sum that will need to be fully expended against the scheme by March 2021.
18. Instruct officers to instigate the procurement process through the recommended competitive dialogue route with the publication of the OJEU notice by the end of February 2019 and bring back future reports on the outcome of this process.
19. To support the investment identified above, there is a potential for the release of the vacant school sites as a result of the consultation. This has the potential to gain relatively modest capital receipts that would contribute towards the investment in the school estate.

**SPORT AND RECREATION**

20. There would be a positive impact on sport and recreation, with the proposed improvements to sports facilities for the school and the wider community.

**IMPLICATIONS ARISING OUT OF THE REPORT**

<b>Policy:</b>	The consultation has been consistent with the Council's policy to review changes to schools in accordance with local wishes and needs.
<b>Finance and value for money</b>	Refer to Section 5 - Commercial Appraisal of the OBC.
<b>Legal</b>	Legal advice has been obtained from external legal advisers in consultation with NCC's internal legal team.
<b>Procurement</b>	Advice has been obtained from Procurement within Northumberland County Council and external legal advisors to understand its obligations regarding the Public Contracts Regulations 2015
<b>Human Resources:</b>	Staff employed at Hexham Middle School will need to relocate to a new building on the site of the High school. It is not envisaged that this would have detrimental impact on the staff involved in the change.
<b>Property</b>	All the Property implications are contained within the body of the report. Refer to para.
<b>Equalities</b> (Impact Assessment Attached)	First iteration of Equality Impact Assessment has been undertaken.

Yes <input type="checkbox"/>	
<b>Risk Assessment</b>	A full risk assessment has been carried for the project and is contained in the Appendices 6a of the OBC
<b>Crime &amp; Disorder</b>	This report has considered Section 17 (CDA) and the duty it imposes and there are no implications arising from it.
<b>Customer Considerations:</b>	The proposals set out in this report are based upon a desire to act in the best educational interests of current and future children and young people in Northumberland
<b>Carbon Reduction</b>	NCC's approach to Carbon Reduction is set out in its draft Northumberland Local Plan. The Project considerations of Carbon Reduction are outlined within Section 4.4 of the OBC
<b>Consultation</b>	This report has been considered by the Cabinet Member for Children's Services and the Chief Legal Officer.
<b>Wards</b>	Hexham West; Stocksfield and Broomhaugh; Corbridge; Humshaugh; Hexham East; Hexham Central and Acomb; and Hadrian

## BACKGROUND PAPERS

The Report of the Interim DCS/Director of Education and Skills Education In The West. - 19 December 2017

The Report of the Executive Director of Children's Services - Outcomes of Statutory Consultation on Proposals for Education in the West of Northumberland - 10 July 2018

The Report of the Executive Director of Children's Services - Proposals for Consultation on Education in the West of Northumberland - 12 May 2018

## REPORT SIGN OFF

Monitoring Officer/Legal	LH
S151 Officer	AE
Relevant Executive Director	CM-C
Chief Executive	DL
Portfolio Holder(s)	WD

## DATA PROTECTION IMPLICATIONS

In carrying out the development of the OBC set out in this report, the Council has acted in compliance with Data Protection Act 1998 via the Council's Data Protection Policy



Specifically,

- Data gathered during this consultation process has been dealt with fairly - e.g. the responses from members of the public have been anonymised, whilst those responding within a public role have been identified e.g. Chairs of Governors, Dioceses and so on.
- The data and information gathered during Phase 1 and Phase 2 consultation has been used to assist in informing the recommendations set out in this report and will not be used for any other purpose, i.e. it will not be shared with another service area or any third party.
- The data and information gathered has been limited to that which would assist in informing the recommendations set out that will arise from this consultation.

The Council has set out how it deals with information received as part of consultation in the Council's Privacy Notice, at

<http://www.northumberland.gov.uk/About/Contact/Information.aspx#privacynotices> .

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## **Appendices**

### Appendix 1. Outline Business Case