

Wiltshire Council

Cabinet

13 July 2021

Subject: Silverwood School Build Update

Cabinet Member: Cllr Jane Davies, Cabinet Member for Adult Social Care, SEND, Transition and Inclusion

Key Decision: Key

Executive Summary

At a meeting of Cabinet on 19th November 2019, the following decisions were made:

- Approval for the establishment of a new maintained special school with a single leadership team for the existing St Nicholas, Rowdeford and Larkrise schools as soon as possible and no later than 1 September 2021
- Approval for the closure of St Nicholas, Rowdeford and Larkrise school as a related proposal no later than the 31 August 2021
- Approval for expansion on the existing Rowdeford site to accommodate up to 400 pupils as part of the new special school by September 2023
- Recommendation that a new capital budget is included in the Capital Programme 20/21 which will be approved by Full council in February 2020 at the revised level of £33.194 million required to deliver this proposal
- Approval that the sites of St Nicholas and Larkrise stay in use until the new provision is ready, and it is appropriate to consider children/young people transitioning to the new site at Rowdeford
- Authorisation that the Executive Director of Children's Services, after consultation with the Cabinet member for Children, Education and Skills, the Director of Legal, Electoral and Registration Services and Chief Finance Officer/Section 151 Officer takes all necessary steps to implement Cabinet's decision.

Since this meeting there has been significant progress in delivering against these recommendations and the special school transformation programme is well-established.

In June 2020 Willmott Dixon were appointed as the Council's Main Construction Partner operating under a Pre-Construction Services Agreement to carry out design works for the Silverwood School build project. A final build contract is then expected to be signed with Willmott Dixon in autumn 2021.

The detailed build design has now been completed through a successful programme of co-design with pupils, parents and carers, staff and governors. However, most recent cost planning indicates that the costs of the build are

expected to exceed the current allocated capital. This cost-pressure can be attributed to a combination of factors:

- In the past few months there has been a period of extreme volatility in the construction market, with significant increases in material prices and challenges in supply due to a culmination of factors including global demand, Brexit and recovery from the pandemic.
- There are cost pressures related to the unique nature of this site driven by the commitment to create a design that is sympathetic to the site and allows protection of its biodiversity. In particular, a very rare species of bat has been identified on the site. As a result, appropriate mitigation is required on site to protect and enhance this rich natural setting.

This paper seeks Cabinet approval for a budget allocation of £5.283M in additional capital to be funded by borrowing from the “Other Capital Schemes to be Confirmed” budget and that it is reprofiled to £3m in 2023/24 and £2.283m in 2024/25. This will enable this important build programme to proceed and secure much-needed additional places for our learners with special educational needs. Without this additional capital, the build programme will be at risk of delay and consequent risk of a lack of sufficient in-county places for our most vulnerable learners. This would have a detrimental impact on children, young people and their families and the need to provide alternative places in additional temporary accommodation or in independent sector placements would also impact on the Council’s revenue budgets.

Proposal(s)

It is recommended that Cabinet approve the allocation of £5.283m of capital budget funded by borrowing from the “Other Capital Schemes to be Confirmed” budget and that it is reprofiled to £3m in 2023/24 and £2.283m in 2024/25.

Reason for Proposal(s)

If additional special school places cannot be delivered by September 2023 there will be insufficient places for some of our most vulnerable learners. Provision would either need to be made in temporary accommodation which could be costly and challenging to locate on site, or in independent sector places which are also under pressure, are high-cost, and often require learners to travel out of Wiltshire. This has a significant impact on our high needs block budget, as well as our transport budget, and most importantly does not support learners to be educated within Wiltshire close to their home and families.

Terence Herbert
Chief Executive

Wiltshire Council

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Key Decision: Key

Purpose of Report

This report will provide an update to Cabinet on the Silverwood Build programme and requests that Cabinet note the current cost pressures against the allocated capital budget in the context of extreme volatility in the construction market, and the specific challenges of the site. It will request that Cabinet approve the allocation of £5.283m of capital budget funded by borrowing from the "Other Capital Schemes to be Confirmed" budget and that it is reprofiled to £3m in 2023/24 and £2.283m in 2024/25. It sets out the importance of providing additional special school places, and the risks to both the Council's budget and to children, young people and their families if alternative placements need to be identified.

Relevance to the Council's Business Plan

1. The Silverwood School build forms part of the special school transformation programme of work which contributes to a number of the Council's priorities and objectives as laid down in the Business Plan 2017-2022:
 - i) **Priority: Growing the Economy**
 - High quality special educational provision in all schools; ensuring that all pupils achieve the best possible outcomes and go on to enjoy the best start to adult life
 - Investment in local contractors and business through the build programme via our Main Supply Chain Partners
 - ii) **Priority: Strong Communities**
 - Focus on delivering the educational provision, in-county, that children and young people with special education needs and/or disability (SEND) require: the right education provision, at the right time, in the right place
 - Developing social enterprise opportunities on the new site and supporting ongoing links between the campuses of the school and their local communities

- Promoting inclusion across our school system and supporting a broader offer that enables education within a mainstream setting where appropriate

iii) Priority: Protecting the most Vulnerable

- Ensuring that children and young people with SEND can have the best education and support, provided in good quality estate
- Ensuring that special education provision in Wiltshire is equitably provided, reducing the number of pupils who must travel excessive distances to school
- Special education provision that is better aligned with other related services (community health services, social care, and mental health for example)
- Promoting and supporting an aspirational curriculum that delivers outstanding teaching and learning and promotes outreach into mainstream provision

iv) Priority: Innovative & Effective

- Creating a system of excellence that will promote inclusion of SEND children and young people in mainstream provision
- Demonstrating an open and inclusive approach; designing the new school together through co-production
- Doing things differently to ensure that the Council can meet its statutory duties to provide the right education provision in the face of a rising population and growing demand

Background

2. In a report to Cabinet on 19th November 2019 it was noted that there were three potential scenarios for costs for the Silverwood Build project. The likely cost was identified as c£33m, whilst the worst-case scenario was estimated to be around £39m. Accordingly, Cabinet approved a capital budget of £33.194m to be included in the Capital Programme for 2020/21 to be approved by Full Council in February 2020.
3. In June 2020 Willmott Dixon were appointed as the Council's Main Construction Partner operating under a Pre-Construction Services Agreement to carry out design works for the Silverwood School build project with a view to entering into a formal build contract with them during 2021. There was some impact due to COVID on the timescales in appointing Willmott Dixon, and this has consequently impacted on timescales for some activities such as co-design and visits to other schools. Most recently there has been a period of extreme volatility in the construction market due to a culmination of factors including global demand, Brexit and recovery from the pandemic. The project team continue to work with Willmott Dixon to mitigate the impact of this on the delivery of the build as much as possible and will continue to monitor closely.
4. Notwithstanding this, co-design work has continued despite the challenges of delivery during a pandemic and the programme is forecast to deliver

additional new school places as anticipated by 2023 delivering key benefits across the system.

5. From September 2020 to March 2021 a programme of 14 co-production workshops was delivered in order to develop the designs for the new build in partnership with parents, carers, staff and governors. The Council has also worked together with the school to support co-design work with pupils from across the three sites to shape what should be included in the new build. This has enabled stakeholders to work directly with the design team architects to shape the design from the 'ground up'.
6. Engagement with the local community has also been vital from the outset in developing proposals for the new build. Two community engagement events were held in November and March via a webinar format. Attendees, including local residents and parish councillors, received presentations from the programme team sharing the design as it had developed. The presentation was followed by an in-depth interactive question and answer session covering a broad range of topics including transport, access into and out of the site, and biodiversity and protection of the natural habitats on site. It is evident that the Rowde community have always been and continue to be highly supportive of the school.
7. The build project team and school governors and leaders have also been able to visit other special schools in the local area in order to benefit from their experience and "lessons learned" from other new build developments. Feedback from these visits was shared with the wider co-production workshops.
8. The design team has been working closely with the school's staff and senior leadership team and with key stakeholders including local residents to develop detailed designs including room layouts and arrangements for transport and drop-off and pick-up at the site. There has been good engagement with local health partners and professionals including representatives from Virgin Care, Oxford Health, occupational therapy and the wheelchair service, and health professionals have provided valuable input to the detail of room layouts and hygiene and therapy spaces to ensure they will work well for children and young people.

Main Considerations for the Council

9. The detailed build design has now been completed through a successful programme of co-design with pupils, parents and carers, staff and governors. However, most recent cost planning indicates that the costs of the build are expected to exceed the current allocated capital by £5.283M. This cost-pressure can be attributed to a combination of factors:
 - In the past few months there has been a period of extreme volatility in the construction market, with significant increases in material prices and challenges in supply due to a culmination of factors including global demand, Brexit and recovery from the pandemic. Steel, timber, cement, aggregates, plastic and roof tiles are among the products that have been on the Construction Leadership Council's list of products

facing supply constraints, and price increases are being forecast for 2021 and 2022.

- There are cost pressures related to the unique nature of this site driven by the commitment to create a design that is sympathetic to the site and allows protection of its biodiversity. In particular, a very rare species of bat has been identified on the site. As a result, appropriate mitigation is required through the build design to protect and enhance this rich natural setting.
10. A programme of value engineering has been successful in mitigating some cost pressures to date, and further work in this area will continue to be vital in managing costs. The Council's project team will work closely with Willmott Dixon and with the support of independent cost advice to ensure that we continue to realise efficiencies and cost reductions, working to reduce this affordability gap. However, further reductions to the core project brief and scope, such as reduced floor area or facilities would be detrimental to the build and realisation of benefits through the wider transformation programme as they would risk delivery of the core requirements, either by reducing facilities available or decreasing the number of places that would be created through the programme.
 11. Demand for special school places continues to rise both nationally and in Wiltshire. Between September 2019 and September 2020 there was an 11.6% increase in EHCPs in Wiltshire. Nationally, government projections are that demand for special school places will continue to rise until 2024 before levelling off and very gradually decreasing.
 12. Since its opening in September 2020 place numbers at Silverwood have already risen from 370 to a projected approximate 400 on roll in September 2021. As the report to Cabinet on 19th November 2019 noted therefore, there is a continuing and urgent need for additional special school places in order to ensure that we can deliver against our SEND and Inclusion strategy's key priorities which include a commitment to supporting inclusion and wellbeing in the community and improving the range and quality of provision.
 13. If additional capital cannot be identified there is a risk that the required places would not be delivered on time. This would require the Council to identify alternative placements for children and young people. These could potentially be provided in temporary accommodation subject to identification of a suitable site and would incur estimated costs of £0.725m capital and £0.12m revenue. However, there is a significant risk that some places would need to be sourced in the independent sector. As highlighted in the report to Cabinet on 19th November 2019 such places are significantly more expensive than our own in-house provision and there are very few places in the independent sector within easy distance of the county, therefore there is a greater risk that placements become residential rather than day placements. This is contrary to the Council's drive to ensure that children live and learn in the county. This is not only costly, placing financial pressure on the high needs block, and translating into costly packages of care as children to transition into adult services, but also reduces the likelihood of children being included within and active citizens of their local communities.

The impact on the high needs block could be significant, and for every 5 children who had to be placed in an independent sector place, there would be an estimated annual cost of £0.265M, and whole lifetime education costs for these same children if placed in independent sector in Reception would be £3.7m over 14 years, with transport costs in addition to this.

Overview and Scrutiny Engagement

14. The proposals were previously presented to Overview and Scrutiny on 30th September 2019.

Safeguarding Implications

15. As highlighted in the report to Cabinet in November 2019 there are safeguarding implications to be considered as this project proceeds through implementation. These include:
 - I. Ensuring staff are appropriately trained and supported to work with different cohorts of learners
 - II. Ensuring that development at the Rowde site takes account of the need to create environments that are accessible to and meet the needs of those with severe learning difficulties
 - III. Ensuring that the transport assessment and travel plan that supports the planning application for the new build at the Rowde site addresses the issue of the increased traffic that will be entering and leaving the site, in order to safeguard learners and local residents.
 - IV. Ensuring that the travel plan associated with the planning application for the new build at the Rowde site ensures an efficient and robust plan for journeys to and from the site, including on-site traffic management.

Public Health Implications

16. The provision of education positively contributes to population health and wellbeing. Access to a high quality education plays a key role in providing foundations to ensure all children have the best start in life, giving them the ability to learn and understand about health and wellbeing and have the opportunity to live healthier lives.
17. Having additional specialist provision for children and young people with complex needs in Rowde will be more convenient for those parent carers in the East of the county and will reduce their travel times.
18. The main health and care providers in Wiltshire were consulted at the time of the development of the proposals and there is ongoing engagement with them in order to shape the designs for the new build.

Procurement Implications

19. The Council has appointed Willmott Dixon as our main construction partner.

20. Procurement was undertaken via the Southern Construction Framework (SCF) which is fully OJEU compliant and has been used previously to successfully deliver a major school project.
21. A two-stage mini-competition through the framework resulted in Willmott Dixon being appointed under a Pre-Construction Services Agreement (PCSA) as our preferred partner to deliver two key outputs:
 - a. To produce an accepted design up to the end of RIBA Design Stage 4 (Technical Design Stage)
 - b. Via a mechanism of open book and transparent competitive pricing to provide the Council with a fixed price lump sum to carry out the construction works for acceptance by the Council
22. If the above two outputs are delivered to the Council's satisfaction, the Council will then enter into a formal NEC Build Contract with Willmott Dixon to carry out the construction works. However, the Council is not obliged to enter into a formal build contract and therefore the Council's immediate liability is protected and capped to the value of the PCSA.
23. The additional budget allocation of £5.283M that is being sought is permissible under the Public Contracts Regulations 2015.

Equalities Impact of the Proposal

24. At every stage of the process of developing proposals, Equalities Impact Assessments have been carried out. The most recent review of the EIA indicates that the programme retains a similar level of impact on equality / diversity issues to that shared with Cabinet in November 2019.
25. The creation of a new single school across three sites, and the provision of additional school places positively seeks to offer greater access and diversity of curriculum and support in a world class learning environment.

Environmental and Climate Change Considerations

26. As highlighted in the Cabinet Report in November 2019 the programme is focused on creating additional spaces on an existing site thereby reducing the need to build on greenfield sites and will also involve repurposing existing buildings, with a focus on sustainability and eco-friendly construction best practice.
27. The build project is seeking to reduce carbon emissions whilst increasing places, and there is an aspiration that the new classroom block will be carbon neutral on completion.

Risks that may arise if the proposed decision and related work is not taken

28. There are a number of risks associated with not making a decision:
 - Inability to provide sufficiency of SEND places in the north of the county

- High revenue costs associated with making temporary or alternative places available either through temporary capital works or high-cost placements in independent sector placements.
- Children/young people continuing to be educated in buildings not fit for purpose
- Children/young people continuing to be educated in communities away from Wiltshire

Risks that may arise if the proposed decision is taken and actions that will be taken to manage these risks

29.

Risk	Mitigating Action
Risk that construction costs will continue to rise during this period of market volatility.	Robust project management through the Council's project team, working closely with our independent cost consultant to benchmark costs and drive best value. Internal challenge and focus to be provided through an internal Silverwood Build working group.

Financial Implications

30. Clearly this is a significant increase in cost. Infrastructure in particular is susceptible to pressures around materials availability and a shortage of specialist skills, with price increases of 3% and 5% being forecast for 2021 and 2022 respectively. Despite this increase, it is prudent to proceed with the build as per the original timeline largely due to the requirement for specialist places but additionally, delays in getting projects moving are likely to translate into an even steeper pace of predicted inflationary growth from 2022 onwards, reaching 5% by 2025 as the market recovers.
31. The Silverwood Build working group was created to provide some internal challenge and focus as we move forward. The group provides regular updates to the Special Schools Transformation Group which then escalates risks through the FACT Board. In addition, there is a regular update on Specialist School Place Planning to Schools Forum as part of the high needs block recovery plan.
32. The additional Capital Budget requirement is £5.283m. Capital financing costs would be circa £0.211 million per year based on annuity Loan for 50 years at 2%.
33. It is recommended that budget is allocated from the "Other Capital Schemes to be Confirmed" budget in 2022/23 and that it is reprofiled to £3m in 2023/24 and 2.283m in 2024/25. Borrowing for this has already been approved by full Council and budget to finance it has been included in the Financing and Investment Income and Expenditure revenue budget. This will reduce the total "Other Capital Schemes to be Confirmed" budget to £18.9m.

Legal Implications

34. There are six categories of modifications available under the Public Contracts Regulations 2015 (PCR 2015) Regulation 72. The most appropriate regulation to apply here is Regulation 72(1)(c), which states that modifications are available without a new procurement exercise where there were circumstances that affect the contract value that a diligent contracting authority could not have foreseen, the modification doesn't alter the overall nature of the contract, and the increase in price does not exceed 50% of the total value of the contract.
35. The unforeseen circumstances in this case were the impact of an increase in cost of resources in the construction market and delay in appointing Willmott Dixon due to COVID, as well as circumstances the Council was unaware of regarding a protected bat species. These circumstances were responsible for the increase in the project price. The overall nature of the project (the provision of a special school) has not changed, and the increase in the price does not exceed 50% of the total initial value of the contract.
36. The legal implication of modifying the contract under Regulation 72(1)(c) is the requirement of the publication of a modification notice on the UK e-notification services, Find a Tender (FTS).

Workforce Implications

37. No workforce implications.

Options Considered

38. Three key options have been considered:

- To increase the capital budget for the build project as set out in this report
- To seek to decrease the scope of the brief for the project either in terms of facilities, spaces or build quality.

This option is not recommended as it would not deliver the required additional places or facilities which are integral to ensuring children and young people with SEND receive an excellent education.

- To test the market to seek alternative pricing through a single-stage tender process.

This option is not recommended as it presents a risk that an alternative provider could not be identified to deliver the build programme to time or budget, and there could consequently be a delay to delivering places and consequent risks as outlined in this report.

Conclusions

It is recommended that Cabinet approve the allocation of £5.283M additional capital in order to proceed to the next stage of the build project funded by

borrowing from the “Other Capital Schemes to be Confirmed” budget and that it is reprofiled to £3m in 2023/24 and 2.283m in 2024/25.

Helen Jones (Director - Joint Commissioning)

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Background Papers

The following documents have been relied on in the preparation of this report:

Report to Cabinet November 2019: “Proposals for special schools in the north of Wiltshire – Outcome of statutory consultation (September 2019)”.