

Cllr Simon Dudley
Democratic Services
Town Hall
St Ives Road
Maidenhead
SL6 1RF

28th March 2017

Dear Cllr Dudley,

Thank you for taking the time to meet with us on Wednesday, 22nd March 2017. As demonstrated throughout this build we are always open to communication and negotiation. Also, thank you for the new proposal of financial assistance provided in the form of a loan which we received on Wednesday 22nd March.

Following this discussion, we have undertaken a financial affordability review on your new proposal, which consisted of an additional £50,000 on top of your original commitment of £1.6million and an interest free, 25-year loan on the predicted shortfall which is expected to be in the region of £750,000. The contingency budget is £250,000 and is made up of a RBWM contribution of £200,000 plus a £50,000 contribution from Lowbrook. To be clear this is not an increase in budget, rather clarification of where the funds for the contingency budget will be sourced.

As demonstrated by our independent accountants, McIntyre Hudson (please see attached statement) and raised with you on Wednesday, Lowbrook Academy does not have the financial reserves or future forecasts to support this proposal. Sadly, we are therefore not in a financial position to proceed any further with Phase II of this scheme, which was progressed in partnership with your Local Authority officers up until this stage.

To recap, the financial shortfall was predicted by the Academy before we entered Phase I and soon after this, the QS reporting and scheme construction for Phase II highlighted significant shortfalls. These are well documented and reported to Kevin McDaniel throughout every stage.

Despite this shortfall, the Steering Committee was instructed by RBWM to proceed to the pre-application stage as highlighted by Kevin McDaniel. This was minuted under Item 4.4 of Thomson, Roddick and Laurie's (TRL) minutes dated 30th September 2016, in Item 3.0 of TRL's minutes dated 17th October 2016, and again in the letter from Kevin McDaniel dated 8th March 2017.

Furthermore, the plans and funding shortfall were also discussed with you by our governing body during your visit to the Academy on the 8th December 2016 to discuss the progress of Phase II. At no point were we asked to proceed to Phase II without a hall, with a reduction in the size of the hall or to significantly value engineer any other aspect of the scheme.



We were firmly under the impression that the scheme, which went to pre-app on the 18th November 2016, was fully agreeable to yourselves and that the funding gap was to be addressed by Cabinet within the new budget, as indicated by Kevin McDaniel in his letter of the 8th March 2017. However, as you are aware, the Local Authority has informed us that this will not be the case through the presentation of a paper entitled; "Additional capital for Lowbrook Academy" received by the Academy on Thursday 16th March 2017.

It is clear, that without additional financial assistance on this occasion the scheme is not feasible and that the value engineering required would compromise the education of our existing children. It is on this basis that we will be admitting 30 pupils in September 2017 and will not be in the position to increase our PAN to 60.

Every effort has been made by Lowbrook Academy to regularly communicate and update RBWM on the progress of the development, key milestones, and the predicted shortfall to complete Phase II. Phase I, which has included remodelling an internal space to create a temporary classroom and the construction of a permanent classroom, has gone to plan and within the predicted budget. This enabled us to accept an additional 30 pupils in 2016.

It remains the Academy's ambition to accommodate our catchment children and serve our local community. We will continue to work towards this and as always, we have an open door and would be willing to work alongside you again with this in the future.

Yours sincerely,

A handwritten signature in dark ink, appearing to read 'PP' followed by a stylized name, likely Dominique Du Pré.

Dominique Du Pré
Chair of Governors

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28 March 2017
Our Ref: BKS/2138821

Dear Trustees,

We have been asked to comment on your budget workings for the expansion of the school by the provision of 4 additional classrooms and a hall.

From the information provided to us, we believe the following is the position:

In September 2016, the school enrolled an additional 30 pupils, accommodated by moving the current library out of the school into a temporary container in the car park and remodelling this internal space to create a temporary classroom whilst building work is being undertaken to build a permanent classroom to replace this.

Due to demand on places, the school is being asked to take on an additional 30 pupils for September 2017 and to commit to two form entry (i.e. 60 pupils) each year going forward from September 2018. The letter from RBWM of 08 March 2017 refers to building a new room in the existing building to support 60 pupils in September 2017, however the new classroom currently being built is merely to replace the temporary classroom, so there is no actual expansion in available space for classrooms for September 2017. The school has received funding from RBWM of about £420k to support the remodelling of the internal space for the use of a temporary classroom and the build of the permanent classroom.

The letter of 08 March 2017 from RBWM confirms a commitment of £1.6m to the expansion project and a further £0.75m of capital funding. The plan is to provide 4 classrooms and a hall. Per the costings provided by RBWM in an email of 30 January 2017, the cost of this phase is £1.9m, excluding "specialist surveys, services, drainage, levels, mech cooling, fencing, data wiring", and therefore the £2.35m of capital funding from RBWM is already committed (£420k spent and £1.9m estimated) plus additional expenditure with a confirmed contingency funding of £200K, as per the RBWM email dated 27 March 2017 from Cllr Dudley. The excluded items are not costed so the capacity of £30,000 within the £2.35m may not be sufficient for these items, and there is no allowance for fitting out the classrooms. The school also has to consider



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resourcing additional places. The school's letter of 19 December 2016 to the Council confirmed that the school has committed £50,000 towards the project out of their reserves as at 31 August 2016 of £172k. The reserves of the school are limited, given the pressures on funding predicted over the next few years, including pension and national insurance rises.

The £0.75m of capital funding referred to in the RBWM letter of 08 March 2017 has now been confirmed to the school, we are told, to not be capital grant funding, but a loan repayable over 25 years, and therefore the school will require prior EFA approval to take up this loan, as required by the Academies Financial Handbook. In considering whether the loan is feasible, the Trustees must calculate and review the ability of the school to meet repayments out of current funding, and whether therefore the project is viable.

You have provided us with some overall calculations, based on taking on 30 additional pupils. A schedule is attached showing these workings, updated for a little more detail. In the short term the impact of taking on 30 additional pupils and having to repay a loan allows little surplus to fund resources (£561pm).

The impact in the first year will be greater than this as the GAG funding is always one year behind so the school will need to fund the additional costs from reserves until additional GAG funding is received for the additional pupils. The Trustees must therefore consider whether they wish to take on this risk to reserves, as in the first year, reserves must fund the loan repayments of £30,000 and staff costs of £67,273 (as estimated per the attached schedule). As stated above at August 2016 reserves were £172k of which £50k is committed to the project. A breakeven budget was set for 2016-17. No consideration has been given to the impact of other cost changes or other capital requirements of the school, and Trustees may conclude that in the short term the risk is too great as the school would need to operate with no reserves.

Trustees may wish to consider whether the loan repayments can be deferred until the funding for additional pupils has been received. Also the building cost estimates including contingencies, the cost of the excluded items noted above and classroom fit out need to be fully reviewed to ensure the costings are accurate.

In the long term, four additional classrooms, with 120 additional pupils, based on current funding levels and current costs, would generate additional net funds per annum as per the attached schedule.

Please let me know if you have any questions or require further information.

Yours sincerely

pp. 

Bianca Silva

Partner

MHA MacIntyre Hudson

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Lowbrook Academy Trust

Calculations re loan of £750,000

			Annual cost	Monthly cost
Capital repayments over 25 years no interest charged			30,000	2,500
<u>For classroom of 30 pupils</u>				
Additional teacher	gross	34,000		
	TP 16.48%	5,603		
	NIC 12%	4,080		
			43,683	3,640
Additional teaching assistant	gross	17,500		
	LGPS 22.8%	3,990		
	NIC 12%	2,100		
			23,590	1,966
Costs before resources			67,273	5,606
GAG total income for 16/17 excluding ESG		1,036,638		
based on pupil numbers	299	3,467	104,011	8,668
		per child		
Available for resources/repairs/other costs /loan repayment			36,737	3,061
After loan repayment based on 30 pupils			6,737	561
For 4 classrooms (120 pupils) equates to :			146,949	12,246
less loan repayment			30,000	2,500
			116,949	9,746

Feasibility Cost Estimate v.01

for

**Lowbrook Academy, Maidenhead
New Sports Hall and 4nr Classrooms**

for

**Thomson Roddick & Laurie /
Lowbrook Academy /
Royal Borough of Windsor & Maidenhead**

29th September 2016

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LOWBROOK ACADEMY - NEW SPORTS HALL AND CLASSROOMS

FEASIBILITY COST ESTIMATE v.01 (29th September 2016)

BUILDING COST - ASSUMING PRINCIPAL CONTRACTOR APPOINTMENT

Taken to include: preliminaries, overheads and profit on the basis of a principal contractor undertaking the Works.

Based upon cost information provided by the BCIS (Building Cost Information Service) for projects of a similar nature

	Qty	Unit	Rate	Total
- New Build - Sports Hall element (double height)	297	m ²	£2,250	£668,250
- New Build - Classrooms, etc element	441	m ²	£2,100	£926,100
- extra over for upper deck finishings and balustrading	70	m ²	£400	£28,000
			Sub Total	£1,622,350

EXTERNAL WORKS (rates include associated excavation and disposal)

- Paths; paving slabs with concrete edging	160	m ²	£40	£6,400
- Permeable tarmac; concrete edging	592	m ²	£60	£35,520
- Limestone aggregate; compacted finish	74	m ²	£25	£1,850
- Planting, shrubs and trees	Provisional Allowance			£5,000
Seating or planters	Provisional Allowance			£2,000
			Sub Total	£50,770

CONTINGENCY ON CONSTRUCTION WORKS

- Contingency @ say 5%	£83,656
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TOTAL ESTIMATED CONSTRUCTION COST **£1,756,776**

Construction competitive tender costs expected to be received in the range of £1.65 - £1.85m

please see next page for Notes, Assumptions and Exclusions

Notes and Assumptions:

- Based upon TRL drawings 250608/ A100B, A101B, A201B and external works sketch
- Traditional contract procurement; single stage
- Existing incoming service mains are of sufficient capacity to service new development
- Drainage connections into existing runs onsite
- Making up levels not required due to level site

Exclusions:

- Professional fees, Planning & Building Control fees, surveys, VAT
- Abnormal ground conditions
- Any form of mechanical cooling
- No works to existing building and M&E installations other than where stated
- Internal & external furniture and play equipment
- Fencing / mesh to perimeter and court areas
- Any works to buildings outside of site boundary other than where stated
- Any works to comply with planning or other statutory requirements
- Inflation beyond Q1 2017