

Cllr Ross McWilliams
97 Farmers Way
Cox Green
Maidenhead
SL6 3PU

28th March 2017

Dear Cllr McWilliams,

Re: Lowbrook Academy Expansion

I'm writing on behalf of Lowbrook Academy and its Board of Governors to request your public support in the coming weeks and months. Please can you write to the local MP on behalf of residents supporting the expansion of the Academy, highlighting the short notice of withdrawal of additional funding, and addressing the shortfall of capital required for Phase II of development plans.

Whilst £1.6 million may seem to be a sufficient sum for expansion, we have always made clear to RBWM that this figure is incorrect and insufficient to execute Phase II of development as supported by our QS estimate, dated 29th September 2016 (see attached).

As you are already aware, Lowbrook Academy, due to a shortage of space and facilities required, is unable to take 60 pupils in September 2017. From our initial calculations 219 children have applied for a place and we will be able to accommodate an intake of 30 pupils taking us to full capacity for the academic year ahead.

Therefore, it is likely that 22 catchment children will be denied a place at Lowbrook Academy along with 9 siblings who live out of catchment. RBWM inform us that these children will most likely be offered places at either Woodlands Park or Knowl Hill.

Despite every effort, at this stage we are unable to proceed with Phase II of the Lowbrook Academy Expansion due to a considerable shortfall of funding, approximately £750,000.



To recap: -

- As agreed with the Local Authority, a scheme was put together, worked upon and progressed to the planning phases. The Initial budget of £1.6 million (£13,300 x 120), an estimate which falls below the national benchmark of £13,755 per primary school place, falls well below the amount required to deliver the agreed scheme as highlighted in our QS estimate of the 29th September 2016 (please see attached document).
- The first element of Phase I, which comprised of remodelling an internal space to provide a temporary classroom, was successfully completed in September 2016. 30 additional pupils were welcomed to Lowbrook in September 2016.
- The second element of Phase I, a permanent classroom for those 30 children will be completed in June 2017.
- Post Phase I there is a residual budget of approximately £1.2 million to deliver a scheme with a hall and four classrooms (Phase II). Our QS estimate clearly demonstrates that this is not possible. This has been communicated on several occasions to RWBM throughout 2016/2017 academic year.
- The current Phase II scheme was agreed on the 30th September 2016 by a Steering Group that included the Head of Schools and Education Services, Kevin McDaniel. It was designed with lean principles in mind and comprised of a hall that would allow the whole school to meet. At no stage did Mr McDaniel ask us to remove or reduce the size of the hall or seek to significantly value engineer any other aspect of the scheme and therefore on his instruction we have progressed to this current stage.
- The predicted funding shortfall to deliver this scheme was reported to Kevin McDaniel early on, at our initial meeting on the 16th May 2016, and the scheme was instructed to progress by him with full knowledge that securing this additional funding was crucial to the successful completion of Phase II.

The Academy has made every effort to regularly update RBWM on the progress of the development and the predicted shortfall to complete Phase II. Hence, Lowbrook Academy was under the impression that the shortfall of funding was indeed allocated in the new Council budget and was likely to be agreed at Cabinet this month.

However, at very short notice 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 on Thursday 16th March.

After further negotiations, the Local Authority has kindly offered to loan the Academy the shortfall amount. We have therefore sought advice from our independent financial advisors, McIntyre Hudson, to see if Lowbrook Academy could indeed afford this offering.

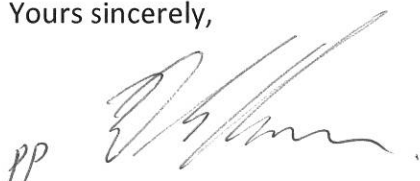
The new offering consisted of an additional £50,000 on top of the RBWM's original commitment of £1.6million and an interest free, 25-year loan on the predicted shortfall which is expected to be in the region of £750,000. The contingency budget is £250,000 and is made up of a RBWM contribution of £200,000 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.

However, after careful consideration and importantly a financial affordability review we are not able to take on this level of debt without financially compromising the Academy. Key milestones for completing Phase II, and the financial restraints mentioned above, now make it untenable to deliver Phase II of development at this current time.

Importantly, we are keen to make this project work and would therefore welcome your public support and assistance in overcoming the funding shortfall challenge. We are looking for help with a financial solution, as we remain committed to serving our local community, families, staff, and pupils. Delivering excellence in education is important to Lowbrook Academy.

As you are aware, it has always been the Academy's intention to meet the needs of our residents and convert to a two-form entry school. We remain committed to this ambition and will work with all parties to achieve this in the future.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'D. Du Pré', with a stylized flourish at the end.

Dominique Du Pré
Chair of Governors

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
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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

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CHARTERED ACCOUNTANTS, TAX AND BUSINESS ADVISERS

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SL6 3AR



MHA MacIntyre Hudson

GLOBAL EXPERTISE • NATIONAL EXPERIENCE • LOCAL EXCELLENCE®

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 based on pupil numbers	299	1,036,638 3,467 per child	104,011	8,668
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