

PRIVATE & CONFIDENTIAL

Ms P Reid and Trustees
Lowbrook Academy Trust
The Fairway
Cox Green
MAIDENHEAD
SL6 3AR



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





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

Bianca Silva
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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%	<u>4,080</u>		
			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			<u>30,000</u>	<u>2,500</u>
			116,949	9,746