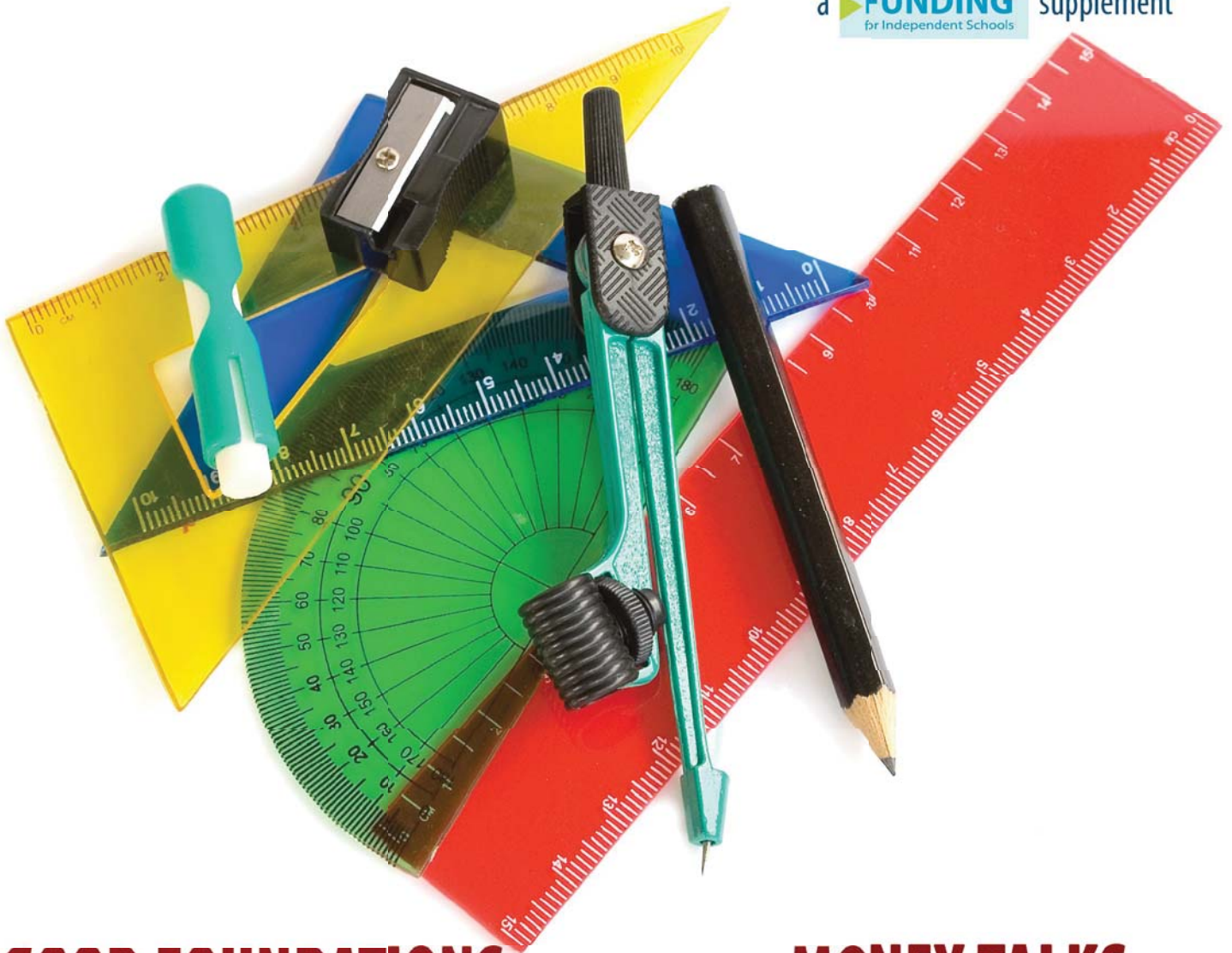


INDEPENDENT CAPITAL PROJECTS

THE GUIDE TO BUILDING IN INDEPENDENT SCHOOLS

a **FUNDING** supplement
for Independent Schools



GOOD FOUNDATIONS
HOW TO GET YOUR PROJECT
OFF THE GROUND

MONEY TALKS
FUNDING FOR YOUR
NEW BUILD

Produced in
conjunction with:  **Veale Wasbrough
Vizards**

with input
from: **LLOYDS BANK** 

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Dear colleague

Welcome to this supplement to *Funding for Independent Schools*. *Independent Capital Projects* is a special guide to help with successfully managing school building projects. It has been produced in conjunction with Veale Wasbrough Vizards, with support from Lloyds Bank, Stride Treglown, Gleeds, and Turley.

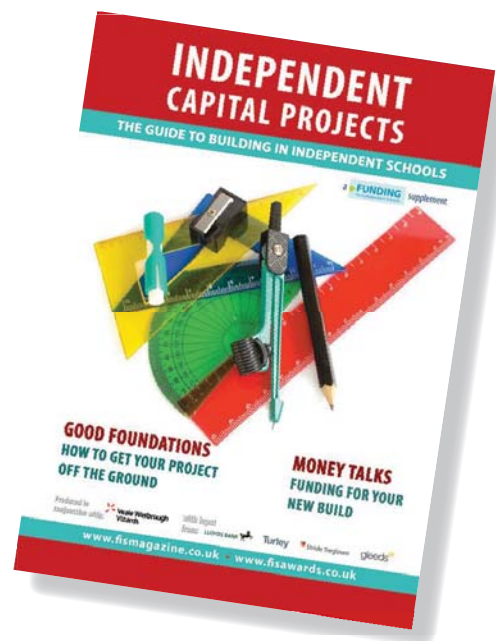
As ever, your feedback is welcome.



Andrew Maiden
Editor, *Funding for Independent Schools*

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Capital ideas

Capital projects not only improve a school's facilities but also complement its ethos and principles. However, delivery of the most appropriate building on time and on budget is an art as well as a science. Huw Morgan reports

There are recognised stages to the progress of any capital project. The Royal Institute of British Architects has recently set these out into several chronological stages: strategic definition, preparation and brief, concept design, development design, technical design construction, handover, and close-out and use.

There are also legal and financial tasks to undertake alongside these stages. One of the most important is establishing the contractual matrix under which the design and construction of the project will be procured.

The roles and responsibilities of the professional team (architect, quantity surveyors and engineers) and the contractor must be clearly defined within the respective contracts. Careful thought at an early stage can save time and money once the project is under way.

Design and build

There are a number of different ways to procure a project, but design and build is the most popular. It means that the contractor will be responsible for both the design and construction of the new building. It can create savings in both time and cost. The contractor designs the building to make it most cost-effective to construct: "buildability". If the contractor carries all the risk that the design will be

constructed for the agreed price this can eliminate, or greatly reduce, the opportunity for costly extras and variations.

Savings in time can be made because the detailed design can be carried out by the contractor while construction is in progress. This greatly reduces the time between the initial design concepts and starting work onsite, as well as encouraging early buy-in from the contractor on the challenges of the project.

"Establish the contractual matrix under which the design and construction of the project will be procured."

The chief criticism of this method is that a school does not have sufficient control and influence over the design detail. Some building owners may be relaxed over the finer details of a new office development or warehouse, provided it meets the planning requirements and has the appropriate gross internal area. However, the layout, detail and finish (of a new school building) has a dramatic impact on the way it is used and viewed by both staff and pupils alike.

Traditional procurement

Under this method, a school engages an architect and engineer to design a new building to its brief. A quantity surveyor measures the building from the drawings and assesses the quantity of materials that a contractor will need to construct it. Contractors will be invited to tender against the bills of quantities or the drawings and specification prepared by the quantity surveyor.

The great advantage is choice and control. The school can decide every aspect of the building's shape, size and finish. However, a school is likely to pay for the privilege as this approach usually takes longer and costs more. It also has associated risks. If changes to the design are required during construction to complete the building as intended, the contractor will be entitled to additional money and time.





Take a hard-headed approach to your project

Novation

To enable a school to have the best of both worlds – to retain the influence and control of traditional procurement but gain the advantages of design and build – it is often advisable to follow a hybrid route of consultant novation.

The school engages its own architect and engineer at

“ The layout, detail and finish (of a new school building) has a dramatic impact on the way it is used.”

the outset to design the concept and then novates these consultants to the design and build contractor, once the building contract is in place.

This allows a school to have the initial control and influence over the design that it would have were it using traditional procurement. However, once the contractor is selected, they will take responsibility for turning the concepts into a buildable building and the school will retain some of the cost and time savings of design and build.

The novation process is document-heavy, though, and the roles and responsibilities of each party can easily become confused. To avoid ambiguity or misunderstanding, care must be taken in the preparation of the respective professional team appointments.

Bank funding

If a proportion of the capital cost originates from an external funder, the loan will be accompanied by

contractual requirements to allow the funder protection against default. A bank lending money to a school will often be less concerned about the integrity of the new building than the ratio of the loan to the value of the wider campus and the school's covenant strength.

Nevertheless, the bank may require collateral warranties from the professional team and the contractor. Where there is a requirement for bank funding, the school should err on the side of caution and agree with the

“ The construction industry is volatile and placing all the responsibility with the contractor is a risk.”

professional team at the outset that these documents will be provided as part of their appointment.

Letters of intent

Even when the final details of the price and specification of the new building have been agreed, putting in place a formal building contract can take precious days or even weeks.

The gap is often filled by a letter of intent. There is no standard form for a letter of intent and often they are borrowed from previous projects, the names and details deleted and the current project specifics included. This saves time and a few fees but such letters are notorious for creating ambiguity and uncertainty, which can lead to unintended consequences.

For example, in instances where the parties have fallen out before a formal contract was entered into, a letter of intent was deemed to amount to a fully binding contract. This allows the contractor not only to be paid for the work

“ A bank lending money to a school will be concerned about the ratio of the loan to the value of the campus.”

done to date but also to be compensated for the loss of profit he would have earned had the whole contract been performed. This can prove an expensive mistake. It is not difficult to avoid these problems with a carefully drafted letter.

Collateral warranties

One of the consequences of design and build is that all the design and construction risks lie with a single party, the

introduction

contractor. The school will want to know that if there are any design or workmanship defects in the new building they will be properly rectified at no cost. The standard forms of building contract provide this protection and, if executed as a deed, will be valid for 12 years.

However, the construction industry is volatile and placing all the responsibility with the contractor is a risk. This means a prudent school should obtain protection against latent defects not only from the contractor but also from the professional team and the main subcontractors that have any significant design responsibility.

Performance bonds and guarantees

The conventional method of protecting a school against a contractor's insolvency before the work is completed is through the supply of a performance bond by the contractor. This entitles the school to claim up to 10 per cent of the value of the contract from the bondsman (either a bank or insurance company) in the event of the

contractor's default.

The value of a performance bond can be enhanced by the provision of a parent company guarantee.

Child protection

No school would compromise child safety: the appropriate steps must be taken in the engagement of contractors if there is a possibility that the contractor or their employees or subcontractors will have unsupervised access or contact with children during the project. Ensuring that appropriate checks are undertaken is also key for schools in meeting the standards against which they are inspected, of course.



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A bursar's view

The most visible legacy of an SLT is in changes made to the campus. Will successors sing your praises or rue your decisions? Paddy Jackman reports

In any capital project, it is worth ensuring that you give yourself every chance of success and you will need to undertake considerable research and compile a clear plan. Not many schools can afford to fund everything they have on a wish list, so establish a clear long-term campus plan and a logical development sequence that meets the immediate priorities, minimises overall costs, and is affordable and achievable: recognising that normal school operations must be maintained.

You're not alone

Being responsible for spending several millions of pounds can be daunting, particularly if you have members of your governing body who are extremely experienced in such projects. Thousands of building projects have been successfully completed in the education sector, so there is a wealth of experience upon which you can call.

Whatever you are thinking of building, something similar exists somewhere. There are few people who don't enjoy showing off their accomplishments. So if, for example, you are building a science block, then visit as many as you can, understand what your science department wants and make sure you future-proof the building by predicting future trends in science teaching:

it's not all about what you want now.

Large projects require large teams, so make sure you surround yourself with the necessary expertise but, most importantly, a team with whom you know you can work closely and which is prepared to incorporate your ideas rather than merely implement its vision.

One point

Although there are numerous routes to success, having an individual within the school acting as the "client" and being a single point of contact for the project team is beneficial. Designing by committee is never efficient and a single point of contact can take all the opinions and feedback from school colleagues at any stage of the project and then convert them into clear instructions for the project team, knowing with confidence the likely consequence of any changes.

It might seem quite challenging, but when you bring it all together and are standing next to an eminent dignitary cutting a ribbon or unveiling a plaque there is no greater feeling of job satisfaction – assuming that your wonderful new building has come in on budget, on time and is the required quality...



Paddy Jackman is director of operations at Ardingly College. Paddy can be contacted on paddy.jackman@ardingly.com or 01444 893 020.

Open for business?

Despite the perception of uncertainty in the independent school sector with falling pupil numbers, schools closing and soaring fees being reported, financial providers are still prepared to offer support. Ian Buss reports

A bank's decision on whether to lend is based on an assessment of the financial strength of the school. Its reputation plays a role in the decision-making process, as does its competition and demographics, together with the quality of its SLT. Also key will be pupil statistics, including an understanding of pupil number trends and fee income management.

Banks continue to consider funding applications from schools against the same criteria. One of the most important measures is the school's expenditure management, which will help to determine its ability to cover its estate, pay and utilities, as well as its long-term capacity to continue to meet costs.

To achieve this, the value of funding packages are determined by a careful analysis of the last three annual reports, together with a thorough understanding and realistic projections for the coming years.

As economic confidence begins to climb, specialist education relationship managers are seeing strong interest from schools seeking funding to develop and improve their facilities. They combine solid industry understanding with tailored funding offerings and are committed to providing long-term support.

The interest rate risk dilemma

In 2009, the Bank of England cut interest rates to an all-time low. Consequently, interest rate risk is sometimes considered to be a lesser concern for capital projects than it was before. However, central bank intervention will ease

Chart 1: Recent moves in fixed rates



Fixed rate on ten-year bullet loan with monthly interest payments (produced by Lloyds Bank using Bloomberg data on 22 August 2014)

and borrowers should be aware that interest rate markets can react quickly to indications of an improving economy.

Chart 1 shows the rates available on new ten-year fixed rate loans over the past 12 months. This rate represents the underlying interest cost and does not include the credit spread that is added to either a base rate or fixed rate loan, to determine the total rate of interest payable.

The chart shows fixed rates increasing from 2.85 per cent in August 2013 to nearly 3.85 per cent by August 2014. These moves were primarily driven by better-than-expected UK GDP growth and expectations that the US Federal Reserve would start to reduce its monetary stimulus programme (quantitative easing). This is followed by weaker than anticipated inflation in the UK and EU, dampening expectations of Bank of England action. The path of fixed rates has been volatile and the future remains uncertain, but continuing evidence that a true recovery is under way could result in further rate increases and, given the speed of market reactions, it's likely that fixed rates will start to move in advance of Bank of England action.

Educational context

Any upward move in interest rates feeds directly into higher costs for a capital project. Consider a school that takes out a £10 million 15-year repayment loan on

Chart 2: Lifetime interest costs (excluding the credit spread)



Lifetime interest cost calculated as cost of paying base rate on the outstanding loan balance up until fixing and then prevailing fixed rate on the outstanding balance for the remaining term of the loan (produced by Lloyds Bank on 22 August 2014)

bank loans

“Borrowers should be aware of certain risks in fixing interest rates.”

1 August 2013 to fund the construction of a new sports facility. The interest on this loan is currently linked to base rate, but the school is interested in converting to a fixed rate to gain greater cost certainty. The school is concerned about committing to a fixed rate and is waiting for greater economic certainty before making a final decision.

Chart 2 shows what the lifetime interest costs of this loan would have been (excluding any fixed credit spread), had the school fixed the interest rate on any given day since 1 August 2013.

The chart shows how the lifetime interest cost of this loan has increased over the last year. While, in this example, the overall cost has declined, the path of those costs has been volatile, with a difference of £325,000 between the maximum and minimum lifetime costs. This shows that every institution that is considering fixing their debt faces considerable uncertainty.

If fixed interest rates were to rise by a further one per cent in June 2014, the lifetime interest cost for the loan would rise to approximately £2.7 million: an annual increase of £68,000. At these levels of cost increase, it becomes easier to see how interest rate rises could have a

material impact on the viability of a project.

To fix or not to fix?

By waiting to fix rates, schools can save money in the short-term by continuing to pay base rate on their loan, but may face higher costs over the long-term if rates rise. Fixed rate markets react quickly to economic events and can price in predicted future base rate increases long in advance of their actually occurring.

Schools should consider the impact of higher interest rates on any proposed borrowings: fixed rates is one option to be explored with your lender.

While fixed rates could provide greater cost certainty, borrowers should be aware of certain risks in fixing interest rates, which includes potential penalties for making early repayments and, should rates fall once a loan has been fixed, the borrower may be liable to significant break costs on repaying the loan.

Ian Buss is head of education at Lloyds Bank SME Key Markets. Ian can be contacted on Ian.Buss@lloydsbanking.com or 07796 940193.



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Bricks and mortar

The cost of a capital project can be funded in various ways: most often through bank borrowing. But, from a legal perspective, the issues are not always straightforward. Robert Collier and Simon Linnitt report

On a typical borrowing, a legal adviser might need to:

- (i) review and report on the draft facility agreement prepared by the bank;
- (ii) guide the school through the governor approval process. If the school is a charity and is granting a charge to the bank, this will require compliance with section 124 of the Charities Act 2011. If the school is taking out an interest rate protection (hedging) product, then additional considerations will apply;
- (iii) if the bank is taking security, undertake property due diligence on the school's site and prepare a report on the title; and
- (iv) if the school's constitutional structure is complicated, produce a legal opinion for the bank.

Facility agreement

When you first speak with your bank's relationship manager, the initial focus will be on the terms of borrowing, including:

- (i) the amount to be borrowed;
- (ii) the term ie when the loan needs to be repaid;
- (iii) the interest rate and the basis of calculating interest (by reference to a base rate or LIBOR);
- (iv) security;
- (v) financial covenants; and
- (vi) fees.

When agreed, these will be set out in a term sheet. Following this, you will need to sign a formal facility agreement: a longer agreement setting out the terms which apply to the loan. Facility agreements vary in length and content. Some are quite simple while others are lengthy; generally they will be more complex if you are borrowing a large amount. All facility agreements will contain standard provisions. You need to review these due to the potentially onerous consequences:

- representations and warranties;
- financial covenants;
- undertakings; and
- events of default.

Agreements will also be more complex when they relate

to large construction projects. The bank will want to be confident that the development is being undertaken in a professional manner and retain some control over the way in which you draw down a loan so you don't "over borrow". The bank will achieve this by requiring, as a condition precedent, a satisfactory valuation. In addition, the bank will typically:

- (i) require proof that you have appointed your professional advisers and entered into a suitable building contract and insurance cover;
- (ii) require a detailed project budget;
- (iii) only allow you to draw down funds during an agreed availability period;
- (iv) only allow you to draw the loan in phases as the construction project proceeds. To help achieve this, the bank is likely to appoint a project monitor to report to them on the construction project. The project monitor will issue certificates as the project continues, which act as the trigger that enables you to draw down funds. The bank will probably also want copy invoices to accompany the certificates; and
- (v) require you fund any cost overrun from your own funds before allowing you to borrow any further sums.

Approval process

Entry into the facility agreement and any security granted to the bank must be properly authorised by the governors. This is good practice but is also something that the bank will insist on. Further procedural requirements will apply if:

- you are granting security over land: you will need to comply with section 124 of the Charities Act 2011 (see Figure 1 below); and
- you are taking out an interest rate protection product (see overleaf).

Section 124 Charities Act

- (A) Written advice from someone believed to be suitably qualified covering the following points:
- is the underlying loan necessary?
 - are the terms of the loan reasonable? and
 - can the loan be repaid on the proposed terms?
- (B) Considered at a full governors' meeting alongside the charge itself.

Figure 1

funding

However, the main points to highlight are:

- (i) you need to ensure that you, the bank and your advisers are aware of your timetable for governor meetings so that documents – the facility agreement and security documents – can be made available in time;
- (ii) you need power in your constitution to borrow money and grant security. Although it is unlikely that you won't have the necessary power, it is possible that your constitution might impose a limit on the amount that you can borrow; and
- (iii) the procedure is more complicated if you are looking to charge land held on separate trusts if they are subject to permanent endowment restrictions. You need to check you have necessary charging powers, and be mindful of conflicts of interest. This can be managed by delegating approval of the charge to a separate subcommittee of trustees.

Interest rate products

Interest rate products continue to have a role for reducing the risk of fluctuating interest rates. Whether a charity can legally enter into an interest rate swap depends on two issues:

- (i) first, whether the charity has the necessary power to do so; and
- (ii) secondly, whether that power has been properly exercised by the governors.

In relation to the first issue, the standard approach now is that banks will require a charity to have an express hedging provision in its constitution. If there isn't one, either the constitution will need to be amended or a Charity Commission order will be required. If an order is required, a persuasive argument will need to be made to the commission about why it is in your best interests to enter into the arrangement. The second issue requires the power to be exercised properly. In this regard, the commission's guidance is based on a well-reported case: *Hazell and Hammersmith and Fulham Borough Council*.

What's the reason?

The issue is whether you have entered into the arrangement for speculative reasons or to eliminate risk. A distinction is also made between arrangements that are made at the time a loan is entered into and those entered into after the event. The perception – perhaps an unfair one – is that if arrangements are made when a loan is entered into, they are more likely to be made to minimise the risk.

Report on title

Where the bank requires security over the school's property, you should allow time – 6-8 weeks – for due diligence to be undertaken and a report on the title to be

submitted to (and considered by) the bank.

Typically, the bank will require investigations and searches – such as local authority, utilities and environmental – to be undertaken as if the property was being purchased. Even if the bank has existing security it may still want to refresh its understanding of the property. The process will be easier if the property is registered. The bank will also want to see the planning permission

“ There is an advantage to undertaking your own investigations ahead of any planned project.”

and relevant consents for your project and details of your insurance cover.

There is an advantage to undertaking your own investigations ahead of any planned project: you can check that the property is registered in the correct name, check for any restrictive covenants or easements affecting the property, which could impact on the building project and/or be an issue for the bank, and rectify any gaps or defects in the title through title insurance or appropriate statutory declarations. This can save time and avoid delays.

Legal opinions

It is increasingly common for banks to require legal opinions as additional condition precedents in facility agreements, certainly if the bank is lending a large sum or the borrowing or your corporate structure is particularly complex. The opinion would state that you are properly constituted, have the power to enter into the borrowing arrangement and that the obligations in the facility agreement and security documentation are binding on you.

These need to be given by someone who understands charity structures and it is most likely that this will be the borrower's solicitors.



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The best laid plans

Capital projects are usually the only occasions where independent schools encounter the dreaded town and country planning system. Be wary: it is an ever-changing and highly politicised world. Mike Best reports

A decade ago, I worked with a ballet school relocating from Surrey to the leafy suburb of Edgbaston in Birmingham. Having spent a century of relatively benign existence in Camberley, the principal and his trustees were quite unprepared for the onslaught of local residents' opinions, planning officers' sometimes ill-informed judgements, and the narrow-minded attitude of many statutory consultees. "Do they actually want us in Birmingham?" I was often asked. The answer from the political leadership, cultural organisations, and the sponsoring Birmingham Royal Ballet was a resounding "yes", but the planning process was not smooth. The ballet school is thankfully now well-established and successful.

Take time

Taking time to develop a planning strategy for a capital project, even a new school building, is worthwhile as often it is necessary to resolve a planning issue that emerges during the processing of an application. Most recently on a new university school, there was mounting local opposition that some meaningful engagement and modest concessions managed to overcome, but sometimes the problem can lead to additional cost and delay.

Anticipation is the key component of a planning strategy. Experience of what issues are likely to come up, how that particular local authority manages its planning committee, what precedents exist to justify the decision asked of them, all help to get an application through with a recommendation for approval.

Many independent schools occupy buildings of historic and architectural interest. These are often designated and are, therefore, protected assets, in which case specialist advice is needed whether from a conservation architect or a heritage planning consultant. Specific consents will be needed when dealing with listed buildings or proposals in a conservation area, sometimes even when planning permission is not required. The complexity of what constitutes a listed building, whether all its features, attached structures or the curtilage itself are part of the listing, and what comprises its "setting" (all heritage assets have one) demand a thorough understanding of a building's or site's potential significance.

Worthy still

Since 2010, the phrase "heritage asset" has been all-embracing, even covering local designations, so just because a building is not statutorily listed does not mean it cannot have significance or merit worthy of consideration in the planning process. There is a raft of published policy, guidance and practice which sets out a framework for heritage assessments, but they all require experienced professional judgement.

Judgement is what planning is all about. The Government has stripped away a lot of old guidance, leaving only the National Planning Policy Framework (NPPF) which has, as its golden thread, the "presumption in favour of sustainable development". This is nowhere near adequately defined, and with the cross-cutting theme of localism and the rise of neighbourhood plans suggesting enhanced status for residents' concerns, most people could be forgiven for wondering how planning committees are meant to form a judgement on applications coming before them. The courts are full of cases where the meaning of the NPPF, localism and sustainable development are being tested.

Not clear

There is barely a mention of education in the NPPF, which makes it difficult to form a clear conclusion, so the exercise of planning judgement is in play on most applications for capital projects. That means having a good grasp of the details: the potential for ecological impacts, flood risk and drainage, traffic and parking, landscape and visual impacts, the disruption caused by construction works, and heritage (both above and below ground).

The planning strategy for a capital project needs to embrace the strategic, the political, the technical and the unexpected. Being prepared on these fronts will stand you in good stead when navigating your way through the planning system.

Mike Best is executive director at Turleys. Mike can be contacted on mike.best@turley.co.uk or 0121 234 9109.



Master pieces

The key to a successful build is to have the right ingredients: people, experience and vision. The most important thing at the outset is engaging an experienced team that understands your school. Caroline Mayes reports

If everyone in your build team can sit down and discuss your objectives, vision and outcomes coherently and with real understanding, there is more chance of the final building reflecting your ideals, helping you to convert the vision into a brief.

The importance of a masterplan

You may know how you want to develop your site, but speak to building professionals to ensure that this is the most exciting, cost-effective way to meet your vision, before you put your detailed brief together. It is often useful to get an outside perspective as you will be so used to how you and your colleagues already compromise with your existing buildings and site. Seek advice from an architect to create a long-term framework for the site. This doesn't have to be an expensive exercise but, based on your educational vision, a site visit and a couple of conversations can give you a range of ideas to choose from, recommendations on how to develop the site while keeping it safely operational,



planning and regulatory implications, and also help formulate outline budgets. They will suggest who else needs to be engaged and the use of a practice of a mixture of inhouse-supporting disciplines can be an advantage at this stage. There is also the opportunity to get buy-in to this "big picture" from governors, parents and students before developing projects.

Defining your priorities

The most successful projects start with a clear vision: think about the questions that a design team will need

answering in the early stages of a project. They will need to understand your educational vision, which will probably already exist in some detail, but your views on some elements such as, for example, sustainability may not be clear. Although most people start with the fact that a new building should be as "sustainable as possible", it is worth considering and taking advice on what form this should take to have most effect for you: minimising running costs, visible eco-bling (such as photovoltaics), for use as a learning tool or whether when faced with the realities of a modest budget this is actually not top of your agenda. Planning constraints in your local area will also have an effect on this and will drive the minimum requirements required. This is just an example of one of a range of issues that will need to be discussed in the early stages.

Your new building will be around long after you are, and so there needs to be careful thought given to the long-term adaptability of the building. There are certain things that you might want to consider, such as designing a building with a frame to allow you to take internal walls down, building additional capacity into services to allow reasonable future expansion, and locating all servicing and electrics on external walls and those running perpendicular to the external wall (for teaching walls), allowing walls to circulation spaces to be taken down over time to open up or change the size of rooms. Some of these may have significant capital cost implications, but others will only require a specific design approach.

You also need to consider how flexible the use of your building is in the short-term, for example how easy it is to change rooms around for/during the course of a lesson: how mobile the furniture is, if there is a place to store it, if the floor finish is suitable for the range of activities planned, whether the lighting can be dimmed or alternatively whether you provide a range of rooms of different size and layout within a department/house so that a teacher books the one that is most suitable for the lesson that is being given (particularly in larger schools). Rather than providing six fully fitted out science labs to teach six classes, a standard curriculum could alternatively be delivered in three labs for practical work, supported by two general classrooms with demonstration areas for theory work and a large breakout space for group work. This gives the added advantage of increasing utilisation



Flair and appeal: in Malvern St James

rates for all spaces as the general classrooms and breakout space can more easily be used for other, non-science activities. This is an approach that can be applied to a variety of areas (including practical, learning resource and breakout spaces in a prep school), and can result in cohesive, flexible, future-proofed spaces for a school.

The builder as friend

Getting a contractor on board early so that there is the opportunity to engage them in meaningful conversation about how to make the construction work on your site is also important. In traditional procurement, there is less opportunity for this, which is why school projects are often some form of design and build contract, where a contractor's expertise can be harnessed at an early stage. It is particularly relevant if your project centres around extensive refurbishment or remodelling of an existing building or involves complicated or limited site access, as they will be able to advise on the buildability of interventions and assist in developing cost-effective solutions.

3D modelling

The construction industry is moving towards the use of building information modelling on all projects (driven by the Government's mandatory requirement for its use on all publicly procured buildings over £50 million from 2016). The benefit is that your building will be visualised for you in 3D to help you get a feel for the final design. It can also be useful in the detailed co-ordination of internal fitting out and the logistics of building it onsite and can be used as a facilities management tool.

Learning tools

However you choose to develop your site or procure your new building, use the opportunity it presents for your students as a learning tool. You will have a range of professionals on your site for an extended period who will be able to talk to students about their jobs and the range of artistic, mathematical, scientific, managerial and construction skills that they use in the "real" world, which can often be challenging to convey in the confines of a classroom.

The process to achieve the finished building, from planning through design to construction can also be used as a valuable learning opportunity for students onsite. Building professionals are increasingly interested in visiting their completed building over an extended period to monitor how they are performing (often called post-occupancy evaluation).

Your completed building is also a living demonstration to your pupils. It can showcase sustainable technologies, energy use, materials, its own structure and construction for eager learners. Making the most of this opportunity is up to you as the client to define and drive, so think carefully about how to inspire the next generation of architects, engineers and builders using your own site.

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Appreciate what you have

A school planning to improve its estate should consider whether it is using its current site to its full potential. Adding new facilities means more space, and additional running and maintenance costs. Simon Wareing reports

A new building provides modern facilities, improves morale among staff, parents and students: but how about the condition of the rest of your estate? Damp ceiling in the maths room? When was the roof last inspected?

The basis of any development plan needs to include a good understanding of your current buildings and their condition. To understand this goes beyond complying with statutory requirements and getting the necessary certificates.

Often, a school needs to remodel a floor or a wing or provide additional new facilities, but a review of these needs reveals other concerns: possibly something simple such as grass growing in gutters that have been blocked with leaves or a missing downpipe that stains the brickwork green – neither of them are difficult to resolve, but are easily ignored until the damp patch appears in the corner of a wall and ceiling.

Some of these issues are due to the age of the buildings and are a result of a lack of long-term maintenance, or occasionally a lack of understanding about how the buildings were designed to work in the first place. Natural ventilation systems could be a factor, where the significance of vents being blocked is not understood, particularly to timber floors. Or it might be a difficulty in being able to access parts of the structure, to clear hidden gutters between roof slopes or identify slipped tiles on roofs not visible from the ground.

Asset management basics

The starting point of an audit of building assets is getting an up-to-date condition survey. Good practice

“ You should be getting a full condition survey undertaken every five years.”

recommends that you should be getting a full condition survey undertaken every five years. The survey should identify key issues and elements of your building that

need immediate attention which may need reviewing in the short-term, perhaps over the next two to three years, and any longer term concerns running from five to ten years. It should raise areas of concern that need further detailed investigation, such as dry and wet rot.

Add to this an annual inspection to check problem areas and aspects of significant deterioration and you

“ A well-designed refurbishment of an existing space can rejuvenate an existing building.”

have the basis of a plan.

From this survey, you can build a maintenance plan to cover immediate requirements and provide an understanding of when major refurbishments may be required in the future. Regular planned maintenance can be added to the plan, such as internal and external redecoration cycles and flooring replacement, together with other servicing requirements and statutory inspections.

This allows the school to develop future maintenance budgets based not just on previous years' expenditure, but with a full understanding of your likely future liabilities.

At the very least, it allows budgetary decisions to be made on a full understanding of the risks involved. At its best, it avoids issues such as a ceiling collapsing due to damp, making a room unavailable, as well as the obvious health and safety issues, events that can damage your reputation with parents.

The plan will allow you to create an annual programme of works and, just as important, a checklist of tasks that must be undertaken.

Future plans

With this asset plan as a base, you can add further programmes. You might review sustainability issues to reduce energy bills, such as more efficient lighting, improved insulation, and replacement windows. These

items can be programmed with other maintenance works while being undertaken as part of a longer term strategy.

With a better understanding of your buildings, it becomes easier to prioritise larger projects, whether a larger scale refurbishment, the purchase and development of a new property or the construction of a new building. Your design team and contractor will provide you with a whole-life cost and maintenance model to add to your existing asset plan.

How efficient is your current building? Your proposed curriculum model should drive this and can be analysed to understand how many teaching spaces you have and how often they are used throughout the week. What do you need? There has been a move towards smaller class sizes. Do you need more floor space or more appropriate space? Are some spaces being used 40 per cent rather than 80 per cent of the week? Can your existing buildings be adapted rather than resorting to a new build? Can that floor laid out to provide six classrooms be remodelled to provide eight smaller ones and will the building structure allow this to be achieved?

Will it be cheaper to build anew and adapt existing buildings for another use? It may be cheaper to build new science labs or art rooms to attain the quality of spaces you need rather than try to adapt or refit existing ones: which ones could be remodelled for another use, perhaps as general classrooms, a new library or study area?

A well-designed refurbishment of an existing space can rejuvenate an existing building to give a modern feel, while respecting the history and tradition of the space. This is particularly the case if it forms a major part of your estate, such as a central building. But this process begins with an understanding of your buildings. Start with an accurate plan of your building assets, then add a review of the condition of the buildings. Next, add an assessment of how the buildings are used. Finally, overlay this with the vision of how you would like to deliver education in the future: this helps you to build a measured development plan.

Apply this to the resources available and your development plan will come alive. Divide the plan into manageable annual projects as finance becomes available to fund them.

In this way, your development and asset management plans will become living documents which should be reviewed annually, with major reviews at five-year intervals.

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