



Business Case –Leongatha Project – Integrated Early Childhood Facility



*South Gippsland
Shire Council*

Business Case

Integrated Early Childhood Facility

Symmons Street Leongatha

Document Control:


 Business Case –Leongatha Project – Integrated Early Childhood Facility

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Customer (representative of the Business) and Project Manager signature represent agreement on the detailed business requirements as understood at this specific point in time.

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1. EXECUTIVE SUMMARY

A detailed review of early years infrastructure needs and demand in South Gippsland has been undertaken. The review has identified Leongatha as the highest priority requiring additional early years infrastructure investment within the Shire.

Council has agreed to invest in a new Early Years facility in Leongatha. This facility will ensure demand for kindergarten and long day care in the town can be met for at least the next 10 years and reduce enrolment pressure on kindergartens in Meeniyan and Mirboo North.

Current forecasting indicates that there will be a deficit of at least 68 kindergarten places in Leongatha and district by 2031 and a deficit of at least 113 long day care (childcare) places.

The implementation of three-year-old kindergarten, increasing demand for childcare and kindergarten services, and changes to service standards and requirements mean that the current infrastructure in Leongatha is no longer able to fully meet current demand or future demand. All kindergarten services in Leongatha will be operating at full capacity from 2020.

A new early years facility incorporating kindergarten, long day care, maternal and child health and space for related family services is required in Leongatha. A site selection process has been undertaken and identified Symmons Street Leongatha, adjacent to Allora Kindergarten as the preferred location. There is a time-limited opportunity to secure State Government funding toward the capital cost of this facility.

2. OUTCOME SOUGHT

On 22 January 2020 Council resolved the following:

That Council

1. Builds an early years facility in Leongatha to meet current and future demand;
2. Notes that a site assessment and project scope will be undertaken to identify a preferred site;
3. Investigates funding opportunities to support the capital cost of this project; and
4. Notes that a community consultation process will be developed and undertaken as part of the site selection process.

The optimum scope of the proposed Leongatha early years' facility was identified as an integrated centre, comprising at least two kindergarten rooms, long day care capacity and a Maternal and Child Health (MCH) consultation suite. The final design and capacity of the facility would also be informed by community consultation as well as industry standards and regulations.

Co-location of kindergarten and childcare, and potentially other early years, community or educational services would maximise flexibility, reduce "double drop-off" for parents and improve educational outcomes. It would also provide opportunities for co-investment in the facility and development of more innovative approaches to education and family support.

Concurrent work has been undertaken to identify a preferred site, analyse projected demand, determine project scope and scale, and investigate external funding sources.



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Site Selection

Four potential sites were identified, including Symmons Street Leongatha, Hassett Street Leongatha and co-location at the Education Precinct (two options).

Symmons Street was selected as the preferred site for this facility. Co-location at the Education Precinct was considered a priority for any subsequent Early Years infrastructure development in Leongatha from 2030 onwards.

There would be significant synergies through co-location with other early years services in Symmons Street, and the potential to consolidate governance of services.

Projected Demand

This project is intended to meet projected demand for kindergarten and childcare in Leongatha for the next 10 to 15 years. It is anticipated that it will also help manage emerging demand pressures for kindergarten in Meeniyah and Mirboo North, eliminating the need to additional infrastructure investment in those towns over that time.

A comprehensive review of demand out to 2031 has been undertaken. As the following tables indicate, there is likely to be a deficit of at least 68 kindergarten places and 113 childcare places in Leongatha by 2031.

This will require at least one 4-year-old room and one 3-year-old kindergarten room. Childcare demand could be met initially through one 33 place and one 22 place room, provided there was capacity to add an additional room/s at a later time should demand increase.

KINDERGARTEN DEMAND to 2031

Year	Leongatha, Meeniyah, Mirboo North		
	Total Capacity	Projected Enrolments	Surplus / Deficit
2021	314	339	-25
2022	314	340	-26
2023	314	346	-32
2024	314	349	-35
2025	314	354	-40
2026	314	356	-42
2027	314	358	-44
2028	314	364	-50
2029	314	370	-56
2030	314	376	-62
2031	314	382	-68

CHILD CARE DEMAND to 2031

DISTRICT	Total 0-4 Population	Estimated Demand (36.7% 0-4 popn)	Current Childcare Places	Surplus / Deficit
Korumburra/West	546	201	65	-136
Leongatha / Central	754	277	164	-113
Promontory / East	507	186	39	-147
TOTAL	1807	663	268	-395

Note: Past forecasts have under-estimated demand for kindergarten and childcare. Karmai Children's Centre, Leongatha Children's Centre and Prom Coast Children's Centre have all reached capacity well ahead of projections.



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While it is unlikely that demand for Maternal and Child Health would justify the need for an additional MCH room at present, there is a need for provision of additional space for Supported Playgroups, early years literacy, MCH new mums' groups, sleep settling programs, disability groups, immunisation sessions and provision for allied health consultations.

Funding

The State Government has announced an integrated approach to Early Years infrastructure which offers a graduated level of funding based on the type and scope of the facility.

Grant Type	Maximum Grant (ex GST)*	Minimum Requirements	Completion Timelines
Integrated Children's Centre	\$2 million	66 places, LDC, MCH, Allied Health, Multi-purpose space	24 months
New Early Learning Facility	\$1.5 million	66 places, completely new building. Other services optional	18 months
Modular Kindergarten Facility	\$750,000 - 1 room \$1.5 million – 2 rooms	33 places - 1 room or 66 - 2 rooms	12 months
Expansion Upgrades	\$600,000	Increase number of licenced places. Improve quality of the learning environment	12 months

* The guidelines provide for additional funding above this limit by negotiation with DET, depending on the scope of the project and facilities included

Additional funding may be available from the Commonwealth Government for any community facilities included in the facility, however the timing of any funding round is unknown at present.

Summary

- Demand data, funding availability and functionality supports the construction of an integrated Early Childhood Facility in Symmons Street, Leongatha
- The preferred scope should incorporate Kindergarten, Long Day Care, Consulting suites, and a community activity room, with capacity to expand in the future for additional childcare capacity, maternal and child health or other community facilities.
- This project will address current and projected future shortages of Kindergarten and Long Day Care capacity in Leongatha and ensure capacity to provide three and four-year-old kindergarten into the future.
- The project will support economic development in Leongatha and district through provision of kindergarten and Long Day Care for families who are in employment or training.
- It is likely to provide ongoing employment for up to 40 part, and full-time staff, as well as employment during design and construction.
- Provision of an integrated facility will Improve the physical, emotional and cognitive development of children in Leongatha and district and provide facilities to support the development and wellbeing of vulnerable children.



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3. OPTIONS

The following table outlines five options for the scope of the project:

1. Single Build to preferred scope: 2 x Kindergarten (KGN) Rooms, 2 x Long Day Care (LDC) rooms, + Community facilities + consulting room
2. Staged Build to preferred scope – Stage 1: 2 x KGN Rooms + 2 x LDC rooms / Stage 2: Additional LDC and Community facilities + consulting room
3. Staged build – Stage 1: 1x KGN room initially / Stage 2: 1 x KGN Room, 2 x LDC rooms, + Community facilities + consulting room
4. Staged Build – 1 x KGN room / Stage 2 x LDC rooms / Stage 3: 1 x KGN room + 1 x LDC + Community facilities + consulting room
5. Staged Modular Build – Stage 1: 2 x KGN rooms / Stage 2: 2 x LDC rooms / Stage 2a or Stage 3: Community facilities + consulting room

There are a number of advantages in Option 1 (single build), including integrated design, improved functionality, cost control and efficiency of construction and maximisation of state government funding. It would also be capable of meeting emerging demand for both Kindergarten and Long Day Care from commencement of operations. However, this option would incur a higher up-front cost to Council.

The other options would result in a lower initial cost to Council but the likelihood of higher subsequent costs. Building costs for a multi-stage project are likely to be higher, design efficiencies and functionality would be harder to attain and the level of state government funding is likely to be lower. Council would also likely to be required to meet the full cost of later stages.

The preferred option is Stage 1, subject to further work on project costs. Option 2 is considered an alternative but with significant limitations.

Option	Pros and Cons					
	Design	Cost	Construction	Demand	Functionality	Other
1. Single Build Preferred	Integrated design will provide efficiencies in construction and operation	Higher up-front cost. Reduced long-term cost Likely to be lower operating costs Would maximise State Government funding	Longer build time initially Reduced disruption in long term	Will enable all current and projected demand to be met and ensure unexpected demand can be managed. Expected to meet projected demand to at least 2032 Experience with Karmai CC, Leongatha CC and Foster CC is that demand exceeds forecasts with facilities reaching capacity ahead of	Integrated design means that the building can operate efficiently and will need minimal modifications Efficiencies of scale in components such as staff rooms, toilets, offices, foyer, car parking and playground	Design and construction of an integrated centre as a single build will maximise funding contribution from the State Government and could attract federal funding for community facilities. Likely State Government funding – up to \$2 million



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Option	Pros and Cons					
	Design	Cost	Construction	Demand	Functionality	Other
2. Staged Build: 1. KGN + LDC 2. Additional LDC and Community	Could use an integrated design but build in stages Would need to incorporate design elements for full building in early stages to avoid having to replicate in additional stages	Lower up-front cost, partly offset by: <ul style="list-style-type: none"> • lower state government funding • Council will need to meet full cost of later stages • Need to build in design elements for full facility Building cost could be higher – re-establishing construction site, integration of new and old build,	Will mean further disruption to site and other services as later stages are developed. Likely to be cost and building inefficiencies from two construction periods	Does not address immediate and projected shortage of long day care places schedule.	Creates inefficiency in operation. A number of features (eg car parking, staff facilities, toilets, planning room etc, will need to be built at full scale to avoid major future modifications and disruption	Limits funding available from State Government. Level of funding from State Government substantially less than Option 1. Would generate difficulties in managing community expectation and user group requirements Increased neighbourhood amenity disruption
3. Staged Build: 1. 1 x KGN room 2. 1 x KGN room + LDC and Community	As above	As above	As above	As above May not meet immediate demand for kindergarten	As above	As above Level of state government funding likely to be lower than Option 2
4 Staged Build: 1. 1 x KGN room 2. 2 x LDC 3. 1 x KGN room + 1 x LDC + Community	As above	As above	As above but disruption greater from multiple construction periods	As above May not meet immediate demand for kindergarten	As above	As above Level of state government funding likely to be lower than Option 2. No guarantee of state government funding for stage 3 Would generate difficulties in managing community expectation and user group requirements Increased neighbourhood amenity disruption
5. Staged Modular 1. 2 x KGN rooms	Limits capacity to provide an integrated design.	As above	Will mean further disruption to site and	Can be staged to meet projected demand.	Will require multiple design work-arounds	As above



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Option	Pros and Cons					
	Design	Cost	Construction	Demand	Functionality	Other
2. 3 x LDC rooms 3. Community facilities	<p>Modular units have limited options for customisation or integration / consolidation of core facilities (eg staff rooms, toilets, planning rooms, etc)</p> <p>Quality of design would be compromised and additional elements would need to be designed/built to ensure full facility can function effectively.</p> <p>Would result in a collection of different building types and design features which may not be functional or compatible</p> <p>May not suit site layout and master planning</p>		<p>other services as later stages are developed.</p> <p>Likely to be cost and building inefficiencies from multiple construction periods</p>	<p>Limits flexibility and efficiency of facility to adjust to demand between stages.</p> <p>Does not address immediate and projected shortage of long day care places</p>	<p>to ensure completed facility can operate efficiently</p>	<p>Level of state government funding likely to be lower than Option 2.</p> <p>No guarantee of state government funding for stage 2 or 3</p>



4. SOLUTION AND BENEFITS OVERVIEW

4.1 Solution Selected

- Build an Integrated Early Learning Centre incorporating Long Day Care, Kindergarten and MCH/Allied Health provision to meet current and long-term demand.
- The building is proposed to provide an initial 121 licenced places.
- The building should be designed to allow for additional licenced places as a separate stage, i.e.: one or two additional rooms – either 22 or 33 places.
- Construction by 2022 to be completed as close as possible to the start of the 2022 kindergarten year.

4.2 Strategic Benefits

4.2.1 Financial Benefits

- Government Funding of between \$1.5 and \$2 million available in 2020. Building in stages or building only kindergarten places would significantly reduce the amount of available funding.
- Timing — The State Government has budgeted for infrastructure provision to deliver on the 3yo kindergarten election commitment. As one of the first six local governments to implement this initiative, council has a time-limited opportunity to secure funding for infrastructure project this year, before an additional 15 LGAs come on line in 2021 and the remainder in 2022.
- Sustainability – An integrated facility would address demand issues in Leongatha, Mirboo North and Meeniyah until at least 2031. Building a smaller facility would result in a need to provide additional infrastructure in Mirboo North and Meeniyah, or a second Leongatha facility within five years. The likely cost of multiple builds would be greater than a single integrated facility.

4.2.2 Non-financial Benefits

- Economic development: the project will provide economic stimulus within the shire, particularly during and in the immediate aftermath of the COVID19 pandemic. Investment in early years services have been shown to have a multiplier effect of between 3.7:1 and 7:1 over 20 years. i.e.: A \$4 million project is likely to generate benefits to the local community of between \$14.8 million and \$28 million.
- Consolidated early years management. This project will facilitate negotiations to consolidate the governance of early years services in Leongatha into the future. An expression of interest process will be undertaken to select an appropriate service provider to manage the facility. Through this process, it is feasible that early years services in Leongatha will be able to consolidate come under the governance of an *Early Years Manager*, resulting in a more sustainable operating model, economies of scale and additional funding.
- Employment: approximately 40 positions ongoing. Additional employment in design and construction phase. Will also facilitate employment and training for families through provision of child care
- Current and future demand / Future proofing: the project will meet projected kindergarten demand for approximately 10 years to 2031. It is likely to meet current childcare demand



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for at least 5 years to 2026. Providing an option to expand the facility as a future stage would meet future child care demand out to 2035.

- Community understanding of strategic planning
- Improved educational benefits for South Gippsland children

5. PROJECT SCOPE SUMMARY

5.1 Project Description

- Site selection: Build a new early years facility at Symmons Street, Leongatha , adjacent to Allora Kindergarten.
- Master Planning: Undertake a Master Plan for the Symmons Street precinct, to determine siting of the facility and playground, location of car parking and access roads, management of contaminated soil, drainage and pedestrian access.
- Design and costing: Construction of an integrated early year's facility
- Permits
- Construction: construction from late 2020 or early 2021, to achieve completion early 2022.
- Fit out: allow sufficient program budget for minimal fitout including storage, furniture, play equipment, amenities.
- Commissioning:
 - Undertake an expression of interest process to select a preferred provider
 - Support the preferred provider to seek appropriate licences to operate through the Department of Health and Human Services.
 - Enter into a lease with the preferred provider

5.2 Inclusion

- Master Planning, soil testing and site assessment
- Community / end user consultation
- Building Design
- Kindergarten – 2 x 33 place rooms @ 3.25m² each
- Long Day Care – 1 x 33 place room, 1 x 22 place room, @ 3.25m² each, with provision for construction of additional room/s as a later stage
- 1 x Consulting Suite/Community Activity Room (e.g. supported playgroups)
- Staff office/s, planning room, tea room
- Toilets, laundry, sleeping area/s, storage
- Fittings and fixtures, external play equipment, internal furniture
- Designed play areas for each room, averaging 10m² per licenced place each.
- Car Parking and access

5.3 Exclusion



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- Provision of sporting facilities.

5.4 Success Criteria

- Construction by Early 2022
- Funding support from the State Government secured

5.5 Risks

Describe identified risks and their possible impact on delivery of the solution. Describe how you propose to mitigate these risks or please attached the link to Risk and Issue Register.

Risk					Proposed Mitigation
Ref #	Description	Consequence	Likelihood	Rating*	
1	Project does not proceed	Reputational Risk to Council	Moderate		Council Approval. Effective project management
2	Project exceeds available budget	Either project is scaled back, or construction staged	Moderate		Cost control measures Efficient design
3	State Government Funding not secured	Project scope would need to be redefined to meet budget. Key elements excuded or deferred	Low		Project scope redefined. Key elements deferred or excluded
4	Preferred provider not secured	Extended process and timeline to secure a provider. Potential to disrupt local market by introduction of a new provider	Low		Management of Expression of interes process
5	Council does not apply for State Government funding	Project will need to be redefined and key elements excluded or deferred. Limits future capacity to secure funding Reputational risk to Council as a funding partner	TBA		TBA
6					

6. PROJECT SCHEDULE

- Project Commencement: February 2020
- Site assessment and master planning: March to May 2020
- Design: May to December
- costing and funding submission: March to August 2020



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- Construction:
 - Tender: January to March 2021
 - Construction: March 2021 to January 2022
 - Completion: March to April 2022
- Governance: EOI and selection of preferred provider finalised – June 2020

7. FINANCIAL SUMMARY

Council has allocated \$3 Million toward this project in the draft 2020-21 budget.

Additional funding of up to \$2 Million will be sought from the State Government's Building Blocks early childhood infrastructure program, subject to Council approval.

Detailed financial plans will be developed through the Master Planning process.