

Report To: Education & Communities Committee **Date:** 11 March 2014

Report By: Corporate Director Education,
Communities & Organisational
Development **Report No:**
EDUCOM/30/14/EM

Contact Officer: Eddie Montgomery **Contact No:** 01475 712456

Subject: St. Patrick's Primary School – Project Options

1.0 PURPOSE

- 1.1 The purpose of the report is to update the Committee in respect of options for the progression of the St Patrick's Primary School project which has funding support from the latest round of the Scottish Government Schools for the Future programme.

2.0 SUMMARY

- 2.1 The St Patrick's Primary School project is included in the current School Estate Funding Model for progression in 2015/16. A report was submitted to the Corporate Management Team in February 2013 outlining options for the project. A further update report was submitted to the Corporate Management Team In February 2014 providing more detail on the options available for the project and the relative risks of achieving or meeting the minimum qualifying criteria stipulated by the Scottish Government in terms of the grant funding support for each option.

3.0 RECOMMENDATIONS

- 3.1 It is recommended that the Committee note the options for the project as outlined in this report and approve the progression of the new build option.
- 3.2 The Committee is also asked to note and approve the proposed procurement route via hub West Scotland Ltd.

Albert Henderson
Corporate Director Education,
Communities &
Organisational Development
14th February 2014

4.0 BACKGROUND

- 4.1 The existing School Estate Management Plan includes an allowance for the St Patrick's Primary School project based on a comprehensive refurbishment and extension to the existing 1968 building. The outline scope of works made allowance for provision of a new gym/assembly hall and additional infill extension forming new administration/office area addressing issues with the existing general arrangement plan.
- 4.2 A report was submitted to the Corporate Management Team in April 2012 outlining possible projects that could be put forward in respect of an application for funding from the third phase of the Scottish Government's Scotland's Schools for the Future programme. The recommendation of that report was that the St Patrick's Primary School project be put forward. An application was submitted in July 2012 and in September 2012 a letter was received from the Scottish Government confirming that the project had been accepted in principle for funding support. Within the application for funding support the possibility of a new build solution was discussed with the Scottish Futures Trust representatives and the forms noted that this was an option also being considered.
- 4.3 A further report was submitted to the Corporate Management Team in February 2013 outlining options for progression of the project essentially comparing a new build against a comprehensive refurbishment. Within this report it was noted that the current roll projection indicated that the accommodation required for the school would be less than originally anticipated. At this meeting it was requested that the scope of the refurbishment option be investigated in more detail to ascertain whether or not there was any opportunity to reduce the capital allocation within the School Estate Management Plan funding model.

5.0 PROJECT OPTIONS – FEASIBILITY STUDIES/SCOPING

- 5.1 As part of the scoping of any project the capacity and roll projection information is checked and updated. The existing working capacity of St Patrick's Primary School is 437 and the current census roll is 287. The original cost plan was based on the assumption that the future school roll would require accommodation with a planning capacity of circa 363-396. The current roll projections indicate that the projected roll for the school is stabilising at 230/240. Taking account of the possible effect of planned new housing this could rise to above the 260 mark. The class structure associated with this roll level equates to 11 classrooms with a calculated working capacity of 341.
- 5.2 As requested by CMT in February 2013 the scope of the potential comprehensive refurbishment has been examined and a feasibility study procured via hub West Scotland Ltd. As part of this exercise the accommodation schedule has been refined and an exercise in accommodation planning undertaken to establish the best fit within the existing structure minimising the requirement for any new extension. A more detailed feasibility report is available for review but essentially it has been established that the original area of extension assumed would not be required and that via a combination of partial demolition and minor infill extension the accommodation can be provided in a smaller footprint than originally anticipated (due to the reduced roll to be accommodated). It should be noted however that it has also been assumed that the level of refurbishment will be similar to that carried out in recent projects and will address the requirements to improve the building thermal efficiency, environmental performance and suitability broadly comparable with that able to be achieved via new build and to meet the funding support criteria from Scottish Government.
- 5.3 The comparative cost of a new build has also been investigated and calculated via hub West Scotland Ltd based on comparator projects that meet the requirements of the SFT funding metrics, the main comparator being the Lairdsland Primary School reference project in East Dunbartonshire which is currently in construction. A detailed

accommodation schedule and feasibility study have not been progressed but given that any new build would have to meet the area and cost metrics to qualify for funding support then this should be achievable for St Patrick's Primary School. The cost of this option includes an allowance for demolition of the existing building and associated asbestos removal to allow construction of the new facility.

5.4 A summary of the relative advantages and disadvantages of each option is provided in section 6.0 below. Cost comparison and budget/funding model implications have been summarised in section 8.0.

6.0 PROJECT OPTIONS – CONSIDERATIONS

6.1 The Scottish Government funding support is conditional subject to projects meeting a minimum criterion as set out below:

- The investment must improve (or deliver) Condition and / or Suitability ratings to Category A, or, where relevant, deal with acute accommodation pressures (which cannot be funded from developers contributions).
- The Government funding should augment, not replace, local authority funding in their educational capital programmes.
- Confirmation that the investment will support the delivery of key national and local policies – the school estate strategy, Climate Change Act, value for money.
- Commitment to working towards the programme metrics, in terms of area per pupil and cost per square metre.
- Commitment to joint working with other partners to achieve a greater commonality of approach where practical.

The Council's application for funding included a commitment to working within the above minimum criteria.

6.2 The minimum criterion for funding support, and the ability to meet that criterion, has been considered for both refurbishment and new build options together with the relative advantages and disadvantages of both options and as outlined in the tables below:

6.3 Option Appraisal – Advantages/Disadvantages & Funding Criteria Compliance Risk

<i>The investment must improve (or deliver) Condition and / or Suitability ratings to Category A, or, where relevant, deal with acute accommodation pressures (which cannot be funded from developers contributions)</i>	
New Build	Comprehensive Refurbishment
Condition – category A would be achieved.	Condition – category A would be achieved.
Suitability – category A would be achieved.	Suitability – category A should be achieved. However it should be noted that there will be some compromise in terms of adjacencies due to working largely within the confines of an existing building footprint. Current feasibility study also notes restriction in floor to ceiling height of assembly/gym hall (4-4.5m) which could be improved at extra cost.
Sufficiency - No accommodation pressures due to falling roll.	Sufficiency - No accommodation pressures due to falling roll.
Low Risk	Medium Risk

<i>The Government funding should augment, not replace, local authority funding in their educational capital programmes</i>	
New Build	Comprehensive Refurbishment
SEMP Funding Model includes project - condition met.	SEMP Funding Model includes project - condition met.

Low Risk	Low Risk
Confirmation that the investment will support the delivery of key national and local policies – the school estate strategy, Climate Change Act, value for money	
New Build	Comprehensive Refurbishment
School Estate Strategy - project meets national and local policies.	School Estate Strategy - project meets national and local policies.
Climate Change Act - new build likely to achieve better outcome in respect of SFT sustainability targets. Target of BREEAM Excellent more achievable via new build (established BRE tool for new build); Target of EPC rating of B+ (before renewables) achievable via new build (has been achieved in PPP new build primary schools to date); Enhanced daylight factor, insulation standards and air tightness more achievable via new build where specification can be controlled and building location/orientation optimised within site constraints.	Climate Change Act - refurbishment less likely to meet SFT sustainability targets. Target of BREEAM Excellent unlikely to be achieved with existing building constraints (BRE refurbishment tool also still in early stages of development); Target of EPC rating B+ (before renewables) difficult to achieve when retaining existing structure although is achievable with the correct level of expenditure/scope of works; Enhanced daylight factor, insulation standards and air tightness all achievable although unlikely to match/equal those achievable via new build (air tightness not mandatory requirement via Building Standards for refurbishment).
Value for Money - improved with new build asset and longer overall asset life. The running costs of a new building could be lower given that it will be constructed with modern materials and to higher building standards. The new building can be placed in the best position to assist with passive design principles and will be more economic in terms of envelope and footprint.	Value for Money - improved in respect of re-used structure however overall asset life is unlikely to match/equal new build. Buildings constructed in the 60's and 70's such as the St Patrick's PS building generally tended to be not energy efficient and were constructed from cheaper materials. Although the running costs of a comprehensively refurbished building will be significantly improved they are unlikely to match a new build due to lack of opportunity to address any existing issues with building orientation and a less efficient/economic envelope and basic footprint.
Low Risk	Medium Risk

Commitment to working towards the programme metrics, in terms of area per pupil and cost per square metre.	
New Build	Comprehensive Refurbishment
Area per pupil metric - project design and accommodation schedule can be tightly controlled to ensure that programme metric in terms of area per pupil is achieved based on reference project design.	Area per pupil metric - area per pupil will not be achieved due to constraints of existing structure and building general arrangement plan. SFT model primary school design promotes efficiencies of footprint that are not generally achievable

	in refurbishment. Current feasibility plan area sits at 2,719m ² (161m ² or 6.28% over metric).
Cost per square metre metric - Project specification/design can be tightly controlled to ensure that programme metric in terms of cost per square metre is achieved. SFT funding support for this project scope would be based on the current metric of £2,350/m ² funding up to 50% of the project which equates to circa £3M. It should also be noted that risk transfer and out-turn construction cost certainty is greater via new build and design & build contracts.	Cost per square metre metric – SFT metric does not apply to refurbishment. Discussion with SFT indicates that dependent upon the level of refurbishment the SFT will fund up to 50% of the project however they will base this upon 2/3 of the new build metric (approx. £1,566/m ²). They have further clarified that the grant support would not exceed 70% of the estimated grant support amount linked to a new build solution which equates to circa £2.1M. It should also be noted that risk transfer potential is less and the risk of out-turn construction cost increasing higher via traditionally procured refurbishment contracts.
Low Risk	High Risk

<i>Commitment to joint working with other partners to achieve a greater commonality of approach where practical.</i>	
New Build	Comprehensive Refurbishment
The SFT objectives in this regard include giving consideration to buildability, offsite manufacture, whole life cost approach, ease of maintenance and working with others to develop a common approach to school design. In new build all of the above can be achieved. The School Estate Team have attended all SFT forums and have contacted other Authorities who have assisted with provision of information on recently completed projects that have met and and bettered the SFT metrics. This information and the information provided via West Area Hub in terms of the Lairdsland Primary School reference project in East Dunbartonshire has been used to test the feasibility of a new build solution for St Patrick's PS.	The objectives noted for new build can all, to a degree, be realised in refurbishment although the constraints of existing structure may limit what can be achieved. It should be noted that the Inverclyde project is one of only two proposed refurbishment projects within the 12 projects accepted in principle for SSFF Ph.3 funding. It has been confirmed that this will affect the level of funding support available to the project as outlined above.
Low Risk	Medium Risk

7.0 PROCUREMENT

- 7.1 It is proposed that the project is procured via the west Hub Scotland framework. The Council signed up as participants to West Hub Scotland (wHS) in March 2013. West Hub Scotland will provide project management services in conjunction with the School Estate Team and design services and a contractor will be procured by mini competition from their panels. wHS have organised the initial feasibility studies and liaison with the Scottish Futures Trust. The Council do not have in house resources to take this project forward as Property Services will be designing the refurbishment of Kilmacolm Primary

School to the same timescale.

8.0 IMPLICATIONS

Finance

- 8.1 The School Estate Management Plan Funding Model includes an allowance of £5.342 million for the St. Patrick's PS project and currently assumes £1.604 million funding support from Scottish Government (SSFF Ph.3) subject to final clarification and grant award.
- 8.2 The tables below outline the estimated cost implications and anticipated grant recovery (subject to SFT confirmation) of both options based on the affordability caps prepared in conjunction with hub West Scotland Ltd.:

Current SEMP Allowance - Refurbishment

Cost Centre	Budget Heading	Budget Year	Proposed Spend this Report	Virement From	Other Comments
Revenue	SEMP One-Off Costs	2015/16 and 2016/17	n/a	n/a	No movement. Decant and related costs not affected (currently £511K).
Capital	SEMP Model	From 2014/15 to 2017/18	+£5,342,000 -£1,604,000 <hr/> +£3,738,000	n/a	Current SEMP model allowances

New Build Feasibility Check

Cost Centre	Budget Heading	Budget Year	Proposed Spend this Report	Virement From	Other Comments
Revenue	SEMP One-Off Costs	2015/16 and 2016/17	n/a	n/a	No movement. Decant and related costs not affected (currently £511K).
Capital	SEMP Model	From 2014/15 to 2017/18	+£6,638,566 -£3,000,000 <hr/> +£3,638,566	n/a	Hub West Scotland Ltd. Affordability Cap Net saving of £100K compared to current model allowances

Comprehensive Refurbishment Feasibility Check

Cost Centre	Budget Heading	Budget Year	Proposed Spend this Report	Virement From	Other Comments
Revenue	SEMP One-Off Costs	2015/16 and 2016/17	n/a	n/a	No movement. Decant and related costs not affected (currently £511K).
Capital	SEMP Model	From 2014/15	+£5,912,825	n/a	Hub West Scotland Ltd. Affordability

		to 2017/18	-£2,100,000		Cap
			<u>+£3,812,825</u>		Net shortfall of £75K compared to current model allowances

8.3 As can be seen from the tables above there is no significant difference between the new build and comprehensive refurbishment options accounting for the differing levels of funding support potentially available. The following points should be noted in relation to the figures provided above:

- Revenue costs associated with the project included in the earmarked reserves to facilitate the overall delivery of the project i.e. decant costs associated with transport and relocation would remain the same regardless of which option is taken forward.
- No allowance has been made for a multi-use games area within either option. It has been assumed that the school will retain the right to access the adjacent 3G pitch post transfer to Inverclyde Leisure.
- Refurbishment funding support amount assumed above is based on the best case scenario for refurbishment and is subject to final confirmation with SFT.
- New build funding support, area and overall project cost is based on the working capacity of 341 applied to the SFT metrics. This is also subject to final written confirmation from SFT.
- Funding support amounts are calculated based on the current SFT metric which has a base date of 2nd Quarter 2012.

It should be noted that a meeting has been held with SFT representatives and the funding support amounts clarified in principle. This will be subject to final written confirmation and offer of grant award.

8.4 In terms of the remit to investigate a potential saving via a comprehensive refurbishment the feasibility study completed indicates that this is not likely and it should be noted that there is a risk that the current SEMP model project allowance is inadequate should the level of funding support from the Scottish Government be lower than estimated. The main reason for the relatively small difference between comprehensive refurbishment and new build is in connection with retaining the existing structure. The current feasibility scheme involves partial demolition of the existing administration block with the remaining building essentially two blocks connected via a wide corridor. Any refurbishment solution is not likely to achieve the economy of footprint and external envelope offered by a new build solution and results in greater cost to deal with the upgrading of this area/envelope accordingly. It should be noted that it would be possible to review the refurbishment cost as there are risk and contingency allowances within the feasibility costs, appropriate for this stage, which could be reduced through further detailed investigation as the project proceeded through the design stages. There is also scope to reduce the specification and scope of refurbishment although this would involve compromise in terms of the end product and may affect the level of funding support offered by the Scottish Government if this affected the minimum qualifying criteria outlined above.

8.5 The existing running costs for the St Patrick's PS building are £135K per annum. The majority of the costs sit within the Non-Domestic Rates and the Soft FM services provision (janitorial and cleaning). It is not possible at this stage to place figures on the likely costs in connection with a new building however it is anticipated that there could be lower costs in connection with utilities and cleaning with a building that is 8-10% smaller and more efficient. It is not possible to calculate the impact on Non-Domestic Rates as the rateable value increase in connection with a new property may offset any saving in floor area. The overall impact on running costs in connection with both options is therefore likely to be marginal.

Legal

8.6 There are no legal issues.

Human Resources

8.7 There are no human resources issues.

Equalities

8.8 There are no equalities issues.

Repopulation

8.9 There are no repopulation issues.

9.0 CONSULTATION

9.1 The Head of Finance has been consulted.

9.2 There are no direct staffing implications in respect of the report and as such the Head of Organisational Development, HR and Performance has not been consulted.

9.3 There are no legal issues arising from the content of this report and as such the Head of Legal and Democratic Services has not been consulted.

10.0 LIST OF BACKGROUND PAPERS

- 10.1
- Local Authority Status Evaluation Form – St Patrick's PS (July 2012)
 - St Patrick's PS Draft Accommodation Schedule (Revised Feb 2013)
 - St Patrick's PS Refurbishment Feasibility Study (January 2014)
 - Hub West Scotland Ltd Affordability Caps (February 2014)