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<b>Report To:</b>	<b>Education &amp; Communities Committee</b>	<b>Date:</b>	<b>5 May 2015</b>
<b>Report By:</b>	<b>Corporate Director Education, Communities &amp; Organisational Development and Chief Financial Officer</b>	<b>Report</b>	<b>EDUCOM/40/15/EM</b>
<b>Contact Officer:</b>	<b>Eddie Montgomery</b>	<b>Contact No:</b>	<b>01475 712472</b>
<b>Subject:</b>	<b>Education Capital Programme 2014 – 2017 Progress</b>		

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## **1.0 PURPOSE**

- 1.1 The purpose of the report is to update the Committee in respect of the status of the projects forming the Education Capital Programme and to highlight the overall financial position.

## **2.0 SUMMARY**

- 2.1 This report advises the Committee in respect of the progress and financial status of the projects within the overall Education Capital Programme.
- 2.2 The Capital Programme reflects the review of the School Estate Funding Model as reported to the November 2014 Committee and covers the period 2014/17.
- 2.3 Overall the Committee is projecting to contain the costs of the 2014/17 Capital Programme within available budgets.
- 2.4 Expenditure at 31<sup>th</sup> March is 86.07% of 2014/15 approved budget (91.55% of revised projection), net slippage of £490K (5.99%) is being reported. It should be noted however that this position is pending completion of the final year end accounting process including accruals which should bring the final spend position into line with the revised projection. The slippage relates to a number of projects as outlined in section 13.1 which has been partly offset by accelerated spend/projects in 13.2. This is a projected net decrease in slippage since last Committee from 9.07% to 5.99%.
- 2.5 Appendix 1 contains details of the projected spend and phasings for the Capital Programme over the 3 years of the current programme.
- 2.6 Officers are finalising an Early Years Estate Management Plan and this is indicating that extra resources will be needed to fully deliver the requirements. A more detailed report on this matter will be presented to the next Education & Communities Committee.

## **3.0 RECOMMENDATIONS**

- 3.1 That the Committee note the progress on the specific projects detailed in Appendix 1.
- 3.2 That the Committee approve delegated authority to the Head of Legal and Property

Services and the Chief Financial Officer to enter into the formal standard Hub West Scotland project contract agreements for the St Patrick's Primary School project as detailed in 7.2 below provided the cost is within the budget allocation for the project.

- 3.3 That the Committee approve the utilisation of part of the projected MUGA budget underspend and Children and Young People Bill grant funding allocation to address the projected over expenditure on the Kilmacolm PS Refurbishment project noted in 8.1 below.
- 3.4 That the Committee approve the issue of tenders for the St Francis Primary School External Works as outlined in section 13.1 of the report, and grant delegated authority to the Head of Legal & Property Services to accept the lowest acceptable tender provided the cost is within the budget allocation for the project.
- 3.5 That the Committee note that a report on the Early Years Estate Management Plan will be presented to the next meeting of the Committee.

Patricia Cassidy  
Corporate Director Education,  
Communities &  
Organisational Development  
10<sup>th</sup> April 2015

Alan Puckrin  
Chief Financial Officer  
10<sup>th</sup> April 2015

## **4.0 BACKGROUND**

- 4.1 This report shows the current position of the approved Education Capital Programme reflecting the allocation of resources approved by the Committee at the meeting of 4<sup>th</sup> November 2014.
- 4.2 The School Estate Strategy approved by the Committee will deliver a comprehensive programme of new and refurbished schools which will address the modernisation of the Council's entire school stock. The programme runs for more than 14 years. The Education Capital Programme detailed in this report shows details of projects which will incur expenditure up to March 2017.

## **5.0 ARDGOWAN PRIMARY SCHOOL REFURBISHMENT**

- 5.1 Works commenced on site on 14<sup>th</sup> April 2014 to complete 13<sup>th</sup> April 2015. As previously reported to Committee the Contractor was working to a revised programme that projected completion 3 weeks behind the original, with a handover anticipated on 4<sup>th</sup> May 2015. Construction progress has been steady has been monitored daily. A review of progress and critical items was undertaken during the week commencing 6<sup>th</sup> April which highlighted a risk of not achieving the handover date, due in part to complications with the final utility connections which impacted the final commissioning and handover phase. A revised handover date of Sunday 17<sup>th</sup> May has now been set and the exceptional closure dates revised in agreement with the Scottish Government to Monday 18<sup>th</sup>, Tuesday 19<sup>th</sup> and Wednesday 20<sup>th</sup> May with first day of full operational scheduled for Thursday 21<sup>st</sup> May 2015. All stakeholders have been informed of the further minor delay.

## **6.0 ST JOHN'S PRIMARY SCHOOL REFURBISHMENT**

- 6.1 Works commenced on site on 1<sup>st</sup> December to complete 10<sup>th</sup> August 2015. The works are progressing with all stripping out and partial demolition works complete. The main scaffold is in place with work on excavation, underpinning, and new foundations for extensions including lift pits completed, and works on the external insulated render system underway. Negotiations with Network Rail have been concluded and erection of the timber kit structure in connection with the new extension is commencing imminently with beam and block flooring underway. Internal works in connection with new services are on-going. External works in connection with the new Multi-Use Games Area (MUGA) and drainage are also progressing. The transfer to the completed facility is scheduled to take place after the Summer 2015 holiday period. Exceptional closure days have been agreed via the Scottish Government – Monday 17<sup>th</sup>, Tuesday 18<sup>th</sup> and Wednesday 19<sup>th</sup> with first day of operation planned Thursday 20<sup>th</sup> August 2015.

## **7.0 ST PATRICK'S PRIMARY SCHOOL**

- 7.1 The March 2014 Education & Communities Committee approved the progression of a new build for St Patrick's. The procurement of the project is being progressed via hub West Scotland Ltd. and is being managed by the Client Services Team. Regular meetings continue with hub West Scotland as the project is progressed through the Hub stages. The design consultants and main contractor have been procured and are in place. The hub Stage 1 has been approved with the detail design (Architectural Stage E) complete and market testing phase commencing. The planning application was submitted on 4<sup>th</sup> March with determination anticipated late April/early May. Further survey and ground investigation works are being undertaken during the Easter holiday period to assist the detail design and preparation for demolition in summer. The target programme remains as previously reported with anticipated construction start in summer 2015 to complete by October 2016. Exceptional closure days have been

agreed via the Scottish Government in connection with the transfer for the decant period – Wednesday 27<sup>th</sup>, Thursday 28<sup>th</sup> and Friday 29<sup>th</sup> May with first day of operation in the decant facility planned Monday 1<sup>st</sup> June 2015.

7.2 The St Patrick's PS project is currently progressing towards completion of hub stage 2 and will be progressing through market testing towards financial close. Approval to sign up as participants in hub West Scotland was obtained at the Policy and Resources Committee of March 2013. Following that approval the Council signed the Territory Partnering Agreement (TPA) and the Participants Agreement. Following approval to progress the St Patrick's project through the hub delivery model the project has been progressing through the stages and regular updates have been provided to Committee. The current programme for the project now requires Committee approval for the following:

- Delegated Authority be granted to the Head of Legal and Property Services to enter into a Design and Build Development Agreement (DBDA) with Hub West Scotland for the construction of the new St Patrick's Primary School subject to the estimated cost of the project remaining within the affordability cap / approved budget for the project.
- Authority be granted to the Head of Legal and Property Services to issue a Letter of Intent for the Early Works in respect of demolition of the existing St Patrick's Primary School, formation of stepped access at existing janitors house and part forming the new access road, in the estimated amount of £250K funded from the project budget allocation of £7.012M. This is required as the programme for the project requires enabling demolition works ahead of final financial close to allow the construction of the school to commence at financial close and maintain current projected completion dates.
- Authority be granted for the opening of an insurance proceeds account in the joint names of Hub West Scotland and Inverclyde Council in relation to the project; and authority be granted to the Chief Financial Officer to execute and deliver any mandate required in relation to the account.

A full update will be provided to the first Committee following the summer recess by which time financial close should have been achieved and demolition works commenced.

## **8.0 KILMACOLM PRIMARY SCHOOL REFURBISHMENT**

8.1 The Kilmacolm Primary School project has been advanced as part of the acceleration of the Primary School programme. The original proposals involved the use of temporary modular accommodation on site and phased refurbishment. The November Committee approved the decant strategy for the project following the outcome of a parental consultation exercise. The enabling works project for provision of temporary modular accommodation within the school grounds to serve the Nursery Class during the construction works is progressing, with works programmed for summer 2015. The procurement of the main project is being progressed via hub West Scotland Ltd. and is being managed by the Client Services Team. Regular meetings continue with hub West Scotland as the project is progressed through the hub stages. The design consultants and the main contractor have been procured and are in place. Further survey work within the existing building and grounds is being undertaken over the Easter holiday period to inform the detail design. The Architectural Stage D proposals are currently being progressed with detailed planning application scheduled for mid-April. The hub Stage 1 cost check has been completed which has identified a potential funding gap as outlined in 8.2 below. Further stakeholder consultation has been taken forward with the school staff and pupils. The target programme remains as previously reported with anticipated construction start in October 2015 to complete by October 2016 subject to approval of 8.2 below.

8.2 The Stage 1 (Architectural Stage C/D) proposals for the project have now been cost checked by the consultant and main Contractor. This has identified a potential funding gap subject to development of the detail design and the market testing phase. It is proposed to address this gap by the following:

- Allocation of £250K from the unallocated balance of Early Years Children & Young People Bill grant funding. This represents the estimated cost of the Nursery Class element of the project. As part of the proposals the Nursery Class will be completely refurbished including a small extension providing a new entrance/cloaks area and all necessary works to bring the facilities into line with current and imminent Care Commission guidelines.
- Allocation of £105K from the projected underspend within the £1.1M MUGA budget. The budget remaining within the original £830K budget for the Primary School Blaes Pitch Upgrades outlined in 9.1 below and allocated to Kilmacolm PS is £260K. The current costed proposals for the MUGA element within the Kilmacolm project is £365K.

The Committee is asked to approve the allocation of funding as above and the revised project budget as below to allow the project to proceed.

£3.655M - Original project allocation

£0.260M – MUGA element (balance of £830K funding - previously approved to be taken forward with main contract).

£0.250M – Nursery Class allocation from C&YPB grant allocation.

£0.105M – MUGA cost top-up from projected underspend on £1.1M allocation.

**£4.270M – Revised project allocation**

## **9.0 PRIMARY SCHOOL BLAES PITCH UPGRADING**

9.1 Funding for the above was allocated in 2014/15 to address upgrading of blaes pitches within three primary schools. An update on each is included below:

- Whinhill PS MUGA – works completed summer 2014, now operational.
- St Ninian's PS MUGA – works progressing well on site to complete by May 2015.
- Kilmacolm PS Pitch/MUGA – being taken forward as part of the main refurbishment project covered in 8.0 above.

## **10.0 PRIMARY SCHOOL MULTI-USE GAMES AREAS (MUGAs)**

10.1 Funding for the above was allocated as part of the Council's budget setting exercise early in 2014. The St John's PS MUGA is included in the main contract covered in 6.1 above. The remaining 7 Primary School MUGA's have been progressed to construction stage with a 13 week rolling programme agreed for delivery commencing mid-April to complete by August 2015. The first MUGA will commence on site at Inverkip PS on 20<sup>th</sup> April.

10.2 Following the report to the March Committee and the verbal update provided on the projected underspend within the MUGA budget due to the competitive tender returns, the Committee requested that a report be prepared on options for MUGA provision at Gourrock and Moorfoot Primary Schools. Feasibility work is underway and it is anticipated that a separate report will be brought to the first Committee following the summer recess. The current funding position is noted below:

£1.100M Original Budget Allocation

£0.530M Current Projected cost of 8 Primary School MUGA's

£0.055M Allocation approved for St Ninian's PS MUGA (November 2013 Committee)

£0.105M Allocation pending Committee approval for Kilmacolm PS MUGA

### **£0.410M Unallocated balance/projected underspend**

#### **11.0 DEMOLITION WORKS**

11.1 The current appendix includes allowance for the demolition of a number of surplus properties. An update on each is included below:

- Former Lilybank School – works complete on site as of December 2014 with exception of minor soft landscaping which will be completed in Spring 2015.
- Former Greenock Academy – works progressing on site to complete May 2015.
- Former St Stephen's HS – following the November 2014 Committee approval for the use of the building as decant accommodation for Kilmacolm PS during its refurbishment, the demolition is now scheduled for early 2017. Partial stripping out and securing works in the areas of the building not planned for temporary use have now been completed.

#### **12.0 EARLY YEARS PROJECTS**

12.1 Following the update reports to Committee on the implementation of 600 hours of Early Learning and Childcare, the Client Services Team have been working in conjunction with the Early Years Service to develop the prioritised list of 2015/16 projects. The list of projects is as reported to the last Committee with notes on current position included below:

- Binnie Street Children's Centre – Remodelling to introduce provision for 2-3 years olds. Detailed proposals being finalised with works to commence summer 2015.
- Larkfield Children's Centre – Remodelling and refurbishment to comply with new legislation. Detailed proposals being finalised with works to commence summer 2015.
- Rainbow Family Centre – Minor adaptations to increase 2-3 year olds provision. Detailed proposals complete with work currently underway during Easter 2015.
- Wellpark Children's Centre – Minor adaptations to increase 2-3 year olds provision. Detailed proposals being finalised with works to commence summer 2015.
- Kelly Street Children's Centre – Remodelling and refurbishment to comply with new legislation and expand provision for 2-3 year olds. Feasibility studies being progressed. No works anticipated 2015 pending outcome of feasibility studies and consideration of complexities of potential decant.

12.2 The Client Services Team are liaising with the Early Years Service and Technical Services on the programme and decant implications of the various projects. This work forms part of the overall Early Years Estate Management Plan which will bring together the investment required in connection with new legislation with the current capital funding allowances for refurbishment. Indications are that there is a significant shortfall between the resources allocated to Early Years within the SEMP and by the Scottish Government. A detailed report on this matter will be presented to the next meeting of the Committee including recommendations for funding.

#### **13.0 ST FRANCIS PRIMARY SCHOOL EXTERNAL WORK**

13.1 The SEMP model currently has an allocation of £405K to address upgrading of the external areas at St Francis Primary School as this element was not addressed as part

of the refurbishment project carried out and completed in 2004. The September 2014 Committee approved the acceleration of aspects of this project should it be feasible, however it has not been possible to do so given the potential disruption it would involve and the winter working restrictions in terms of soft landscaping. The project is now proposed to be carried out largely over summer 2015 as originally intended and Committee approval is now required to issue tenders, and grant delegated authority to the Head of Legal & Property Services to accept the lowest acceptable tender provided the cost is within the budget allocation for the project.

## 14.0 IMPLICATIONS

### Finance

14.1 The expenditure at 31<sup>st</sup> March 2015 is £7.041M from a budget of £8.181M. This is expenditure of 86.07% of the approved budget at the year end. It should be noted however that this position is pending completion of the final year end accounting process including accruals which should bring the final spend position into line with the revised projection. Following review of the current projects and the likely final spend profiles and accruals, slippage of £490K (5.99%) is being reported on the following:

- St John's Primary School project – slightly later site start.
- Early Years allocation for Nursery Class Extension at St John's PS – as above.
- 2014/15 Lifecycle Fund – multiple projects, some slippage into 2015/16.
- Kilmacolm PS MUGA – now programmed with main refurbishment in future years.
- St Ninian's PS MUGA – planning and ground conditions impacted programme which has pushed construction phase into poorer weather period.
- St Patrick's PS/Kilmacolm PS – Hub project stage payment terms differ from traditional procurement routes with later stage payment of pre-contract fees.
- Complete on site – some slippage into 2015/16 due to agreement of some accounts under budget and some accounts not yet finalised.

14.2 The Committee is asked to note that the projected slippage outlined above is partially offset by the following:

- Ardgowan Primary School progression with improved expenditure 2014/15.
- Advancement of future years expenditure on demolition of former Greenock Academy.
- Expenditure 2014/15 on Primary School Multi-Use Games Areas (pre-contract fees and surveys only).

14.3 The current budget position reflects the following:

- November 2014 review of the School Estate Funding model.
- Grant funding received in respect of implementation of the Children & Young People Bill (further £595K added as November announcement for 2015/16) and Free School Meals (£60K added as November announcement).

The current budget is £33.959M, made up of £30.256M SEMP Supported Borrowing, £1.930M Non-SEMP Supported Borrowing and £1.773M Prudential Borrowing. The Current Projection is £33.959M.

14.4	Education & Communities	Approved Budget £000	Current Position £000	Overspend / (Underspend) £000
	Total School Estate	32,029	32,029	-
	Total Non School Estate	1,930	1,930	-
	<b>Total</b>	<b>33,959</b>	<b>33,959</b>	-

14.5 Please refer to the status reports for each project contained in Appendix 1.

### **Legal**

14.6 There are no legal issues.

### **Human Resources**

14.7 There are no human resources issues.

### **Equalities**

14.8 Has an Equality Impact Assessment been carried out?

X

YES (see attached appendix)

NO - This report does not introduce a new policy, function or strategy or recommend a change to an existing policy, function or strategy. Therefore, no Equality Impact Assessment is required. See below.

Individual projects consider DDA issues as part of the development of the detailed designs and Building Standards approval (where required). There are no equalities issues.

### **Repopulation**

14.9 The regeneration works outlined in this report should contribute to retaining and increasing the population within the area. There are no repopulation issues.

## **15.0 CONSULTATION**

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

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

## **16.0 LIST OF BACKGROUND PAPERS**

16.1 Education Capital Programme Technical Progress Reports March 2015. (A technical progress report is a project specific report which details the financial and progress position for current projects which have a legal commitment).



CAPITAL REPORT APPENDIX 1

COMMITTEE: EDUCATION & COMMUNITIES

Project Name	1	2	3	4	5	6	7	8	9	10	11
	Est Total Cost	Actual to 31/3/14	Approved Budget 2014/15	Revised Est. 2014/15	Actual to 31/03/15	Est. 2015/16	Est. 2016/17	Future Years	Start Date	Original Completion Date	Current Completion Date
	£000	£000	£000	£000	£000	£000	£000	£000			
<b>SEMP Projects</b>											
Demolish Greenock Academy	302	71	0	152	65	69	10	0	Jan-15	-	May-15
Demolish St Stephens HS	500	3	0	0	0	0	209	288	Jan-17	-	Jun-17
Demolish Lilybank	90	3	121	87	80	0	0	0	Jul-14	Oct-14	Dec-14
Ardgowan PS - Refurbishment & Extension	5,926	561	3,134	4,589	4,436	626	150	0	Apr-14	Apr-15	May-15
St Patrick's PS - New Build	7,012	0	215	137	137	1,961	4,714	200	Jun-15	-	Oct-16
St John's PS - Refurbishment & Extension	2,796	38	1,059	792	739	1,912	54	0	Dec-14	-	Aug-15
Kilmacolm PS - Refurbishment	3,655	0	145	54	18	960	2,541	100	Oct-15	-	Oct-16
Early Years (C&YPB - 600Hrs + 2Yr Olds)	1,681	0	413	113	108	325	1,243	0	Apr-14	-	Mar-17
Early Years Establishments - Refurbishment	1,331	0	0	0	0	0	1,264	67	Apr-16	-	Mar-17
St Francis PS - External Works	405	0	19	10	0	328	67	0	Jun-15	-	Aug-15
Free School Meals Capital Grant	60	0	0	0	0	60	0	0	Apr-15	-	Mar-16
Lifecycle Fund	1,905	0	487	348	348	240	1,317	0	Apr-14	-	Mar-17
Balance of Contingency	195	0	59	0	0	65	65	65			
Future Projects *	4,610	0	0	0	0	0	166	4,444			
Complete on site	1,699	0	1,699	902	607	0	797	0			
<b>TOTAL SEMP</b>	<b>32,167</b>	<b>676</b>	<b>7,351</b>	<b>7,184</b>	<b>6,538</b>	<b>6,546</b>	<b>12,597</b>	<b>5,164</b>			
<b>Non-SEMP Projects</b>											
Whinhill/St Ninians PS/Kilmacolm - MUGA/Blaes Pitch Upgra	885	31	830	467	454	87	300	0	Apr-14	-	Oct-16
Primary School MUGA's - Various	907	0	0	40	49	667	200	0	Apr-14	-	Aug-15
<b>TOTAL non-SEMP</b>	<b>1,792</b>	<b>31</b>	<b>830</b>	<b>507</b>	<b>503</b>	<b>754</b>	<b>500</b>	<b>0</b>			
<b>TOTAL ALL PROJECTS</b>	<b>33,959</b>	<b>707</b>	<b>8,181</b>	<b>7,691</b>	<b>7,041</b>	<b>7,300</b>	<b>13,097</b>	<b>5,164</b>			

\* The Future Projects allowance includes expenditure on projects within the reporting period only. The SEMP model includes allowances for the future refurbishment of Moorfoot PS, St Mary's PS, Lady Alice PS, St Ninian's PS and works to Gourrock PS.