

EAST RENFREWSHIRE COUNCIL28 June 2017Report by Director of EnvironmentCAPITAL ALLOCATIONS: EDUCATION AND EARLY YEARS RELATED CONSTRUCTION PROJECTS**PURPOSE OF REPORT**

1. To update the Council with regard to the capital arrangements for the financing of a variety of school and early years related construction projects and to vary the previously agreed budget allocations within the overall allocation.

**RECOMMENDATION**

2. It is recommended that the Council:

- (a) Notes the good progress and savings achieved in relation to the construction of Barrhead High School, the Faith Schools Joint Campus and Crookfur Primary School;
- (b) Notes the current position on costs and funding in relation to the construction of the new non-denominational primary school at Maidenhill;
- (c) Notes the revised funding requirements for in depth scoping exercise to undertake feasibility appraisals of sites and buildings to expand capacity for early years provision to 1140 hours by 2020; and
- (d) Approve the proposed budget variations as outlined in the report at paragraphs 14 and 23.

**BACKGROUND AND REPORT**

3. As part of the Council's continued programme to invest in the schools and early years infrastructure within East Renfrewshire a variety of new build projects are underway or being investigated.

4. This report focuses upon five key projects:

- New Non- denominational primary school at Maidenhill
- New Barrhead High School
- New Faith Schools' Joint Campus
- Extension/Refurbishment of Crookfur Primary School
- Feasibility appraisals of sites and buildings to expand capacity for early years provision in line with the Council's new duties

5. Three of these projects will be complete for the new term commencing August 2017. These are:

- Barrhead High School (£30m)
- Faith Schools' Joint Campus (£17m)
- Crookfur Primary School (£9m)

6. As financial accounts for these three projects are becoming finalised it is anticipated that these projects (combined) will result in an underspend of between £1.5 and £2m. This reduction is due primarily to the fact that not all of the contingency funds have been required. Contingencies are amounts that are held in reserve to deal with unforeseen circumstances. In addition the Council benefited from favourable market conditions which prevailed at the time of tender.

7. Also, the Faith Schools' Joint campus project has received a £300,000 grant award from the Scottish Futures Trust in recognition of Inspiring Learning Spaces.

8. All of these projects have received very positive feedback from staff and pupils to date and all are on programme to be fully operational for the commencement of the new school year in August 2017.

#### Non-denominational Primary School and Early Years Provision: Maidenhill

9. The Councils General Fund Capital Plan also makes provision of £14.693m for a new non-denominational primary school and early years provision at Maidenhill, Newton Mearns.

10. The design of the new school and early years facility at Newton Mearns has progressed in line with the programme and a Stage 2 report was received in April 2017. The Stage 2 report details the design proposals for the project together with anticipated costs.

11. The anticipated costs associated with the Stage 2 design amounted to £15,919m. This figure was £1.226m over the capital funding available (i.e. £14.693m).

12. A savings exercise was undertaken with the client and consultants and the cost of the project was reduced to £15.3M which is still some £607,000 over the allocation available.

13. £350,000 of this increased expenditure can be accounted for through changes in Building Standards legislation since the estimated capital budget was set. These new regulations place a greater burden with regard to energy requirements. This new legislation places higher demands upon the specification and build quality of the project. The main features of the new legislation are:

- Higher thermal insulation requirements.
- Higher requirement for air tightness (inward leaking of external air)
- Higher standards for heating systems/ pipework insulation/ internal lighting and M&E installations
- Reduction of CO2 emissions.

14. In order to maintain the quality of the project and meet the desired specification the Council is asked to redirect £607,000 of the anticipated savings from the three other major build projects to this particular project to allow it to proceed on programme towards its successful completion for August 2019.

#### Early Years Provision

15. The Council also requires to increase places for early learning and childcare (EL&CC) across the Council area to meet the Scottish Government's policy on increased entitlement to 1140 hours of EL&CC by 2020.

16. East Renfrewshire's existing provision is almost at capacity and so this new duty effectively doubles the required provision for the same number of children. These new places will need to come from a mix of delivery models including extensions to existing facilities, building new establishments, and commissioning partnership providers etc.

17. This presents a significant and challenging investment programme and it was essential that work started early on this task in order to ensure East Renfrewshire Council is able to meet operational delivery by 2020.

18. The Education and Environment Departments have created an in house team working to develop briefs and carry out feasibility studies based on good school knowledge and experience of delivering nursery provision. This in house team is primarily looking at the four early years communities (Barrhead and Neilston; Newton Mearns; Clarkston, Busby and Eaglesham; and, Giffnock and Thornliebank) within East Renfrewshire and reviewing the requirements with a view to accommodation being provided to meet the target numbers estimated by the Education Department.

19. The Council needs to submit a robust Royal Institute of British Architects (RIBA) stage 2 report with proposals to the Scottish Government by 29 September 2017 as part of the Council's Implementation Plan which is a requirement by the Scottish Government of all Councils in Scotland.

20. The Environment and Education Departments have undertaken an in depth scoping exercise to appraise the feasibility of sites and buildings to expand early years capacity. This has led to a number of potential projects being identified.

21. Funding was made available to facilitate these scoping exercises in the General Fund Capital Plan in February 2017. A total of £360,000 was made available. This assumed that £180,000 would be required in 2017/18 and £180,000 for 2018/19.

22. Considerable progress has been made in this regard in the last few months to the point where the Council is able to more accurately state the likely cost of these scoping exercises. The early years project requires as a matter of urgency a total of £594,000 of capital funding in 2017/18 to cover all consultant design fees up to RIBA stage 2 in order to deliver the Implementation Plan by the 29 September deadline. This leaves a shortfall of £234,000 (i.e. £594,000 - £360,000).

23. It is therefore proposed that:

- The funding allocation of £180,000 for Early Learning and Childcare for 2018/19 be brought forward to be allocated in 2017/18
- The funding shortfall of £234,000 be covered through the anticipated savings of around £1.5m - £2m from the three other major build projects referred to in paragraph 6

24. Thereafter costs and proposals will be re-assessed for the Council's capital plan for 2018/19 and onwards once the funding amounts from the Scottish Government are known. The Scottish Government has intimated that all Councils submissions will inform the forthcoming Scottish Draft Budget process and detailed funding allocations.

## **FINANCE AND EFFICIENCY**

25. Paragraphs 14 and 23 request that the Council utilise anticipated savings from key projects at Barrhead High School, Faith Schools' Joint Campus and Crookfur Primary School to fund increases in capital spending required for Maidenhill non-denominational primary school and for scoping work to meet the requirement for early years nursery provision.

## CONSULTATION

25. No consultation has been required in the preparation of this report.

## PARTNERSHIP WORKING

26. This report has been produced in partnership between PATS, the Education Department and Accountancy Services.

## IMPLICATIONS OF THE PROPOSAL

27. There are no staffing, IT, equality or sustainability implications directly associated with this report. Financial implications are addressed within the report.

## CONCLUSIONS

28. A number of key educational new build projects are nearing completion and, as a result of competitive markets and prudent management, are anticipated to come in significantly under budget. At the same a further new build project at Maidenhill plus essential preparations for the delivery of the Scottish Government's plan for Early Years require an increase in funding alongside a rephasing of some of the existing allocated expenditure. It is therefore proposed that this be funded through the identified underspend.

29. These proposals are not yet reflected in the separate report to this meeting regarding the General Fund Capital Programme. They will be incorporated into the next one submitted to the Cabinet and the Council.

## RECOMMENDATIONS

30. It is recommended that the Council:

- (a) Notes the good progress and savings achieved in relation to the construction of Barrhead High School, the Faith Schools Joint Campus and Crookfur Primary School;
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- (c) Notes the revised funding requirements for in depth scoping exercise to undertake feasibility appraisals of sites and buildings to expand capacity for early years provision to 1140 hours by 2020; and
- (d) Approve the proposed budget variations as outlined in the report at paragraphs 14 and 23

Director of Environment

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