

The Highland Council

Education, Children and Adult Services Committee
8 October 2015

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| Agenda Item | 6. |
| Report No | ECAS 81/15 |

Care and Learning Capital Programme – Monitoring Report

Report by Director of Care and Learning

Summary

This report provides an update on the Care and Learning capital programme, and sets out the monitoring position for the current financial year to the end of August 2015.

1. Capital Monitoring Position

- 1.1 The monitoring statement to the end of August 2015 is included at **Appendix 1**. This outlines a projected underspend at the financial year end of £1,917,000, or approximately 2.86%. This is largely due to slower progress than had been anticipated in developing proposals for the Family Centres and Free School Meals initiatives. Options to address this are ongoing with colleagues in other services and will be reviewed in the context of the management of the overall General Fund capital programme.
- 1.2 With regard to monitoring the programme expenditure for the remainder of this financial year and next, the following are the main risks that will have to be closely managed.
- Major projects where construction work spans the two financial years – this would apply in particular to the projects at Inverness Royal Academy, Caol Joint Campus and Noss Primary School.
 - Resources – The process to recruit additional staff to the Care and Learning Estates team has taken longer than originally envisaged. Discussions are ongoing with colleagues in Development and Infrastructure to ensure that appropriate resources are in place to deliver the new projects that will form the capital programme in the coming years.

2. Capital Programme Update

- 2.1 **Major Projects:** An update on all of the major projects currently underway is included at **Appendix 2**.
- 2.2 As well as the completion of the new Bun-Sgoil Ghàidhlig Loch Abar building (Fort William Gaelic Primary School) and the refurbishment project at Inverness Leisure that were reported to the previous meeting of this Committee, the projects to provide additional modular accommodation at Spean Bridge Primary School, St Clement's School and St Duthus School are all now complete and the buildings are operational. It should be noted that the total cost of the projects listed in the Appendix, along with those recently

completed, is in excess of £190 million.

2.3 The £1.3 million refurbishment of the swimming pool at Grantown Grammar School/Craig MacLean Centre was approved at the previous meeting of this Committee and will be included in future reports once the programme has been established. Also, as reported to the last meeting of this Committee, engagement has either now started or will take place when appropriate with Ward Members and key stakeholders for the following new projects.

- Beauly Primary School (£10 million budget)
- Black Isle Education Centre (£2 million)
- Dornoch Sports Centre (£3 million)
- Inverness High School – Refurbishment (£10 million)
- Inverness Leisure – Refurbishment Phase 2 (£3 million)
- Residential Unit for Children with Autism (£2 million)

2.4 Future capital investment priorities for generic budget lines are the subject of a separate report to this meeting of the Committee. However, there are a number of projects which require to be progressed as priorities for inclusion in the 2015/16 programme as listed below. Further details of the scope and cost of these projects, along with any other priorities that emerge, will be reported to future meetings of this Committee as necessary.

- Acharacle Primary – Playing Field
- Charleston Academy – Improvements to Reception and Offices
- Golspie High – Fencing and Security
- Inverlochry Primary – Continuation of Phased Improvement Works
- Kingussie High – Improvements to PE Changing
- Portree High – Construction Skills Accommodation
- St Joseph's RC Primary – Replacement Windows
- Ullapool Primary – Nursery and PE Provision

3. Sustainable School Estate Review – Easter Ross Schools

3.1 Following discussion at the previous meeting of this Committee in relation to delays to a Scottish Government Funding announcement, the Chair of this Committee wrote to the Cabinet Secretary and that letter is enclosed as **Appendix 3**. A response from the Cabinet Secretary has not as yet been received, but will be shared with Members when available. Since the last meeting, there has also been discussed within the Scottish Parliament in relation to delays impacting on the Scottish Government's Non-Profit Distributing (NPD) and Hub funding models. A transcript of that question is enclosed as **Appendix 4**, and highlights some of the issues impacting on the funding model, and Scottish Ministers response.

3.2 As previously advised, pending clarity from Scottish Government on funding, no further activity is being progressed in relation to investment proposals for Alness or Invergordon. That situation will be kept under review, and if no further clarity is received on funding over the coming months, reports will be brought back to Members to consider the Council's strategy in relation to these locations, considering long-term objectives as well as any more pressing short-

term investment requirements.

- 3.3 Local Members and stakeholders will continue to be kept up to date, as any further information emerges.

4. School Statutory Consultations

- 4.1 **North West Skye:** The Council's appeal against the School Closure Review Panel (SCRCP) decision in relation to the Council's proposals for North West Skye, is due to be heard at Portree Sheriff Court on 16/17 November. Officers are continuing to work with Counsel in relation to preparation for the hearing.

- 4.2 **Strontian:** Discussions are ongoing with the community in regard to a new proposal being considered, whereby the community in conjunction with a Housing Association, could develop and construct a new facility which is in turn leased to the Council for the purposes of primary school provision. The facility would be designed such that it could be relatively easily converted to other uses at a future point, e.g. housing, thereby giving the community a legacy asset should educational provision be reviewed again in the future. The Parent Council are balloting parents on this particular option, with the results expected in the next couple of weeks. The outcome of that ballot should provide clarity and allow the statutory consultation to be brought to a conclusion in the coming months

- 4.3 **Inverasdale:** The Council has now received the report from Education Scotland on the proposal to close Inverasdale which is currently mothballed. The Council is reviewing that report, and preparing a final report responding to any matters arising during the consultation process. A final report is due to be considered by the November Committee.

- 4.4 **Dalwhinnie:** Informal discussions with local members, parent and community council have commenced in relation to this currently mothballed school. It is intended to come to the November of January Committee's seeking approval to proceed to statutory consultation for closure.

- 4.5 **Other Mothballed Schools:** As previously reported, the Council has four further mothballed primary schools; Achfary, Kinbrace, Torridon and Uig, with reviews of each commencing over the coming 12 month period. Discussions will take place with local members in advance of any other stakeholder discussions, or any report back to Committee.

5. Implications

- 5.1 **Resources:** Issues regarding staff resources are outlined in Paragraph 2.2.

- 5.2 **Legal:** As set out at paragraph 4.1, the Council has lodged an appeal in relation to the SCRCP decision in relation to the Council's North West Skye school proposals. There are no other legal implications to highlight.

- 5.3 **Equalities:** The recently completed projects at St Clement's and St Duthus

Schools, along with improvements to other schools, will significantly improve the level of facilities within the Council area for pupils with Additional Support Needs.

- 5.4 **Climate Change/Carbon Clever:** All major projects aim to improve the carbon emissions associated with the existing provision, where this is feasible.
- 5.5 **Risk:** Risk assessment and ongoing monitoring is undertaken as part of capital project management. Particular issues in relation to the monitoring of the capital expenditure are highlighted in Paragraph 2.1.
- 5.6 **Gaelic:** The new Bun-Sgoil Ghàidhlig Loch Abar opened in August. Tenders for the new Portree Gaelic Primary School, which is due to open in August 2017, will be returned in October.
- 5.7 **Rural:** Capital investment is directed to both rural and urban Care and Learning facilities. In relation to school statutory consultations, rural factors are taken account of as required by legislation.

6. Recommendations

6.1 Members are asked to:

1. Approve the capital monitoring position to the end of August 2015 and the year-end forecast for 2015/16 as detailed in Section 1 and **Appendix 1**;
2. Approve the current status of major projects as outlined in Paragraphs 2.1 to 2.3 and as listed in **Appendix 2**;
3. Approve the projects listed in Paragraph 2.4 to be progressed as priorities for inclusion in the 2015/16 programme;
4. Approve the current position with the Easter Ross Schools as detailed in Section 3 and **Appendices 3 and 4**;
5. Approve the current position in relation to school statutory consultations and the review of currently mothballed schools, all as detailed in Section 4.

Designation: Director of Care and Learning

Date: 29th September 2015

Author: Brian Porter, Head of Resources
Robert Campbell, Estate Strategy Manager

Appendix 1 – Capital Monitoring Statement for August

Appendix 2 – Status of Major Projects

Appendix 3 – Easter Ross Schools Letter to Cabinet Secretary

Appendix 4 – Transcript of Scottish Government Questions

| Summary Heading | Summary Heading | D Cc1 Lev8 | Full Year Budget | Year to Date Actuals | Year end forecast | Year end Variance |
|-----------------|-------------------|---|------------------|----------------------|-------------------|-------------------|
| CLL | CLL | Am Fasgadh (Highland Folk Museum) | 19 | 6 | 19 | 0 |
| CLL | CLL | Community and Leisure Facilities | 1,160 | 53 | 760 | -400 |
| | CLL | Dornoch Sports Centre | 100 | 0 | 100 | 0 |
| CLL | CLL | Invergordon Leisure | 99 | 43 | 99 | 0 |
| CLL | CLL | Inverness Leisure Facility | 730 | 868 | 730 | 0 |
| CLL | CLL | Thurso Library | 633 | 558 | 633 | 0 |
| CLL | CLL | Thurso Swimming Pool | 854 | 10 | 854 | 0 |
| CLL | CLL | | 3,595 | 1,538 | 3,195 | -400 |
| SEC | SEC | Inverness Royal Academy | 18,506 | 8,455 | 19,006 | 500 |
| SEC | SEC | Inverness High - Refurbishment | 475 | 98 | 475 | 0 |
| SEC | SEC | Lochaber High - Refurbishment Phase 3 | 2,301 | 1,447 | 2,851 | 550 |
| SEC | SEC | Portree High School Hostel | 1,409 | 882 | 1,409 | 0 |
| SEC | SEC | Wick Joint Campus | 1,605 | 14 | 1,355 | -250 |
| SEC | SEC | SSER - Tain 3-18 Campus | 1,250 | 0 | 1,250 | 0 |
| | SEC | Secondary Schools - Retentions | 65 | 19 | 65 | 0 |
| SEC | SECONDARY | | 25,611 | 10,915 | 26,411 | 800 |
| PRIM | PRIM | Cromarty Primary - Extension/Refurbishment | 1,655 | 653 | 1,655 | 0 |
| PRIM | PRIM | Fort William - New Caol Joint Campus and Community Ce | 6,598 | 2,702 | 7,348 | 750 |
| PRIM | PRIM | Fort William - New Gaelic Primary | 1,685 | 1,139 | 1,435 | -250 |
| PRIM | PRIM | Fort William - New Lundavra Primary | 3,937 | 2,501 | 3,937 | 0 |
| PRIM | PRIM | Primary Schools - Retentions | 125 | 66 | 125 | 0 |
| PRIM | PRIM | Portree - New Gaelic Primary | 408 | 49 | 408 | 0 |
| PRIM | PRIM | Wick - New Noss Primary | 10,354 | 2,165 | 10,004 | -350 |
| PRIM | PRIMARY | | 24,762 | 9,275 | 24,912 | 150 |
| SPEC | SPEC | St Clements/St Duthus - Modular Accommodation | 1,847 | 2,187 | 2,097 | 250 |
| SPEC | SPECIAL | | 1,847 | 2,187 | 2,097 | 250 |
| H&SC | H&SC | Adult Services (NHS) (Baseline Bid) | 1,177 | 154 | 750 | -427 |
| H&SC | H&SC | Avoiding out of area Children's Placements | 902 | 160 | 750 | -152 |
| H&SC | H&SC | Childrens Services (HSC) Investment | 427 | 203 | 427 | 0 |
| H&SC | H&SC | New children's unit, Wick | 153 | 10 | 153 | 0 |
| H&SC | H&SC | | 2,659 | 527 | 2,080 | (579) |
| Est Mgt | EST MGT | C&YP Act - Households in Receipt of Benefits | 2,350 | 0 | 250 | -2,100 |
| Est Mgt | EST MGT | Early Years and Childcare (600 hours) | 1,002 | 245 | 750 | -252 |
| Est Mgt | EST MGT | Estate Strategy - Life Cycle Investment | 751 | 1,528 | 2,000 | 1,249 |
| Est Mgt | EST MGT | Estate Strategy - Roll Pressures | 789 | 200 | 1,000 | 211 |
| Est Mgt | EST MGT | ICT Investment | 1,283 | 26 | 1,283 | 0 |
| Est Mgt | EST MGT | Radon Remedial Works | 33 | 22 | 33 | 0 |
| Est Mgt | EST MGT | SSER - Inverness Schools | 500 | 65 | 500 | 0 |
| Est Mgt | EST MGT | Sustainable School Estate Review | 107 | 83 | 107 | 0 |
| Est Mgt | EST MGT | Free School Meals | 1,746 | 32 | 500 | -1,246 |
| Est Mgt | ESTATE MGT | | 8,561 | 2,201 | 6,423 | (2,138) |
| | | Totals | 67,035 | 26,643 | 65,118 | -1,917 |

APPENDIX 2 - STATUS OF MAJOR CAPITAL PROJECTS AS AT 29/09/2015

| Project | | Progress Report | Start Date | Completion Date | Total Project Cost |
|---------|---|---|----------------|---|--------------------|
| 1 | Lochaber High Phases 3 and 4 | Work progressing on site. | June 2013 | October 2015 | £16,185,000 |
| 2 | Thurso Library - Refurbishment | Work progressing on site. | October 2014 | October 2015 | £1,250,000 |
| 3 | Lundavra Primary School, Fort William | School to open after October holidays. | May 2014 | October 2015 | £12,000,000 |
| 4 | Portree Hostel - Refurbishment of Elgin Hostel Building | Work progressing on site. | May 2015 | February 2016 | £4,020,000 |
| 5 | Cromarty Primary - Extension and Refurbishment | Extension now occupied; refurbishment of main building has commenced. | January 2015 | February 2016 | £2,750,000 |
| 6 | Thurso Swimming Pool - Extension and Refurbishment | Work progressing on site. | April 2015 | April 2016 | £2,700,000 |
| 7 | Noss Primary School, Wick | Work progressing on site. | June 2014 | Building - Mar. 2016 Final - Oct. 2016 | £16,650,000 |
| 8 | Caol Joint Campus | Work progressing on site. | October 2014 | Com. Ctr. - Oct 2015 School - July 2016 Final - Dec. 2016 | £15,690,000 |
| 9 | Wade Centre, Kingussie - Refurbishment | Tender documents being prepared | January 2016 | December 2016 | £1,300,000 |
| 10 | Wick Community Campus | Work progressing on site. | September 2014 | Building - Sep. 2016 Final - Apr. 2017 | £53,850,000 |
| 11 | Inverness Royal Academy | Work progressing on site. | August 2014 | Building - June 2016 Final - June 2017 | £39,000,000 |
| 12 | Portree Gaelic Primary School | Tenders to be returned on 15th October | May 2016 | June 2017 | £9,285,000 |

Keith Brown
Cabinet Secretary for Infrastructure, Investment and Cities
Scottish Government
St Andrews House
Regent Road
EH1 3DG

Your Ref:
Our Ref: DM/BA
Date: 3 September 2015

Dear Mr Brown,

Scottish Futures Trust: Highland Council Secondary School Provision

I am sure that you are aware that the Scottish Futures Trust have been in discussions with officers of the Highland Council, regarding a like-for-like Secondary School replacement, as part of the next tranche of Scotland's Schools for the Future funding.

These discussions had progressed to a stage, where we were led to expect that there would be an announcement before Christmas 2014, and we had agreed that this would be in relation to Alness Academy – which would also allow the Council to consider associated development in the neighbouring community of Invergordon.

While before Christmas this would have been welcome news to these communities, it is now public knowledge that this announcement is awaited, and accordingly these communities have become increasingly frustrated that no announcement has been forthcoming.

The Council is aware that this is due to consideration of an EU Directive which has implications for the Scottish Government's Non-Profit Distributing (NPD) funding model, and that the Scottish Government has been working to resolve this issue. However, this frustration and concern was expressed at a recent meeting of the Council's Education, Children and Adult Services Committee, and I was asked to raise this with you.

I believe that there is increasing optimism that this matter is being resolved. I would hope that you can confirm this, and perhaps also give some indication of when an announcement might be made.

Yours sincerely,



**Councillor Drew Millar
Chair, Education, Children and Adult Services Committee**

Appendix 4

Scottish Parliament: Written Answers to Questions – 16 September 2015

European System of Accounts 2010

Elaine Murray (Dumfriesshire) (Lab): To ask the Scottish Government how it is addressing the concerns raised by the Office for National Statistics regarding the transition to the European system of accounts 2010 and whether local authorities will be fully compensated for any additional costs for their programmes.

The Deputy First Minister and Cabinet Secretary for Finance, Constitution and Economy (John Swinney): I provided updates to Parliament on 2 February and 31 July regarding the ONS review of the Aberdeen western peripheral route.

The ONS concluded that the AWPR should be classified to the public sector under the new Eurostat rules and guidance, which took effect in September last year. I instructed the Scottish Futures Trust to engage with the ONS to clarify interpretation of the rules that underpinned its decision and to consider the scope for making contractual changes to the project that could secure the ONS's agreement that its reclassification to the private sector would be appropriate. I am grateful to the ONS for prioritising that work. It has now advised that as a result of the SFT's further engagement on the substance of its July decision, it wishes to refer a number of points to Eurostat for further consideration. That reflects the complexity of the issues with which we are dealing. Therefore, it will not be possible for the SFT to submit proposals for revisions to the AWPR contract until Eurostat has had the opportunity to respond to the points for clarification that are being raised with it, which is likely to take several weeks. I previously advised Parliament that there would, while the ONS is undertaking its review, be some delays in reaching financial close on a number of projects within the hub programme because of the need to reflect on the ONS's findings. In April, I authorised the SFT to implement initial changes to the hub model that are aimed at reinforcing a private-sector classification while recognising that further changes might be needed after the ONS reports. That work is proceeding well. The SFT has submitted proposals to the ONS, and it is likely that the ONS will be in a position to respond by late October or November. I have given careful consideration to whether hub projects that are currently in the pipeline should, in the interim, be advised that they can reach financial close in advance of the ONS responding. In doing so, I recognise and share the concerns of project partners and other stakeholders. The Government remains committed to the hub programme. However, I must also take into account the risks that could arise as a result of taking projects to financial close in advance of the ONS reaching a conclusion. As a result, I do not expect it to be possible for those projects to reach financial close over the coming weeks. The SFT will engage closely with project partners to consider the implications for them and I will, of course, keep the position under close review.

Elaine Murray: I hear what the cabinet secretary says, but I do not take any comfort from it. Dumfries and Galloway Council has contractors that are waiting to sign contracts through the Scottish Futures Trust for the schools of the future programme, for example. One of those projects was supposed to start in the autumn of this year. Can the cabinet secretary provide any comfort to local authorities regarding when the problems will be resolved?

What will happen if the delays create additional costs that local authorities did not budget for in their original calculations?

John Swinney: I hope that Dr Murray understands that the decisions that we have to consider are a consequence of changes to the budgeting system that arose while the projects were under way. Many of the projects had been under development for some time. A range of SFT projects have reached financial close—Inverness College, the City of Glasgow College and the M8 improvements, for example—and have run their course, but we now have a new assessment of the rules that have emerged from the ONS and we have to comply with those rules. As I indicated in my substantive answer, we now seek clarification from the ONS on some of those points; such is their complexity that the ONS seeks guidance from Eurostat, which supervises such issues across all European jurisdictions. Of course, other European jurisdictions are similarly affected by the decisions with which we are wrestling. I assure Dr Murray and all project partners that the Government is doing everything it can to resolve the issues timeously so that we can reap the benefits of the significant impact on the Scottish economy that comes from a strong pipeline of construction projects.

Malcolm Chisholm (Edinburgh Northern and Leith) (Lab): My understanding is that the new sick children's hospital in Edinburgh and the Lothian health centre bundle reached financial close between September last year and the ONS ruling. Will both those projects be delayed? What will be the financial implications for those and other projects if agreement cannot be reached with the ONS and Eurostat?

John Swinney: The new sick children's hospital has reached financial close and it is proceeding as a project. I expect that the ONS will review the classification of the sick children's hospital as part of its forward work programme. The Lothian health centre bundle has not reached financial close, so clearly it has been affected by the circumstances that I have outlined to Parliament. The Government is, through the work of the SFT—it is occupying a significant amount of the time and focus of the SFT—trying to resolve the issues to enable us to pursue the pipeline of projects as quickly as possible.