

The Highland Council
Education, Children and Adult Services Committee
20 January 2016

Agenda Item	6.
Report No	ECAS 02/16

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 November 2015.

1. Capital Monitoring Position

- 1.1 The capital monitoring position to the end of November is set out in **Appendix 1** and shows a projected under-spend of £1.959m. This compares to an underspend of £1.538m at the end of September, as reported to the November meeting of this Committee. The difference is mainly due to revised cash-flow projections on major projects that span this and next financial year. This was one of the two main risks with regard to monitoring the programme expenditure, as identified in the report to the October meeting of this Committee.
- 1.2 The other main risk related to internal project fees charged by Development and Infrastructure. A revised charging methodology was introduced in the current financial year which has initially delayed the charging of project delivery costs against individual projects. The project charging process has now been resolved, and indications are that project delivery costs will be reduced considerably from what has been budgeted. Discussions are ongoing with colleagues in Development and Infrastructure to establish a clearer understanding of the projected out-turn position.

2. Update On Major Projects

- 2.1 **Appendix 2** summarises the status of all major projects in the Care and Learning capital programme (i.e. those with a total project cost exceeding £1m). The appendix sets out the overall budget and timeline for these projects on a multi-year basis, and is measured against the baseline position of the March 2015 capital programme. All changes against this baseline will be highlighted and explained within future reports. Particular matters in relation to specific projects are highlighted in the remainder of this section.
- 2.2 The appendix now reflects the revised capital programme approved by Council on 17 December 2015, which resulted in a revised funding profile for two Care and Learning projects. The second phase of the refurbishment of Inverness Leisure has had £2.3m funding re-profiled from 2018/19 to 2020/21. In

relation to the Residential Autism Unit, initial funding for planning and design is now allocated in 2019/20.

2.3 **Inverness Leisure:** There is a total of £3,000,000 of funding in the capital programme for the second phase of the refurbishment programme. As identified in Paragraph 2.2, £2,300,000 of this has been moved back to 2020/21, with £700,000 remaining in 2018/19. However, some structural defects in the high level windows and beams over the competition pool were identified during the first phase of the refurbishment. It is therefore recommended that £200,000 of the remaining funding in 2018/19 is brought forward to 2016/17, in order to allow the necessary remedial works to be carried out.

2.4 **Portree Gaelic Primary School**

2.4.1 Tenders have been received for this project, with the total project cost exceeding the £9.285m budget by approximately £1.515m. The main reasons for this increase are as follows:

- **Market conditions:** This is considered to be the biggest single factor with the current state of the market pushing up tender prices from a previously low baseline. This is borne out by only two suitable tenderers expressing an interest in the project and is also exacerbated by the relatively remote location. The additional cost due to this is approximately £715,000.
- **Increased cost of certain building elements:** The cost of the external walling and ventilation in particular has proved to be more expensive than was originally envisaged. This may be partly due to availability of sub-contractors, and the market conditions outlined above will also have an impact. This will be reviewed with the successful contractor once appointed, and it is hoped that the cost of these elements can be reduced. However, the additional cost at this stage is approximately £475,000.
- **Contract duration:** Both tenderers indicated that the construction period would be likely to be longer than the projected 52 weeks. Again, this is affected by the market conditions outlined above. A revised construction period of 65 weeks has been agreed with both tenderers which will mitigate the risk of an over-run on the programme. The estimated additional cost is approximately £325,000.

2.4.2 The recommendation is to proceed with the award of the contract on the basis that retendering will not reduce the cost, and that a further delay could result in an increase. It is proposed that the additional funding is allocated from the Life Cycle Investment budget heading.

3. **Update On Other Projects**

3.1 **AIness Academy**

3.1.1 While the Council still awaits an announcement from Scottish Government in relation to funding for the new build, there is positive progress to report.

- 3.1.2 On 26 November, the Scottish Government gave the green light to a number of more advanced projects in other local authorities proceeding to financial close, and there have been recent discussions with Scottish Government officials, indicating that confirmation of funding for Alness is expected to follow.
- 3.1.3 Discussions are ongoing with colleagues in Development and Infrastructure regarding the investment and work required to address the immediate issues with the condition of the building, and Committee will be updated about this in March.
- 3.1.4 At a national level, the technical issues associated with the ESA10 European regulations, which had put a hold on Scottish Government announcing any funding for NPD (non-profit distributing) and Hub funded projects appear to be getting resolved. A report was agreed by the November Resources Committee which implemented a number of changes to the Council's agreements with Hub North Scotland. These changes have been made across Scottish Local Authorities at the request of the Scottish Futures Trust to ensure agreements are ESA10 compliant.

3.2 Generic Budget Headings

- 3.2.1 As reported to the October Committee, work is now underway on the process for establishing future capital investment priorities for generic budget lines, including schools lifecycle investment and school roll pressures. Meetings have taken place with Members of 8 Wards. The outcome of that process is intended to be reported to the March meeting of this Committee, seeking Member agreement to future investment priorities from these budget lines.

3.3 Inverness Schools

- 3.3.1 Previous reports to this Committee have outlined the likely priorities to be funded from the overall allocation of £48m in the capital programme, and a number of meetings have taken place with Ward members to discuss this. Committee has previously been advised of design work progressing on an Additional Support Needs annexe at Cauldeen Primary School and an extension to Smithton Primary School, along with a feasibility study for an extension to Merkinch Primary School. A report will be brought to the March meeting of this Committee, proposing a strategy for addressing investment needs and capacity issues within Inverness.

3.4 Merkinch Family Centre and Community Centre

- 3.4.1 The report to the November meeting of this Committee indicated that a bid had been submitted to the Regeneration Capital Grant Fund for an integrated Merkinch Family and Community Centre, on the site of the existing separate facilities. The timescales for the bid had not allowed a report to Committee in advance of submission. However, the submission was discussed with senior and local Members, and discussion with local stakeholders was ongoing.

- 3.4.2 The bid involved significantly enhanced facilities for young children, families, youth and community groups. It took account of the requirements of the community centre management committee to replicate all of the facilities in the existing building, and would have provided additional space for community use, as well as a base for local staff and provision for the expansion in early years' services.
- 3.4.3 However, further to the Stage Two bid being submitted, the centre management committee lobbied against it. This included the presentation of 457 signed statements prior to the Council meeting of 17 December. These included 60 statements from residents of Merkinch, and 21 from people in adjacent areas of the city, stating: "I request that the Merkinch Community Centre be retained in the existing building and oppose the 'new community hub' proposals. Can you please divert the money to another build, which would be more needed in the area such as a new family centre?"
- 3.4.4 While the organisers indicated that this was not a petition, it was made clear to them that the Council has a policy that representations of this size are reported and considered at Committee, and that this would happen at the January or March meetings.
- 3.4.5 It was decided to suspend the planned further local consultation on the Family and Community Centre proposal, as this could have suggested that the Council was in conflict with users of the Community Centre. Further to discussions with senior and local members, a meeting was planned with representatives of local groups for 6 January.
- 3.4.6 That meeting reinforced the aspirations of community organisations across Merkinch for enhanced local facilities. It recognised the concerns of users of the Community Centre about potential disruption to their activities, and also that there are needs and aspirations within the community that cannot be met by the existing local services.
- 3.4.7 Albeit some were more reluctant, the meeting came to a consensus that the Regeneration Fund bid should be withdrawn, and it was agreed to consider other sites in the community for enhanced facilities, specifically for children, families, youth, and leisure activities. The community representatives decided to work together on this, and it was agreed to explore the possibility of Council and other funding streams. The Regeneration Capital Grant Fund bid was withdrawn on 7 January, and there will be further reports to Committee as this work moves forward.

3.5 Regional Sports Facility

- 3.5.1 An officer project board has been established to oversee the development of the business case and initial design work on this project. A stage 1 funding application to Sportscotland was submitted on 21 December, with the Council anticipating feedback from Sportscotland early in the new year. A design team are due to be appointed early in 2016. An indicative project timeline is set out below, taking the project to the business case stage for consideration for

capital programme funding.

- December 15 - Stage 1 Sportscotland funding application submitted
- January 16 – Design team appointed.
- January/February 16 – Sportscotland feedback on stage 1 application
- Spring 16 – outcome on City deal funding bid
- Spring/Summer 16 – finalisation of business case and Council decision on funding within capital programme

4. School Statutory Consultations

4.1 **North West Skye:** The Council awaits the outcome of its appeal to Portree Sheriff Court.

4.2 **Strontian Primary:** the Parent Council and Local Community have formed a steering group to oversee the development of a detailed business case for the community design and build project, which is predicated upon the Council leasing the facility to accommodate Strontian Primary School. Council officers continue to work closely with the steering group, and subject to progress with the business case, the Council would look to progress and conclude its Statutory consultation process to relocate the Primary school. While these activities are ongoing, the Council has in the meantime provided a letter of comfort indicating its support for the community proposal.

4.3 **Inverasdale Primary:** Highland Council formally approved closure on 17 December and the Council now awaits conclusion of the statutory call-in period. The Council expects to be notified by Scottish Government by 11 February, as to whether closure is called-in for review or not.

4.4 **Dalwhinnie Primary:** A separate report on the agenda of this Committee seeks approval to commence a statutory consultation on closure.

4.5 **Black Isle Education Centre:** As previously reported to this Committee, it is intended that a statutory consultation to formally close the centre as a school will commence this year.

4.6 **Other Mothballed Schools:** As previously reported, the Council has four further mothballed primary schools; Achfary, Kinbrace, Torridon and Uig, with informal review and discussions ongoing with local elected members and other stakeholders.

5. Implications

5.1 **Resource:** As set out in this report and appendices.

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

5.3 **Equalities:** No specific implications to highlight within this report. The capital

programme will be utilised to improve access and meet specific needs as part of ongoing investment.

- 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. The enhanced capital monitoring in relation to major projects improves risk management arrangements and visibility to members of the current position for these projects.
- 5.6 **Gaelic:** This report seeks approval to proceed with the award of the contract for the new Portree Gaelic Primary School.
- 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 November 2015 as set out in **Appendix 1** and Section 1;
2. Note the current status of major projects as set out in **Appendix 2** and Paragraphs 2.1 and 2.2;
3. Approve that £200,000 of the approved funding in 2018/19 for the second phase of the refurbishment of Inverness Leisure is brought forward to 2016/17 to allow structural remedial works to be undertaken as described in Paragraph 2.3;
4. Approve the revised budget of £10.800m for Portree Gaelic Primary School with the additional £1.515m allocated from the Life Cycle Investment budget heading as outlined in Paragraph 2.4;
5. Note the current position of the other projects referred to in Section 3;
6. Note the current position of the various School Statutory Consultations listed in Section 4.

Designation: Director of Care and Learning

Date: 12 January 2016

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Appendix 1: Capital Monitoring Statement, November 2015

Appendix 2: Major Projects

Appendix 1 - Care and Learning- Capital Monitoring 2015-16- P8- November

Level 6	Level 8	Full Year Budget	Year to Date Actuals	Year End Forecast	Year to Date Variance	(Slippage)/ Acceleration	Overspend/ (underspend)
Major- Community and Leisure F	Thurso Library	633	939	633	0	0	0
	Major Plant Replacement - Inve	760	934	760	0	0	0
	Invergordon Leisure Centre	99	46	99	0	0	0
	Highland Folk Museum - HFM	19	8	19	0	0	0
	Thurso Swimming Pool - Extensi	854	99	604	(250)	(250)	0
	Dornoch Sports Centre	100	0	100	0	0	0
Minor- Community and Leisure Fac	Minor- Community and Leisure Fac	1,130	568	730	(400)	(400)	0
	CLL Total	3,595	2,594	2,945	(650)	(650)	0
Major- Secondary School Progra	Lochaber High School - Ph 3 ND	2,301	2,223	2,801	500	500	0
	Inverness Royal Academy - New	18,506	16,161	18,756	250	250	0
	Wick High - New School	1,605	151	1,105	(500)	(500)	0
	Portree High School Hostel	3,409	1,707	3,309	(100)	(100)	0
	Inverness High - Refurbishment	475	208	475	0	0	0
	SSER - Tain ASG - Tain RoyalAc	1,250	0	1,250	0	0	0
Minor- Secondary School Progra	Minor- Secondary School Progra	65	102	65	0	0	0
	Secondary Total	27,611	20,553	27,761	150	150	0
Major- Primary School Programm	Cromarty Primary - Extension	1,655	1,318	1,655	0	0	0
	Portree Gaelic School	408	277	408	0	0	0
	New Fort William/Upper Achinto	3,937	3,638	3,937	0	0	0
	Fort William Gaelic School	1,685	1,430	1,435	(250)	(250)	0
	Hillhead / North New School	10,354	4,473	9,854	(500)	(500)	0
	Joint Campus - Caol, Fort Will	6,598	4,904	7,098	500	500	0
Minor- Primary School Programm	Minor- Primary School Programm	125	146	163	38	0	38
	Primary Total	24,762	16,186	24,550	(212)	(250)	38
Major- Special School Programm	St Clements/St Duthus - Modular Accommodation	1,847	2,419	2,097	250	250	0
	Special Total	1,847	2,419	2,097	250	250	0
Health & Social Care Programme	Adult Services (NHS)	1,177	191	431	(746)	(746)	0
	Children's Services Investment	427	252	427	0	0	0
	Residential Unit, CSER / Wick	153	12	33	(120)	0	(120)
	Avoiding Out-of-area Children'	902	170	202	(700)	(700)	0
	H&SC Total	2,659	625	1,093	(1,566)	(1,446)	(120)

Appendix 1 - Care and Learning- Capital Monitoring 2015-16- P8- November

Level 6	Level 8	Full Year Budget	Year to Date Actuals	Year End Forecast	Year to Date Variance	(Slippage)/ Acceleration	Overspend/ (underspend)
							0
Estate Management	Free School Meals	746	114	150	(596)	(596)	0
	ICT investment	1,283	82	1,283	0	0	0
	Radon Remedial Works	33	53	53	20	0	20
	SSER - Inverness Schools	500	399	500	0	0	0
	Estate Strategy - Life Cycle I	751	2,314	2,567	1,816	1,754	62
	SSER - Remaining Phases of Rev	107	7	25	(82)	(82)	0
	C&YP Act - Early Learning & Ch	1,002	870	1,002	0	0	0
	Estate Strategy - Roll Pressur	789	870	1,000	211	211	0
	C&YP Act - Households in Recei	1,350	0	50	(1,300)	(1,300)	0
Estate Management Total		6,561	4,710	6,630	69	(13)	82
		67,035	47,088	65,076	(1,959)	(1,959)	(0)

APPENDIX 2 - WHOLE OF LIFE PROJECT MONITORING- MAJOR PROJECTS- C&L

June 2013 Line No.		OBC Ref.	Project Name	APPROVED BUDGET- COUNCIL MARCH 2015 £000	CURRENT APPROVED TOTAL PROJECT BUDGET £000	TOTAL PROJECT SPEND TO DATE £000	FORECAST TOTAL PROJECT SPEND £000	FORECAST END OF PROJECT VARIANCE £000	PROJECT COMPLETION DATES									
Annex 1/2A (Yrs 1-5)	Annex 2B (Yrs 6-10)								PLANNED AT MARCH 2015	ESTIMATED - PREVIOUS ECAS COMMITTEE NOV 2015	CURRENT - ECAS COMMITTEE JANUARY 2016							
Community & Leisure Facilities																		
175		ECS/2013	Dornoch Sports Centre	3,000	3,000	-	3,000	-	Mar-17	Mar-17	Mar-17							
			Thurso Swimming Pool	2,100	2,700	345	2,700	-	Jan-16	Jan-16	Jan-16							
1	222	Sep 2008 ECS/2013 /07	Inverness Leisure	6,500	6,500	3,629	6,500	-	Jul-15	Jul-15	Jul-15							
171		ECS/2013	Thurso Library	1,200	1,200	1,456	1,200	-	Sep-15	Sep-15	Sep-15							
Secondary Schools Programme																		
n/a	231	ECS/2013	Inverness High School	10,000	10,000	233	10,000	-	Aug-18	Aug-18	Aug-18							
79		ECS 04	Inverness Royal Academy	39,010	39,010	27,405	39,010	-	Jun-17	Jun-17	Jun-17							
92		ECS	Lochaber High Phase 3 & 4	15,885	16,135	15,307	16,135	-	Sep-15	Oct-15	Oct-15							
150		ECS/2013 /11																
133		ECS/2013	Portree HS Hostel	4,020	4,020	2,248	4,020	-	Dec-15	Jan-16	Jan-16							
13		ECS 02	Wick Joint Campus (net of SG grant paid direct to contractor)	5,350	5,350	2,496	5,350	-	Apr-17	Apr-17	Apr-17							
Primary Schools Programme																		
n/a	226	ECS/2013	Beauly Primary School	10,000	10,000	-	10,000	-	Aug-19	Aug-19	Aug-19							
57		ECS 12/13	Central Primary - Refurbishment	1,775	1,775	1,778	1,778	3	Dec-14	N/A	N/A							
58		ECS 12/13	Cromarty Primary - Extension/Refurbishment	2,750	2,750	2,363	2,750	-	Dec-15	Dec-15	Dec-15							
			Fort William - Caol/RC Joint Campus	15,690	15,940	9,227	15,940	-	Dec-16	Dec-16	Dec-16							
15		ECS 07/10	Greater Fort William Primaries incl Gaelic / New Gaelic Primary	8,000	7,750	7,575	7,750	-	Jun-15	Jun-15	Jun-15							
			Fort William - New School at Lundavra	12,000	12,000	11,464	12,000	-	Oct-15	Oct-15	Oct-15							
132		ECS/2013	Portree Gaelic Primary School	9,285	9,285	882	9,285	-	Jul-17	Jul-17	Jul-17							
			Wick - New Noss Primary	16,650	16,650	10,519	16,650	-	Oct-16	Oct-16	Oct-16							
Special Schools Programme																		
16		ECS 17	Black Isle Education Centre Replacement	2,000	2,000	-	2,000	-	Mar-18	Mar-18	Mar-18							
			St Clements St Duthus Schools - Additional Accommodation	4,580	4,580	4,883	4,580	-	Aug-15	Aug-15	Aug-15							
Health & Social Care Programme																		
			Residential Unit for Children with Autism	2,000	2,000	-	2,000	-	Mar-18	Mar-18	Mar-18							
Estate Management																		
			SSER - Tain 3-18 Campus	45,000	45,000	-	45,000	-	Aug-18	TBC	TBC							
			SSER - North West Skye	10,000	10,000	-	10,000	-	Aug-18	Aug-18	Aug-18							
			ICT Investment - Additional	2,500	2,500	82	2,500	-	Mar-17	Mar-17	Mar-17							
TOTAL				229,295	230,145	101,892	230,148	3										