

The Highland Council

Education, Children and Adult Services Committee
26 October 2016

Agenda Item	8
Report No	ECAS 64/16

Care and Learning Capital Programme – Monitoring Report

Report by Director of Care and Learning

Summary

This report advises on the position of the Care and Learning capital programme as at the end of September 2016. It also outlines the current status of the major projects that are underway and updates on progress with identifying future capital investment priorities. Finally, the report seeks approval for recommendations on several specific matters.

1. Capital Monitoring Position

- 1.1 **Appendix 1** sets out the monitoring position for the current financial year as at the end of September 2016. This shows the estimated final net expenditure to be £37.762M against the net budget of £45.085M for the year (an under-spend of £7.323M).
- 1.2 The Council's capital programme includes significant over-programming in 2016/17. The projected under-spend on the Care and Learning programme will be a key element in the management of the overall programme and is regularly reviewed with colleagues in Finance.
- 1.3 As previously reported to this Committee a review of the Council's capital programme is underway. This has been necessitated by a number of factors and the outcome of the review will be reported later in the financial year. The amount of funding available for new Care and Learning projects in future years will be clear once the review is complete and some of the implications of this are explained elsewhere in this report.

2. Major Projects

- 2.1 **Appendix 2** summarises the current status of all major projects (i.e. those with a total project cost exceeding £1M) in the Care and Learning capital programme. The appendix compares the key programme dates and the total project cost with the baseline position of the capital programme approved in March 2015. Significant matters to note on several projects are identified in the rest of this section along with an update on the replacement Alness Academy project.
- 2.2 **Caol Joint Campus:** The new building to accommodate Caol Primary School and St Columba's RC Primary School was handed over and occupied prior to the start of the October holidays. Work is continuing on the remaining external works and the demolition of the former Caol Primary School building. The transition to the new building went relatively smoothly and completed the next

phase of what has been a successful project to date. There are some snagging issues with the Community Centre building but these are now being addressed as a matter of urgency.

- 2.3 **Inverness High School:** Following on from the recent incident when a pane of glass fell from a classroom window, a range of checks, interim repairs and other precautionary measures have been undertaken. Prior to this, extensive consultation had taken place with Historic Scotland and a Listed Building Consent application has now been lodged in respect of the first phase of the £10M refurbishment programme. This phase will mainly involve the refurbishment of rooms along the front elevation, including replacement of the windows. A contractor has been engaged through a framework contract in order to reduce the lead-in time and work is programmed to start early in 2017 and to continue for most of the year. The remaining phases are likely to commence immediately after the first phase from 2018 onwards over the next 2-3 years.
- 2.4 **Inverness Royal Academy:** Members may be aware of some of the issues that have been encountered since the new building opened. These include problems with the school's gas installations, intermittent power and ICT, and management of pupil flow during lunch breaks. The Council is continuing to work with Hub North Scotland Limited, Morrison Construction and its sub-contractors to resolve these issues and to support school staff during this time.
- 2.5 **Tain 3-18 Campus:** Work is progressing on the design of the new campus, and several stakeholder meetings have been held. It is the view of the stakeholder group that the existing public library (but not the service point) should be incorporated into the new campus, as has proved successful in similar schemes elsewhere. Further consultation will now be carried out with users of the existing library to gauge opinion and to allow a final decision to be made on the inclusion of this facility in the project.
- 2.6 **Wade Centre:** The £1.3M refurbishment project is well advanced but a survey of the existing roof has recommended that the tiles and leadwork should be replaced. There have been various other items in the building fabric that have also required attention. While the additional cost of most of these can be accommodated within the contingency allowance, up to £100,000 of additional funding is required to cover this and the roofing work. Every effort will be made to minimise the final extra cost but approval is sought at this stage for the additional funding to be allocated from the Adult Services budget heading to allow all of these necessary works to be carried out.
- 2.7 **Wick Community Campus:** It was reported to this Committee in August that Hub North Scotland had given notice that the contractual building handover date of 16th September would not be achieved. A revised handover date of 2 December was subsequently advised at the stakeholder meeting on 1st November. The implications for the transition to the new building are being considered with the Head Teachers, High Life Highland, Fujitsu and other relevant parties. Progress on site is being closely monitored and Ward Members will be kept updated on any further developments.

2.8 Alness Academy

- 2.8.1 As reported to the previous meeting of this Committee in August, the Alness Academy replacement project will be taken forward through the Hub delivery model as part of the conditions of Scottish Government funding. The first milestone stage to be reached on the procurement process is the New Project Request (NPR) stage, which as reported in August, represents the Council setting out its project requirements and an affordability cap. This is then submitted to Hub North Scotland Limited in order that they can in turn prepare a response for the Council on whether or not they can meet the Council's requirements within that affordability cap. This does not represent a financial or contractual commitment at this stage, this only being reached following further extensive discussion and negotiation and the reaching of financial close on the project, which is at this time expected to be into early 2018.
- 2.8.2 The NPR is expected to be submitted to HNSL in November 2016. Unfortunately, the timing of meetings would not allow the NPR to be considered by this Committee within that timescale. A key condition of Scottish Government funding is delivery within programme, and therefore the NPR cannot await consideration by Committee in early 2017. Given that the NPR submission does not represent a financial or contractual commitment, Members are asked to agree that responsibility for the completion and submission of the NPR is delegated to either the Director of Care and Learning or the Director of Finance, in consultation with either the Chair of the Resources or Education, Children and Adult Services Committees in order that submission in line with the agreed programme can be achieved.

3. Future Investment Priorities

3.1 The School Estate

- 3.1.1 As previously reported to this Committee, work is progressing on identifying future investment priorities and in carrying out a significant number of feasibility studies. The actual amount of capital funding available in future years for these projects will only be known once the outcome of the review of the Council's capital programme as outlined in Paragraph 1.3 has been completed.
- 3.1.2 With regard to investment in the school estate, the following were previously identified as being among the highest priority projects for consideration from 2017/18 onwards, some of which involve the replacement of ageing modular accommodation.
- Balnain Primary - Extension
 - Broadford Primary - Extension/Refurbishment or New Build
 - Fortrose Academy – Refurbishment/Replacement of Older Blocks
 - Invergarry Primary – Extension/Refurbishment
 - Lochcarron Primary – Extension/Refurbishment
 - Poolewe Primary – Extension/Refurbishment
 - Strathconon Primary– Extension/Refurbishment
 - Ullapool Primary – New Nursery Unit

3.1.3 Some of these projects are more advanced than others in terms of feasibility work and assessment of options. However, it is recommended that more detailed design work should commence as soon as possible in order to allow the planning and timing of these projects to be considered more fully, and to be in an advanced position to proceed once the level of available funding is confirmed. This will enable both Care and Learning and Development and Infrastructure to allocate resources to take these projects forward at an earlier stage than would otherwise be the case. It is recommended that the necessary funding is allocated from the Life Cycle Investment and Roll Pressures budgets.

3.2 **Inverness Schools Review**

3.2.1 This Committee agreed in August that Inverness Ward Members should be updated on progress with the review. Two briefing sessions were held earlier this month and further briefings are being provided to Members that could not attend, where requested.

3.2.2 Previous reports have highlighted the future of Bun-sgoil Ghàidhlig Inbhir Nis as being a key part of the review. The Estate Strategy Manager attended a meeting of the Parent Council earlier this month to begin consultation on potential future options, and to obtain initial views on the extent and nature of this process. The final proposals for this consultation process are now being developed and will be shared with Inverness Ward Members prior to being made public.

3.2.3 While the initial focus has been on primary schools, the pressures affecting secondary schools will be considered later this year. A consistent approach to secondary school capacity modelling will be an essential part of this, along with the assessment of the condition and suitability of buildings, in particular Charleston and Culloden Academies

3.3 **Primary School Capacity Modelling and Roll Pressures**

3.3.1 Updated school roll projections are due to be published at the end of October. These will incorporate improvements to the process as agreed with colleagues in Development and Infrastructure and also revised Planning Capacity figures for all primary schools.

3.3.2 The revised roll projections and capacity figures will be used to categorise schools for each of the next 15 years as follows:

- Blue – has surplus capacity (i.e. not all classrooms are being used)
- Green – no surplus capacity (all classrooms are being used)
- Yellow – over capacity but being managed by use of a General Purpose (GP) room as a classroom (where the school has more than one GP room)
- Orange – over capacity but being managed by use of all available GP rooms as classrooms
- Red – over capacity and cannot be managed by use of GP rooms (i.e. additional accommodation is required, either permanent or temporary)

3.3.3 This will highlight those primary schools facing the most immediate roll

pressures. Capital investment decisions will also take account of other relevant factors, in particular the condition and suitability of existing accommodation.

3.3.4 Further details will be reported to the next meeting of this Committee. However, some design work will need to commence before then for schools that may require additional accommodation for the next school session, either permanent or temporary. For example, Avoch Primary School has been identified as potentially falling into this category and options for addressing this are currently being considered. In the meantime, Members will be advised of any such requirements for primary schools in their respective Wards.

3.4 **Community and Leisure Facilities:**

3.4.1 This generic budget heading exists to provide capital investment in community and leisure facilities, the majority of which are operated by High Life Highland (HLH). HLH are consulted with to ensure that their views are taken on board in determining priorities prior to recommending projects for approval to this Committee.

3.4.2 The HLH Board has decided what its investment priorities are and has submitted these to the Council. This is welcome in providing a clear view of HLH priorities and to assist in forward planning. The HLH priorities are listed in **Appendix 3**.

3.4.3 No formal commitment on funding or timing is sought at this stage as the budget allocations for 2016/17 and 2017/18 are already largely committed, Final recommendations on proposed projects to be funded from this budget in subsequent years will be reported to a future meeting of this Committee at an appropriate juncture.

3.5 **Strontian Primary School**

3.5.1 At the previous meeting of this Committee in August, Members agreed to recommend to Council “the re-location of Strontian Primary School, to a new build on land close to Ardnamurchan High School, with that relocation dependent on the community proposal to own, fund and develop the facility as outlined within this report“. This was subsequently approved by full Council.

3.5.2 Discussions are advancing with the community group, Strontian Community School Build Ltd (SCSB), regarding their proposal and the Council’s expectations in relation to the building. It is expected that SCSB will reach a position later this year whereby their own funding arrangements are formalised, and they move towards formal offers for land purchase and the issue of tenders for the design and construction of the new facility.

3.5.3 There will therefore be a requirement for the Council to formalise its own funding position in relation to the project which, as reported in August, is expected to take the form of a lease commitment in the region of £55,000 per annum (index linked thereafter), and a capital cost of building fit-out and related items of up to £190,000. The Council as tenant would assume responsibility for ongoing maintenance and running costs of the building. Detailed negotiations around the Council’s financial commitment to

the project will progress over the coming weeks.

- 3.5.4 This Committee is therefore asked to approve that a letter of comfort be provided to SCSB outlining the Council's willingness in principle to lease the facility on the broad terms as outlined within this report (exact lease terms will be subject to detailed negotiation). This will allow SCSB to progress and to achieve certainty on other aspects of the project funding.

3.6 Other Priorities

- 3.6.1 **Gairloch High and Ullapool High Synthetic Playing Fields:** Approval in principle was given by this Committee in August to allocate funding from the Life Cycle Investment budget for the replacement of the surfaces at both of these schools. Further assessment of the work required has been carried out and it is now proposed that budgets of £300,000 are allocated to each project. Work is programmed to start on site early next year.

- 3.6.2 **Queen's Park, Inverness - Floodlights** Prior to the amalgamation with High Life Highland, Inverness Leisure had secured funding totalling £190,000 from Sportscotland, Inverness Common Good and from their own reserves towards replacing and upgrading the existing floodlights at the running track. Tenders have been received for the works and the total cost is approximately £310,000. There is a total of £2.75M in the capital programme for the second phase of the Inverness Leisure refurbishment programme. It is recommended that funding totalling £120,000 is brought forward from 2018/19 to allow the floodlighting project to proceed.

4. Other Matters

- 4.1 The former janitor's house at Grantown Grammar School has been vacant for some time. A local community group, Grantown Intergenerational Voluntary Education (GIVE), plan to lease the building and to use it as a base for a range of community projects linked to the school. It is recommended that the building is declared surplus to operational requirements to allow GIVE to develop their proposals and prepare funding applications.

5. Implications

- 5.1 **Resource:** As set out in this report and appendices, and Section 9 in particular.
- 5.2 **Legal:** There are no particular legal implications to highlight.
- 5.3 **Equalities:** There are no particular implications to highlight.
- 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 advises on the current position with regard to the new Portree Gaelic Primary School and updates on the review into Gaelic Medium provision within Inverness to address existing capacity issues at BSGI.
- 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 Committee is asked to consider the capital monitoring report, and agree:

- i. Additional funding up to £100,000 is allocated from the Adult Services budget for additional roofing and other works at the Wade Centre as detailed in Paragraph 2.6;
- ii. To delegate responsibility to either the Director of Care and Learning or the Director of Finance, in consultation with either the Chair of the Resources or Education, Children and Adult Services Committees, for the completion and submission of a New Project Request for Alness Academy as detailed in Section 2.8;
- iii. Funding is drawn down from the Life Cycle Investment and Roll Pressures budgets to allow detailed design work to commence on several schools projects as detailed in Section 3.1;
- iv. A letter of comfort be provided to Strontian Community School Build Ltd outlining the Council's willingness in principle to lease the facility on the broad terms as outlined within this report (exact lease terms will be subject to detailed negotiation) as detailed in Section 3.5;
- v. The allocation of funding to the projects referred to in Section 3.6;
- vi. The former janitor's house at Grantown Grammar School is declared surplus to operational requirements as detailed in Paragraph 4.1.

Designation: Director of Care and Learning

Date: 17 October 2016

Authors: Brian Porter, Head of Resources
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Appendix 1: Capital Monitoring Statement, September 2016

Appendix 2: Whole Life Monitoring of Major Projects, September 2016

Appendix 3: High Life Highland Capital Investment Priorities

Area	Budget Heading	Initial Full Year Budget	Adjusted Full Year Budget	P03 Year to Date Actuals	Year End Forecast	Acceleration/ (Slippage)	Over/ (Under) Spend
Community and Leisure Facilities	Dornoch Sports Centre	2,088	2,088	41	388	(1,700)	0
	Granttown Swimming Pool	0	0	0	1,505	1,505	0
	Invergordon Leisure Centre	(35)	(35)	0	5	0	40
	Inverness Leisure Phase 1	(149)	(149)	45	96	245	0
	Thurso Library	(77)	(77)	34	63	0	140
	Thurso Swimming Pool	1,178	1,178	236	1,478	0	300
	Minor - Community and Leisure Facilities	218	336	267	336	0	0
	CLL Total	3,223	3,341	623	3,871	50	480
Secondary School Programme	Inverness High School	2,179	2,179	53	1,179	(1,000)	0
	Inverness Royal Academy	6,465	6,465	2,259	5,215	(1,250)	0
	Lochaber High School Phase 3 & 4	342	342	57	342	0	0
	Portree High - Elgin Residence	86	86	569	506	0	420
	Tain 3-18 Campus	8,497	8,497	153	1,397	(7,100)	0
	Wick Community Campus	1,839	1,839	307	1,839	0	0
	Minor - Secondary School Programme	44	44	12	44	0	0
	Secondary Total	19,452	19,452	3,410	10,522	(9,350)	420
Primary School Programme	Beauly Primary	0	0	0	50	50	0
	Cromarty Primary - Extension/Refurbishment	(292)	(292)	386	458	0	750
	Dunvegan Primary	500	500	0	50	(450)	0
	Fort William - Caol Joint Campus	3,584	3,584	2,464	4,084	0	500
	Fort William - New Gaelic Primary	267	267	7	267	0	0
	Fort William - Lundavra Primary	201	201	44	201	0	0
	Portree - New Gaelic Primary	0	0	503	0	0	0
	Wick - New Noss Primary	1,883	1,883	381	1,633	(250)	0
	Minor - Primary School Programme	(27)	(27)	17	73	0	100
	Primary Total	6,116	6,116	3,802	6,816	(650)	1,350
Special School Programme	Black Isle Education Centre - Replacement	250	250	0	0	(250)	0
	Cauldeen Annexe	1,189	1,189	140	1,189	0	0
	St Clements/St Duthus - Modular Accommodation	(398)	(398)	5	52	0	450
	Special Total	1,041	1,041	145	1,241	(250)	450
Health & Social Care Programme	Adult Services (NHS)	982	982	112	982	0	0
	Alternatives to Out-of-Auth ChildPlace	626	626	21	376	(250)	0
	Children's Services Investment	263	263	29	376	0	113
	Minor Works & Equip't Replacement	105	105	0	105	0	0
	Residential Unit Wick	113	113	3	0	0	(113)
	Wade Centre - Refurbishment	1,020	1,020	495	1,020	0	0
	H&SC Total	3,109	3,109	660	2,859	(250)	0
Estate Management	C&YP Act - Early Learning & Childcare	506	506	367	506	0	0
	C&YP Act - Additional 2 Year Olds	4,700	4,700	0	646	(4,054)	0
	Estate Strategy - Life Cycle Investment	(1,163)	(1,163)	950	3,469	4,632	0
	Estate Strategy - Roll Pressure	532	532	360	1,681	1,149	0
	Free School Meals	4,294	4,294	535	2,794	(1,500)	0
	ICT Investment	1,690	1,690	185	1,690	0	0
	SSER - Inverness Schools	1,264	1,264	3	1,264	0	0
	SSER - Future Projects	0	0	0	200	200	0
	SSER - Remaining Phases of Review	203	203	11	203	0	0
	Estate Management Total	12,026	12,026	2,411	12,453	427	0
	C&L contribution to corporate slippage target	(7,323)	(7,323)	0	0	0	0
Overall Totals		44,967	45,085	11,051	37,762	(10,023)	2,700

Project Name	APPROVED BUDGET-COUNCIL MARCH 2015	CURRENT APPROVED TOTAL PROJECT BUDGET	TOTAL PROJECT SPEND TO DATE	FORECAST TOTAL PROJECT SPEND	FORECAST END OF PROJECT VARIANCE	PROJECT COMPLETION DATES		
	£000	£000	£000	£000	£000	PLANNED AT MARCH 2015	PREVIOUS ESTIMATE ECAS COMMITTEE AUG. 2016	CURRENT ESTIMATE
Community & Leisure Facilities								
Dornoch Sports Centre	3,000	3,000	71	3,000	-	Mar-17	Mar-18	Mar-18
Grantown Pool - Refurbishment	N/A	2,175	119	2,175	-	N/A	Apr-17	Apr-17
Inverness Leisure Phase 1	3,500	3,730	3,701	3,730	-	Jul-15	Jul-15	Jul-15
Inverness Leisure Phase 2	3,000	3,000	45	3,000	-	Mar-19	Mar-20	Mar-20
Thurso Library	1,200	1,453	1,597	1,603	150	Sep-15	Sep-15	Sep-15
Thurso Swimming Pool	2,100	2,700	1,404	3,000	300	Jan-16	Sep-16	Nov-16
Secondary Schools Programme								
Inverness High School	10,000	10,000	417	10,000	-	Aug-18	Mar-19	Mar-19
Inverness Royal Academy	39,010	39,010	33,568	39,010	-	Jun-17	Jun-17	Jun-17
Lochaber High School Phase 3 & 4	15,935	16,185	15,676	16,185	-	Sep-15	Oct-15	Oct-15
Portree High - Elgin Residence	4,020	4,020	4,705	4,770	750	Dec-15	May-16	May-16
Tain 3-18 Campus	45,000	45,000	319	45,000	-	Aug-18	Jul-20	Jul-20
Wick Community Campus	5,350	5,350	3,322	5,350	-	Apr-17	Apr-17	Apr-17
Primary Schools Programme								
Beaully - New Primary School	10,000	10,000	0	10,000	-	Aug-19	Aug-20	Aug-20
Cromarty Primary - Extension/Refurbishment	2,750	2,750	3,697	3,750	1,000	Dec-15	May-16	May-16
Dunvegan Primary - New School	10,000	10,000	0	10,000	-	Aug-18	TBC	TBC
Fort William - Caol Joint Campus	15,690	15,940	15,726	16,690	750	Dec-16	Feb-17	Feb-17
Fort William - New Gaelic Primary	8,000	7,750	7,744	7,900	150	Jun-15	Jun-15	Jun-15
Fort William - Lundavra Primary	12,000	12,000	11,856	12,350	350	Oct-15	Oct-15	Oct-15
Portree - New Gaelic Primary	9,285	10,800	1,576	10,800	-	Jul-17	Dec-17	Dec-17
Wick - New Noss Primary	16,650	16,650	15,228	16,650	-	Oct-16	Feb-17	Feb-17
Special Schools Programme								
Black Isle Education Centre - Replacement	2,000	2,000	0	2,000	-	Mar-18	TBC	TBC
Cauldeen Annexe	N/A	5,000	140	5,000	-	N/A	N/A	Aug-17
St Clements/St Duthus - Modular Accommod.	4,580	4,580	4,984	5,030	450	Aug-15	Aug-15	Aug-15
Health & Social Care Programme								
Residential Unit for Children with Autism	2,000	2,000	0	2,000	-	Mar-18	Mar-20	Mar-20
Wade Centre, Kingussie - Refurbishment	1,015	1,300	967	1,300	-	N/A	Dec-16	Dec-16
Estate Management								
ICT Investment	3,798	3,798	3,012	3,798	-	Mar-17	Mar-17	Mar-17
TOTAL	229,883	240,191	129,874	244,091	3,900			

High Life Highland Capital Investment Priorities

1. Income Retention and Business Development Projects - Community and Leisure Facilities Capital Allocation

- Highland Folk Museum – new entrance and shop/café and large capacity external store
- Glen Nevis Visitor centre – provision of catering facility/café
- Dingwall Leisure Centre – changing room refurbishment
- Nairn Leisure Centre – provision of dance studio
- Badenoch Centre – relocate gym and library
- Fingal Centre – provision of gym
- Black Isle Leisure Centre – provision of dance studio
- Craig MacLean Leisure Centre – provision of dance studio
- Lochbroom Leisure Centre – provision of dance studio
- Culloden Academy Community Complex – provision of fitness suite

2. Project requested by Highland Council - Full Funding Source(s) to be Confirmed

- Provision of new outdoor activities centre (part of HC capital review)

3. Strategic Projects Being Developed Through a Partnership Between THC and HLH

- Inverness Cultural Centre
- Regional Sports Facility