



REPORT TO: SPECIAL MEETING OF MORAY COUNCIL ON 18 DECEMBER 2018

SUBJECT: LINKWOOD PRIMARY SCHOOL NEW BUILD PROJECT

BY: ACTING CORPORATE DIRECTOR (EDUCATION AND SOCIAL CARE)

1. REASON FOR REPORT

- 1.1 The purpose of this report is to update Committee on the cost and funding arrangements for the Linkwood Primary School New Build project and seek approval to enter in to the design and build agreement.
- 1.2 This report is submitted to Committee in terms of Section III D (21) of the Council's Scheme of Administration relating to monitoring progress of projects in the approved Capital Plan.

2. REASON FOR URGENCY

- 2.1 This report is submitted to Committee in terms of the Local Government (Access to Information) Act 1985, on the Chair certifying that, in her opinion it requires to be considered on the grounds of urgency in order to give early consideration to ensure that the completion date of June 2020 is met. It is imperative that Council agree final costs and this was only negotiated on the morning of Thursday 13 December 2018 and has been discussed with CMT.

3. RECOMMENDATION

3.1 It is recommended that Committee agrees to:

- (i) **note the cost and funding arrangements set out in paragraphs 3 and 4 (c) of this report and recommend to the Moray Council that capital budget be approved up to the value of £12,810,000 for Linkwood Primary School.**
- (ii) **authorise the Head of Legal and Democratic Services (or in their absence the Legal Services Manager (Property and Contracts) to :**
 - (a) consider and agree any further amendments to the Linkwood Primary School project documents after the date of this meeting**

(b) sign all documentation required for the Linkwood Primary School project on behalf of the Council including:

- The Design and Build Development Agreement between (1) the Council and (2) hub North Scotland Limited,**
- the Contractor's Collateral Agreement between (1) the Council and (2) Balfour Beatty Construction Limited,**
- the Designers Collateral Agreements among (1) the Council and (2) each of (one) JMArchitects Limited: (two) DSSR; and (three) Waterman Group, and**
- any additional or ancillary documents in relation to the Project to which the Council is required to be a party**

(iii) The chair of this committee certifies a copy of the minute of the proceedings of this meeting as verification that approval has been granted.

(iv) to note that financial close is targeted for 11 January 2019.

4. BACKGROUND

- 4.1 At the special meeting of The Moray Council of 29 June 2016, Council approved capital funding of £11.5m for construction of the new Linkwood Primary School (para 4 of the minute refers).
- 4.2 At the same meeting, delegated authority was granted to the Head of Lifelong Learning, Culture and Sport to progress the project and Hub North Scotland Ltd was approved to act as the principal procurement and delivery agency.
- 4.3 Linkwood Primary school will accommodate 450 pupils in the main school with a dedicated Additional Support Needs base for 12 pupils and a 40 place nursery. The school is a two storey building that has been designed in line with the Elgin South masterplan.
- 4.4 Additional costs have been incurred on this project which were not included in the initial budget estimate. These have included requirements associated with the Elgin South masterplan such as a suds basin within the school site boundary and link path connections into the wider path network.
- 4.5 In addition the project is subject to construction inflation. From the date it was approved to the planned date at which it will go on site this equates to 17.58%, based upon BCIS indices, which amounts to £2,022,000
- 4.6 In order to reduce the cost as much as possible significant changes have been made to the original design. Extensive value engineering exercises have also been conducted on materials and site works, and the programme has been reviewed in order to reduce the cost as far as practical without compromising the suitability of the school. Robust negotiations have been undertaken with hubNorth over recent weeks and these have concluded with an overall project sum of £12,810,000. There are some additional costs which sit outside the contract including the provision of interactive panels, computers, laptops and telephony. These have been included in the overall sum above.

- 4.7 Additional external funding has been identified to support this project. This comprises of SFT funding of £600,000 for the nursery and time limited developer obligations with a total value of £255,054. If this funding is utilised this would bring the total funding available to £12,355,054. This represents an additional funding of £855,054 beyond the £11.5m previously agreed.

Funding source as of October 2018	Linkwood Primary school
Council	11.500,000
Developer Obligations	£255,054
SFT	£600,000
Total	£12,355,054

- 4.8 Linkwood Primary School is required to be completed for August 2020 In order to meet the projected growth in the school roll. Existing schools in the area are either at or close to capacity and would be unable to accommodate the increase. In order to meet this time frame a decision is required from Council as to whether additional capital funding can be approved to enable Linkwood Primary to be completed in time for academic year 2020.

- a. The current timescales for the project are outlined below:

11 Jan 2019	Commercial Close reached
14 Jan 2019	Mobilisation period (3 weeks)
11 Feb 2019	Construction commences
19 June 2020	Handover of school

5. SUMMARY OF IMPLICATIONS

(a) Corporate Plan and 10 Year Plan (Local Outcomes Improvement Plan (LOIP))

This report supports the Council's corporate working principles of efficiency, effectiveness and economy. It also supports the Educational Services Improvement Plan objective of providing quality facilities.

(b) Policy and Legal

The formal approval of this report is a requirement to reach Financial Close for the project.

(c) Financial Implications

The council's cost for the project was reported to be £11.500,000, as approved by the Council on 29 June 2016.

The £11,500,000 budget figure was approved in the third quarter of 2016 when inflation is applied to the first quarter 2019 when the project is planned to go on site it attracts overall inflation of 17.58% based upon BCIS indices which equates to £2,022,000.

This report seeks approval to proceed with the project with a cost of £12,810,000.

In order to offset the expenditure additional external funding of £855,054 could be utilised.

The balance of £455,000 could be met from a combination of savings from a current projected underspend on the Make Do and Mend programme of up to £328,000 and a saving on the Lossiemouth Community High School contract agreement of £300,000.

If the school is not provided in time additional temporary accommodation will be required the cost of which will have to be met by the Council.

(d) Risk Implications

If there is a delay in approving the revised budget figure for Linkwood Primary school inflation will need to be applied at 2.5% (£308k per quarter

The developer Springfield Properties is required to provide the Council with a fully serviced site for the Linkwood Primary school. Works are underway to provide the services, with the haul road already provided. Springfield have confirmed that they will provide the services in accordance with our requirements which have been set out on drawings and issued to them. If the services provided do not meet our requirements there are potential alterations which may cause delay and additional cost.

A small number of planning conditions relating to the Linkwood Primary school are still in the process of being discharged.

(e) Staffing Implications

There are no Council staffing implications arising directly from this report.

(f) Property

This report deals with Linkwood Primary School.

(g) Equalities/Socio Economic Impact

There are no equalities issues associated with this report.

(h) Consultations

Due to the protracted cost negotiations and the urgency of this report it has only been possible to consult with CMT.

6. CONCLUSION

- 6.1 This report seeks approval to enter into the agreements as stated at paragraph 3 of this report in order to progress the construction of the Linkwood Primary School which is being funded by the Council.**

Author of Report: Paul Kendrick, Senior Project Officer
Background Papers:
Ref: