



**REPORT TO: SPECIAL EDUCATION, CHILDREN'S AND LEISURE SERVICES
COMMITTEE ON 20 JUNE 2024**

**SUBJECT: EDUCATION RESOURCES AND COMMUNITIES AND
EDUCATION CAPITAL BUDGET**

**BY: DEPUTE CHIEF EXECUTIVE (EDUCATION, COMMUNITIES AND
ORGANISATIONAL DEVELOPMENT)**

1. REASON FOR REPORT

- 1.1 To inform Committee of the capital budget position for Education Resources, Communities and Education as at 31 March 2024.
- 1.2 This report is submitted to Committee in terms of Section III (A) (2) of the Council's Scheme of Administration relating to the consideration of Capital and Revenue budgets and long term financial plans.

2. RECOMMENDATION

- 2.1 **It is recommended that the Committee scrutinises and notes the capital budget position for Education Resources, Communities and Education Services at 31 March 2024.**

3. BACKGROUND

- 3.1 It is the practise of this Committee to receive regular reports both providing an update on the current financial position of the Education Resources and Educational Capital Budget capital programme.
- 3.2 At the Special Meeting of Moray Council on 1 March 2023, the Capital Plan for 2023/24 was approved (para 5 of minute refers). At the meeting of Moray Council on 28 June 2023 (para 10 of minute refers), carry forward for capital budget within Education Resources and Communities and Education was approved.

- 3.3 This report highlights those areas of the capital budget relating to Education Resources, Communities and Education budgets where there is a significant percentage variance as at 31 March 2024. The report also provides a narrative update on major ongoing projects.
- 3.4 The capital budget expenditures (2024/25) , including proposed carry forwards, for the Education Resources, Communities and Education Services are listed in **Appendix 1**.
- 3.5 The capital budgets (2024/25) for the Education Resources, Communities and Education Services are listed in **Appendix 2**.

4. **BUDGET POSITION**

- 4.1 The total approved capital budget for Education Resources, Communities and Education for financial year 2023/24, including carry forwards from 2022/23 and amendments in the year , was:

		2023/24 £000
Land and Buildings		9,450
Vehicles, Plant and Equipment		202
Carry forwards from 22//23:		
Elgin High School	195	
Universal Free School Meals	598	
Fire, Safety and Security	50	843
Amendments 23/24:		
Refurbishment and upgrade of pools	(1,300)	
Universal Free School Meals	(398)	
Learning Estate Strategy	(379)	(2,178)
Total		8,272

- 4.2 Actual expenditure up to 31 March 2024 was £4,920k.
- 4.3 Where current projects are rated as ‘amber’ in **Appendix 1** the variance (and projected variance) in the 2023/24 Capital Plan relates to the following:

Forres Academy Reinforced Aerated Autoclaved Concrete (RAAC)

- 4.4 The discovery of RAAC within a number of areas of Forres Academy in August 2023 required an immediate and extensive remediation works package. There was no allowance within the 23/24 capital plan so it was agreed to re-profile budget from preparatory design and reschedule projects work. The total capital requirement was £692k with further remediation works to complete in 2024/25 and a carry forward on £100k has been requested to support this.

Universal Free School Meals

- 4.5 On 7 November 2022, the Scottish Government announced a 2022/23 budget commitment for £30 million of capital funding for local authorities to continue the phased expansion of free school meal support for primary schools. The capital funding allocation for Moray was £598k paid as part of the General Capital Grant on 15 December 2022. A further capital grant funding allocation of £19,142 was made in March 2024 to support a phased expansion of school meals to those in receipt of Scottish Child Payments. The allocation is to fund the design and reinstatement of two servery kitchens to production kitchens to meet additional demand with the expansion of free school meals to P6 and P7 children. There has been insufficient time available to develop the design and tender for the works so none of the capital allocation has been spent. Carry forward of the budgeted spend was recommended in the final report to Moray Council on capital spend 2022/23 on 28 June 2023 (para 10 of minute refers).
- 4.6 An outline plan for kitchen and dining spaces design works was completed in 2023 but until Scottish Government provide more clarity on dates for the expansion of free school meals to the P6-P7 cohort no major building works will be instructed. Scottish Government timelines for P6-P7 expansion are expected to be March 2026 so all planned construction works would be undertaken summer 2025. Further design work will progress this year to support this and it will be recommended to carry forward the remaining budget of £188k to 2024/25 to support this.

ELC Portgordon

- 4.7 This project has been delayed to the 2024/25 financial year due to lack of interest/availability of contractors during the 2023/24 financial year despite multiple tender attempts. These works have been re-tendered and successful bids have now been received. It is planned for this project to be completed during summer 2024 holidays. It will be recommended to carry forward £104k budget to support the completion of these works.

ELC St Peters

- 4.8 Due to the discovery of extensive asbestos, additional project activities to allow for the removal and associated remedial works were required to mitigate this resulting in an additional £76k cost to the original £137k capital budget estimate. This was balanced by re-profiling of underspend from other ELC capital projects.

Land & Buildings (L&B)

- 4.9 £600k was allocated to undertake project specification works to refurbish and upgrade Buckie Swimming Pool. These works were not progressed due to the interdependencies of this project and the Learning Estate, therefore these works will not be progressed until further clarity on the Learning Estate is determined.

- 4.10 The £139k for Libraries Refurbishment is connected to fabric works on Elgin Library. There have been challenges with lack of tenders for this work. The work has now been broken down to individual lots to help with tender returns and therefore the budget will be recommended for carry forward.
- 4.11 The £700k allocated to Moray Leisure Centre is connected to their future expansion plan project. The Moray Leisure Board continue to seek additional funding for this project and continue to liaise with Moray Council on the project developments.

Vehicle, Plant & Equipment (VPE)

- 4.12 £103k was identified against Moray Leisure Centre, if required, to contribute towards any major equipment asset failure. This allocation was not required as their repairs and maintenance budget did not exceed their annual budget projection.
- 4.13 There is currently a variance of £43k against Leisure and Library Equipment this is due to air conditioning works awaiting installation and the costs being funded across both Leisure and Energy.

5. MAJOR PROJECTS UPDATE

Schools Essential Maintenance/ BB Upgrade Programme 2022/23

- 5.1 The planned expenditure on school B/B condition and suitability upgrade, building element replacement and other minor works for 2023/24 is 2 lines within the Capital Plan which totalled £4m. This is made up of a £3m budget for building element replacement, and a £1m budget for preparatory works (detail design, planning and tendering) that would go ahead within the next two years.
- 5.2 The separate budgets for each individual project within these 2 capital plan funding lines are detailed in **Appendix I** for budget monitoring purposes. The majority of this works programme is the phased work which seeks to address elements of schools in Condition D that have the possibility of failing or works to ensure building standards compliance.
- 5.3 The phased BB upgrade works at East End Primary School continues with insulated render and window replacement. The project is on time and within budget. The project spans a number of financial years to accommodate window delivery period and decant arrangements for school and should be completed over the next year. A carry forward of £308k to 2024/25 will be recommended to complete this work.
- 5.4 The Milnes High School roof replacement project remains on time and within budget. The project spans financial years to de-conflict with school exam periods. A carry forward of £351k to 2024/25 will be recommended to complete this project.

- 5.5 The Forres Academy fire alarm project has been cancelled as it is not a statutory requirement and would not provide a return on investment. The capital was re-profiled to the Forres RAAC remediation project.
- 5.6 The Keith Grammar fire alarm was delayed and subsequently delayed to summer 2024 to allow a review of the original requirement and investigate a reduction in cost from the estimate of £110k. A carry forward of reduced project budget of £78k to 2024/25 will be recommended to complete.
- 5.7 The New Elgin Primary School BB upgrade works to replace water and heating pipework was completed on time and within budget.
- 5.8 The Speyside High School BB upgrade works to replace plant and tank infrastructure, electrical upgrade and internal fabric improvements were completed on time and within budget.
- 5.9 Replacement heating and energy efficiency detailed design work was completed at West End, Burghead, Kinloss, Pilmuir and Cullen primary schools. This included detailed Enerphit surveys to determine net zero carbon fabric intervention options that should also inform other school net zero plans.
- 5.10 Kinloss Nursery Access, Findochty Nursery kitchen and toilets, Rothes Nursery kitchen and nappy changing facilities and Aberlour Nursery projects were all completed on time. Findochty was over budget by £28k and Kinloss was overspent by £5k, with the other projects being either on or below budget.

Schools New Build Projects (General)

- 5.11 At the Special Meeting of Moray Council on 1 March 2023 it was agreed (para 5 of the minute refers) that a total of £157 million would be included in the indicative 10 year plan for new build/refurbishment of schools; with a planned 2023/24 budget of £654,000 to progress Elgin High School Capacity Extension, Future Forres Academy, Future Buckie High School new build projects. The 2023/24 budget was re-profiled to £470,000 due to the project delays resulting from delayed decision until November 2023 by Scottish Government on selection of projects that would benefit from Learning Estate Investment Programme Phase 3 funding.

New Build Project (Elgin High School Capacity Extension)

- 5.12 The Elgin High School project remains within the budget of £18.7m. On 20 February 2024, this Committee agreed (para 18 of minute refers) to appoint hub North Scotland Limited (hNSL) as the project delivery partner. A design team has been appointed and hNSL are in the process of tendering for a Tier 1 construction contractor to support design and build. The benchmarked project fees for taking the project to the next stage of detailed design and build proposition, together with a full business case to support is £1.122M this year. A total of £202k of this was budgeted for 2023/24 but only £137k had been committed by 31 March 2024. The remaining £65k budget will be recommended for carry forward into 2024/25.

New Build Project (Future Forres Academy)

- 5.13 The Future Forres Academy project was selected by Scottish Government on November 2023 as a LEIP Phase 3 project that will benefit from funding through an outcome-based revenue funding approach. The benchmarked project fees for taking the project to the next stage of concept design is £1.569M of which £107k was committed in 2023/24 to undertake a detail feasibility study and complete initial site option investigation works.
- 5.14 A preferred (and alternate) site has been identified for a new build school. Further site inspection and survey will be required to support site selection, together with statutory consultations on common good use and school relocation. A project allowance of 6 months has been planned to complete this activity. hNSL have been appointed to continue concept design work. All works is included within the current approval capital budget commitment.

New Build Project (Future Buckie High School)

- 5.15 The Future Buckie High School project was not successful in its bid to be a LEIP Phase 3 project. The current project plan seeks to deliver the school in 2029. hNSL have completed a feasibility study on the future project within agreed budget and the report is currently under review by officers and will be submitted to this Committee, together with a proposal for next steps, for consideration after the summer recess.

New Build Project (Findrassie Primary School)

- 5.16 On 20 February 2024, this Committee approved (para 17 of minute refers) a continued deferment in the Findrassie new build project for a further 5 years. The agreed annual review and reporting of the project will seek to provide an update to the cost model to include inflationary and other cost contributory factors.

New Build Project (Linkwood Primary School)

- 5.17 The contractor has recently completed the making good of the contractual defects after the one year defects liability period. The retention amount (£183k) was accounted for as a project accrual will now be released to the contractor.

Schools Essential Asset Upgrade Programme 2024/25

- 5.18 A priority list for condition upgrade works has been created based on an assumption of a £5m budget for financial year 2024/25 and year-on-year annual capital investment of £10m from financial year 2025/26 onwards and for at least the next 15 years. This investment will focus on building refurbishment and component replacement, together with any statutory requirement standards, and detailed works planning is in progress. It is estimated that the capital investment required to upgrade and maintain the school estate over the next 15 years could be as high as £190m.
- 5.19 The proposed schedule of B/B upgrade and compliance works for this year is as follows is as follows:

School	Planned Works
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East End Primary School	Windows and doors replacement and external wall insulation
Milnes High School	Windows and lighting replacement and roof upgrade
New Elgin Primary School	Water and heating pipework
Speyside High School	Windows and door replacement
Keith Grammar	Fire alarm upgrade
Forres Academy	Toilet upgrades
Bishopmill Primary School	Sports hall floor replacement
East End Primary School, Millbank Primary School, Seafield Primary School and Aberlour Primary School	Drainage improvements
Greenwards Primary School	Air quality/ventilation improvements
Buckie High School	Access Security Upgrades

5.20 Final costings for all projects and affordability this year is still be determined but current overall budget estimates are included in **Appendix 2**. Any surplus will be allocated to BB upgrade design works to support 2025/26 and 2026/27 works planning.

Early Learning and Childcare (ELC) Expansion

5.21 The proposed schedule for the noted projects (dependent on contractor interest/availability) is as follows:

Nursery	Planned works	Proposed timeline
Portgordon	Existing nursery toilets re-configured to include private nappy changing/flooring replacement/additional storage	Summer 2024

Leisure and Libraries Service

5.22 The resurfacing of the Aberlour 3G pitch was undertaken in early 2024, these works also included the conversion of the floodlights to LED lights which will significantly improve the efficiency and functionality of these lights. This project was completed within budget with a £48k underspend.

6. SUMMARY OF IMPLICATIONS

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

The capital projects referred to in this report support the delivery of the LOIP outcome of building a better future for our children and young people in Moray and growing a diverse and sustainable economy, and are advancing the Corporate Plan priority of reviewing and transforming the learning environment, and creating a sustainable council.

(b) Policy and Legal

The Council has statutory responsibilities to meet educational needs, the needs of children and young people in need and those it looks after.

(c) Financial implications

The financial implications are set out in this report and at **Appendix 1**. Budget managers are aware of their responsibilities for managing budget allocation and approval for any unavoidable variance will be sought from the Council in line with the financial regulations.

A report to Moray Council on 24 January 2024 on the 2024-25 Capital Plan (para 11 of minute refers) noted a £40m capital budget requirement for financial year 24/25 and an overall 10 year capital investment in the Learning Estate of £383m to deliver new build projects, BB Condition/Suitability upgrade and refurbishment and repair and maintenance projects. Further significant capital investment in the BB Condition/Suitability upgrade projects would be required for a further 5 years (out to 2039).

In applying that focus to the Learning Estate the asset standard (condition and suitability) for schools is mandated as a B (satisfactory) minimum. In addition, if there is a reduction in planned upgrade works there is a risk the assets will continue to deteriorate and the risk likelihood of building failure will increase. The realistic options for the Learning Estate are therefore to reduce assets or lengthen programmes of work. The BB upgrade programme plan has now been extended from 10 to 15 years.

The 24 January 2024 Council report concluded the need to cap capital expenditure to contain the cost of borrowing within the agreed limit of affordability. A report on how the cap might operate will be brought to a future meeting of the Council. However, as the most significant element of the indicative 10 year plan is the Learning Estate the cap is likely to be brought most heavily to bear on planned investment in the Learning Estate and that without significant levels of Scottish Government funding the Council is unlikely to be able to achieve its aspirations.

(d) Risk Implications

The school estate (excluding new build) continues to deteriorate with now 30 out of the 53 schools reported as C (Poor) condition and a further 2 as D (Bad) condition. Without the level of investment reported in para 5.16 and managing the affordability factors outlined in para 6 (c) the risk of building failures, temporary closures and/or health and safety continue to be a concern.

Although there has been less volatility in construction costs over the last 12 months they remain high and are not expected to reduce. This has an impact on tender prices received for construction projects and the risk that additional budget may be required for projects as they progress.

(e) Staffing Implications

There are no staffing implications arising directly from this report.

(f) Property

There are no property implications other than those detailed in the report.

(g) Equalities/Socio Economic Impact

There are no equalities or socio economic implications associated with this report.

(h) Climate Change and Biodiversity Impacts

For new build projects we are considering options to meet energy and zero carbon targets.

Where heat source replacements are planned a Heating Option Appraisal in accordance with current procedures will be carried out that includes renewable heating options. Where wall or roof replacements are programmed additional insulation to improve the performance of the fabric will be considered.

(i) Consultations

The Chief Financial Officer, Strategic Accountant, Property Asset Manager, Design and Construction Manager, Programme Manager (Learning Estate), Early Year's Service Manager, Sports and Culture Service Manager, Legal Services Manager, Equal Opportunities Officer and Caroline O'Connor, Committee Services Officer have all been consulted and the comments received have been incorporated into the report.

7. CONCLUSION

7.1 This report presents the Education Resources and Communities and Education Capital Works budget to 31 March 2024. It highlights and provides detail on any variances and provides an update for Members on agreed major projects. The report also details proposed essential projects for 2024/25, and proposed design work in preparation for future Learning Estate projects.

Author of Report: Andrew Hall, Programme Manager, Learning Estate

Background Papers:

Ref: