



**REPORT TO: EDUCATION, CHILDREN'S AND LEISURE SERVICES
COMMITTEE ON 19 APRIL 2023**

**SUBJECT: EDUCATION RESOURCES, 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 December 2022, and to advise of proposed capital budget allocations for 2023/24.
- 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:**

- (i) **scrutinises and notes the capital budget position for Education Resources, Communities and Education Services at 31 December 2022; and**
- (ii) **approves the proposed capital budget allocations (essential maintenance and design work) for 2023/24.**

3. BACKGROUND

- 3.1 At the meeting of Moray Council on 22 February 2022 Council approved the Capital Plan for 2022/23 (paragraph 4 of the minute refers).
- 3.2 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 December 2022.
- 3.3 The report also provides a narrative update on major ongoing projects.

- 3.4 The capital budgets (2022/23) for the Education Resources, Communities and Education Services are listed in **Appendix 1**. At the meeting of Moray Council on 1 March 2023 (paragraph 4 of the minute refers) Council approved the Capital Plan for 2023/24.
- 3.5 The capital budgets (2023/24) for the Education Resources, Communities and Education Services are listed in **Appendix 2**. Any spend against the libraries and leisure line – ‘Refurbishment and Upgrade of Pools’ will be dependent on a number of factors, including the outcome of the Learning Estate Investment Programme (LEIP) 3 funding bids, and would be the subject of future reports to this committee.

4. BUDGET POSITION

- 4.1 The total approved capital budget for Education Resources, Communities and Education for financial year 2022/23 was:

	22/23 £000
Land and Buildings	5,443
Vehicles Plant and Equipment	460
Total	5,903

- 4.2 Planned expenditure to December 2022 was £5,538,000. Actual expenditure to end December 2022 was £3,648,000.

- 4.3 Where current projects are rated as ‘amber’ in **Appendix 1** the variance (and projected variance) in the 2022/23 Capital Plan relates to the following:

- Findrassie Primary School

The Findrassie Primary School new build project was allocated £282,000 capital funding to cover RIBA stage 1-2 concept design work. On 25 January 2023 this Committee approved a deferment in the Findrassie new build project for up to 5 years (paragraph 18 of the draft minute refers). The remaining capital allocation (£82,000) is therefore not required in 2022/23. There will be a requirement for a small carry forward of this into 2023-24 to support project review activity and ensure the project remains in a future ‘ready to re-start’ status and this will be reported to Council on 28 June 2023. An annual review of the project deferment decision will be taken at Committee (next Jan 2024) and capital allocation requirements revisited at that time.

- Universal Free School Meals

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 funding was to be used in 2022/2023 to support initial investment in school infrastructure ahead of further

expansion of free school meals for primary school children later in the parliamentary term. The capital funding allocation for Moray was £598,000 paid as part of the General Capital Grant in 15 December 2022. 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 will be recommended in the final report to Full Council on capital spend 2022/23 on 28 June 2023.

- Moray Leisure Centre (Vehicles, Plant and Equipment)

On 14 December 2022 this Committee agreed to allocate £275,000 from the 2022-23 £400,000 capital allocation for Moray Leisure Centre to cover the costs of an initial design and cost study to support Moray Leisure Limited plans to expand and develop the facility. Carry forward of the remaining capital allocation (£104,000) will be recommended (paragraph 19 of the Minute refers).

- 4.4 The capital budgets in **Appendix 2** do not yet fully account for the anticipated full 2023/24 costs of the Elgin High School extension (£950,000), or for potential 2023/24 costs for Forres Academy and Buckie High School (currently awaiting the outcome of the Scottish Government Learning Estate Investment Programme (phase 3) process). These costs will be the subject of Capital Plan update reports at a future Moray Council meeting. The projected overall project costs for both the Forres Academy and Buckie High School projects have previously been reported to this Committee (Special ECLS Committee 7 November 2022 – paragraph 4 of the minute refers).

5. **MAJOR PROJECTS UPDATE**

Schools Essential Maintenance Programme

- 5.1 The total budget for this programme of work is £3.208 million which is made up of a carry forward of £0.208million from 2021/22 and £3 million from the 2022/23 Capital Plan. This programme of work is a single line within the Capital Plan. However, the programme has been split into separate budgets for each individual project as detailed in **Appendix I** for budget monitoring purposes. The majority of this work programme is the phased work begun under the Make Do and Mend criteria, which was to address elements of schools in Condition D that have the possibility of failing. The scope of each of the projects is developed in consultation with the school and the contractor. The reactive nature of this programme does mean that individual project budgets do vary during the year of the programme.
- 5.2 Work to replace defective render with a new insulated render system at Hythehill Primary School completed on 25 April 2022.
- 5.3 Construction work to upgrade the mechanical and electrical systems at Speyside High School, Cluny Primary School, Forres Academy, New Elgin Primary School, Anderson Primary School, Burghead Primary School, West

End Primary School and Kinloss Primary School were completed during the school summer holidays 2022.

- 5.4 Work progressed well on site with no major issues uncovered and very little of the contingency allowances required. Refurbishment projects, particularly where these are upgrading mechanical and electrical components, carry greater risk of discovering unknowns when on site and this is reflected in the cost estimates produced for budgeting. The £523k budget line balance is the contingency allowance across all the projects that was not required to be expended.
- 5.5 Emergency works to replace corroded mains water pipework at Forres Academy were carried out and completed under this programme of work. This has resulted in additional budget expenditure under the Forres Academy Mechanical and Electrical budget heading, however the overall programme of works remained within the £3.208 million budget.
- 5.6 A carry forward of £208,000 from the 2021/22 budget appears in the budget line under Milnes High School Roof Covering replacement. This carry forward was taken to support design work and as a contingency for the overall programme. The replacement of the roof covering at Milnes High School is a significant budget estimate and is proposed to be carried out in the 2023/24 financial year.

New Build Project (Lossiemouth High School)

- 5.7 The budget is projected to over spend by £32,000 due to re-profiling of the budget figure from the Quarter 2 Report figure of £608,000 to the Quarter 3 figure now at £232,000. The project remains within the overall budget figure. The contractor is currently undertaking the making good of the contractual defects after the one year defects liability period. This is currently behind programme and will not complete this financial year. This delay in completing the contractual defects is not having any operational impact on the school.

New Build Project (Linkwood Primary School)

- 5.8 The contractor is currently undertaking the making good of the contractual defects after the one year defects liability period. This is currently behind programme and will not complete this financial year. This delay in completing the contractual defects is not having any operational impact on the school.

New Build Project (Findrassie Primary School)

- 5.9 A preferred Tier 1 contractor had been identified and work was ongoing to formally appoint in September 2022. However, following the project viability assessment and an increasing cost model estimate for the project the Learning Estate Programme Board agreed to the Project Board request to instruct a project design 'pause' to allow the project team to review the design options and affordability against the continued requirement for future additional primary school capacity within the Elgin Academy Associated Support Group catchment.

- 5.10 As stated earlier in this report, on the 25 January 2023, this Committee approved a deferment in the Findrassie new build project for up to 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.

Elgin High School Modular Classrooms

- 5.11 A total capital budget of £326,000 was allocated to purchase and deliver two modular classrooms to support an increasing capacity requirement at Elgin High School until a new permanent extension is delivered for the commencement of the 2026/27 academic session. The contractor responsible work was completed in March 2023. There are some internal ICT requirements to complete but this will have no operational impact on the school.

Elgin High School Permanent Extension

- 5.12 At Council on 7 December 2022 it was agreed to bring forward capital budget of £46,030 into Q4 of 2022/23 to engage external consultancy from hub North Scotland Limited to undertake a feasibility study of options for a permanent extension at Elgin High School in 2026. A further £46,030 is required within Q1 of 2023/24 to complete the feasibility study together with up to £30,000 to support site investigation works.
- 5.13 As stated earlier in this report, the capital budgets in **Appendix 2** do not yet fully account for the anticipated full 2023/24 costs of the Elgin High School extension (£950,000). On conclusion of the feasibility study, an Outline Business Case on the viable options will be submitted to this Committee in June 2023 for approval.
- 5.14 With the deferment of the Findrassie Primary School project it no longer qualifies as a Learning Estate Investment Programme (LEIP) – Phase 2 project and the outcome revenue funding support it provides. A February 2023 request to Scottish Government for a formal replacement of the Findrassie Primary School project with the Elgin High School Permanent Extension project is awaiting Cabinet Secretary approval.

Schools Essential Maintenance Programme 2023/24

- 5.15 A total capital budget of £3 million has been allocated to support the 2023/24 schools essential maintenance plan. A further budget of £1 million has been allocated to support design work to inform 2024/25 and future years upgrade programme.

- 5.16 The proposed schedule for essential maintenance works (Building Element Replacement line) is as follows:

School	Planned Works
East End Primary	Windows and doors replacement
Milnes High School	Flat and pitched roofs replacement
New Elgin Primary School	Water and heating pipework
Speyside High School	Mechanical and Electrical Works
Keith Grammar	Fire alarm upgrade
Forres Academy	Fire alarm upgrade

- 5.17 Although still in discussion the current proposed areas of design work (Schools BB Investment line) are:

Schools	Planned Works
Burghead, Kinloss and West End primary schools	Install new heat source, pipework replacement, fabric energy efficiency upgrades (read across to other schools)
Up to 10 primary schools including East End, Millbank, Seafield	Upgrade external drainage pipework
Schools priority to be confirmed	B condition upgrade
Buckie High School	5-8 year sustainment programme (scope/timing dependent on outcome of LEIP 3 funding bid)
Forres High School	5-8 year sustainment programme (scope/timing dependent on outcome of LEIP 3 funding bid)

Universal Free School Meals

- 5.18 In addition to the £598,000 that will be recommended to be carried across to 2023/24 to support the expansion of free school meals to P6-7 children, it is anticipated that Scottish Government will provide a further capital grant allocation in 2023/24 to support further infrastructure works. A sum of £80 million had been announced by Scottish Government but has yet to be included in the settlement as the method of distribution has yet to be agreed by Council Leaders.
- 5.19 The work carried out in 2021 to determine the infrastructure works and associated capital cost estimated that a total of £1,206,152 would be required to support kitchen and dining room capacity upgrades. A review and update of these costs will be completed over the coming weeks.
- 5.20 The current intention is to complete kitchen and dining spaces design works in 2023/23 but delay building works until Scottish Government provide more clarity on dates for the expansion of free school meals to the P6-P7 cohort. Based on the stated 'end of parliamentary term' for expansion it is anticipated that no major works will be undertaken before 2024/25.

Early Learning and Childcare (ELC) Expansion

- 5.21 It was agreed at Moray Council on 29 June 2022 (para 22 of the minute refers) to include in the 2023/24 capital budget plans for the outstanding major and minor ELC infrastructure projects and these are now included in **Appendix 2** with updated costings. The costings remain at risk of further cost inflation.
- 5.22 The proposed schedule for the noted projects (dependent on contractor interest/availability) is as follows:

Nursery	Planned works	Proposed timeline
Kinloss Primary School Nursery	Fob system to be installed on nursery doors connected to primary school; door leading into primary school classroom to be relocated outwith nursery area	Summer holidays 2023
Findochty Primary School Nursery	Kitchen refurb/existing nursery toilets to be re-configured to include private nappy changing space (if possible replacement of flooring to be included)	Summer holidays 2023
Portgordon Primary School Nursery	Kitchen refurb/existing nursery toilets re-configured to include private nappy changing space	Summer holidays 2023
Roths Primary School Nursery	Kitchen refurb/re-configure disabled toilet area to include nappy changing space	Summer holidays 2023
St Peters Primary School Nursery	Kitchen refurb/addition of nursery and staff toilets including private nappy changing space (if possible replacement of flooring to be included)	Summer holidays 2023
Aberlour Primary School Nursery / Aberlour and Craigellachie Pre-School Nursery at Aberlour Primary School	Refurbishment works to be carried out on a phased approach from summer 2023. This would require minimal decanting at Aberlour PS from August 2023 to a revised outdoor decant plan for both nurseries to share on a short term basis.	Schedule to be confirmed following further consultation by Property with the contractor; it is anticipated that works will begin summer 2023 holidays

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.

(d) Risk Implications

The school estate (excluding new build) continues to deteriorate. The level of investment that the Council is able to afford is insufficient to maintain all schools to B/B standard. The risk of building failures, temporary closures and/or health and safety continue to be a concern.

Construction costs are continuing to rise, which will impact on tender prices received for construction projects, which means additional budget may be required for projects as they progress.

(e) Staffing Implications

There 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

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.

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

(i) Consultations

The Chief Financial Officer; the Property Asset Manager; the Design and Construction Manager; The Learning Estate Programme Manager; the Legal Services Manager; the Equal Opportunities Officer, the Head of Education and Committee Services Officer have 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 December 2022. It highlights and provides detail on any variances and provides an update for Members on agreed major projects. The report also details proposed essential maintenance projects for 2023/24, and proposed design work in preparation for future learning estate projects.

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Background Papers:
Ref:

SPMAN-9425411-161
SPMAN-9425411-181
SPMAN-9425411-182