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**REPORT TO: CHILDREN AND YOUNG PEOPLE'S SERVICES COMMITTEE ON  
18 DECEMBER 2019**

**SUBJECT: EDUCATION AND SOCIAL CARE CAPITAL BUDGET  
MONITORING REPORT TO 31 OCTOBER 2019**

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

**1. REASON FOR REPORT**

- 1.1 The purpose of this report is to inform Committee of projects and proposed expenditure for Capital Budgets within Education and Social Care for 2019/20.
- 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 the Education and Social Care Capital Budgets to 31 October 2019;**
- ii) considers the additional costs relating to Linkwood Primary and notes that an update on discussions with Springfield Properties about potential liability will be provided to this Committee in March 2020;**
- iii) agrees to retain the furniture and fittings at East End Primary for decant classroom provision and provide additional budget from the underspend in the Capital Programme 2019/20 to purchase furniture and fittings for Linkwood Primary;**
- iv) notes that £1.3m of revenue funding will be required from the Early Learning budget to meet the projected capital shortfall; and**
- v) notes that savings from the closure of Auchernack may reduce from £13.5k to £11k if there is any further delay in the project.**

### **3. BACKGROUND**

- 3.1 It is the practice of this Committee to receive regular reports both providing an update on the current financial position of the capital programme and seeking approval to implement projects when they arrive at a suitable point of development.
- 3.2 At the special meeting of the Moray Council on 27 February 2019 (paragraph 4 of the minute refers) Council approved the Financial Plan for 2019/20.
- 3.3 The capital budgets covered in this report and a list of the major projects from this financial year are contained within the Education and Social Care Capital Plan at **APPENDIX I**.

### **4. BUDGET FOR 2019/20**

- 4.1 The total approved Capital Budget for Education and Social Care for financial year 2019/20 is as follows:-

	<b>19/20 £000</b>
Land & Buildings	39,068
Vehicles, Plant & Equipment	392
<b>Totals</b>	<b>39,460</b>

- 4.2 Actual expenditure up to 31 October 2019 including carry forwards from 2018/19 is £17.045m.

### **5. MAJOR PROJECTS**

#### Schools Essential Maintenance Programme (Make do and Mend):

- 5.1 The original 6 Make Do and Mend (MDAM) projects are all complete. Final accounts for these projects still need to be settled but all will underspend. Current projections indicate spend of £2.342m against an annual budget of £3.2m.
- 5.2 Property Services continue to review the works programmes for 2020/21 and where possible, will bring forward projects where it is appropriate to do so.
- 5.3 Hythehill Primary
- i) The roof replacement at Hythehill Primary was recently brought forward and is expected to complete by February 2020; and
  - ii) The replacement of windows at Hythehill Primary has recently been added but the programme will not complete until 2020/21.

## **6. MAKE DO AND MEND POLICY**

- 6.1 The Council ended its Make Do and Mend Policy on 27 February 2019 (paragraph 4 of the Minute refers). A revised programme for school improvements is being developed for 2021/22 but remains challenging due to the Council's current financial situation.

## **7. NEW BUILD (SCHOOLS)**

### Lossiemouth High Replacement Project:

- 7.1 The Project is slightly ahead of programme (3 weeks).

### Main Teaching Block

The ground floor framing for glazing has been installed with the glass installation ongoing. This is complete on the first and second floors other than the sections at the loading bays. Internal partitioning is progressing well with the mechanical and electrical installation of ducting, sprinklers and pipework with the ground floor sprinkler system inspected and tested. The external render has recently commenced.

### Sports Block

Good progress has been made within the Sports Block with the roof work almost complete. The plant decks are complete with the plant installed. The frames for glazing have been installed ready for the glass to be installed.

- 7.2 During this period, the ventilation contractor went into liquidation. Immediate action was taken and a replacement contractor (Principal Cooling) was appointed on 9 November 2019. The new contractor commenced onsite on 25 November 2019. It is not anticipated that the change of contractor will have a detrimental impact in terms of the overall programme of works and all works carried out by the original contractor (MJ Vent) to date is covered by warranty.
- 7.3 Staff visits from the current school have commenced to allow familiarity with the building and all feedback from the initial visit was positive.
- 7.4 The main priority over the next works phase is to get the building wind and water tight before the winter period.

### Linkwood Primary School:

- 7.5 Linkwood continues to progress to programme. The windows have now been installed and works have begun on installing the internal partitions. The external cladding has commenced and the car park has been formed along with the avenue path and street lighting ducts installed. The mechanical and electrical installation works are continuing with the installation of pre-fabricated modules containing services pipework and containment trays. The base for the sprinkler tank has been constructed and the sustainable drainage pond and access track is complete.

7.6 Springfield Properties have provided a programme of works (linked to the new school) that were prescribed in the Section 75 agreement for the Elgin South planning consent. The main works include improvements to Linkwood Road; the associated footpath/cycle path; and the permanent access road to the school. These works are due to complete between January and March 2020. The Head of Housing and Property is monitoring the programme and this Committee will be kept updated on progress and/or any potential issues should they arise.

Additional Unbudgeted Costs

7.7 There are a number of costs relating to Linkwood Primary that have not been budgeted for. These include:

	<b>Item</b>	<b>Cost</b>
1)	Provision of generator and fuel (based upon 61 weeks)	£45,735 estimated cost
2)	Effluent holding tank (based upon 61 weeks)	£21,000 estimated cost
3)	Installation of surface water manhole to avoid delaying the works	£1,786 actual cost
-	<b>Total</b>	<b>£68,521</b>

Provision of a Generator (plus fuel)

7.8 Springfield Properties were required to provide an electric mains supply to service the school site by 21 November 2018. Although this remains an outstanding issue, significant progress has been made in recent weeks to get the supply connected. To ensure that Linkwood Primary was not delayed, it was necessary to hire a Generator from week 5 of the project. The estimated cost of the Generator is detailed above and the matter has been discussed with the Chief Executive of Springfield Properties. Discussions were positive and it is intended to provide an update to this Committee in March 2020 once a formal response has been received with regards to liability.

Effluent holding tank

7.9 An Effluent holding tank was installed onsite in Week 8 of the project. This was to ensure that suitable welfare facilities were available to the workforce. These costs are deemed reasonable in the circumstances and will need to be met from the Linkwood Project.

Installation of surface water manhole

7.10 Springfield Properties have agreed to meet these costs in full.

Furniture and Fittings

7.11 Furniture and fittings were purchased for Linkwood Primary but placed at East End Primary as part of transitional arrangements pending completion of the new school. The cost of these items is detailed below:

Furniture	£67,685
Interactive panels	<u>£17,500</u>

Total **£85,185**

- 7.12 The predicted increase in population in Elgin (north and south) will continue to put pressure on the primary school estate. In these circumstances, it would be prudent to retain the decant classroom accommodation at East End Primary (7 classrooms). Based on current roll projections, East End will be required as early as August 2020. This accommodation will need to be furnished.
- 7.13 Given the above and the obvious costs associated with removals and reinstatement, it would make sense to leave the existing furniture and fittings at East End and provide new budget from underspends in the Capital Programme for 2019/20 to replace the furniture and fittings at Linkwood Primary. The cost of this is projected at £85k.
- 7.14 Once there is no longer a requirement for any decant accommodation in Elgin, the furniture and fittings at East End will be recycled within the wider school estate to reduce replacement costs in future years.

#### Findrassie Primary School

- 7.15 The business case for Findrassie Primary will be developed early in the New Year. This will provide clarity in terms of what is required and how much the new school is likely to cost. Early indications suggest that:
- i) Ground conditions on the proposed site are suitable for new build;
  - ii) A 450 pupil school will be required;
  - iii) The site /design will have capacity to extend to a 650 pupil capacity;
  - iv) The school will include Additional Support Needs and Nursery;
  - v) It will provide community based facilities;
  - vi) A community engagement strategy will need to be developed;
  - vii) Design options are currently being progressed to inform cost;
  - viii) Roll projections indicate the school will be required by 2023/24;
  - ix) This date could extend depending on how East End is utilised.

## **8. OTHER SCHOOLS**

- 8.1 The Other Schools Budget includes provision for remedial works at Milnes Primary School (Early Learning and Childcare) and other legislative health and safety works (as required). A new budget line relating to costs incurred for the Forres Academy extension is included in **APPENDIX I** for the first time. This is settlement of an outstanding final account where the Council has been in dispute with the contractor over the warranty of the roof. This matter has been resolved and payment of £45k has been paid to the contractor in recognition of this. This cost will be met from underspends within the Capital Programme budget for 2019/20.

## **9. EARLY LEARNING CHILDCARE EXPANSION**

- 9.1 The Early Learning Childcare (ELC) Capital Programme includes 4 new build nurseries and 7 refurbishments.
- 9.2 On 25 June 2019, the Scottish Government wrote to all local authorities to inform them that “some local authorities were experiencing financial pressures in delivering their ELC capital programmes. This is due mainly to cost increases within the construction industry.” In such circumstances the Scottish Government have confirmed that underspends in ELC revenue funding can be used to bridge the capital gap.
- 9.3 On 30 October 2019, this Committee were informed that there was a projected overspend in the capital budget of £1.101m (paragraph 11 of the draft Minute refers). It was agreed that Officers should review the current programme and where appropriate, use revenue funding from the Early Learning Budget to address any capital shortfall. The review was completed in November 2019 and it is estimated that £1.3m of revenue funding will be required to address the funding gap.
- 9.4 Progress on individual ELC projects to date is provided below with all works complete at:
- Lady Cathcart, Buckie;
  - Lhanbryde Primary;
  - Burghead Primary; and
  - New Elgin Primary.

### Cullen Nursery

- 9.5 All works onsite are projected to end by 31 January 2020.

### Pilmuir Nursery

- 9.6 The project is expected to complete in March 2020 and thereafter, the existing nursery will be refurbished back to classroom provision and the play areas completed.

## **10. LEISURE AND LIBRARIES**

### Public Facilities

- 10.1 The £10k public facilities budget provides funding for replacement fixtures and fittings within public buildings. To date, £6k has been committed and it is projected that spend will outturn on budget.

### Community Centres

- 10.2 The £30k budget to fund office improvements at Forres House will be spent in this financial year. The contractor is currently onsite but a number of unforeseen repairs (i.e. roof leaks, etc.) have required immediate attention and caused delay. While every effort is being made to achieve the closure date of 6 December 2019, a secondary date of 20 December 2019 has been

provisionally agreed. If the later date prevails, it is unlikely that staff from Auchernack will move until the New Year. The projected savings have therefore been recalculated on this basis. Any unbudgeted costs associated with Forres House will be met from underspends in the corporate repairs and maintenance budget 2019/20. This is appropriate in the circumstances.

#### Swimming Pool: Equipment

- 10.3 The purchase of new fitness room equipment for Keith Sports and Community Centre (£37k) is the only expenditure within this budget to date. The full budget of £50k is expected to spend by 31 March 2019.

#### Moray Leisure Centre: Equipment

- 10.4 A budget of £12k for equipment at Moray Leisure Centre was carried forward from the previous financial year. This was to fund gym refurbishment and gym equipment. Costs to date include £9k for the gym equipment and £5k for the refurbishment. No further expenditure is expected leaving the budget with a £2k overspend.

#### Moray Leisure Centre: Dehumidifiers

- 10.5 A contractor has been appointed to install the replacement dehumidifiers. Agreement has been reached with Moray Leisure Centre with regards to the installation to avoid disruption to the ice rink activities. The dehumidifiers will be installed in stages during times when the ice rink is not in use.

#### Moray Leisure Centre: Combined heat and power unit (CHP) replacement:

- 10.6 A contractor has been appointed to install a replacement combined heat and power unit and the design and manufacture process has begun. The work is programmed to complete by June 2020.

## **11. 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 and the Education and Social Care Department's objective of providing effective, efficient and sustainable premises.

### **(b) Policy and Legal**

Future programmes of work funded from the Capital Programme will require policy decisions to help inform how schools projects will be prioritised and in the case of refurbishments - to what standard.

### **(c) Financial Implications**

The approved capital budget for 2019/20 is £39m. This report provides updates on all key areas of spend and clarifies a number of key issues and actions:

#### Linkwood Primary

The report provides details of the un-budgeted spend to date within this project and also the key actions being taken by officers to address this.

#### Early Learning Programme

It is currently projected that £1.3m of ELC revenue funding will be required to ensure that the capital programme is delivered without cost to the Council.

#### Decant Classroom Accommodation

Decant accommodation will be required at East End from August 2020. It is proposed to retain at this school, the furnishings intended for Linkwood and provide £85k from underspends in the Capital Programme 2019/20 to procure new furnishings for the new school.

#### Forres Academy

The settlement of a historic final account for work at Forres Academy (£45k) can be absorbed within the Capital Programme 2019/20.

#### Auchernack

There may be a delay in closing Auchernack due to unforeseen repairs at Forres House. The projected savings have been reduced to £11k to reflect this.

**(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 risks continue to be an ongoing concern for Property Services.

**(e) Staffing Implications**

There are no staffing implications associated with 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) Consultations**

Consultations have been undertaken with Paul Connor, Principal Accountant; the Property Resources Manager; the Design Manager; Morag Smith, Senior Solicitor (Litigation and Social Care), the Public Performance Reporting and Communications Officer, Equal Opportunities Officer; the Head of Economic Growth and Development, Education and Social Care Senior Management Team and Tracey



Sutherland, Committee Services Officer. Where comments have been received, these have been included within the report.

## **12. CONCLUSION**

**12.1 This report presents the Education and Social Care Capital Works budget to 31 October 2019. It clarifies the status of a number of capital projects and the financial implications associated with each of them where appropriate.**

Author of Report: Richard Anderson, Head of Housing and Property (currently seconded to the Modernisation and Improvement Programme)

Background Papers:

Ref: Education and Social Care Capital Budgets 2019/20