



**REPORT TO: CHILDREN AND YOUNG PEOPLE'S SERVICES COMMITTEE ON
30 OCTOBER 2019**

**SUBJECT: EDUCATION AND SOCIAL CARE CAPITAL BUDGET
MONITORING REPORT TO 31 AUGUST 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 August 2019;**
- ii) considers the financial challenges that lie ahead in terms of developing a Capital Programme of Works for schools for 2021/22;**
- iii) agrees that an update of costs relating to Linkwood Primary and a re-profiling of Early Learning Childcare Capital Projects will be provided to this Committee on 18 December 2019; and**
- iv) notes that the estimated savings from the closure of Auchernack is projected to reduce from £27k to £13.5k due to delays in completing office works at Forres House.**

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 meeting of the Moray Council on 27 February 2019 (item 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:-

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

- 4.2 Actual expenditure up to 31 August 2019 including carry forwards from 2018/19 is £11.525m.

5. MAJOR PROJECTS

Schools Essential Maintenance Programme (Make do and Mend):

- 5.1 Of the 6 (Make Do and Mend) Projects programmed for completion before the start of the autumn term, 5 are now complete with only the roofing works at Keith Grammar left to conclude (revised date for completion is 30 October 2019). Actual expenditure to date show underspends in all Make Do and Mend programmes but final accounts have still to be received and settled. The cost per programme will increase from the budget position at 31 August 2019 but collectively they are not expected to exceed the £2.3m total expenditure projected for the year.

Project	Planned Works	Phase
Speyside High School	Replace domestic hot & cold water supply	Phase 1
Cluny Primary	Full electric upgrade Replace domestic hot & cold water supply Replace heating system, distribution pipe work and heat emitters.	Phase 3
Forres Academy	Electric power upgrade Replace heat distribution pipework and emitters Replace gas distribution pipework	Phase 3
New Elgin Primary	Replace heating plant Replace domestic hot & cold water pipework	Phase 2

	Replace heating pipework and heat emitters	
Andersons Primary, Forres	Full electrical upgrade. Replace heating distribution pipework and heat emitters	Phase 2

- 5.2 The Committee will note that most programmes of works are structured in phases. This is because the scope and/or scale of works cannot always be completed while the school is in session. Phasing is normally matched to school holiday periods. This is to avoid school disruption and/or potential health and safety risks. Work can often extend across a number of holiday periods slowing down the overall time taken to complete works. Different lengths of holiday periods also impact on the type of work that can be scheduled and the restriction of available working days means that planning the right works remains complex and challenging for Property Services.
- 5.3 A budget of £3.2m was allocated for Make Do and Mend in 2019/20. Current projections suggest that the budget will outturn lower than expected at £2.3m. This underspend allows the roof works at Hythehill Primary to be brought forward into this financial year. The cost of these works is estimated at £211k and can be contained within the 2019/20 budget.

Hythehill Primary

- 5.4 The contract to replace the roof at Hythehill Primary has been awarded to a contractor and works are scheduled to commence in November 2019 and be completed by February 2020.

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). Property Services will not be able to disengage from its existing work programmes until 2020/21 at the earliest. This is due to the different phases of current work. A revised programme for school improvements will need to be developed for 2021/22 but this remains challenging. The school estate will now be expected to meet B/B standard (condition and suitability). This remains unaffordable at this time due to the Council's current financial situation.

7. NEW BUILD (SCHOOLS)

Lossiemouth High Replacement Project:

- 7.1 The Project is currently half way through phase 1 of its construction programme. The main teaching block structure is complete with windows installed on both first and second floors (apart from the loading bays). The installation of ground floor windows is ongoing and internal partitioning is also progressing well. Mechanical and Electrical works commenced on 23 September 2019 and the steel structure for the sports block is complete with the roof installation well progressed. All drainage is installed and the swimming pool base fitted.

7.1.1 The car park has been resurfaced and is back in use for the school. The mains gas connection is underway and due to complete within 6 weeks. The main access road has been installed and partially surfaced. The suds pond and flood basin works are also complete.

7.1.2 The project is slightly ahead of programme; remains within budget; and is on target for completion by August 2020.

Linkwood Primary School:

7.2 Linkwood is currently progressing to programme with the steel frame, stairwells and roof all complete. Works to fit roof lights is ongoing and windows are currently being installed. The next phase of work will include curtain walling, wall cladding and Mechanical and Electrical works. The project is in week 29 of a 66 week programme and is still on target for completion by 19 June 2020.

7.2.1 To date, the Project has incurred additional expenditure that has not been budgeted for. These costs include the provision of electricity, sewerage and appropriate access onsite. To ensure that all budget implications are identified early, a review of non-budgeted costs will be completed and an updated budget position will be reported to this Committee on 18 December 2019.

7.2.2 On 27 September 2019, the Heads of Housing and Property and Development Services met with the Chief Executive of Springfield Properties. This was to discuss outstanding works (linked to the new school) that were prescribed in the Section 75 agreement relating to the Elgin South planning consent. Their Chief Executive has provided assurances to Officers that all school related works that they are responsible for will be completed no later than 31 March 2020. They will also submit a Programme of Works with timescales for completion and it has been agreed that this will be jointly monitored by both parties (i.e. Springfield Properties and the Council). This Committee will be kept updated on progress and/or any potential issues should they arise.

Findrassie Primary School

7.3 An options appraisal for a new school at Findrassie is still required. This appraisal will inform the size of school, its estimated cost and include design concepts to help improve the educational outcomes for the children who are educated there. A business gateway proposal will thereafter be prepared and the Asset Management Working Group will consider how best to progress this.

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). It is currently expected that this budget will outturn on target at year-end.

9. EARLY LEARNING CHILDCARE EXPANSION

- 9.1 The Early Learning Childcare (ELC) Capital Programme includes 4 new build nurseries and 7 refurbishments. Due to an increase in building works and construction costs, the budget was recently projected to overspend by £1.101m. Other local authorities are also experiencing similar budget pressures in terms of their delivery programmes.
- 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 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. Officers intend to re-profile the ELC capital budget and where appropriate, use ELC revenue funding to ensure that the £7.78m capital budget (over 3 years) is not exceeded. An updated budget position will be provided to this Committee on 18 December 2019.
- 9.3 Progress on individual ELC projects to date is provided below:
- Lady Cathcart, Buckie
- 9.3.1 All works relating to the major refurbishment of Lady Cathcart are now complete.
- Cullen Nursery
- 9.3.2 The new build at Cullen is now expected to complete in January 2020. Once completed, the demolition of the existing nursery building will follow. All works onsite are projected to end by 31 January 2020.
- Pilmuir Nursery
- 9.3.3 An alteration required to the timber kit for the new nursery building has delayed progress. The project is now expected to complete in March 2020. Once the new building is finished, the existing nursery will be refurbished and the play areas completed.
- Lhanbryde Primary School (refurbishment)
- 9.3.4 This was a major refurbishment programme and all works were completed in September 2019.
- Burghead Primary (refurbishment)
- 9.3.5 The refurbishment of the nursery was partially completed in August 2019. The contractor will complete all outstanding works in the October school holiday period.
- New Elgin Primary (refurbishment)
- 9.3.6 The refurbishment of the nursery completed on programme in August 2019.

10. LESSONS LEARNED

- 10.1 To fit construction works into defined holiday periods places significant planning and resourcing pressures on Schools, Contractors and Property Services. All must ensure that works finish on time and buildings are fully operational for the return of teachers, pupils and those younger children who attend nurseries.
- 10.2 During the year, a number of “construction” and “school” issues have impacted on the smooth handover of some buildings. This has caused short-term disruption to services.
- 10.3 A short-life working group will be tasked to look at “lessons learned” and agree appropriate actions to ensure that future handover arrangements improve.

11. LEISURE AND LIBRARIES

Public Facilities

- 11.1 The £10k public facilities budget provides funding for replacement fixtures and fittings within public buildings. No commitment has been required of this budget to date.

Community Centres

- 11.2 The £30k budget allocated to the community centres budget was to fund office improvements at Forres House. Staff from Auchernack will move there once the works are complete and Auchernack will close. Delays in appointing a contractor has pushed back the project completion date from 30 August 2019 to 6 December 2019. A revised date for closure has been set for 20 December 2019.

Swimming Pool: Equipment

- 11.3 The purchase of new fitness room equipment for Keith Sports and Community Centre (£36k) is the only expenditure within this budget to date. The full budget of £50k is currently expected to fully expend by 31 March 2019.

Moray Leisure Centre: Equipment

- 11.4 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

- 11.5 A tender for the replacement of the dehumidifiers in the ice rink was returned within budget and has been accepted. A pre-start meeting will be held in

October 2019 to agree an installation time to avoid disruption to the ice rink activities.

- 11.6 Moray Leisure Centre: Combined heat and power unit (CHP) replacement:
The tender for the replacement of the Combined Heat and Power plant at the Moray Leisure Centre was returned within budget and has been accepted. A pre-start meeting is arranged for October 2019 to allow the detailed programme for the manufacture and installation of the unit to be developed. This is expected to complete by June 2020.

12. **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. The major financial risks are:

- i) Additional un-budgeted costs incurred at Linkwood Primary School are currently being costed. This Committee will receive an update of any potential budget implications at its Committee on 18 December 2018.
- ii) The approval by the Scottish Government to allow local authorities to use underspends in ELC revenue budgets to meet legitimate ELC capital costs enables the Council to re-profile its budget commitments to date for the ELC Capital Programme. It is intended to present an updated financial position to this Committee on 18 December 2019.
- iii) The Capital Programme of Works for schools still needs to be developed for 2021/22. This will be financially challenging and will require corporate agreement on how this will be prioritised and funded.
- iv) Auchernack was originally expected to close by 30 August 2019. Delays in securing a contractor pushed back the closure date to 20 December 2019. Savings of £27k were originally projected from the closure based on the August date but this will reduce to £13.5k providing the revised closure date is met.

(d) Risk Implications

The school estate (excluding new build schools) 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; the Legal Services Manager, the PPR and Communications Officer, Equal Opportunities Officer; the Head of Development Services, 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.

13. CONCLUSION

13.1 This report presents the Education and Social Care Capital Works budget to 31 August 2019. The Committee is asked to note that Linkwood has incurred additional expenditure and this will be costed and reported back to this Committee on 18 December 2019. The ELC budgets is also under pressure and will be re-profiled and the position reported back to this Committee on 18 December 2019. The closure of Auchernack has been delayed which reduces the projected savings that were previously calculated for this financial year and Committee is asked to note the financial challenges that lie ahead for the Council in terms of developing a new Capital Programme for schools for 2021/22.

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Background Papers:

Ref: Education and Social Care Capital Budgets 2019/20