



**REPORT TO: SPECIAL EDUCATION, CHILDREN'S AND LEISURE SERVICES
COMMITTEE 7 NOVEMBER 2022**

**SUBJECT: LEARNING ESTATE STRATEGY AND DELIVERY PROGRAMME
– MORAY SUBMISSION FOR LEARNING ESTATE
IMPROVEMENT PROGRAMME PHASE 3 FUNDING**

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

1. REASON FOR REPORT

- 1.1 The report seeks a decision on the priority to be allocated to the submissions to Scottish Government for Learning Estate Investment Programme Phase 3 funding in October 2022.
- 1.2 This report is submitted in terms of Section III (D) (1) of the Council's Scheme of Administration relating to all the functions of the Council as Education Authority.

2. RECOMMENDATION

- 2.1 **Following on from the decision of the Council on 28 September 2022 to submit two bids for Scottish Government Learning Directorate Learning Estate Investment Programme (LEIP) Phase 3 funding, in accordance with the bid criteria, it is recommended that, whilst recognising the importance of both projects, Committee:**

- i) **agrees that the Forres Academy Project is identified as the priority project in the LEIP Phase 3 funding bid process; and**
- ii) **recommends to Moray Council that the decision is endorsed at the Special Meeting on 7 November 2022.**

3. BACKGROUND

Scottish Government Learning Estate Investment Programme

- 3.1 In September 2019, the Scottish Government published their new Learning Estate Strategy which set out a collective vision of “a Learning Estate which supports Excellence and Equity for all”. Alongside the publication was the launch of the first phase of the Learning Estate Investment Programme (LEIP). The Programme is designed to:

- Improve the condition of the school estate;
 - Support growth projects where there are no local condition priorities;
 - Establish links across the learner journey where appropriate;
 - Benefit 50,000 pupils to learn in condition A/B schools;
 - Enable the delivery of wider Scottish Government policy objectives, including the guiding principles of the Learning Estate Strategy; and
 - Support sustainable estate planning with clear investment and maintenance strategies.
- 3.2 To be successful, projects needed to connect people, places and learning, deliver improved outcomes for all and enable sustainable, inclusive economic growth. While there was a focus on improving the condition of the learning estate, the need to respond to demographic pressures was also recognised. Projects needed to meet the programme conditions and outcomes associated with high quality, suitable, sustainable, low carbon, digitally enabled learning environments. There was also an expectation of local political and financial commitment to investment.
- 3.3 Although the Council submitted a bid for the first phase of funding to support the Findrassie Primary School new build project, at that time the local Learning Estate Strategy was in the early stages of development and agreed priorities for investment in the learning estate were not yet available. The bid was unsuccessful.
- 3.4 The Scottish Government launched LEIP Phase 2 in December 2020. A more developed bid was resubmitted for the Findrassie Primary School project, which was successful.

Learning Estate Investment Programme – Phase 3

- 3.5 In July 2022, Scottish Government wrote to all local authorities announcing Phase 3 of the LEIP, together with a set of updated strategic outcomes and associated terms and conditions. The Outcome Based Funding model will provide revenue funding on the achievement of a set of agreed outcomes. The outcomes for Phases 1 and 2 fell into four broad categories: condition; energy efficiency; digital connectivity; and economic growth and these will apply for Phase 3 too; a fifth outcome for Phase 3 is focused on embodied carbon. The premise of the funding model is that up to 50% of project delivery cost for the qualifying enabling infrastructure will be provided by LEIP as revenue funding over the operational life of the building (25 years), provided the key outcomes are met. The Council is required to make annual returns on performance against the outcomes, with funding dependent on achieving these throughout the 25 year period of the funding envelope.
- 3.6 All local authorities will be eligible to benefit from the new investment programme to sustain and improve the condition of their learning estate or respond to demographic changes. However, a project will only be eligible for funding on either a condition OR a demographic change basis, not both. The LEIP Phase 3 selection criteria set out by Scottish Government is at **APPENDIX 1**.
- 3.7 With approval of Full Council meeting on 28th September a LEIP Phase 3 bid submission was sent to Scottish Government prior to the closing date of close of business on Monday 31 October 2022. The submission supported future

options for both Buckie High School and Forres Academy with no preference for either project indicated. The outcome options of the bidding process are that:

- (a) both projects are successful in bid LEIP for Phase 3 funding;
- (b) one project is successful in bid for LEIP Phase 3 funding; or,
- (c) neither project is successful in bid for LEIP Phase 3 funding.

3.8 It has been agreed with Scottish Future Trust, who are managing the LEIP Phase 3 selection process on behalf of Scottish Government, that Moray would indicate a post bid prioritisation of projects following completion of the Buckie by-election. In the event of only a single project being successful it would be likely that the priority bid would be selected.

3.9 The Full Council on 28th September agreed to hold a Special Education Children's and Leisure Services Committee and Full Council on 7 November 2022 to determine the prioritisation of the submitted LEIP Phase 3 bids.

3.10 Projects selected to form part of LEIP Phase 3 will be expected to be open for pupils by December 2027 unless otherwise agreed at the start of the Phase. Projects which are anticipated to be open in advance of this date are 'very much encouraged'.

3.11 In addition, a submission for LEIP Phase 3 support will only be considered by the Scottish Government if there is evidence of political and financial commitment for a project through Committee approval.

4. MORAY SCHOOL PROJECTS - LEIP PHASE 3 BID SUBMISSIONS

4.1 At this stage of the LEIP Phase 3 programme process Council only needs to agree which school project should be prioritised for Scottish Government funding support. There is no requirement to select the detailed project infrastructure option, however, the detail regarding potential options will inform Member's understanding of the level of financial commitment required. The learning estate investment programme identified two candidate projects - Future Forres Academy and Future Buckie High School and the Council agreed to submit both. The project mandates for both these projects have been approved and respective Strategic Options Case developed for consideration by the Learning Estate Programme Board. These are attached at **APPENDIX 2** and **APPENDIX 3**. Currently both projects assume an operational date in the 2028/29 timeframe, however, if successful in their bids for LEIP Phase 3 funding an operational date at the end 2027 will need to be achieved, unless otherwise agreed with the Scottish Government.

4.2 A policy of 'make-do-and-mend' repair and maintenance was adopted in 2017 and followed previous years of under-investment in the Moray learning estate. The lack of investment has left a majority of schools below an acceptable standard for suitability and condition including Forres Academy and Buckie High School.

Option 1 – Forres Academy

- 4.3 The current mainstream capacity of Forres Academy is calculated as 1121 with a school roll for 2022/23 session of 854 (76% of capacity). Of this 99% of pupils are from within catchment. A total of 40 pupils were assessed as requiring additional support needs, requiring access to enhanced provision support (2021/22 census – Additional Support Needs (ASN) marker report). With Kinloss Barracks sited in catchment these forecast pupil numbers are sensitive to the changing demographic of military personnel.
- 4.4 The Forres Associated Schools Group catchment is expected to experience growth in secondary school capacity requirements as a consequence of planned residential development to the South and the East of the town out to 2035. The school roll is expected to increase to a maximum of 997 (89% of capacity) towards the end of the decade. However, it is anticipated that the mainstream capacity will likely need to be reassessed in the medium term as a consequence of the desire for wider curriculum choice and additional space requirements for ASN accommodation, which would reduce the mainstream maximum capacity assessment for the school.
- 4.5 Forres Academy has recently been assessed as D for Condition – one of only two secondary schools in Scotland with that rating. This is a decrease from the previous assessment undertaken less than 10 years ago. This is despite significant investment over the last 8 years; to the value of £4.45M for capital works together with a further £550k of revenue spend on repairs and maintenance. This investment has not prevented recent serious flooding incidents relating to significant roofing and drainage issues. A breakdown of the condition assessment is set out in Table 1.

CONDITION SUMMARY MATRIX													
Good – A							Performing well and operating efficiently						
Satisfactory – B							Performing adequately but showing minor deterioration						
Poor – C							Showing major defects and/or not operating adequately						
Bad –D							Life expired and/or serious risk of imminent failure						
Elements													
Roof	Floors & Stairs	Ceilings	External Walls,	Internal Walls and Doors	Sanitary Services	Mechanical	Electrical	Decoration	Fixed Internal Facilities	External areas	Outdoor Sports	OVERALL SCORE	CATEGORY
D	D	D	D	D	D	B	C	C	C	C	C	39.75	D

Table 1: Condition Assessment (2021) - Forres Academy

- 4.6 Forres Academy is reported as a B for suitability. The last assessment was undertaken in 2013. The high level detail of this assessment is set out in Table 2.

Suitability Assessment - Forres Academy							
This sheet looks at the significance of each factor across the whole school, making troubleshooting more straightforward.							
weighting	25%	25%	15%	15%	10%	10%	100%
score out of 20	15	11	15	14	14	15	13.8
	General Learning & Teaching	Practical Learning & Teaching	Internal Social	Internal Facilities	External Social	External Facilities	Total:
Functionality	B	B	B	B	C	B	B
Accessibility	B	C	B	B	B	B	B
Environmental Conditions	B	C	B	B	B	B	B
Safety & Security	B	C	B	B	B	B	B
Fixed Furniture & Fittings	B	C	B	C	B	B	B
Total:	B	C	B	B	B	B	B

Table 2: Suitability Assessment (2017) - Forres Academy

- 4.7 An updated assessment was planned in 2020 but was cancelled due to the COVID pandemic. With the relaxation of COVID measures in school it is now intended to complete a re-assessment in the near future. It is anticipated that as a consequence of the D Condition there will be a reduction in the scoring within some areas of the suitability assessment, however we are not able to predict if this will result in a similar grade reduction.
- 4.8 Although the B/B condition/suitability could be achieved with a basic refurbishment of Forres Academy, the long term value for money opportunities offered by a major refurbishment, new build as a standalone or potential campus solution, would deliver a sustainable A/A school that meets the selection criteria for LEIP Phase 3 investment. There is also a need to consider the changing nature of teaching and drivers for digitally enabled education and low carbon school buildings, additional support needs and early learning and childcare when considering investment in the future Forres Academy project.
- 4.9 The indicative 10 year capital plan (2022-32) has assigned a capital spend of £66M to deliver a 'Forres Academy campus' within the 2028/9 timeframe.
- 4.10 Infrastructure options that are under consideration for Future Forres School project are set out in Table 2. In reviewing these options the following should be noted:
- Options 1.3, 1.4 and 1.5 fully meet LEIP Phase 3 selection criteria;
 - Option 1.2, although meeting baseline learning estate condition and suitability requirements, would not qualify for LEIP Phase 3; and
 - Option 1.4 falls into the LEIP Phase 3 criteria of a project that addresses both a condition and a growth issue. Either condition improvement or extension to meet increasing capacity demands would qualify for LEIP funding, but not both.
 - One of the sites considered for a new build school (Options 1.5 and 1.6) would be Roysvale common good land, which the Council would need to seek a court order and the agreement of the local community to

procure. In light of the risk that there is no guarantee that this would be possible within the required project timelines alternate sites will be considered.

Category of Choice	Description	Indicative cost Base cost (2022)	Indicative cost Inflation allowance cost (2026)
		£000	£000
1.1 Do nothing	No change to the current Learning Estate Continuation of make do and mend maintenance which is average of £625k per year.	£625k pa average	
1.2 Minimum scope	Meet secondary capacity requirements of Forres ASG with Minimum Refurbishment that addresses the requirement for minimum B standard condition.	24,700	31,000
1.3 Intermediate scope A	Meet the secondary capacity requirements of Forres ASG with Major Refurbishment that meets the LEIP requirements for Low Carbon and Digital aspects, balances community and educational needs.	69,600	91,100
1.4 Intermediate scope B	Meet the secondary capacity requirements of Forres ASG with Major Refurbishment with Extension that meets the LEIP requirements for Low Carbon and Digital aspects, balances community and educational needs.	74,500	95,400
1.5 Maximum scope A	Meet secondary capacity requirements of Forres ASG with a New Build Secondary School & Community Hub that addresses Digital and Low Carbon aspects, balances community and educational needs	60,500	79,200
1.6 Maximum scope B	Meet future secondary and future primary capacity requirements of Forres ASG with a New Build 3-18 Community Campus (integration of Applegrove Primary School with the new secondary school) that addresses Digital and Low Carbon aspects, balances community and educational needs in rationalising the estate.	66,900	87,400

Table 2: Project options and indicative capital costs - Forres Academy

Option 2: LEIP Phase 3 Submission – Buckie High School

- 4.11 The current mainstream capacity of Buckie High School is calculated as 944 with a school roll for 2022/23 session of 836 (88% of capacity). Of this 98% of pupils are from within catchment. A total of 32 pupils were assessed as requiring additional support needs, requiring access to enhanced provision support (2021/22 census - ASN marker report).
- 4.12 The Buckie Associated Schools Group catchment is forecast to see an increase in secondary school capacity requirements as a consequence of planned residential development to the south and the west of the town out to 2035. The school roll is expected to increase to a maximum of 903 (96% of

capacity) towards the end of the decade. However, it is anticipated that the mainstream capacity will likely need to be reassessed in the medium term as a consequence of the desire for wider curriculum choice and additional space requirements for ASN accommodation, which would reduce the mainstream maximum capacity assessment for the school.

- 4.13 Buckie High School has recently been assessed as C condition – a decrease from the previous assessment 10 years ago. An investment' over the last 8 years to the value of £809k for capital works and £875k of revenue spend on repairs and maintenance has not improved the situation. A breakdown of the condition assessment is set out in Table 3.

CONDITION SUMMARY MATRIX													
Good – A													Performing well and operating efficiently
Satisfactory – B													Performing adequately but showing minor deterioration
Poor – C													Showing major defects and/or not operating adequately
Bad –D													Life expired and/or serious risk of imminent failure
Elements													
Roof	Floors & Stairs	Ceilings	External Walls,	Internal Walls and Doors	Sanitary Services	Mechanical	Electrical	Decoration	Fixed Internal Facilities	External areas	Outdoor Sports	OVERALL SCORE	CATEGORY
D	D	C	C	C	D	C	C	C	B	C	B	45.25	C

Table 3: Condition Assessment (2022) – Buckie High School

- 4.14 Buckie High School is reported as a C for suitability. This assessment was undertaken in 2017 the high level detail is provided in Table 4 below.

Suitability Assessment - Buckie High							
This sheet looks at the significance of each factor across the whole school, making troubleshooting more straightforward.							
weighting	25%	25%	15%	15%	10%	10%	100%
score out of 20	11	13	12	13	13	14	12.5
	General Learning & Teaching	Practical Learning & Teaching	Internal Social	Internal Facilities	External Social	External Facilities	Total:
Functionality	C	B	C	B	C	B	B
Accessibility	B	B	B	B	B	B	B
Environmental Conditions	C	B	B	B	B	B	B
Safety & Security	C	C	C	C	C	C	C
Fixed Furniture & Fittings	C	C	C	C	B	B	C
Total:	C	B	C	B	B	B	C

Table 4: Suitability Assessment (2017) – Buckie HS

- 4.15 The 2017 Suitability Assessment identified issues with Safety and Security and Furniture, Fixtures and Fittings that resulted in a C-rated assessment. A review of these specific issues highlights that specific improvements have

been made in these areas with the installation of CCTV, the upgrade to science practical areas, an ICT equipment refreshment programme and the demolition of external buildings. All these improvements would see an improvement to B-rated, as per the Table 5 below although a full on-site assessment would need to be undertaken to confirm this.

Suitability Assessment - Buckie High							
This sheet looks at the significance of each factor across the whole school, making troubleshooting more straightforward.							
weighting	25%	25%	15%	15%	10%	10%	100%
score out of 20	13	14	13	14	14	15	13.7
	General Learning & Teaching	Practical Learning & Teaching	Internal Social	Internal Facilities	External Social	External Facilities	Total:
Functionality	C	B	C	B	C	B	B
Accessibility	B	B	B	B	B	B	B
Environmental Conditions	C	B	B	B	B	B	B
Safety & Security	b	C	b	b	b	b	B
Fixed Furniture & Fittings	b	b	C	C	B	B	B
Total:	B	B	B	B	B	B	B

Table 5: Suitability Assessment (2017) (Moderated) – Buckie HS

- 4.16 Although the B/B condition/suitability could be achieved with minimum refurbishment of Buckie High School, the long term value for money opportunities offered by a major refurbishment, new build as a standalone or potential campus solution, would deliver a sustainable A/A school that meets LEIP project key requirements and the selection criteria for LEIP Phase 3 investment. As with Option 1, there is also a need to consider the changing nature of teaching and drivers for digitally enabled education and low carbon school buildings, additional support needs and early learning and childcare when considering investment in the future of the learning estate.
- 4.17 The indicative 10 year capital plan (2022-32) has assigned a budget of £75M to deliver a 'Buckie Campus' within the 2028/29 timeframe. Options that are under consideration are set out in Table 6.

Category of Choice	Description	Indicative cost	Indicative cost
		Base cost (2022)	Inflation allowance cost (2026)
		£000	£000
1.1 Do nothing	No change to the current Learning Estate No immediate significant maintenance costs predicted in next 12/24 months. Unknown situation thereafter. Forres figures give comparison at £625k per annum		
1.2 Minimum scope	Meet secondary capacity requirements of Buckie ASG with Minimum Refurbishment and Extension that addresses the requirement for minimum B standard condition.	24,100	30,125
1.3 Intermediate scope A	Meet the secondary capacity requirements of Buckie ASG with Major Refurbishment		

Category of Choice	Description	Indicative cost Base cost (2022)	Indicative cost Inflation allowance cost (2026)
		£000	£000
	and Extension that meets the LEIP requirements for Low Carbon and Digital aspects, balances community and educational needs.	67,100	84,700
1.4 Intermediate scope B	Meet secondary capacity requirements of Buckie ASG with a New Build Secondary School & Community Hub that addresses Digital and Low Carbon aspects, balances community and educational needs	66,600	84,100
1.5 Maximum scope	Meet future secondary and future primary capacity requirements of Buckie ASG with a New Build 3-18 Community Campus that addresses Digital and Low Carbon aspects, balances community and educational needs in rationalising the estate.	75,700	95,700

Table 6: Project options and indicative capital costs – Buckie High School

4.18 The following should be noted:

- Options 1.4 and 1.5 fully meet LEIP Phase 3 selection criteria;
- Option 1.2, although meeting baseline learning estate condition and suitability requirements, would not qualify for LEIP Phase 3; and
- Option 1.3 falls into the LEIP Phase 3 criteria of a project that addresses both a condition and a growth issue. Either the condition improvement or extension to meet increasing capacity demands would qualify for LEIP funding, but not both.
- The preferred site for a new build school (Options 1.4 and 1.5) would be land to the south of the current school. The majority of this land is already within the school grounds.
- Option 1.4 would be like-for-like replacement of the current school and community facilities. Option 1.5 provides significant opportunities to deliver the benefits of a 3-18 campus school and modern community hub; however, the development of these opportunities would require wide public engagement and consultation before they could be taken forward. This would require time to complete, which the LEIP 3 bid submission deadlines do not provide.

5. DISCUSSION ON LEIP PHASE 3 SUBMISSION OPTIONS

- 5.1 The requirement for significant future investment to successfully deliver and maintain suitable secondary school capacity and capability in Forres and Buckie is acknowledged and both projects identified in this report are already in scope as part of the learning estate strategy, albeit later in the decade and with options for solutions and funding yet to be fully scoped and considered. However, given the cost of undertaking major construction works (new build or

refurbishment), LEIP Phase 3 provides an opportunity to accelerate one or both projects and benefit from significant Scottish Government funding support, which may not be forthcoming in future years.

- 5.2 If both project bids for LEIP Phase 3 funding support are successful the scale and scope of the challenge to deliver two secondary schools within the next 5 years should not be underestimated, neither, given that LEIP Phase 3 funding is facilitated through an outcome-based future revenue model, with the Council responsible for full capital funding, should the significant capital funding investment required over that same time period. The capital commitment for these projects would place constraints on the council's capacity to undertake other capital projects during the same timeframe. The LEIP funding model also entails significant on-going revenue costs to maintain LEIP funded schools at A or B condition, and this will require an increase in future schools maintenance budget.
- 5.3 Should a single project bid for LEIP Phase 3 funding support be successful the scale and scope of the delivery challenge is more manageable within current resourcing and the capital investment required over the next 5 years will be around half that of a two-project approach. A single LEIP Phase 3 approach does not remove the aspiration to ensure that both projects continue, albeit with longer delivery timeframes and consideration of a range of options to deliver the required outcomes.
- 5.4 If Moray is unsuccessful in gaining LEIP Phase 3 funding for either project the Council will still need to deliver improved secondary schools to meet requirements in both Forres and Buckie within the current or minor amendments to current project timeframes (currently planned as 2028 and 2029 respectively) rather than the LEIP timeframe. Meantime, the current approach would remain in place to maintain both schools as operational. If the schools were rebuilt or significantly refurbished then they would require to meet a minimum of B condition/ B suitability ratings in order to fulfil the objectives in the Council and Scottish Government strategies for learning estates of the future. The Council would have sole responsibility for financing the capital investment, with no revenue funding support from the Scottish Government. However, as the council would have full control to determine the design requirements the funding requirement for each project could be significantly less, given the substantial investment required to meet LEIP Phase 3 standards and to maintain them over the 25 year period of the funding envelope.
- 5.5 In determining a priority option for LEIP Phase 3 funding the following decision criteria have been considered: current and future building condition and suitability, future capacity requirements, alignment with LEIP Phase 3 criteria, affordability, benefits of accelerating project and time to deliver.
- 5.6 In terms of current and future building conditions, the recent Forres Academy surveys have identified that more than 50% of the condition criteria are rated as bad - that is 'life expired and/or at serious risk of imminent failure'. It is one of only two secondary schools in Scotland that has such a low condition rating. Despite investment of nearly £5M over the last 8 years the situation has not improved and indeed in most areas further deteriorated. It is estimated that a package of improvement works totalling £24M would be required to achieve

minimum B condition standard and further significant regular investment would be required to maintain this. Buckie High School is assessed as poor – that is ‘showing major defects and/or not operating adequately’. Significantly less investment has gone into the maintenance of Buckie High School and although there are some areas of concern these are significantly less than those at Forres Academy.

- 5.7 In terms of suitability assessments - that is fit for the purpose of delivering the education curriculum – it has been some time since Buckie High School (2017) was rated as C – that is ‘Poor - showing major problems and/or not operating optimally’. Forres Academy (2017) was rated as B – that is ‘satisfactory – performing well but with problems’. Updated assessments for both schools are required and were planned pre-COVID but due to accessibility issues were cancelled. These are to be re-scheduled within the near future with support from experienced officers from Aberdeenshire Council. The Buckie High School 2017 rating was related to Safety and Security (e.g. limited coverage of CCTV) and Furniture, Fixtures and Fittings issues (e.g. provision of audio-visual devices was patchy). As noted para 4.15 and Table 5 above a majority of the C-rated areas of concern are assessed to have been addressed and those remaining could be with only minor investment.
- 5.8 In terms of capacity requirements in the future, the situation at Buckie High School is clearer than Forres Academy. The impact of residential development planned to the west and south of Buckie is that the secondary school roll is forecast to rise to a maximum of 96% in 2029. Following completion of the planned Elgin High School extension in 2026 consideration could be given to relocating the modular classroom to the Buckie High School site to mitigate capacity concerns. School capacity is forecast to steady out beyond the end of the decade, but the forecast is less accurate beyond that timeframe. However, development is planned to continue out to 2035 so an extension to school capacity is anticipated as part of the current project plan. As stated earlier this situation may change as a consequence of increasing demand for enhanced ASN support and/or curriculum change but it is viewed as manageable within the current 28/29 project timescales.
- 5.9 The Forres Academy capacity is not expected to increase beyond 90% over the next 10 years. Although development to the east of the town, together with the same enhanced ASN and curriculum change requirements is anticipated, it is not considered that an extension would be required.
- 5.10 The Forres Academy project options meet all the LEIP Phase 3 criteria for full funding consideration (max 50% of qualifying value). With the major refurbishment with extension option for Buckie, the interpretation of the LEIP criteria indicate that only one element, the refurbishment or extension but not both, would qualify for LEIP Phase 3 funding.
- 5.11 Both projects have a similar cost model. The additional capital costs for the Buckie High School options have assumed a new swimming pool, whereas the current Forres swimming pool would be retained.
- 5.12 There are benefits of delivering both projects earlier than currently planned. However, the delivery of Forres Academy earlier would mitigate the risks

relating to the current school condition in terms of school operation and annual repair and maintenance costs. An earlier delivery of a future Buckie High School would, given the LEIP 3 delivery timelines, significantly reduce the time to develop the opportunities and understand the benefits of a 3-18 campus school and modern community hub proposed by Option 5 and to engage and consult with the community on these. current longer project plan, for example with a 2028/2029 operational date would factor for this.

- 5.13 The LEIP target date of end 2027 to deliver either project is a challenging. Any new build option in Buckie would seek to utilise land within the current Buckie High School boundary. A new build option for Forres Academy would require development land to be acquired. Although the choice to support the Forres-Applegrove campus option is the Roysvale common good land, there is a risk that efforts to acquire this land could extend the project delivery date beyond the end of 2027. Consequently other potential development sites will be investigated in the event that the Forres bid is successful.
- 5.14 Although a stated objective of LEIP 3 projects is project delivery by end 2027 it is not a mandated criteria. Should the Forres Academy bid be successful, early negotiations on project delivery date would take place with Scottish Government whichever preferred development site is selected.
- 5.15 The criteria to prioritise the acceleration of one project over the other shows that the differentiators between the Forres Academy and the Buckie High School projects are small; however, it is the current and future condition comparison that is viewed as the key factor in favouring one project over another. The prioritisation of Forres Academy rather than Buckie High School would mitigate the operational and financial risks associated with a building that is Condition D and, therefore, the priority option is recommended as Forres Academy.
- 5.16 In prioritising the Forres project for LEIP Phase 3 submission it is recommended that this should coincide with works to address suitability issues at Buckie High School and to ensure that a robust maintenance regime is in place to prevent Buckie High School condition from deteriorating further until delivery of the 'future school' project currently in the indicative capital plan for 2028/29. The additional time would also support community engagement and consultation on a new 3-18 community campus model.

6 SUMMARY OF IMPLICATIONS

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

This report supports the LOIP outcomes:

- i) Building a better future for children and young people in Moray: Healthier Children: children get the healthiest start in life and are supported to achieve the best possible mental health and wellbeing and there is equity for vulnerable groups.

And the aims of the Corporate Plan to:

- ii) Improve health and wellbeing for the people of Moray.

(b) Policy and Legal

There are no policy or legal implications arising from this proposal.

The Schools (Consultation) (Scotland) Act 2010 sets out the legal requirements for consultation on relevant proposals affecting individual schools. The proposed approach supports and encourages that process.

(c) Financial implications

When the Council approved the budget for 2022/23 on 22 February 2022 (paragraph 3 of the Minute refers) it balanced only by using reserves and one-off financial flexibilities. The indicative 3 year budget showed a likely requirement to continue to make savings in the order of £20 million in the next two years. All financial decisions must be made in this context and only essential additional expenditure should be agreed in the course of the year. In making this determination the Council should consider whether the financial risk to the Council of incurring additional expenditure outweighs the risk to the Council of not incurring that expenditure, as set out in the risk section below and whether a decision on funding could reasonably be deferred until the budget for future years is approved.

The indicative capital costs for each of the project options are set out in Tables 2 and 6 above. The inflation allowance columns provide indicative costs that take account of current market uncertainty and inflationary forecasts.

If both projects are progressed on a concurrent basis the cumulative impact would place considerable constraint on the scope for other capital projects to be progressed during the project delivery period. The impact on the wider capital plan would have to be taken into account in the planned review of the capital plan and may also mean less scope to review the capital borrowing implications for revenue costs in the context of the longer term revenue budget planning.

The LEIP 3 funding model is revenue based, with revenue payments made by the Scottish Government over the 25 year life of the proposed facility.

Funding is released on a phased basis on achievement of agreed outcomes evidenced as follows:

1. Condition

- i. Annual returns indicate that the facility is maintained at condition A or B.
- ii. If the building drops into Condition C more than once during a 5 year period the condition funding element will be suspended until rectified.

2. Energy Efficiency

- i. Authorities must provide evidence that the in-use energy target of 67/kWh/m²/per annum for core hours of 2,000 per annum and core facilities is achieved. This is not a pass or fail assessment and a sliding scale is applied as follows:

Energy Consumption kWh/sqm/p.a.	Energy Funding %
A 67- 83	100%
B 84- 99	90%
C 100 – 115	60%
D 116 -130	30%
E 131+	0%

- ii. Funding will commence in year 3 of operation, with reporting based on a rolling five year average (reporting in years 7, 12, 17 & 22). There is a one year grace period if you fail to meet the previously reported target.

3. Digital enabled learning

- i. The local authority must provide evidence that the underlying digital infrastructure of the facility is capable of supporting 11Gbps.

4. Economic Growth

- i. The local authority will be required to collate and provide evidence that they have met the target for jobs supported as per the Construction Industry Training Board (CITB) benchmarks published in July 2017. The number of jobs to be supported depends on the size of the investment.
- ii. It is proposed that because the achievement of this outcome will happen in the design and construction phase of the project that funding for it, if achieved, is received in the first two years of operations, rather than extend over the 25 year period.

5. Embodied Carbon

- i. The local authority is required to evidence that the construction embodied target of 600kgCO₂e/m² for core facilities is achieved.
- ii. Evidence of achieving this target using actual material, product, transport and contractor activity data will be required at project completion. As per the Energy Efficiency target this is not a pass or fail assessment and a sliding scale will be applied as follows:

Embodied Carbon kgCO ₂ e/m ²	Embodied Carbon Funding %
A <600	100%
B 601-666	90%
C 667-733	60%
D 734-800	30%
E 800+	0%

The LEIP programme has yet to confirm the level of funding attached to each core funding outcome.

(d) Risk implications

There are significant risks associated with projects of this scale and nature and these will be considered in detail as the Outline Business Cases for the projects develop. The following risks are already identified and should be noted:

- (i) The developing options may be influenced by the future recommendations to come from the in-progress Additional Support Needs Review and Sport & Leisure Capital Plan development. The options will remain flexible and adaptable to any changes warranted by these reviews.
- (ii) The Learning Estate Strategy and Delivery Programme has identified the need for significant capital investment in the future secondary school infrastructure in both Buckie and Forres ASGs. Should no option be submitted for Scottish Government LEIP Phase 3 funding the total cost of improvement projects will be the sole responsibility of Moray Council. However, for any LEIP funded projects the Council will carry the full risk of capital funding, with revenue budget support only provided once the school is operational, and at different stages in the building lifecycle, dependent on the achievement of outcomes as set out in the Financial Implications section above.
- (iii) There is risk that the area metric proposed by the Scottish Government to value a LEIP Phase 3 project (£3,500/m²) will not correspond to the actual market rate experienced at the time of construction. The consequence is that the maximum 50% of qualifying project value provided by Scottish Government could be significantly less than that (with the Council therefore bearing a significantly higher proportion of the overall costs of the project)

- (iv) The outcome based funding model requires a consistent level of investment through the life of the facility to ensure funding targets can be achieved and maintained over the 25 year period, which impacts on building whole life costs. As noted above, failure to meet these funding target throughout the 25 year funding period could put the ongoing Scottish Government contribution to funding at risk.
- (v) The whole life cost (revenue) implications of the LEIP funding requirements, alongside the current differential in the area metric cost assumptions, could mean that the Scottish Government contribution is closer to 25-35% of the overall project cost. Were the Council to choose not to apply for LEIP funding, the Council would have considerably more flexibility regarding the outcomes to be delivered from each project, and therefore the overall cost of the project, including whole life costs. The Strategic Business Cases include Minimum Scope options that cannot be considered for LEIP projects, but could be retained as options should members choose not to submit one or both of the projects for LEIP 3.
- (vi) Our understanding of whole life costs for a major project of the scale and complexity of the two proposed projects will become more developed as the projects progress through the different project stages, and there is clarity around design approaches and the consequent maintenance costs associated with the different elements of the build. Due to the potential risks associated with the affordability of ongoing whole life cost funding requirements for the LEIP funding model it is proposed that officers undertake affordability assessments at appropriate review points in any LEIP funded project so that Council can consider their ongoing approach, whether the project remains affordable under LEIP and, depending on the outcome of the assessment, if a different approach should be taken to meeting the project objectives.
- (vii) Indicative costs take account of current market uncertainty and inflationary forecasts. There is a risk of continuing market uncertainty through the life of the projects, with a consequential impact on costs (with costs continuing to rise).
- (viii) The timeframes for the majority of options assume that there will be no issues with land acquisition and planning approval timelines. In order to meet the LEIP Phase 3 December 2027 operational date target, planning approval would need to be in place before November 2025.
- (ix) The development of these options is likely to generate a high degree of public interest and speculation. It is important that there is a commitment to take this work forward in a planned way and a recognition of the difficult public relations aspects that may arise as a result.

(e) Staffing implications

There are no specific staffing implications arising from this proposal at this stage. Future reports will provide staffing implications updates as appropriate. Should there be a decision to progress with two bids for LEIP 3, and should both bids be successful, there will be staffing requirements across Council services to ensure we can successfully deliver the projects within the timescales set out. These staffing implications would be developed and presented in future reports to Committee.

(f) Property

The property implications for this proposal are set out within the project options set out in Table 2 and Table 4 above.

(g) Equalities/Socio Economic Impact

The quality of the learning environment can impact on learning and attainment by as much as 16%. The condition and suitability of our learning estate, and capacity challenges associated with both growth and population decline in some areas, give rise to unequal opportunity across Moray.

This proposal supports the Learning Estate Strategy requirement that all Learning Estate buildings meet minimum standards and are fit for purpose.

Equality impact assessments will be carried out as appropriate during the development of the LEIP Phase 3 option outline business case in order to ensure that benefits are distributed fairly and impacts on groups protected under the Equality Act 2010 are identified and, where reasonably possible, mitigated.

(h) Climate Change and Biodiversity Impacts

Both options will have a climate change impact with embodied carbon impacts during construction and whole life operational carbon. The scale of this overall impact will be assessed in detail within the outline business cases for the projects and this will be balanced against the current operational carbon budgets. As required by the LEIP funding model, a design approach which ensures energy efficiency and embodied carbon savings will be key to ensuring that the forecast reductions in carbon emissions are realised by the project.

Although dependent on the design approach taken (e.g PassivHaus) it is anticipated that there will be a significant reduction in operational carbon during the life of any future school building that will outweigh the construction carbon budget. As part of the carbon management planning, wider emissions would be considered, such as opportunities to promote active travel and reduce the need for car travel to the school.

(i) Consultations

The Corporate Management Team, Head of Financial Services, Head of Education (Chief Education Officer), Head of Environmental and Commercial Services, Head of Housing and Property, Head of Development Services, Tracey Sutherland, Committee Services Officer, Human Resources Manager, Equal Opportunities Officer, members of the Learning Estate Programme Board and members of the Asset Management Working Group have been consulted and the comments received have been incorporated into the report.

7. CONCLUSION

- 7.1 An opportunity for Scottish Government funding support for planned strategic learning estate project(s) is available through the Scottish Government Learning Directorate Learning Estate Investment Programme (LEIP) Phase 3 initiative. Two projects, Future Forres Academy and Future Buckie High School would qualify for submission and a number of project delivery options that have been identified within the respective Strategic Options Cases meet the selection criteria for LEIP Phase 3. As instructed by the Council on 28 September 2022, both projects have been submitted and it is now necessary to indicate which would be the Council's priority project in accordance with the bidding requirements. Due to issues of poor building condition and the risk of further deterioration that would compromise the operational effectiveness of the current school, the Forres Academy project is the recommended priority option.**

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Background Papers:

Ref: SPMAN-9425411-77
SPMAN-9425411-78
SPMAN-9425411-79
SPMAN-9425411-80