

ANGUS COUNCIL

18 JUNE 2015

ARBROATH SCHOOLS PROJECT (PHASE 1) UPDATE

**REPORT BY THE STRATEGIC DIRECTOR – PEOPLE and
STRATEGIC DIRECTOR - RESOURCES**

ABSTRACT

This report provides an update in relation to the Arbroath Schools Project (Phase 1).

1. RECOMMENDATION

1.1 It is recommended that the Council notes the updated position with the Arbroath Schools Project (Phase 1).

**2. ALIGNMENT TO THE ANGUS COMMUNITY PLAN/ SINGLE OUTCOME AGREEMENT/
CORPORATE PLAN**

2.1 This report contributes to the following local outcomes contained within the Angus Community Plan and Single Outcome Agreement 2013-2016:

- Our children and young people are confident individuals, effective contributors, successful learners and responsible citizens;
- We have improved the health and wellbeing of our people and inequalities are reduced;
- Individuals and families are involved in decisions which affect them.

3. BACKGROUND

3.1 Reference is made to Report 68/15, approved by the Council at its meeting on 12 February 2015, which provided an update in relation to major issues emerging during the procurement of the Arbroath Schools Project (Phase 1) using Hubco.

3.2 At that meeting, the Council agreed to delegate authority to the Head of Legal and Democratic Services, in consultation with the Chief Executive, the Strategic Director – Resources, the Strategic Director – People and the Head of Corporate Improvement & Finance to agree to the price submitted from Hubco and its alternative supply chain partner, provided the updated price is considered to provide the Council with value for money and does not exceed the current budget for this project by the parameters stated in that report; and, if required, the Council's Capital Budget contingency (proposed at £7m for 2014/2019 Financial Plan) would be utilised to cover any increase in cost up to the parameters stated in that report.

3.3 Reference is also made to Report 126/15, approved by the Policy & Resources Committee at its meeting on 17 March 2015, and by the Council at its meeting on 26 March 2015, which provided a further update in relation to the Arbroath Schools Project (Phase 1). The Council also agreed amendments that (i) in the event officers become aware that the overall costs for Phase 1 of the Arbroath Schools Project had increased by more than 1%, that this be reported to the next available meeting of full Council, for information and that the report be on "white paper"; and (ii) that for any future reports on the Arbroath Schools Project, officers prepare these reports on the basis that, where at all possible, the reports are to be considered in the public part of the agenda.

- 3.4 Members may also recall the Convener of the Children & Learning Committee advised members at the same Council meeting that:
- the Council had entered into a six week advanced works contract with Hubco, to carry out initial site preparations and specific ground works to keep the project on track for the 2016 opening dates and reduce the risk of potential further cost increases through construction inflation;
 - that work was being progressed ahead of the appointment of a new contractor for the construction of the two new schools, following the collapse of Muirfield Construction Ltd., and Hubco were undertaking a detailed pricing exercise with an alternative contractor; and
 - Parents/ Carers had been advised of the cause of the delay, the start of the initial works on site and that a further update will be provided once confirmation of the appointment of the new contractor and the planned works schedule were agreed.

4. CURRENT POSITION

- 4.1 The Council has now received firm proposals from Hubco and there is a target to achieve Financial Close by mid June 2015.
- 4.2 Hubco have now identified Robertson Construction Group as the main contractor for the works. This company were awarded the initial advance works contract by Hubco and this has recently been extended to maintain progress on site.
- 4.3 The updated timetable for completion is as follows and is approximately one month later than previously reported:
- Timmergreens to be completed by May 2016 with a move into the new building to suit the school as soon as possible after completion; and
 - Warddykes Phase 1 to be completed by June 2016 to allow the school to move at the beginning of the summer holidays, with the second phase completed early November 2016. The second phase includes the demolition of the existing school building and, by that time, staff and pupils will be located in the new facility which will be fully segregated to function safely until the entire project is completed.
- 4.4 A communication with Timmergreens, Warddykes and Muirfield Parents/ Carers and press release will be issued in the near future (prior to the end of the school term) to confirm this information to the school and wider community.
- 4.5 The overall costs for the project based on the updated pricing information from Hubco are as follows:

	£000's
New Build elements:	
Timmergreens	£4,867
Warddykes	£6,735
	<u>£11,602</u>
Enabling/ Improvement Works:	
Muirfield Primary School	£390
Temporary Accommodation	£527
Other costs:	
Abortive Design Fees from Hospitalfield	<u>£104</u>
Overall Costs (gross)	<u>£12,623</u>

- 4.5 The overall costs (gross) reported in reports 68/15 and 126/15 amounted to £12.276m. The updated overall costs (gross) have increased by £347k, which equates to 2.7%.
- 4.6 The increased costs can be identified as construction inflation, omissions by the original contractor and start-up inefficiencies due to the requirement to replace the contractor. The majority of this increase results from construction inflation. The BCIS indices reflect an inflation of 2.34% over the period between the original and revised tender. In addition, the current revised new build project costs for the project overall reflect costs of £2,531 per m² in comparison to an SFT metric of c£2,675/m² (£2,350/m² inflated to current price base).

- 4.7 As part of the revised tender process Robertson Construction have completed new Bills of Quantities to ensure cost accuracy and value for money. Robertson Construction have market tested the various construction elements through a competitive tender process and these tenders have been reviewed by officers.

5. FINANCIAL IMPLICATIONS

- 5.1 The overall project costs (gross) and funding arrangements to support the project are as follows:

Total Gross Cost from 4.4 above	£12,623
SFT Hub Grant	-£662
Total Cost to Angus Council	<u>£11,961</u>
Revenue Funding	-£104
Capital Contribution (Property Capitalised Maintenance)	-£310
Capital Contribution (Schools and Learning Pre School Provision)	-£200
Capital Contribution (P1-3 Free School Meals Project)	-£66
Net Cost*	<u>£11,281</u>

* the net cost is the amount which has to be funded from the Council's overall capital budget resources (mainly capital grant and borrowing)

- 5.2 The updated net capital cost for the project is £11.281m, an increase of £281k compared to the last update reported to members. As outlined in report 68/15 the Council's Capital Budget contingency would be utilised to cover this increased cost. The contingency is £5m for the current 5 year financial plan period so the £281k would be a first call on that contingency position.
- 5.3 Members should also note that the additional capital contribution from the P1-3 Free School Meals Project is directly related to providing an increased dining facility within Warddykes Primary School. The original brief and previous two-stream 14 classroom schools contained a 120m² dining facility. Through consultation with school staff and Angus Council's Catering Advisor, an increase of 30m² to this room was anticipated as necessary to support the implementation of universal P1 – P3 provision of free meals, particularly as Warddykes already has a high uptake of school meals. This addresses potential future challenges to serving meals within a lunch period.

NOTE: No background papers as defined by Section 50D of the Local Government (Scotland) Act 1973 (other than any containing confidential or exempt information) were relied on to any material extent in preparing the above Report.

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