

**ANGUS COUNCIL**

**POLICY AND RESOURCES – 28 AUGUST 2018**

**ARBROATH PRIMARY SCHOOLS PHASE 2/3A PROJECT UPDATE AND SHARED CAMPUS  
CONTRACT AWARD**

**REPORT BY MARK ARMSTRONG, STRATEGIC DIRECTOR - PEOPLE**

**ABSTRACT**

This report provides an update on the progress to replace Ladyloan and Muirfield Primary Schools, together with the replacement of Hayshead and St Thomas Primary Schools within a shared campus. It seeks approval to enter into the construction contract for the shared campus.

**1. RECOMMENDATION**

It is recommended that the Policy and Resources Committee:

- (i) note the update provided in this report.
- (ii) authorise the Service Leader – Legal and Democratic, in consultation with the Chief Executive, Strategic Director – People, and the Head of Finance and Legal: to execute, deliver and perform the Project Agreement, the Collateral Agreements and any other necessary documentation in respect of the project on behalf of Angus Council.

**2. ALIGNMENT TO THE ANGUS LOCAL OUTCOMES IMPROVEMENT PLAN/CORPORATE PLAN**

This report contributes to the following local outcomes contained within the Angus Local Outcomes Improvement Plan and Locality Plans:

- 4. The best start in life for children
- 5. More opportunities for people to achieve success
- 6. Improved physical, mental and emotional health and well-being
- 7. An enhanced, protected and enjoyed natural and built environment
- 9. Safe, secure, vibrant and sustainable communities

**3. BACKGROUND**

- 3.1 Reference is made to Report 346/16 approved by the Children and Learning Committee at its meeting of 20 September 2016 which confirmed the Scottish Government funding contribution of £14.6 million towards the replacement of Ladyloan, Muirfield and Hayshead primary schools in Arbroath.
- 3.2 Reference is made to Report 317/17, approved by the Children and Learning Committee at its meeting of 19 September 2017. This outlined the current funding arrangements to support the replacement of Hayshead Primary School, in addition to Ladyloan and Muirfield Primary Schools.
- 3.3 Reference is made to Report 374/17, approved by Children and Learning Committee at its meeting on 7 November 2017. This approves the development of a shared campus accommodating Hayshead Primary School and St Thomas RC Primary School

#### 4. CURRENT POSITION

- 4.1 The Design, Build Finance and Maintain (DBFM) Project Agreement for Ladyloan and Muirfield primary schools was signed on 24 November 2017 with works then progressing on site.
- 4.2 Site progress has been good with both schools on programme to be completed in December 2018. This will allow the schools to be decanted from their existing buildings and teaching to commence from January 2019.
- 4.3 Following approval to proceed with the development of a shared campus for Hayshead and St Thomas RC primary schools further engagement workshops were carried out including: children representatives; staff; school management teams; parent councils; and the Diocese of Dunkeld. The workshops were designed to: address concerns raised during the consultation; develop how the ethos of each school will be retained and advanced; and identify how the shared facility could be managed and operated to promote equality between the schools.
- 4.4 Revised designs were produced following the further engagement to address responses received. Consultation with key parties has continued throughout the detailed design phase.
- 4.5 Planning Applications – The application for the Shared Campus was approved at committee on 7 August 2018.
- 4.6 Hubco Proposals and Pricing – Projects procured through Hubco require to complete various stage reviews. Hubco have been developing detailed proposals to allow a 'Stage 2' submission. The Stage 2 submission includes the following information: - detailed drawings; specifications; contractor's construction costs; and construction programme.
- 4.7 Hubco have identified that they require to start on site on 17 September 2018 to maximise the use of the October school holidays to carry out excavations. While the site phasing will allow for the site to be split it is estimated that over 500 lorry loads of material will require to be removed or brought to site in relation to the early site works. Hubco want to avoid any additional congestion at the start and end of the school day caused by this significant site activity. Currently Financial Close has been brought forward by one week from the original programme to accommodate this.
- 4.8 Edinburgh School Inquiry – an Independent Inquiry into the Construction of the Edinburgh Schools was carried out by Professor John Cole CBE. A total of 40 recommendations were made under 10 headings. The six relevant headings in relation to this project and a short explanation of actions are listed below:-

Procurement – Relates to the Council ensuring it has the correct expertise and resources within the project team, ensuring compliance with specifications and setting out project parameters from the outset. This has been addressed by the project team having relevant experience in previous projects of a similar nature.

Independent Certifier – Relates to the Role of an Independent Tester / Certifier, together with having a suitable on-site inspection regime for a Design Build Finance and Maintain (DBFM) project. There is no independent tester on this contract as it is not DBFM. This role will be carried out by the Project Team and Clerk of Works service available from Infrastructure Service.

Client's Relationship with the Design Team – The recommendations of the report were not in place when the original design team was appointed. However, the Council has had a direct communication link with the design team.

Information Sharing – This recommendation relates to the sharing of information at various stages throughout the project. The recommendations of the report have been highlighted to Hubco, the contractor and the design team. Some elements of this require to be addressed towards the completion of the construction contract.

Construction – These recommendations relate to construction defects identified in the Edinburgh Schools Project, specifically around masonry construction and fire-stopping. Hubco, the contractor and the consultants are aware of these recommendations. Site inspections undertaken by the Design Team and in-house Clerk of Works Service will have an additional focus on these elements.

Building Standards – This recommendation highlighted there was a previous misconception that Building Standards had a responsibility to inspect the quality of ongoing works. Since 2011/12 there is a requirement for Building Standards to produce a Construction Compliance Notification Plan. This highlights the requirements, including site inspections and documentation, to achieve a completion certificate.

## 5. PROPOSALS

5.1 The current project timetable for the Shared Campus is as follows:-

Stage 2 submission and review to allow progress to financial close: August 2018  
 Finalisation of Project Agreement and achieve financial close: September 2018  
 Construction Phase 1: September 2018 – January 2020  
 Decant to New School: January 2020 – February 2020  
 Construction Phase 2 (Demolition of Existing building): March 2020 – July 2020

5.2 The council's project team reviewed Hubco's Stage 2 submission including reviews of:-

drawings; specifications; construction proposals; pricing report; and programme to ensure it met the original project requirements.

5.3 As part of the Stage 2 process the Scottish Futures Trust (SFT) and Scottish Government's School Team require to carry out a stage review with the Council before moving to financial close. This review requires the Council to demonstrate its commitment to achieving the 'Scotland's School for the Future' programme goals. It is planned to hold this review on 3 September 2018.

5.4 Next Steps – The Stage 2 review is complete and approval by the Project Board, will allow financial close. The completion of these stages allow the project to progress on site.

## 6. FINANCIAL IMPLICATIONS

6.1 The Scottish Government (SG) is providing a 50% contribution to this phase of the Arbroath Primary Schools Project, totalling £14.65 million. This phase includes the replacement of Ladyloan and Muirfield Primary Schools, in addition to Hayshead Primary School. The SG contribution is in the form of a revenue contribution to support the Design, Build, Finance and Maintain contract to replace Ladyloan and Muirfield Primary Schools. There is no support from SG for the inclusion of St Thomas RC Primary School within the shared campus.

6.2 The additional cost to include St Thomas Primary School was previously estimated as £2.7 million. This was based on an area allowance and Scottish Government cost metrics only. It was previously identified that there was an unidentified sum of £0.5million which required to be addressed through design efficiencies or re-phasing of the capital plan.

6.3 Following completion of the tender and pricing for the shared campus the updated overall project costs are as follows:-

|               |               |
|---------------|---------------|
| Ladyloan      | £8.8m         |
| Muirfield     | £8.5m         |
| Shared Campus | £14.1m        |
| <b>TOTAL</b>  | <b>£31.4m</b> |

The above costs include construction costs; fees; decant costs; new furniture and equipment; and a contingency / risk allowance.

6.4 The £0.5million which was referred to in 6.2 above has been achieved through design efficiencies and Value Engineering. No rephasing of the capital plan or additional funding is required.

6.5 The updated funding package for the projects is as follows:-

|                                   |                |
|-----------------------------------|----------------|
| Private borrowing (SFT)           | £14.65m        |
| Private borrowing (Angus Council) | <u>£0.49m</u>  |
| <b>Total Revenue Funding</b>      | <b>£15.14m</b> |

|   |                |
|---|----------------|
| Funding for Early Years Expansion               | £1.0m          |
| Capital Funding                                 | <u>£15.06m</u> |
| <b>Total Capital Funding per Financial Plan</b> | <b>£16.06m</b> |

|                              |              |
|------------------------------|--------------|
| Sale of St Thomas Site       | <u>£0.2m</u> |
| <b>Total Capital Receipt</b> | <b>£0.2m</b> |

**TOTAL FUNDING** **£31.4m**

- 6.6 Please note that the above figure represent the full cost and funding of the projects. Only the capital elements are reflected in the Council's Financial Plan.
- 6.7 Revenue costs associated with national non-domestic rates are likely to increase significantly for Hayshead and St Thomas primary schools. These additional costs, estimated to be in the region of £100,000 per annum, will also require to be factored into the future year's budget setting process for the People directorate. The final non-domestic rates increase will only be known following completion of the project and assessment by the Valuation Board.

## 7. OTHER IMPLICATIONS

### Risks

- 7.1 The final costs will not be fully established until Financial Close and there remains a risk that costs will exceed the budget. This risk however is minimal due to the design development being well progressed.
- 7.2 Until the project achieves Financial Close there are risks to the start on site and overall projected completion.

**NOTE:** The background papers, as defined by Section 50D of the Local Government (Scotland) Act 1973 (other than any containing confidential or exempt information) which were relied on to any material extent in preparing the above report are:

- Report 207/16, Children and Learning Committee, 17 May 2016
- Report 346/16, Children and Learning Committee, 20 September 2016
- Report 317/17, Children and Learning Committee, 19 September 2017
- Report of the Independent Inquiry into the Construction of Edinburgh Schools, February 2017

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