

## PERTH AND KINROSS COUNCIL

Strategic Policy and Resources Executive Sub-Committee – 27 October 2014

## SCOTLAND'S SCHOOLS FOR THE FUTURE FUNDING

Report by Executive Director (Education and Children's Services)

**PURPOSE OF REPORT**

This report advises the Strategic Policy and Resources Executive Sub-Committee of an offer of two thirds funding towards the replacement of both Kinross Primary School and Tulloch Primary School under the Scottish Government's Schools for the Future Programme. This report recommends acceptance of the funding in principle subject to further reporting on the projects to School Estate Sub-Committee and detailed costing implications to a future meeting of the Strategic Policy and Resources Committee.

**1 BACKGROUND/MAIN ISSUES**

- 1.1 In the mid 1960's several schools were constructed using a pre-fabricated type of construction, Consortium of Local Authorities Special Programme (CLASP) variants. Although speed of erection and cost were attractive to Councils in the 1960's, these buildings have deteriorated with age and have now reached a point where they are no longer viable to maintain and are unsustainable in terms of energy conservation.
- 1.2 There remains three primary schools in Perth and Kinross built to CLASP Mark 4 standard; Oakbank Primary School, Kinross Primary School and Tulloch Primary School.
- 1.3 The replacement of Oakbank Primary School was funded as part of the setting of the Capital Programme for 2012/13 to 2016/17. The new school will open in August 2015.
- 1.4 On 30 August 2012, the School Estate Sub-Committee (Report No. [12/371](#) refers) noted the Council submitted a bid for up to £8.5m to the Scottish Government to refurbish or replace Tulloch Primary School under Phase 3 of the Scotland's Schools for the Future Programme. This bid was not successful.
- 1.5 On 14 February 2013, the Special Council Meeting agreed £8.5m as part of the setting of the capital budget 2017/18 to 2019/20 (Report No. [13/54](#) refers) to improve a further CLASP school, in addition to Oakbank Primary School.
- 1.6 On 6 June 2013, the School Estate Sub-Committee (Report No. [13/282](#) refers) endorsed the approach that bids for the CLASP (variant) programme would be submitted as part of future budget setting process, and that any other funding streams would also be considered if available.

- 1.7 In March 2014, the Council commissioned a Strategic Options Appraisal through the East Central Hub (HubCo) to determine the most appropriate capital investment strategy for both Kinross and Tulloch Primary Schools.
- 1.8 Additional investment of £100m for the Scotland's Schools for the Future Programme was announced in June 2014 by the Scottish Government. The aim of the additional investment was to continue to remove schools out of poor (category C) or bad (category D) condition to satisfactory (category B) or good (category A) as soon as possible, either through refurbishment or replacement. The funding also requires there to be a capital allocation from the Council towards projects. Kinross Primary School and Tulloch Primary School meet the Scottish Government criteria outlined above.
- 1.9 On the basis of these previous reports, the draft options appraisal (Appendices B and C attached) and the announcement detailed in Paragraph 1.8 (above), the Council approached the Scottish Futures Trust in July 2014 and outlined the strong case for replacing both Kinross and Tulloch Primary Schools.

## **2. PROPOSALS**

- 2.1 The Scottish Government announced additional funding for Scotland's Schools for the Future Programme on 10 October 2014. The Council has been successful in being offered two thirds funding towards the replacement of both Kinross Primary School and Tulloch Primary School on a like for like basis.
- 2.2 The letter from the Head of Schools Infrastructure Unit of the Learning Directorate, Scottish Government confirming this award is attached as Appendix A.
- 2.3 It is proposed that the design and development of the schools will be progressed in conjunction with the Scottish Futures Trust (SFT) and East Central HubCo. It is recognised that there are economies of scale to be obtained through the design and procurement process and officers will work with SFT and HubCo to explore how best to achieve these.
- 2.4 As part of the funding offer the SFT has confirmed that the Council will be required to use the Design Build, Finance and Maintain (DBFM) form of contract.

## **3 RECOMMENDATIONS**

It is recommended that the Committee:

- (i) Approves acceptance of the offer of two thirds funding in principle towards the replacement of both Kinross Primary School and Tulloch Primary School.
- (ii) Instructs the Executive Director (Education and Children's Services) to report back on progress of the projects to the School Estate Sub-

Committee and the detailed costing implications to a future meeting of the Strategic Policy and Resources Committee.

- (iii) Notes that a report will be submitted to the Lifelong Learning Committee on 29 October 2014 seeking approval for the replacement of both Kinross Primary School and Tulloch Primary School, with the design and development of both schools taken forward with the Scottish Futures Trust and East Central Hub.

#### Author(s)

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#### Approved

Name	Designation	Date
John Fyfe	Executive Director	14 October 2014

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You can also send us a text message on 07824 498145.

All Council Services can offer a telephone translation facility.

## 1. IMPLICATIONS, ASSESSMENTS, CONSULTATION AND COMMUNICATION

<b>Strategic Implications</b>	<b>Yes / None</b>
Community Plan / Single Outcome Agreement	Yes
Corporate Plan	Yes
<b>Resource Implications</b>	
Financial	Yes
Workforce	None
Asset Management (land, property, IST)	Yes
<b>Assessments</b>	
Equality Impact Assessment	Yes
Strategic Environmental Assessment	Yes
Sustainability (community, economic, environmental)	Yes
Legal and Governance	Yes
Risk	Yes
<b>Consultation</b>	
Internal	Yes
External	Yes
<b>Communication</b>	
Communications Plan	No

### 1. Strategic Implications

#### Community Plan/Single Outcome Agreement

- 1.1 The proposals relate to the delivery of the Perth and Kinross Community Plan/Single Outcome Agreement in terms of the following priorities:
- (i) Giving every child the best start in life;
  - (ii) Developing educated, responsible and informed citizens;
  - (iii) Promoting a prosperous, inclusive and sustainable economy;
  - (iv) Supporting people to lead independent, healthy and active lives; and
  - (v) Creating a safe and sustainable place for future generations.

This report relates to all of these objectives.

#### Corporate Plan

- 1.2 The Perth and Kinross Community Plan 2013 – 2023 and Perth and Kinross Council Corporate Plan 2013/2018 set out five strategic objectives:
- (i) Giving every child the best start in life;
  - (ii) Developing educated, responsible and informed citizens;
  - (iii) Promoting a prosperous, inclusive and sustainable economy;
  - (iv) Supporting people to lead independent, healthy and active lives; and
  - (v) Creating a safe and sustainable place for future generations.

This report relates to all of these objectives.

- 1.3 The report also links to the Education & Children's Services Policy Framework in respect of the following key policy area:

- Maximising Resources

## **2. Resource Implications**

### Financial

- 2.1 The detailed financial implications of both projects will be reported to a future Strategic Policy and Resources Committee once detailed costings have been finalised.

### Workforce

- 2.2 There are no direct workforce implications arising from this report.

### Asset Management (land, property, IT)

- 2.3 There are no direct asset management implications arising from this report other than those reported within the body of the main report.

## **3. Assessments**

### Equality Impact Assessment

- 3.1 Under the Equality Act 2010, the Council is required to eliminate discrimination, advance equality of opportunity, and foster good relations between equality groups. Carrying out Equality Impact Assessments for plans and policies allows the Council to demonstrate that it is meeting these duties.
- 3.1.1 The information contained within this report has been considered under the Corporate Equalities Impact Assessment process (EqIA) and has been assessed as not relevant for the purposes of EqIA.

### Strategic Environmental Assessment

- 3.2 The Environmental Assessment (Scotland) Act 2005 places a duty on the Council to identify and assess the environmental consequences of its proposals.
- 3.2.1 However, no action is required as the Act does not apply to the matters presented in this report. This is because these matters relate to the School Estate Strategy which is being considered under the Act as part of The Council's Asset Management Plan.

### Sustainability

- 3.3 Under the provisions of the Local Government in Scotland Act 2003 the Council has to discharge its duties in a way which contributes to the achievement of sustainable development. In terms of the Climate Change Act, the Council has a general duty to demonstrate its commitment to sustainability and the community, environmental and economic impacts of its actions.
- 3.3.1 The information contained within this report has been considered under the Act. However, no action is required as the Act does not apply to the matters presented in this report.

### Legal and Governance

- 3.4 The Head of Legal Services has been consulted in the preparation of this report.

### Risk

- 3.5 Risk has been considered in the options appraisal to which this report refers. Individual risk profiles will be put in place for each of projects detailed in the report.

## **4. Consultation**

### Internal

- 4.1 The Head of Democratic Services, Head of Finance and Head of Property Services have been consulted in the preparation of this report.

### External

- 4.2 Participation and involvement of the community are critical to the ongoing and future success of school estate investment and an emphasis is placed on ensuring consultation, over and above that which might be required in terms of planning requirements.
- 4.2.1 A User Reference Group (URG) is set up for all major and large projects. The purpose of the URG is to assist with providing relevant local input to allow the Design Team to develop the outline concept design into an operational design. The formation of a URG is an invaluable source of information, and any project is reliant on this level of local detail.

## **5. Communication**

Individual communication plans will be put in place for each of the projects detailed in the report.

## **2. BACKGROUND PAPERS**

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.

## **3. APPENDICES**

Appendix A	Letter from the Scottish Government
Appendix B	Outline Business Case – Kinross Primary School
Appendix C	Outline Business Case Tulloch Primary School





Bernadette Malone  
Chief Executive  
Perth & Kinross Council  
2 High Street  
Perth  
PH1 5PH



24 October 2014

Dear Ms Malone

## SCOTLAND'S SCHOOLS FOR THE FUTURE – PHASE 4

Thank you for your letter of 22 July 2014 seeking financial support through Phase 4 of Scotland's Schools for the Future (SSF) Programme.

I am pleased to inform you that Scottish Government (SG) will support the delivery of **Kinross Primary School and Tulloch Primary School** as part of the SSF programme as announced by Dr Allan, Minister for Learning, Science and Scotland's Languages on 10 October 2014. This support is subject to a positive outcome to any statutory consultations that may be required for these projects and must deliver condition A (good) schools.

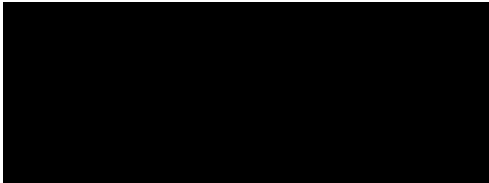
As you are aware, Government will provide two thirds revenue funding on a like for like basis. This additional funding is offered on the basis that any sums already planned to be invested in these new projects as part of the councils longer term capital planning processes, which are freed up as a result of this support, are reinvested elsewhere in the wider school estate.

The Cabinet Secretary for Education and Lifelong Learning is very keen to maintain momentum across the programme and we would expect your authority to take these projects forward with Scottish Futures Trust (SFT) as soon as practical. We expect that local authorities will work with SFT and SG to complete the Scotland's Schools for the Future Achieving the Programme Goals process. It is imperative we keep to schedule and this project must be delivered and open to pupils **by 31st March 2018**. Earlier delivery is both welcomed and strongly encouraged. I note the indicative timescales for this project are far in advance of this date. In order to achieve this earlier timescale it will be important to ensure that an appropriately resourced delivery team and a detailed delivery programme which captures key milestones, such as statutory consultation or land acquisition, are in place.

Colleagues from SFT will be in contact with you in the coming weeks to discuss your project in more detail and agree the specific level of revenue support. I understand meetings are arranged. **In the meantime I would appreciate acknowledgement that the authority is willing to work within the conditions set out above.**

If you have further queries at this stage please direct them to either Gemma Boggs (Schools Programme Director at SFT) on 0131 510 0813, myself or Andy Dailly (Head of School Building at SG) on 0131 244 7866.

Yours sincerely



Ian Mitchell  
Deputy Director, Learning Directorate



## Outline Business Case

<b>Title:</b>	<b>Kinross Primary School</b>	<b>Executive Sponsor:</b>	<b>John Fyffe</b>
<b>Business Plan Ref:</b>	<b>Version 1</b>	<b>Senior Responsible Owner</b>	<b>Sheena Devlin</b>
<b>Author:</b>	<b>Carol Taylor</b>	<b>Date:</b>	<b>20 October 2014</b>

## **1. EXECUTIVE SUMMARY**

In setting the capital budget for 2017/18 – 2019/20, £8.5m was approved towards replacing schools of the same construction as Oakbank Primary School. There are two primary schools of the same construction type; these are Kinross Primary School and Tulloch Primary School.

In March 2014, the Council commissioned a Strategic Options Appraisal to determine the most appropriate capital investment strategy for both Kinross and Tulloch Primary Schools.

The options appraisal concluded that both Kinross and Tulloch Primary Schools should be replaced as soon as funding became available.

On 10 October 2014, the Scottish Government announced two thirds funding contribution towards both Kinross and Tulloch Primary Schools.

## **2. INTRODUCTION**

The Education (Scotland) Act 1980 states that Councils have a statutory duty to make adequate and efficient provision of school education across their entire area for the current school population and future pattern of demand. In addition, they have a responsibility to achieve Best Value as outlined in the Local Government in Scotland Act 2003.

In order to ensure good asset management practice, work has been done to establish Performance Indicators, on which the prioritisation of the Capital Investment Programme for primary schools can be based. A model has been developed based on the current core facts, condition, suitability and potential occupancy based on the effect of new house building on school roll projections. Each of these criteria has then been weighted to give an overall prioritised score for each school with a clear indication of where capital resources require to be targeted.

On 30 August 2012, the School Estate Sub Committee approved the draft School Estate Strategy (Report No. 12/370 refers).

This strategic approach embraces the Service's vision of a confident and ambitious Perth and Kinross with a strong identity and clear outcomes that everyone works together to achieve. Our area will be vibrant and successful; a safe, secure and healthy environment; and a place where people and communities are nurtured and supported. Our key service priorities support the delivery of our commitments in the Single Outcome Agreement and Corporate Plan, helping Education & Children's Services (ECS) to focus on the local outcomes that will achieve meaningful improvements for our stakeholders. In summary this project specifically links to the Single Outcome Agreement Local Outcomes 5,6,7,8,9,10,11,12,13 and 15. These link to Education and Children's Services priorities: They are:

- Raising achievement for all;
- Supporting vulnerable children and families;
- Improving the quality of life for individuals and communities; and
- Enabling the delivery of high quality public services.

In addition to the ECS policy framework areas, it is important to recognise emerging priorities within the Council and plan for these. The four strategic themes listed below are the current EOT sponsorship of the political priorities. This project will be taken forward in line with these priorities:

- Getting it Right for Every Child (GIRFEC)
- Health and Social Care Integration
- Public Protection
- Regeneration (Social, Physical, Economic)

## **2.1. Current Position**

In March 2014, the Council commissioned a Strategic Options Appraisal to determine the most appropriate capital investment strategy for both Kinross and Tulloch Primary Schools.

The options appraisal concluded that both Kinross and Tulloch Primary Schools should be replaced as soon as funding became available.

Kinross can be replaced on the existing site, with the old school being demolished after the new school is operational. The options appraisal was based on 18 classrooms. This would incorporate potential additional capacity through house building. Consideration will have to be given to increasing Early Years provision to accommodate new legislative requirements related to 600 hours and 2 year olds. Additional Support Needs (ASN) provision may also be required.

On 10 October 2014, the Scottish Government announced two thirds funding contribution towards both Kinross and Tulloch Primary Schools.

## **3. BENEFITS**

Education & Children's Services has a statutory duty to provide education services at a local level which requires response to an ever-changing landscape. We must ensure that the school buildings are appropriate to respond to both national and local curricular variations. We must ensure that we provide excellent schools that make a positive contribution to local communities. This project allows Education & Children's Services to meet the above challenges and uses resources available in a way that provides best value yet also provides the optimum benefits, including:

- Provide accommodation to allow the delivery of the functions of Education and Children's Services in a way which meets the needs of children and families both now and in the future;
- Provide accommodation that ensures the curriculum offered will meet the needs of all learners;
- Provide enhanced Early Learning and Child Care services;
- Reduce overall running costs and ongoing maintenance burdens;
- Safeguard the interests of the Council;
- Provide accommodation that is compliant with current legislative standards;
- Provide a safe, secure and welcoming environment to suit the needs of all users of the establishments;
- Meet the needs of the current and future known roll projections;
- Provide accommodation that supports inclusion and equality;
- Provide opportunities for the use of new technology; and
- Provide accommodation that focuses on the needs and aspirations of young people.

#### 4. OBJECTIVES

The key objectives of Education and Children's services which this project is intended to support are:

- Ensure learners in Perth and Kinross will have the opportunity to access learning throughout life in a positive, coherent and supportive framework;
- Promote the change and improvement of the service we provide;
- Meet the needs of key stakeholders ensuring shared and agreed priorities through integrated working;
- Provide a Service that demonstrates inclusion, equality and joint working throughout;
- Ensure sustainable development.

#### 5. CRITICAL SUCCESS FACTORS

Education & Children's Services buildings must remain flexible and adaptable to respond to the range of initiatives and developments that are likely to emerge in the future, both for the school community and the wider community. They must deliver an estate that has consistent standards in terms of building design and facilities and be in line with the outcomes of the Single Outcome Agreement.

The key success factors of this project will be:

- Ensure compliance with current legislative standards i.e. Education (Scotland) Act;
- Equality Act 2010 and Building Bulletin guidance etc;
- Sufficient capital funding to meet the demands;
- Sufficient staff resources to support the project;
- Sufficient timescale to deliver the project;
- Receipt of appropriate statutory consents;
- Reduce energy costs and carbon emission reductions.

#### 6. KEY ACTIVITIES

The key milestones for the project are as follows:

Activity	Milestone
Bid to CRG for funding as part of the 2017/18 to 19/20 capital budget process	October 2012
Bid to Scottish Government for Scotland's Schools for the Future funding	July 2014
Options appraisal to determine the best solution for this building	September 2014
Strategic Policy and Resources approval of funding	October 2014
Lifelong Learning Committee approval of projects	October 2014
New Project Request submitted to HubCo	To be confirmed
Stage 1 approval	To be confirmed
Stage 2 approval	To be confirmed
Construction Start	To be confirmed
Construction Complete	To be confirmed
School Operational	To be confirmed
Demolition of old school	To be confirmed
Externals Complete	To be confirmed

## 7. OPTIONS

Three capital cost options have been developed (see Appendix 1) for each school as part of the options appraisal exercise:

- **Do minimum** – existing schools refurbished and upgraded in selected areas to produce a building with a residual life of 12 years but with no improvement in functionality or capacity;
- **Full Refurbishment** – existing schools refurbished and upgraded to produce a building with a residual life of 25 years with increased capacity but no improvement in functionality;
- **New Build** – new energy efficient schools built on the existing sites to modern standards with required functionality and capacity for forecast pupil capacity.

It was agreed that the driving force behind the investment decision should be a combination of 'needs based' and 'buildings driven'. The criteria was focused on Suitability, Condition and Sufficiency, this is in line with the current prioritisation model used for the school estate.

Each capital cost option was therefore the subject of a non-financial and financial appraisal, with the optimum solution being based on a Value for Money Rating which combined both appraisals.

In order to appraise the options, the following actions were taken forward:

- Establish the condition of the existing Tulloch and Kinross primary school buildings (including temporary buildings) and determine the residual life of key components and the buildings as a whole;
- Develop a refurbishment cost model for bringing each school up to an agreed standard and a capital cost programme for retaining the buildings at an agreed standard;
- Develop a new build design concept for each school recognising work already undertaken on other recent new Perth and Kinross Council primary schools;
- Evaluate the site abnormalities and associated site development costs of a new build solution on the existing site of each school;
- Develop an indicative capital cost and 25 year whole life cost model for the new build design concept as a comparator against the refurbishment option for each school.

A summary of the options is contained as Appendix 1.

The options considered are as follows:

Ref	Option	Accepted/Rejected	Outcome
(a)	Do Minimum	Rejected	Option a) is the lowest value for money based on the whole life cost calculation and how well it meets non-financial criteria based on suitability, condition and sufficiency (capacity). The school will need replaced in 12 years.
(b)	Full Refurbishment	Rejected	Option b) is the best financially; however it does not meet the non-financial requirements as well as option c) and is therefore not the best value for money. The school will need replaced in 25 years (although this would take it beyond the known lifespan for this type of school).
(c)	New Build Replacement	Accepted	Option c) is the best value for money option i.e. the best combination of financial and non-financial criteria. The new school will not need replaced for at least 60 years.

## Recommendation

The preferred option of Education and Children's Services is to take forward Option (c) a new build replacement.

## 8. VALUE/COST ANALYSIS

### Capital

The indicative cost of replacing Kinross Primary School on a like for like basis is £12.1m. The costing exercise was carried out to calculate value for money figures for the options appraisal. It is based on current prices, has not been market tested and is not based on a completed design or construction programme. The financial analysis identifies a number of risks including site conditions and asbestos. It does not include increased Early Years provision or Additional Support Needs (ASN) provision at this point.

### Revenue

Revenue costs cannot be established until the project design is confirmed. This will require ECS Senior Management Team to submit an expenditure pressure with a corresponding saving through the revenue budget process.



## 9. MAJOR RISKS

<b>Risk Description</b>	<b>Impact (High; Med; Low)</b>	<b>Probability (High; Med; Low)</b>	<b>Action Plan to mitigate risk</b>
Insufficient capital funding	Medium	Medium	The HubCo process sets an affordability cap at an early stage and costs are revisited at Stage 1 and Stage 2. Consideration must be given to meeting Scottish Futures Trust Metrics and standards in developing the design as part of the funding conditions. Additional requirements eg for Early Years will have to be met from other budgets.
Risk of failure of fabric of the existing building	Medium	Low	The options appraisal has recommended an annual survey and remediation works until the new school is operational.
Failure to meet the March 2018 deadline set by the Scottish Government	High	Low	The options appraisal has already carried out preparatory work. There is no requirement for a statutory consultation.
Project not adequately resourced	High	Medium	A project manager has been identified. Work is ongoing to revise the overall capital programme resources.

<b>Option a) Do minimum</b> – existing school refurbished and upgraded in selected areas to produce a building with a residual life of 12 years but with no improvement in functionality or capacity;			
<b>Key Drivers</b>	<b>Strengths</b>	<b>Costs</b>	<b>Weaknesses</b>
<ul style="list-style-type: none"> <li>Building is life-expired</li> <li>Building requires significant expenditure to maintain</li> </ul>	<ul style="list-style-type: none"> <li>Lowest capital cost</li> </ul>	<ul style="list-style-type: none"> <li>Capital £3,974,314</li> <li>Building Operating Costs £146,000 per annum</li> </ul>	<ul style="list-style-type: none"> <li>School will need replaced in 12 years</li> <li>Highest operating costs</li> <li>Temporary accommodation still in use</li> <li>No improvement in functionality or suitability of school</li> <li>Lowest value for money rating</li> <li>Will not accommodate any increase in capacity</li> </ul>
<b>Summary: Option a) is the lowest value for money based on the whole life cost calculation and how well it meets non-financial criteria based on suitability, condition and sufficiency (capacity). The school will need replaced in 12 years.</b>			
<b>Option b) Full Refurbishment</b> – existing school refurbished and upgraded to produce a building with a residual life of 25 years with increased capacity but no improvement in functionality;			
<b>Key Drivers</b>	<b>Strengths</b>	<b>Costs</b>	<b>Weaknesses</b>
<ul style="list-style-type: none"> <li>Building is life-expired</li> <li>Building requires significant expenditure to maintain</li> </ul>	<ul style="list-style-type: none"> <li>Extends life of school by 25 years</li> <li>Limits the capital required in the short term</li> </ul>	<ul style="list-style-type: none"> <li>Capital £6,156,812</li> <li>Building Operating costs £140,000 per annum</li> </ul>	<ul style="list-style-type: none"> <li>School will need replaced in 25 years</li> <li>Temporary accommodation still in use</li> <li>No improvement in functionality or suitability of school</li> <li>Partial decant required</li> </ul>
<b>Summary: Option b) is the best financially; however it does not meet the non-financial requirements as well as option c) and is therefore not the best value for money. The school will need replaced in 25 years (although this would take it beyond the known lifespan for this type of school).</b>			
<b>Option c) New Build</b> – new energy efficient school built on the existing sites to modern standards with required functionality and capacity for forecast pupil capacity.			
<b>Key Drivers</b>	<b>Strengths</b>	<b>Costs</b>	<b>Weaknesses</b>
<ul style="list-style-type: none"> <li>Building is life-expired</li> <li>Building requires significant expenditure to maintain</li> </ul>	<ul style="list-style-type: none"> <li>New school should last at least 60 years</li> <li>Improvement in the suitability/ functionality of school supporting new teaching practices and also the opportunity to improve Early Years and Additional Support Needs provision</li> <li>Highest Value for money – based on financial costs and non-financial criteria</li> </ul>	<ul style="list-style-type: none"> <li>Capital £12,107,950</li> <li>Building Operating Costs £121,000 per annum</li> </ul>	<ul style="list-style-type: none"> <li>Greatest capital cost</li> <li>Temporary reduction in play and sports space while build takes place</li> </ul>
<b>Summary: Option c) is the best value for money option i.e. the best combination of financial and non-financial criteria. The new school will not need replaced for at least 60 years.</b>			



## Outline Business Case

<b>Title:</b>	<b>Tulloch Primary School</b>	<b>Executive Sponsor</b>	<b>John Fyffe</b>
<b>Business Plan Ref:</b>	<b>Version 1</b>	<b>Senior Responsible Owner</b>	<b>Sheena Devlin</b>
<b>Author:</b>	<b>Carol Taylor</b>	<b>Date:</b>	<b>20 October 2014</b>

## 1. EXECUTIVE SUMMARY

In setting the capital budget for 2017/18 – 2019/20, £8.5m was approved towards replacing schools of the same construction as Oakbank Primary School. There are two primary schools of the same construction type; these are Kinross Primary School and Tulloch Primary School.

In March 2014, the Council commissioned a Strategic Options Appraisal to determine the most appropriate capital investment strategy for both Kinross and Tulloch Primary Schools.

The options appraisal concluded that both Kinross and Tulloch Primary Schools should be replaced as soon as funding became available.

On 10 October 2014, the Scottish Government announced two thirds funding contribution towards both Kinross and Tulloch Primary Schools.

## 2. INTRODUCTION

The Education (Scotland) Act 1980 states that Councils have a statutory duty to make adequate and efficient provision of school education across their entire area for the current school population and future pattern of demand. In addition, they have a responsibility to achieve Best Value as outlined in the Local Government in Scotland Act 2003.

In order to ensure good asset management practice, work has been done to establish Performance Indicators, on which the prioritisation of the Capital Investment Programme for primary schools can be based. A model has been developed based on the current core facts, condition, suitability and potential occupancy based on the effect of new house building on school roll projections. Each of these criteria has then been weighted to give an overall prioritised score for each school with a clear indication of where capital resources require to be targeted.

On 30 August 2012, the School Estate Sub Committee approved the draft School Estate Strategy (Report No. 12/370 refers). Click on the following link for further details:  
[schoolstatesubstrategy21082012v1.doc](#)

This strategic approach embraces the Service's vision of a confident and ambitious Perth and Kinross with a strong identity and clear outcomes that everyone works together to achieve. Our area will be vibrant and successful; a safe, secure and healthy environment; and a place where people and communities are nurtured and supported. Our key service priorities support the delivery of our commitments in the Single Outcome Agreement and Corporate Plan, helping Education & Children's Services (ECS) to focus on the local outcomes that will achieve meaningful improvements for our stakeholders. In summary this project specifically links to the Single Outcome Agreement Local Outcomes 5,6,7,8,9,10,11,12,13 and 15. These link to Education and Children's Services priorities: They are:

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In addition to the ECS policy framework areas, it is important to recognise emerging priorities within the Council and plan for these. The four strategic themes listed below are the current EOT sponsorship of the political priorities. This project will be taken forward in line with these priorities:

- Getting it Right for Every Child (GIRFEC)
- Health and Social Care Integration

- Public Protection
- Regeneration (Social, Physical, Economic)

## **2.1. Current Position**

In March 2014, the Council commissioned a Strategic Options Appraisal to determine the most appropriate capital investment strategy for both Kinross and Tulloch Primary Schools.

The options appraisal concluded that both Kinross and Tulloch Primary Schools should be replaced as soon as funding became available.

Tulloch Primary School can be replaced on the existing site but there is a requirement to decant the school while the work takes place due to restrictions on the size and shape of the site. The options appraisal was based on 14 classrooms. This would incorporate potential additional capacity through house building. Consideration will have to be given to increasing Early Years provision to accommodate new legislative requirements related to 600 hours and 2 year olds. Additional Support Needs (ASN) accommodation has been incorporated into the appraisal for Tulloch as it is a current provision.

On 10 October 2014, the Scottish Government announced two thirds funding contribution towards both Kinross and Tulloch Primary Schools.

## **3. BENEFITS**

Education & Children's Services has a statutory duty to provide education services at a local level which requires response to an ever-changing landscape. We must ensure that the school buildings are appropriate to respond to both national and local curricular variations. We must ensure that we provide excellent schools that make a positive contribution to local communities. This project allows Education & Children's Services to meet the above challenges and uses resources available in a way that provides best value yet also provides the optimum benefits, including:

- Provide accommodation to allow the delivery of the functions of Education and Children's Services in a way which meets the needs of children and families both now and in the future;
- Provide accommodation that ensures the curriculum offered will meet the needs of all learners;
- Provide enhanced Early Learning and Child Care services;
- Reduce overall running costs and ongoing maintenance burdens;
- Safeguard the interests of the Council;
- Provide accommodation that is compliant with current legislative standards;
- Provide a safe, secure and welcoming environment to suit the needs of all users of the establishments;
- Meet the needs of the current and future known roll projections;
- Provide accommodation that supports inclusion and equality;
- Provide opportunities for the use of new technology; and
- Provide accommodation that focuses on the needs and aspirations of young people.

## **4. OBJECTIVES**

The project aims to:

The key objectives of Education and Children's services which this project is intended to support are:

- Ensure learners in Perth and Kinross will have the opportunity to access learning throughout life in a positive, coherent and supportive framework;
- Promote the change and improvement of the service we provide;
- Meet the needs of key stakeholders ensuring shared and agreed priorities through integrated working;
- Provide a Service that demonstrates inclusion, equality and joint working throughout;
- Ensure sustainable development.

## 5. CRITICAL SUCCESS FACTORS

Education & Children's Services buildings must remain flexible and adaptable to respond to the range of initiatives and developments that are likely to emerge in the future both for the school community and the wider community. They must deliver an estate that has consistent standards in terms of building design and facilities and be in line with the outcomes of the Single Outcome Agreement.

The key success factors of this project will be:

- Ensure compliance with current legislative standards ie Education (Scotland) Act; Equality Act 2010 and Building Bulletin guidance etc;
- Sufficient capital funding to meet the demands;
- Sufficient staff resources to support the project;
- Sufficient timescale to deliver the project;
- Receipt of appropriate statutory consents;
- Reduce energy costs and carbon emission reductions.

## 6. KEY ACTIVITIES

The key milestones for the project are as follows:

Activity	Milestone
Submit bid under Phase 3 of the Scotland's Schools for the Future programme	July 2012
Confirmation of unsuccessful bid under Phase 3 of the Scotland's Schools for the Future programme	September 2012
Bid to CRG for funding as part of the 2017/18 to 19/20 capital budget process	October 2012
Bid to Scottish Government Scotland's Schools for the Future funding	July 2014
Options appraisal to determine the best solution for this building	September 2014
Strategic Policy and Resources approval of funding	October 2014
Lifelong Learning Committee approval of projects	October 2014
New Project Request submitted to HubCo	To be confirmed
Stage 1 approval	To be confirmed
Stage 2 approval	To be confirmed
Decant and Demolition	To be confirmed
Construction Start	To be confirmed
Construction Complete	To be confirmed
School Operational	To be confirmed
Externals Complete	To be confirmed

## 7. OPTIONS

Three capital cost options have been developed for each school ( a summary is contained in Appendix 1) as part of the options appraisal exercise:

- **Do minimum** – existing schools refurbished and upgraded in selected areas to produce a building with a residual life of 12 years but with no improvement in functionality or capacity
- **Full Refurbishment** – existing schools refurbished and upgraded to produce a building with a residual life of 25 years with increased capacity but no improvement in functionality
- **New Build** – new energy efficient schools built on the existing sites to modern standards with required functionality and capacity for forecast pupil capacity

It was agreed that that the driving force behind the investment decision should be a combination of 'needs based' and 'buildings driven'. The criteria was focused on Suitability, Condition and Sufficiency, this is in line with the current prioritisation model used for the school estate.

Each capital cost option was therefore the subject of a non-financial and financial appraisal, with the optimum solution being based on a Value for Money Rating which combined both appraisals.

In order to achieve this, the following actions were taken forward:

- Establish the condition of the existing Tulloch and Kinross primary school buildings (including temporary buildings) and determine the residual life of key components and the buildings as a whole;
- Develop a refurbishment cost model for bringing each school up to an agreed standard and a capital cost programme for retaining the buildings at an agreed standard;
- Develop a new build design concept for each school recognising work already undertaken on other recent new Perth and Kinross Council primary schools;
- Evaluate the site abnormalities and associated site development costs of a new build solution on the existing site of each school;
- Develop an indicative capital cost and 25 year whole life cost model for the new build design concept as a comparator against the refurbishment option for each school.

The following options have been used as an outline scope for the projects being considered within this scheme.

<b>Ref</b>	<b>Option</b>	<b>Accepted/Rejected</b>	<b>Outcome</b>
(a)	Do Minimum	Rejected	Option (a) is the lowest value for money based on the whole life cost calculation and how well it meets non-financial criteria based on suitability, condition and sufficiency (capacity). The school will need replaced in 12 years.
(b)	Full Refurbishment	Rejected	Option (b) is the best financially; however it does not meet the non-financial requirements as well as option (c) and is therefore not the best value for money. The school will need replaced in 25 years (although this would take it beyond the known lifespan for this type of school).
(c)	New Build Replacement	Accepted	Option (c) is the best value for money option i.e. the best combination of financial and non-financial criteria. The new school will not need replaced for at least 60 years.

### **Recommendation**

The preferred option of Education and Children's Services is to take forward Option (c) a new build replacement.

## **8 VALUE/COST ANALYSIS**

### **Capital**

The indicative cost of replacing Tulloch Primary School on a like for like basis is £11.8m. The costing exercise was carried out to calculate value for money figures for the options appraisal. It is based on current prices, has not been market tested and is not based on a completed design. The financial analysis identifies a number of risks including site conditions and asbestos. It does not include increased Early Years provision.

### **Revenue**

Revenue costs cannot be established until the project design is confirmed. This will require ECS Senior Management Team to submit an expenditure pressure with a corresponding saving through the revenue budget process.



## MAJOR RISKS

<b>Risk Description</b>	<b>Impact (High; Med; Low)</b>	<b>Probability (High; Med; Low)</b>	<b>Action Plan to mitigate risk</b>
Insufficient capital funding	Medium	Medium	<p>The HubCo process sets an affordability cap at an early stage and costs are revisited at Stage 1 and Stage 2.</p> <p>Consideration must be given to meeting Scottish Futures Trust Metrics and standards in developing the design as part of the funding conditions.</p> <p>Additional requirements eg for Early Years will have to be met from other budgets.</p>
Risk of failure of fabric of the existing building	Medium	Low	The options appraisal has recommended an annual survey and remediation works until the new school is operational.
Failure to meet the March 2018 deadline set by the Scottish Government	High	Low	The options appraisal has already carried out preparatory work. There is no requirement for a statutory consultation.
Project not adequately resourced	High	Medium	A project manager has been identified. Work is ongoing to revise the overall capital programme resources.
Solution does not address roll pressures within the catchment area.	Medium	Low	The brief will be developed to address roll pressures or alternative solutions will be sought.

<b>Option a) Do minimum</b> – existing school refurbished and upgraded in selected areas to produce a building with a residual life of 12 years but with no improvement in functionality or capacity;			
<b>Key Drivers</b>	<b>Strengths</b>	<b>Costs</b>	<b>Weaknesses</b>
<ul style="list-style-type: none"> <li>Building is life-expired</li> <li>Building requires significant expenditure to maintain</li> </ul>	<ul style="list-style-type: none"> <li>Lowest capital cost</li> </ul>	<ul style="list-style-type: none"> <li>Capital £3,314,989</li> <li>Building Operating costs £118,000 per annum</li> </ul>	<ul style="list-style-type: none"> <li>School will need replaced in 12 years</li> <li>Highest operating costs</li> <li>No improvement in functionality or suitability of school</li> <li>Lowest value for money rating</li> <li>Will not accommodate any increase in capacity</li> </ul>
<b>Summary: Option a) is the lowest value for money based on the whole life cost calculation and how well it meets non-financial criteria based on suitability, condition and sufficiency (capacity). The school will need replaced in 12 years.</b>			
<b>Option b) Full Refurbishment</b> – existing school refurbished and upgraded to produce a building with a residual life of 25 years with increased capacity but no improvement in functionality;			
<b>Key Drivers</b>	<b>Strengths</b>	<b>Costs</b>	<b>Weaknesses</b>
<ul style="list-style-type: none"> <li>Building is life-expired</li> <li>Building requires significant expenditure to maintain</li> </ul>	<ul style="list-style-type: none"> <li>Extends life of school by 25 years</li> <li>Limits the capital required in the short term</li> </ul>	<ul style="list-style-type: none"> <li>Capital £5,550,473</li> <li>Building Operating costs £96,000 per annum</li> </ul>	<ul style="list-style-type: none"> <li>School will need replaced in 25 years</li> <li>No improvement in functionality or suitability of school</li> </ul>
<b>Summary: Option b) is the best financially; however it does not meet the non-financial requirements as well as option c) and is therefore not the best value for money. The school will need replaced in 25 years (although this would take it beyond the known lifespan for this type of school).</b>			
<b>Option c) New Build</b> – new energy efficient school built on the existing sites to modern standards with required functionality and capacity for forecast pupil capacity.			
<b>Key Drivers</b>	<b>Strengths</b>	<b>Costs</b>	<b>Weaknesses</b>
<ul style="list-style-type: none"> <li>Building is life-expired</li> <li>Building requires significant expenditure to maintain</li> </ul>	<ul style="list-style-type: none"> <li>New school should last at least 60 years</li> <li>Improvement in the suitability/ functionality of school supporting new teaching practices and also the opportunity to improve Early Years and Additional Support Needs provision</li> <li>Highest Value for money – based on financial costs and non-financial criteria</li> </ul>	<ul style="list-style-type: none"> <li>Capital £11,801,366</li> <li>Building Operating costs £109,000 per annum</li> </ul>	<ul style="list-style-type: none"> <li>Greatest capital cost</li> <li>Temporary reduction in play and sports space while build takes place</li> <li>Decant while build takes place</li> </ul>
<b>Summary: Option c) is the best value for money option i.e. the best combination of financial and non-financial criteria. The new school will not need replaced for at least 60 years.</b>			