

10am, Thursday, 24 November 2016

Queensferry High School

Item number	8.2
Report number	
Executive/routine	Executive
Wards	All

Executive summary

A report to Council on [25 September 2014](#) approved the Council's commitment to a replacement Queensferry High School subject to a successful funding bid to the Scottish's Government's Schools for the Future Programme. The funding bid was successful although the Schools for the Future Programme was subsequently delayed due to the funding mechanism for the Programme being scrutinised in relation to its accordance with European legislation.

Council also approved that a feasibility study to develop the scope for the replacement High School could be progressed and this was commissioned when it was confirmed by the Scottish Government that the Schools for the Future Programme was continuing.

The feasibility study has now been completed and the next stage of the project is to agree an affordability cap within a New Project Request to hub South East Scotland Limited who will deliver the project in line with the Scottish Government's funding requirements.

This report provides an update on the project and requests Council approval to take the project forward to the next stage.

Links

Coalition pledges	P4
Council outcomes	CO1 and CO2
Single Outcome Agreement	SO3

Queensferry High School

Recommendations

- 1.1 Approve that a New Project Request (NPR) for a 1200 capacity replacement Queensferry High School is submitted to hub South East Scotland Limited and the affordability cap set for the project is aligned to the Scottish Futures Trust metric for a school of this size.
- 1.2 Agree a follow up report detailing the full cost implications to the Council resulting from the Scottish Government's revenue based funding model (which is now a requirement of the Schools for the Future Programme) will be submitted to the Finance and Resources Committee prior to financial close of the contract to deliver the new school.
- 1.3 Note that the long term success of the new Queensferry High School, in terms of it being able to operate within its design capacity, is dependent on the delivery of a new High School in west Edinburgh by 2023 as outlined in the Local Development Plan Action Programme and that the funding implications of this requirement will be reported to the Finance and Resources Committee as part of the regular Action Programme updates.
- 1.4 Note that a future catchment review for Queensferry High School to match available capacity is expected to be required in due course and the necessary proposals for statutory consultations will be presented to the Education, Children and Families Committee when required.

Background

- 2.1 A report to Council on [25 September 2014](#) approved that a funding application could be submitted to the Scottish Government's Schools for the Future Programme for a replacement Queensferry High School and committed the Council to match fund the project should the funding application be successful.
- 2.2 Following the report to Council the decision on the funding application was delayed due to a postponement of the entire Scotland's Schools for the Future Programme. The postponement was due to the funding mechanism for the Programme being scrutinised in relation to its accordence with European legislation. The outcome of the scrutiny was that future projects within the programme would have to be delivered through a predominantly revenue based (rather than the traditional capital based) funding model. The implications of this

change for the Council are outlined in the Financial Implications section of this report.

- 2.3 The report to Council in September 2014 also recommended that a feasibility study be undertaken to determine the scope of the project to deliver a replacement Queensferry High School. One of the main considerations for the feasibility study was to determine the eventual capacity of the school, particularly in relation to the additional pupils which are expected to be generated in the area over the next ten years from the housing sites included in the Local Development Plan (LDP). The output from the feasibility study and the implications for progression of the project are detailed in the following section of this report.

Main report

- 3.1 The projections for Queensferry High School have recently been updated and indicate the following estimated school rolls until 2030.

Table 1: Queensferry High School Projected Roll by Year Group

Year	S1	S2	S3	S4	S5	S6	Total
2017	180	156	144	136	114	91	821
2018	191	180	156	144	124	84	879
2019	210	191	180	156	131	92	960
2020	217	210	191	180	142	97	1037
2021	260	217	210	191	164	105	1147
2022	240	260	217	210	173	121	1221
2023	260	240	260	217	191	128	1296
2024	258	260	240	260	197	141	1356
2025	280	258	260	240	236	145	1419
2026	296	280	258	260	218	174	1486
2027	319	296	280	258	236	161	1550
2028	315	319	296	280	234	174	1618
2029	317	315	319	296	254	173	1674
2030	320	317	315	319	269	187	1727

- 3.2 The steady increase in the predicted school roll is due to the pupils generated by recent and proposed future development in the school's catchment area working their way through the High School's feeder primaries and into the secondary school combined with pupils of secondary school age who will move directly into

the new housing. While it would be possible to construct a school to deal with this projected school roll it is also possible that the projection is overstated due to the significant scale of recent and future development in the school's catchment area overinflating the primary school pupil numbers included in the projection model for future years.

- 3.3 Further to this, a 1400 capacity school is currently the largest operated within the City of Edinburgh Council secondary school estate (Craigmount High School and Portobello High School) and it is generally accepted that schools beyond this capacity become more difficult to manage and operate from an educational perspective. Building a school to accommodate the projected school roll of greater than 1400 would also cause significant affordability issues due to the funding sources for the project being the revenue based funding model available through the Schools for the Future Programme and developer's contributions.
- 3.4 An alternative strategy to accommodate the expected pupil numbers would be to propose a catchment review of the school's current catchment area. This would most likely involve the transfer of the Kirkliston area from the current catchment area to the catchment area for the new High School which is proposed in the west of Edinburgh in the LDP Action Programme. The ability to deliver the proposed new high school in the West of Edinburgh by August 2023 is therefore a dependency for the success of the new High School at Queensferry in terms of it being able to operate within its design capacity in the longer term.
- 3.5 If the Kirkliston catchment change were progressed and approved and a new West Edinburgh High School is delivered through the infrastructure delivery mechanisms set up to support the LDP Action Programme then the revised projection for Queensferry High School is as shown in the table below.

Table 2: Queensferry High School (minus Kirkliston S1 Cohort from 2023) Projected Roll by Year Group

Year	S1	S2	S3	S4	S5	S6	Total
2017	180	156	144	136	114	91	821
2018	191	180	156	144	124	84	879
2019	210	191	180	156	131	92	960
2020	217	210	191	180	142	97	1037
2021	260	217	210	191	164	105	1147
2022	240	260	217	210	173	121	1221
2023	172	240	260	217	191	128	1208
2024	169	172	240	260	197	141	1179
2025	175	169	172	240	236	145	1137
2026	193	175	169	172	218	174	1101
2027	200	193	175	169	156	161	1054
2028	200	200	193	175	154	115	1037
2029	207	200	200	193	159	114	1073
2030	211	207	200	200	175	117	1110

- 3.6 Based on the strategy outlined above to transfer the Kirkliston area of Queensferry High School’s catchment area to a new west Edinburgh High School it is recommended that the new High School at Queensferry should be built to a capacity of 1200. The new school would include similar leisure facilities to the existing school and the current community access arrangements managed by Edinburgh Leisure would continue.

Output from the Feasibility Study and Next Stage of the Project

- 3.7 Due to the uncertainty created by all of the issues highlighted above the feasibility study to determine an initial design for a replacement Queensferry High School (commissioned through hub South East Scotland Limited (HSESL)) considered the following options:
- Construction of a 1200 capacity school;
 - Construction of a 1200 capacity school which has the ability to be extended when required to a final capacity of 1400;

- Construction of a 1400 school with “fallow” rooms which could be fitted out for use and occupation when required;
- Construction of a 1400 capacity school.

3.8 The estimated total capital cost of the four different options in the feasibility study (at current day prices) is provided in the table below:

Option	Cost
1200 capacity school	£40,359,724
Extendable 1200 capacity school	£42,494,457
1400 capacity school with fallow rooms	£42,411,889
1400 capacity school	£42,856,889

- 3.9 These costs include identified project abnormalities and additional client requirements which are over and above the specifications used to determine Scottish Government funding. The actual costs at the point of construction are also likely to be higher due to inflation in the cost of construction by the time of the tender exercise for the new school. The cost for the preferred option of a 1200 capacity school based on the Scottish Futures Trust (SFT) metric at Quarter 2 2017 (which is the funding date agreed to in the funding offer) is £35.216m. If inflation to the expected mid construction point of Quarter 1 2019 is applied (using the same cost indices used for the funding offer) then the estimated cost would be £38.738m.
- 3.10 There are elements of the project included within the feasibility study which are to be delivered outside the proposed contract boundary and could be delivered by the Council through other frameworks. It is therefore not recommended that these elements are included within the affordability cap for the New Project Request (NPR) which is required to be submitted to HSESL to take the project to the next stage and that the affordability cap for the NPR should be set at £38.738m which is based on the calculation in the previous paragraph. The additional elements outside the proposed contract boundary will only be delivered if affordable within the overall budget available for the new school.
- 3.11 The funding available from Scottish Government for the new school is based on the capacity of the existing school and, while it will be received annually through the revenue based funding model, the equivalent capital contribution is £25.247m. This is made up of the original core SFT funding of £19.854m for the project plus the contribution of £5.193m which was originally earmarked for the replacement St John’s RC Primary School which the Scottish Government has confirmed may be transferred to this project. The replacement St John’s RC primary has been included within Wave 3 school projects in the core Capital

Investment programme. A further £0.2m of SFT funding was also been made available specifically for the project's professional fees.

- 3.12 Council on 25 September 2014 approved an additional £5.777m from the Council's Capital Investment Programme for Queensferry High School. This means that a total of £31.024m is currently available for the school.
- 3.13 Based on the proposed affordability cap set for the project and the knowledge that the overall project costs will be higher based on the additional items which may require to be delivered out with the hub contract and other project costs such as internal project management and legal fees it is acknowledged that further funding is required to deliver the project. While it is not possible to determine the actual level of additional required funding until financial close of the contract it is likely to be in the range of £8 to 10 million. Based on this assessment, the projected maximum cost of the project would be in line with the feasibility cost estimates for a 1200 capacity school.
- 3.14 The source of the additional funding will be developers' contributions from the new housing proposed in Queensferry through approved planning applications or the new Local Development Plan sites which are generating the necessity for the capacity of the new school to be increased beyond the capacity of the existing school. The current estimate of the LDP developers' contributions for secondary school infrastructure in the Queensferry area is £8.839m and there are other developers' contributions which have already been agreed are approximately £0.750m. It is therefore expected that the additional funding required for the new High School is available but further work by planning and finance is required in order to finalise the mechanisms for which developers' contributions can be used within the project revenue based funding model.
- 3.15 It is expected that any developers contributions will be received retrospectively and the Council will be required to front fund the project and meet any interim borrowing costs with the risk that developers' contributions may fall short of the required total.
- 3.16 Financial assessments will therefore continue in tandem with the next design stages of the project and it is recommended that a follow up report detailing the full cost implications to the Council resulting from the Scottish Government's revenue based funding model will be submitted to the Finance and Resources Committee prior to financial close for the contract to deliver the new school.

Measures of success

- 4.1 The delivery of a replacement Queensferry High School on time and on budget.

Final Unitary Charges, Lifecycle and Facilities Management Costs

- 5.1 The implications arising from the necessity for new schools within the Schools for the Future Programme to be delivered through a revenue based funding model are that although a capital based affordability cap is set with HSESL, the actual payments for the school will be annual unitary charges paid through revenue for 25 years which are calculated based on the final capital costs of construction.
- 5.2 The affordability cap includes several items such as pre construction design fees which can be paid for directly from the capital budget for the project and are therefore not included in the calculations used to determine the final unitary charges which will be paid by the Council.
- 5.3 The Council is also required to pay life cycle and facilities management costs which will require to be factored into future corporate property revenue budgets. These will depend on the design of the school and will be costed as part of the detailed financial modelling and reported to Finance and Resources Committee prior to financial close.
- 5.4 While it is not possible to determine the actual costs of the unitary charge, lifecycle and facilities management costs until financial close of the contract, an estimate of the potential charges is provided below based on the affordability cap proposed in this report.
- 5.5 It should be noted that the Council's Capital Investment Programme is funded through a combination of General Capital Grant from the Scottish Government, developers and third party contributions, capital receipts and borrowing. The borrowing required is carried out in line with the Council's approved Treasury Management Strategy and is provided for on an overall programme basis rather than for individual capital projects. Following instruction from Members, notional loan charge estimates are provided below, which it should be noted are based on the assumption of borrowing for the Council funded element of this capital project.
- 5.6 The annual unitary charge contribution which the Council will be required to fund for the delivery of the school at £38.738m capital cost amounts to £0.707m per annum for 25 years from 2020/21. Annual loans charges to cover an estimated extra expenditure of £2m, over the same period, will be £0.140m which gives a total estimated annual revenue cost of £0.847m.
- 5.7 Revenue budget provision of £0.426m to cover the loans charges on the £5.777m capital contribution were approved by Council on 25 September 2014 and there is therefore a gap in total revenue budget provision of £0.421m per annum which will be met by drawing down developers' contributions which are anticipated to commence from 2018/19.

Risk, policy, compliance and governance impact

- 6.1 All Communities and Families capital projects are delivered in line with the Council's Risk Management Policy and Framework.
- 6.2 The Queensferry High School replacement project will be overseen by an Investment Steering Group which operates based on the project management principles of Prince 2 following the same governance structure as all other Council major projects including the delivery of Wave 3 schools. The consideration and management of risk is undertaken through this group.
- 6.3 The contractors delivering any accommodation solutions will operate in accordance with all relevant legislative and health and safety requirements and have community engagement policies. The school communities will be kept informed of any issues that arise during the construction process which again mitigates against the risk of criticism of the Council in relation to these high profile and visible projects.
- 6.4 The engagement of hub South East Scotland Ltd for delivery of the new build accommodation reduces the risk of project delay as procurement timescales are reduced and provides a degree of cost certainty by establishing affordability caps prior to the finalisation of contracts.
- 6.5 The funding package assumes that all eligible developers' contributions will be attributed to the new Queensferry High School and will not be available for any additional capacity requirement at St Augustine's nor the new West Edinburgh High School noted in 3.5 above.
- 6.6 There is a risk that the full level of developers' contributions will not be achieved from development or not received in line with the cashflow assumed in the funding model. This would create a requirement for either further borrowing or additional revenue budget savings within Communities and Families to support the higher unitary charge. This risk has also been identified as a major concern by the Local Development Plan Action Programme Board and actions to mitigate that risk will be dealt with through the governance of that programme.

Equalities impact

- 7.1 There are no negative equality or human rights impacts arising from this report.
- 7.2 The Council will continue to ensure that the needs of pupils who have a disability are met by the accommodation available at the new school. The provision of facilities offered to school users with learning and behavioural support needs will be unaffected. Accordingly, these proposals have no significant impact on any equalities groups.

Sustainability impact

- 8.1 Work is under way involving the design team and the Council's sustainability team to ensure the new school is delivered utilising best practice in terms of energy efficiency and design. As with all its schools the Council will endeavour to ensure the new school is fully accessible to all modes of transport and will encourage travel to school by the most sustainable travel modes.

Consultation and engagement

- 9.1 This school community has been directly involved in the feasibility study and will continue to be involved in the project as it progresses.
- 9.2 Any proposal to address projected accommodation issues by catchment review would be conducted in accordance with the statutory consultation process set out in the Schools (Consultation) (Scotland) Act 2010, as amended by the Children and Young People (Scotland) Act 2014.

Background reading/external references

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Links

Coalition pledges	P04 - Draw up a long-term strategic plan to tackle both over-crowding and under use in schools
Council outcomes	C01 - Our children have the best start in life, are able to make and sustain relationships and are ready to succeed. C02 - Our children and young people are successful learners, confident individuals and responsible citizens making a positive contribution to their communities.
Single Outcome Agreement	S03 - Edinburgh's children and young people enjoy their childhood and fulfil their potential
Appendices	