

Education, Children and Families Committee

10am, Tuesday, 21 May 2013

Kirkliston Primary School – Proposed Extension

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| Item number | 7.10 |
| Report number | |
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Kirkliston Primary School – Proposed Extension

Summary

A consortium of developers is undertaking an extensive development of new housing at north Kirkliston. Planning permission was originally granted for 610 houses however this was subsequently revised to 674 houses of which 162 will be affordable housing.

In order to accommodate the increased pupil demand, in October 2007 the Education, Children and Families Committee approved that Kirkliston Primary School be extended on the basis that the full costs of doing so would be met by the respective housing developers by way of a Section 75 Agreement. This agreement makes provision for contributions of £4.9 million to be paid in four phases linked to the number of occupied dwellings.

In March 2009, the Education, Children and Families Committee considered an illustrative programme for delivering the extension based on the expected schedule of housing occupations which prevailed at that time which would have seen completion of the works in 2013/14. In the intervening period the rate of development in the area and house occupation has been monitored to determine the most appropriate point to initiate the project. The first instalment under the section 75 agreement was received during 2012 following the occupation of the first 120 residential units.

An updated feasibility study was commissioned led by the Architects, Smith Scott Mullan to inform the design for the proposed extension; the phasing of its construction and the costs. Future demand for places at the school is expected to increase beyond that arising from the North Kirkliston development due to the impact of the increasing birth rate which is anticipated in many parts of the city. The scope of this latest study also took into consideration the additional accommodation requirements which are anticipated to be required as a result.

The purpose of this report is to advise the outcome of the latest feasibility study, the results of which have been shared with the Kirkliston Primary School Parent Council, and to seek approval for the proposed extension to be progressed. The report also seeks approval for proposed works to the existing Kirkliston nursery to increase the capacity from 50/50 to 70/70.

Recommendations

It is recommended that the Committee:

1. approves the proposed extension to Kirkliston Primary School as detailed in this report with £4.9m of the estimated cost being funded directly by Section 75 developer contributions and the remaining £356,785 being funded from the Rising School Rolls capital budget; and
2. approves the proposed works to extend the capacity of Kirkliston Nursery as detailed in this report with the estimated cost of £190,000 being funded from the Rising School Rolls capital budget.

Measures of success

Delivery of the extension works to both the primary and nursery schools to a design specification which fully meets all educational and community related requirements. Delivery of the agreed projects on time, within budget and to the necessary quality.

Financial impact

Capital Costs

The cost of the proposed option is estimated to be £5,256,785 of which of £4,900,000 relates to scope which would be funded from the Section 75 contributions. The remaining £356,785 relates to areas of project scope which require to be met directly by the Council and would be funded from the Rising School Rolls budget in the Children and Families Capital Investment Programme.

The cost of the separate works required to increase the capacity of Kirkliston Nursery from 50/50 to 70/70 is estimated to be £190,000 and would be funded from the Rising School Rolls budget in the Children and Families Capital Investment Programme.

Revenue Costs

Increasing the area of the primary school will inevitably result in an increase in the associated revenue costs. The total devolved and non-devolved revenue budget in 2012/13 in respect of property costs for the primary school (rates, electricity, gas, water and cleaning) was £102,517. The existing area in the primary school, including the temporary units which would be replaced (an area of 352m²), is 2,337m². Following completion of the entire extension project the area in the primary school would increase by 56% to 3,635m². A similar proportionate increase in the annual property costs of an estimated £57,500 could be expected which will have to be funded from future revenue budgets as, and when, necessary.

The same principle will apply to the nursery school. By adding a small extension of approximately 35m², using the average rate for the primary school of £44/m² an

increase in the annual property costs of approximately £1,540 could be expected which will have to be funded from future revenue budgets as, and when, necessary.

Equalities impact

There are no negative equality or human rights impacts arising from this report.

Sustainability impact

The proposed school extension will be built within the existing school grounds so the overall impact should be low. In progressing the detailed design full consideration will be given to the necessity to ensure that the new extension is as energy efficient as possible.

Consultation and engagement

Following extensive engagement with the school management the design team identified several design options which involved different configurations of new accommodation; in terms of the cost of delivery all were very similar. Consultation was then undertaken with pupils, staff and the Parent Council to obtain feedback on the options. This process resulted in a consensus on one option which it is now proposed be progressed to detailed design on the basis of which the recommendations within this report are based.

The proposals to modify the existing building to accommodate an increase in the capacity of the nursery from 50/50 to 70/70 were subject to consultation with representatives of the Kirkliston Community Centre Management Committee.

Background reading / external references

There have been three previous reports to the Education, Children and Families Committee regarding this matter on [30 October 2007](#), [17 March 2009](#) and [8 September 2009](#).

Kirkliston Primary School – Proposed Extension

1. Background

- 1.1 A consortium of developers is undertaking an extensive development of new housing at north Kirkliston. Planning permission was originally granted for 610 houses however this was subsequently revised to 674 houses of which 162 will be affordable housing.
- 1.2 In October 2007 the Education, Children and Families Committee approved the recommendation to extend the existing primary school rather than require a new school to be built to serve the new housing development on the basis that the full costs of the upgrade and extension project were met by the respective housing developers by way of a Section 75 Agreement.
- 1.3 In January 2008 a study was commissioned which confirmed the feasibility of extending the existing Kirkliston Primary School to either a 2-stream or 18 class primary school. It concluded that expansion of the existing school by means of retention of the existing building and extension on the site was feasible in terms of location, site extent, alterations to the existing building, geotechnical considerations, statutory considerations, etc.
- 1.4 A Section 75 Agreement was signed in 2008 which makes provision for developer contributions of £4.9 million towards extending Kirkliston Primary School. This is to be paid in four phases linked to residential unit occupations (excluding affordable housing) with each instalment payment being index linked to include any inflation uplift arising between the base date of June 2008 and the date of payment.
- 1.5 In March 2009, the Education, Children and Families Committee considered an illustrative programme for delivering the extension based on the expected schedule of housing occupations which prevailed at that time which would have seen completion of the works in 2013/14.
- 1.6 Due to the way in which the section 75 instalments are paid this illustrative programme would have necessitated significant revenue budget costs as a result of the requirement to fund, through prudential borrowing, the cost of the extension works up front in anticipation of later revenue streams from the

developers. The Committee requested that a risk mitigation strategy be developed to utilise the temporary units at the school in advance of building the extension and that they received an update report outlining progress before any commitment was given to start the design process.

- 1.7 Committee also requested that consideration be given to providing permanent accommodation for the school in the short term by utilising a separate Section 75 contribution of £175,000 which had already been received. Proposals to do this were developed and a small extension was approved by the Education, Children and Families Committee in September 2009.
- 1.8 In the intervening period the rate of development in the area and house occupation has been monitored to determine the most appropriate point to initiate the project. The first instalment under the section 75 agreement was received during 2012 following the occupation of the first 120 residential units.
- 1.9 An updated feasibility study was commissioned led by the Architects, Smith Scott Mullan to inform the design for the proposed extension; the phasing of its construction and the costs. Future demand for places at the school is expected to increase beyond that arising from the North Kirkliston development due to the impact of the increasing birth rate which is anticipated in many parts of the city. The scope of this latest study also took into consideration the additional accommodation requirements which are anticipated to be required as a result.
- 1.10 The purpose of this report is to advise the outcome of the latest feasibility study, the results of which have been shared with the Kirkliston Primary School Parent Council, and to seek approval for the proposed extension to be progressed. The report also seeks approval for proposed works to the existing Kirkliston nursery to increase the capacity from 50/50 to 70/70.

2. Main report

Parameters for the Feasibility Study

- 2.1 There were a number of factors which had to be taken into consideration in determining the parameters for the feasibility study including the scope of the Section 75 agreement and when the stage payments were expected to be received and also the level of accommodation required at the school and when this would have to be delivered.

Section 75 Agreement

- 2.2 The total funding receivable towards extending Kirkliston Primary School under the Section 75 agreement is £4.9 million.
- 2.3 Payments are on a phased basis and are linked to residential unit occupations. An assessment has been made of the projected housing developments and when the associated Section 75 payments are expected to be received. By the

end of April 2013 it is estimated that nearly 240 open market dwellings have been built. The trigger for the second payment is occupancy of 240 open market dwellings and, given the number of houses completed and under construction, this trigger should be reached later this year; the Kirkliston Consortium estimate payment being made in Q3 2013. The Kirkliston Consortium currently estimates that the third payment would be made in Q1 2015 with the fourth payment being in Q1 2017. The expected payments are summarised in the following table.

| Payment | Trigger Point (Open Market Dwellings) | Payment Expected |
|------------|--|------------------|
| £1,205,000 | Occupation of the 120th Residential unit | Received 2012 |
| £1,205,000 | Occupation of the 240th Residential unit | Expected Q3 2013 |
| £1,205,000 | Occupation of the 360th Residential unit | Expected Q1 2015 |
| £1,285,000 | Occupation of the 450th Residential unit | Expected Q1 2017 |

- 2.4 Payments are index linked and should include any inflation uplift which would arise between the base date of June 2008 and the date of payment. However, the initial payment received in 2012 included no inflationary uplift as, at the relevant point, the BCIS Construction Tender Price Index was actually lower than at the base date of June 2008. This is a position which is currently expected to continue through to early 2017 which, if this remains the case, would mean that there would be no inflationary uplift in the overall Section 75 contributions receivable regardless of what the actual cost position might be at the date of construction. This is the assumption made in the financial assessment.
- 2.5 Regarding the Section 75 agreement itself this was recently reviewed by the project team to ensure that the anticipated scope of the project was compliant with the terms of this. It had been the understanding of the Children and Families Department that the Section 75 contribution would have covered the provision of seven teaching spaces (five additional classrooms and two general purpose rooms); additional gym and dining space and additional 20/20 capacity for nursery provision along with any necessary support space.
- 2.6 In the Section 75 Agreement itself, the Education Contribution is defined as being a contribution toward the provision of 'additional accommodation at Kirkliston Primary School'. However, the Decision Notice which was incorporated into the Section 75 agreement as a schedule confirms at Informative 3 that the following should be incorporated into the Section 75 agreement "the full costs of the upgrading of Kirkliston Primary School and an extension to the school to provide five additional classrooms and two general purpose rooms and a replacement for the present PE hall and dining area".
- 2.7 The absence in this description of any reference to additional 20/20 nursery provision is of particular relevance. The Children and Families Department was not involved in either the production or agreement of the decision notice and have been unable to establish why this was omitted; this was only identified as a

consequence of the recent review. This does introduce a significant risk that the developers could legitimately contest that, even were sufficient funding to be available to do so, the provision of additional nursery capacity was not a permissible cost which they should cover.

School Roll Projections

- 2.8 An assessment was undertaken of the projected school roll based on the latest profile of housing occupations in the development together with the expected impact of rising rolls. The projected number of classes required in the school over the coming years is shown below.

| Year | Classes |
|-------------|----------------|
| 2012/13 | 15 |
| 2013/14 | 15 |
| 2014/15 | 15 |
| 2015/16 | 16 |
| 2016/17 | 16 |
| 2017/18 | 17 |
| 2018/19 | 18 |
| 2019/20 | 19 |
| 2020/21 | 19 |

- 2.9 The existing capacity of the school is 15 classes. This is currently projected to be sufficient to meet demand up to 2014/15 albeit it is acknowledged that part of this capacity is in the temporary units which will ultimately be replaced as part of the project, this being within the scope and intent of the Section 75 agreement.

Project Scope and Phasing

- 2.10 The design team was asked to consider ways in which the following high-level scope could be delivered, informed by the terms of the Section 75 agreement and the identified requirement for further additional accommodation to meet the expected future catchment pupil demand:
- A new eight teaching space extension;
 - A new gym and dining space extension; and
 - The above to incorporate the eventual removal of all existing temporary units and the internal reconfiguration of the existing gym space to create two additional teaching spaces.
- 2.11 The scope would deliver the needs of the school and is compliant with the Section 75 agreement with the following exceptions:
- The cost of internal configuration of the existing gym space to create two additional teaching spaces which would have to be funded directly by the Council; and

- The delivery of an additional teaching space in the extension which would have to be funded directly by the Council if it was eventually required.
- 2.12 There was initial consideration of how additional nursery provision could be accommodated on the primary school site however, in light of the issue identified relating to the Section 75 agreement, this was de-scoped and has been considered separately as explained below.
- 2.13 The issue of how the development is phased relative to when the Section 75 funding is received has always been a challenge associated with this project. The issue is not just simply one of timing between the receipt of the staged Section 75 payments and when costs would have to be incurred but also if the staged payments would eventually be received at all. This is a risk which cannot be ignored and necessitates that the project will have to be delivered on a phased basis; it is simply not possible for the project to be delivered all in one go.
- 2.14 If there was a high level of certainty regarding both the timing and prospect of the phased receipts this is where borrowing could be used to progress parts of the project in advance of receiving funds from the developers however that is not, in itself, without its challenges. This would necessitate the use of prudential borrowing and require revenue funding to be found at a time when the Council is facing considerable financial budget challenges over the next few years.
- 2.15 The latest projections on when the Section 75 funding would be received together with what the capacity requirements are anticipated to be for the school over the coming years informed the timing of the construction process which is in three phases as follows:
1. Deliver new gym and dining space and reconfigure existing gym hall to create two new teaching spaces by no later than August 2015.
 2. Deliver five of the teaching spaces within the proposed extension by no later than August 2016.
 3. Deliver the remaining three teaching spaces within the proposed extension (if required) by August 2017.
- 2.16 The phasing strategy above involves retaining the existing temporary units until the conclusion of Phase 2 at which point they would be removed.

Feasibility Study Conclusions

- 2.17 Following extensive engagement with the school management the design team identified several options involving different configurations of new accommodation; in terms of cost all were very similar. Consultation was then undertaken with pupils, staff and the Parent Council to obtain feedback on the options. This process resulted in a consensus on one option which it is proposed be progressed to detailed design as shown in Appendix 1.

- 2.18 The feasibility study also identified several areas which merit further consideration such as the external render, desirable improvements to the front entrance and also other aspects of the building such as existing heating systems which are either nearing, or are already past, the end of their useful life.
- 2.19 A full condition survey of the school has recently been completed which identified the necessity for capital investment in the school of £1.052m over the next five years. Whilst no funding is being sought within the project budget for any costs associated with these other areas they do require and merit further consideration which will be undertaken as part of the next stage of design development.
- 2.20 The necessity for any additional investment will be assessed in the context of the overall estate priorities and a judgment made regarding the cost effectiveness of doing wider works as part of this extension work (which would need to be funded from asset management works budgets) rather than doing this incrementally, particularly where this might compromise the final solution for the extension in areas such as the new heating system.

Costs and Net Cash Flow

- 2.21 The cost of the proposed option including future construction inflation is estimated to be £5,256,785 of which of £4,900,000 relates to scope which would be funded from the Section 75 contributions. A detailed cost analysis is provided in Appendix 2. The remaining £356,785 relates to areas of project scope which are outwith the scope of the Section 75 agreement and require to be met directly by the Council being funded from the separate Rising School Rolls budget in the Children and Families Capital Investment Programme.
- 2.22 Following the construction phasing identified above and the assumed receipt dates for the Section 75 funding instalments; the profile of income and expenditure by financial year is estimated to be as follows:

| Year | Phase 1 £'000 | Phase 2 £'000 | Phase 3 £'000 | Spend £'000 | Income £'000 | In-Year Net £'000 | Cumulative Net £'000 | CEC Direct £'000 |
|---------------|------------------|------------------|------------------|----------------|-----------------|-------------------------|----------------------------|------------------------|
| 2012/13 | - | - | - | - | 1,205 | 1,205 | 1,205 | - |
| 2013/14 | 273 | 57 | - | 330 | 1,205 | 875 | 2,080 | - |
| 2014/15 | 1,409 | - | - | 1,409 | - | (1,409) | 671 | 12 |
| 2015/16 | 628 | 1,332 | 15 | 1,975 | 1,205 | (770) | (99) | 137 |
| 2016/17 | - | 333 | 437 | 770 | 1,285 | 515 | 416 | 104 |
| 2017/18 | - | - | 416 | 416 | | (416) | - | 104 |
| Totals | 2,310 | 1,722 | 868 | 4,900 | 4,900 | | | 357 |

- 2.23 The above analysis shows a generally positive funding position in each year (i.e. cumulative income received is greater than the costs incurred) with the exception of 2015/16 when the reverse applies. Finance has confirmed that due to the

relatively small amount involved this would not require to be accommodated through prudential borrowing.

- 2.24 The option to deliver the project in fewer phases was assessed. If phases 1 and 2 were conflated into a single phase the construction period would be reduced from an estimated 20 months to 16 months which would mean a completion date for the final extension works of approximately December 2015. There would be an expected cost saving of £98,000 in cost inflation and contractor mobilisation costs however this would be reduced by additional costs of an estimated £50,000 relating to the change in approach including the creation of temporary accesses (see below). The net cost saving would therefore be £48,000.
- 2.25 If all three phases were conflated into a single phase the estimated completion date would be September 2016 rather than June 2017. However, by considering the project as one single phase and contract (rather than the two contracts which have been assumed for the existing phasing strategy) this would take the expected contract value over the OJEU threshold and necessitate a different, and longer, procurement process having to be undertaken from the outset. This would result in the start of the construction process being delayed by three months and mean that the objective of having what is currently described as Phase 1 being delivered by August 2014 would, in all probability, not be achievable. In financial terms, the projected net cost savings (net of additional costs) are estimated to be approximately £138,000.
- 2.26 The net cost savings in both scenarios above would be further reduced by the cost to the Council of having to borrow funding to finance the project in advance of the receipt of the Section 75 stage payments. From a financial perspective there also remains the risk of not receiving the funding at all.
- 2.27 However, the implications of a change in the phasing strategy would not be just financial. Whilst it would be physically possible to undertake construction to the north and south of the site at the same time there would significant adverse implications for the day to day operation of the school. Access to the temporary units would only be possible by creating a new access through one of the existing classrooms and a requirement to operate two site compounds concurrently would prevent any movement by pupils around the school externally.
- 2.28 In light of the foregoing reasons, both financial and operational, the proposed phasing strategy is considered to be the most appropriate in the circumstances.
- 2.29 The estimated project costs include an allowance of £40,000 for the provision of a grass pitch area including drainage. The cost of providing a 3G pitch (of an area of 2,000 m²) has been estimated to be £260,000 which includes an estimated £45,000 for the lighting and fencing which is ordinarily provided with these pitches. The School Parent Council has expressed a strong interest in seeking to identify separate funding to upgrade the pitch from grass to 3G. The

project team will work closely with the School Parent Council to ensure that if additional funding can be secured a 3G pitch would be installed.

Project Timescales

- 2.30 The estimated timing for the various elements of the extension project is shown in the indicative programme in Appendix 3.

Nursery

- 2.31 Although the potential to deliver additional 20/20 nursery capacity on the primary school site is not being progressed; the requirement to deliver additional nursery capacity in the village to meet the expected increase in demand has been considered. The original proposal of a 20/20 nursery on the primary school site was certainly not ideal as that would have resulted in a split nursery in the village and is not a particularly efficient solution either financially or operationally.
- 2.32 There is currently a 50/50 nursery in the village based in a building which also contains the community centre and an assessment was undertaken of ways in which the capacity there could be extended to 70/70. A way of achieving this through reconfiguration of the existing space and minor modifications has been identified which would be undertaken in two phases:
1. Increasing toilet provision and expanding the outdoor space including relocating the outdoor store. This would take the capacity up to 60/60 and be delivered by August 2013 at an estimated cost of £50,000.
 2. Build a small new extension containing staff room and separate store, create new toilet provision and re-furbish the former combined staffroom and store as a nursery class/playroom. This would take the capacity up to 70/70 and be delivered by August 2014 at an estimated cost of £140,000.
- 2.33 These costs would require to be met directly by the Council and would be funded from the separate Rising School Rolls budget in the Children and Families Capital Investment Programme.
- 2.34 The proposals have been subject to consultation with representatives of the Kirkliston Community Centre Management Committee who are supportive of the nursery and have advised on the best location for the extension, at the front of the building, which will link directly to the nursery accommodation and enhance the approach to the Centre. This option is preferred to providing a small extension, containing a staff room only, at the back of the building which would have been accessed via the Centre and impacted on the outdoor space used for a secure play area, a cafe and a garden area.

3. Recommendations

3.1 It is recommended that the Committee:

1. approves the proposed extension to Kirkliston Primary School as detailed in this report with £4.9m of the estimated cost being funded directly by Section 75 developer contributions and the remaining £356,785 being funded from the Rising School Rolls capital budget; and
2. approves the proposed works to extend the capacity of Kirkliston Nursery as detailed in this report with the estimated cost of £190,000 being funded from the Rising School Rolls capital budget.

Gillian Tee

Director of Children and Families

Links

Coalition pledges

P03 - Rebuild Portobello High School and continue progress on all other planned school developments, while providing adequate investment in the fabric of all schools

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

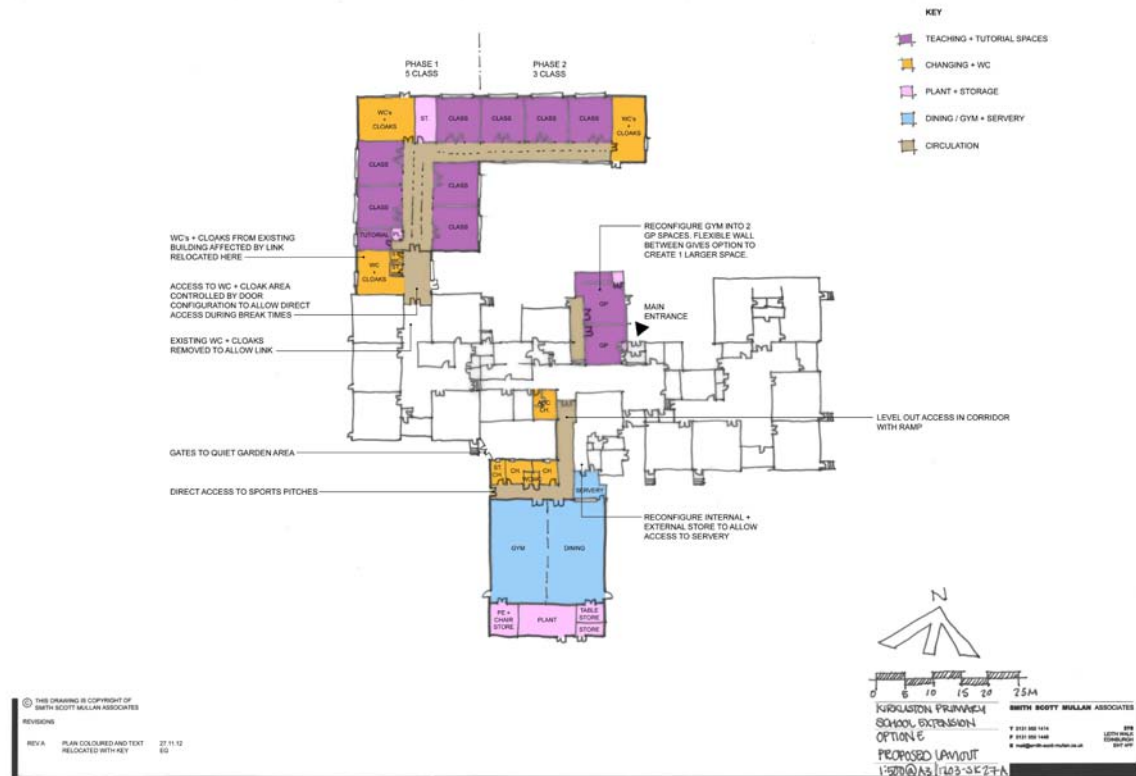
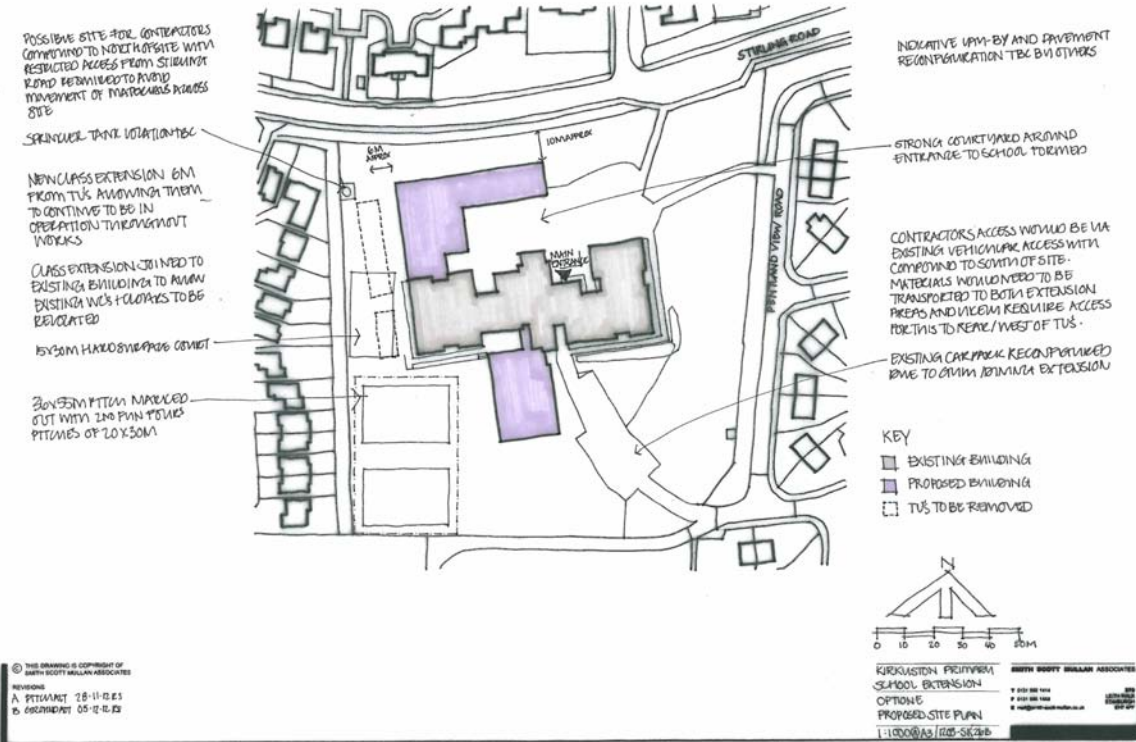
S03 - Edinburgh's children and young people enjoy their childhood and fulfil their potential

Appendices

- 1 Primary School Extension Design Proposals
- 2 Analysis of Primary School Extension Project Costs
- 3 Indicative Extension Project Programme

APPENDIX 1

PRIMARY SCHOOL EXTENSION DESIGN PROPOSALS



APPENDIX 2

ANALYSIS OF PRIMARY SCHOOL EXTENSION PROJECT COSTS

| | Total Cost | Funded by CEC | Funded by Section 75 |
|------------------------------------|-----------------------|--------------------------|---------------------------------|
| Phase 1 - Gym/Dining | | | |
| Construction Cost | 1,973,615 | 125,000 | 1,848,615 |
| Inflation | 80,918 | 5,125 | 75,793 |
| Professional Fees | 289,567 | 11,013 | 278,554 |
| Building warrant/planning fees | 25,000 | 1,500 | 23,500 |
| Client Contingency | 90,301 | 7,132 | 83,169 |
| Sub-total Phase 1 | 2,459,401 | 149,770 | 2,309,631 |
| Phase 2 - 5 Space Extension | | | |
| Construction Cost | 1,451,500 | - | 1,451,500 |
| Inflation | 113,217 | - | 113,217 |
| Professional Fees | 93,850 | - | 93,850 |
| Client Contingency | 63,510 | - | 63,510 |
| Sub-total Phase 2 | 1,722,077 | - | 1,722,077 |
| Phase 3 - 3 Space Extension | | | |
| Construction Cost | 852,470 | 156,400 | 696,070 |
| Inflation | 124,461 | 22,834 | 101,627 |
| Professional Fees | 58,583 | 17,923 | 40,660 |
| Client Contingency | 39,793 | 9,858 | 29,935 |
| Sub-total Phase 3 | 1,075,307 | 207,015 | 868,292 |
| Overall Total | 5,256,785 | 356,785 | 4,900,000 |

