

Education, Children and Families Committee

10am, Thursday, 11 September 2014

Early Years Capital Investment

Item number	7.2
Report number	
Executive/routine	Executive
Wards	All

Executive summary

The Children and Young People (Scotland) Act 2014 sets out the requirement to expand free nursery provision from 475 hours to 600 hours a year for all three and four year olds and for certain two year olds.

The Scottish Government has provided additional capital funding to respond to the necessity to deliver additional capacity across the estate as a result of these new requirements. The additional capital funding which has already been confirmed as being available is £7,498,218 with further funding likely to be provided.

The purpose of this report is to seek the approval of Committee to utilise part of this additional funding to progress priority projects involving the replacement and/or expansion of the early years provision at five key locations across the City.

Initial cost estimates suggest these priority projects will not account for all of the funding available and further analysis will be carried out to determine recommendations for the remaining funding (including any further provided) which will be reported to a future meeting of the Education, Children and Families Committee for consideration.

Links

Coalition pledges	P1 and P6
Council outcomes	C01 and C02
Single Outcome Agreement	S03

Early Years Capital Investment

Recommendations

- 1.1 Note the content of this report.
- 1.2 Approve the proposed projects identified in this report to replace and/or expand early years facilities at the following locations with the costs being met from the additional capital funding provided by the Scottish Government:
 - Longstone Primary School
 - Granton Early Years Centre
 - Davidson's Mains Primary School
 - Corstorphine Primary School
 - St John's RC Primary School
- 1.3 Note that proposals regarding the use of the remaining available additional capital funding, together with any further funding which may be provided, will be reported to a future meeting of the Education, Children and Families Committee for consideration.

Background

- 2.1 The Children and Young People (Scotland) Act 2014 sets out the requirement to expand free nursery provision from 475 hours to 600 hours a year for all three and four year olds and for certain two year olds.
- 2.2 The original policy commitment which was announced by the Scottish Government in 2013 was to provide early learning and childcare to three and four year old children and to two year old children who are looked after under a kinship care order, or with a parent appointed guardian.
- 2.3 The Scottish Government has made additional capital funding available to all Local Authorities aligned to this original policy commitment which came into effect from August 2014. The additional capital funding provided to the Council for 2014/15 for this purpose was confirmed on 31 October 2013 as being £2,510,000 with further additional capital funding for 2015/16 of £2,471,184 being confirmed on 20 June 2014.
- 2.4 In January 2014 the Scottish Government subsequently announced that the policy commitment to provide early learning and childcare was being extended. Two year old children from households in receipt of certain out of work benefits

also became eligible from August 2014 with two year old children meeting the current free school meal criteria becoming eligible from August 2015.

- 2.5 The Scottish Government has also made additional capital funding available to all Local Authorities aligned to this further policy commitment. The additional capital funding provided to the Council for 2014/15 for this purpose was confirmed on 1 July 2014 as being £2,517,034. The distribution of additional capital funding for 2015/16 is subject to further consideration and will be informed by ongoing discussions between the Scottish Government and COSLA.
- 2.6 The total additional capital funding which has already been confirmed as being provided to the Council to accommodate the extended entitlement to early learning and childcare is £7,498,218 with further funding likely to be provided.
- 2.7 The Children and Young People (Scotland) Act 2014 (Ancillary Provision) Order 2014 came into force on 28 June 2014. The Order introduced a temporary suspension until 31 March 2017 of the requirement under the Schools (Consultation) (Scotland) Act 2010 for local authorities to consult on establishing nursery classes and nursery schools providing early learning and childcare where none previously existed. Therefore local authorities will be able to establish new early learning and childcare provision across any of the school estate, without the requirement to consult. The policy intention is that this will expedite the development of additional physical capacity for two year olds who became eligible from August 2014 onwards.

Main report

- 3.1 In order to oversee the development of proposals for the most effective use of the additional capital funding an officer working group involving representatives from Early Years and Asset Planning in Children and Families and Corporate Property in Services for Communities has been meeting since June 2014.
- 3.2 The group has identified a number of priorities for investment based on an analysis of the likely demand for services using figures provided by the Scottish Government and a review of the current estate including an initial assessment of development feasibility. This led to the identification of the following priority projects.

Replace and Expand Existing Nursery - Longstone Primary School

- 3.3 The existing nursery provision at Longstone Primary School is a 30:30 nursery accommodated in a stand alone temporary unit which is in very poor condition. It is proposed to replace this facility with a new purpose built, larger 40:40 nursery building with additional provision to cater for 15 two year olds; this would be located within the school grounds.
- 3.4 The Scottish Government have estimated demand for two year old children in the South West area of the City to be 103 places. The development at Longstone would offer up to 30 places to address some of this demand with the

remainder of requirements in this area being met by other means e.g. the provision of additional staff at existing Early Years Centres.

- 3.5 At August 2014 there were 80 children aged three years to five years on the nursery list for placements which means that 20 children will not be placed at their first choice of nursery. Increasing the nursery capacity by 20 places will meet this current demand.
- 3.6 The accommodation brief which has been produced by Children and Families for the proposed facility to comply with all necessary requirements, including the School Premises Regulations and the Care Commission, identifies a requirement for internal space of 358m² and a maximum area of external space of 512m². In the absence of any recent cost information regarding a building of this size and configuration, a budgetary estimate of £1.074m has been identified by applying an assumed all-in rate of £3,000/m² to the internal space requirement. The budgetary estimate assumes there is space elsewhere within the existing site on which to progress a new build thus avoiding the necessity for, and costs of, a decant.

Replace and Expand Existing Provision - Granton Early Years Centre

- 3.7 The existing Granton Early Years Centre caters for nine babies, 15 two year olds and accommodates the Stepping Stones voluntary parent support project. It is proposed to provide a new purpose built Early Years Centre which replicates the current provision for babies and two year olds but also provides a new nursery to provide 40:40 additional places which would be suitable for two to five year olds. The Stepping Stones provision would move the Royston Wardieburn Community Centre which is adjacent to the existing Early Years Centre.
- 3.8 The Scottish Government have estimated demand for two year old children in the North area of the City to be 158 places. The development at Granton would offer up to 80 additional places to address some of this demand with the remainder of requirements in this area being met by other means e.g. the provision of additional staff at existing Early Years Centres.
- 3.9 The accommodation brief which has been produced by Children and Families for the proposed facility to comply with all necessary requirements, including the School Premises Regulations and the Care Commission, identifies a requirement for internal space of 540m² and a maximum area of external space of 595m². In the absence of any recent cost information regarding a building of this size and configuration, a budgetary estimate of £1.62m has been identified by applying an assumed all-in rate of £3,000/m² to the internal space requirement. The budgetary estimate assumes there is space elsewhere within the existing site on which to progress a new build thus avoiding the necessity for, and costs of, a decant.

Replace and Expand Existing Nursery – Davidson’s Mains Primary School

- 3.10 The existing nursery provision at Davidson’s Mains Primary School is a 40:40 nursery accommodated in a stand alone temporary unit which is in poor

condition. It is proposed to replace this facility with a new purpose built, larger 60:60 nursery with additional provision to cater for 15 two year olds; this would be located within the school grounds.

- 3.11 The Scottish Government have estimated demand for two year old children in the West area of the City to be 43 places. The development at Davidson's Mains would offer up to 30 places to address some of this demand with the remainder of the demand being catered for through the previously approved nursery facility at Fox Covert Primary Schools. At August 2014 there were 110 children aged three years to five years on the nursery list for placements. This means that 30 children will not be placed at their first choice of nursery. Increasing the nursery capacity by 40 places will meet this current demand.
- 3.12 The accommodation brief which has been produced by Children and Families for the proposed facility to comply with all necessary requirements, including the School Premises Regulations and the Care Commission, identifies a requirement for internal space of 441m² and a maximum area of external space of 698m². In the absence of any recent cost information regarding a building of this size and configuration, a budgetary estimate of £1.323m has been identified by applying an assumed all-in rate of £3,000/m² to the internal space requirement. The budgetary estimate assumes there is space elsewhere within the existing site on which to progress a new build thus avoiding the necessity for, and costs of, a decant.

Replace Existing Nursery - Corstorphine Primary School

- 3.13 The existing nursery provision at Corstorphine Primary School is a 50:50 nursery accommodated in a stand alone temporary unit which is in poor condition. The proposal is to replace this nursery provision with a new purpose built nursery of the same size within the school grounds. As the conditions of Corstorphine Nursery Class are so poor there is a risk that the class will become unfit for purpose and 100 nursery places will be lost hence the need for the facility to be replaced.
- 3.14 Although the Scottish Government have estimated demand for two year old children in the West area of the City to be 43 places there is insufficient space within the Corstorphine Primary School site to provide any extended accommodation. However, as described above the proposals at Davidson's Mains and the previously approved additional provision at Fox Covert Primary Schools will provide places to meet this demand and also provide extra capacity for children from other areas of the city.
- 3.15 The accommodation brief which has been produced by Children and Families for the proposed facility to comply with all necessary requirements, including the School Premises Regulations and the Care Commission, identifies a requirement for internal space of 290m² and a maximum area of external space of 465m². In the absence of any recent cost information regarding a building of this size and configuration, a budgetary estimate of £0.87m has been identified

by applying an assumed all-in rate of £3,000/m² to the internal space requirement. The budgetary estimate assumes the nursery will be constructed on the current location of a temporary unit formerly used as a dining facility which is no longer required due to the recent extension of the primary school. This avoids the necessity for, and costs of, a decant.

Expand Proposed New Nursery - St John's RC Primary School

- 3.16 The delivery of a new St John's RC Primary School is an existing approved commitment under the Wave 3 programme and a consultation exercise will shortly be undertaken to identify the preferred location for the new school. The scope of the project, for which capital funding has already been provided within the Children and Families Capital Investment Programme, includes the re-provision of the existing 40:40 nursery. It is proposed to use part of this additional capital funding to extend the scope of the project to include facilities for 20 two year olds.
- 3.17 The Scottish government estimates the demand for two year old placements in the East area of the City this year to be 66 children. The development at St John's RC Primary School would offer up to 40 places to meet some of this current demand with the remainder of requirements in this area being met by other means e.g. the provision of additional staff at existing Early Years Centres.
- 3.18 The additional space requirements for the new St John's RC Primary School building arising from this change have been estimated as being approximately 120m² comprising a main activity space together with appropriate provision for additional circulation, storage and toilets. In the absence of any firm cost information being available regarding the cost of providing such an expanded facility, a budgetary estimate of £0.36m has been identified by applying an assumed all-in rate of £3,000/m² to the internal space requirement. This should be sufficient to incorporate provision for future construction cost inflation.

Delivering the New Accommodation

- 3.19 Hub South East Scotland Limited (HSESL) has very successfully delivered the first two phases of the primary school rising rolls project and have been commissioned to deliver phase three. HSESL is also currently delivering the new gym at Blackhall Primary School and the three new nurseries at Duddingston, Fox Covert and Wardie Primary Schools. The continued use of the HSESL project and design team is considered to be of significant benefit to the proposed new projects.
- 3.20 It is recommended that, subject to satisfactory terms being agreed, HSESL would be the delivery option for the provision of the new accommodation at Longstone Primary School, Granton Early Years Centre, Davidson Mains Primary School and Corstorphine Primary School.
- 3.21 The hub process involves less risk in the timing of delivery as it does not involve the necessity for a protracted procurement process. However, the process still allows value for money to be achieved through external benchmarking. The

process is now well established and therefore should continue to be more efficient as the scope of works is known, the projects are very similar to those currently being delivered and the onerous contract documentation required will also be readily available to be utilised in the new projects.

- 3.22 The proposed expansion of the scope of the early years facilities at the new St John's RC Primary School would be incorporated into the overall project to deliver the new school.

Measures of success

- 4.1 The delivery of accommodation solutions at the identified locations to ensure the capacity is appropriate to meet the level of demand for early years services in the area.
- 4.2 The delivery of the agreed projects on time, within budget and to the necessary quality.

Financial impact

Capital Expenditure

- 5.1 The additional capital funding which has already been confirmed as being provided to the Council to accommodate the extended entitlement to early learning and childcare is £7,498,218 with further funding likely to be provided.
- 5.2 The additional capital funding allocations will be added to the relevant year's General Capital Grant (GCG) figures and paid to the Council as part of the GCG settlement; the funding will be added to the Children and Families Capital Investment Programme as a top slice of the overall grant.
- 5.3 General Capital Grant is used to partially fund the Council's capital programme with the balance of funding required being met through borrowing. In any given year the Council has to demonstrate to the Scottish Government that it has spent the GCG in full to fund capital expenditure of the authority, as the assumption is that the grant will be applied to finance local authority capital programmes before the application of any other capital or revenue resources such as capital receipts or borrowing.
- 5.4 The utilisation of this additional capital funding will not be time bound from a Scottish Government perspective provided the Council can demonstrate full utilisation of the total GCG in any given year. Finance has confirmed that planned capital spend for both 2014/15 and 2015/16 will exceed the GCG therefore the Council will meet this criteria on a whole programme basis. As such, there are no specific time constraints regarding in which financial year the additional capital funding allocations should be spent.

- 5.5 The estimated total capital expenditure associated with the five proposed projects which have been identified in this report is £5.247m as detailed in the following table. This expenditure will be fully funded from the additional capital funding which has been provided by the Scottish Government.

Project	Area (m²)	Cost (£)
Longstone Primary School	358m ²	1,074,000
Granton Early Years Centre	540m ²	1,620,000
Davidson's Mains Primary School	441m ²	1,323,000
Corstorphine Primary School	290m ²	870,000
St John's RC Primary School	120m ²	360,000
Total		£5,247,000

- 5.6 Each project is discrete and the most appropriate final solution for each will be progressed within the designated budget shown for it above whilst always ensuring that value for money is achieved. Each budget includes provision for the construction costs which would be included in any contract with HSESL (which, due to the values involved, would be progressed in accordance with the scheme of delegation to officers) together with costs for those elements of the project which would be retained by the Council including furniture, fittings and equipment; ICT and some professional fees. The exception is the works to St John's RC Primary School which will be encapsulated into the overall budget and contract for the delivery of the new school for which separate Council approval will be required.
- 5.7 This leaves £2,251,218 of the additional £7,498,218 capital funding already provided, together with any further additional capital funding which may still be forthcoming, regarding which a prioritised use has still to be identified.
- 5.8 The officer working group will be carrying out further analysis to review Early Years provision across the city and establish recommendations for use of the remaining funding which will be reported to a future meeting of the Education, Children and Families Committee for consideration. This analysis will focus on the expansion of services to meet demand combined with, where feasible, any possible rationalisation of the number of sites and facilities currently in operation.

Revenue Costs

- 5.9 The majority of the projects to which it is proposed that the additional funding is allocated will result in an increase in the size of the establishment and, in turn, an increase in the associated revenue property costs e.g. rates, utilities and cleaning. All such costs will have to be funded from future revenue budgets as, and when, necessary.

Loans Charges

- 5.10 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.
- 5.11 However, the capital expenditure identified above of £5.247m will be funded fully from the additional capital funding which has been provided by the Scottish Government for this purpose therefore this expenditure will entail no borrowing requirement or associated loans charges.

Risk, policy, compliance and governance impact

- 6.1 The recommendations in this report do not impact on an existing policy of the Council and there are no health and safety, governance, compliance or regulatory implications that elected members need to take into account when reaching their decision.
- 6.2 All Children and Families capital projects are delivered in line with the Council's Risk Management Policy and Framework. Ensuring sufficient accommodation for early years provision is the key objective and there is a significant reputational risk to the Council if this is not achieved.
- 6.3 Delivery of the projects 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 other such projects including the delivery of new schools. The consideration and management of risk will be undertaken through this group.
- 6.4 The contractors delivering the accommodation will operate in accordance with all relevant legislative and health and safety requirements and have community engagement policies. The relevant school and local communities will be kept informed of any issues that arise during the construction process which will mitigate against the risk of criticism of the Council in relation to these high profile and visible projects.
- 6.5 The engagement of hub South East Scotland Ltd for delivery of the new build accommodation would reduce the risk of project delay as procurement timescales are reduced and provides a considerable degree of cost certainty by establishing affordability caps prior to the finalisation of contracts.

Equalities impact

- 7.1 There are no negative equality or human rights impacts arising from this report.
- 7.2 By offering additional capacity for early years provision the Council is responding to parental choice and endeavouring to offer childcare opportunities to children

from all equalities groups. The Council will continue to ensure that the needs of children who have a disability are met by the accommodation provided.

- 7.3 Accordingly, these proposals have no significant impact on any equalities groups. For these reasons, the overall equalities relevance score is 1 (out of a possible 9) and a full Equalities Impact Assessment is not required.

Sustainability impact

- 8.1 There are no impacts on carbon, adaptation to climate change or sustainable development arising directly from this report. Whilst the majority of the proposals would see the expansion of existing facilities, the purpose is to create additional accommodation to meet demand. The new buildings would be designed to minimise the impact on carbon emissions and energy consumption and would be more efficient than the buildings which they replace.

Consultation and engagement

- 9.1 The necessary consultation will be undertaken with each school community as part of the design development and planning processes for each individual project.
- 9.2 Working groups involving school staff and parent representatives would be established at all schools and early years facilities to act as the main communication forum as each project is progressed. These groups would allow the design team and staff from Children and Families to work with the respective school and parent representatives to progress the delivery of the project including identification of the suitable location for any new accommodation and its design.
- 9.3 Most of the proposed projects involve the replacement and expansion of existing facilities which do not require formal statutory consultation to be undertaken under the terms of the Schools (Consultation) (Scotland) Act 2010. The establishment of a new 40:40 nursery at the proposed new Granton Early Years Centre would ordinarily require a statutory consultation however this is not necessary due to the temporary suspension of such a requirement as detailed in paragraph 2.7 of this report.

Background reading/external references

- [Early Years Framework, Scottish Government and COSLA, December 2008](#)
- [Early Year Strategy, Edinburgh Council 2010](#)
- [Children and Young People's Act \(Scotland\) 2014](#)

- [Supporting Parents and Carers in Edinburgh](#)

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Links

Coalition pledges	P1 - Increase support for vulnerable children, including help for families so that fewer go into care P6 - Establish city-wide co-operatives for affordable childcare for working parents
Council outcomes	CO1 - 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	SO3 - Edinburgh's children and young people enjoy their childhood and fulfil their potential
Appendices	None