

Education, Children and Families Committee

10am, Tuesday, 19 May 2015

Early Years Capital Investment

Item number	7.5
Report number	
Executive/routine	Executive
Wards	Ward 5 (Inverleith); Ward 7 (Sighthill Gorgie) and Ward 13 (Leith)

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 the Council of £9.892m to respond to the necessity to deliver additional capacity across the estate as a result of these new requirements. Committee has previously approved expenditure of £5.741m to progress priority projects involving the replacement and/or expansion of the early years provision at six key locations across the City leaving a balance of £4.151m remaining.

The purpose of this report is to seek the approval of Committee to utilise the remaining funding to provide improved, replacement or expanded early years facilities at four key locations across the City which have been identified as priorities for investment.

Links

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

Early Years Capital Investment

Recommendations

- 1.1 Approve the proposed projects identified in this report to improve, replace or expand early years facilities at the following locations with the costs being met from the additional capital funding provided by the Scottish Government:
- Leith Primary School
 - Tynecastle Nursery
 - Blackhall Nursery
 - Ferryhill Primary School

Background

- 2.1 The Children and Young People (Scotland) Act 2014 ('the Act') 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 Scottish Government has made additional capital funding available to all Local Authorities aligned to the extended entitlements arising from the Act. The total additional capital funding which is being provided to the Council is £9,892,469.
- 2.3 On [11 September 2014](#) Committee approved that funding of £5,247,000 be utilised to deliver replacement and/or expanded early years facilities at:
- Longstone Primary School
 - Granton Early Years Centre
 - Davidson's Mains Primary School
 - Corstorphine Primary School
 - The new St John's RC Primary School
- 2.4 Each of these projects is now being progressed. The projects at Davidson's Mains and Longstone Primary Schools will, subject to satisfactory terms being agreed, be delivered through Hub South East Scotland Limited (HSESL) who are currently delivering the three new nurseries at Duddingston, Fox Covert and Wardie Primary Schools which will open in August 2015. The St John's RC Primary School provision will be delivered through the project to replace the primary school which was approved by Council on [11 December 2014](#).

- 2.5 The remaining facilities at Corstorphine Primary School and Granton Early Years Centre will, subject to satisfactory terms being agreed, be delivered through the SCAPE minor works framework which is available to be used by Local Authorities for individual projects up to a value of £2m. The SCAPE framework is similar to the HSESL process as it involves less risk in the timing of delivery as a protracted procurement process is not necessary but still allows value for money to be achieved through external benchmarking.
- 2.6 On [9 December 2014](#) Committee approved that funding of £0.494m be utilised as part of a wider funding package to deliver an expanded new nursery at Fox Covert Primary Schools.
- 2.7 Once all existing commitments have been taken into consideration there remains a balance of £4.151m of capital funding available for other early years provision. The purpose of this report is to seek the approval of Committee to utilise this remaining funding to provide improved, replacement or expanded early years provision in a further four areas of the City which have been identified as a priority for investment.

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 In considering the priorities for the use of the remaining capital funding of £4.151m the group has identified the necessity for improved, replacement or expanded early years provision in four areas of the City.

Leith Primary School

- 3.3 On [9 December 2014](#) Committee approved the demolition of the Duncan Place building which housed a community centre and the gym hall and nursery accommodation for Leith Primary School, sharing a site with the primary school. In order to deliver an immediate solution for nursery provision, those with places at Leith Primary School were relocated to Stanwell Nursery School in September 2014. In March 2015 a temporary 30:30 nursery unit was opened in the Leith Primary School playground and the children who had been relocated to Stanwell nursery returned to this new facility.
- 3.4 A working group involving all parties affected by the closure of the Duncan Place building was established to determine the scope of what nursery, gym and community accommodation should be provided in the future. A report on the long term options for future accommodation provision will be the subject of a future report to Committee on 6 October 2015.
- 3.5 Whilst the replacement accommodation and how it would be delivered has not yet been determined, it has been confirmed that a permanent, but expanded,

replacement 40:40 nursery with additional provision to cater for 15 two year olds will be required in the area. It is proposed that this element of the replacement project is funded from the remaining Scottish Government early years capital funding.

- 3.6 The accommodation brief for this size of 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. A budgetary estimate based on new build of £1,181,400 has been identified by applying an assumed all-in rate of £3,300/m² to the internal space requirement.

Tynecastle Nursery

- 3.7 In this area the current Council provision is a 30:30 nursery class at Stenhouse Primary School, a 40:40 nursery in the Tynecastle area and a 60:60 nursery in Balgreen which is located adjacent to Balgreen Primary School but is managed separately.
- 3.8 Tynecastle Nursery is currently operating near to its 40:40 capacity however the building is in very poor condition which poses concerns regarding the ongoing continuity of provision of the service. The figures for eligible two year olds in this area necessitate additional accommodation being provided for two year olds. It is therefore proposed to replace this with a new expanded facility which has additional provision to cater for 15 two year olds to meet the increased demand in the area.
- 3.9 An initial assessment has concluded that a new facility could be delivered within the existing Tynecastle Nursery site while the current nursery remained operational i.e. no decant would be required although the amount of external play space available would be significantly reduced during the period of construction.
- 3.10 The accommodation brief for this size of facility to comply with all necessary requirements, including the School Premises Regulations and the Care Commission, identifies a requirement for internal space of 370m² and a maximum area of external space of 512m². A budgetary estimate of £1,221,000 has been identified by applying an assumed all-in rate of £3,300/m² to the internal space requirement.

Blackhall Nursery

- 3.11 Blackhall Primary School does not have an associated nursery and the main local early years provision in the area is a voluntary nursery which is run by an independent management committee. The nursery operates from a Council owned building, the Ravelston Park Pavilion. The nursery has capacity for 60 children and has a waiting list.
- 3.12 Due to burdens associated with the land it is not possible to expand or replace the existing building on either its existing site or elsewhere on Ravlestone Park.

The existing building was in poor condition which raises concerns regarding the ongoing continuity of provision of the service. Whilst investment of £25,000 has recently been made in repairing the roof, there remain condition issues which require to be addressed which are routine in nature. It is therefore proposed that expenditure of £15,000 is incurred to address the remaining condition issues which have been identified in the existing building.

- 3.13 Consideration has also been given as to whether a new nursery facility could be provided within the grounds of Blackhall Primary School. However, the school had a significant extension which was completed in 2005, still operates two temporary units within its grounds and over the next six months is being provided with a new hall facility. As a result, the remaining outdoor space available to the school is limited and there is not scope to provide a new nursery at the school.

Ferryhill Primary School

- 3.14 Taking into consideration the needs of the wider area of Blackhall and Ferryhill it is proposed to increase the provision at the next nearest primary school which is considered to have capacity on its site to locate the required additional accommodation which is Ferryhill Primary School.
- 3.15 The existing nursery provision at Ferryhill Primary School is a 40:40 nursery accommodated within the primary school building. The nursery is currently operating to full capacity with a waiting list of 14 children who cannot access a local nursery service. The figures for eligible two year olds in this area necessitate additional accommodation being provided for two year olds. It is therefore proposed to replace this accommodation with a new purpose built, larger 60:60 stand alone nursery with additional provision to cater for 15 two year olds; this would be located within the school grounds.
- 3.16 Ferryhill Primary School has been identified as one of the primary schools which will potentially face accommodation pressures in August 2016 and beyond as a result of [rising primary school rolls](#), and for which a solution will require to be found to address the issue should it arise. It has been estimated that an additional two class spaces will need to be provided at the school. The existing nursery space has been identified as being capable of adaptation to provide the additional two class spaces required.
- 3.17 The accommodation brief 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. A budgetary estimate of £1,455,300 has been identified by applying an assumed all-in rate of £3,300/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.

Delivering the New Accommodation

- 3.18 Hub South East Scotland Limited (HSESL) has very successfully delivered the first two phases of the primary school rising rolls project and are in the process of delivering 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.
- 3.19 Children and Families are currently piloting the delivery of the early years facilities at Corstorphine Primary School and Granton Early Years Centre through an alternative mechanism, the SCAPE minor works framework which is similar to the HSESL process.
- 3.20 Both processes involve less risk in the timing of delivery as they do not involve the necessity for a protracted procurement process. However, the processes still allow value for money to be achieved through external benchmarking. It is proposed that either the HSESL or the SCAPE framework procurement routes will be used for delivery of the projects at Tynecastle Nursery and Ferryhill Primary School identified in this report. The best delivery solution for each of the individual projects will be determined based on an assessment of the value for money achieved in the early years projects which are currently being delivered through both routes.
- 3.21 The improvements required to the condition of Blackhall Nursery will be progressed using the normal Council processes for such works. The new early years facilities at Leith Primary School would be incorporated into the overall project to deliver the replacement accommodation required on that site.

Measures of success

- 4.1 The delivery of accommodation solutions at the identified locations to ensure the capacity across Edinburgh is appropriate to meet the level of demand for early years services.
- 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 £9,892,469.
- 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 has been 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 proposed projects which have been identified in this report is £4,151,469 as detailed in the following table with £278,769 being retained as contingency. This expenditure will be fully funded from the additional capital funding which has been provided by the Scottish Government.

Project	Area (m ²)	Cost (£)
Leith Primary School Nursery	358m ²	1,181,400
Tynecastle Nursery	370m ²	1,221,000
Blackhall Nursery	n/a	15,000
Ferryhill Primary School Nursery	441m ²	1,455,300
Contingency		278,769
Total		£4,151,469

- 5.6 Each project is discrete and the most appropriate final solution for each will be progressed whilst always ensuring that value for money is achieved. Each indicative budget includes provision for the construction costs which would be included in any contract (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.
- 5.7 The retained contingency of £278,769 would be used to accommodate any variation in costs which might arise in any of the projects to deliver new early years accommodation, for example due to site specific abnormal costs which can only be determined following detailed design.

Revenue Costs

- 5.8 The majority of the projects to which it is proposed the remaining 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

- 5.9 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.
- 5.10 However, the capital expenditure identified above of £4,151,489 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 HSESL or the use of the SCAPE framework for the delivery of the new build accommodation reduces the risk of project delay as procurement timescales are reduced and each route 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 The proposed projects involve either improving the condition or 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 as amended.

Background reading/external references

- [Early Years Framework, Scottish Government and COSLA, December 2008](#)
- [Early Years Strategy, Edinburgh Council 2010](#)

- [Children and Young People's Act \(Scotland\) 2014](#)
- [Early Years Capital Investment: Report to Education, Children and Families Committee; 11 September 2014](#)
- [Fox Covert Primary Schools - New Nursery: Report to Education, Children and Families Committee; 9 December 2014](#)

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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 CO2 - 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