

Education, Children and Families Committee

10am, Tuesday, 19 May 2015

Buckstone Primary School - Use of Developer Contributions

Item number	7.9
Report number	
Executive/routine	Executive
Wards	8 – Colinton/Fairmilehead

Executive summary

A significant residential development is being progressed on the former Fairmilehead Water Treatment Works site. In accordance with the related Section 75 agreement the Council will receive education contributions to alleviate accommodation pressures at both Buckstone Primary School and Boroughmuir High School, the latter via the provision of a replacement High School.

Consultation was undertaken with the management and parent council of Buckstone Primary School to establish the way in which the developer contributions receivable could be best invested to provide additional accommodation at the school to allow it to respond to the additional pupils generated from the development.

The purpose of this report is to inform Committee of the outcome of that consultation and the subsequent feasibility study which was undertaken and to seek approval to progress the proposed new hall which was identified as the priority for investment.

Links

Coalition pledges	P03
Council outcomes	C01 and C02
Single Outcome Agreement	S03

Buckstone Primary School - Use of Developer Contributions

Recommendations

- 1.1 Approve the project to deliver a new hall at Buckstone Primary School as detailed in this report, the capital costs of which will be fully funded from developer contributions.

Background

- 2.1 In 2011 Scottish Water applied for planning permission in principle for a residential development on the Fairmilehead Water Treatment Works site. In considering the impact of this proposed development, as Buckstone Primary School was operating at close to capacity and with a projected increase in primary school rolls over the ensuing ten years, the Council sought to recover education contributions to alleviate accommodation pressures at both Buckstone Primary School and Boroughmuir High School, the latter via the provision of a replacement High School.
- 2.2 A Section 75 Agreement was entered into with Scottish Water which included provision for education contribution payments to be made towards the costs incurred by the Council in alleviating accommodation pressures at both schools. The payments are based on an aggregate rate of £4,709 per house and £768 per flat with the element applicable to Buckstone Primary School being £2,567 per house and £411 per flat.
- 2.3 CALA Management Ltd and David Wilson Homes East Scotland subsequently acquired the site and submitted a full planning application in August 2012 for its development with approval being granted in December 2012. As the new owners they assumed the responsibilities under the Section 75 agreement. Based on the 182 houses and 98 flats within the current overall development the total educational contributions payable to the Council are £932,302 comprising £507,472 towards works at Buckstone Primary School and £424,830 towards the new Boroughmuir High School.
- 2.4 The payment of the monies is phased over four tranches based on when pre-determined numbers of open market housing units are occupied; the delivery and occupation of affordable units is not a factor which is taken into consideration in determining when payments must be made. The first payment is due when 60 open market housing units are occupied with the subsequent tranches being on the (cumulative) occupation of 110, 160 and 202 open market

housing units. The payments are subject to an inflationary adjustment representing any increase in the BCIS All-in Firm Tender Price Index between August 2012 (when the Section 75 agreement was signed) and that which would apply in the month in which any payment is made.

- 2.5 Consultation was undertaken with the management and parent council of Buckstone Primary School to establish the way in which the developer contributions receivable could be best invested to provide additional accommodation at the school to allow it to respond to the additional pupils generated from the development. The purpose of this report is to inform Committee of the outcome of that consultation and the subsequent feasibility study which was undertaken and to seek approval to progress the proposed new hall which was identified as the priority for investment.

Main report

- 3.1 Consultation has been undertaken with the management and parent council of Buckstone Primary School to establish the way in which the developer contributions receivable could be best invested to provide additional accommodation at the school to allow it to respond to the additional pupils generated from the development.
- 3.2 It was concluded that the preferred solution was to create a new 180m² hall (to a minimum height of 6.1m to allow use for badminton) which would release general purpose space and allow that to be converted to provide the two further class bases identified as being necessary to provide additional capacity at the school.
- 3.3 A feasibility study was undertaken regarding the creation of a proposed new hall with this being based on the assumption that the contract for its construction would not be tendered until June 2017 being when it had been forecast that the final developer contribution instalment would have been received. The key conclusions from the feasibility study were as follows:
- i. It would be feasible to create a new 180m² hall at the front of the school with direct access being provided to the main circulation area.
 - ii. Planning has confirmed that the main consideration for the new hall would be the height in relation to the school and its surroundings (the site is bounded on three sides by residential properties) however the suggested location was acceptable in principle.
 - iii. Building Control has advised that, since the existing building contains toilets and changing facilities, there would be no requirement to provide additional support facilities unless it was the intention for the new hall to be used for non-school sports activities. The scope of works does not include for any associated additional toilets, changing or storage facilities and the school is aware of, and has accepted, the restriction on use which will arise as a consequence.

iv. The cost of delivering the new hall, including provision for future cost inflation, was estimated to be £567,000.

3.4 The first two instalments of the developer contributions have been received which include a total of £283,438 towards works to Buckstone Primary School. The total funding which it is forecast would be receivable towards works to Buckstone Primary School is £586,107 as shown in the table below. An assumed inflationary uplift has been applied to the base payments based on the latest forecast BCIS All-in Tender Price Indices.

Base Index	Payment Date	Projected Index	Projected Firm Index	% Change	Base Payment	Indexed Payment
221	Nov-14	255	244	10.41%	126,868	140,071
223	Mar-15	257	252	13.00%	126,868	143,367
223	Nov-15	266	257	15.25%	126,868	146,215
223	Apr-17	287	275	23.32%	126,868	156,454
					£507,472	£586,107

3.5 The estimated cost of delivering the new hall of £567,000 is within the forecast total developer contribution funding of £586,107 allowing a small level of additional contingency to be retained to cover unforeseen eventualities e.g. the final two indexed payments assume the inclusion of an inflationary uplift of £48,933 which could be subject to change. If there was any surplus funding remaining this would be applied towards other accommodation works at Buckstone Primary School as it could only be used for this purpose.

3.6 The delivery of the new hall would be fully funded from developer contributions and cannot be delivered in phases therefore it is recommended that the project be progressed with the following approach to delivery being adopted:

- i. The detailed design of the new hall would be progressed and the project developed to the point where planning consent was secured and all documentation which would be required to tender the contract to deliver the new hall was produced. It is proposed that the detailed design would be undertaken by the Council's in-house team.
- ii. The contract would not be tendered until the full amount of developer contributions had been received. This is important to ensure that there is certainty that the funding to deliver the project is in place and that the extent of this funding is known to ensure that the project will be affordable.
- iii. The maximum funding available for the new gym hall would be the level of developer contributions which are received. In the event that not all of this funding was required to deliver the new hall, any surplus would be applied towards further accommodation improvements which would be agreed with the school. The possibility of installing acoustic ceiling baffles in the

circulation space which will become the school library has been identified as a possible priority for any such funding.

Measures of success

- 4.1 The delivery of the agreed project on time, within budget and to the necessary quality.

Financial impact

- 5.1 The capital funding for this project, which would be receivable entirely through developer contributions, has been estimated to be £586,107 however this amount may be subject to change.
- 5.2 The project 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

- 5.3 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.
- 5.4 However, the capital expenditure identified above of £586,107 will be funded fully from the additional capital funding which will be provided through developer contributions for this purpose therefore this expenditure will entail no borrowing requirement or associated loans charges.

Risk, policy, compliance and governance impact

- 6.1 The recommendation in this report does 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 There is a risk that not all of the developer contributions required to meet the cost of the project are received resulting in a potential cost to the Council to underwrite any deficit arising. The potential financial risk to the Council will be mitigated by not tendering the contract to deliver the new hall until all developer contributions have been received and the full extent of funding available confirmed.

Equalities impact

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

Sustainability impact

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

Consultation and engagement

- 9.1 Consultation regarding the use of the developer contributions has been undertaken with representatives of the school management and parent council.

Background reading/external references

None

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Links

Coalition pledges	P4 - 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	None