

Finance and Resources Committee

10am, Thursday, 9 June 2016

Tynecastle Nursery – referral from the Education, Children and Families Committee

Item number	7.22
Report number	
Executive/routine	
Wards	

Executive summary

The Education, Children and Families Committee on 24 May 2016 considered a report outlining a revised proposal for the delivery of a replacement Tynecastle Nursery. The Committee approved the revised strategy for the delivery of a new nursery and referred the report to the Finance and Resources Committee for approval of the terms and conditions.

Links

Coalition pledges	See attached report
Council outcomes	See attached report
Single Outcome Agreement	See attached report

Terms of Referral

Tynecastle Nursery

Terms of referral

- 1.1 The Education, Children and Families Committee on 19 May 2015 had approved a proposal to replace the existing Tynecastle nursery school with a new expanded facility. A feasibility study concluded that the new nursery facility could be delivered within the existing Tynecastle Nursery site while the current nursery remained operational.
- 1.2 On 24 May 2016, the Education, Children and Families Committee considered a joint report by the Acting Executive Directors of Communities and Families and Resources advising that the Council had been approached by Heart of Midlothian Football Club (HMFC) who required the nursery site as part of their proposed redevelopment of the main stand at Tynecastle stadium. HMFC were proposing to provide a new permanent nursery facility (to the same specification as the previously approved proposal) as part of their stadium redevelopment which, in turn, would be leased to the Council at a peppercorn rent.
- 1.3 HMFC would lease land to the Council to accommodate a new temporary nursery until the permanent nursery had been completed.
- 1.4 The Committee also heard a deputation from the parents of Tynecastle Nursery who raised concerns regarding the orientation and size of available outdoor space.

Motion

- 1.5 To note the proposals by Heart of Midlothian Football Club to redevelop their main stand and the impact on the Council's current proposal to replace Tynecastle Nursery.
- 1.6 To approve the revised strategy for the delivery of a new Tynecastle Nursery as detailed in the joint report by the Acting Executive Directors of Communities and Families and Resources.

- 1.7 To refer the joint report to the Finance and Resources Committee for final approval of the terms and conditions as detailed in paragraph 3.5 of the report.
- 1.8 To note that discussions with staff and parents would continue before the plans were finally agreed.
- 1.9 To agree that a Working Group be established, including staff, parents and the project architect, to bring forward the plans and to specifically look at concerns over the outdoor play/garden area.

- Moved by Councillor Godzik, seconded by Councillor Fullerton.

Amendment

- 1.10 To note the proposals by Heart of Midlothian Football Club to redevelop their main stand and the impact on the Council's current proposal to replace Tynecastle Nursery.
- 1.11 To approve the revised strategy for the delivery of a new Tynecastle Nursery as detailed in the joint report by the Acting Executive Directors of Communities and Families and Resources.
- 1.12 To refer the joint report to the Finance and Resources Committee for final approval of the terms and conditions as detailed in paragraph 3.5 of the report.
- 1.13 To recognise the very high value attached by the nursery community to the scale and quality of the outdoor play space and therefore to seek to ensure that there is at least the equivalent size of outdoor play space in the new nursery.

- Moved by Councillor Corbett, seconded by Councillor Main.

Voting

- 1.14 For the motion 18 votes
- 1.15 For the amendment 6 votes

Decision

- 1.16 To approve the motion by Councillor Godzik.

For Decision/Action

- 2.1 The Finance and Resources Committee is asked to approve the terms and conditions for the delivery of a new Tynecastle Nursery as outlined in Paragraph 3.5 of the attached joint report by the Acting Executive Directors of Communities and Families and Resources.

Background reading / external references

[Minute of the Education, Children and Families Committee - 19 May 2015](#)

Kirsty-Louise Campbell

Interim Head of Strategy and Insight

Contact: Ross Murray, Acting Committee Clerk

E-mail: Ross.Murray@edinburgh.gov.uk | Tel: 0131 469 3870

Links

Coalition pledges

Council outcomes

Single Outcome Agreement

Appendices

Tynecastle Nursery – joint report by the Acting Executive Director of Communities and Families and the Acting Executive Director of Resources

Education, Children and Families Committee

10am, Tuesday 24 May 2016

Tynecastle Nursery

Item number	7.22
Report number	
Executive/routine	Executive
Wards	7 – Sighthill/Gorgie

Executive summary

On 19 May 2015, the Education, Children and Families Committee approved the replacement of the existing Tynecastle nursery school with a new and expanded facility. A feasibility study concluded that the new facility would be delivered within the existing Tynecastle Nursery site while the current nursery remained operational.

The Council has now been approached by Heart of Midlothian FC who require the nursery site as part of the proposed redevelopment of Tynecastle Stadium. Consequently, this report seeks authority to enter into revised redevelopment proposals for the delivery of a new nursery for the Tynecastle area.

Links

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

Report

Recommendations

- 1.1 That Committee:-
- 1.2 Notes the proposals by Heart of Midlothian FC to redevelop their main stand and the impact on the Council's current proposal to replace Tynecastle Nursery;
- 1.3 Approves the revised strategy for the delivery of a new Tynecastle Nursery as detailed in this report; and
- 1.4 Refers this report to the Finance and Resources Committee for final approval of the terms and conditions, as detailed in paragraph 3.5.

Background

- 2.1 The Children and Young People (Scotland) Act 2014 sets out a 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. In line with this requirement the Scottish Government has provided capital funding to the Council to assist with the delivery of additional early years capacity across the estate. The Education, Children and Families Committee has previously approved the use of this funding to provide replacement and/or expanded early years facilities at ten locations across Edinburgh.
- 2.2 On 19 May 2015, a [report](#) to the Education, Children and Families Committee included a proposal to replace the existing Tynecastle nursery school with a new and expanded facility. The current nursery facility operates near to its 40:40 capacity however, the building is in very poor condition and is at the end of its natural life cycle, which poses concerns regarding the ongoing continuity of provision of the service. The anticipated number of eligible two year olds also necessitates additional accommodation being provided to cater for that age group in this area. Committee therefore approved that the current nursery would be replaced with a 40:40 facility for three and four year olds with additional provision to cater for 15 two year olds.
- 2.3 An initial assessment concluded that the 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. 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 £1.221m

was identified by applying an assumed all-in rate of £3,300/m² to the internal space requirement.

- 2.4 Following Committee approval, a design team was commissioned to progress with the delivery of the new Tynecastle Nursery and five of the other new nurseries. Shortly after the appointment of the design team, the Council was approached by Heart of Midlothian Football Club (HoM) about their proposals to replace the main stand at Tynecastle football stadium. The plans for the new stand would require the use of the land on which the current Tynecastle Nursery is located and HoM were enquiring about the possibility of gaining access to this land to allow their development proposals to proceed.
- 2.5 Part of the initial approach by HoM was a willingness to discuss the provision of a temporary nursery facility on another location within their land ownership and the provision of a permanent nursery facility within their new stand development as part of an overall development agreement with the Council. Due to this approach, the work on the new Tynecastle Nursery by the design team appointed by the Council was put on hold to allow negotiations with HoM to proceed.
- 2.6 The main stand redevelopment proposals also affect a further property owned by the Council. The former Adult Training Centre, adjacent to the existing nursery, has been leased to HoM for several years on a short term tenancy at a passing rent of £30k per annum.
- 2.7 The negotiations with HoM have now reached a stage where the proposed development agreement requires approval by the Education, Children and Families and Finance and Resources Committees. The main terms of the proposed agreement are therefore provided in the following section of this report for consideration by Committee.

Main report

- 3.1 In recent years, Heart of Midlothian Football Club has confirmed it intends to remain at Tynecastle Stadium in the long term. At least 18 competitive games are hosted at Tynecastle Stadium in a typical year. While three stands of the stadium were rebuilt in the 1990s, the Main (east) Stand dates back to 1914. HoM proposes to redevelop the Main Stand to increase the stadium's capacity from 17,420 to over 20,000. The redevelopment would raise the stadium to UEFA standards, enabling it to host European games, and deliver an improved experience for spectators and players. HoM aims to deliver the redevelopment in time for the 2018/19 football season, with games continuing to be played at Tynecastle throughout the redevelopment.
- 3.2 Originally, HoM had approached the Council to acquire the former Adult Training Centre, which is currently leased to them. The reason for this was that the building is in poor condition and requires considerable capital investment to maintain its future use. Whilst agreement was not reached on a market value,

the Council is of the opinion that the asset is worth £260k and this is now incorporated into the wider redevelopment proposals described below.

3.3 The assets that form part of this redevelopment proposal are shown on the plan at Appendix 1. These are:

- The existing Tynecastle Stadium owned by HoM;
- The existing Nursery site extending to an area of 0.137 hectares (0.34 acs);
- The former Adult Training Centre currently used by HoM as a ticket office extending to an area of 0.227 hectares (0.227 acs); and
- Gerrard's Yard comprising an area of hard standing to the south west of Tynecastle Stadium owned by HoM.

3.4 The proposals will see HoM provide a new permanent nursery facility, to the Council's specification (which would be the same as would have applied under the previous proposal), as part of their stadium redevelopment which, in turn, will be leased to the Council at a peppercorn rent. The proposals are complicated by the timing requirements to vacate the existing nursery site to allow for its demolition, which will necessitate the need for a temporary nursery accommodation solution during the construction period.

3.5 The provisionally agreed terms and conditions are as follows:-

- The contract for the sale of the existing ATC and Nursery and all other obligations in that contract and any related development agreement are suspensively conditional upon the grant of a planning permission for the redevelopment of the main stand.
- If planning permission is secured, the Council will grant a development licence over its assets to HoM to allow the construction of the stand. Once the new nursery reaches practical completion, title will transfer and the lease for the Council to occupy the nursery will commence on the same date. The grant of planning consent and commencement of the development licence is targeted to be 1 October 2016.
- HoM will construct a new upgraded 'turn-key' nursery to an agreed specification - this will include the building of the 'shell' and agreed 'fixed' fit-out. The facility will be leased to the Council for a period of 35 years at £1 pa following which HoM will retain ownership.
- The Council will make a contribution of £0.5m directly towards the new nursery facility. This will be paid into an Escrow account on the granting of the development licence. The funds will be released on commencement of construction of the new stand.

- HoM will lease to CEC at £1 pa the site known as Gerrard's Yard which will be used to accommodate a new temporary nursery until the new permanent nursery has been completed.
- CEC will procure and build/fit out the new temporary nursery for its exclusive use, with a target decant completion date of no later than 1 October 2016. If for any reason the decant cannot be completed by this date there will be no penalty to the Council and every endeavour will be made to complete the decant as soon as possible.
- Should HoM not proceed with the stadium redevelopment within 18 months of the granting of the development licence, a sum of £0.26m will be paid to CEC and HoM will obtain the Title to the former ATC site. CEC will be able to continue the lease for the temporary nursery at Gerrard's Yard on the same terms for a period to allow a permanent nursery to be constructed by CEC on the original nursery site

3.6 Visuals of the temporary and permanent nursery are shown on Appendix 2 and 3 respectively.

3.7 The following table provides a financial comparison between the Council's original proposals and the new proposals :-

Original Proposal	Income/(Cost)	New Proposal	Income/(Cost)
Scottish Government capital grant	£1.221m	Scottish Government capital grant	£1.221m
New Nursery cost	(£1.221m)	Temporary decant	(£0.3m)
Sale of ATC	£0.26m		<u>Nil</u>
		New nursery contribution	(£0.5m)
CEC direct costs relating to the new nursery			(£0.07m)
Net funding position within overall Council Programme	Reduction in overall borrowing of £0.26m from capital receipt		£0.351m remaining capital funding from original £1.221m plus investment

	realised		in a TU that can be redeployed (value approx. £0.2m)
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- 3.8 In real terms the current proposals will leave the Council with an estimated £0.351m in the Communities and Families capital investment programme together with a new temporary unit (value £0.2m) that can be redeployed to meet the rising demand for nursery accommodation elsewhere in the City.
- 3.9 The capital funding of £0.351m which would be released as a result of this proposal will be initially retained as contingency in the event of any potential issues with the funding which has been assigned for the other five new nurseries which are currently being progressed. For the first four of these projects a budget was set based on a very indicative rate of £3,000/m². The rate used to set the budgets for the more recent approvals (including Tynecastle) of £3,300/m² which was based on latest cost data and is considered to be more reflective of the cost required to deliver these facilities.
- 3.10 The redevelopment as proposed would also have a number of further benefits for the city. An economic impact assessment of HoM carried out in 2015 found that the club supported the equivalent of 197 full-time equivalent jobs and £7.33 million of gross value added per annum. A number of public realm improvements would be delivered on McLeod Street. The expanded visitor offer could be expected to support an additional 13 part-time hospitality jobs, while expenditure by the expanded number of day visitors to Edinburgh could support a further 6 jobs. The redevelopment would bring Tynecastle Stadium to UEFA standards, rendering it eligible to bid to host games associated with major European and international football contests. While there is considerable competition to host these contests, the economic impact of hosting one were HoM to mount a successful bid would be substantial.

Measures of success

- 4.1 Measures of success will be:
- 4.2 Successful delivery of the temporary nursery solution in line with the timescales required in the agreement with HoM.
- 4.3 Successful delivery of the permanent nursery solution within the HoM development to the specifications and within the timescales included in the agreement with HoM.
- 4.4 Delivery of both the temporary and permanent nursery solutions within the financial parameters outlined in sections 3 and 5 of this report.

Financial impact

- 5.1 The financial impact is explained in paragraph 3.7.

- 5.2 The proposals set out within the paper require capital expenditure of £0.87m, compared to £1.221m under the original considered solution. In real terms the suggested proposals will leave the Council with £0.351m in the Communities and Families capital investment programme. This funding will be initially retained as contingency in the event of any potential issues with the funding which has been assigned for the other five new nurseries which are currently being progressed.
- 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 £0.87m will be funded fully from additional capital funding which has been provided by the Scottish Government for this purpose and therefore this expenditure will entail no borrowing requirement or associated loan charges.

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. Ensuring sufficient accommodation to meet the requirements for early years provision created by The Children and Young People (Scotland) Act 2014 is the key objective of the Early Years programme and there would be a significant reputational risk to the Council if this is not achieved.
- 6.2 The Early Years programme is 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 new schools. The consideration and management of risk is undertaken through this group.
- 6.3 There is a risk that HoM decide not to proceed. This risk is mitigated by an obligation on them to acquire the ATC site, which would be used to top up the Capital Investment Programme. In the event of this eventuality occurring the Council would revert to the original proposal and still have the TU for redeployment.

Equalities impact

- 7.1 There are no negative equality or human rights impacts arising from this report.
- 7.2 By offering additional early years facilities the Council is responding to parental choice and endeavouring to offer all eligible children from all equalities groups the opportunity to quality pre-school learning. The Council will continue to ensure that the needs of children who have a disability are met by the

accommodation available at the new early years facilities being provided. The provision of facilities offered to users with learning and behavioural support needs will be unaffected. Accordingly, these proposals have no significant impact on any equalities groups and provide greater opportunities for children to attend early years facilities in their local area.

Sustainability impact

- 8.1 This project protects existing and creates additional early years accommodation in the local area and accordingly it should ensure that changes to travel patterns are minimised and established social cohesion within the community is maintained. The project will also meet the latest energy efficiency requirements through the statutory building warrant process as a minimum. The project also allows a major Edinburgh institution, HoM, to implement its growth strategy and contributes to the economic stability of the club.

Consultation and engagement

- 9.1 A working group involving the nursery school staff and parent representatives will be established to ensure full engagement during the delivery of this project.
- 9.2 Whilst the proposal would involve Tynecastle Nursery moving to a different site, this will be an entirely temporary arrangements therefore no statutory consultation would be required under the provisions of the Schools (Consultation) (Scotland) Act 2010 as amended by the Children and Young People (Scotland) Act 2014.

Background reading/external references

[Early Years Capital Investment](#), Report to Education, Children and Families Committee 19 May 2015.

Hugh Dunn

Acting Executive Director of Resources

Alistair Gaw

Acting Executive Director of Communities and Families

Contact:

Peter Watton, Acting Head of Corporate Property

E-mail: peter.watton@edinburgh.gov.uk | Tel: 0131 529 5962

Crawford McGhie, School Estate Planning Manager

E-mail: crawford.mcghie@edinburgh.gov.uk | Tel: 0131 469 3469

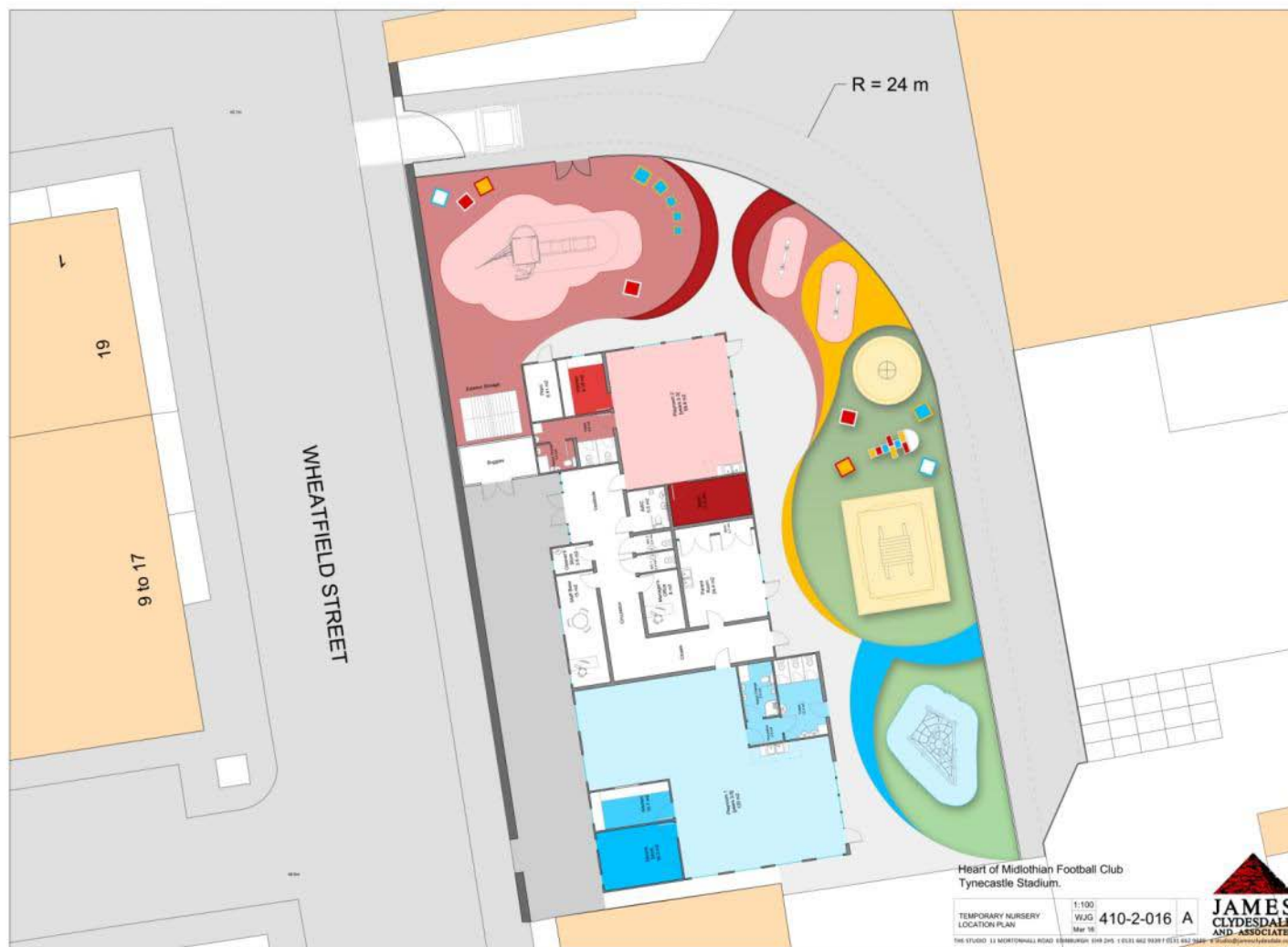
Links

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	1 – Tynecastle Nursery proposed location 2 – Indicative layout of temporary nursery in Gerrard's Yard 3 – Indicative visuals of replacement nursery

Appendix 1 – Tynecastle Nursery proposed location



Appendix 2 – Indicative layout of temporary nursery in Gerrard's Yard



Appendix 3 – Indicative visuals of replacement nursery



The existing nursery with Tynecastle Stadium to the rear, looking west from McLeod Street



The proposed redeveloped Main Stand of Tynecastle Stadium, looking west from McLeod Street, with the nursery visible on the far right



Proposed Nursery Layout
410-104-15



The proposed layout of the replacement nursery within the redeveloped Main Stand



Proposed Nursery Exterior Space Layout
410-104-17



The proposed external play area of the replacement nursery

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