

WEST DUNBARTONSHIRE COUNCIL

Report by the Executive Director of Educational Services

Council: 24 March 2010

Subject: Schools Regeneration: Dumbarton Academy – Update

1. Purpose

- 1.1** The purpose of this report is to update Members on the current proposals with regard to Dumbarton Academy and the related discussions with the Scottish Futures Trust (SFT).

2. Background

- 2.1** In September 2009 the Scottish Government (SG) announced its intention to offer to contribute 66% Capital funding towards a new build Dumbarton Academy. The Council's calculations, based on construction costs prior to the onset of the recession, indicated a total capital cost of £31 million. This cost included the relocation of the Brock Bowling Club (currently on campus), additional Schools Estate staff and professional fees. Based on this estimated cost, the SG grant would therefore equate to £20.7m, leaving a funding gap of £10.3m for the Council to meet.
- 2.2** SFT also announced that it would pilot a new build school project involving two Authorities, namely east Renfrewshire and East Lothian. Other projects would be brought on line at appropriate times and this would allow a degree of learning efficiency gained from the experiences of the pilot.

3. Main Issues

- 3.1** Since the SG announcement of the offer of part funding several discussions have taken place between officers and the SFT in order to establish details of the funding options to be made available and to identify any imposed limitations in school design specifications and capacities.
- 3.2** It was established at an early stage that the necessary relocation of the Brock Bowling Club which is currently situated in the middle of the campus should be dealt with as a matter of urgency and that SFT funding would not include costs associated therewith. The funding for the relocation has been included in the Capital Programme for 2010/2011 and the Planning process is currently underway. In addition, a new all-weather football pitch is currently being constructed on the school campus at a cost of £320,000. This is funded from the capital programme and will further reduce the overall cost of the joint SFT/Council project.
- 3.3** In Autumn 2009 the SFT completed a "Lessons Learned" survey of recently built schools which had been occupied for at least 6 months. The results of the survey will allow the SFT to develop a standard base guide towards the desired design

specifications of any subsequent new schools. The criteria is expected to be prescriptive in many areas and will include details on the following:-

- a) Sustainability,
- b) Full accessibility,
- c) Strategy for Life Cycle Maintenance/Replacement,
- d) Adequate social spaces for pupils, whilst limiting the space standards, to between 11 and 12 m² per pupil,
- e) Standardised building costs, currently set at £2,200/m², based upon current construction rates but excluding additional staffing and professional consultancy fees (we have been advised that the rates offered at the time of pricing will be reflected in the SFT offer at that time, thereby protecting the project from any sudden upsurge in construction costs as the building industry begins to climb out of recession),
- f) Current pupil rolls (no allowance for future growth to be included),
- g) Straight replacement of school with no educational space enhancements,
- h) Adequate sports and external social and circulation spaces, to meet minimum statutory and good practice requirements.

3.4 It should be noted that as yet the specification standards relating to any prescriptive cost allowances have not been defined by SFT in detail. Further details are expected in the near future and may be dependant upon the standards used in the pilot project.

3.5 The SFT has intimated that in the next few weeks it will announce its programme of new school projects across the country together with the plans of when it will make funding available to the various Authorities involved. However in recognition of the fact that West Dunbartonshire Council's plans are further developed than in any other Authority area the SFT is considering prioritising West Dunbartonshire ahead of other Authorities and it is expected therefore that funding could be granted in 2012/2013.

3.6 Dumbarton Academy – the basics and the challenges

3.6.1 The schools delivered in WDC over the past twelve months and those currently under construction are generally recognised as being of high quality, both in terms of space standards and quality of materials and design. It is desirable to deliver a new Dumbarton Academy to the same consistent standard. However this will be challenging to achieve since the relatively low roll (680 pupils) in comparison with the three new secondary schools (1100, 1500 and 1600) means that there will be less efficiency in the use of space.

3.6.2 Bearing in mind the limitations listed in 3.3 above, in order to deliver a new Dumbarton Academy for 680 pupils at the current capital all-in building cost of £2,200 per m² (excluding additional staffing and professional consultancy fees) whilst ensuring similar quality and space standards to those built into our three new secondary schools, a new Dumbarton Academy would cost approximately £21.55m.

3.6.3 The construction of a new secondary using the SFT's criteria of a maximum of 12m² per pupil at an all-in rate of £2,200 per m² would result in a total cost for Dumbarton Academy of £17.95m. The maximum SFT contribution would therefore be £11.97m.

- 3.6.4** If Council chooses to deliver a new Dumbarton Academy which is consistent with those standards already existing in our three new secondary schools, then the necessary WDC contribution would be the difference between £21.55m and £11.97m, i.e. £9.57m (44.42% of the total cost).
- 3.6.5** It should be recognised that the above figures are still provisional and should be looked upon as indicative but not necessarily final. Whilst SFT space standards will be challenging for the Council to achieve we are still investigating the possibility of slightly amending plans in order to ensure greater space efficiency within the building. Negotiations are still ongoing between officers and the SFT to try to agree a set of standards which are acceptable to all parties.

4. Personnel Issues

- 4.1** Professional consultants will be required and these could be either external or in-house, dependant upon timescales to deliver and the workload experienced at the appropriate time within the current in-house teams.
- 4.2** Additional staff resources within the Schools Estate team will be needed, i.e. financial and legal expertise, in order to deliver the client service for this project.

5. Financial Implications

- 5.1** The SFT has indicated that any offer of capital monies will be subject to construction rates current at the time of any final offer from the SFT. If this is confirmed then the project will have an element of inflation proofing built in.
- 5.2** The all-in capital cost to rebuild Dumbarton Academy and associated external works, excluding relocation costs for Brock Bowling Club, is estimated to be around £21.55m at current pricing levels, excluding additional staffing and professional consultancy fees. The SG grant is currently expected to be around £11.97m leaving a funding gap of £9.57m for the Council to meet. Professional consultancy fees will be met through the Council capital budget.
- 5.3** Council previously approved the commitment to allocate £10.3m for Dumbarton Academy, albeit this was based upon assuming a 66.67% contribution from the SFT. Prudential borrowing to cover the funding gap of £9.57m would result in a revenue impact to the Council of £0.725m per annum over a 40 year period, based on current interest rates (see also 6.1 below).
- 5.4** The relocation of the Brock Bowling Club will be around £1m excluding fees and this is included in the capital programme for 2010/2011. Professional consultation will be handled in-house.
- 5.5** There would be an increase in receipt of leasing charges for the new Brock Bowling Club from December 2013, the detail of which is subject to future negotiations between our Estates Section in HEED and the bowling club.

6. Risk Analysis

- 6.1 At current interest rates revenue savings of £0.725m p.a. over 40 years would be required in order to sustain repayments to the Prudential Borrowing regime referred to in 5.4 above.
- 6.2 Interest rates are expected to rise, which would result in an increase to the annual revenue commitment. The rate of any rise cannot be anticipated at this time.
- 6.3 There could be a risk to the reputation of the Council if it fails to build a new Dumbarton Academy to similar space standards and specifications as those which applied to the three new secondary schools opened in August 2009.

7. Equalities Impact

- 7.1 No significant issues were identified in a screening for potential equality impact of these measures.

8. Conclusions and Officers' Recommendations

- 8.1 Officers are still in negotiation with the SFT to agree terms that will be acceptable to the Council in relation to funding levels and specification and space standards.
- 8.2 Challenges exist in relation to how space and cost efficiencies can be achieved to lower overall construction costs.
- 8.3 Members are asked to approve officers' continued negotiations with the SFT to attempt to reach a solution that will allow a consistency of approach with regard to the design and space standards in West Dunbartonshire Council's new schools' estate.
- 8.4 Members are asked to approve the proposals to investigate the option of the alternative funding package referred to in 3.6 of this report and to continue to seek agreement from the SFT that West Dunbartonshire Council be approved as a second national pilot in order to accelerate the programme of delivery of a new Dumbarton Academy.
- 8.5 Members are also asked to confirm the previously approved Council contribution of £10.3m as its maximum contribution to the project (the current estimate is that £9.75m will be required, although negotiations with the SFT are ongoing). This would ensure that the new Dumbarton Academy would be constructed to similar space standards and specifications as those which applied to the three new secondary schools opened in August 2009.
- 8.6 Members are asked to note that if a capital contribution of £9.57m were to be required then the total revenue commitment for the Council would be £0.725m per annum for 40 years.

Terry Lanagan
Executive Director of Educational Services

Person to Contact: Dave Clarke, Head of Service (Resources), Educational Services,
Council Offices, Garshake Road, Dumbarton G82 3PU. Tel: 01389
737306.
E-mail dave.clarke@west-dunbarton.gov.uk

Appendices None

Background Papers: Council Report 6 August 2009: "Schools Regeneration – New
Funding Stream"

Wards Affected: Ward 3