

West Dunbartonshire Schools PPP Project Board
Wednesday 7 November 2007

Briefing: Dumbarton Campus

Planning Committee Decision

On Monday 22 October 2007, the Council's Planning Committee unanimously decided to reject BAM PPP's detailed planning application for the Dumbarton campus which consisted of proposals for:

- a new Dumbarton Academy;
- a new primary school formed by the amalgamation of Aitkenbar, Braehead and Dalreoch Primary Schools;
- a new Early Education and Childcare Centre to replace Meadowview EECC;
- a Sensory Impairment Unit covering pre-5, Primary and Secondary sectors;
- enhanced sporting facilities for school and community use;
- the relocation of the Brock Bowling Club to the north-east corner of the site.

Reasons for the rejection included the following:

- reluctance to give planning permission for a facility which is likely to be granted a drinks licence (ie the Brock Bowling Club) to be sited next to a school;
- the possibility of disturbance to local residents from anti-social behaviour after evening social events at the bowling club;
- disturbance to local residents in Netherbog Road and Boghead Road from heavy traffic during the construction of a new bowling club;
- the possibility that local residents would be disturbed by light and noise from the new school's floodlit football pitch;
- concerns about traffic congestion on Crosslet Road;
- overdevelopment of the site.

BAM's Response to the Planning Committee Decision

Despite BAM PPP's disappointment at the Planning Committee's decision, the fact that the decision was unanimous makes it extremely unlikely that BAM will appeal against the Committee's decision. BAM's Project Director has given the Council's Project Team an informal indication that he intends to press ahead with negotiations aimed at reaching Financial Close as soon as possible on the basis of a 3-campus project (i.e. Clydebank High School, Vale of Leven Academy and St Peter the Apostle High School/St Eunan's Primary School and EECC).

The response of the Council's Project Team

Because of the wide-ranging reasons given by the Planning Committee for the rejection of the planning application for the Dumbarton campus, the Council's PPP

project team, having consulted its external advisers, has come to the following conclusions:

- merely removing the Brock Bowling Club from the site would not address the Planning Committee's grounds for rejection of the application;
- no revised proposal which included both a primary and a secondary school on the Crosslet Road campus would address the Planning Committee's concerns;
- a revised application consisting only of a new Dumbarton Academy on the current site would prove to be expensive for the Council because of the loss of revenue savings from the removal of excess primary school capacity and from the loss of capital receipts;
- any proposal for the inclusion within the project of a new Dumbarton primary school on an alternative site would require extensive formal statutory consultation and would therefore necessitate a significant, expensive and unacceptable delay to the whole PPP project.

It is therefore the opinion of the project team that the sensible response to the decision of the Planning Committee is to drop the Dumbarton campus from the PPP project and to proceed to financial close on the basis of a 3 campus project.

Implications of a reduction in scope of the PPP project

Since the capital value of the Dumbarton campus was approximately £30 million, the overall capital value of the PPP project will drop from around £125 million to approximately £95 million.

Since the Revenue Support Grant (RSG) of £7.15 million per annum conditionally offered by the Scottish Executive in 2005 was based on the delivery of a project with a capital value of £100 million, it is likely that the actual RSG will decrease proportionately to around 95% of the conditional offer – i.e. to approximately £6.8 million per annum for the 30 years of the project. However, further financial modelling will be required before these figures can be confirmed.

Obviously, the Unitary Charge (ie the annual payment made by the Council to the Contractor for schools and services) will also be reduced, since the scope of the project is smaller. However, the reduction in the UC is unlikely to be as great as one might expect. Some of the reasons for this are given below:

- certain aspects of the overall price are fixed regardless of the size of the project;
- some costs (eg for site investigations, design development, consultations etc) have already been incurred by BAM in relation to the Dumbarton site;
- some economies of scale will be lost because of the reduction in size of the project.

Members should also be aware that there are other implications for the project which arise from the decision of the Planning Committee. These include:

- a requirement for the in-house team to re-price and re-scope their plans to provide cleaning and grounds maintenance services for the project;

- a requirement for BAM to develop a new financial model for the smaller project;
- a requirement for the Council's financial, legal and technical advisers to interrogate BAM's new model to ensure that it represents value for money for the Council;
- further discussions with Scottish Government officials about the financial, procurement and other implications of the decision to reduce the scope of the project..

It should be noted that these factors involve a commitment of time by both the Council's project team and by BAM which will make it even more difficult to arrive at Financial Close before the end of 2007. A failure to arrive at Financial Close by mid-December would have implications for the delivery of the overall programme and would push the price up further. It therefore remains the clear aim of both the project team and of BAM PPP to make every effort to arrive at Financial Close before the end of this year.

Finally, it should be noted that there are implications which extend beyond the scope of the PPP project itself. For instance:

- in the short term, significant repair and maintenance work will be required in Dumbarton Academy and in the three primary schools affected (eg Dumbarton Academy requires a complete re-wiring);
- the Department's Resources Section has already asked HEED to cost these works and initial estimates indicate that the work required is likely to amount to approximately £3.5 million;
- at some point in the future, the Council will require to find funding of around £30 million to build replacements for these schools; this obviously will have an impact on any possible "Phase 2" of schools' regeneration;
- there are questions about equality of educational provision across the Council; when one includes the new build schools for Goldenhill and Bonhill primaries outwith PPP, the Council now faces a situation where there is a commitment to build 4 new schools in Clydebank, 2 in Vale of Leven and none in Dumbarton, despite the fact that schools in Dumbarton are in as poor a physical condition as those in the other Council areas.

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4 November 2007*