

THE HIGHLAND COUNCIL
EDUCATION, CULTURE AND SPORT COMMITTEE
12 March 2009

Agenda Item	4
Report No	ECS 8/09

Capital expenditure - monitoring report for the 10 months to January 2009

Report by Director of Education, Culture and Sport

SUMMARY

This report provides details of the actual net expenditure position as at 31 January 2009 and the projected year-end estimates based upon the current approved ECS Capital programme. The report also provides information with respect to the approved projects at Lochaber High School, Nairn Academy and Grantown Grammar school; a procurement framework agreement for Science Laboratory/Home Economics upgrades and seeks Member approval for the introduction of the Fort William Tailrace Project into the ECS Capital programme.

1. Introduction

1.1 **Appendix 1** contains details of the actual net expenditure position for the 10 months to 31 January 2009 and the related year-end net expenditure estimates.

1.2 **Budgeted Expenditure** - identified by columns A, B and C as set out below:-

Column A	Budget Gross Expenditure as per capital programme	£30.185M
Column B	Income from External Bodies (i.e. money we expect to draw down from External Funding Bodies such as sportscotland ERDF etc)	£3.289M
Column C	Budgeted Net Expenditure (i.e. the net cost to the Council)	£26.896M

1.3 **Actual Expenditure** – identified by columns D and E as set out below:-

Column D	Net expenditure to date (i.e. the amount paid out after income from External bodies)	£19.288M
Column E	Net estimated outturn (i.e. the full year projected amount to be paid out based upon project costs less projected income)	£26.095

1.4 **Variance** – Column E minus Column C shows a projected under-spend of £801,000 at this point in the financial year.

1.5 Discussions with the Housing and Property and Finance Services are ongoing regarding the management of the capital programme to fully utilise the Capital

funding allocation available to the Service in the current financial year. The main efforts are focussed on off-setting programme slippage by bringing forward other commitments. Members are requested to note that current major projects such as the replacement Acharacle Primary School, and the new Highland Archive and Registration Centre will be completed within the first quarter of the new financial year.

2. Other Capital Matters

2.1 **Lochaber High School Phase 1** – the contract for Phase 1, consisting of new sports facilities, has been awarded and has resulted in lower than expected costs for this phase of the overall project.

2.1.1 As a result of this certain elements of Phase 2 can be brought forward during the new financial year. This will mean that the replacement energy centre will be constructed within the next 12 months and that the major demolition of the old block in the school quadrangle will be completed over the summer 2009 school holiday period.

2.2 Grantown Grammar and Nairn Academy Developments

2.2.1 The developments at these schools were approved through the ECS Capital programme on 7 August 2008 and the extent of the accommodation was further reported to the ECS Committee of 13 November 2008. as follows:-

Grantown Grammar School	<ul style="list-style-type: none"> • Modular construction of a new science block to provide new Chemistry, Physics, Biology and General Purpose Laboratories along with Sixth Year Studies Laboratory.
	<ul style="list-style-type: none"> • Conversion of current Science Labs to General Classrooms.
	<ul style="list-style-type: none"> • Provision of a Graphic Design Classroom associated with the technical block.
Nairn Academy	<ul style="list-style-type: none"> • Modular Construction of a Library external to the school and conversion of the current library to form additional classrooms.
	<ul style="list-style-type: none"> • Review of Science Laboratories and, on advice of the school, development of the Science Department into a Modular Science Block thus releasing current Science Classrooms for General Purpose Classrooms.

2.2.2. In the interim period consultation on accommodation schedules and the related procurement process has been ongoing. It has been established from the Head of Procurement that the *Office Of Government Commerce (OGC)* framework agreements can be used to procure a bespoke Modular solution. As a result the Highland Council is allowed to procure a full service solution directly from a single company thereby achieving delivery of new accommodation within a relatively

quick time scale. Timescale is a particular issue at Grantown Grammar which will have significant capacity issues in August 2009 without the provision of this additional accommodation.

- 2.2.3 In order to derive maximum benefit from this innovative modular construction approach it is proposed to complete both the Grantown Grammar and Nairn Academy projects within financial year 2009-10. The benefit will be derived from producing the modular units as a single production run in the manufacturing plant thereby benefiting from economies of scale. Given the innovative nature of these projects and the relatively tight time-scales for completion there has been close collaboration between the ECS, HAPS, Planning Services and senior management from the manufacturer in order to ensure that the projects will be delivered on time
- 2.2.4 In addition to the works outlined in paragraph 2:2:1 above it is proposed to replace 2 dilapidated demountable classrooms at Grantown Grammar within the new development. As a result of these projects there will be additional accommodation of 1,198 square metres at Grantown Grammar and 1,598 square metres at Nairn Academy. As a result of this investment both schools will have sufficient physical space to address any medium term capacity issues
- 2.2.5 The current budget set aside within the approved ECS Capital programme for the basic accommodation is £0.750M for Grantown Grammar (Excluding demountable replacements) and £1.838M for Nairn Academy. Preliminary site investigations and the development of modular construction options have shown that it is possible to have a solution with a 60 year guarantee. This will mean that both school sites will require no further major investment in the foreseeable future with the exception of life-cycle maintenance works. On the basis of indicative costs it is anticipated that both projects will be completed for approximately £4.3M This can be accommodated within the existing Capital programme as outlined below.

Allocation	Amount
Grantown Grammar (Essential School Roll programme line 42)	£0.750M
Nairn Academy – Gross funding for future upgrades – Line 30 Nairn Academy	£1.838M
Science Lab Refurbishment – Line 44 balance of funding remaining when other projects have been taken into account.	£0.350M
Class size reduction allocation (£1.362M) and Essential School Roll budget allocation for 2010/11 (£0.200M)	£1.562M
Total	£4.500M

2.2.6 Members are requested to note also a successful completion of this project proposal could establish and deliver turnkey solutions at other schools where accommodation in demountable units has become seriously dilapidated.

2.2.7 Members should note that the remaining approved projects in the Secondary sector, namely Wick High School and Plockton High School, will continue to be progressed in parallel to the above projects.

2.3 **Science Laboratory and Home Economics Rooms Refurbishments – Framework Contract**

2.3.1 Members will be aware of the rolling programme of refurbishments of Science Facilities that have taken place over the past 8 years and the current approved capital programme allocation of £1.400M to financial year 2011/12. The HAPS is currently establishing a framework agreement for these projects which will simplify the current procurement process. This framework agreement is likely to be in place by summer 2009.

2.3.2 The redevelopment of Science laboratory facilities in Thurso High School will be completed by July 2009. Within the priorities identified in the programme Nairn Academy and Wick High School are to follow on from this project. The proposals for Nairn Academy are outlined above. It is proposed that the refurbishment of the 2 outstanding Science Laboratories at Wick High School is undertaken during the 2009 school summer holidays. Thereafter a survey of all remaining Secondary Schools, excluding PPP Schools, will be undertaken to establish the extent and prioritisation of future works for the remaining Science Laboratories and Home Economics Rooms.

2.3.3 Members are requested to note that a successful framework agreement over a 4 to 5 year period will allow a simplified process of instructing works and installations to take place within schools where operational conditions permit such a development.

2.4 **Fort William Tailrace - World Class Freestyle Kayak Venue**

2.4.1 The construction of a world class freestyle kayak venue is planned which will utilise the water discharge from Rio Tinto Alcan Smelter Hydro Electric system.

2.4.2 The project will provide a unique recreational resource capable of hosting international canoeing competitions and is one of three key facilities highlighted in the sport's National Governing Body future strategy.

2.4.3 The project budget is set at £1.900M details of which are outlined within **Appendix 2**. This document identifies Highland Council as a future potential funding partner to the value of £0.300M. Members are requested to approve the introduction of this project into the ECS Service Capital programme in principle pending the outcome of the detailed works out-lined in the next section.

2.4.4 It should be noted that the development of the project will involve a full environmental impact study detailed engineering modelling and extensive consultation with Rio Tinto Alcan before any full commitment can be made to the project. It is anticipated that this process will take up to 12 months.

2.4.5 sportsotland has agreed to fund this part of the process and funding of £0.100M is currently in place for this development work. It is proposed that the management of the procurement of services for the development phase is managed by the ECS Service in consultation with the stakeholders identified in the business plan. There will also be consultation with the Head of Procurement to ensure that the appropriate governance arrangements are in place.

2.5 **Engineering Skills Centre for the Highlands and Islands**

2.5.1 North Highland College are developing an Engineering Skills Centre in Thurso located on their site adjoining the Thurso High School grounds.

The College management are anxious to ensure that the facility can be used by school aged students not just from Thurso but potentially from across the Highland area. The proposed Engineering Skills Centre has therefore been designed to accommodate the needs of school aged students on vocational pathways and on programmes linked to the Curriculum for Excellence as well as those on formal apprenticeships and mature learners wishing to transfer or progress within the energy sector.

This development will fit very well with the Curriculum for Excellence and also with Skills for Work which are major priorities for the Education, Culture and Sport Service.

The College is providing an element of funding and funding from the NDA has been secured. Further funding is being sought from UHI and from the Scottish Funding Council.

The total funding required is estimated at £7M with £2.3M currently committed.

The Highland Council has received a request for a contribution of £250K.

Against the background of the potential contribution to Skills for Work courses and enhancement of curricular opportunities for school students it is recommended that funding of £250K be agreed subject to a detailed agreement on levels of availability to Highland Council school students. This funding can be identified from within the Education, Culture and Sport Service Capital Programme.

3. RECOMMENDATION

3.1

Members are requested to:

- i) Note the content of the report.
- ii) Approve the following:-
 - The developments at Grantown Grammar and Nairn Academy and the budget allocation as set out in paragraph 2.2.5
 - Refurbishment of the remaining Science Labs at Wick High School as per paragraph 2.3.2
 - The introduction of the Fort William Tailrace Project as set out in section 2.4 of the report.
 - The granting of a one off capital contribution of £250K to the Engineering Skills Centre for Highlands and Islands subject to a detailed agreement on levels of availability to Highland Council school students being agreed between the Education, Culture and Sport Service and management of North Highland College.

Signature:

Designation: Director of Education, Culture and Sport

Date: 27 February 2009

Ref: HF/RM/BH

Authors Brian Hemming, Estate Strategy Manager and Ron MacKenzie, Head of Support Services ECS

Background papers: Capital monitoring report as at 31st January 2009.
Fort William Tailrace Project.

THE HIGHLAND COUNCIL
MONITORING OF CAPITAL EXPENDITURE - JANUARY - 2008-2009

Appendix 1

SERVICE: EDUCATION, CULTURE & SPORT

Project Description	Project Code	BUDGET			ACTUAL		VARIANCE
		A	B	C	D	E	F
		Gross Expenditure £(000)	Income £(000)	Net Expenditure £(000)	Net Expenditure to date £(000)	Net Estimated Outturn £(000)	Col E minus Col. C £(000)
Community Learning & Leisure Community							
Eden Court (latent defects and development grant)	21929/21347	200	0	200	399	399	199
Nairn Community Centre	22487	100	894	(794)	21	(362)	432
Village Halls (includes halls developed under Cap Disc Fund)	14811/21338	100	0	100	11	11	(89)
Village Hall Arnisdale - CDF	EC041	50	0	50	48	50	0
Village Hall Keiss - CDF	EC042	25	0	25	0	0	(25)
Village Hall Mey - CDF	EC076	132	0	132	103	132	0
Village Hall Minginish - CDF	EC077	150	0	150	65	150	0
Village Halls Waternish - CDF	EC078	30	0	30	0	0	(30)
Village Halls Raasay - CDF	EC052	0	0	0	(19)	(19)	(19)
CLL Facilities							
Leisure Facilities	15785/22690	783	0	783	145	412	(371)
Minor Works - Public Licences etc.	EC072	50	0	50	23	70	20
Golspie Leisure Centre (Sutherland Pool emergency repairs)	EC005	10	0	10	1	11	1
Golspie Leisure Centre (Sutherland Pool upgrade)	EC051	449	0	449	381	398	(51)
NOF Facilities Programme - Various Retentions	589/21563/EC	225	0	225	148	178	(47)
Cricket Pavilion Fraser Park	EC092	0	0	0	3	3	3
Pool Maintenance	EC007	10	0	10	2	10	0
Halkirk Sports Facility - Contribution to development	0	100	0	100	0	0	(100)
Barrowgill Hall Contribution to Northern College Skills for Work Fac.	0	90	0	90	0	90	0
Kilchuimen Multi Use Games Area	EC011	150	0	150	0	10	(140)
Skye Multi Use Games Area	EC003	0	0	0	68	68	68
Tailrace Project - Fort William	EC106	0	0	0	5	5	5
Queens Park track resurfacing	EC137	0	0	0	0	0	0
Highland Folk Museum - redevelopment	EC113	0	0	0	9	11	11
Purchase of CHP Plant at Inverness Lesiure	EC117	125	0	125	125	125	0

Highland 2007 Legacy Projects								
Highland Gallery and Museum (Inverness City funding)	EC080	100	0	100	29	29	(71)	
Highland Folk Museum	22633	100	0	100	5	25	(75)	
Highland Archive and Registration Centre	22633	6,147	2,250	3,897	2,865	4,570	673	
Highland 2007 Core Programme								
Highland Archive Network	22633	95	0	95	0	0	(95)	
Lochaber Spoke (Fort William)	22633	0	0	0	2	10	10	
Skye & Lochalsh Spoke	22633	0	0	0	6	20	20	
Caithness Spoke (Wick)	22633	0	0	0	0	3	3	
Highland 2007 Grant Scheme/Projects Carried Forward	22633	130	0	130	0	0	(130)	
Highland 2007 Grant Scheme	22633	0	0	0	57	57	57	
FAS/SMO	22633	0	0	0	40	79	79	
Ferrycroft/Lairg Auction Mart	22633	0	0	0	43	43	43	
Sutherland Sports Facility	22633	80	0	80	5	5	(75)	
EDUCATION								
Major Projects								
Lochaber High School Refurbishment, Phase 1	22241	1,012	0	1,012	770	1,100	88	
Lochaber High School Refurbishment, Phase 2	EC114	221	0	221	0	200	(21)	
Mallaig Hostel	22891	1,800	0	1,800	1,158	1,800	0	
Ullapool Hostel	EC127	0	0	0	5	10	10	
Secondary Schools Programme								
Thurso High - Refurbishment of Extension Block and ScienceLabs)	EC020	1,308	0	1,308	711	1,100	(208)	
Nairn Academy - SEN Extension	EC021	670	0	670	735	750	80	
Farr High/Primary Roadworks (H&S)	22892	40	0	40	8	40	0	
Nairn Academy Demountable Unit	0	0	0	0	0	25	25	
Plockton High - Games hall roof and Future Upgrade	EC022	55	0	55	2	100	45	
Plockton High School, Hostel - Alterations to Showers	EC107	83	83	0	18	0	0	

Wick High School Toilet Block	EC138	0	0	0	15	50	50
Technical Room Dust Extraction Rolling Programme	EC006	25	0	25	13	25	0
Primary Schools Programme							
Acharacle Primary Replacement	22108	4,500	0	4,500	3,588	4,200	(300)
Aviemore Primary Replacement	EC018	522	0	522	128	255	(267)
Conon Bridge/Maryburgh Primary	EC019	211	0	211	0	40	(171)
Cradlehall Primary Drop Off - Health and Safety	EC124	150	0	150	0	150	0
Farr Primary - Extension	EC125	0	0	0	12	25	25
Golspie Primary - Re-Build Toilet Block	EC128	0	0	0	11	11	11
Kilchuimen Primary - Extension	EC126	0	0	0	9	20	20
Lochaline Primary School	EC001	0	0	0	0	100	100
Milton Primary School Refurbishment - Kildary	23040	12	0	12	0	13	1
Milton of Leys P S - Inverness	EC121	375	0	375		200	(175)
Tomnacross Primary Extension	EC087	900	50	850	517	800	(50)
PPP2							
21st Century Schools - (Includes PPP2 land purchase)	22072	0	0	0	5	5	5
Inshes Primary School Extension	EC104	448	0	448	546	462	14
PPP2 Consultancy	20894	0	0	0	66	70	70
PPP2 Change Orders	EC081	0	0	0	(185)	(132)	(132)
Curricular Equipment							
New Schools Curricular Equipment	025/EC066/EC	3,302	0	3,302	3,254	3,794	492
Asset Management							
Roll Pressures	20812	700	0	700	576	698	(2)
SEN Early Years Improvement/adaptations	21528/22573	712	12	700	661	688	(12)
Health & Safety	790/22386/225	300	0	300	275	350	50
School Security	21141	50	0	50	10	10	(40)
Major Fabric Improvement Projects	20743/EC135	350	0	350	309	450	100
Area Devolved Funding (H&S, Care Commission & HMle reports)	78/EC129-EC	500	0	500	305	500	0

Office Accommodation (Ness, Ruthven, Townhouse)	21784	235	0	235	192	235	0
Retentions (Various)	Various	50	0	50	14	20	(30)
Transfer of Plant from redundant schools	EC111	85	0	85	56	85	0
Avoch P.S. and Community Centre Servitude to Broadland Properties	EC110	0	0	0	(5)	(5)	(5)
Black Isle Education Centre Replacement (estimated cost)	EC123	68	0	68	3	5	(63)
Former Achintore School - Remedial Works	EC136	100	0	100	1	5	(95)
Inverness High School - Fire	EC133	0	0	0	79	0	0
Catering and Cleaning							
Catering Equipment Repair	20789	50	0	50	44	50	0
Floor Upgrades	22036	90	0	90	7	90	0
Dining Room Upgrades	EC048	150	0	150	3	107	(43)
Capital Equipment Replacement	EC073	50	0	50	6	50	0
Cashless Payment Systems	EC079	160	0	160	0	0	(160)
ICT							
Schools ICT Integrated Programme	15699/EC026	620	0	620	349	440	(180)
Telephone exchange replacements	EC098	50	0	50	0	0	(50)
Miscellaneous Projects							
Early Years Childcare & Play	EC083	600	0	600	374	400	(200)
Gaelic Signage to Schools	EC118	50	0	50	0	0	(50)
Synthetic Turf Pitch Rejuvenation	EC108	100	0	100	57	100	0
Grass Pitch Condition and improvement	EC119	50	0	50	0	10	(40)
OVERALL TOTAL		30,185	3,289	26,896	19,288	26,095	(802)

Notes:

Additional income realised during financial year must be reported to Service Committee and thereafter Columns A and B adjusted

The Overall Total figure for Column C must always equal the Service's approved Capital Budget.

FORT WILLIAM TAILRACE World Class Freestyle Kayak Venue

Appendix 2

The construction of a world class freestyle kayak venue is planned for just outside Fort William. The project will provide a unique recreational resource capable of hosting international competitions.

The site is one of three key facilities highlighted by canoeing's National Governing Body sports facility strategy and is recognised as a high priority project by the Outdoor Capital of the UK Company. The Scottish Canoe Association SCA has set up a constituted community body named The Fort William Tailrace Development Group to steer the project.

It is planned that the group later becomes a company limited by guarantee and operate the site for the Scottish Canoe Association. HIE Lochaber and the Outdoor Capital Company have funded a project officer to help develop the planning stages of the project.

The Scottish Canoe Association have been discussing the potential of building a kayak site with Rio Tinto Alcan using the water released from the factory's hydro electric power system. The factory presently discharges water into the river lochy and this provides an excellent supply of white water to develop an artificial course. The project budget has been set at £1.9M and funding partners may contribute in the following manner:-

- Scottish Government £1M (secured)
- Sportscotland £300,000
- HIE Lochaber £300,000
- Highland Council £300,000

As the Scottish Government have authorised funding for the project the planning phase may begin. It is anticipated that this may take up to two years to complete and will involve the full environmental impact study detailed engineering modelling and extensive consultation with Rio Tinto Alcan.

Project Proposal

