

REPORT TO: POLICY & RESOURCES COMMITTEE – 10 NOVEMBER 2014

REPORT ON: REPLACEMENT OF BALDRAGON ACADEMY

REPORT BY: JOINT REPORT BY CHIEF EXECUTIVE AND DIRECTOR OF CITY DEVELOPMENT

REPORT NO: 353-2014

1 PURPOSE OF REPORT

1.1 The purpose of this report is to seek the Committee's approval to proceed to Financial Close of the contract to replace Baldragon Academy.

2 RECOMMENDATION

2.1 It is recommended that the Committee

- i notes the contents of the report;
- ii agrees to proceed to Financial Close of the contract to replace Baldragon Academy following the completion of the Stage 2 Key Stage Review by Scottish Futures Trust; and
- iii approves the making of advance payments and the early commitment of expenditure as described in paragraph 4.5 below.

3 FINANCIAL IMPLICATIONS

3.1 The net capital cost to the City Council of replacing Baldragon Academy will not be known until the project costs are finalised prior to Financial Close and the level of grant funding confirmed by Scottish Futures Trust. However the total net capital cost to the Council, including allowances for professional fees, decant and commissioning costs and a contingency provision, is projected to come within the figure (£10.6m) included in the Capital Plan 2014–2018.

3.2 The Council's estimated net capital contribution of £10.6m will be funded from borrowing and the resultant annual loan charge of £495,000 (full year effect from 2017-18) will be contained in future years Revenue Budgets.

3.3 The Council will also require to meet the annual revenue costs for property maintenance and lifecycle replacement expenditure estimated to be within the range of £380,000 to £420,000 per annum at Quarter 4, 2014 prices. Existing Revenue Budgets (both devolved and non-devolved) for repairs and maintenance total £85,000. It will therefore be necessary to adjust the Education Department's Revenue Budget to reflect the increased property costs, with effect from 2017/18. It should be noted that the Council would normally include provision for lifecycle replacement expenditure in its Capital Plan, rather than in its Revenue Budget. This largely accounts for the increase in annual revenue costs against existing revenue budgets.

4 BACKGROUND

4.1 Reference is made to Article IV of the meeting of the Policy and Resources Committee of 19 May 2014 when the Committee considered Report No 200-2014 describing the procurement process for the replacement of Baldragon Academy and agreed to proceed to Stage 2 of the project delivery programme. Members will also note that the Development Management Committee of 15 September 2014 approved the planning application for the replacement Baldragon Academy on the playing fields of the existing school and on the site of the existing Sidlaw View Primary School and Janitor's House.

4.2 The Stage 2 Cost Plan for the replacement of Baldragon Academy was received on 1 October 2014 with the tendered construction cost shown at £27,421,612. When Council allowances

for professional fees, decant and commissioning costs and a contingency provision are added to the Stage 2 cost, the total capital costs come to approximately £28.7m.

- 4.3 The net capital cost to the Council of replacing Baldragon Academy will not be known until the project costs are finalised prior to Financial Close and the level of grant funding based on that plan confirmed by Scottish Futures Trust. However the total net capital cost to the Council, including allowances for professional fees, decant and commissioning costs and a contingency provision, is projected to come within the figure (£10.6m) included in the Capital Plan 2014 - 2018. In addition, the annual revenue cost to the Council for property maintenance and lifecycle replacement expenditure is estimated to be within the range of £380,000 to £420,000 at Quarter 4, 2014 prices.
- 4.4 The Committee's approval is sought to proceed to Financial Close of the contract to replace Baldragon Academy following the completion of the Stage 2 Key Stage Review by Scottish Futures Trust. Once Financial Close is achieved, a further report will be made to Committee detailing the final position with regard to capital and revenue costs and government grant.
- 4.5 The Committee's approval is also sought to the making of advance payments and the early commitment of expenditure for a range of works that will require to be carried out in advance of the commencement of the construction phase to ensure that the new school will be ready for occupation by the beginning of 2017. The works include the procurement of a new electricity sub-station, installing water and sewer connections, repairing a collapsed culvert and carrying out site preparation works. The maximum cost of the works is expected to be no more than £250,000 which sum will be covered in the overall capital costs.

5 POLICY IMPLICATIONS

- 5.1 This Report has been screened for any policy implications in respect of Sustainability, Strategic Environmental Assessment, Anti-Poverty, Equality Impact Assessment and Risk Management. There are no major issues.

6 CONSULTATIONS

- 6.1 The Director of Corporate Services and Head of Democratic and Legal Services have been consulted and are in agreement with the contents of this report.

7 BACKGROUND PAPERS

- 7.1 None.

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Mike Galloway
Director of City Development

MPG/IL/AMcG

October 2014

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