

LEARNING ESTATE INVESTMENT PROGRAMME (LEIP)**MULL CAMPUS UPDATE**

1.0 EXECUTIVE SUMMARY

- 1.1 The purpose of this report is to update Council on the Council's Learning Estate Investment Programme (LEIP) project to deliver a New Campus on Mull. LEIP is the Scottish Government's flagship investment programme for Education which was a competitive bidding process, and it was confirmed in October 2023 that Mull had been successful in winning access to the fund. This has created an exciting opportunity to create a once in a generation investment in Education community infrastructure for the island, however the level of financial commitment from the Council is significant and must be carefully considered. Mull was chosen to be the Council's sole bid to LEIP and number one priority for strategic investment in Education due to being the only secondary school in Argyll and Bute to be graded as 'Poor' in terms of learning suitability.
- 1.2 This report follows on from, and should be considered in conjunction with the associated update reports, discussion and minutes on the same subject matter from Policy & Resources Committee dated 15th February and Council dated 22nd February. It is also noteworthy there was a Deputation made at the Council meeting in February by community members on Mull, including Parent Council representatives in relation to this subject matter.
- 1.3 At the 22nd February Council meeting it was agreed that no decision, as to whether or not to proceed with the Mull Campus should be taken at that time and that officers were asked to prepare a further report with more detail regarding the financial aspects and affordability of LEIP and hold a Members Seminar. This report aims to fulfil that request and it is confirmed that a Members Seminar took place on 12th April.
- 1.4 In the context of the additional detail contained here within, Members must now determine whether they consider the LEIP project to be affordable – or not - and require to adequately plan for capital and revenue implications of that preferred outcome. This must be done whilst being aware of the economic, community and educational implications of their decision.

LEARNING ESTATE INVESTMENT PROGRAMME (LEIP)

MULL CAMPUS UPDATE

2.0 INTRODUCTION

- 2.1 This report follows on from, and should be considered in conjunction with the associated update reports, and minutes from the Policy & Resources Committee of 15th February and the Council of 22nd February 2024. Members will recall that there was a Deputation heard at the Council meeting on 22nd February by community members on Mull, including Parent Council representatives in relation to LEIP, and it was decided:-

*“in the light of the update on funding, that no decision as to whether or not to proceed be taken at this time and that officers prepare a further report with more detail regarding the **financial aspects and affordability of LEIP**, to be the subject of a Members Seminar and then brought to the Council meeting in April 2024 for members’ consideration.”*

3.0 RECOMMENDATIONS

- 3.1 Council are asked to:

- a) Note the capital and revenue implications of the LEIP / Mull Campus project which are of a strategic financial nature;
- b) Determine in light of the financial information provided, whether they consider the project to be **affordable** at this time and if so, agree that up to £5m from the previously earmarked LEIP funding be used to; commence the Business Case, undertake engagement exercises, commence site selection process and establish governance arrangements with updates being brought back to Members at appropriate gateway points;
- c) Acknowledge that if they consider the LEIP / Mull Campus is **unaffordable** then an allocation of funding for the refurbishment for the existing Tobermory Campus will be required with details to be brought back to a future meeting of the Policy & Resources Committee for approval;

- d) Note the information provided in regard to the Economic, Community & Educational implications relative to the proposed Mull Campus as outlined in the bid and previous reports and that these will be considered further if the project proceeds to a full business case; and
- e) Note if Members do proceed with LEIP / Mull Campus Project then capital and revenue budget provision will require to be built into future budget estimates and approved as part of budget setting process.

4.0 DETAIL

4.1 LEIP and Partnership Model

Background

- 4.1.1 Unlike previous and other funding delivery models for new school projects (like Oban High School or Campbeltown Grammar), LEIP is not a grant nor does it address the total cost of a project. This is the third round of LEIP Funding and the first time Argyll & Bute have applied to access the fund and there have been 10 successful projects in this latest round including Orkney, Moray and Shetland. The LEIP funding will cover up to 50% of eligible costs and Scottish Government (SG) will then pay their contribution over 25 years. Given that capital costs are, in effect, split over a period of time by the Council and SG this is referred to as a partnership model where both parties seek to achieve shared outcomes within parameters of a national set of metrics. This means that the total project cost including construction, design, fees, land acquisition (if required) and build costs will require to be met -up front - by the Council with up to 50% being recouped in coming years. The Council is aware of other local authorities in earlier LEIP phases whose settlement rates have been much lower than 50% of overall project costs. This is because their design or circumstances will include a number of 'non eligible costs' – which is covered in detail below and at **Appendix A**.
- 4.1.2 The LEIP funding model is also predicated on achieving a number of quality, environmental, space, function and condition standards. In effect, this will create a high standard of building that should be sustainable and flexible – this is a higher benchmark standard to any new buildings (including schools) the Council has delivered in recent years. Ensuring the buildings are digitally enabled and support local economic development is also encouraged. The full list of conditions is as follows:-
- Internal Environmental Quality -suitable internal environment for building users is vital for their health, wellbeing and learning.
 - Internal Monitoring (use of sensors to ensure the highest quality internal environment is delivered as a response to Covid 19 in terms of ventilation and CO2 levels)
 - Zero Emissions Heating
 - Electrical Vehicle Charging

- Healthier Learning Environments
- Infrastructure Technology

4.1.3 Scottish Government (SG) funding will be available through the Outcomes Based Funding (OBF) model. The outcomes include:

- **Condition** - Local authorities must provide evidence, through their annual returns that the facility is kept in condition A or B for a period of 25 years. *Note if it falls below 'B' then there is risk that Council will not receive full payment from SG.*
- **Energy Efficiency** – Must meet a threshold energy efficiency rating during use throughout life of building with building users active. *Note if this standard is not met during building operation there is risk the Council will not receive full payment from SG.*
- **Digitally Enabled Learning** – This condition will be achieved at completion of build so funding will be guaranteed.
- **Economic Growth** - This condition will be achieved at completion of build so funding will be guaranteed.
- **Construction Embodied Carbon** - This condition will be achieved at completion of build so funding will be guaranteed.

4.1.4 Building modern schools to high digital and environmental standards comes at a cost premium and this increases significantly when island weighting is applied due to the logistical challenges of getting labour and materials to site. The LEIP funding structure as outlined means if progressed the Mull Campus Project will be one of highest value projects the Council has ever delivered in terms of up-front costs so strong commitment to the project and its resourcing is required. As a comparison Oban High School which was completed in the last 5 years and catering for a roll of 1,300 pupils cost under £40m.

Eligible Costs

4.1.5 It should be noted that not all overall project costs are LEIP 'eligible'. This needs to be considered carefully during the design development phases and in the context of overall affordability because they would not be funded at all by the SG and Council would need to meet 100% of cost or identify another funding source. In summary terms, LEIP eligible costs are educational learning spaces (school rooms / facilities) or 'like for like' community styled facilities that already exist at the current Tobermory Campus – for example a community library, college rooms or pitches. Examples of 'Non-eligible' costs include purchasing of land (if required), creation of Community Spaces that are not currently present like a swimming pool or Customer Contact Point. School Hostel accommodation is also clearly not eligible expenditure and out of scope of the project at this stage. The cost of borrowing or financing the project is also not an eligible cost and will not be paid for by SG payment.

- 4.1.6 LEIP funding will also cover some costs if there are challenging ground conditions once a site has been selected and ground investigations have been undertaken if both parties agree there are 'excessive abnormal costs'. The maximum SG will underwrite is 50% of these costs. Dealing with abnormal site conditions is well established industry practice for major projects and can include scenarios that may arise if there is substantial rock cutting required, issues with utility connections, peat removal for example. None of this can be clarified at this stage as no site has been selected and no ground investigations undertaken.
- 4.1.7 The SG and Scottish Futures Trust (SFT) have also intimated that a project on Mull may be eligible for additional funding due to its island location, recognising it costs significantly more to construct major complex buildings in remote locations. Whilst this additional 'locational uplift' is not currently written into the conditions of funding or LEIP agreement they have confirmed there is precedent with other rural and island LEIP projects and it is likely a similar approach could be applied to the Mull Campus project. Locational factors would cover the known additional costs that relate to construction in island or rural areas such as cost of raw materials, costs of labour, travel, extra build time, extreme weather and waste disposal.
- 4.1.8 An indicative table of eligible costs is provided in **Appendix A** for ease of reference.
- 4.1.9 The Mull Campus Team and Financial Services have met with SG and SFT since the Council meeting on 22nd February. They have confirmed that based on current information relating to the Mull Campus Project and LEIP Funding Model at present that the scenarios outlined in this report and at the Members Seminar are reasonable assumptions to be attributed to SG funding that would be provided. The new 'Locational' factor referenced at para 4.1.7 above may improve the situation however, it must be stressed these are theoretical forecasts at this stage and the costs and percentages will change as the project develops, site and design are progressed and costs crystallise. The final cost will not be confirmed until financial close and contract awards currently programmed for FQ4 2026.

4.2 Financial Modelling

- 4.2.1 At the time of writing this report, the estimated total project cost for developing a new Campus on Mull is £43m, with £41m considered to be an eligible LEIP cost as outlined above. There has been no preferred site selected at this stage and an indicative £1m has been included in the total project costs in the event that land will need purchased and developed as well as a further £1m of moveable fixtures and IT – both these costs are not eligible for LEIP funding. The construction costs are based on nationally recognised metrics for construction of LEIP projects across Scotland that have been tailored to a school the size of Mull and also by applying an island weighting factor. The construction costs are estimates, they are not tender prices but rather justified financial forecasts at this stage based on industry experience. Factors that will significantly impact costs include; the preferred site selected, design of campus,

community facilities and availability of infrastructure. Any delays or unforeseen increases in inflation or construction materials (ie global factors as we have seen in recent years) would also impact cost estimates.

- 4.2.2 The location of the Campus also has the potential to impact on the total project cost and other operational/pupil transport costs within the Council's revenue budget.
- 4.2.3 A number of financial scenarios are detailed within **Appendix B**. Scenarios A to C are based on the costs of construction remaining at current estimated levels with varying levels of funding contribution from the Scottish Government with a best case scenario of 50% in Option A reducing down to 45% in Option B and 40% in Option C.
- 4.2.4 Scenarios D to F are based on the costs of construction increasing by 10% and again with the varying levels of funding contribution from the Scottish Government.
- 4.2.5 The funding model for LEIP sees the Council paying the total project cost up front with the LEIP contribution from the Scottish Government paid over 25 years. The Council has £9m set aside within earmarked reserves towards the new school, however, there will be a requirement for the Council to borrow for the remaining value. In line with the Council's treasury strategy, borrowing for a school would be repaid over a 60 year term, being the period where we are expected to get benefit from the asset.
- 4.2.6 The interest on borrowing is significant due to the level of borrowing and the period of borrowing. In scenarios A to C the interest is £75m and in scenarios D to F the interest is £84m. When adding the interest onto the Council share of the project costs, the total cost that the Council will be funding is between £98m and £113m. This produces a much higher contribution rate than was originally envisaged by the 50:50 funding model, with the contribution from the Council being closer to 85%. This is due to the Council having to borrow for both some of their share of the cost and also for the share that the SG is contributing to (the SG do not pay for the financing costs).
- 4.2.7 The cost of borrowing will be a pressure on the Council's revenue budget. As outlined within the scenarios in Appendix B the cost of borrowing is estimated to be between £1.004m to £1.319m over the first 25 years, rising to between £1.822m and £2.038m for the next 35 years when the contribution from the Scottish Government ends. This is a significant cost pressure on an already challenging budget outlook position. The new 'Locational' factor referenced at para 4.1.7 above may improve the financial sum paid by the SG but at this stage the 50% - 40% scenarios are considered a fair reflection of potential outcomes.
- 4.2.8 The Council will need to consider whether this level of cost pressure is affordable or not. It will only be affordable if Council accept that difficult decisions will be required in order to pay for the new school. For example, the cost of borrowing in the first 25 years could be paid by an additional 2% in Council Tax or it could be paid by reducing/removing some other Council

services, for example, toilets, library services, swimming pools, amenity services, roads maintenance. None of these alternatives are easy or would be what we would like to reduce, however, the reality of the future budget outlook means that difficult decisions will be required to balance the budget without the new school, but even more difficult decisions will be required to balance the budget with the additional cost that a new school brings.

- 4.2.9 A decision is required as to whether to progress with the plans for a new school campus on Mull with a final decision expected once the Final Business Case and tender prices are known. If Council do agree to progress, then there will be significant expenditure incurred prior to the final decision, for example, project team, consultations, outline business case, site selection and full business case. It is estimated that costs could be in the region of up to £5m and would be funded from the current earmarked reserve set aside for the school. This is not additional to the project costs outlined in paragraph 4.2.1 but Members need to be aware that should the Council, after tender prices are known, decide not to proceed, these costs will be abortive costs and would therefore reduce the level of funding available for any refurbishment.

4.3 Community, Economic & Education Implications

- 4.3.1 Given the financial implications of LEIP the main purpose of this paper is to outline the possible financial scenarios and in order to consider affordability. However, as signposted in the bid and acknowledged during debate at the Council meeting on February 22nd February, finance is only one factor, albeit an important one, that needs to be considered in reaching a decision. The paragraphs that follow outline the other issues to be considered.

Community Implications

- 4.3.2 The Council's Learning Estate Strategy 2021 outlines ambition for our assets to not simply function as schools but be available for the community much more broadly as key community infrastructure. The Council already has 'Campus' facilities in Rothesay and Lochgilphead with all the Secondary Schools providing varying degree of community facilities – some bookable through Live Argyll.
- 4.3.3 Community spaces that would be included within the LEIP funding would be a comparable sized to existing sports hall, pitches (MUGA, 3G and grass), library and further education facilities that the community could access. These would be modern and enhanced facilities in comparison to those currently at Tobermory. A range of other community spaces – which are unlikely to be LEIP eligible – may be identified through the design process and if agreed would required to be funded 100% by Council or other funding sources.
- 4.3.4 A modern campus – plus the indirect achievement increases that a new building can bring - also has potential to be a wider attraction for families wishing to stay on, or relocate to the island and thereby having positive impact on socio-demographics. Some families who currently board their secondary school age children in Oban or plan to do so in the future may reconsider this if a new

Campus on Mull fits their needs and desires. However, it is acknowledged that this is a personal matter for each family to consider and may prefer their children to attend Oban High School.

Economic Implications

- 4.3.5 The level of investment that is forecast with LEIP would make it one of the most substantial community infrastructure projects on the island in a generation. Investment on this scale has potential to act as an anchor development and create other inward investment or unlock other funding streams. For example, we have seen new a school development in Helensburgh act as a growth point with new supermarket, business park and housing either now built or achieving planning permission adjacent to it.
- 4.3.6 New learning facilities also have the potential to attract business investment from certain vocational industries. There are examples of ‘commercial hubs’ for industries such as renewable energies and aquaculture being developed in schools and colleges across the north of Scotland and UHI Argyll have multiple local links with employers looking to upskill the workforce in Argyll and Bute. Such opportunities would be explored further as part of the business case development process.
- 4.3.7 The LEIP conditions also carry a requirement for skills and economic benefits to be shared with the local community and workforce. This will be a significant construction programme with many of subcontractors and suppliers either directly or indirectly impacted by a major new building. New and modern technologies and construction methods will be deployed focusing on energy efficiency and there will be opportunities for apprenticeships, learning and legacy of skills.
- 4.3.8 In addition to the direct benefits of the capital works being done on Mull the building of a new campus building will also send out a powerful message to existing, and new residents, that the island of Mull is a community with a strong and vibrant future. This supports the Council’s central ambition to grow our economy through a growing population and underscores the value the Council places on education and how it improves people’s life choices. The new school will also help facilitate a range of different services and activities that will positively impact on people’s health and wellbeing helping again to sustain economic growth on this island. Community wellbeing will be an overarching theme of our new economic strategy with the importance of skills and education emphasised as a key element of this.

4.3.9 Education Implications

- 4.3.10 A new Campus on Mull will ensure that accessibility for all including learners with disabilities complies with the Council’s Accessibility Strategy and the Equality Act (2010). It will be designed in such a way as to promote accessible and inclusive learning which will meet the needs of all learners including those with Additional Support Needs.

4.3.11 It will also provide an improved wireless-enabled learning environment to allow use of devices throughout the campus, and promote digital literacy and independence in learning. Further, the increased use of devices would promote the use of specialist and alternative technologies for pupils with additional support needs as they access the wider learning environment across the campus.

Equity of access to broader opportunities;

4.3.12 A new campus on Mull, with shared and flexible learning spaces, would encourage staff to work more collaboratively and provide increased opportunities for pupils to work co-operatively, supporting depth, pace, and challenge in learning. It will provide excellent facilities for children, families, and other users out with core school hours and will support engagement across the community. Education is more than just the building, schools are at the heart of their communities and learning is enriched when pupils can access the community as part of both their formal and informal education.

4.3.13 Spaces for learning will be designed in such a way as to allow a range of learning and teaching approaches including active, interdisciplinary, and outdoor learning. New and flexible learning environments inspire pupils and have a positive impact on health and wellbeing. They can also improve ethos, aspirations, attainment, achievement, and positive destinations beyond school.

The environment for learning

4.3.14 A new building will be fully responsive to future learning requirements and the design process will ensure that all spaces support learning and teaching styles of the 21st Century. It will be designed to be an inspiring learning environment which is fully able to support new and innovative digital learning and engage pupils with the curriculum.

4.3.15 Facilities such as science labs, technology workshop, Gaelic immersion space, music suites, and library will support and enhance learning. These facilities will also benefit pupils who access mainstream or learning centre provision learning arrangements across the wider campus. Outdoor Learning will also be improved for all learners and will be at the heart of the design process. This will provide enhanced opportunities for learning beyond the classroom for all learners.

Improved educational outcomes.

4.3.16 All of these educational benefits will deliver improved educational outcomes for children and young people included further developing positive ethos engendered by the inspiring surroundings and environment, and the pride pupils, families and the whole community feel in a new Campus.

4.4 Programme

4.4.1 There has been approximately 1 year delay in the funding announcement from the SG, however the Mull Campus Team have updated the project delivery plan which can be found at **Appendix C** –with key milestones being as follows if the project is considered affordable and proceeds at today’s meeting:-

- Q2 2024 – Engagement/Consultations begin (community / statutory)
- Q2 2024 – Site Selection process begins
- Q2 2025 – Design development, cost plan begin
- Q4 2025 – Planning, detailed cost, contracts to construct
- Q4 2025 – Outline Business Case Approval*
- Q4 2026 – Full Business Case Approval (approve tender)*
- Q4 2026 to Q4 2028 – Construction
- Q4 2028 – new campus open

**Subject to full Council meeting and gateway or key decision point (see para 4.4.3)*

4.4.2 Members must note that the original requirement to open the campus by December 2027 remains in place in the funding letter received in October 2023. This does not have regard to the delay occasioned by the delay in the funding announcement. Therefore, it remains a risk that our project if delivered to the forecast timescales as outlined above may not be eligible for funding due to not meeting timescale conditions. SFT are aware of this issue – which is shared with other Council’s in LEIP3 – and there are other projects which have been granted extensions in earlier phases. It would be the intention of the Mull Campus Team to inform the SG formally about an extension if the project is deemed affordable and is to proceed with an updated programme.

4.4.3 If the project is to proceed, an Officers Team will be established to undertake the operational work necessary to drive the project forward. This will include a number of professional officers from Education, Commercial, Financial and other relevant services plus external advisors or consultants as appropriate. There will be ‘gateways’ or ‘key decision points’ of the project which will be taken to Members at appropriate stages for consideration and approval. This is likely to be key milestone points such as; approval of outlined business case + site selection (expected late 2025), approval of full business case and acceptance of tender price to construct (expected late 2026). At all of these stages overall affordability will be reviewed and certainty over cost will be crystallised as the project develops.

4.5 REFURBISHMENT OPTION

4.5.1 If the LEIP project is considered unaffordable then an alternative programming of works will require to be devised, for the refurbishment project of the Tobermory Campus progressed and appropriately funded. At the existing Tobermory Campus there is a range of school buildings in terms of style, condition and age from 1930’s to 2010’s. A bespoke approach will be taken to each depending on need and available resources. Approximately £1.3m has

been expended on the buildings in the last 7 years however suitability remains at a Category C 'Poor' grading for certain elements due to age and layout of the buildings which were provided for education of a previous era. There is no, low cost option and persistent fabric issues with water ingress and roughcasting remain.

- 4.5.2 The majority of expenditure for a refurbishment would require to be spent on building fabric issues such as roof upgrades, window replacements, render works, rewiring and electrical works to extend the lifespan of the asset and address other current known issues. The Council's School estate is varied and there are some buildings even dating back to the early 1900's that have been upgraded to high standard – Dunoon Primary School is a prime example of this and refurbishment can extend functional lifespan of building for decades. In all buildings the importance of proactive maintenance is essential to prolong quality of the asset.
- 4.5.3 The refurbishment option would aim to address some suitability (quality of learning spaces) issues identified in the building however it will not be able to address all of them. For example, the large number of level changes / stairs, separate buildings and in places narrow corridors and general accessibility issues will largely remain as per existing.

5. CONCLUSION

- 5.1 The successful bid for LEIP funding has been a welcomed opportunity for Members to closely consider the construction of a new Campus on Mull. Without LEIP funding there would be insufficient funds available to the Council to consider a new facility of this scale on the island. The Council has a strong track record of building new schools over the past 15 years in Argyll and Bute, however for reasons set out in Section 4, above, the overall costs and budget implications for the Council are large and therefore must be financially planned for now and in future years if deemed to be affordable.

6.0 IMPLICATIONS

- 6.1 **Policy** - The Council's Learning Estate Strategy 2021 sets out an ambition to have Schools in category A or B in terms of suitability and condition plus a number of other modern standards. Delivering a new Campus on Mull is No1 priority in that overall strategy and is also a Corporate Priority. However, this ambition must be weighted up in reality of resources available to the Council and ability to set a balanced budget.
- 6.2 **Financial** - Accessing LEIP is a significant financial commitment to the Council due to the partnership model outlined above. The SG would then provide up to 50% of eligible capital costs back over 25 year annual payment if criteria is met. There is risk in this model should criteria not be met and also in terms of risk of construction in current climate so specific financial and affordability advice from Section 95 Officer has been afforded. This is one of largest ever capital projects ever undertaken by the Council is of strategic financial importance.

- 6.3 **Legal** - Accessing LEIP is a significant contractual and legal commitment to the Council which will be duly considered if move to next stage.
- 6.4 **HR** - None at this stage. Considered at future stages as Mull Campus Team is established if progress.
- 6.5 **Fairer Scotland Duty:**
- 6.5.1 **Equalities - protected characteristics** – A new Campus on Mull would create a more accessible Learning Environment than current Tobermory Campus arrangements. Assessments will be scoped during business case development.
- 6.5.2 **Socio-economic Duty** – The level of investment in a new Campus will be substantial and Scottish Government have set requirements to deliver socio economic benefits if progressed. Assessments will be scoped during business case development.
- 6.5.3 **Islands Duty** - If progressed this investment will bring positive infrastructure to the Mull and wider impacts / implications will be fully assessed as part of Business Case development and design process. Assessments will be scoped during business case development.
- 6.6 **Climate Change** - The construction of the building is taking into consideration climate change and there are specific funding conditions relating to Climate Change and low energy construction.
- 6.7 **Risk** - Risks exists both in terms of financial and reputational. If progress to next project stages a risk register will be developed.
- 6.8 **Customer Service** - Pre-engagement was undertaken as part of the bid process and will be ongoing throughout the development of the business case if progressed.
- 6.9 **The Rights of the Child (UNCRC)** - Pre-engagement was undertaken with young people in Schools across Mull and surrounding islands as part of the bid process and will be ongoing throughout the development of the business case and project if progressed.

Douglas Hendry
Executive Director with responsibility for Commercial Services & Education

Kirsty Flanagan
Executive Director for Financial Services + S95 Officer

16th April 2024

For further information contact:

Head of Commercial Services – Ross McLaughlin

Head of Education and Lifelong Learning + Chief Education Officer – Jen Crocket

Head of Education – Learning and Teaching - Wendy Brownlie

Head of Financial Services – Anne Blue

APPENDICES

Appendix A – Eligible Costs

Appendix B – Financial Scenarios

APPENDIX A – ELIGIBLE COSTS

ELIGIBLE LEIP COSTS (50% Funding)	NOT LEIP ELIGIBLE (Council 100%)
<p>‘Like for Like’ Learning Spaces</p> <ul style="list-style-type: none"> • Condition Project / not expansion • Part of existing school • Classrooms, indoor sports facilities, ELC, ASN • Production kitchen • Outdoor sports – pitches, tennis 	<p>New or larger Spaces</p> <ul style="list-style-type: none"> • Eg Pool, hostel, larger gym, Community only meeting spaces, Service Point, Vocational Training (salon, garage workshop) • Commercial Hubs – renewable energy, aquaculture
<p>‘Like for Like’ Community Spaces</p> <ul style="list-style-type: none"> • Library, Gym, Sports Hall, College 	<p>Land Acquisition or Decant Accommodation</p>
<p>Excessive Abnormal Construction Costs depending on site</p>	<p>Moveable IT Equipment (laptops / computers)</p>
<p>Location Factor</p> <ul style="list-style-type: none"> • New measure from SG (% TBC) 	
<p>Design, Internal Team and Consultancy Fees</p>	

APPENDIX B – FINANCIAL SCENARIOS

<u>Cost of Project</u>	Scenario A SG Fund 50% £000	Scenario B SG Fund 45% £000	Scenario C SG Fund 40% £000	Scenario D 10% increase in costs and SG Fund 50% £000	Scenario E 10% increase in costs and SG Fund 45% £000	Scenario F 10% increase in costs and SG Fund 40% £000
Cost of Construction	40,121	40,121	40,121	44,133	44,133	44,133
Estimated cost of Project Team	800	800	800	800	800	800
<u>Costs not eligible for SG funding:</u>						
Estimated Cost of Land	1,000	1,000	1,000	1,000	1,000	1,000
Estimated Cost of Moveable Fixtures and IT	1,000	1,000	1,000	1,000	1,000	1,000
Total estimated Project Cost	42,921	42,921	42,921	46,933	46,933	46,933
Funding previously Earmarked for LEIP	(9,000)	(9,000)	(9,000)	(9,000)	(9,000)	(9,000)
Total estimate Project Cost still to be funded	33,921	33,921	33,921	37,933	37,933	37,933
Estimated Funding from SG	20,460	18,414	16,368	22,467	20,220	17,973
<u>Council Funding Required:</u>						
Costs payable by Council in excess of earmarked reserve	13,461	15,507	17,553	15,467	17,713	19,930
Earmarked Reserve	9,000	9,000	9,000	9,000	9,000	9,000
Interest cost of borrowing over 60 years	75,405	75,405	75,405	84,324	84,324	84,324
Funded by Council	97,866	99,912	101,958	108,791	111,037	113,284
Overall Funding	118,326	118,326	118,326	131,257	131,257	131,257
Percentage Funded by Council (including borrowing)	83%	84%	86%	83%	85%	86%

<u>Annual Borrowing Costs</u>	Scenario A SG Fund 50% £000	Scenario B SG Fund 45% £000	Scenario C SG Fund 40% £000	Scenario D 10% increase in costs and SG Fund 50% £000	Scenario E 10% increase in costs and SG Fund 45% £000	Scenario F 10% increase in costs and SG Fund 40% £000
Net cost of borrowing – first 25 years	1,004	1,085	1,167	1,139	1,229	1,319
Net cost of borrowing – remaining 35 years	1,822	1,822	1,822	2,038	2,038	2,038
Smoothed cost of borrowing over 60 years	1,481	1,515	1,549	1,663	1,701	1,738