

**NEW SCHOOLS REDEVELOPMENT PROJECT**

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**1.0 EXECUTIVE SUMMARY**

- 1.1 This report provides Members with progress on the Stage 2 Submission by hubNorth Scotland Ltd (hubNorth) to refurbish/part new build Dunoon Primary School.
- 1.2 The formal Stage 2 Submission is expected to be received by the Council shortly. The key elements of the submission have been subject to review by the Council's schools redevelopment project team with support from the Council's external legal advisors and the Scottish Futures Trust (SFT) and it is considered that the project is ready to progress to Contract Close.
- 1.3 The Dunoon Primary School project, as it is a Design and Build Direct Agreement (DBDA), is not required to undergo a Key Stage Review (KSR) by the SFT.
- 1.4 The key programme dates are set out in Paragraph 4.1.1 for the Dunoon Primary School project. Due to the restrictions in accommodation available during the construction phases, the Early Learning and Child Care (ELCC) children and staff and ESCAPE (After School Care Provision) will be decanted out of Dunoon Primary School to Kirn Primary ELCC and the Girl Guide Hall, Dunoon, respectively until the works are completed.

**1.5 Council's Financial Provision**

The table below summarises the Council's current projected financial position in relation to the Dunoon Primary School project. The Council's project team has, in liaison with the SFT, continuously challenged hubNorth to deliver a cost effective project in respect of Dunoon Primary School.

Of course, the final project costs cannot be known until after the Stage 2 process and prior to Contract Close.

The Council's project team are currently engaged in looking at further efficiencies that can be achieved to reduce costs or minimise the risk of further increases in costs.

Table 1 sets out the comparison of the anticipated Stage 2 cost to the current Council Capital Plan contribution for the Dunoon Primary School element of the New Schools project.

<b>Table 1 - Comparison to Council Capital Plan</b>	<b>£</b>
Current Capital Plan for Dunoon Primary School	9,259,000
Anticipated Stage 2 costs for Dunoon Primary School	10,009,000
Anticipated additional costs	750,000

Based on the anticipated Stage 2 costs, the financial requirements for the Dunoon Primary School projects are £750k higher than the current Capital Plan. It is anticipated that these additional costs will be required to be met out with the current project budget. It has therefore been proposed that £750,000 be earmarked from 2016/17 favourable outturn to meet additional costs within 2017/18 and 2018/19.

#### Uplift in cost

The uplift in costs for the Dunoon Primary School project are due to a number of factors:

- An extended construction programme due to the complexities of the phasing of the works in order to keep the primary school fully operational over a period of 2 years;
- The extended programme has a knock-on effect on commodity prices, in particular for materials not required until the Phase 2 works commence, and inflation risk; and
- Dealing with a large refurbishment project as well as a Listed building, that has added an element of risk inbuilt to the costs.

#### Construction Risk

It should be noted that refurbishment of the West Wing and demolition of the East Wing bring additional risk in that the facility is an operational school and there is therefore limited scope to carry out intrusive surveys when scoping out the extent and cost of the works required.

There are, therefore, building elements within the refurbishment and demolition which may have inherent / latent defects or in which the precise amount and nature of rot or asbestos cannot be determined where additional cost risk may materialise. In that event, the cost risk would rest with the Council and would require additional funding. That is a matter that will be monitored closely during the construction period.

### **RECOMMENDATIONS**

- 1 Note the project programme key dates for Dunoon Primary School at Paragraph 4.1 hereof;
- 2 Note the position in regard to the Stage 2 Submission from hubNorth Scotland Ltd in respect of the Dunoon Primary School project. The detail of which is referred to in Paragraph 4.2 hereof;
- 3 Agree
  - 3.1 That the Council enter into the DBDA agreement for Dunoon Primary School, subject to the approval of earmarked sums of £750,000 to meet the anticipated

additional funds, based on the financial position as set out at paragraph 4.3 hereof;

- 3.2 That delegated authority be granted to the Executive Director – Customer Services, or his nominated representative, in consultation with the Executive Director - Community Services, the Head of Strategic Finance, the Council Leader, Depute Leader, and the Policy Lead for Education, to negotiate, agree and enter into any and all documentation in regard to contract close for the Dunoon Primary School Design and Build Direct Agreement (DBDA);
  - 3.3 That the Executive Director – Customer Services, or his nominated representative, be authorised to sign on behalf of the Council any and all documentation in regard to contract close for the Dunoon Primary School DBDA; and
  - 3.4 That the Head of Strategic Finance be authorised as the named individual on behalf of the Council for the purpose of the insurance proceeds account to be opened in terms of the Project Agreement and the Insurance Proceeds Account Agreement.
- 4 Note the Dunoon Primary School decant arrangements as set out in Paragraph 4.4 hereof.

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**2.0 INTRODUCTION**

- 2.1 This report provides Members with progress on the Stage 2 Submission by hubNorth Scotland Ltd (hubNorth) to refurbish and part new build Dunoon Primary School.
- 2.2 The Dunoon Primary School Design Build Direct Agreement (DBDA) project is approaching Contract Close. The contract that is to be entered into pursuant to the Scottish Government's hub initiative is the construction of a primary school with capacity for 300 primary pupils and 30 Early Learning and Child Care (ELCC) places.

The project at Hillfoot Street, Dunoon, PA23 7DR, will encompass the retention and refurbishment of the existing West Wing of Dunoon Primary School. The current East Wing and the stand alone outbuilding housing the Gym Hall will both be demolished and replaced with a new build element, a new East Wing. The new East Wing will have a direct link to the retained West Wing. The East Wing will comprise a Gym Hall, ELCC playroom and separate Family Learning Centre, school library, and staff accommodation. The provision to include landscaping, play and amenity areas all to improve the efficiency of the services provided by the Council.

- 2.3 The key elements of the Stage 2 Submission for the Dunoon Primary School Design Build Direct Agreement (DBDA) project has been reviewed by the Councils' schools redevelopment project team with support from the Council's external legal advisors and the Scottish Futures Trust (SFT).

**3.0 RECOMMENDATIONS**

It is recommended that the Policy and Resources Committee:

- 1 Note the project programme key dates for Dunoon Primary School at Paragraph 4.1 hereof:
- 2 Note the position in regard to the Stage 2 Submission from hubNorth Scotland Ltd in respect of the Dunoon Primary School project. The detail of which is referred to in Paragraph 4.2 hereof;

3 Agree

- 3.1 That the Council enter into the DBDA agreement for Dunoon Primary School,

subject to the approval of earmarked sums of £750,000 to meet the anticipated additional funds, based on the financial position as set out at paragraph 4.3 hereof;

- 3.2 That delegated authority be granted to the Executive Director – Customer Services, or his nominated representative, in consultation with the Executive Director - Community Services, the Head of Strategic Finance, the Council Leader, Depute Leader, and the Policy Lead for Education, to negotiate, agree and enter into any and all documentation in regard to contract close for the Dunoon Primary School Design and Build Direct Agreement (DBDA);
  - 3.3 That the Executive Director – Customer Services, or his nominated representative, be authorised to sign on behalf of the Council any and all documentation in regard to contract close for the Dunoon Primary School DBDA; and
  - 3.4 That the Head of Strategic Finance be authorised as the named individual on behalf of the Council for the purpose of the insurance proceeds account to be opened in terms of the Project Agreement and the Insurance Proceeds Account Agreement.
- 4 Note the Dunoon Primary School decant arrangements as set out in Paragraph 4.4 hereof.

#### **4.0 DETAIL**

##### **4.1 Dunoon Primary School - Programme**

The current projected programme dates for the Dunoon Primary School project are:

<b>Date</b>	<b>Description</b>
June 2017	Stage 2 Submission expected to be approved by Board of hubNorth Scotland
April – June 2017	Stage 2 evaluation and review by Council Schools Redevelopment Project Team with support from Council’s External Legal Advisors and Scottish Futures Trust
29 June 2017	Policy and Resources Committee to agree the project can proceed to Contract Close
30 June 2017	Contract Close
July 2017	Phase 1 Construction commences with-mobilisation, including some external works
June/July 2017	Dunoon Primary School pupils and staff decant to East Wing
July 2017 to May 2018	Refurbishment of West Wing.
April/May 2018	End of Phase 1 as Dunoon Primary School pupils and staff decant back to refurbished West Wing.
May 2018 – April 2019	Phase 2 commences with the demolition of East Wing and construction of new build East Wing.
April 2019	School occupation of East Wing.

April/May 2019	Demolition of stand-alone outbuilding (existing Gym Hall) and External Works
June 2019	End of Phase 2 and Practical Completion

#### 4.2 HubNorth Stage 2 Submission – Dunoon Primary School Project

- 4.2.1 The formal approval of the Stage 2 Submission by the Board of hubNorth Scotland for the Dunoon Primary School Project is expected shortly.
- 4.2.2 The key elements of the submission have been subject to review by the Councils' Schools Redevelopment Project Team with support from the Council's external legal advisors and the SFT. The review has included:
- Commercial and Legal Matters;
  - A Value for Money Assessment;
  - Design Review and Validation; and
  - Approvals.
- 4.2.3 The Council's Schools Redevelopment Project Team, with support from the SFT, has discussed a number of key commercial matters with hubNorth. These matters related to:
- Prelims;
  - Design Fees;
  - Inflation;
  - Commodity Prices;
  - Risk; and
  - Construction Programme.
- 4.2.4 A number of other areas identified within the Legal, Design and Approval sections of the Stage 2 evaluation and review were marked as Amber. However, these areas continue under review and scrutiny with the participation of the SFT so that they are resolved prior to Close on the project.
- Based on the current position achieved through the evaluation and review of the Stage 2 Commercial, Legal and Technical aspects of the Dunoon Primary School Project, it is considered that the project is ready to progress to Contract Close.
- 4.2.5 The Dunoon Primary School project is a DBDA project, and as such, the Stage 2 Submission is not required to undergo a KSR by the SFT.
- 4.2.6 Prior to Contract Close being reached on the Dunoon Primary School project, the Council was required to discuss the progress and proposals of the project with the Scottish Government (SG) and SFT. The discussions took the form of a presentation and workshop held on Monday 10 April 2017, at the SFT offices in Edinburgh.

The Council's project team demonstrated through its presentation, how it has responded to achieving the Scotland's Schools for the Future Programme goals within each project. Namely:

- Efficient & Effective Procurement;
- Cost Efficiency; and
- Delivery of the Schools Estate Strategy Principles.

The outcome for the workshop has been a clear understanding between the parties (SG, SFT, and the Council) that the school project is on track to achieving the key programme goals.

### 4.3 The Council's Financial Provision

4.3.1 The table below summarises the Council's current projected financial position in relation to the Dunoon Primary School project. The Council's project team has, in liaison with the SFT, continuously challenged hubNorth to deliver a cost effective project in respect of Dunoon Primary School.

Of course, the final project costs cannot be known until after the Stage 2 process and prior to Contract Close.

The Council's project team are currently engaged in looking at further efficiencies that can be achieved to reduce costs or minimise the risk of further increases in costs. Table 1 sets out the comparison of the anticipated Stage 2 cost to the current Council Capital Plan contribution for the Dunoon Primary School element of the New Schools project.

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### Construction Risk

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There are, therefore, building elements within the refurbishment and demolition which may have inherent / latent defects or in which the precise amount and nature of rot or asbestos cannot be determined where additional cost risk may materialise. In that event, the cost risk would rest with the Council and would require additional funding. That is a matter that will be monitored closely during the construction period.

## **4.4 Dunoon Primary School - Decant Arrangements**

4.4.1 The Dunoon Primary School Project will be completed over two distinct construction phases as outlined in paragraph 4.1.1.

Phase 1 of the Works will involve the refurbishment of the current West Wing. This will require:

- All Primary school classes based in the West Wing;
- Pupils in the Learning Centre (LC); and
- East Cowal After School Care Project (ESCAPE)

to be decanted out of the current West Wing. The decant accommodation during Phase 1 will be provided within the East Wing, but that building alone cannot occupy all the various school users.

During the Phase 1 works to the West Wing, the current school kitchen and dining room will not be available for use. Temporary modular kitchen accommodation will be installed in the school playground along with some enabling works to the existing gym hall to facilitate its use as a dining room.

Dunoon Primary School is a designated Learning Centre (LC). Meeting the needs of these pupils and maintaining continuity of service and familiarity of surroundings for these children has been paramount in the planning for the Works period. During Phase 1, the pupils and staff of the LC will decant into the General Purpose Room on the Ground Floor of the East Wing. The children remain on site and then move back into their newly refurbished rooms once the construction work in the West Wing has been completed.

The remaining rooms in the East Wing will be required to accommodate all of the Primary 1 – 7 classes.

Due to the tight nature of the school site itself with limited outdoor play space, and that a large part of the available play space will be required by the construction company during both phases of the works and the installation of the temporary modular school kitchen, it is considered that using any of the remaining play space for siting temporary classroom accommodation would have a serious impact on the life of the school over the period of the works.



- 4.4.2 Phase 2 of the Works will comprise the demolition of the East Wing and construction of the new Early Learning and Child Care accommodation, Family Centre and Gym Hall.

Until both Phases 1 and 2 of the Works have been completed, the Early Learning and Childcare children and staff and ESCAPE have no accommodation available to them on the Dunoon Primary School site.

The decant arrangements that have been put in place have been carefully developed through the Principal Officer for Early Learning and Childcare, with the Head Teacher of Dunoon Primary School, and where appropriate the Head Teachers of both Kirn Primary School and Dunoon Grammar School.

**4.4.3 Dunoon Primary School Early Learning and Childcare**

During the Works the Early Learning and Childcare children and staff will be relocated to the Early Learning and Childcare facilities at Kirn (currently sited at Dunoon Grammar School). A variation will be made to the Care Inspectorate for this move. The Dunoon Early Learning and Childcare pupils/staff will remain at Kirn and then move to the new Kirn Primary School until they are of age to start P1 in Dunoon Primary School or move back to the new Early Learning and Child Care accommodation in the new build East Wing.

**4.4.4 ESCAPE**

ESCAPE provides after school care during term time and holiday periods. Temporary accommodation for the duration of the Works will be provided in the Guide Hall, Dunoon. The move will require some minor building adaptations to be made to the Guide Hall to ensure that a variation in placement for ESCAPE meets the Care Inspectorate requirements.

Very positive discussions have been held with representatives of ESCAPE and the Girl Guiding committees, and plans for this decant have been put in place. The decant to the Guide Hall is expected to take place in June 2017 at the end of the current school session. ESCAPE will operate from the Guide Hall until April 2019 when the new East Wing is estimated to open. At that point ESCAPE would return back to Dunoon Primary School.

- 4.4.5 On the completion of the East Wing in April 2019, the Early Learning and Child Care children and Staff, and ESCAPE, will move back into Dunoon Primary School.

In summary, the key decant programme dates are:

Date	Description
June/July 2017	Decant of materials: <ul style="list-style-type: none"> <li>• Dunoon West Wing to East Wing</li> <li>• Dunoon Primary School ELC to Kirn ELCC at Dunoon Grammar School; and</li> </ul>

	<ul style="list-style-type: none"> <li>the Guide Hall for ESCAPE.</li> </ul>
July 2017 – April 2019	ESCAPE accommodated in Guide Hall, Dunoon
August 2017 – October 2017	Dunoon ELCC children & staff start the new school term at Kirn ELCC sited at Dunoon Grammar.
October 2017	Dunoon ELCC children and staff decant, along with Kirn ELCC children and staff, to Kirn ELCC in the new Kirn Primary School
October 2017 April 2019	Dunoon ELCC children and staff accommodated in the new Kirn Primary School
April 2018	Decant of materials back from East Wing to the newly refurbished West Wing.
April 2019	Dunoon ELCC children and staff, and ESCAPE return to the now completed Dunoon Primary School

The schools redevelopment project team continue to liaise closely with the school and ESCAPE with details on the arrangements for the decant issued at appropriate times.

- 4.4.6 Due to the scale of the decant associated with this project, the Scottish Government has approved a request for three exceptional closure days to ensure that all the necessary materials have been packed, decanted, and are organised and ready for the pupils. The exceptional closure dates for pupils are Thursday 29 and Friday 30 June and Wednesday 16 August 2017. Newsletters have been issued to parents advising them of these exceptional closure dates.

## 5.0 CONCLUSION

- 5.1 The formal Stage 2 Submission is expected to be received from hub North Scotland Ltd shortly. The key elements of the submission have been subject to review by the Council's schools redevelopment project team with support from the Council's external legal advisors and the Scottish Futures Trust (SFT) and it is considered that the project is ready to progress to Contract Close.
- 5.2 Shortly after Close, construction work will commence on the Dunoon site.

## 6.0 IMPLICATIONS

**Policy** The Council previously authorised the Executive Director of Community Services to issue the NPR for the Dunoon Primary School project on the basis of the agreed design capacity and assessment of affordability. In addition, the Council has delegated all matters in respect of the provision of the new school facilities to the Council's Policy and Resources Committee.

**Financial** This report outlines the current financial position. The affordability of the

project cannot be fully assessed until Contract Close is reached.

**Legal** The issue and acceptance of the NPR commenced the process of formal legal engagement of hubNorth for development of the project for delivery of the proposed refurbished/part new build school.

**HR** None at present.

**Equalities** None at present.

**Risk** The Council needs to progress the project to ensure occupation of the school within the Scottish Government's end date of April 2019.

The refurbishment and demolition elements of the project bring additional risk in that the facility is an operational school and there is therefore limited scope to carry out intrusive surveys when scoping out the extent and cost of the works required.

There are, therefore, building elements within the refurbishment and demolition which may have inherent / latent defects or in which the precise amount and nature of rot or asbestos cannot be determined where additional cost risk may materialise. In that event, the cost risk would rest with the Council and would require additional funding. That is a matter that will be monitored closely during the construction period.

**Customer Service** The design solution from hubNorth for the Dunoon project will require a decant of Early Learning and Child Care children and staff out of the current school buildings to Kirn Primary ELCC currently situated at Dunoon Grammar School, and then to the new Kirn Primary School when it opens. The after school care provided by ESCAPE will decant on a temporary basis to the Guide Hall, Dunoon. The detailed planning for the decant in the Dunoon Primary School project continues with project information issued to each school community and ESCAPE at appropriate times.

Douglas Hendry, (Executive Director of Customer Services)  
Ann Marie Knowles, (Acting Executive Director of Community Services)

Councillor Yvonne McNeilly, (Policy Lead - Education)  
Argyll and Bute Council

25 May 2017

For further information contact:  
Mike Casey - Schools Project Development Manager – 01586 555917  
David Logan - Special Project Team – 01546 604322