

## NEW SCHOOLS REDEVELOPMENT PROJECT– CAMPBELTOWN, OBAN AND KIRN

**1.0 Executive Summary**

- 1.1 This report provides an update to committee members on the issue of the New Project Requests (NPRs) to hubNorth Scotland Ltd (hubNorth) in respect of the new Campbeltown Grammar school and Oban High school; and for the new Kirn Primary school.
- 1.2 The NPR for Campbeltown Grammar and Oban High schools has been submitted to hubNorth and the Scottish Futures Trust (SFT). The new secondary schools in Campbeltown and Oban will be developed as a Design, Build, Finance and Maintain (DBFM) project and the NPR has been issued to hubNorth and the SFT on this basis. Formal acceptance of the NPR by the hubNorth Board will commence the formal engagement with hubNorth to deliver new school facilities for the council through the Scottish Government's Schools for the Future (SSF) programme.
- 1.3 The NPR for Kirn Primary school has been provided to SFT as part of their key stage review process prior to being issued to hubNorth. The NPR is expected to be issued by the beginning of August 2014. The school will be developed as a Design, Build, and Direct Agreement (DBDA).
- 1.4 A detailed project brief, developed in consultation with each school community, forms part of the NPR. The NPR and the project brief for each school sets out the detailed information about each site, the education facilities required and the technical requirements for each.
- 1.5 Two legal issues for the sites at Campbeltown and Oban need to be resolved. These are the termination of leases for garages at Kintyre Park, Campbeltown and a grazing lease for horses at Dalintart, Oban. Both these leases are on land owned by the Council and members are asked to approve that these leases are terminated at the earliest opportunity so that availability of possession is assured as soon as possible.
- 1.6 The timeline for the Campbeltown and Oban projects is now estimated to be:
  - NPR acceptance by hubNorth July 2014;
  - Financial Close in August 2015; and
  - Construction period from September 2015 with a build period of 18-24 months.

The estimated timescale currently being worked towards for Kirn Primary school is:

  - NPR submitted to hubNorth and SFT – by the beginning of August 2014;
  - Financial Close – estimated as November 2015; and
  - Construction period estimated as commencement in January 2016, with a build period of 16 – 18 months.
- 1.7 The affordability cap for Campbeltown and Oban has been issued to hubNorth as part of the NPR submission. The NPR and affordability cap for Kirn have been issued to the SFT as part of their key stage review process prior to formal submission to hubNorth. The expectation is that hubNorth should be able to provide the school facilities within the SFT metric, with the exception of any abnormal general and site costs. However, at this early stage, it appears that hubNorth may find it challenging to provide the project brief

requirements in accordance with the SFT funding metric. The initial response from hubNorth to the NPR for Campbeltown and Oban has highlighted a number of project financial risks:

- the cost of asbestos removal in the demolition of each school;
- an uplift in costs by contractors due to the location of the builds, particularly in Campbeltown; and
- the design capacity of 500 pupils for Campbeltown Grammar school in regard to the SFT metric - hubNorth has indicated that they have concerns that the SFT metric may not be achievable due to the size of the school

- 1.8 After discussion with, and advice from the SFT, there is considered to be no reason at this stage to adjust the affordability cap. That is a matter to be looked at when the design is advanced and when tender responses are received taking into account all matters relating to the cost and metric.

In addition to the above project finance risks, the SFT has discussed with the Council project team the risk of inflation. The Scottish Government is to announce that it will be setting a time limit on the period in which the Government will accept inflation risk. This change in inflation risk places on the Council the importance of ensuring that there is no delay to the Stage 1 and Stage 2 processes. Discussion on this aspect is ongoing and the likely financial impact will be assessed and reported to members.

## **Recommendations**

It is recommended that Committee members:

1. Note the content of the paper with regard to the issue of and the content of the NPR's for the new Campbeltown Grammar, Oban High and Kirn Primary schools;
2. Authorise the Executive Director, Customer Services, to take such steps as are necessary by negotiation or if required by instituting appropriate court action to secure vacant possession of the land presently occupied by various parties and used as garage sites at Kintyre Park, Campbeltown, shown delineated within the boundaries coloured red on the plan forming Appendix 1 hereof;
3. Authorise the Executive Director, Customer Services, to take such steps as are necessary by negotiation or if required by instituting appropriate court action to secure vacant possession of the land presently used as horse grazing and purposes associated therewith at Dalintart Farm, Oban, shown delineated within the boundaries coloured red on the plan forming Appendix 2a and 2b hereof.

**NEW SCHOOLS REDEVELOPMENT PROJECT– CAMPBELTOWN, OBAN AND KIRN**

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**2. INTRODUCTION**

- 2.1 This report provides an update to committee members on the schools redevelopment project to build two new secondary schools in Campbeltown and Oban, and a new Kirn Primary School. The New Project Request (NPR) in respect of Campbeltown and Oban has been submitted to hubNorth Scotland (hubNorth) and the Scottish Futures Trust (SFT). Acceptance of this commences the formal engagement with hubNorth to deliver new school facilities for the Council in Campbeltown and Oban through the Scottish Government's Schools for the Future (SSF) programme. The NPR for the new Kirn Primary school has been provided to SFT in draft form and is expected to be issued to hubNorth by the beginning of August 2014.

**3. RECOMMENDATIONS**

- 3.1 It is recommended that Committee members:
- 3.1.1 Note the content of the paper with regard to the issue of and the content of the NPR's for the new Campbeltown Grammar, Oban High and Kirn Primary schools;
  - 3.1.2 Authorise the Executive Director, Customer Services, to take such steps as are necessary by negotiation or if required by instituting appropriate court action to secure vacant possession of the land presently occupied by various parties and used as garage sites at Kintyre Park, Campbeltown, shown delineated within the boundaries coloured red on the plan forming Appendix 1 hereof;
  - 3.1.3 Authorise the Executive Director, Customer Services, to take such steps as are necessary by negotiation or if required by instituting appropriate court action to secure vacant possession of the land presently used as horse grazing and purposes associated therewith at Dalintart Farm, Oban, shown delineated within the boundaries coloured red on the plan forming Appendix 2a and 2b hereof.

**4. Detail**

- 4.1 At its meeting on 24<sup>th</sup> April 2014, the Council authorised the Executive Director of Community Services to issue the NPR for the new Campbeltown Grammar and Oban High schools on the basis of the agreed design capacities and assessment of affordability. In addition, the Council delegated all matters in respect of the provision of the new school facilities to the Council's Policy and Resources Committee.

The new secondary schools in Campbeltown and Oban will be developed as a Design, Build, Finance and Maintain (DBFM) project and the NPR has been issued to hubNorth and the SFT on this basis.

At the same meeting, the Council approved that a new Kirn Primary school should be developed as part of the SSF programme.

- 4.2 As this new stand-alone primary school project for Kirn is a change from the shared Primary campus originally proposed for the Dunoon area, a new project brief has been prepared in consultation with the school community.

At the Council meeting on 26 June 2014 it was agreed that the new Kirn Primary school would be developed as a Design, Build, and Direct Agreement (DBDA) project. A draft NPR has been provided to SFT as part of their key stage review process prior to being issued to hubNorth. The NPR is expected to be issued to hubNorth by the beginning of August 2014.

#### 4.3 **Pre-NPR Workshops**

The Council project team has had pre-NPR discussions and workshop meetings with hubNorth and the SFT. Discussions have explored areas such as project timescales and site information.

##### 4.3.1 **Project Timescales**

A draft outline timescale for the procurement and build process has been reviewed based on the timings envisaged by the SFT as part of its Key Stage Review process.

The current position in regard to the Campbeltown and Oban projects is now estimated to be:

- NPR acceptance by hubNorth July 2014;
- Stage 1 and Stage 2 design development and contract documents developed to August 2015;
- Financial Close in August 2015; and
- Construction period from September 2015 with a build period of 18-24 months.

The estimated timescale currently being worked towards for Kirn Primary school is:

- NPR submitted to hubNorth/SFT – by the beginning of August 2014;
- Design development and contract documents – developed over a 12-16 month period;
- Financial Close – estimated as November 2015; and
- Construction period estimated commencement in January 2016, with a build period of 16 – 18 months.

##### 4.3.2 **Site information**

Site information, such as topography, ground investigations and flood risk, has been obtained for each site and has been made available to hubNorth. HubNorth has explored possible site layout options, site access, building orientation and accommodation schedules.

Further formal option appraisal exercises will be required with regard to the optimal site layouts, access and accommodation to be provided. This would form part of the Stage 1 design development process following acceptance of the NPRs by hubNorth.

##### 4.3.3 **Legal issue for Campbeltown and Oban**

a) **Garages at Kintyre Park, Campbeltown**

Improvements to the bus turning area and access to the new school site will require the demolition of some garages situated on land within the Council's ownership at Kintyre Park, Campbeltown. The relevant land is shown delineated within the boundaries coloured red on the plan forming appendix 1 hereof. The garages are mostly in a dilapidated condition. It is essential to the project that the Council terminates the existing leases at the earliest possible opportunity so that the availability of possession is assured as soon as possible in the process.

b) Land at Dalintart Farm, Oban

The location and construction of the new sports facility will necessitate the termination of the existing grazing lease in favour of a local resident who utilises the area for grazing their horse. The relevant land is shown delineated within the boundaries coloured red on the plan forming Appendices 2a and 2b hereof. It is essential to the project that the Council terminates the existing lease at the earliest possible opportunity so that the availability of possession is assured as soon as possible in the process.

#### **4.4 The New Project Request (NPR)**

- 4.4.1 The draft NPR for Campbeltown Grammar and Oban High was issued to the SFT on 11 April 2014 to be reviewed as part of their key stage review process. This was completed by the SFT and the NPR issued to hubNorth on 6 June 2014.

The draft NPR for Kirn Primary school has been submitted to the SFT to carry out their Key Stage Review and is expected to be submitted to hubNorth/SFT – by the beginning of August 2014.

A detailed project brief, developed in consultation with each school community, forms part of the NPR. The NPR and the project briefs set out the following information:

4.4.2 Design Capacity and Site

Campbeltown Grammar school will be built to a design capacity of 500 pupils. The new school will be built on its existing site and all land is within the Council ownership.

Oban High school will be built to a design capacity of 1300 pupils. The new school will be built on the existing school site with additional land at Dalintart and Glencruitten. All land is within Council ownership.

Kirn Primary school will be built to a design capacity of 320 pupils and with an associated Early Learning and Childcare provision (Nursery) of 30 places (3-4 year olds). The new school will be built on the existing school site. All land is within Council ownership.

4.4.3 Accommodation

The project brief sets out for each school a range of accommodation requirements from general classrooms, to more specialist accommodation for practical and vocational based courses in the two secondary schools. The brief details also the requirements for assembly, dining, social and circulation spaces.

Externally there is a requirement for dedicated playground space, parking, and separate bus and pupil drop off provision. In addition to these external spaces, the brief includes for the formal Physical Education outdoor space the following synthetic grass pitch provision:

- Campbeltown – 1xNo. full-size (football) enclosed, floodlit, short pile sand dressed synthetic turf;
- Oban - two enclosed, floodlit, synthetic grass pitches. 1xno. 3G full size synthetic turf pitch (rugby size), as well as a 1xNo full size (football size) short pile synthetic turf sand dressed pitch.
- Kirn – 1xNo Multi use games area (MUGA) enclosed floodlit synthetic pitch with run-offs

A provision for natural grass pitch provision for both secondary schools forms part of the outdoor external brief.

As with the site layouts, formal option appraisal exercises will be required with regard to the project brief requirements and the accommodation schedules before any agreement is reached on the accommodation to be provided and the internal and external facilities to be provided. This would form part of the Stage 1 design development process and would involve close liaison between the project team and the school community.

All of the Stage 1 and Stage 2 processes will be subject to approval through the Policy and Resources committee.

#### 4.4.4 Technical Requirements

The SFT initiated the SSF programme with the construction of two pilot schools, Lasswade High school in Midlothian, and Eastwood High school in East Renfrewshire. Members of the project team, along with staff from Campbeltown and Oban, have visited Eastwood High school and there was a very favourable response to the standard of construction and finish within the school.

The aim of these pilots was to provide a set of outcomes and standards that would influence the remainder of the schools in the programme. The “Superblock” design model used on the pilot schools offers benefits in terms of:

- construction method;
- structural design; and
- the mechanical and electrical solutions.

HubNorth has produced a design manual based on this superblock approach from which it will base its designs for schools in its north territory area. The project briefs acknowledge the technical detail within the hubNorth design manual but set out, where necessary, specific Argyll and Bute technical requirements.

#### 4.4.5 Facilities Management

Campbeltown Grammar and Oban High schools will be developed as DBFM projects. It is envisaged at this stage that hubNorth will provide the services detailed in the SSF Standard Form Services Specification. These services (hard FM) to incorporate areas such as:

- maintenance of the facilities;
- performance management and monitoring; and
- a helpdesk facility.

All other services (soft FM) are expected to remain with the Council. These would include:

- cleaning;
- caretaking;
- catering; and
- grounds maintenance

4.4.6 Kirn Primary school will be a DBDA project. On this basis, the Council would enter into a DBDA agreement with hubNorth for the design and build of Kirn Primary school. There would be no obligation on the Council to contract for the ongoing maintenance of the new school through hubNorth. That would be a matter for the Council to determine. However, the Council, through the funding arrangement with the Scottish Government, would likely have to commit to the ongoing maintenance of the new Kirn Primary school over the next 25 years.

#### 4.4.7 Affordability

The expectation is that hubNorth should be able to provide the school facilities within the SFT metric, with exception of any abnormal general and site costs. However, at this early stage in the case of each school, it appears that hubNorth may find it challenging to provide the school requirements within the envelope of the space requirement in accordance with the SFT metric.

As reported to the Council at its April 2014 meeting, the current estimate of the financial impact of the agreed design capacity for each school was:

	Oban High School Education base case Capacity 1300 £ 000's	Campbeltown Grammar School Education base case Capacity 500 £000's	Kirn Primary School Education base case Capacity 320 + 30 Nursery £000's	Total
Total Capital & One-off Costs including Scottish Government Funded Element	35,188	19,066	9,230	63,484
Council Capital Contribution agreed	11,272	7,653	4,913	23,838
Total additional Revenue Funding agreed per annum (/25 years)	1,051	480	260	1,791

## 4.5 Project Financial Risk

At this early stage hubNorth has indicated that they have concerns in regard to the risk of costs in the following areas that may lead them to breaching the affordability cap provided.

- 4.5.1 As part of the project brief and the NPR, there is a requirement that the demolition of the existing school buildings and all associated enabling works such as asbestos removal and service disconnections are to be carried out by hubNorth as part of the project. HubNorth has raised as a concern the excessive cost of asbestos in the demolition process. Information in relation to asbestos has been provided in the project brief as part of the NPR submission.

However, at this stage the Council is not aware of any “abnormals” that require to be provided for outwith the SFT metric. In particular, enabling works and demolition, including asbestos removal, should be considered as part of the Prime Cost. After discussion with SFT there is considered to be no reason at this stage to adjust the affordability cap. That is a matter to be looked at, at a later stage of the design process when tender responses are received taking into account all matters relating to the cost and metric. The project brief provided is an open one allowing hubNorth full control of design and cost within the relevant parameters.

- 4.5.2 Location factors – hubNorth has indicated that they have concerns in regard to an uplift in costs by contractors due to the location of the builds, particularly in Campbeltown. In discussion with the SFT, there is considered to be no reason, at this stage, to adjust the affordability cap. If, at the stage of tender responses costs are exceeding the metric, the SFT has indicated that further funding may be available to the Council to assist in addressing any issue of location factor and consequent cost. The SFT has indicated that while it is likely that funding would be provided to assist in this, it would not cover all the likely cost that might arise and a further contribution from the Council may be required;
- 4.5.3 The size of Campbeltown Grammar in regard to the SFT metric - hubNorth has indicated that they have concerns that the SFT metric may not be achievable in regard to Campbeltown Grammar due to the size of the school. After discussion with SFT there is considered to be no reason at this stage to adjust the affordability cap. That is a matter to be looked at when the design is advanced and when tender responses are received taking into account all matters relating to the cost and metric. The design brief provided is an open one allowing hubNorth full control of design and cost within the relevant parameters
- 4.5.4 Inflation Risk. The final costs of the project cannot be determined until the overall design is complete. The SFT has informed the project team that the Scottish Government is to announce that it will be setting a time limit on the period in which the Government will accept inflation risk. At present, the Government uplifts its share of its funding for a school project to take account of inflation no matter when the school project received funding approval through to the point at which Stage 2 is approved. For some projects it has taken a number of years to reach Stage 2 approval. Each Council will be asked now to agree the date at which it expects its project(s) to reach Stage 2 approval. The Scottish Government will guarantee to uplift its funding contribution through to that date but after that all cost increases that arise due to inflation will have to be met in full by the Council. This change in inflation risk places on the Council the importance of ensuring that there is no delay to the Stage 1 and Stage 2 processes to negate any risk of inflation having to be met by the Council. Discussion on this aspect is ongoing and the likely financial impact will be assessed and reported to members.



The Project Team will continue to work with hubNorth and SFT to ensure the requirements of the metric are met, as far as can be done, and minimise any risk of the metric being exceeded, to minimise any delay to the Stage 1 and Stage 2 processes and any consequent cost falling to the Council to meet.

## 5. CONCLUSION

- 5.1 The NPR for Campbeltown Grammar and Oban High school has been submitted to hubNorth and the SFT. The NPR for Kirn is with the SFT to carry out their Key Stage Review and is estimated to be submitted to hubNorth by the beginning of August 2014.
- 5.2 The acceptance of the NPRs commences the formal engagement of hubNorth to deliver new school facilities for Argyll and Bute Council in Campbeltown, Oban and Kirn through the Scottish Government's Schools for the Future (SSF) programme.

All of the Stage 1 and Stage 2 processes will be subject to approval through the Policy and Resources committee.

## 6. IMPLICATIONS

Policy	The Council has authorised the Executive Director of Community Services to issue the NPRs for the new Campbeltown Grammar and Oban High school, and for Kirn Primary school on the basis of the agreed design capacities and assessment of affordability. In addition, the Council delegated all matters in respect of the provision of the new school facilities to the Council's Policy and Resources Committee.
Financial	The Council has previously agreed capital and revenue allocations for the new schools. The affordability of the project cannot be fully assessed until the design and costing of the project has been completed by hubNorth.
Legal	The Council has now issued the NPR for acceptance by hubNorth to commence the process of formal legal engagement of hubNorth for development of the project for delivery of the proposed new schools.
HR	None at present
Equalities	None at present
Risk	The Council needs to progress the project to ensure completion of construction of the schools within the Scottish Government's end date of March 2018. Areas of possible risk and concern from hubNorth in regard to the affordability cap are highlighted at paragraph 4.5
Customer Service	None at present

Cleland Sneddon, (Executive Director of Community Services)  
Councillor Aileen Morton, (Policy Lead - Education, Lifelong Learning and Strategic IT Services)  
Argyll and Bute Council

15 July 2014

For further information contact: Cleland Sneddon, Tel 01546 604256

# Appendix 1 Campbeltown Garage Leases

Leased garages –  
Kintyre Park

Campbeltown Grammar School

Park

playing fields

Rev	Date	Description	Drawn By
-	00.00.00	-	-

Site UPRN <b>PE03201300001</b>	Project No. <b>SFT Schools</b>
Drawing No. <b>AEI(00)001</b>	Revision. --
Drawn By <b>ACJ</b>	Date June 2014
	Scale @ A3 1:2000

**Notes**

Contractor to check all dimensions on site.  
Do not scale from drawing.  
Report any discrepancies and omissions to Customer Services, Argyll and Bute Council without delay and before proceeding with any affected works.  
All Building work is to comply with current Technical Standards and all other relevant statutory regulations.

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**Customer Services**  
Property Design Team

Phone: (01546) 602127  
<http://www.argyll-bute.gov.uk>

**Argyll and Bute COUNCIL**

**Site**  
Campbeltown Grammar School

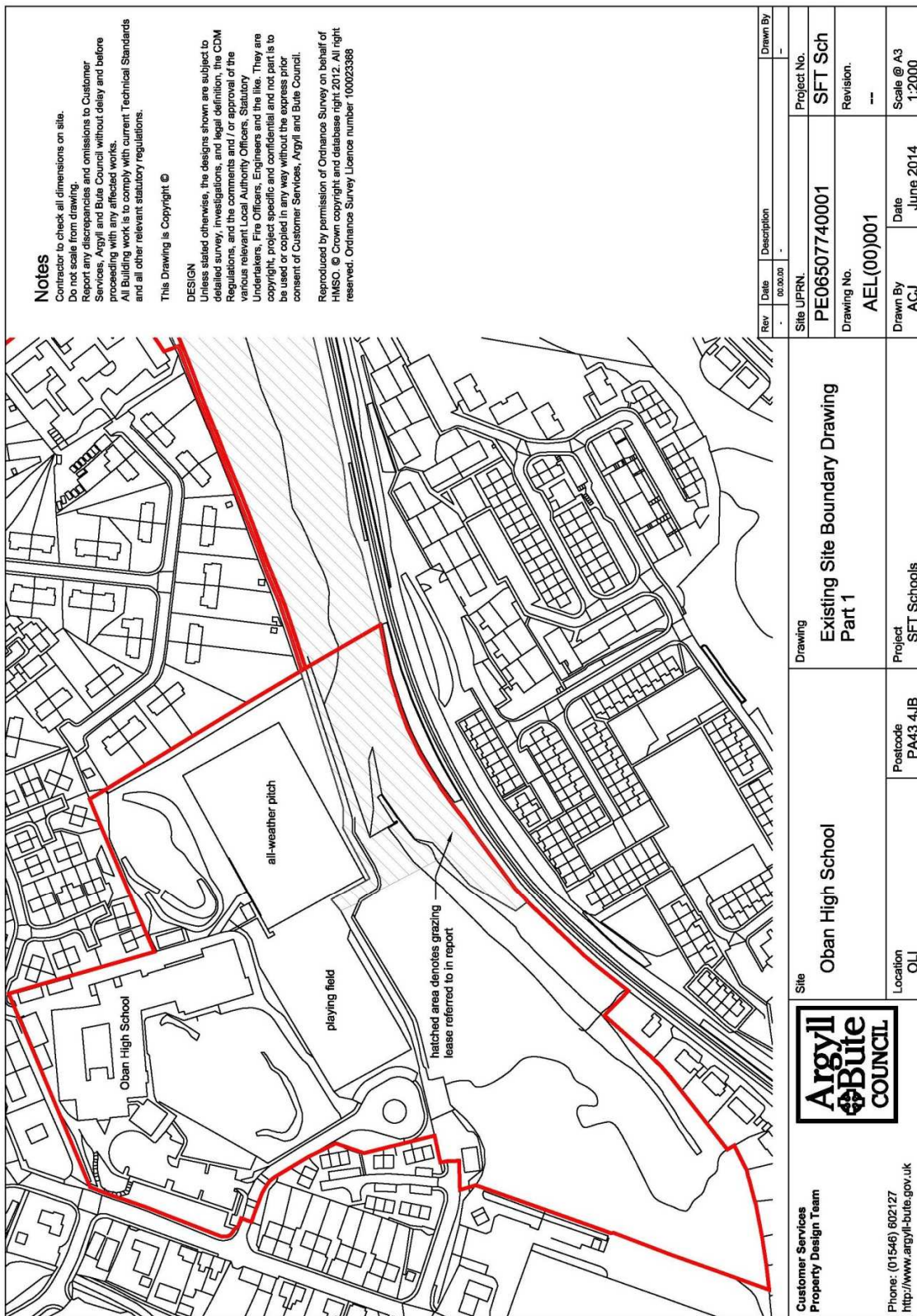
**Location**  
MAKI

**Postcode**  
PA28 6JS

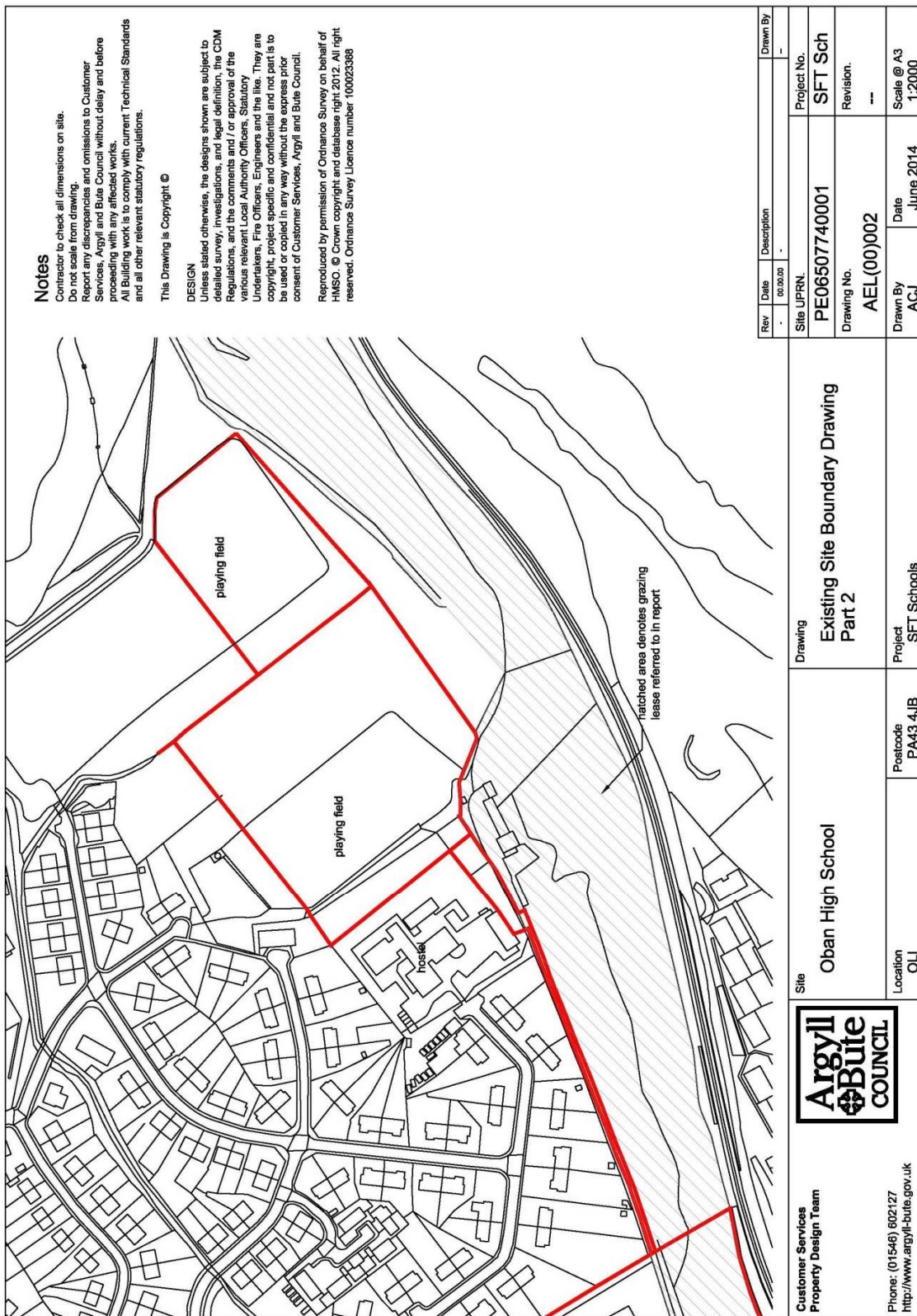
**Project**  
SFT Schools

**Drawing**  
Existing Site Boundary Drawing

# Appendix 2a Oban Grazing lease



# Appendix 2b Oban Grazing lease



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Rev	Date	Description	Drawn By
-	09/09/20	-	-

Site UPRN	PE06507740001	Project No.	SFT Sch
Drawing No.	AEL(00)002	Revision.	--
Drawn By	ACJ	Date	June 2014
		Scale @ A3	1:2000

Drawing  
**Existing Site Boundary Drawing Part 2**

Site  
**Oban High School**

Location  
OLI

Postcode  
PA43 4JB

Project  
SFT Schools



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Property Design Team

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