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**FURTHER POTENTIAL INVESTMENT OPPORTUNITY  
IN THE COUNCIL'S SCHOOL ESTATE**

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**1.0 Executive Summary**

- 1.1 This report provides updated information to Members on an announcement by the Scottish Government (SG) of a further £100M of revenue based NPD investment in school infrastructure through the Scotland's Schools for the Future (SSF) programme. The programme aims to continue to remove schools out of poor (Category C) or bad (Category D) condition to satisfactory (Category B) or good (Category A) condition, either through refurbishment or replacement. The Council currently only has one school property in the whole school estate in either Category C or D condition. This is Dunoon Primary school (Category D).
- 1.2 If the Council wants to take advantage of the opportunity of additional revenue support, a decision is required now. The SG has asked for a letter of confirmation from the Council to be submitted on the afternoon of 18 December 2014 if the project is approved.
- 1.3 A report to the Policy and Resources Committee (P&R) on 27 November 2014 informed Members of the conditions to the SG funding offer as well as the detail of potential options to remodel/refurbish Dunoon Primary school. The report is available at:  
<http://www.argyll-bute.gov.uk/moderngov/documents/s94297/Dunoon%20PS%20revised.pdf>
- 1.4 At the P&R Committee meeting the Policy Lead for Education, Lifelong Learning and Strategic IT Services tabled the following revised motion which was subsequently agreed:
1. Notes the detail provided in the paper regarding the Scottish Government's offer for further investment in school infrastructure; the financial implications of committing further capital monies as per paragraphs 4.4.6 and 4.4.9; and the significant risks associated with the cost estimates as contained within this report;
  2. Notes the new information provided by officers advising;  
(a) the extended timeline now available to the Council, and we record our appreciation of the Scottish Government's approach to this matter;  
(b) Historic Scotland's willingness to meet with us to discuss further the best way of ensuring a positive future for the Dunoon Primary School pupils in a building fit for purpose.
  3. Agrees that this Council wishes to see all children educated in good condition schools, and that all actions necessary should be taken to find

a deliverable solution for Dunoon Primary. This requires concerted effort on the part of several public bodies and we request officers to convene urgent meetings with all relevant parties including the Scottish Government, Scottish Futures Trust, HubNorth and Historic Scotland to make every effort to identify an affordable and suitable design for Dunoon Primary School; and

4. Agreed a delegation to the Chief Executive in consultation with the Council Leader, the Policy Lead and the Leader of the Opposition to determine the matter if a response is required before 18 December 2014.
- 1.5 Following the P&R Committee meeting on 27 November, urgent discussions and meetings have taken place to try and find a deliverable solution for Dunoon Primary School to bring it into Grade A or high Grade B for Condition.
- 1.6 **Dunoon Primary School Potential Options**  
Three potential options to find a deliverable solution for Dunoon Primary School have been further investigated. The detail of the opportunities and constraints of each option are set out in Appendix 1 hereof. Based on the three potential options, it was agreed by all parties that Option 1 (Demolition/ Newbuild) and Option 2 (Façade Retention and Newbuild) cannot be delivered within the required timescales and should not be considered further. The only viable option considered suitable to be able to deliver a potential solution for Dunoon Primary school was Option 3 – the Remodel/Refurbishment option (with 6 variant options – options 3A-3F considered).
- 1.7 In addition, the synergy of developing a deliverable solution for Dunoon Primary school with the previously agreed Kirn Primary school project was investigated and it is envisaged that cost savings can be made if a combined decant solution for both school projects is adopted. The decant of Kirn Primary into Dunoon Primary school would reduce potential additional costs on the Kirn project and also potentially shortens the Kirn construction programme by approximately 6 months. Given the short time frame since the Committee meeting on 27 November, these decant arrangements have not yet been discussed with the parents of either school and work will be required to engage them on how the arrangements would operate. The potential programme for both school projects is contained as Appendix 2 hereof.
- 1.8 **Dunoon Primary School – Funding Implications**  
For the purposes of the workshop session, a notional affordability cap for the Dunoon Primary project was considered incorporating a Scottish Government contribution of £4.3M. The affordability cap was in line with the SFT metric for a new build school of comparable size.

High level cost plans have been provided by HubNorth's appointed consultant (Sweett's) for three options to remodel/refurbish Dunoon Primary school to achieve a school for 300 Primary roll and 30 Early Years places at Grade A for Condition. These are:

- Option 3A - include a 2 court sports hall;
- Option 3B - include a 1 court sports hall with the structure designed to be easily extended to incorporate a second court in the future if required; or
- Option 3C - that no sports hall is provided and is considered at a later date in the future.

1.9 Costs for a further three cost models, Options 3D, 3E and 3F, have been provided for the same building scope as Options 3A, 3B and 3C respectively but without the Kirn Primary decant into Dunoon Primary school.

The cost models for Options 3A - 3F are set out in Appendix 3.

In summary, the potential total Council contributions are:

| <b>Dunoon Primary School<br/>Remodel/Refurbishment<br/>including decant of Kirn Primary<br/>into Dunoon Primary</b> | <b>Potential Total<br/>Council Contribution</b> |
|---|---|
| Option 3A   | £3.619M   |
| Option 3B   | £3.488M   |
| Option 3C   | £3.365M   |

| <b>Dunoon Primary School<br/>Remodel/Refurbishment<br/>excluding decant of Kirn Primary<br/>into Dunoon Primary</b> | <b>Potential Total<br/>Council Contribution</b> |
|---|---|
| Option 3D   | £3.896M   |
| Option 3E   | £3.783M   |
| Option 3F   | £3.678M   |

1.10 At its meeting in June 2014, the Council agreed that any potential surplus capital sum from that required for the delivery of the new Kirn Primary school should be earmarked to improve the condition of schools within the school estate. The unallocated balance could be potentially up to £1.598M that could be set against the residual Council contribution to remodel/refurbish Dunoon Primary school. This figure cannot be confirmed until the Kirn Project reaches financial close and therefore there remains a level of risk on its availability.

1.11 If a potential surplus of £1.598M is realised then Option 3B (with a 1 court sports hall provided and decant of Kirn Primary into Dunoon Primary) would require an additional Council contribution of £1.890M.

1.12 **The Preferred Option - Remodel/Refurbishment Dunoon Primary School**  
Ryder Architecture has set out revised sketch designs for the Ground, and First Floor layouts of Dunoon Primary school. The layouts are set out in Appendix 4 hereof. The proposed areas to be demolished are shown in Appendix 5 hereof.

1.13 Although this offer of additional SG funding support is a welcomed opportunity, there remains a high degree of risk and uncertainty regarding the project costs

with taking forward Option 3B.

This is due to:

- At this stage the anticipated capital costs for the building works are outline only based on block plans and certainty of cost would be determined only as the design process is progressed through to financial close;
- The Council would have to fund all excluded costs such as decant. Decant costs are only estimated at present;
- Risk has been included in the cost model at 7.5%, this is a relatively low figure for this stage of cost plan for a refurbishment of a grade B listed building;
- No location factor has been added to the high level costs; and
- Any unallocated balance from the Kirn project would only be known once that project reaches financial close. If the potential estimated balance of £1.59M is not realised this would increase the net Council funding requirement for all options.

1.14 Members are asked to consider if an application for additional infrastructure funding should be made to the Scottish Government based on:

- Dunoon Primary School to be remodelled/refurbished as a 300 capacity Primary School and 30 Early Years Places to achieve Grade A or High B for Condition;
- Potential Scottish Government funding that is expected to be in the range of approximately £4.03M to £4.3M based on the Scottish Futures Trust metric for Primary Schools;
- Additional Council contribution in a range from £1.898M - £3.488M (subject to realising the balance of funding from Kirn and allocating it to the Dunoon PS project); and
- Scottish Government acceptance of an extended construction programme to allow for the synergy between the Kirn and Dunoon school projects.

### **Recommendations**

It is recommended the Policy and Resources Committee:

1. Note the Scottish Government offer for further investment in school infrastructure.
2. Note the financial implications of committing further capital monies as previously set out in the report to the Policy and Resources committee on 27 November 2014.
3. Note the ongoing but reduced risks associated with the cost estimates as contained within this report.
4. Agree that the preferred remodel/refurbishment solution for Dunoon

Primary school is Option 3B (with 1 court sized sports hall provided and a temporary decant of Kirn Primary school into Dunoon Primary school) noting that the potential additional Council contribution ranging from £1.89M - £3.488M as set out in Paragraphs 4.3.3 – 4.3.7 (subject to the risks associated with the cost estimates as outlined in this report and also the final costs in relation to Kirn PS new build) will require to be provided within the capital plan in 2016-17, 2017-18 and 2018-19.

5. Agree that an application should be made immediately to the Scottish Government for additional infrastructure funding to remodel/ refurbish Dunoon Primary school. That application to be for:
  - Dunoon Primary School to be remodelled/refurbished as a 300 capacity Primary School and 30 Early Years Places to achieve a Grade A or high B for Condition;
  - Potential Scottish Government funding that is expected to be in the range of approximately £4.03M to £4.3M based on the Scottish Futures Trust metric for Primary Schools; and
  - Scottish Government acceptance of an extended construction programme for Dunoon Primary School to allow for the synergy between the Kirn and Dunoon school projects as set out in Appendix 2 hereof.

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**2.0 INTRODUCTION**

- 2.1 The Council received communication on 27 June 2014 from the Scottish Government's School Infrastructure Unit to advise that the Cabinet Secretary for Finance, Employment and Sustainable Growth had announced a further £100M of revenue based NPD investment in school infrastructure through Scotland's Schools for the Future (SSF) programme.
- 2.2 The overarching aim of this additional investment is to continue to remove schools out of poor (Category C) or bad (Category D) condition to satisfactory (Category B) or good (Category A) condition, either through refurbishment or replacement. The Council currently has only one school property in Category C or D condition. This is Dunoon Primary school (Category D).
- 2.3 A report to the Policy and Resources Committee (P&R) on 27 November 2014 informed Members of the conditions to the SG funding offer as well as the detail of potential options to remodel/refurbish Dunoon Primary school. The report is available at:  
<http://www.argyll-bute.gov.uk/moderngov/documents/s94297/Dunoon%20PS%20revised.pdf>
- 2.4 At the P&R Committee meeting the Policy Lead for Education, Lifelong Learning and Strategic IT Services tabled the following revised motion which was subsequently agreed:
1. Notes the detail provided in the paper regarding the Scottish Government's offer for further investment in school infrastructure; the financial implications of committing further capital monies as per paragraphs 4.4.6 and 4.4.9; and the significant risks associated with the cost estimates as contained within this report;
  2. Notes the new information provided by officers advising;  
(a) the extended timeline now available to the Council, and we record our appreciation of the Scottish Government's approach to this matter;  
(b) Historic Scotland's willingness to meet with us to discuss further the best way of ensuring a positive future for the Dunoon Primary School pupils in a building fit for purpose.
  3. Agrees that this Council wishes to see all children educated in good condition schools, and that all actions necessary should be taken to find a deliverable solution for Dunoon Primary. This requires concerted effort on the part of several public bodies and we request officers to convene

urgent meetings with all relevant parties including the Scottish Government, Scottish Futures Trust, HubNorth and Historic Scotland to make every effort to identify an affordable and suitable design for Dunoon Primary School; and

4. Agreed a delegation to the Chief Executive in consultation with the Council Leader, the Policy Lead and the Leader of the Opposition to determine the matter if a response is required before 18 December 2014.

### **3.0 RECOMMENDATIONS**

3.1 It is recommended the Policy and Resources Committee:

1. Note the Scottish Government offer for further investment in school infrastructure.
2. Note the financial implications of committing further capital monies as previously set out in the report to the Policy and Resources committee on 27 November 2014.
3. Note the ongoing but reduced risks associated with the cost estimates as contained within this report.
4. Agree that the preferred remodel/refurbishment solution for Dunoon Primary school is Option 3B (with 1 court sized sports hall provided and a temporary decant of Kirn Primary school into Dunoon Primary school) noting that the potential additional Council contribution ranging from £1.89M - £3.488M as set out in Paragraphs 4.3.3 – 4.3.7 (subject to the risks associated with the cost estimates as outlined in this report and also the final costs in relation to Kirn PS new build) will require to be provided within the capital plan in 2016-17, 2017-18 and 2018-19.
5. Agree that an application should be made immediately to the Scottish Government for additional infrastructure funding to remodel/ refurbish Dunoon Primary school. That application to be for:
  - Dunoon Primary School to be remodelled/refurbished as a 300 capacity Primary School and 30 Early Years Places to achieve a Grade A or high B for Condition;
  - Potential Scottish Government funding that is expected to be in the range of approximately £4.03M to £4.3M based on the Scottish Futures Trust metric for Primary Schools; and
  - Scottish Government acceptance of an extended construction programme for Dunoon Primary School to allow for the synergy between the Kirn and Dunoon school projects as set out in Appendix 2 hereof.

### **4.0 DETAIL**

#### **4.1 Dunoon Primary School – Finding a Deliverable Solution**

4.1.1 Following the P&R decision on 27 November 2014, Council

Officers arranged meetings with interested parties to find an affordable and deliverable solution for the refurbishment / remodelling of Dunoon Primary School. The main workshop took place on 3 December 2014.

The parties represented were:

- Senior Council Officials;
- hubNorth Scotland and members of their design team that included Architects, Project Managers, Cost Consultants and the Tier 1 building contractor appointed to build the new Campbeltown, Oban and Kirn schools;
- The Scottish Futures Trust; and
- Historic Scotland.

- 4.1.2 The SFT has confirmed that the Scottish Government will be making an announcement in December 2014 of the Councils that have been awarded funding under the additional infrastructure award announced in June. Therefore, a decision would have to be made at the P&R Committee on 18 December 2014, otherwise the Council would lose the opportunity of applying for this funding offer. The SG has asked for a letter of confirmation from the Council to be submitted on the afternoon of 18<sup>th</sup> December 2014 if the project is approved.

This requirement has introduced a very strict time deadline that required practicable feedback from all parties involved for a report to be presented at the P&R committee meeting on 18<sup>th</sup> December.

## **4.2 Dunoon Primary School Potential Options**

- 4.2.1 Three potential options to find a deliverable solution for Dunoon Primary School have been further investigated. These were:

Option 1 - Full demolition of existing Dunoon Primary school and replaced with a new build of Dunoon Primary school;  
Option 2 - Façade retention and new build of Dunoon Primary school joined to retained façade; and  
Option 3 - Remodel/Refurbishment (including part demolition/ part new build) of Dunoon Primary school.

The opportunities and constraints of each option are set out in Appendix 1 of this report.

Based on the three potential options, it was agreed by all parties that Option 1 and Option 2 cannot be delivered within the required timescales and should not be considered further.

- 4.2.2 The preferred option would be Option 3. This option would have:
- the majority of the original Dunoon Primary school building retained (to contain the main teaching areas);
  - minimal works carried out on the existing kitchen/dining area;



- the existing sports hall demolished;
- the demolition of all of the eastern side of the school (1930s building); and
- a newbuild space to contain sports hall, changing areas, toilets, offices/admin and the Learning Centre.

4.2.3 Combining the programme of building the new Kirn Primary school and Dunoon Primary school Remodel / Refurbishment

It was also noted by the workshop participants that one of the possible outcomes and savings from combining the building of the new Kirn Primary school and the remodel/refurbishment of Dunoon Primary school would be a likely substantial reduction in the length of the overall build programme for the new Kirn Primary school and the potential decant costs for both projects.

All decant costs are met in full by the Council.

The remodel refurbishment of Dunoon primary school would require some temporary decant accommodation during the construction period.

The current proposal for the new Kirn Primary school programme includes decanting most of the primary school into temporary accommodation while the new building is constructed. A second decant is required when the current 1881 building is refurbished. As highlighted previously, the funding from the Scottish Government does not cover any decant costs. The estimated cost of the temporary decant accommodation at Kirn Primary is £782K.

These costs could be reduced if Kirn pupils were decanted into the eastern block of Dunoon Primary school and some limited temporary accommodation during the period of construction of the new Kirn Primary school.

- 4.2.4 HubNorth's tier 1 contractor has estimated that the overall build programme for the new Kirn Primary School could be completed within a shortened build programme due to the removal of the complication of retaining a functioning school on the site during construction. The saving could be as much as 6 months off the programme to build Kirn Primary School if the whole school was decanted offsite into Dunoon Primary school. The proposed programme for each primary school would be:

**Kirn Primary School Proposed Programme**

|   |                         |
|---|-------------------------|
| Financial Close   | September 2015          |
| Mobilise and carry out alterations to Dunoon Primary School east Wing to accommodate Kirn primary | October – December 2015 |

|  |                              |
|--|------------------------------|
| School   |                              |
| Kirn Primary pupils move to Dunoon primary school site | Start of January term 2016   |
| Demolition and build New Kirn primary School           | January 2016 – December 2016 |
| Kirn Pupils move back to new Kirn primary              | December 2016                |

This is a proposed construction period of 12 months for the new Kirn Primary school with pupils being decanted to Dunoon Primary School site for a similar period of time spread across two school sessions.

#### 4.2.5 **Dunoon Primary School Proposed Programme**

|   |                          |
|---|--------------------------|
| Kirn Pupils vacate Dunoon Primary and Dunoon Pupils move into East Wing | December 2016            |
| Refurbishment of West Wing  | January 2017 – June 2017 |
| Dunoon Primary Pupils move into refurbished West Wing                   | June 2017                |
| Vacated East Wing demolished and new East Wing constructed              | July 2017 – June 2018    |
| Pupils occupy whole site  | August 2018              |

This is a proposed construction period of 18 months for the remodel / refurbishment of Dunoon Primary school. Dunoon Primary pupils remain on site during the whole construction period although will require to move to occupy the West and East wings at appropriate times.

The overall combined project programme is set out in Appendix 2 hereof.

### 4.3 **Dunoon Primary School – Funding Implications for Option 3 – Remodel/ Refurbishment**

#### 4.3.1 Building Scope

The process to find a deliverable solution for Dunoon Primary school has been viewed very positively by the SFT. The remodel/ refurbishment option has received significant support and encouragement in terms of the projected design capacity, and funding support for both the space and cost metric.

4.3.2 Due to the cost uncertainty associated with refurbishment, it will be necessary to scrutinise every aspect of the design specification to seek efficiencies as the detailed design is developed to ensure it keeps within the project budget. It is highlighted that a refurbishment of a listed property will inevitably contain significant risk in terms of unknown property conditions that may only be identified post

commencement.

#### 4.3.3 **Dunoon Primary School – Funding Implications**

For the purposes of the workshop session, a notional affordability cap for the Dunoon Primary project was considered incorporating a Scottish Government contribution of £4.3M. The affordability cap was in line with the SFT metric for a new build school of comparable size.

High level cost plans have been provided by HubNorth's appointed consultant (Sweett's) for three options to remodel/refurbish Dunoon Primary school to achieve a school for 300 Primary roll and 30 Early Years places at Grade A for Condition. These are:

- Option 3A - include a 2 court sports hall;
- Option 3B - include a 1 court sports hall with the structure designed to be easily extended to incorporate a second court in the future if required; or
- Option 3C - that no sports hall is provided and is considered at a later date in the future.

Costs for a further three cost models, Options 3D, 3E and 3F, have been provided for the same building scope as Options 3A, 3B and 3C respectively but without the Kirn Primary decant into Dunoon Primary school.

The cost models for Options 3A - 3F are set out in Appendix 3.

#### 4.3.4 **The Cost Models**

The detail of each cost model for Options 3A – 3F are contained as Appendix 3 hereof.

In summary, the potential total Council contributions are:

| <b>Dunoon Primary School Remodel/Refurbishment including decant of Kirn Primary into Dunoon Primary</b> | Potential Total Council Contribution |
|---|--------------------------------------|
| Option 3A   | £3.619M                              |
| Option 3B   | £3.488M                              |
| Option 3C   | £3.365M                              |

| <b>Dunoon Primary School Remodel/Refurbishment excluding decant of Kirn Primary into Dunoon Primary</b> | Potential Total Council Contribution |
|---|--------------------------------------|
| Option 3D   | £3.896M                              |
| Option 3E   | £3.783M                              |
| Option 3F   | £3.678M                              |

- 4.3.5 Options 3A and 3D provide a two court sized sports hall which is double the current provision at Dunoon Primary. These projects have the highest potential Council contribution within each decant strategy employed.

Options 3C and 3F have the lowest potential Council contribution within each decant strategy employed. However, there would be no sports hall provided within the overall high level design and cost plan. This would be a detriment to the existing facility available and would not enable the school to provide the necessary primary school PE curriculum. This option is unlikely also to receive support from the wider school community.

Options 3B and 3E include a 1 court sized sports hall (same level as currently used by the school) but with Option 3B at a lower cost. This is due to the potential lower decant costs associated with the project of moving Kirn Primary into Dunoon Primary.

Option 3B is considered to be the preferred option.

- 4.3.6 At its meeting in June 2014, the Council agreed that any potential surplus capital sum from that required for the delivery of the new Kirn Primary school should be earmarked to improve the condition of schools within the school estate. The unallocated balance could be potentially up to £1.598M that could be set against the residual Council contribution to remodel/refurbish Dunoon Primary school. This figure cannot be confirmed until the Kirn Project reaches financial close and therefore there remains a level of risk on its availability.
- 4.3.7 If a potential surplus of £1.598M is realised then Option 3B (with a 1 court sports hall provided and decant of Kirn Primary into Dunoon Primary) would require an additional Council contribution of £1.890M.

#### 4.4 **Dunoon Primary School - The Preferred Option and Risks**

##### 4.4.1 **The Preferred Option - Remodel/Refurbishment Dunoon Primary School**

Ryder Architecture has set out revised sketch designs for the Ground, and First Floor layouts of Dunoon Primary school. The second floor layout remains the same as the designs as first proposed in September 2014. The layouts are set out in Appendix 4 hereof.

The proposed areas to be demolished are shown in Appendix 5 hereof.

##### 4.4.2 **The Risks**

###### Decant of Kirn Primary into Dunoon Primary.

The particular synergies of combining the Dunoon Primary school programme with the new Kirn Primary school project and the

resulting option of decanting Kirn Primary school into Dunoon Primary for a period of 12 months will require parental engagement to agree the arrangements for this approach. Given the short time frame since the Committee meeting on 27 November, these decant arrangements have not yet been discussed with the parents of either school and work will be required to engage them on how the arrangements would operate.

#### School Meals and School Transport

Further work would have to be carried out also to ensure that the education and ancillary spaces made available were suitable and that facilities were put in place to provide for the additional school meals required. Also for any increase in the cost of school transport during any decant period.

Early estimated costs to provide the additional school meals if Kirn decanted onto the Dunoon site are approximately £50K.

Similarly work will be required to assess the additional requirement for school transport during the decant period.

#### 4.4.3 Build Costs – Risk and Location Factor

The larger element of new build as proposed at Dunoon Primary school brings with it a higher degree of cost certainty for those elements of the project, but the refurbished element of the project is currently based on high level block designs and costs only. The anticipated capital costs for the refurbished building works would only achieve certainty of cost as the design process is progressed through to financial close.

The cost plan for Dunoon Primary school includes Risk at 7.5% of overall costs. The 1% Risk factor is as accepted by SFT for their calculation of any potential SG additional funding provision. This factor has been increased to include an overall uplift to have a 7.5% Risk factor to take account the nature of, in the main, a refurbishment project and the potential inherent risks attached in dealing with a refurbishment project.

The Sweett cost plan for each option does not include any location factor uplift in costs. This uplift would be to take account of additional costs to be met by the contractor such as transport or subsistence. This is not accepted by SFT within their calculation of any potential SG additional funding provision and will require further discussion with the Tier 1 contractor.

#### 4.4.4 Historic Scotland and Planning

##### Historic Scotland

Following Historic Scotland's involvement in the workshop on 3

December 2014 positive correspondence has been received. A level of concession has been intimated to allow for the part demolition of the school property. Historic Scotland welcome the positive intention that the school is to continue in use and recognise that a degree of flexibility will be required to facilitate this.

Historic Scotland has expressed that although the later extensions are of some interest, they are of much less interest than the first phase and if it is satisfactorily demonstrated that the demolitions proposed are necessary to secure the future of the building and to provide modern accommodation standards, Historic Scotland would accept that. This is based on the assumption that a good quality overall scheme can be agreed, including high quality repairs, protection of the most important internal spaces and a well thought out approach to the design of the new interventions.

If an application comes forward as submitted, Historic Scotland would expect that it would include a detailed account of the options and the rationale for the proposed approach.

#### Planning

The design team has had contact with Planning & Regulatory Services regarding the evolution of the strategy for upgrading Dunoon's primary schools. The outline proposal to remove the defective sports block and later extensions can probably be supported in terms of Policy LP ENV 13(b) of the adopted Argyll and Bute Local Plan and its emerging replacement in the Argyll and Bute Council Local Development Plan, subject to satisfactory redevelopment proposals in respect of the latter element. As set out in previous correspondence from Historic Scotland, any application for listed building consent would require to set out clearly the steps that have been taken to try to keep the building and must be supported by clear evidence to show why these have failed.

#### 4.4.5 **SG Funding**

To date the SFT has indicated that they would have a more flexible approach to the requirements of grant funding and accept the refurbished element of Dunoon Primary school achieving either a Grade A or a high Grade B for Condition. Confirmation of this position would continue to be sought as a more detailed design proposal develops.

#### 4.4.6 Although this offer of additional SG funding support is a welcomed opportunity, there remains a high degree of risk and uncertainty regarding the project costs with taking forward Option 3B.

This is due to:

- At this stage the anticipated capital costs for the building works are outline only based on block plans and certainty of cost would be determined only as the design process is progressed through to financial close;

- The Council would have to fund all excluded costs such as decant. Decant costs are only estimated at present;
  - Risk has been included in cost model at 7.5%, this is relatively low for a refurbishment of a grade B listed building;
  - No location factor has been added to the high level costs; and
  - Any unallocated balance from the Kirn project would only be known once that project reaches financial close. If the potential estimated balance of £1.59M is not realised this would increase the net Council funding requirement for all options.
- 4.4.7 However, the current condition of Dunoon Primary school is Grade D and the condition of the building will only deteriorate further over time without some significant investment in the fabric of the building.
- 4.4.8 Option 3B (with 1 court sized sports hall provided and including a temporary decant from Kirn Primary to Dunoon Primary) is the preferred option and as such Members are asked to consider if an application for additional infrastructure funding should be made to the Scottish Government based on:
- Dunoon Primary School to be remodelled/refurbished as a 300 capacity Primary School and 30 Early Years Places to achieve Grade A or High B for Condition;
  - Potential Scottish Government funding that is expected to be in the range of approximately £4.03M to £4.3M based on the Scottish Futures Trust metric for Primary Schools;
  - Additional Council contribution in a range from £1.898M - £3.488M (subject to realising the balance of funding from Kirn and allocating it to the Dunoon PS project); and
  - Scottish Government acceptance of an extended construction programme to allow for the synergy between the Kirn and Dunoon school projects.

## 5.0 CONCLUSION

- 5.1 The announcement of the potential of additional school infrastructure funding is a welcome opportunity. However, there are costs also that the Council will have to meet in full, such as decant and any uplift in Risk above 7.5%. Dunoon Primary school is the only eligible school estate project meeting the funding criteria. It is the worst condition school within the Council's school estate. The property will continue also to require continued and significant maintenance investment if the project to remodel/refurbish the school is not to be taken forward.
- 5.2 In considering the options available to address the category D condition of Dunoon PS, the material change to the SG funding available, albeit with specific conditions, now provides an opportunity for an alternative to be considered. The key consideration will be whether to pursue this funding.

## 6.0 IMPLICATIONS

- |     |                  |  |
|-----|------------------|--|
| 6.1 | Policy           | Continuation of the Council's strategic investment in its school estate to address category C and D condition properties.  |
| 6.2 | Financial        | <p>The financial offer to the Council could be considerable, potentially up to £4.3M based on the scope and level of refurbishment proposed. However, there are financial consequences in the requirement to provide match funding at one third of eligible costs and there are financial risks associated with the progress of a larger number of capital projects. There is also a degree of uncertainty as to the actual cost of the building works, as well as excluded costs that the Council would have to fund, such as any decant.</p> <p>The financial implications should be noted in the context of the impact on the overall Council financial position.</p> |
| 6.3 | Legal            | None   |
| 6.4 | HR               | None   |
| 6.5 | Equalities       | None   |
| 6.6 | Risk             | There are potential financial risks associated with the Council's decision in relation to the additional funding made available through the SSF programme. There are similarly risks to the continuing condition of the assets if the Council is unable to invest in the properties. There are significant risks in relation to the cost information currently available on each option – these risks will not be fully resolved until the project reaches financial close.  |
| 6.7 | Customer Service | None   |

Councillor Aileen Morton, Policy Lead Education, Lifelong Learning and Strategic IT Services  
Cleland Sneddon, Executive Director of Community Services  
12<sup>th</sup> December 2014

For further information contact: Cleland Sneddon on 01546 604 256  
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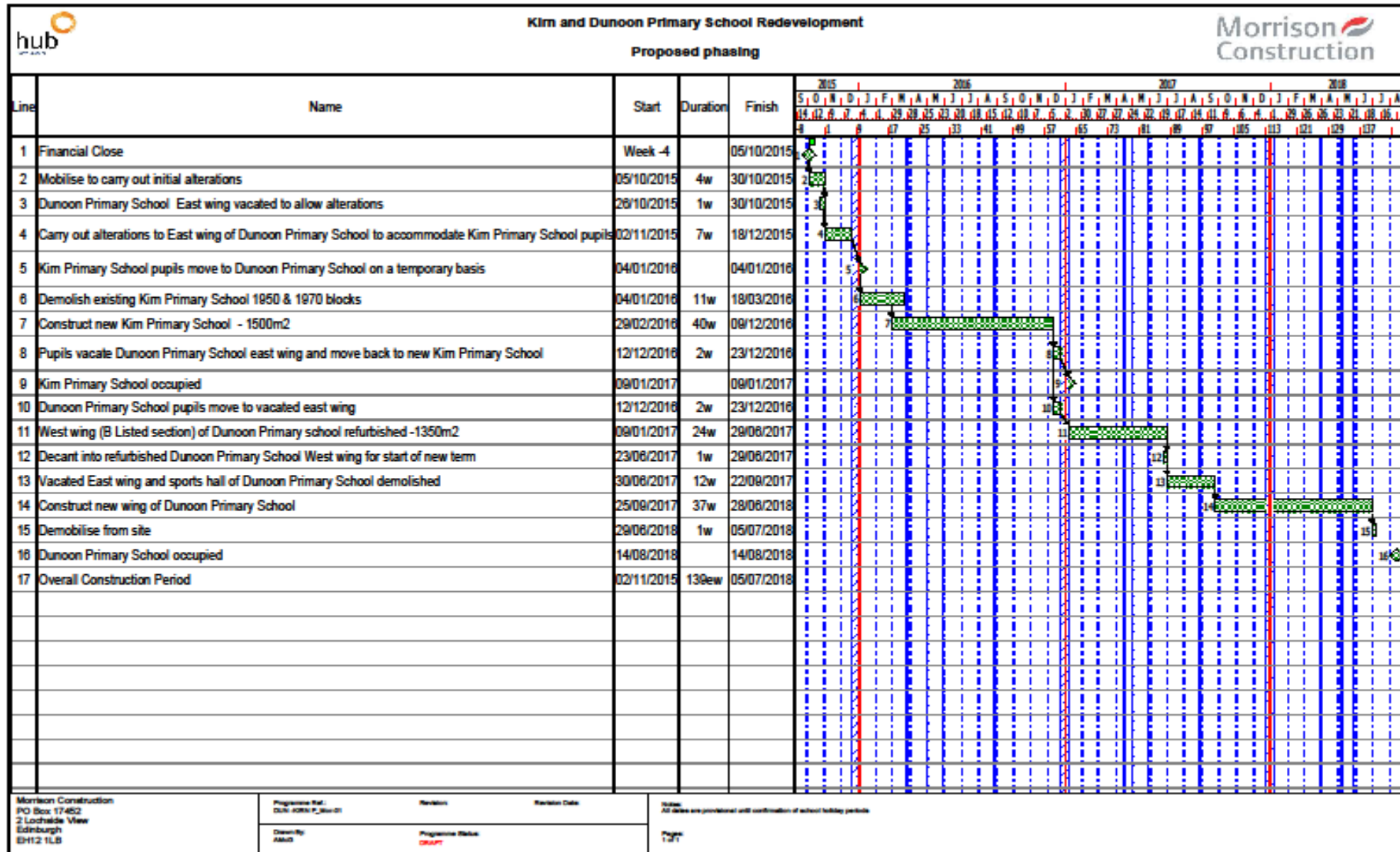




## Appendix 1 Dunoon Primary School Potential Options - Opportunities and Constraints

| Opportunities  | Constraints   |
|--|---|
| <b>Option 1 Dunoon Primary School - Full demolition</b>  |   |
| Would attract maximum 2/3 (100%) of funding from SG for a 300 pupil and 30 Early Years places.                     | Would not be supported by Historic Scotland and would result in lengthy planning procedures and would be timed out.                                       |
| New build can achieve Grade A for Condition more easily than a refurbishment option.                               | Full decant of school would be required which would result in additional costs to the Council (Decant not funded by SG).                                  |
| New build can address all suitability issues and achieve Grade A.  | Unknown demolition and landfill costs.  |
| New build could result in a reduced programme length.  |   |
| New build would reduce construction risks and bring more cost certainty.   |   |
| New build would be more energy efficient and have reduced life cycle costs.  |   |
| New build would result in more space efficiency.   |   |
| <b>Option 2 Dunoon Primary School - Façade Retention</b>   |   |
| Would likely attract maximum 2/3 (100%) of funding from SG.  | Would not be supported by Historic Scotland and would result in lengthy planning procedures and would be timed out.                                       |
| The new build element can achieve Grade A for Condition more easily than a refurbishment option.                   | Full decant of school would be required which would result in additional costs to the Council (Decant not funded by SG).                                  |
| New build can address all suitability issues and achieve Grade A.  | Unknown demolition and landfill costs.  |
| New build element would reduce construction risks and bring more cost certainty.                                   | Higher costs due to technical requirements to support façade.   |
| New build element would be more energy efficient and have reduced life cycle costs.                                | Could result in a longer programme due to technical challenges associated with façade retention.  |
| New build element would result in more space efficiency.   |   |
| <b>Option 3 Dunoon Primary School - Partial Remodel (part New Build) and Refurbishment</b>                         |   |
| In principle, this option is supported by Historic Scotland and the Planning Authority.                            | Has associated higher risks compared to new build options as a result of retaining and refurbishing a listed B building.                                  |
| Potential for project to be delivered without the need for substantial decant of school due to a phasing strategy. | Could result in a higher footprint than required due to constraints of existing building.   |
| Remodel element comprising new build would achieve a Grade A for condition and suitability.                        | Refurbished elements would achieve a Grade A or high Grade B for Condition but would not achieve a Grade A for Suitability. This would likely be Grade B. |
| Remodel new build element would attract maximum 2/3 SG funding (100%).   | Refurbished element would only attract up to a potential 90% SG funding (dependent on the final design proposals)   |
| This option is likely to be delivered within an accepted timescale.  |   |

## Appendix 2 Kirn Primary and Dunoon Primary School Proposed Redevelopment Programme



### Appendix 3 – Dunoon Primary School – Cost Models

|          |   | <b>Option 3A</b>   | <b>Option 3B</b>  | <b>Option 3C</b>  | <b>Option 3D</b>   | <b>Option 3E</b>  | <b>Option 3F</b>   |
|----------|---|--|---|---|--|---|--|
|          |   | Refurbishment /<br>New Build +<br>Double Sports Hall<br>+ To Suit Kirn<br>Decant | Refurbishment /<br>New Build + Single<br>Sports Hall + To<br>Suit Kirn Decant | Refurbishment /<br>New Build + No<br>Sports Hall + To<br>Suit Kirn Decant | Refurbishment /<br>New Build +<br>Double Sports Hall<br>+ Excl Kirn Decant | Refurbishment /<br>New Build +<br>Single Sports Hall<br>+ Excl Kirn<br>Decant | Refurbishment /<br>New Build + No<br>Sports Hall + Excl<br>Kirn Decant |
| <b>1</b> | <b>Project Cost –<br/>including decant<br/>required at<br/>Dunoon &amp; Risk @<br/>7.5%</b> | £7,914,900   | £7,471,600  | £7,056,400  | £7,458,900   | £7,034,400  | £6,636,900   |
| <b>2</b> | <b>Potential SFT<br/>Funding</b>  | £4,344,973   | £4,033,008  | £3,740,878  | £4,344,973   | £4,033,008  | £3,740,878   |
| <b>3</b> | <b>Kirn decant costs</b>  | -  | -   | -   | £782,200   | £782,200  | £782,200   |
| <b>4</b> | <b>Catering</b>   | £50,000  | £50,000   | £50,000   | -  | -   | -  |
| <b>5</b> | <b>Potential Total<br/>Council<br/>Contribution</b>   | <b>£3,619,927</b>  | <b>£3,488,592</b>   | <b>£3,365,522</b>   | <b>£3,896,127</b>  | <b>£3,783,592</b>   | <b>£3,678,222</b>  |

#### For each cost model

Line 1 – Project cost including decant required at Dunoon PS and Risk at 7.5%

Line 2 – Potential SFT funding metric based on a 300 Primary roll and 30 Early Years places and size of school (square metres)

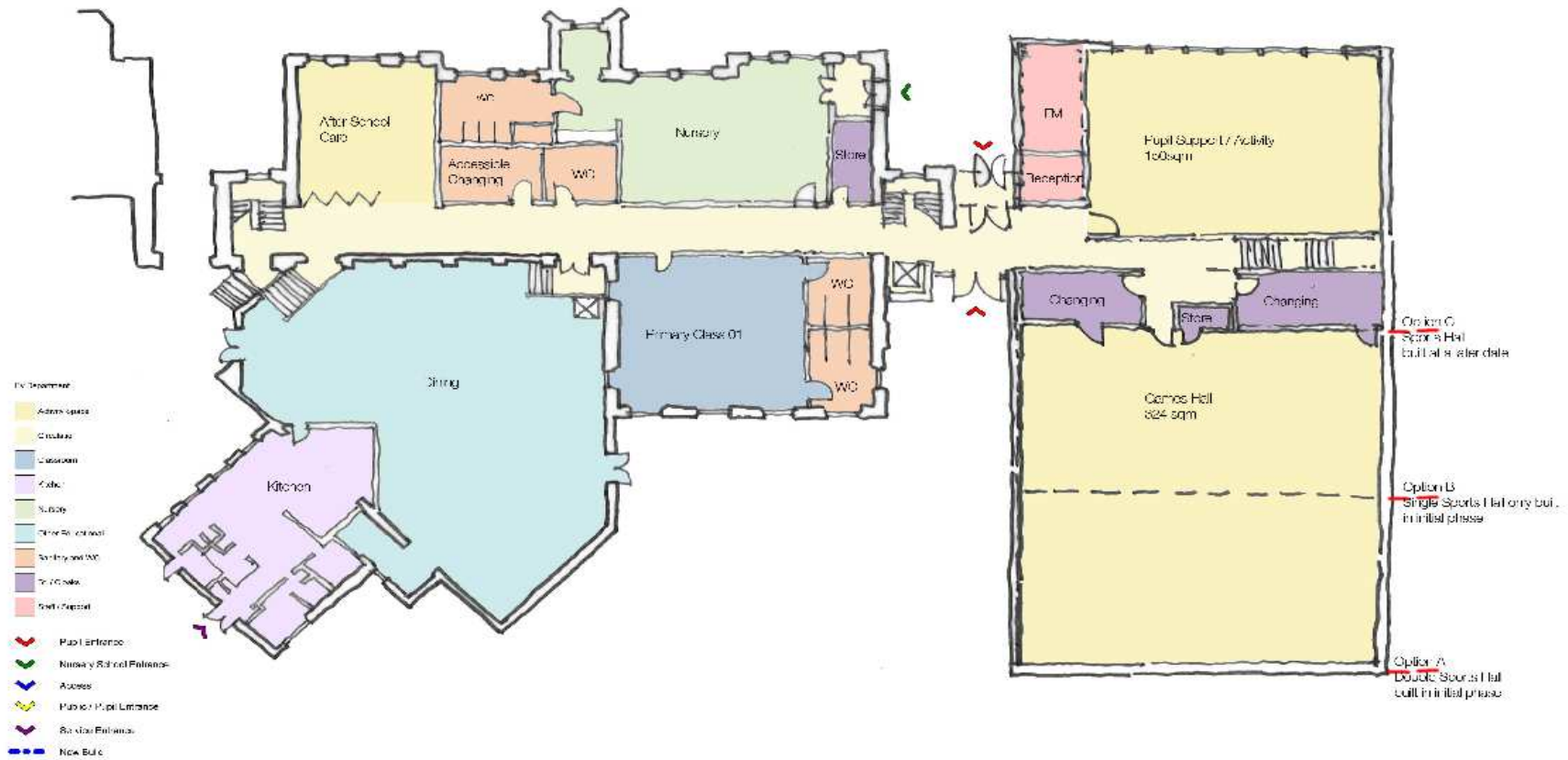
Line 3 – Cost of Kirn temporary accommodation required during Kirn construction programme (if Kirn not decanted to Dunoon Primary)

Line 4 – Catering – additional costs if Kirn decant to Dunoon.

Line 5 – Potential Total Council Contribution

# Appendix 4 Dunoon Primary School Proposed Ground Floor Plan

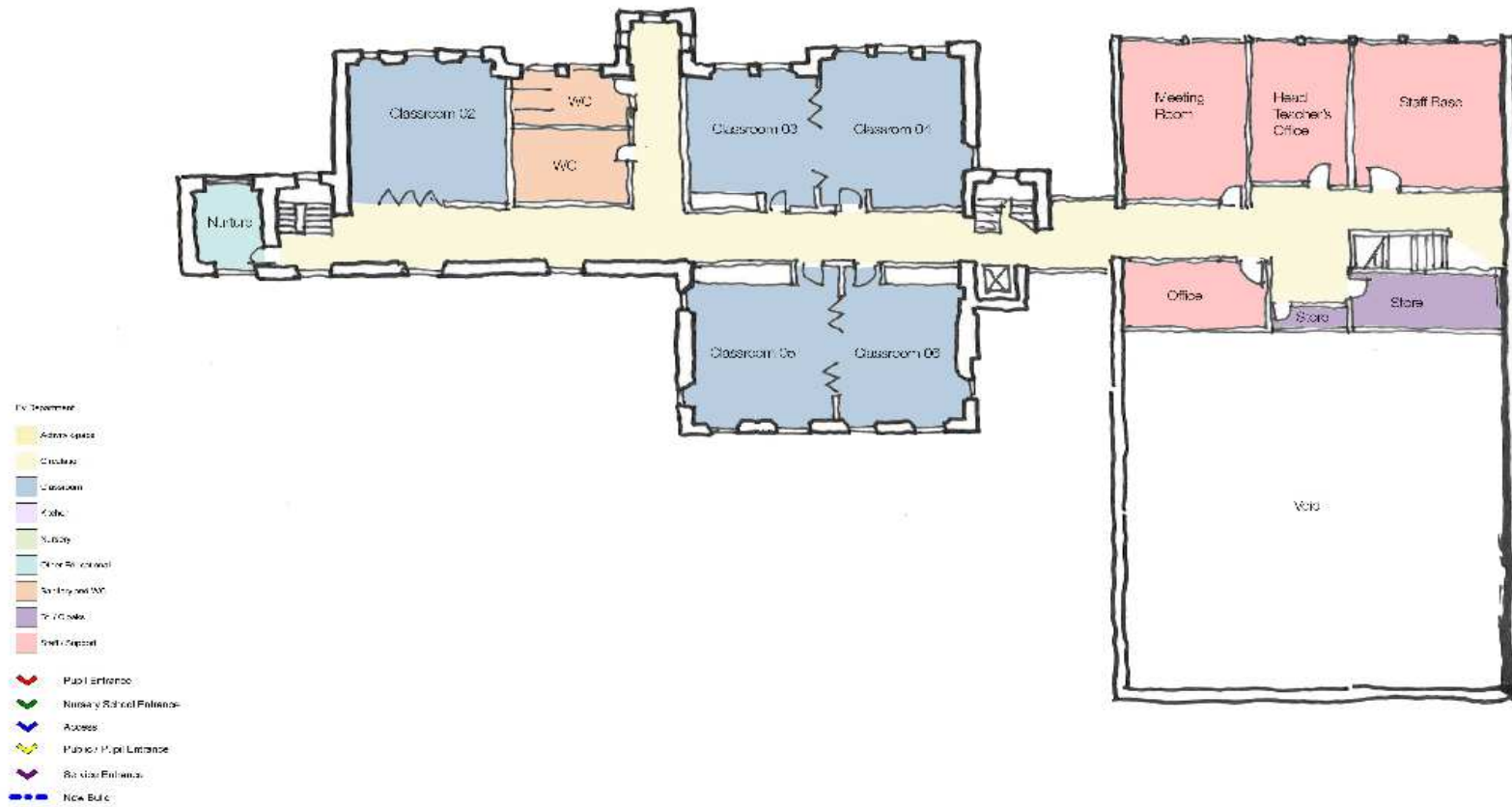
Ryder



Dunoon Primary School - Proposed Ground Floor Plan

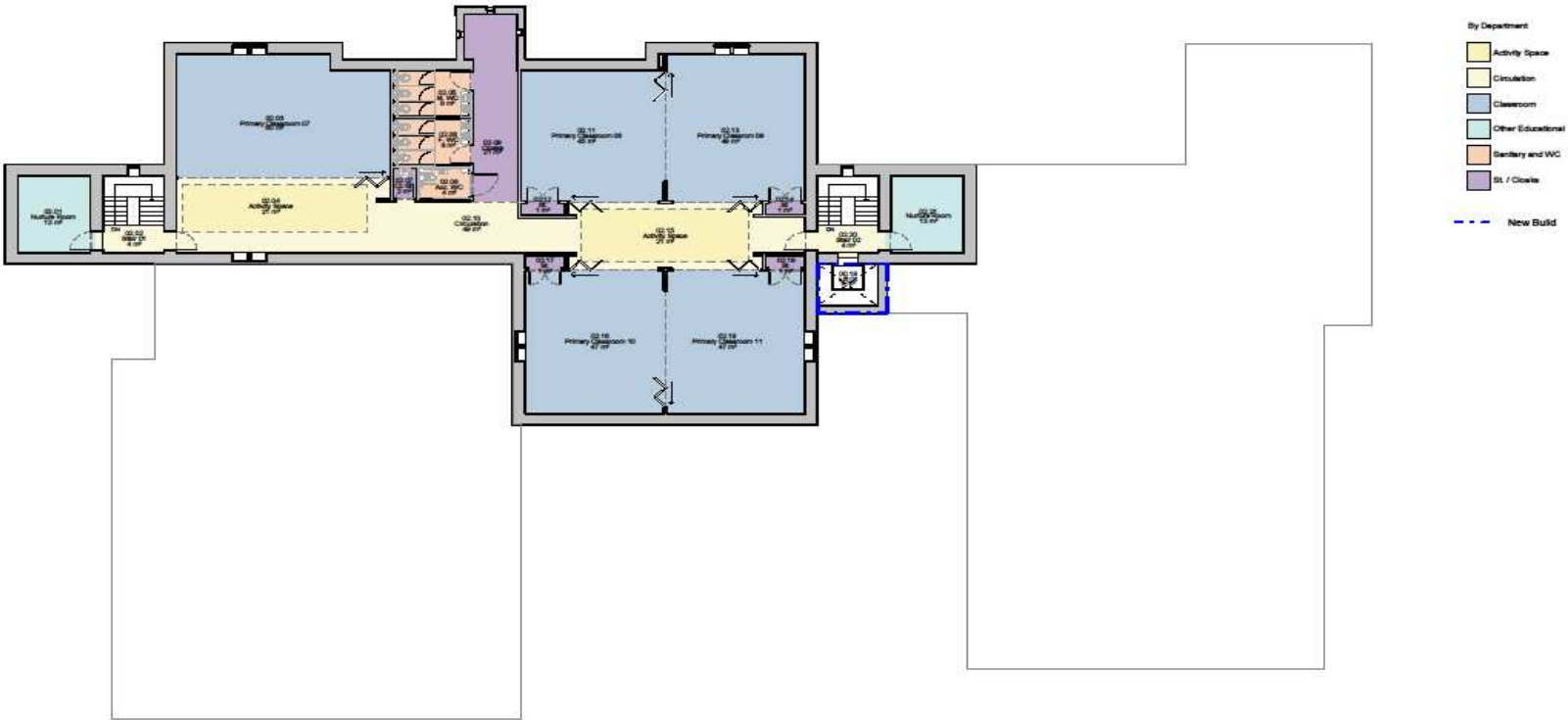
# Appendix 4 Dunoon Primary School Proposed First Floor Plan

Ryder



Dunoon Primary School - Proposed First Floor Plan

# Appendix 4 Dunoon Primary School Proposed Second Floor Plan





## Appendix 5 Dunoon Primary School Proposed Existing Buildings to be demolished

Ryder

