

# Finance and Resources Committee

10am, Thursday 11 October 2018

## Wave 4 Infrastructure Investment Programme

<b>Item number</b>	7.4
<b>Report number</b>	
<b>Executive/routine</b>	
<b>Wards</b>	All
<b>Council Commitments</b>	<a href="#">28</a>

### Executive Summary

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The focus of the Wave 4 Infrastructure Investment Programme is the replacement of seven secondary schools throughout the city which have not benefitted from any investment through the PPP1, PPP2 or Wave 3 investment programmes.

The schools are Balerno High School, Castlebrae High School, Currie High School, Leith Academy, Liberton High School, Trinity Academy and Wester Hailes Education Centre (WHEC).

Appendix 1 provides a detailed business case for the Wave 4 investment programme which includes the preferred investment priorities over the next 10 years and the capital and longer term revenue financial implications.

The cost benefit analysis included in the business case demonstrates that six of the seven schools - Balerno High School, Castlebrae High School, Currie High School, Liberton High School, Trinity Academy and WHEC – should be replaced as funding becomes available based on the prioritisation previously approved by the Education, Children and Families Committee on 21 June 2018. The analysis also concluded the seventh and newest school – Leith Academy – should be retained with the recommended asset management works completed over the next five years.

## Wave 4 Infrastructure Investment Programme

### 1. Recommendations

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- 1.1 The Finance and Resources Committee are requested to:
- 1.2 Remit this report to full Council on 25 October 2018 to approve reallocation of the existing £25m Wave 4 capital budget to Castlebrae High School and Bangholm sports facilities and note that a further report will be considered by this committee prior to any contract award.
- 1.3 Note the revenue implications (included in the attached Business Case – Appendix 1) of proceeding with the Castlebrae High School replacement and Bangholm sports facility (Trinity Academy) projects as approved by the Education, Children and Families Committee on [21 June 2018](#).
- 1.4 Note the detailed business case for the full Wave 4 investment programme, including all capital and revenue financial implications and the proposed delivery timescales, which is provided in Appendix 1.
- 1.5 Note that the anticipated capital funding gap for the Wave 4 Programme over the next 5 years will be considered as part of the Council's capital budget setting process in February 2019.
- 1.6 Approves that further work to provide more exact financial modelling on the long term capital and revenue implications of each specific project within the Wave 4 Programme (including the implications of adopting a Passivhaus or similar approach to design where possible) is progressed and provided where necessary as information to support the budget setting process in February 2019.
- 1.7 Approves that any opportunity to secure funding from the Scottish Government for infrastructure investment is progressed and that any funding secured is used to accelerate delivery of any projects based on the prioritisation for investment approved by the Education, Children and Families Committee on [21 June 2018](#).

### 2. Background

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- 2.1 In a [report](#) to the Education, Children and Families Committee on the 22 May 2018 the following criteria were noted as being those on which future infrastructure investment in secondary schools would be prioritised through the Wave 4 programme:
  - Any existing building structure identified as having a short life expectancy would be top priority.

- Any existing building where core facilities do not support the necessary size of the expected future school roll would be a high priority.
  - Priority for any remaining schools would be determined based on the combined condition and suitability scores.
- 2.2 The secondary schools to be assessed were noted as being Balerno High School, Castlebrae High School, Currie High School, Leith Academy, Liberton High School, Trinity Academy and Wester Hailes Education Centre (WHEC).
- 2.3 A further [report](#) to the Education, Children and Families Committee on 21 June 2018 provided the results of the prioritisation process and the Committee approved the following recommendations to:
- Agree that the current wave 4 capital allocation of £25m is aligned to delivery of the Castlebrae High School replacement and Bangholm sports facility (Trinity Academy) projects.
  - Agree that a report is submitted to the Finance and Resources Committee which will include details of the capital and revenue implications of proceeding with the delivery of the Castlebrae High School replacement and Bangholm sports facility (Trinity Academy) projects.
  - Agree that the report to Finance and Resources Committee also includes detailed business cases for all of the other projects identified so that consideration can be given to how these projects could be funded in the future.
- 2.4 An update report on the [Revenue Budget Framework](#) 2018-2023 to the Finance and Resources Committee in June 2018 included details of prudential borrowing to allow a further £78m of capital investment in the Wave 4 programme from 2021. Further detail on this investment was provided in the [Council Change Strategy](#) report to the Committee on 27 September 2018. This funding is dependent on the Council setting a sustainable revenue budget. This proposed allocation was based on an assumption that the full Wave 4 programme could be delivered if 50% Scottish Government match funding was achieved. To date there has been no announcement from the government about a new funding programme but the advice to local authorities has been to proceed with the development of an investment strategy. The assumption throughout this report is therefore that definitive plans can be made for investing the capital funding which is currently proposed as being available which amounts to £25m in the current capital programme and the £78m additional investment proposal highlighted in the report to Committee in June 2018.
- 2.5 A report on the [Asset Management Strategy](#) to the Finance and Resources Committee on 27 September 2018 outlined that in order to further address the growing budget pressures of the size of the operational property estate, whilst also improving service outcomes for local communities, it is essential that the Council explores the delivery of multi-service community hubs, rather than single purpose

delivery buildings. This means that rather than delivering a new school, for example, a multi service learning campus would be developed on each occasion. This would include activities such as library, community space, early years, GP practice and local office activities, co-located in a single site. This would be predicated on the re-provisioning of existing services via the new hub and the closure of the associated venues to ensure the efficiency of the estate is maximised. While the specific opportunities will vary with each project, it is proposed that the opportunity to adopt this type of approach must be explored at the outset of every new capital build project. The scope would include Council delivered services and those of our partner organisations, such as NHS Lothian, Police Scotland, and third sector partners. This approach fully conforms with the Scottish Government's estate planning aspirations.

- 2.6 The remainder of this report, and in particular the detailed business case included in Appendix 1, provides the information requested to be submitted to the Finance and Resources Committee by the Education, Children and Families Committee and makes recommendations on how the Council should proceed with the Wave 4 infrastructure investment programme.
- 2.7 In addition to the Wave 4 investment programme to replace the Council's existing stock, further investment in education infrastructure will be required over the next 10 years to address rising school rolls in existing schools and for entirely new schools aligned to areas of the city which are growing due to substantial levels of new housing (e.g. West Edinburgh and South East Edinburgh). An update report on these issues including the latest school roll projections, details of infrastructure requirements and the revenue and capital financial implications will be submitted to the Education, Children and Families Committee in December 2018 so that any additional funding requirements can be considered as part of the February 2019 budget setting process.

### **3. Main report**

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- 3.1 The business case for investment through the Wave 4 programme is attached in Appendix 1. This business case outlines the educational, financial and other benefits of the Wave 4 investment programme and demonstrates in the longer term there will be revenue benefits from strategic replacement of secondary schools through the capital programme. Based on a reduction in total floorspace from current levels in the six replacement schools, and a move away from the current expensive reactive maintenance regime to a planned maintenance programme, it is expected that annual revenue savings could be achieved of £45k pa. Any increase in floorspace would, however, erode this saving.
- 3.2 As requested by the Education, Children and Families Committee on 21 June 2018 the business case therefore includes the estimated revenue implications of progressing with delivery of replacement projects for Castlebrae High School and Trinity Academy. For the latter project, Bangholm sports facility would be delivered as a first phase. Based on this analysis, it is recommended that the Education,

Children and Families Committee request for the current wave 4 capital allocation of £25m to be aligned to delivery of the Castlebrae High School replacement and Bangholm sports facility (Trinity Academy) projects is remitted to the full Council meeting on 25 October 2018 for final approval.

- 3.3 Further to committing the £25m as outlined above, the business case includes a scenario which shows the level of match funding that would be required in order to deliver all of the infrastructure requirements over the next five years. While this scenario is the ultimate intention, this aspiration will be clearer once the extent of Scottish Government funding is known. The business case therefore also provides a second scenario for investment of the £25m and the additional £78m proposed in [Revenue Budget Framework](#) 2018-2023 over the next five years. Based on this, the following is proposed as being the minimum which will be progressed for each school over the next 5 year period:

#### **WAVE 4 INFRASTRUCTURE DELIVERY– 2019-2024**

- **Currie** - New build 1,000 pupil school, retaining close links with neighbouring Woodlands Special School. A masterplan will be developed which will include assessment of opportunities across the remainder of the site for other development to assist with the funding gap.
- **Trinity** - New 1,200 pupil school positioned on the site to temporarily retain the existing tower building for decant, and standalone sports facilities on the Bangholm site. A masterplan will be developed which will include assessment of opportunities for disposal of the Victorian building and tower block to assist with the funding gap.
- **Castlebrae** – New 700 pupil school, with added facilities for future expansion. This project has already been approved by Education, Children and Families Committee, subject to ratification by Council for funding from the £25m capital investment programme allocation and developer contributions. The actual amount required will be supplemented by the financial return from the closure of the EDI Group as per the decision in the 2018/19 budget setting process.
- **Wester Hailes Education Centre** – It was concluded that further consultation is required with the local community to determine future service and accommodation needs. Therefore, it is proposed to proceed with a community engagement exercise to determine the scope for the replacement project. Once the scope is determined a masterplan will be developed which will include assessment of opportunities across the remainder of the site for other development to assist with the funding gap. In the event that insufficient funding is available to deliver all six schools in a single phase, it is recommended to proceed with asset management works funded from the asset management budget until funding becomes available for full replacement.
- **Liberton** – A new school is the ultimate aim and it is recommended that a masterplan process including full engagement with the school community and wider stakeholders is commenced now to determine the overall approach for

delivery of new facilities on the existing school site. The masterplan would include a phasing strategy to ensure that elements of the new school can be delivered if only part funding is available (e.g. funding from developers to address rising school roll pressures resulting from new housing in the school's catchment area). This building would, in effect, be a phase of the new school together with the existing sports facilities which would be retained. In the event that insufficient funding is available to deliver all six schools in a single phase, it is recommended to proceed with asset management works funded from the asset management budget until funding becomes available for full replacement.

- **Balerno** – A new school is also the ultimate aim for Balerno and a similar masterplan process to that described above for Liberton will be progressed. In the event that insufficient funding is available to deliver all six schools in a single phase, it is recommended to proceed with asset management works funded from the asset management budget until funding becomes available for full replacement.
- **Leith** – It is proposed to proceed with the recommended asset management works from the asset management budget over the next five-year period, until the school reaches the end of its life expectancy and requires replacement.

- 3.4 If Scottish Government funding is forthcoming to cover the full identified funding gap then all of the programme could be delivered over a 5 year period. If funding is available to only cover part of the gap then the projects would be delivered based on the prioritisation agreed by the Education, Children and Families Committee on 21 June 2018.
- 3.5 For all projects there will be an overarching principle to reduce energy consumption through adoption of Passivhaus specifications and certification (or a similar standard) where possible. In line with the Asset Management Strategy there will also be an overarching aim to maximise community use of any new facilities with the final scope for the facilities provided and services delivered to be agreed through a community led asset integration process. The masterplan process for each school will also consider opportunities for future expansion of capacity.
- 3.6 For the replacement Castlebrae project, due to the stage of design already progressed, delivery of a fully certified Passivhaus (or similar) solution would cause significant delay to completion of the new infrastructure and potentially require additional capital funding to be allocated before the project could progress. It has therefore been agreed by the Asset Management Board that the project will be progressed by the design team already commissioned although they will be tasked to develop an improved solution in terms of energy efficiency within the available budget. Opportunities for community use of the new infrastructure have already been agreed through the design process.
- 3.7 For all the other Wave 4 projects, starting with the development of a masterplan for a replacement Trinity Academy the scope for the facilities to be delivered will be determined following a community and partner engagement process to agree local

service requirements. Where it can be demonstrated that the new facilities allow consolidation of other Council and partner assets this will be proposed through the appropriate governance and Committee structures with the potential for any financial benefit to the delivery of new infrastructure identified.

#### **4. Measures of success**

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- 4.1 The provision of a school estate that will meet the needs of future pupils and the wider community.

#### **5. Financial impact**

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- 5.1 The Finance and Resources Committee formally approved a recommendation in March 2018 which means that all proposed Capital expenditure that has revenue consequences, must be considered by the Finance and Resources Committee for approval.
- 5.2 The financial implications on future capital and revenue budgets associated with the Wave 4 investment programme are included in the business case in Appendix 1 and have been considered in detail with colleagues in Property & Facilities Management and Finance services. The business case has been developed through the Communities and Families Asset Investment Group and presented to the Asset Management Board for consideration. Further work is required to develop these cost estimates, prior to the budget setting process in February 2019.
- 5.3 This report recommends the allocation of £25m from the CIP towards Castlebrae High School and Bangholm sports facilities, subject to Council approval. The estimated cost of these projects is estimated to be £44m including the transfer of land from the Housing Revenue Account. The current funding package assumes over £20m from developers' contributions, capital receipts and a dividend from the winding down of EDI. Further work will be required to confirm the robustness of both capital cost estimates and the funding package before any construction can proceed. A further report will be provided to this committee prior to any contract award.
- 5.4 The report outlines in paragraph 5.3 total capital expenditure plans of £44m requiring a loans fund advance of £25m. The overall loan charges associated with this over a 20 year period would be a principal amount of £25m and interest of £15.921m resulting in a total cost of £40.921m at a loans fund rate of 5.0%. The loans charges will be interest only in the first year, at a cost of £0.640m followed by an annual cost of £2.014m for 20 years.
- 5.5 The net capital expenditure and loans fund advance requirement is contained within the Capital Investment Programme approved by Finance and Resources on September 2018. The borrowing required is carried out in line with the Council's approved Treasury Management Strategy. The

loan charges outlined above are allowed for within the current long term financial plan.

- 5.6 The design process for the Castlebrae High School replacement and Bangholm sports facility projects has continued so that there is no delay in final delivery of these projects if full budget approval is forthcoming. If these projects are ultimately not delivered, any expenditure incurred to that point will need to be met from existing Communities and Families revenue budgets.

## **6. Risk, policy, compliance and governance impact**

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- 6.1 Any project led by Communities and Families is aligned to all the necessary Council risk, policy, compliance and governance requirements.
- 6.1 The most significant risk is that the measure of success will not be achieved due to funding not being secured.

## **7. Equalities impact**

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- 7.1 Promoting inclusion, improving accessibility and provision for effective Additional Support for Learning are explicit objectives in terms of improving the school estate.

## **8. Sustainability impact**

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- 8.1 Any Communities and Families assets which are improved or delivered as a result of Wave 4 investment and any subsequent statutory consultations will be fully integrated with the wider asset priorities of the Council and its partners to ensure a sustainable approach to future asset provision.

## **9. Consultation and engagement**

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- 9.1 Any statutory consultation required for changes to the school estate will be undertaken according to the procedures set out in the Schools (Consultation) (Scotland) Act 2010 as amended by the Children and Young People (Scotland) Act 2014.

## **10. Background reading/external references**

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- 10.1 Links to previous Wave 4 reports are as follows:
- [City of Edinburgh Council, 25 September 2014.](#)
- [City of Edinburgh Council, 20 August 2015.](#)
- [Education, Children and Families Committee, 22 May 2018.](#)
- [Education, Children and Families Committee, 21 June 2018.](#)

## 11. Appendices

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### 11.1 Appendix 1 – Wave 4 Infrastructure Investment Business Case

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# Wave 4 Infrastructure Investment

## Outline Business Case Document

Project Details	Description
Project Name	Wave 4 High School Infrastructure Investment
Functional Area	Communities and Families
SRO	Senior Manager – Estates and Operational Support
Project Manager	
Finance Lead	

### Revision History

Version Number	Description	Date Modified	Author
1.0	Draft JD/LG update	17/8/18	
2.0	Draft update LG	22/8/18	
3.0	AMB update LG	31/8/18	
4.0	Update CMcG	6/09/18	
5.0	Financial update LG/RA	7/09/18	
6.0	CLT update - LG	12/09/18	
7.0	Update - CMcG	21/09/18	
8.0	Update CMcG	26/09/18	
9.0	Update CMcG, RA and LG	3/10/18	

### Approvals

The signatures of the people below indicate an understanding in the purpose and content of this document by those signing it.

Name	Version Approved	Role	Date
PFM	L Glasgow		17/8/18
Service Department	C McGhie		22/8/18
Asset Management Board	S Moir		27/8/18
CLT	P Lawrence		12/9/18
Committee			

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## Executive Summary: Description of proposal (Strategic Case)

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### Summary

There are seven remaining high schools in Edinburgh without significant capital investment. This business case sets out a phased plan to replace or upgrade these remaining schools.

The cost benefit analysis included in the business case demonstrates that six of the seven schools - Balerno High School, Castlebrae High School, Currie High School, Liberton High School, Trinity Academy and WHEC – should be replaced as funding becomes available based on the prioritisation previously approved by the Education, Children and Families Committee on 21 June 2018. The analysis also concluded the seventh and newest school – Leith Academy – should be retained with the recommended asset management works completed over the next five years.

The total estimated for six new build high schools is £207m at 2018 prices. This figure does not include all costs and is likely to increase significantly to include inflation, abnormals and site costs where the land for the new schools is not held by the general fund. This business case sets out the implications of a programme to replace these schools. The current Council funding expected to be available to the programme, £103m by 2024, could see the delivery of the first three priorities, Currie, Trinity and Castlebrae by 2024. The funding gap for replacing the remaining schools, WHEC, Liberton and Balerno, is set out in the business case and is likely to require Scottish Government funding to be available if these schools are to be replaced within a similar timescale.

A report on the [Asset Management Strategy](#) to the Finance and Resources Committee on 27 September 2018 outlined that in order to further address the growing budget pressures of the size of the operational property estate, whilst also improving service outcomes for local communities, it is essential that the Council explores the delivery of multi-service community hubs, rather than single purpose delivery buildings. This means that rather than delivering a new school, for example, a multi service learning campus would be developed on each occasion. This would include activities such as library, community space, early years, GP practice and local office activities, co-located in a single site. This would be predicated on the re-provisioning of existing services via the new hub and the closure of the associated venues to ensure the efficiency of the estate is maximised. It is proposed that the opportunity to adopt this type of approach must be explored at the outset of every new capital build project. The scope would include Council delivered services and those of our partner organisations, such as NHS Lothian, Police Scotland, and third sector partners. This approach fully conforms with the Scottish Government's estate planning aspirations.

## Stage 1: Scope and Approach (The Case for Change)

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### Vision

- 1.1 The Council's ambition is to replace poor condition high school buildings and deliver modern, fit for purpose, learning campuses which are well designed and inspirational places for learning. The vision is to develop good quality and nurturing environments that not only meets all future educational needs but also benefit the wider local communities. These facilities will provide new versatile campuses which function as community hubs, with improved community access out with school hours, which will see the asset being used intensively to the whole community's advantage.

### Background

- 1.2 Since 2000 the Council has undertaken a significant and sustained level of investment in its school estate. As the Wave 3 investment programme nears completion, it was agreed by Council in 2014 that future funding in the school estate priorities – Wave 4 – would be developed on the same basis as previous initiatives and focus mainly on secondary schools, along with other schools rated as being in poor condition.
- 1.3 The rationale for the focus on secondary schools was that the replacement, or partial renewal or upgrade, of a secondary school would benefit a greater number of pupils. The type of specialist facilities provided in a secondary school are also more complex and more prone to becoming outdated and therefore more likely to require upgrade to ensure they reflect the modern curriculum.

### Scope

- 1.4 There are seven existing secondary schools which have had limited investment in the last twenty years and are approaching their operational service life expectancy. The seven, with their construction dates, are listed below:
  - Balerno (Built 1983)
  - Castlebrae (Built 1975)
  - Currie (Built 1966 and significant refurbishment in the mid '90s)
  - Leith (Built 1991)
  - Liberton (Built 1959 and upgrade of PE facilities 2017)
  - Trinity (Built 1893; extensions added in the 60's, 70's and 90's)
  - Wester Hailes Educational Campus (WHEC) (Built 1978)
- 1.5 The normal anticipated life for a new build is in the region of 50 years, assuming a planned and routine maintenance regime is in place.

### Case for Change

- 1.6 Given the age of these high schools, the ongoing use and wear and tear, the logical conclusion is that failure of materials and components will increase significantly over

the next 5 years and beyond. It is therefore anticipated that significant capital expenditure will be necessary not only in the short term, (the next one to five years), but will require significant and sustained levels of expenditure beyond this period for the remaining operational life of each building.

### **Benefits Realisation**

- 1.7 The benefits of offering multi-faceted community facilities not only supports Education, Children and Families service delivery objectives but also improves asset performance. Council pledges to deliver two new high schools by 2021 have been agreed by the Administration.
- 1.8 It is expected to achieve improved educational outcomes through the following:
- Improved learning environments - modern, fit for purpose facilities keeping abreast of technological innovation;
  - Improved learning - better environmental conditions, especially the reduction in CO2 levels proven to affect learning and concentration;
  - Improved community access to enhanced facilities to improve life-long learning opportunities.
- 1.9 It is also expected to achieve operational estate benefits through the following:
- Significantly improving asset condition;
  - Maximising usage of the asset, improving efficiency of use;
  - Reducing operational costs through careful consideration of design to reduce running costs (eg passivhaus principles);
  - Reducing operational costs by releasing other, out of date, costly surplus assets elsewhere, for re-provision within the community campus; and
  - Consolidating the use of sites to release surplus site area to generate receipts/income to offset the cost of provision of the new facility, and release sites to assist with other Council objectives such as the delivery of affordable homes.
- 1.10 A number of permutations for school provision were considered over the course of 2017/18 for the south west area of Edinburgh, affecting three of the high schools in the Wave 4 scope (Balerno, Currie and WHEC). This included options to consolidate the estate into fewer establishments, or retain the status quo for the number of establishments. The conclusion of this exercise was approved at Education, Children and Families Committee in June 2018, where the permutation based on the status quo remaining was approved.
- 1.11 In order to meet desired timelines for delivery, Education, Children and Families Committee has approved, subject to Council ratification, that two projects proceed with the first £25m of allocated funding. These projects are the provision of a new community learning campus for Craigmillar, and the first phase of replacement for Trinity Academy, providing a new sports complex at Bangholm playing fields. These two projects fully utilised the £25m available funding.

## Prioritisation Process

1.12 In May 2018, the Education, Children and Families Committee reconfirmed the process previously approved by the Council to assess the priority for investment in each of the existing schools would be similar to that applied for the Wave 3 schools project. This considered the following factors:

1. **Structural:** If the existing building structure was identified as having a short life expectancy the school would proceed to the shortlist;
2. **Sufficiency:** If the core facilities (ie sports and social space which are not readily extendable) could not support the necessary size of the expected future school roll then the school would proceed to the shortlist; and
3. **Condition/Suitability:** For any remaining schools not already shortlisted as a result of either of the above criteria, those with the lowest combined condition and suitability scores would proceed to the shortlist.

### **Outcomes - Priority 1 Structural:**

1.13 Currie High School – a structural investigation in 2017 into Currie High School identified that, while there were not any immediate health and safety concerns, the structure is approaching the end of its lifespan and will require to be replaced within the next five years. This would effectively require a complete school re-build, the planning for which required to commence as soon as possible. Accordingly, Currie has been afforded the highest priority for replacement. A visual structural assessment of all other secondary schools in the Wave 4 scope has been completed and no other defects have been identified.

### **Outcomes - Priority 2 Sufficiency:**

1.14 Trinity Academy was identified as having insufficient core facilities to support the existing school roll. The core facilities are embedded in the heart of the school, meaning that addressing this issue requires wholesale replacement. This position will be exacerbated further as the roll continues to increase. Accordingly, Trinity achieved the second highest priority for replacement. All other schools within the Wave 4 scope had sufficient core facilities to meet the generic brief for their size.

### *Overall Trends in Secondary School Rolls*

1.15 An assessment of roll trends is given below and in Appendix 1. However, it is considered that rising rolls can be resolved relatively simply, by extending the school, rather than necessitating the school's entire replaced. Accordingly, a rising roll was not, by itself, considered sufficient justification for replacing a school in the Wave 4 prioritisation process.

1.16 The city's secondary school estate has a capacity of 22,400 places. Although the secondary school rolls have been experiencing a recent decline in numbers with the roll of 18,145 in 2016, it is anticipated, as the rising school rolls in the primary sector work through the secondary estate, that rolls will increase. The effect of the number of S1 pupils increasing and higher stay on rates of S4 to S6 pupils, is that the existing capacity will be exceeded by 2023 with a total anticipated roll of 22,968. Rolls will

continue to rise thereafter, with pupils increasing to a peak of 24,230 by 2027. The individual Wave 4 School roll projections 2020-27 are shown in Appendix 1.

1.17 The additional secondary school infrastructure required to support the Local Development plan and the growth in new housing across the Wave 4 schools is estimated to be:

- Castlebrae – 261 additional pupils
- Leith / Trinity – 251 additional pupils
- Liberton / Gracemount – 522 additional pupils

### **Outcomes - Priority 3 Condition/Suitability:**

#### *Building Condition*

1.18 The Council undertook condition surveys in 2017 to assess the building condition over a five-year period in line with the Scottish Government core facts guidance. The outcomes are described below, and the individual condition scores shown in Table 1. Detail of the cost of upgrade is illustrated in the financial section.

- Castlebrae, Currie, Trinity and WHEC condition has been rated as C: Poor – Showing major defects and/or not operating adequately;
- Balerno, Leith and Liberton condition has been rated as: B: Satisfactory – Performing adequately but showing minor deterioration.

1.19 The surveys, which are visual condition surveys, do not take into consideration obsolescence of plant, material or components beyond a five-year period, or changes in legislation or regulation. Over a 30-year period some elemental replacements need to be factored into the cost plan more than twice. Many of the original systems and components are still in use, and although some are still in reasonable working order, some are approaching or exceeding their design life expectancy and are at risk of imminent failure. The overall condition of the schools has been exacerbated by historic lack of routine and planned preventative maintenance.

#### *Suitability*

1.20 The suitability of each of the high schools has been assessed to determine how well the design and layout of a school building and grounds works, to support quality learning and teaching methods and other services provided to children and the school community.

1.21 The way in which suitability is assessed for all schools in Scotland is by following a process and methodology which has been developed by the Scottish Government, set out in the Suitability Core Facts guidance. The suitability assessment is broken down into five factors: General and Practical Learning and Teaching Space; Internal Social Space; Internal Facilities; External Social Space; and External Facilities. The results of these assessments for the Wave 4 schools is set out below, with the individual suitability scores shown in Table 1.

- Balerno, Castlebrae, Liberton, Trinity and WHEC have been assessed with a suitability of C: Poor;

- Currie and Leith have been assessed with a suitability of B: Satisfactory.

### Priority Ranking

1.22 The combination of the three evaluation criteria is set out in the table below. Priority 1 (structural lifespan) and Priority 2 (sufficiency of core facilities) have been assessed on a Yes/No basis. Priority 3 was determined by combining the condition score and suitability score to provide an overall score. The conclusion of the ranking process is outlined below. Note that the blended score for Currie and Trinity has been shown for completeness, but both schools already proceed as a priority due to the other criteria.

**Table 1: Priority Order of Wave 4 Schools**

High School	Priority 1 Structure	Priority 2 Sufficiency	Priority 3 – Blended Score		
			Condition	Suitability	Blended
Currie	YES	NO	58	69.5	63.75
Trinity	NO	YES	51	54.5	52.75
Castlebrae	NO	NO	54	50.5	52.25
WHEC	NO	NO	56	50.5	53.25
Liberton	NO	NO	61	51.5	56.25
Balerno	NO	NO	69	59	64
Leith	NO	NO	82	70	76

### Building Specification

1.23 The programme is aiming to address the following objectives in terms of specification.

1.24 To mitigate the impact of pupils from new developments the new education infrastructure should:

- Deliver a multi-purpose campus;
- Be efficient in terms of class organisation, management, and operation (1200 or 1400 place high schools);
- Deliver a good learning environment with appropriate supporting facilities (gym, dining hall, outdoor space, general purpose space);
- Be adaptable to ensure that the school can respond to future changes in its catchment population;
- Be accessible and well located to serve the catchment population; and
- Meet the needs of increasing number of pupils with special needs.

1.25 The programme is also seeking to ensure that where possible any new developments achieve improved environmental and energy performance (e.g. Passivhaus certification or a similarly rigorous energy and quality assurance standard). The benefits of achieving this standard, increases comfort for building users, reduces energy consumption and achieves higher quality buildings. The key quality criteria to achieve Passivhaus accreditation are:

- super insulated;
- Free from thermal bridges;
- Very low air leakage; and
- Mechanically ventilated with heat recovery.

## Stage 2: Design Option Appraisal (Economic Case)

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- 2.1 It is necessary to take a long-term view when planning and assessing options to determine whether refurbishment or replacement is more cost effective when considering whole life cost appraisals.
- 2.2 A number of feasibility studies have been carried out for each school (excluding Leith which due to its high condition scoring is not deemed to be requiring replacement at this time). Refurbishment options were included as part of the feasibility process. A stage one assessment of options identified that, due to the decant implications, the estimated costs and protracted timescales for delivery, refurbishment was deemed as an inappropriate solution.
- 2.3 The refurbishment options:
- Did not demonstrate best value, and in some instances costs were higher than new build;
  - Provided limited extension to the assets' operational life, due to the age of the original structures;
  - Compromised fitness for purpose, sufficiency, and suitability improvements;
  - Did not provide the flexible types of learning spaces required to deliver a modern curriculum; and
  - Were deemed the most disruptive option for building users and staff.
- 2.4 Therefore, the refurbishment options were excluded from the evaluation process. The Wave 4 School Option Appraisal costs are shown in Appendix 2.
- 2.5 The subsequent detailed option appraisal focuses on the three options set out below:
1. Do minimum – status quo; repair and maintain for the next five-year period and extension where required;
  2. Partial New Build and retain some existing buildings;
  3. Complete new build.
- 2.6 A workshop took place where each option was considered against the following criteria:
- A Building Condition/Asset Management/Cost-in-Use
  - B Sufficiency/appropriate site
  - C Accessibility (needs)
  - D Education amenity/enhancement
  - E Sustainability
  - F Future flexibility
  - G Community access/integrated services

- H Design
- I Deliverability – time
- J Avoidance of educational disruption

- 2.7 Each objective was weighted for importance from 1 to 5 (1 - low, 5 - high). Each of the options was then scored on how well they would achieve the objective, from 1 to 10 (1 – low 10 – high). The detailed option appraisal is illustrated in Appendix 3.
- 2.8 The appraisal process identified that a new build solution in each case would be the ideal outcome. Providing new, well-designed, energy efficient buildings that would achieve a bespoke, fit for purpose solution aligned to modern teaching methods, offering flexible accommodation and enhanced outdoor sports provision that would also benefit the local communities.

### Stage 3: Financial Analysis (Financial Case)

- 3.1 The following section sets out the financial implications of the Wave 4 programme; both capital and revenue implications for a 30-year period.

#### Cost of Programme

- 3.2 The full capital cost of the programme to deliver new build solutions throughout has been established as £207m at 2018 prices, as set out below.

Priority	Wave 4 Schools	Cost (2ndQ'18)	Comments
1.	Currie	£36,760,000	1,000 pupils
2.	Trinity	£43,650,000	1,200 pupils New build includes sports facilities and pool at Bangholm (construction cost of £8,720,000) which will be delivered as Phase 1.
3.	Castlebrae	£26,435,000 (plus land costs of £5-10m)	700 pupil school with flexibility for expansion
4.	WHEC	£25,290,000	600 pupil school excludes enhanced community facilities
5.	Liberton	£34,520,000	1,200 pupil school retain existing gym and dance studio. First phase and masterplan for new school to be delivered through rising rolls programme.
6.	Balerno	£40,510,000	1,000 pupil school with full decant. Interim extension to be delivered through rising rolls programme.
	<b>TOTAL</b>	<b>£207,165,000</b> (plus land costs of £5-10m for Castlebrae)	

## **Table 2 Capital Costs for Individual Schools**

- 3.3 The cost exclusions are noted in Appendix 4. It should be noted that inflation and land will require a significant uplift to the base figures.
- 3.4 The costs are based on a generic floor area being applied to each school in line with the SFT's schools' metrics. Any additional floorspace or uplift to the specification will increase the budget requirements and will impact on annual running costs.
- 3.5 The existing schools account for around 85,500m<sup>2</sup> of floorspace. As some are currently significantly larger than required by their forecast roll, if all were replaced to the SFT's metrics this programme would represent a reduction of 7,500m<sup>2</sup> in floor space.

### **Revenue implications**

- 3.6 Generally, buildings cost five times more to run than to build over the course of their life. Accordingly, the life cycle costs of running the building are of paramount importance. Various scenarios have been costed for each school considering the status quo of retaining the existing building, versus the provision of new build.
- 3.7 It should be noted that the while a financial appraisal of the differing solutions has been undertaken, it is not comparing a like for like solution. Retaining the existing buildings may address condition issues to some extent, but cannot compare with the provision of a completely new building (this is reflected in the life cycle cost analysis). There is also a significant improvement in fitness for purpose of a modern environment that a new build can deliver. There will also be a significantly higher risk profile associated with retaining the existing buildings, particularly that of future building failure, and risk of decant (with its associated costs) being required to allow building upgrade to take place. A partial decant allowance has been made in the existing building cost evaluation.
- 3.8 The Council appointed Doig and Smith, quantity surveyors, to undertake the life cycle analysis of the various options for each school. This demonstrated a lifecycle cost of more than double to retain an existing building compared to a new build (£170/m<sup>2</sup> compared to £79/m<sup>2</sup> –including capital requirements).
- 3.9 The existing Wave 4 schools account for around 85,500m<sup>2</sup> of floorspace. Some are significantly larger than required by their forecast roll. If all were replaced to the SFT's metrics this programme would represent a reduction of 7,500m<sup>2</sup> in floor space. Where existing schools are retained, the Council is paying for unnecessary space.
- 3.10 The table below illustrates the current running costs of the schools, amounting to £4.94m pa. The estimated revenue running costs for new build solutions for the six schools amount to £4.895m pa. This forecast is based on a 9% reduction in overall floorspace, a reduced R&M spend, with the most significant uplift in costs being attributable to a rise in rateable value as a consequence of new build.

<b>Wave 4 Running Costs - Existing Schools per annum</b>					
School	Annual Running Costs R&M	Annual Running Costs Utilities	Annual Running Costs Rates	Annual Cleaning Costs	Total Property Running Costs
Balerno High School	£70,846	£116,017	£185,238	£169,609	<b>£541,710</b>
Castlebrae High School	£205,774	£90,718	£132,102	£167,144	<b>£595,738</b>
Currie High School	£165,118	£132,101	£221,646	£206,839	<b>£725,704</b>
Leith Academy	£131,538	£182,587	£264,696	£209,933	<b>£788,754</b>
Liberton High School	£158,085	£119,759	£213,282	£223,465	<b>£714,591</b>
Trinity Academy	£138,094	£135,097	£193,110	£199,614	<b>£665,915</b>
WHEC	£117,163	£288,316	£232,733	£270,317	<b>£908,529</b>
<b>TOTAL</b>	<b>£986,618</b>	<b>£1,064,595</b>	<b>£1,442,807</b>	<b>£1,446,921</b>	<b>£4,940,941</b>

<b>Wave 4 Running Costs - New build per annum</b>					
School	Annual Running Costs R&M	Annual Running Costs Utilities	Annual Running Costs Rates	Annual Cleaning Costs	Total Property Running Costs
Balerno High School	£74,055	£165,316	£295,000	£200,600	<b>£734,971</b>
Castlebrae High School	£53,010	£129,208	£210,000	£142,800	<b>£535,018</b>
Currie High School	£74,055	£165,316	£295,000	£200,600	<b>£734,971</b>
Leith Academy (existing)	£131,538	£182,587	£264,696	£209,933	<b>£788,754</b>
Liberton High School	£73,955	£163,192	£290,000	£197,200	<b>£724,347</b>
Trinity Academy	£89,335	£188,680	£350,000	£238,000	<b>£866,015</b>
WHEC	£50,513	£124,960	£200,000	£136,000	<b>£511,473</b>
<b>TOTAL</b>	<b>£546,461</b>	<b>£1,119,259</b>	<b>£1,904,696</b>	<b>£1,325,133</b>	<b>£4,895,549</b>

**Notes:**

- R&M revenue costs modelled by Doig & Smith; capital life cycle of £11/m<sup>2</sup> pa excluded;
- Utilities based on average cost of recent new build schools at £10.62/m<sup>2</sup> plus water charges of £40k per school (snapshot of current prices and subject to fluctuation)
- Cleaning based on £17/m<sup>2</sup> based on the actual, all-in, cost of cleaning Boroughmuir HS, inc staff, materials etc;
- Non Domestic Rates based on actual new build high schools averaging £25/m<sup>2</sup> (note Boroughmuir NDR discounted due to being 5 stories)

3.11 The forecast running costs set out above are based on traditional building design. Should the Passivhaus, or similar, approach be developed and bring the expected benefits, there would be a considerable decrease in the utilities costs. An initial estate undertaken applying the benefits of Passivhaus indicates a saving of up to £435k pa of utilities cost could be achieved if it were applied to all six replacement schools.

**Funding Solutions**

*Developer Contributions*

3.12 The funding strategy presumes that all applicable developer contributions collected under Section 75 of the Town and Country Planning (Scotland) Act, will be applied to the funding gap for the Wave 4 schools. There is anticipated to be some level of contribution for each school, the most significant of which is for the replacement of Castlebrae. In addition, returns to the Council from the closure of EDI will supplement the capital investment programme for Castlebrae. However, in a number of school catchments there is limited new development, with the need for replacement being

driven by asset condition and the need for fit for purpose facilities, rather than rising rolls.

3.13 The risk of relying on developer contributions as a funding stream should be noted, as there is a risk that the level of contribution is either not fully forthcoming, or is received later than anticipated, leading to increased borrowing costs. The contributions are tied into the rate of build in the housing developments, which is out with the Council's control. There is also a risk that developers can challenge the previously agreed developer contribution rates through planning appeal.

3.14 The following developer contributions are expected for the Wave 4 schools. In line with the Local Development Plan financial modelling, the sums assume that 60% of the contributions are received, to mitigate the risks set out above. It should be noted, however, that if the replacement of the school is too far in the future, these contributions will have to be utilised to create the necessary capacity earlier. It may be possible to create the new block of accommodation as a first phase of an eventual new school.

- Trinity Academy: £2.56m
- Castlebrae high School: £7.84m (plus any returns from the closure of EDI)
- Liberton high School: £9.95m (covers the capacity requirement for both Liberton and Gracemount).

#### *Surplus Land – Capital Receipts*

3.15 Given the scale of the funding challenge, it is recommended that capital receipts associated with surplus sites in the project should be pursued wherever possible. While no decisions have been made to date on the use of surplus sites this is something which will be considered during the Masterplan process for each project because receipts could be necessary as a means of achieving, and bringing forward, the programme of school replacement. They may also offer the opportunity to assist with the delivery of the Council's affordable homes objective. At present the following opportunities have been identified which will be given further consideration during the masterplan process for each school:

- Castlebrae – releases existing site upon relocation of the school, estimated at £5m;
- Currie – consolidation at the east end of the site allows for some surplus land to be generated at the western side, estimated at £4.8m;
- Trinity – exit of Victorian building and tower block at the front of the site upon completion of the new school, estimated at £4.7m;
- WHEC – consolidation of footprint in new build proposal to release land at the western end, estimated at £3m;
- Liberton – opportunity for release of part of site once a new building is delivered, estimated at £4.8m.

#### *Rationalisation*

3.16 In line with the Council's Asset Management Strategy, when delivering these new community assets, the opportunity should be taken to consider what other facilities

could operate from the new learning campus. This will require a more intensive use of space based on co-location and the principle of shared space. For this strategy to be successful, it will require the rationalisation of other, out of date facilities in poorer condition, into a modern environment. The consolidation of assets into a single hub, rather than the continued operation of multiple, older facilities would allow the revenue streams to be redirected to the new asset, helping to improve the funding gap position. The scope of the opportunity for this would be established as part of the scope setting exercise for each project.

### *Capital Investment Programme*

3.17 Given the magnitude of the funding required to achieve the ambition of replacing all high schools across the estate, and the significant budget pressures on the Council, it is anticipated that this programme will take a significant period to complete. Financial modelling of costs, capital receipts and developers contributions indicates that Castlebrae, Trinity and Currie can be delivered within existing capital budgets and the additional £78m proposed in the budget framework within a five year period. This will require further work to manage the profile and spend in line with budget availability. Should match-funding be provided by Scottish Government, the Council would be able to deliver more of the Wave 4 programme within that timeframe. A detailed cash flow of costs and funding for two scenarios is shown in Appendix 5. The first shows the estimated funding gap if all the programme were to be delivered in 5 years. The second shows delivery over a longer 10 year period. As a minimum it is therefore considered that the following are the preferred actions for each school during the first 5 year period of the programme:

- **Currie**

New build 1,000 pupil school, retaining close links with neighbouring Woodlands Special School. A masterplan will be developed which will include assessment of opportunities across the remainder of the site for other development to assist with the funding gap

- **Trinity**

New 1,200 pupil school positioned on the site to temporarily retain the existing tower building for decant, and standalone sports facilities on the Bangholm site. A masterplan will be developed which will include assessment of opportunities for disposal of the Victorian building and tower block to assist with the funding gap.

- **Castlebrae**

New 700 pupil school, with added facilities for future expansion. This project has already been approved by Education, Children and Families Committee, subject to ratification by Council for funding from the £25m capital investment programme allocation and developer contributions.

- **Wester Hailes Education Centre**

It was concluded that further consultation is required with the local community to determine future service and accommodation needs, before the options could be evaluated. Therefore, it is proposed to proceed with a community engagement exercise to determine the scope for the replacement project. Once the scope is determined a masterplan will be developed which will include assessment of

opportunities across the remainder of the site for other development to assist with the funding gap. In the event that insufficient funding is available to deliver all six schools in a single phase, it is recommended to proceed with asset management works funded from the asset management budget until funding becomes available for full replacement.

- **Liberton**

A new school is the ultimate aim and it is recommended that a masterplan process including full engagement with the school community and wider stakeholders is commenced now to determine the overall approach for delivery of new facilities on the existing school site. The masterplan would include a phasing strategy to ensure that elements of the new school can be delivered if only part funding is available (e.g. funding from developers to address rising school roll pressures resulting from new housing in the school's catchment area). This building would, in effect, be a phase of the new school together with the existing sports facilities, which would be retained. In the event that insufficient funding is available to deliver all six schools in a single phase, it is recommended to proceed with asset management works funded from the asset management budget until funding becomes available for full replacement.

- **Balerno**

A new school is also the ultimate aim for Balerno and a similar masterplan process to that described above for Liberton will be progressed. In the event that insufficient funding is available to deliver all six schools in a single phase, it is recommended to proceed with asset management works funded from the asset management budget until funding becomes available for full replacement.

- **Leith**

It is proposed to proceed with the recommended asset management works from the asset management budget over the next five-year period, until the school reaches the end of its life expectancy and requires replacement.

If Scottish Government funding is forthcoming to cover the full identified funding gap then all of the programme could be delivered over a 5 year period. If funding is available to only cover part of the gap then the projects would be delivered based on the prioritisation agreed by the Education, Children and Families Committee on 21 June 2018.

- 3.18 Both scenarios take into account the Education, Children and Families Committee recommendation to progress Castlebrae and the Bangholm element of Trinity with the current allocation of £25m in the CIP. If delivery is fully dependent on expected available Council funding then the balance is assumed to be attributable to Currie and the full replacement at Trinity in the first five years of the programme in line with the Wave 4 prioritisation. In this scenario the community engagement at WHEC will be funded through existing resources. The masterplan process for Liberton and Balerno and any delivery of initial masterplan phases would be funded through existing resources or future updates to rising rolls budgets. The solution for Leith is refurbishment reflecting the more recent age of this building, and in response to the budget limitations.

## Stage 4: Benefits and Efficiencies

The table below sets out the benefits; cashable and non-cashable and the efficiencies, which the preferred option to dispose of the building would create.

*NB: This table will be completed in line with the further work on budgets to be progressed for the budget setting process in February 2019.*

Benefit Summary	Action Type	Description	First year costs (- indicates anticipated savings)
Delivery / implementation cost			
Cashable benefit			
Cashable benefit			
Non Cashable benefit			
Non Cashable benefit			
Efficiency from disposal			
FM staffing benefit			

## Stage 5: Implementation plan (Management Case)

Below is a summary of the critical path of the project shown through high-level milestones which are linked to deliverables and outputs with assigned owners.

Milestone	Deliverable/output	Owner	Milestone Date (Phase1)	Milestone Date (Phase 2 *)
Concept	Feasibility	Schools and Lifelong Learning	August 2018	August 2018
Business case	Outline Business Case	C&F/Resources	October 2018	October 2018
Stakeholder engagement	Informal and Formal Consultation	Schools and Lifelong Learning	2017 - 2019	2017 - 2019
Change management	Design development with users	Schools and Lifelong Learning	2017 - 2019	2021-2023
Implementation	On Site/ Construction	Schools and Lifelong Learning	2020 - 2025	2025 - 2030
Benefits management	Education Improvement Plan/ Passivhaus Certification (or equivalent)	C&F/Resources	2021 - 2026	2026 - 2031
Post project evaluation	Post Occupancy Review/ Lessons Learnt	Schools and Lifelong Learning	2021 - 2026	2026 - 2031

\*Note: Phase 2 milestones will be dependent on future funding availability

## Stage 6: Risks, Assumptions and Dependencies

Risk	Impact	Likelihood	Risk Rating	Mitigating Action
Lack of capital funding	5	5		Identify surplus assets to supplement funding. Ensure developer contributions are fully utilised
Insufficient revenue budgets	5	5		Ensure design and specification addresses reduced running costs
Rising costs due to inflation and market capacity	4	3		Consider up front funding to deliver programme quicker to avoid inflation
Scope creep due to inclusion of community facilities without the corresponding closure of outdated assets	4	3		Project controls and political buy in to rationalisation

Risk Key:

Rating	Probability - Impact
1	Little or no impact
2	Minor impact
3	Fairly significant impact
4	Very significant impact
5	Project could not carry on

Rating	Probability – Likelihood
1	Very unlikely to occur
2	Quite unlikely to occur
3	50:50 chance of occurring
4	Quite likely to occur
5	Very likely to occur

Dependencies / Enablers	Dependent	Responsible officers	Operational Actions
Enhanced role of schools as true community hubs with open access		Schools and Lifelong Learning	
Delivery of surplus assets for disposal to assist with capital funding and reducing running cost burden		Strategic Asset Planning	
Involvement of communities to determine local scope of project to create community hub		C&F/Resources	

## Stage 7: Impact Assessment

Below is a summary of the potential impacts of the proposed project and the anticipated mechanisms to mitigate them.

*NB. An Integrated Impact Assessment process is underway and will be completed before the budget setting process in February 2019.*

Theme	Potential impact	Comments / mitigating action
Equalities & Rights		
Sustainability, Mitigation, Adaptation		
Engagement, Consultation & Co-production		
Citizens & service users		
Community Planning Partners*		
Council staff		
Commercial Conflicts		

## Stage 8: Communications and Change

Project Activity	Communications / Change Activity	Owner
Wave 4 Communications and Engagement Strategy	Overarching strategy to ensure consistent messaging/approach for all stakeholders including politicians and media	Communications/C&F/Strategic Asset Planning
Engagement Plans	Developed for each individual school/project to take account of individual circumstances and stakeholders	Comms/C&F/Strategic Asset Planning

Appendix 1: School Roll Projections

Appendix 2: Comparative Costs: Refurbishment v New Build

Appendix 3: Option Appraisal

Appendix 4: Capital Cost Exclusions

Appendix 5: Capital Cost Financial Analysis

## APPENDIX 1 – Wave 4 School roll projections 2020-27

Wave 4 Schools	School Capacity	2020	2021	2022	2023	2024	2025	2026	2027
Balerno	850	836	871	892	912	915	915	915	915
Castlebrae*	600	306	385	460	542	573	592	597	599
Currie	900	754	784	822	831	847	863	894	920
Leith	950	916	942	975	969	975	975	975	966
Liberton	850	720	789	878	966	1022	1084	1140	1201
Trinity	950	843	882	902	935	960	962	974	979
WHEC	750	355	384	398	405	412	420	412	398
<b>TOTAL</b>	<b>5850</b>	<b>4730</b>	<b>5037</b>	<b>5327</b>	<b>5560</b>	<b>5704</b>	<b>5811</b>	<b>5907</b>	<b>5978</b>

**(12<sup>th</sup> December 2017)**

\* The Castlebrae projection has been updated from those published in December 2017 to reflect the increased catchment capture rates which are expected as a result of a new school be constructed and the availability of placing requests to other schools being reduced. The initial capacity of the new school will also be 700 rather than 600.

## APPENDIX 2 – Wave 4 Comparative Capital Costs

Wave 4 Schools	Do Minimum AMW only	Refurbish (full/partial) + Extend (if required)	New Build
Currie	£6,847,394	£39,820,000	£36,760,000 - £42,750,000
Trinity	£2,202,532	£50,030,000	£43,090,000 - £45,940,000
Castlebrae	£2,991,008	No costs avail.	£26,435,000
WHEC	£6,412,263	£21,330,000	£25,290,000 - £32,920,000
Liberton	£1,520,941	£40,280,000	£34,520,000 - £35,390,000
Balerno	£3,740,000	£28,493,400	£40,510,000 - £43,600,000
Leith	£578,812	Not costed	Not costed

(Cost assumptions 2Q 2018/19)

### Appendix 3: Option Appraisal

An options appraisal of how well each option met the project objectives was carried out for a number of schools. With regard to Castlebrae, the option has already been selected and the project has commenced. With regard to WHEC, it was considered that further work (including community consultation) on the scope of the proposal was required, before the option could be scored.

Scores Summary			Curre High School					
Objectives	Weighting Factor (1-5)	Do minimum - AMW Only		New Build + Retain Existing sport block		New Build		
		Score (0-10)	Weighting Score	Score (0-10)	Weighting Score	Score (0-10)	Weighting Score	
A. Building Condition/Asset Management /Cost in use	5	0	0	8	40	9	45	
B. Sufficiency / Appropriate size	3	0	0	10	30	10	30	
C. Accessibility (needs)	3	0	0	9	27	10	30	
D. Education amenity / enhancement	5	0	0	8	40	9	45	
E. Sustainability	4	0	0	6	24	6	24	
F. Future flexibility	3	0	0	7	21	7	21	
G. Community access / integrated services	5	0	0	8	40	10	50	
H. Design	2	0	0	7	14	10	20	
I. Deliverability - time	2	0	0	6	12	10	20	
J. Avoidance of educational disruption	3	0	0	6	18	8	24	
<b>Totals</b>	<b>35</b>	<b>0</b>	<b>0</b>	<b>75</b>	<b>266</b>	<b>89</b>	<b>309</b>	

Scores Summary			Trinity Academy					
Objectives	Weighting Factor (1-5)	Do minimum - AMW Only		New Build + Retain listed build + Bangholm		New Build - With Bangholm		
		Score (0-10)	Weighting Score	Score (0-10)	Weighting Score	Score (0-10)	Weighting Score	
A. Building Condition/Asset Management /Cost in use	5	2	10	6	30	9	45	
B. Sufficiency / Appropriate size	3	2	6	10	30	10	30	
C. Accessibility (needs)	3	1	3	7	21	9	27	
D. Education amenity / enhancement	5	2	10	7	35	10	50	
E. Sustainability	4	4	16	6	24	6	24	
F. Future flexibility	3	0	0	5	15	7	21	
G. Community access / integrated services	5	1	5	7	35	10	50	
H. Design	2	1	2	8	16	10	20	
I. Deliverability - time	2	5	10	1	2	10	20	
J. Avoidance of educational disruption	3	1	3	5	15	9	27	
<b>Totals</b>	<b>35</b>	<b>19</b>	<b>65</b>	<b>62</b>	<b>223</b>	<b>90</b>	<b>314</b>	

## Scores Summary

		<b>Liberton High School</b>			
		Do minimum - AMW + Extension		New Build	
Objectives	Weighting Factor (1-5)	Score (0- 10)	Weightin g Score	Score (0- 10)	Weightin g Score
A. Building Condition/Asset Management /Cost in use	5	3	15	9	45
B. Sufficiency / Appropriate size	3	10	30	10	30
C. Accessibility (needs)	3	1	3	9	27
D. Education amenity / enhancement	5	4	20	10	50
E. Sustainability	4	4	16	6	24
F. Future flexibility	3	8	24	7	21
G. Community access / integrated services	5	9	45	10	50
H. Design	2	4	8	10	20
I. Deliverability - time	2	10	20	10	20
J. Avoidance of educational disruption	3	7	21	9	27
<b>Totals</b>	<b>35</b>	<b>60</b>	<b>202</b>	<b>90</b>	<b>314</b>

## Appendix 4: Capital Cost Exclusions

Exclusions	
1	Site acquisition and associated costs including SDLT, land, agents & legal fees.
2	Local Authority charges, costs of planning approval.
3	VAT if applicable.
4	Finance, SPV costs and project insurances.
5	Air rights, right to light (or any other third party compensation settlements), over-sailing licenses, sale or letting fees / costs and other developer costs.
6	Way leave costs or works associated with / arising from the requirement for way leaves.
7	Active IT and enhanced FF&E.
8	Costs associated with any works required to secure a Section 21 Agreement.
9	Local Authority charges, road closures, etc.
10	Removal / disposal of contaminated materials not specifically mentioned.
11	Utility connections to off-site decant space.
12	Abnormal ground conditions (i.e. grouting / lime stabilisation / piling) beyond noted allowances.
13	Working outside of normal working hours.
14	Sustainable construction strategies (wind turbines, grey water, boreholes, photovoltaic cells, ground cooling and the like).
15	Archaeological investigations and exploratory works.
16	Benefits arising from any potential Capital Allowances or Enhanced Capital Allowances.
17	Services or drainage diversions off site.
18	Utility reinforcement infrastructure works.
19	Utility and general infrastructure disconnections and diversion works.
20	Delay or costs as a result of site ecology, including but not limited to roosting bats, nesting birds and badgers.
21	Out of hours working imposed by any third party excluding planning.
22	Artwork.
23	End user incoming copper / fibre lines from Utility provider.
24	Cost of project collaboration tool.
25	Enhanced specification of building / façade for planning approvals.
26	Any construction works of spaces identified as 'future expansion'. Note specifically that capacity of building services has not been 'enhanced' to accommodate these areas
27	Inflation beyond the programmes noted in section 2.0. i.e. contractor appointment during 2Q 2019.
28	Refuse equipment (waste compactor).
29	Satellite and TV aerial installations.
30	Future proofing of structured cabling.
31	Room mock-ups and marketing suites; any other marketing costs (including brochures, etc.)
32	Move management costs

## Appendix 5: Capital Cost Financial Analysis

SCENARIO 1 – 5 Year Investment (NB. Further work to be undertaken on the profile, spend and delivery timescale of projects to ensure expenditure is aligned to funding availability).

### WAVE 4 Schools Capital Expenditure and Funding

	Financial Year Starting												
	Total	01/04/2018	01/04/2019	01/04/2020	01/04/2021	01/04/2022	01/04/2023	01/04/2024	01/04/2025	01/04/2026	01/04/2027	01/04/2028	01/04/2029
	£	£	£	£	£	£	£	£	£	£	£	£	£
<b>Inflated Capital Cost Estimates</b>													
Castlebrae	29,359,998	991,312.5	1,022,043.188	1,558,512.94	1,112,576.122	6,357,577.839	0	0	0	0	0	0	0
Currie	42,927,417	0	1,421,233.5	1,502,243.81	2,299,438.3	16,090,119.22	9,194,353.843	0	0	0	0	0	0
Trinity	50,973,389	0	1,687,618.125	1,783,812.358	2,730,426.73	19,105,922.31	10,917,669.89	0	0	0	0	0	0
WHEC	29,533,035	0	977,774.625	1,033,507.779	1,581,958.63	11,069,616.84	6,325,495.34	0	0	0	0	0	0
Liberton	40,311,601	0	1,334,629.5	1,410,703.382	2,159,320.04	15,109,654.94	8,634,088.538	0	0	0	0	0	0
Balerno	47,306,574	0	1,566,217.875	1,655,492.294	2,534,011.86	17,731,521.49	10,132,297.99	0	0	0	0	0	0
<b>Sub Total</b>	<b>240,412,014</b>	<b>991,312.50</b>	<b>8,009,516.81</b>	<b>22,970,882.56</b>	<b>124,177,318.78</b>	<b>79,742,592.59</b>	<b>4,520,390.56</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Inflated Capital Receipts</b>													
Castlebrae	5,412,161	0	0	0	0	5,412,160.8	0	0	0	0	0	0	0
Currie	5,299,588	0	0	0	0	0	5,299,587.855	0	0	0	0	0	0
Trinity	5,189,180	0	0	0	0	0	5,189,179.775	0	0	0	0	0	0
WHEC	3,312,242	0	0	0	0	0	3,312,242.41	0	0	0	0	0	0
Liberton	5,299,588	0	0	0	0	0	5,299,587.855	0	0	0	0	0	0
Balerno	-	0	0	0	0	0	0	0	0	0	0	0	0
<b>Sub Total</b>	<b>24,512,759</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,412,160.80</b>	<b>19,100,597.90</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Developers Contributions</b>													
Castlebrae	7,842,155	£0	£183,482	£571,291	£3,844,206	£116,128	£0	£0	£1,412,452	£77,898	£1,567,585	£69,113	£0
Currie	-	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
Trinity	2,561,746	£0	£0	£4,453	£56,021	£498,693	£306,966	£0	£0	£850,851	£11,737	£77,243	£755,783
WHEC	-	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
Liberton	9,952,524	£0	£0	£0	£2,838,074	£2,275,479	£0	£0	£0	£3,730,837	£358,271	£749,863	£0
Balerno	-	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
<b>Sub Total</b>	<b>20,356,426</b>	<b>-</b>	<b>183,481.62</b>	<b>575,744.45</b>	<b>6,738,300.87</b>	<b>2,890,299.72</b>	<b>306,965.95</b>	<b>-</b>	<b>1,412,452.44</b>	<b>4,659,585.50</b>	<b>1,937,593.18</b>	<b>896,219.24</b>	<b>755,782.75</b>
<b>Net Cost</b>													
Castlebrae	16,105,682	£991,313	£838,562	£15,013,832	£7,281,555	£-4,892,531	£0	£0	£-1,412,452	£-77,898	£-1,567,585	£-69,113	£0
Currie	37,627,829	£0	£1,421,234	£1,502,244	£22,994,385	£16,090,119	£-4,380,152	£0	£0	£0	£0	£0	£0
Trinity	43,222,462	£0	£1,687,618	£1,779,359	£27,248,248	£18,607,229	£-4,404,379	£0	£0	£-850,851	£-11,737	£-77,243	£-755,783
WHEC	26,220,793	£0	£977,775	£1,033,508	£15,819,587	£11,069,617	£-2,679,693	£0	£0	£0	£0	£0	£0
Liberton	25,059,489	£0	£1,334,630	£1,410,703	£18,755,130	£12,834,176	£-4,436,179	£0	£0	£-3,730,837	£-358,271	£-749,863	£0
Balerno	47,306,574	£0	£1,566,218	£1,655,492	£25,340,113	£17,731,521	£1,013,230	£0	£0	£0	£0	£0	£0
<b>Sub Total</b>	<b>195,542,829</b>	<b>991,312.50</b>	<b>7,826,035.19</b>	<b>22,395,138.11</b>	<b>117,439,017.91</b>	<b>71,440,132.07</b>	<b>-14,887,173.29</b>	<b>-</b>	<b>1,412,452.44</b>	<b>4,659,585.50</b>	<b>1,937,593.18</b>	<b>896,219.24</b>	<b>755,782.75</b>
<b>Available Funding</b>													
<b>Council Funding</b>													
Capital Investment Programme (Castlebrae)	573,000	573,000											
Capital Investment Programme (Wave 4)	25,000,000			12,500,000.00	12,500,000.00								
Budget Framework (still to be approved)	78,191,000		250,000.00	1,865,000.00	7,186,000.00	49,594,000.00	19,296,000.00						
<b>Total Funding</b>	<b>103,191,000.00</b>	<b>0</b>	<b>250,000.00</b>	<b>14,365,000.00</b>	<b>19,686,000.00</b>	<b>49,594,000.00</b>	<b>19,296,000.00</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Shortfall/(Surplus)</b>	<b>92,351,829</b>	<b>991,312.50</b>	<b>7,576,035.19</b>	<b>8,030,138.11</b>	<b>97,753,017.91</b>	<b>21,846,132.07</b>	<b>-34,183,173.29</b>	<b>-</b>	<b>1,412,452.44</b>	<b>4,659,585.50</b>	<b>1,937,593.18</b>	<b>896,219.24</b>	<b>755,782.75</b>
<b>Cummulative Shortfall</b>		<b>991,313</b>	<b>8,567,348</b>	<b>16,597,486</b>	<b>114,350,504</b>	<b>136,196,636</b>	<b>102,013,462</b>	<b>102,013,462</b>	<b>100,601,010</b>	<b>95,941,425</b>	<b>94,003,831</b>	<b>93,107,612</b>	<b>92,351,829</b>

SCENARIO 2 – 10 Year Expenditure (NB. Further work to be undertaken on the profile, spend and delivery timescale of projects to ensure expenditure is aligned to funding availability). Funding in later years are indicative and would be subject to the budget setting processes of future Councils.

**WAVE 4 Schools  
Capital Expenditure and Funding**

	Financial Year Starting												
	Total	01/04/2018	01/04/2019	01/04/2020	01/04/2021	01/04/2022	01/04/2023	01/04/2024	01/04/2025	01/04/2026	01/04/2027	01/04/2028	01/04/2029
	£	£	£	£	£	£	£	£	£	£	£	£	£
<b>Inflated Capital Cost Estimates</b>													
Castlebrae	29,359,998	991312.5	1022043.188	15585122.94	11125761.22	635757.7839	0	0	0	0	0	0	0
Currie	42,927,417	0	1421233.5	1502243.81	22994385.3	16090119.22	919435.3843	0	0	0	0	0	0
Trinity	50,973,389	0	1687618.125	1783812.358	27304268.73	19105922.31	1091766.989	0	0	0	0	0	0
WHEC	36,000,703	0	0	0	0	0	1233471.591	1282810.455	19246945.98	13467881.46	769593.2264	0	0
Liberton	49,139,749	0	0	0	0	0	1683647.265	1750993.155	26271434.37	18383205.54	1050468.888	0	0
Balerno	57,666,606	0	0	0	0	0	1975798.108	2054830.033	30830121.86	21573107.08	1232748.976	0	0
<b>Sub Total</b>	<b>266,067,861</b>	<b>991,312.50</b>	<b>4,130,894.81</b>	<b>18,871,179.11</b>	<b>61,424,415.25</b>	<b>35,831,799.32</b>	<b>2,011,202.37</b>	<b>4,892,916.96</b>	<b>5,088,633.64</b>	<b>76,348,502.21</b>	<b>53,424,194.08</b>	<b>3,052,811.09</b>	<b>-</b>
<b>Inflated Capital Receipts</b>													
Castlebrae	5,412,161	0	0	0	0	5412160.8	0	0	0	0	0	0	0
Currie	5,299,588	0	0	0	0	0	5299587.855	0	0	0	0	0	0
Trinity	5,189,180	0	0	0	0	0	5189179.775	0	0	0	0	0	0
WHEC	3,656,983	0	0	0	0	0	0	0	0	0	3656983.26	0	0
Liberton	5,851,173	0	0	0	0	0	0	0	0	0	5851173.216	0	0
Balerno	-	0	0	0	0	0	0	0	0	0	0	0	0
<b>Sub Total</b>	<b>25,409,085</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,412,160.80</b>	<b>10,488,767.63</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9,508,156.48</b>	<b>-</b>
<b>Developers Contributions</b>													
Castlebrae	7,842,155	£0	£183,482	£571,291	£3,844,206	£116,128	£0	£0	£1,412,452	£77,898	£1,567,585	£69,113	£0
Currie	-	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
Trinity	2,561,746	£0	£0	£4,453	£56,021	£498,693	£306,966	£0	£850,851	£11,737	£77,243	£755,783	£0
WHEC	-	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
Liberton	9,952,524	£0	£0	£0	£0	£0	£0	£5,113,553	£0	£3,730,837	£358,271	£749,863	£0
Balerno	-	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
<b>Sub Total</b>	<b>20,356,426</b>	<b>-</b>	<b>183,481.62</b>	<b>575,744.45</b>	<b>3,900,226.85</b>	<b>614,820.99</b>	<b>306,965.95</b>	<b>5,113,552.76</b>	<b>1,412,452.44</b>	<b>4,659,585.50</b>	<b>1,937,593.18</b>	<b>896,219.24</b>	<b>755,782.75</b>
<b>Net Cost</b>													
Castlebrae	16,105,682	£991,313	£838,562	£15,013,832	£7,281,555	-£4,892,531	£0	£0	-£1,412,452	-£77,898	-£1,567,585	-£69,113	£0
Currie	37,627,829	£0	£1,421,234	£1,502,244	£22,994,385	£16,090,119	-£4,380,152	£0	£0	£0	£0	£0	£0
Trinity	43,222,462	£0	£1,687,618	£1,779,359	£27,248,248	£18,607,229	-£4,404,379	£0	£0	-£850,851	-£11,737	-£77,243	-£755,783
WHEC	32,343,719	£0	£0	£0	£0	£0	£0	£1,233,472	£1,282,810	£19,246,946	£13,467,881	-£2,887,390	£0
Liberton	33,336,052	£0	£0	£0	£0	£0	£0	-£3,429,905	£1,750,993	£22,540,597	£18,024,935	-£5,550,568	£0
Balerno	57,666,606	£0	£0	£0	£0	£0	£0	£1,975,798	£2,054,830	£30,830,122	£21,573,107	£1,232,749	£0
<b>Sub Total</b>	<b>220,302,351</b>	<b>991,312.50</b>	<b>3,947,413.19</b>	<b>18,295,434.66</b>	<b>57,524,188.40</b>	<b>29,804,817.53</b>	<b>- 8,784,531.21</b>	<b>- 220,635.79</b>	<b>3,676,181.20</b>	<b>71,688,916.71</b>	<b>51,486,600.90</b>	<b>- 7,351,564.63</b>	<b>- 755,782.75</b>
<b>Available Funding</b>													
<b>Council Funding</b>													
Capital Investment Programme (Castlebrae)	573,000	573000											
Capital Investment Programme (Wave 4)	25,000,000			12,500,000.00	12,500,000.00								
Budget Framework (still to be approved)	78,191,000		250,000.00	1,865,000.00	7,186,000.00	49,594,000.00	19,296,000.00						
<b>Total Funding</b>	<b>103,191,000.00</b>	<b>0</b>	<b>250,000.00</b>	<b>14,365,000.00</b>	<b>19,686,000.00</b>	<b>49,594,000.00</b>	<b>19,296,000.00</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Shortfall/(Surplus)</b>	<b>117,111,351</b>	<b>991,312.50</b>	<b>3,697,413.19</b>	<b>3,930,434.66</b>	<b>37,838,188.40</b>	<b>- 19,789,182.47</b>	<b>- 28,080,531.21</b>	<b>- 220,635.79</b>	<b>3,676,181.20</b>	<b>71,688,916.71</b>	<b>51,486,600.90</b>	<b>- 7,351,564.63</b>	<b>- 755,782.75</b>
<b>Cummulative Shortfall</b>		<b>991,313</b>	<b>4,688,726</b>	<b>8,619,160</b>	<b>46,457,349</b>	<b>26,668,166</b>	<b>- 1,412,365</b>	<b>- 1,633,001</b>	<b>2,043,180</b>	<b>73,732,097</b>	<b>125,218,698</b>	<b>117,867,133</b>	<b>117,111,351</b>