

**REPORT TO: FULL COUNCIL ON 14 NOVEMBER 2012**

**SUBJECT: SCHOOLS FOR THE FUTURE: PHASE 3 FUNDING - ELGIN HIGH SCHOOL**

**BY: CORPORATE DIRECTOR [EDUCATION AND SOCIAL CARE]**

**1. REASON FOR URGENCY/REPORT**

1.1 This report is submitted to Committee in terms of the Local Government (Access to Information) Act 1985, on the Chair certifying that, in his/her opinion it requires to be considered on the grounds of urgency in order to give early consideration to a number of actions required to progress the Elgin High School Replacement Project within the timeframes projected by the Scottish Government.

1.2 This report is submitted to Committee in terms of Section D (14) of the Council's Administrative Scheme relating to the consideration of Capital and Revenues budgets and long term financial plans.

**2. RECOMMENDATION**

**2.1 It is recommended that Council**

- (i) To formally note that the council has been successful in obtaining funding from the Scottish Government for the Elgin High School replacement project.**
- (ii) Approve appointment of Hub North Scotland Ltd as the principal procurement and delivery agency for the project.**
- (iii) Agree to give delegated authority to the Head of Lifelong Learning, Culture and Sport to progress collaborative arrangements with other local authority partners where these can achieve efficiency and quality benefits within the project.**
- (iv) Agree that the governance of this project will be undertaken via the Children and Young People's Services Committee.**
- (v) Consider the establishment of a Project Steering Group.**
- (vi) Agree to give delegated authority to the Head of Financial Services to select the most cost effective method of funding the Council's Capital contribution to the project.**
- (vii) Approve establishment of a 3 year fixed term Senior Project Officer post to manage the project through to completion.**

**3. BACKGROUND**

3.1 On 27 September 2012 the Council received formal notification that its bid under Phase 3 of the Scotland's Schools for the Future programme for a replacement school at Elgin High had been successful.

3.2 The letter confirmed an in principle offer of two-thirds support towards the cost of the project and further identified that meetings would be held with local authorities and Hub North Scotland Ltd (Hub Co) partners to clarify the

funding conditions, explore opportunities for increased value for money and to develop a coherent delivery programme. It is understood that detailed terms and conditions will be issued by the Scottish Futures Trust in due course.

3.3 The Corporate Director (Corporate Services), Head of Life Long Learning, Culture and Sport and the Educational Resources Manager have attended two of these meetings the most recent of which was on 1 November 2012. The outcomes of and conclusions reached are as follows:

- The funding will be for two-thirds of approved project costs. Non approved elements will have to be met in full by the Council.
- Elgin High School has been included as one of the projects projected to reach construction stage by March 2014. All projects will be revenue funded and must be undertaken as Design, Build and Facilities Management [DBFM]. This means that in addition to construction the Council will have to commit to a contract for the maintenance of the building over its lifespan [approximately 25 years].

3.4 In addition to clarifying these conditions the meetings also involved considerable discussion related to efficient procurement and delivery of projects. At the conclusion of these meetings officers had formed the following opinions.

- That there are potential substantial benefits to be gained from engaging Hub Co as the procurement and delivery vehicle for the Elgin High School project. The principal advantages are:
  - cost efficiencies through economies of scale as the hub co tender is for a long term programme of construction projects rather than a one off;
  - and a reduced programme time frame as the Hub company has already undertaken a tender process to comply with EU procurement regulations. Further information on Hub North Scotland is included in **Appendix 1**.
- That there were further potential benefits through increased collaboration with other local authorities in the Hub Co North territory. These are: the use of a single set of technical advisers which would reduce the need for each authority to provide their own individual project teams. In addition authorities could also agree on a common 'pallet' of materials and common design principles. The authorities included within these discussions were Aberdeen City, Aberdeenshire, Argyle and Bute, Highland, Moray and Shetland. All agreed collaboration should be pursued. As yet it is unclear as to how the collaboration arrangements will be managed. Initial discussion with partner councils has identified that as a minimum a programme manager will be required. Given the restricted timescales it is proposed that delegated authority be granted to the Head of Lifelong Learning, Culture and Sport to agree the council's contribution to this shared management arrangement.

- 3.5 Delivery of the Elgin High project will also have to be managed within an appropriate governance framework. This framework will need to achieve an appropriate balance between ensuring adequate political and local control but also sufficient agility to benefit from the cost and quality opportunities arising from using Hub Co and wider collaboration. It is felt that the model attached as **Appendix 2** which is based upon a template provided by Hub Co would satisfy both these requirements. Members will note that the model includes a steering group together with a proposed membership. Members are asked to consider the membership of this group.
- 3.6 Fundamental to achieving the benefits to be gained from this model is the degree of authority delegated to the Senior Responsible Officer (SRO). This model assumes that with the exception of agreeing to the final specification, approving financial close and any material variations to either the specification or project finances [which would all have to be approved by Committee) all other decisions would be delegated to the SRO.

#### **4. SUMMARY OF IMPLICATIONS**

**(a) Single Outcome Agreement/ Service Improvement Plan**

This report supports the Council's corporate working principles of efficiency, effectiveness and economy. It also supports the Educational Services Improvement Plan objective of providing quality facilities.

**(b) Policy and Legal**

Using Hub Company will ensure that the Council complies with all necessary procurement regulations. The Council will also need to appoint external advisers: (legal, technical and financial) and part of their roles will be to ensure all relevant legal issues are managed appropriately.

**(c) Financial implications**

A total of £7m has been allocated within the Council's Capital Plan to support the replacement of Elgin High School.

The funding bid to the Scottish Government identified the projected construction cost to be circa £18m based on rates available at the time of submission.

The report suggests that the governance of this project within the approved Capital allocation would be through the Children and Young People's Services Committee. Ongoing revenue costs, such as those associated with the contract for life cycle maintenance, would be subject to agreement by the Policy and Resources Committee.

**(d) Risk Implications**

Hub companies are relatively new joint venture arrangements that have yet to be fully tested. There is reassurance in that they are being used

by increasing numbers of public sector organisations through encouragement from national government. As a consequence there is considerable incentive for them to succeed.

If the team managing the project is insufficiently resourced it is likely that the programme time frame will not be met and that other priority projects will be delayed.

**(e) Staffing Implications**

It is proposed that the Elgin High replacement project is managed through the Resources and Leisure Section which is in the process of being fully established following restructure of the Education and Social Care Department. This section is currently engaged in a wide range of related high priority and high profile council projects (see **Appendix 3**) and consideration is being given to increasing the staffing resource to enable these projects to be progressed timeously. Whilst the section is facing significant workload pressures the combination of educational and project management expertise within it means it is best placed to deliver on the Elgin High project. Achieving this within the Scottish Governments timeframe will, however, require a degree of focused management which is not currently available. It is proposed therefore that an appointment of a Senior Project Officer is made to provide the necessary capacity to lead on the Elgin High Project and to ensure that existing staff can continue to progress the other projects. The main parameters of the post are proposed as follows:

- The post would be fixed term for 3 years (the anticipated life span of the project).
- The post would be graded at level 10 which is commensurate with similar senior project posts within the authority. (Current annual salary and on costs at the top of the scale are £49,800).
- The post would be focused on delivery of the Elgin High School replacement project.
- The post would report directly to the Educational Resources Manager within the structure outlined within Appendix 2.

Outline roles and remits for the Senior Responsible Officer, Project Sponsor and Senior Project Officer are attached as **Appendix 4**.

It should be noted that appointment of a Senior Project Officer will not address the existing workload issues within the Resources and leisure Section.

**(f) Property**

Property is the focus of this report.

**(g) Equalities**

There are no equalities implications associated with this report.

**(h) Consultations**

The time frame for this report has meant that consultations have only been possible with the Corporate Director (Corporate Services).

**5. CONCLUSION**

**5.1 That Council approve the actions necessary to enable the Elgin High School Replacement Project to progress timeously.**

Author of Report: Nick Goodchild, Educational Resources Manager

Background Papers:

Ref: