



## **COUNCIL EXECUTIVE**

### **RIVERSIDE & LETHAM – LEARNING ESTATE INVESTMENT PROGRAMME UPDATE**

#### **JOINT REPORT BY THE DEPUTE CHIEF EXECUTIVE (EDUCATION AND PLANNING SERVICES) AND HEAD OF FINANCE & PROPERTY SERVICES**

##### **A. PURPOSE OF REPORT**

The purpose of this report is to update Council Executive on the council's proposed submission for the Phase 3 Learning Estate Investment Programme (LEIP) funding support, to set out the outcome of the options appraisal and business case for Riverside and Letham Primary Schools and the timescales involved in the LEIP submission process.

##### **B. RECOMMENDATION**

It is recommended that the Council Executive:

1. Notes the outcomes of the detailed option appraisals and business case for the Riverside and Letham Primary Schools which were previously identified as emerging priority projects;
2. Notes the estimated construction cost of the new facility is £24 million (Twenty Four Million pounds) and the revenue savings identified;
3. Approves the submission of Riverside and Letham for funding under Phase 3 of the Learning Estate Investment Programme; and
4. Notes that an update will be provided to Council Executive on the outcome of the Learning Estate Investment Programme submission and any implications arising.

##### **C. SUMMARY OF IMPLICATIONS**

<b>I Council Values</b>	Focusing on our customers' needs; being honest, open and accountable; providing equality of opportunities; making best use of our resources.
<b>II Policy and Legal (including Strategic Environmental Assessment, Equality Issues, Health or Risk Assessment)</b>	The Local Government etc (Scotland) Act 1994. Education (Scotland) Act 1980 and related regulations. The Standards in Schools (Scotland) Act 2000. The School Education (Amendment) (Scotland) Act 2002 and School (Consultation) (Scotland) Act 2010.
<b>III Implications for Scheme of Delegations to Officers</b>	None.

<b>IV</b>	<b>Impact on performance and performance Indicators</b>	<p>The proposed project will support various performance measures contained in the Corporate Asset Management Strategy and Property Asset Management Plan, including those relating to Compliance, Condition, Suitability, Sufficiency, Sustainability and Accessibility.</p> <p>Terms and Conditions of the Learning Estate Investment Programme incentivise maintaining the buildings in a satisfactory or good condition, reducing energy consumption and enhancing digital performance. These indicators will be reviewed throughout the 25-year funding support period.</p>
<b>V</b>	<b>Relevance to Single Outcome Agreement</b>	<p>Outcomes positively supported include: Our children have the best start in life and are ready to succeed; We are better educated and have access to increased and better-quality learning and employment opportunities; people most at risk are protected and supported to achieve improved life chances; we make the most efficient and effective use of resources by minimising our impact on the built and natural environment.</p>
<b>VI</b>	<b>Resources - (Financial, Staffing and Property)</b>	<p>If the submission is successful around half of the funding would be met over a 25-year period by the Scottish Government as part the Learning Estate Investment Programme (LEIP) outcomes based funding model.</p> <p>The remaining funding would come from prudential borrowing resulting from revenue savings by having one joint campus sized for the capacity required and a more efficient building constructed to current day standards. The revenue saving is estimated to be approximately £786,000 per annum.</p> <p>The project will be managed through existing staff resources and supported by funded internal staffing and external technical consultants from within the project's financial resources.</p>
<b>VII</b>	<b>Consideration at PDSP</b>	None.
<b>VIII</b>	<b>Other consultations</b>	The Executive Management Team.

## D. TERMS OF REPORT

### D.1 Background

It was agreed at Council Executive, as a result of the Learning Estate Investment Programme Update on 9 February 2021, that a detailed options appraisal and business case was to be developed for the replacement of the Riverside and Letham Primary Schools, located in the Craigshill area of Livingston. The work is now concluded and this report details the outcome of these findings and recommends a route to be able to take the project forward.

Both schools were identified as requiring significant investment within a three to five year period. Condition surveys were undertaken in February 2022 with both schools identified as a Category C in line with the Scottish Government Core Facts assessment. Following a further review in October 2022, Riverside Primary School was revised to a Category D.

The condition ratings are defined as:

- C: Poor - Showing major defects and/or not operating adequately (physical element does not carry out function effectively without continuous repair, shows signs of age and does not consider most of the transverse elements); and
- D: Bad - Economic life expired and/or risk of failure.

The primary reason for Riverside Primary School being categorised as a Condition D is due to the property containing a Siporex roof (a type of lightweight flat reinforced autoclaved aerated concrete roof extensively used from the 1950's to the 1980's). The roof continues to deteriorate and the reinforcement works undertaken to stabilise these areas in 2020 are only a temporary measure until a long-term solution can be found. Regular structural inspections are undertaken and although the school is safe to occupy, the roof will need to be replaced soon. In addition, the majority of components out with the Siporex roof are past their end of life and in need of replacement which has caused the overall condition of the property to fall into the bad category.

Letham Primary School does not have the same roof construction but the condition survey identified a similar scenario to Riverside, where all major components are in need of replacement. This is further complicated by the presence of asbestos in both schools that is fairly extensive throughout the buildings, meaning any repair or refurbishment works are restrictive and expensive to undertake in occupied schools. Therefore, it was considered prudent to assess both schools as part of the option appraisal and business case for the best investment solution in order to address the condition issues.

### D.2 Options Appraisal Outcome

In November 2021, a design team was appointed through our partnering organisation, Hub South East, to progress the options available and test each one accordingly in terms of best value for the council. This concluded in September 2022 with a summary of the options explored noted below:

Option	Capital Cost £ m
1. Do Minimum – replacement of the Siporex Roof at Riverside Primary School.	8.5
2. Major Refurbishment and Extension of Letham Primary School	27
3. New build primary school and nursery	24

Option 1 has not been considered further at this stage due to the level of investment required having a minimal effect on the overall condition of the schools. Although the Siporex roof would be replaced and asbestos removed in the associated area at Riverside Primary School, both buildings would likely be categorised as a Condition C and a significant risk would remain in terms of other major components failing, potentially causing closure of the properties at short notice. Asbestos would remain making it difficult to undertake any repairs and maintenance. Revenue costs for running two separate facilities that are under capacity would also be ongoing.

This option would require a full decant of Riverside Primary School for the duration of the construction works and although it is the most cost effective solution in the short term, it would only provide use of the buildings for a few additional years without further significant investment being required.

Option 2 consisted of fully refurbishing the existing Letham Primary School to assess if this was a viable solution in terms of capital investment. This would include re-locating the pupils and staff at Riverside Primary School.

The current size of Letham Primary School is not sufficient to accommodate the re-location of Riverside so an extension to the school and nursery was included to ensure it met area metrics.

The option was not feasible due to the higher capital expenditure required, the risk involved in working within an existing building where issues such as the structural integrity of the frame and significant asbestos is known. This is likely to result in uncertainty and increases to the cost and programme for the works.

Option 2 would require a full decant of Letham Primary School and there are concerns that the Siporex roof at Riverside may not last until completion of construction works, so for this reason alone this option does not appear viable.

Option 3 is assessed to be the best value for the council with the outcome of the study recommending a single new school for both Riverside and Letham pupils with a capacity to accommodate up to 462 pupils and a 64-place nursery, including eligible two year olds. This is based on future roll projections.

For the purpose of the options appraisal, the Riverside site has been used for Option 3 due to the following reasons:

- The Letham site would require a major utility diversion which adds a considerable cost of around £2m to the construction; and
- Given the fragility of the Siporex roof issue at Riverside, the most feasible solution is to decant that school to Letham during the build period, which has space to accommodate the majority of the pupils and staff of Riverside within the existing building. Other options to avoid having to put in temporary accommodation are being explored by Education, in order to find the most suitable decant strategy that causes the least amount of disruption.

The choice of site is still in abeyance and a full site appraisal will be undertaken if the project was to proceed. The site options would be reported to a future Council Executive for approval and any required consultations put in place.

The conclusion of the first stage of the feasibility indicated that the poor condition of both schools, the presence of significant asbestos, poor accessibility, poor level of suitability and quality outdoor space meant that Options 1 and 2 were not viable and would demonstrate poor value for money in terms of high costs versus project outcome.

The new build school option offered the greatest potential for an optimum outcome in terms of low carbon design, meeting net carbon zero targets, maximising the benefits of site space and orientation, minimising engineering constraints and creating the highest level of suitability educationally when considered in the context of the built environment and external space.

### D.3 Business/Financial Case

All options were explored in terms of the capital expenditure required and potential revenue savings. A new build school had the best outcome in relation to capital investment, and resulted in the largest saving in revenue costs.

The estimated construction cost for the new build joint campus is £24 million, with the revenue savings considered to be in the region of £786,000 per annum. The capital cost includes an allowance for inflation to deliver the project by August 2026 and the revenue savings were assessed against the current allocation in the approved revenue budget.

A breakdown of the estimated revenue savings are:

Option	Revenue Cost £
1. Operational Services (includes cleaning, catering and caretaking)	£81,000
2. Property Services (includes utilities, rates, repairs and maintenance)	£65,000
3. Devolved School Management (DSM)	£640,000
Total	£786,000

The DSM savings can be delivered, in line with the approved council's approved DSM scheme, through efficient management structures, class organisations and staffing allocations by combining two schools into one. The quality of education would be protected by ensuring that approved class structures and staffing allocations are in line with all other schools in West Lothian.

Due to the condition ratings of both Riverside and Letham Primary Schools, this makes these properties eligible for a submission to Phase 3 of LEIP. This is open to all Local Authority's and has a deadline for submissions of 31 October 2022. Funding is supported from Scottish Government through this programme, with around 50% of the capital cost provided through an outcomes based funding model over a 25 year period. The remaining 50% is expected to be funded by the Authority.

With reduced levels of core capital funding available within the council, a key consideration was to arrive at a viable solution that provided sufficient revenue savings in order to prudentially borrow the council's share of the funding. The new build school was the only option that produced a project that would meet the LEIP criteria for a submission to be made and resulted in the revenue savings needed to fund the council's portion of investment.

## E. CONCLUSION

Based on the analysis of the detailed options appraisal, further supported by the financial data, it is recommended that approval is provided to include a new school for the replacement of Riverside and Letham in Phase 3 of LEIP.

The formal submission is to be made by 31 October 2022 with decisions announced on successful applications by Scottish Government early December 2022. Terms and conditions of Phase 3 LEIP stipulate that all projects awarded are complete in terms of the construction phase by the end of 2027. This specific project would be based on a completion of August 2026.

Pending approval to make the submission to Phase 3 LEIP, it is the intention to provide a further report to Council Executive following the announcement of the successful projects.

## **F. BACKGROUND REFERENCES**

Learning Estate Investment Programme Update - Council Executive 9 February 2021

Learning Estate Investment Programme Update - Council Executive 6 October 2020

Appendices/Attachments:

None

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