

EAST RENFREWSHIRE COUNCIL

27 June 2018

Report by Director of Environment

FINANCING THE NEW BARRHEAD HIGH SCHOOL

**PURPOSE OF REPORT**

1. To update the Council regarding the position with the funding for the replacement Barrhead High project and seek approval for the recommendations noted below.

**RECOMMENDATIONS**

2. It is recommended that the Council:
- (a) Notes the current position on costs with regard to the revised estimated costs of the Barrhead High School project;
  - (b) Homologates the decision to instruct the additional works amounting to £1.2m; and
  - (c) Approves an increase of £600,000 within the General Fund Capital Programme with regard to the budgetary provision for the Barrhead High School project.

**BACKGROUND AND REPORT**

3. The construction of Barrhead High School and the demolition of the old school has for a variety of reasons been a challenging project. Work is ongoing and therefore the contract is not yet complete.

4. In October 2017 the Council approved a reduction in the total estimated cost of the Barrhead High School project from £7.952 million to £7.39 million i.e. a reduction of £562,000 based upon the information available at that time mainly with regard to the reduced anticipated level of contingencies required to be used.

5. However, despite these best estimates at the time since the decision in October 2017 a substantial amount of asbestos was discovered at the former Barrhead HS. Given that the presence of this asbestos was concealed it was not possible to identify the presence of the asbestos prior to the demolition of the building. The asbestos could only be surveyed and removed once the building was vacant. The extent and cost of asbestos removal within the former Barrhead High School only became apparent in January 2018. Clearly, the asbestos had to be removed as quickly and efficiently as possible to allow the project to progress to completion.

6. The conditions of contract meant that the Council carried the risk for unforeseen items. As a result of the asbestos discovery and subsequent removal an extension of time was granted to the Contractor. Additional consultant fees relating to the extension of time granted were also incurred. The costs for these issues amounted to £900,000.

7. Other additional costs of £300K were incurred as a result of external works. This included the relocation of Barrhead Youth Football Club accommodation, alteration of the path network and equipment variations (e.g. increases in both IT equipment and loose furniture).

8. In total this means that the total costs for replacement Barrhead High School requires to be increased by £1.2M. As stated the revised figure at October 2017 was £7.391M. The estimated revised cost now stands at £8.591M.

9. Some of these costs can be offset by savings which have been made at the Faith Schools Joint Campus and the Crookfur Primary School. The latest budget for the two projects is £26.286M. The revised costs are now £25.486M. These savings total £600K. This would leave an overall shortfall of £600,000 with regard to the Barrhead High School project.

### **Contract Standing Orders**

10. Contract Standing Orders do not apply to any contract relating to a private finance initiative or a public-private partnership or to HUB West Scotland.

### **Funding**

11. In view of recently announced additional grant resources for the delivery of the Early Years programme (refer to General Fund Capital Programme Report of 27 June 2018), the Chief Financial Officer has confirmed that the additional £600k required to fund the shortfall of this project can be accommodated through borrowing without detrimental impact upon the revenue budget.

### **FINANCE AND EFFICIENCY**

12. In essence due to anticipated savings from other key projects at Crookfur PS and Faith Schools' Joint Campus it is expected that these projects will deliver an underspend in the region of £600,000 which can be used to offset some of the additional (£1.2M for Barrhead High School) expenditure noted above. The remainder of the shortfall can be met from borrowing.

### **CONSULTATION**

13. No consultation has been required in the preparation of this report.

### **PARTNERSHIP WORKING**

14. This report has been produced in partnership between PATS and Accountancy Services.

### **IMPLICATIONS OF THE PROPOSAL**

15. There are no staffing, IT, equality or sustainability implications directly associated with this report. Financial implications are addressed within the report.

## **CONCLUSIONS**

16. The costs to deliver the new Barrhead HS external works have increased due to a number of factors which has resulted in increased costs to the Council of approx. £1.2M.

17. Final Accounts are currently being prepared for Crookfur Primary School and Faith Schools Joint Campus which are expected to deliver an underspend of £600K which in part will offset the additional cost to Barrhead High School.

## **RECOMMENDATIONS**

18. It is recommended that the Council:

- (a) Notes the current position on costs with regard to the revised estimated costs of the Barrhead High School project;
- (b) Homologates the decision to instruct the additional works amounting to £1.2m; and
- (c) Approves an increase of £600,000 within the General Fund Capital Programme with regard to the budgetary provision for the Barrhead High School project.

Director of Environment

Further information can be obtained from Phil Daws, Head of Environment (Strategic Services) 0141 577 3186 or [phil.daws@eastrenfrewshire.gov.uk](mailto:phil.daws@eastrenfrewshire.gov.uk)

June 2018

## **BACKGROUND PAPERS**

- 17 December 2014 – Replacement Barrhead High School
- 28 June 2017 – Capital Allocations: Education and Early Years Related Construction Projects
- 12 October 2017 – General Fund Capital Programme

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