
GALASHIELS ACADEMY NEW BUILD PROJECT – UPDATE REPORT

Report by Director Infrastructure & Environment

SCOTTISH BORDERS COUNCIL

29 June 2023

1 PURPOSE AND SUMMARY

- 1.1 This report provides an update on the progress with the new Galashiels Academy Community Campus following the statutory and procurement stages and recommends proceeding to construction.**
- 1.2 Previous reports to Council on 17 December 2020 and 13 May 2021 provided an update on the project and on the informal engagement undertaken on the range of options for the location of the new school and external sports facilities.
- 1.3 The 13 May 2021 report to Council recommended that the project should proceed to the formal statutory stages.
- 1.4 Planning consent was granted in September 2022. This allowed the project to proceed to detailed design and procurement. This stage is now complete and the project is ready to proceed to construction.

2 RECOMMENDATIONS

2.1 I recommend that the Council:-

- (a) Notes the progress of the project through the statutory planning stage and the completion of the detailed design and procurement stage;**
- (b) Notes the current budget position that, as a result of the procurement stage, is £4.345M above budget;**
- (c) Delegates to the Director Infrastructure & Environment in conjunction with the Chief Financial Officer the authority to conclude the contract with Hub South East Scotland Ltd at a project budget no greater than £64.5M allowing the project to proceed to construction; and**
- (d) Agrees to receive update reports as the project proceeds.**

3 BACKGROUND

- 3.1 The report to Council on 17 December 2020 identified five options for the location of the new facility and outlined advantages and disadvantages of each option. The report proposed a preference for Option 3, a new Galashiels Academy built largely within the existing boundary of the Academy and a portion of Scott Park. The report also identified that an informal community engagement exercise should be undertaken on the range of options.
- 3.2 The report to Council on 13 May 2021 provided feedback on the informal community engagement and recommended that Option 3 should be taken forward to the statutory processes required under planning and education legislation.

4 STATUTORY PLANNING PROCEDURES

- 4.1 Following the report to Council on 13 May 2021, the project moved forward to the statutory planning stages.
- 4.2 In June 2021, a Proposal of Application Notice (PAN) was published given that the school would be processed as a major planning application. This procedure was completed and included further community consultation.
- 4.3 Following this PAN stage, a full planning application was able to be made in February 2022. Given the scale of the project, a significant volume of technical plans, surveys and reports were prepared and submitted as part of the application. Details of the application were assessed by a range of Council Officers and external statutory consultees.
- 4.4 On 5 September 2022, the Planning and Building Standards Committee approved the application subject to a range of conditions.

5 DETAILED DESIGN AND PROCUREMENT

- 5.1 Approval of the planning consent on 5 September 2022 allowed the project to proceed to detailed design, further stakeholder engagement and the commencement of the procurement exercise.
- 5.2 A project of this nature and size will be used by a large range of education, other Council services and community users. A series of design development engagement sessions allowed the design team to update the planning stage drawings and floor layouts. In addition, the design team have been able to complete the design of the more building services and functional elements of the school. At times, specialist design advisors have also been brought in to assist with the swimming pool, acoustics in the school and fire engineering solutions.
- 5.3 The Council has appointed Hub South East Scotland Ltd (HubSE) to act as the private sector development partner for the delivery of this detailed design, procurement and construction stage. This is a tried and tested relationship and used to deliver Kelso High School and Jedburgh Grammar Campus. Through HubSE's pre-procured framework arrangement, the Council was able to appoint Morrison Construction Scotland Ltd to act as the main design and build contractor for the project. Morrison Construction have a strong track record of this type of project and were the main contractor for Kelso HS.

- 5.4 A range of other advisors have also been appointed to ensure that technical and legal aspects of the proposed contract are set up and managed appropriately.
- 5.5 Completion of the detailed design by late 2022 enabled Morrison Construction to obtain market tested packages of works. In a project of this size, the construction is broken down into key works packages such as groundworks, structural frame, roof, windows etc all the way through to the decorating and floor finishes.
- 5.6 This process takes several months given that there are over 40 separate packages of works. During 2022, construction inflation was reported in double figures through national indicators such as the Building Cost Information Service (BCIS). The project team have cost advisors and in the summer of 2022, the project was reporting a revised cost of £60.155M. This was included within the budget setting process through to the approval of the Capital Investment Plan on 23 February 2023.
- 5.7 However, several of the key package returns have shown a cost increase beyond that which had been allowed for through the inflationary increase in 2022. Following a review and scrutiny of the packages, the cost manager's advice is that we are seeing evidence of a volatile construction market given the inflationary pressures that have resulted from a range of worldwide events. This has made it difficult to predict with a high degree of certainty what tender returns will be.
- 5.8 Given these volatile construction market conditions, the overall tender return figure by Morrison Construction is some £4.345M above the budget included within the February 2023 Capital Investment Plan. The project team have undertaken a review of some of the specifications and materials within the project to see if changes can be made. At the time of writing this report, this process continues.

6 ENHANCED SPORTING FACILITIES

- 6.1 As part of the planning process and design development, the project had made an allowance to replace the current external tennis facility adjacent to the existing Academy building. This facility, run by Tennis Borders in conjunction with Live Borders, acted in a regional capacity to allow for a coaching and activity based tennis programme.
- 6.2 As part of the stakeholder engagement, an opportunity has been seen to provide for an all-weather covering to this replacement tennis facility. At the time of writing this report a Stage 2 funding application has been submitted to Tennis Scotland as part of their Transforming Scottish Indoor Tennis Fund (TSIT). No announcement has been made at this stage. Should the submission not be supported by Tennis Scotland, the replacement tennis courts will still be provided without the all-weather protection canopy.
- 6.3 Subject to securing the appropriate funding, it is possible to include this facility within the overall construction of the Academy.

7 FUNDING FROM SCOTTISH GOVERNMENT

- 7.1 At the time of writing the report to Council on 17 December 2020, it was noted that a bid had been made to the Scottish Government's Learning Estate Investment Programme (LEIP) - Phase 2.
- 7.2 Shortly after that meeting, the Council were formally informed that this bid had been successful and the project would benefit from revenue based financial support over a 25 year period subject to certain terms being met. In approximate terms, the calculated revenue payments amount to about 50% of the capital costs.
- 7.3 The structure of the Learning Estate Investment Programme funding is different from previous 'Schools for the Future Programme' using Design, Build, Finance & Maintain form of arrangement. This DBFM style of funding brought in private finance at agreed terms. Again, the Council had used this form for Kelso HS and Jedburgh Grammar Campus.
- 7.4 The new LEIP requirements will see the Council use its normal Public Works Loan Board abilities to fund the capital borrowing and receive revenue support, subject to the funding terms on a sliding scale.
- 7.5 At a high level, the Scottish Government have set targets on the Council covering;
- Minimised energy consumption
 - Digital connectivity
 - Preserving the building at condition rating A or B for 25 years
 - Social value
- The assessment of the project at this stage identifies that we will be able to secure the maximum funding from the Scottish Government based on their sliding scale.
- 7.6 The other significant funding term was that the project has to be complete and open to young learners by December 2025. Subject to a summer 2023 start on the project, this funding term will also be met.
- 7.7 The inflationary pressure referred to in section 5 is being recognised nationally and has resulted in discussions with Scottish Government about increased funding support to the projects that are in this current round of LEIP. It is hoped that the discussions will be concluded on this issue shortly resulting in an increase in the eligible funding for Galashiels Academy and Peebles High School projects.

8 SCHOOLS (CONSULTATION) (SCOTLAND) ACT 2010

- 8.1 In the report to Council on 13 May 2021, it was identified that the Council would undertake a statutory consultation in accordance with the Schools (Consultation) (Scotland) Act 2010. This statutory consultation is required when the Council chooses to relocate a school geographically. This type of consultation was undertaken for Jedburgh Grammar Campus, Kelso High School and the 3 High School PPP schools in Earlston, Berwickshire and Eyemouth.
- 8.2 A strict interpretation of the requirements of this Act have been used in Galashiels since the school largely sits on the same site. Given that the school will occupy a portion of Scott Park as part of the overall new

development, it was considered that the requirements of the Act would be followed.

- 8.3 This process commenced in March 2023 with an online consultation. A public meeting was held on 20 April 2023 and the procedure will conclude with a report to Education Scotland. A report on the outcome of this consultation is included within the agenda for this 29 June 2023 Council meeting.

9 CAPITAL BUDGET AND AFFORDABILITY

- 9.1 The total approved budget for the Galashiels Academy project is £60.155M. Of this, costs of £5.1M have been incurred to 31 March 2023 including the Enabling Works undertaken to get the project prepared and ready for the main construction.
- 9.2 Section 5 of this report identifies that the procurement stage is largely complete. However, following the tender returns, the project team and main contractor Morrison Construction have been working to minimise the over budget position. This work is ongoing with a target date for reaching contract close at a date very soon after the approval of this report. In this sense, Officers will conclude and agree the final contract amount. To allow for this, it is a recommendation of this report that Officers are delegated authority to reach a final contract sum within an overall budget maximum of £64.5M.
- 9.3 A report has been presented to the 25 May 2023 Council meeting in relation to Earlston PS. This report referred to inflationary pressures affecting construction contracts and this is been seen as affecting the market volatility. Similar impacts are being seen for the Galashiels Academy project as identified within this report. It is noted a number of Authorities in Scotland are also seeing an impact on their investment programmes.
- 9.4 The budget pressures associated with this report will have the greatest impact in 2024/25 and 2025/26 financial years. An overall resolution to this pressure will be reflected in the 2024/25 Capital Investment Plan presented to Council in February 2024.
- 9.6 Commencing with the project at this stage will minimise the impact of future inflationary pressures.

10 IMPLICATIONS

10.1 Financial

- (a) The table below shows the costs incurred to date along with the budget, pending approval of the 2022/23 Capital Out-turn by the Executive Committee.

Costs to 31 March 2023	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	Total £'000
5,064	13,521	28,585	12,180	805	60,155

- (b) Given the tender returns and the cost pressure on the project a review of the project has been undertaken by both Council officers and external cost managers. While there have been some cost savings, the review identified that the project costs were value for money. Further changes to the project would impact on educational functionality, the approved planning consent or the community facilities.

To allow this strategic Council priority project to proceed, it is recommended in this report that the Council commit to commencing the project at a maximum not to exceed budget of £64.5M. The implications of this will be reviewed as part of the 2024/25 Capital Investment Plan given that the budget pressures will be seen in 2024/25 and 2025/26 financial years.

10.2 Risk and Mitigations

- (a) It is noted that the report to Council on 17 December 2020 identified a significant risk associated with the preferred Option 3 and its impact on Scott Park. This risk has been mitigated by the informal community consultation. While there remains a small opposition to this, it can be seen that there is not overwhelming local opposition.
- (b) There is a risk that the design of the re-provided and reimagined Scott Park is not supported by the community. This risk is intended to be mitigated by the formation of a visioning working group with community participation and representation.
- (c) The risk of securing planning consent for the project has been overcome through the pre-planning and planning application stage. At the time of writing this report, the conditions associated with this planning consent are being discharged by the project team
- (d) The risk associated with the Schools (Consultation) (Scotland) Act 2010 has been managed through the consultation process from March to May 2023. At the time of writing this report, Education Scotland have prepared and submitted a report to the Council following the conclusion of the consultation period on 12 May 2023. A report on the outcome of this consultation is included within the agenda for this 29 June 2023 Council meeting. There does not appear to be any impediment to commencing construction of the project.

10.3 Equalities

- (a) An Integrated Impact Assessment has been carried out on the project and will be published.
- (b) It is anticipated that there are no adverse impact due to race, disability, gender, age, sexual orientation or religion/belief arising from the proposals in this report.

10.4 Acting Sustainably

The preferred option will have a positive impact on energy consumption when compared to the existing building.

10.5 Carbon Management

It would be planned that the new building will seek to minimise the use of fossil fuels. This is a funding condition from the Scottish Government.

10.6 **Rural Proofing**

This report does not relate to new or amended policy or strategy and as a result rural proofing is not an applicable consideration.

10.7 **Changes to Scheme of Administration or Scheme of Delegation**

There are no changes to be made to either the Scheme of Administration or the Scheme of Delegation as a result of the proposals contained in this report.

11 CONSULTATION

- 11.1 The Chief Financial Officer, the Monitoring Officer, the Chief Legal Officer, the Service Director Strategy and Policy, the Chief Officer Audit and Risk, the Chief Officer HR, the Clerk to the Council and Communications have been consulted and their comments have been incorporated into the final report.

Approved by

John Curry

Director Infrastructure & Environment

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Background Papers: Nil

Previous Minute Reference: Scottish Border Council, 13 May 2021

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