

EDUCATION PROVISION: STORNOWAY PRIMARY SPORTS DEVELOPMENT UPDATE

Report by Chief Officer for Education and Children's Services

PURPOSE

- 1.1 The purpose of the report is to provide a progress update to the Comhairle about the proposed sports facility at Stornoway Primary and to clarify the current financial position of the project.

EXECUTIVE SUMMARY

- 2.1 In November 2021, the Comhairle agreed to the development of a sports facility at Stornoway Primary with a maximum construction cost of £1.8M. Following further development of the project design, it was agreed by the Comhairle in June 2022 to increase the project budget to £1.95M
- 2.2 A funding allocation of £2M was agreed for the project by Policy & Resources Committee, and subsequently, the Comhairle in February 2023 as part of the approval of the 2023-28 Capital Programme. The sports development at Stornoway Primary was a specifically identified element of the agreed programme.
- 2.3 Based on available estimates at the time and expected construction costs from potential suppliers, it was believed that a sports building could be erected that was in the region of 740m², offering a total games hall area of 570m². This was roughly equivalent to four badminton courts. The remaining internal space was given over to toilets, changing, area, equipment storage and a plant room.
- 2.4 Since approval of funding, the project has progressed through the tendering of a supplier for the tensile fabric structure (TFS) element of the building and the commissioning of professional construction services that include a quantity surveyor, building services engineer and structural engineer. Survey work to determine ground conditions also took place on the proposed site.
- 2.5 With the tender value for the TFS now in place and a detailed full cost plan from the contractors, the estimated cost of the planned 740m² building has been confirmed to be £3.4M, an increase of £1.45M on the agreed budget.
- 2.6 Work has been undertaken to amend the design and scale of the building to bring the development within range of the agreed budget. A revised design that reduces the overall building size to 565m², offering a games hall of 470m² (three-court), has been costed using the same modelling at £2.25M.
- 2.7 The estimated £2.25M development cost includes a contingency element that is required to be identified to cover any increases in costs or unforeseeable issues during the construction. This element brings the project cost over the agreed capital investment of £2M and the report considers how this could be funded.

RECOMMENDATIONS

- 3.1 It is recommended that the Comhairle:

- a) agree to proceed with the proposed amendments to the building size and design set out in the report in the interests of bringing the project development costs to within the range of the £2M budget.
- b) agree to proceed with the project, as costed at £2.25M, if no further construction savings can be identified, and strictly subject to the successful application for external funding via the Free School Meal Expansion Programme. Should the funding bid be unsuccessful, the matter will return to the next committee series for the consideration of members as to how to proceed.

Contact Officer: Donald Macleod, Chief Officer for Education & Children's Services

Appendix: Proposed Sports Development Building Plan (February 2024)

Background Papers: ESCS Committee Report: Stornoway Primary Development 15/06/21
 ESCS Committee Report: Stornoway Primary AWP Development 21/09/21
 ESCS Committee Report: Stornoway Primary Development Update 30/11/21
 ESCS Committee Report: Stornoway Primary Sports Development 21/06/22

IMPLICATIONS

4.1 The following implications are applicable in terms of the Report.

| Resource Implications | Implications/None |
|------------------------|---|
| Financial | The project had a previously agreed maximum development cost of £2M, confirmed in the capital programme for 2023-28. Progressing with a three court hall design requires the identification of an additional £0.25M, to underwrite a contingency element of the project costs. |
| Legal | None |
| Staffing | None |
| Assets and Property | The development of a sports facility within the footprint of the Stornoway Primary campus will contribute to the amenity on-site but will increase utilities, servicing and maintenance costs. |
| Strategic Implications | Implications/None |
| Risk | <p>Strategic Risk Register: None</p> <p>Financial Risk: There will be a significant degree of risk in financial exposure for investment of this degree of Comhairle funds in a single development project.</p> <p>Project Risk: A full summary of the construction risks has been compiled by Property & Infrastructure staff and a Risk Register established.</p> |
| Equalities | None |
| Corporate Strategy | <p>Support Children, Families and Young People:</p> <ul style="list-style-type: none"> - Support children and their families to be health and active. <p>Strengthen the Local Economy:</p> <ul style="list-style-type: none"> - Prioritise investment in Comhairle buildings and infrastructure, maximising effectiveness of available internal and external funding sources. |
| Environmental Impact | The full environmental impact of the project is yet to be fully evaluated and will form part of the final design and planning process. |
| Consultation | The development will be subject to formal planning consultation. |

BACKGROUND

- 5.1 The development of a new sports facility at Stornoway Primary has been considered by the school and its Parent Council for a number of years as part of wider discussions about the school's facilities.
- 5.2 Following a decision made as part of the Comhairle budget-setting meeting in February 2021, a commitment was made to explore options to develop an all-weather pitch facility at Stornoway Primary. Further discussion and consultation throughout 2021 indicated that the preferred development option was for a covered sports hall rather than an open all-weather facility.
- 5.3 The Education, Sport and Children's Services Committee decided at its meeting of 30 November 2021 to approve, in principle, the design, costs and finance package for the Stornoway Primary Sports Development based on a maximum construction cost of £1.8M and to devolve powers to the Director of Education, Skills and Children's Services, Head of Property & Infrastructure and the Head of Exchequer Services to oversee and approve final design proposals following consultation with stakeholders on condition of final proposals being within the agreed financial envelope.
- 5.4 After the project design was developed further and more detailed information was gathered about the costs of erecting a tensile fabric style building, it was agreed by the Comhairle in June 2022 to increase the project budget to £1.95M for the construction of a four-court sports facility at Stornoway Primary.
- 5.5 The setting of the Comhairle's Capital Programme for 2023-28 confirmed the provision of £2M for the development of a sports facility at Stornoway Primary.

DETAIL

- 6.1 Upon confirmation of financial support for the development, work was undertaken to further develop the design and to engage with potential suppliers of tensile fabric structured buildings. Scope of works were agreed, route to procurement investigated and requirements for professional building services identified.
- 6.2 Throughout 2023, the project team addressed a complex issue relating to project delivery and procurement strategy, together with issues relating to insurance of the building during and after construction. Work was also undertaken to progress a tendering and procurement exercise for the supplier of the tensile fabric structure (TFS) and the commissioning of professional construction services, specifically a quantity surveyor, structural engineer and a building services engineer.
- 6.3 On-site survey work was undertaken to assess the ground conditions at the construction site to inform the design and specification of foundations and to confirm location and routing of services and utilities.
- 6.4 With the procurement cost of the TFS now known and incorporated within a full cost plan prepared by the Consultant Quantity Surveyor, a project delivery cost of £3.56M was confirmed for the proposed four-court hall in late 2023. Under review, the project team noted several elements in the cost plan that were not in the outline scope. Therefore, for the purposes of comparison, the cost of the original proposal is confirmed at £3.4M.

- 6.5 The consultant quantity surveyor's cost plan received in late 2023 is based on a site start in mid-construction in Q3 of 2024. This cost has been prepared on the basis of industry benchmark databases to reflect the cost of work at the site location. The cost estimate is significantly higher than the approved budget of £2M. The high-level cost estimate prepared in 2022 was based on supplier quotations and cost data from pre-pandemic projects and pricing publications, updated and adjusted for unprecedented ongoing economic events, at the time. Comparison shows that, although inflation has been a contributory factor, overall, the most significant change results from significantly increased construction costs from pre-pandemic levels to a much higher extent than anticipated at the time. The consultant's cost plan also includes pro-rata percentages and costs at a higher level than the original 2022 estimate.
- 6.6 To address the increase in project costs and to secure the progress of the project, design work was undertaken to reduce the building size to three courts, with exact areas as set out below.

| | Total Building Size | Playing Hall Size | Courts (Approx.) | Estimated Project Cost | Budget Shortfall |
|--------------------------|----------------------------|--------------------------|-------------------------|-------------------------------|-------------------------|
| Original Proposal | 740m ² | 570m ² | 4 | £3,400,000 | £1,400,000 |
| Revised proposal | 565m ² | 470m ² | 3 | £2,248,000 | £248,000 |

The remaining internal area of the building provides toilets, changing areas and equipment storage. The hall is designed to be divided into two equal spaces to offer ample room for two classes to be undertaking PE simultaneously. The revised design represents a floor area reduction equivalent to approximately 10% of each PE space compared to the original design.

- 6.7 For information and comparison, the table below provides detail about the current facilities at Stornoway Primary alongside the proposed development. The assembly hall is used for dining for approximately two to three hours during the middle of the day but is available for PE before and after that time.

| | Playing Hall Size | Court Equivalent (Approx.) |
|-------------------------------|--------------------------|-----------------------------------|
| Gym Hall | 147m ² | 1 |
| Assembly Hall | 202m ² | 1 |
| New Sports Development | 470m ² | 3 |

- 6.8 The revised design for the sports development continues to offer space for two simultaneous PE classes to take place, alongside the retention of the current gym hall and a degree of additional capacity in the assembly hall, if required. Not taking the assembly hall into account, the current PE space and the new development taken together offers the school the ability to timetable 75hrs of PE per week. The school currently has 17 primary classes requiring a statutory two hours of PE per week, equating to a requirement to timetable 34hrs in total. The reduced building continues to offer generous capacity for all primary PE as well as additional time for Sgoil Àraich and Nursery use it, as well headroom for any future growth in demand.

- 6.9 Again, taking aside the assembly hall, the increase of PE capacity from 147m² to a total of 617m² represents a growth in capacity for sports spaces of over 400% at Stornoway Primary.
- 6.10 As well as serving the needs of the school in terms of improved sports facilities, the development is linked to a requirement to increase dining capacity within the assembly hall of the school to meet the specifications of the Scottish Government's Free School Meal Expansion Programme, the next phase of which is scheduled to extend to P6 and P7. Developing the sports hall will mean that the use of the assembly hall for dining will not be restricted to the same degree by having to also accommodate PE.
- 6.11 The diagram at figure one, below, provides a demonstration of the proposed hall in comparison to the existing halls in the school, the original design and the games hall at Ionad Spòrs Leòdhais.

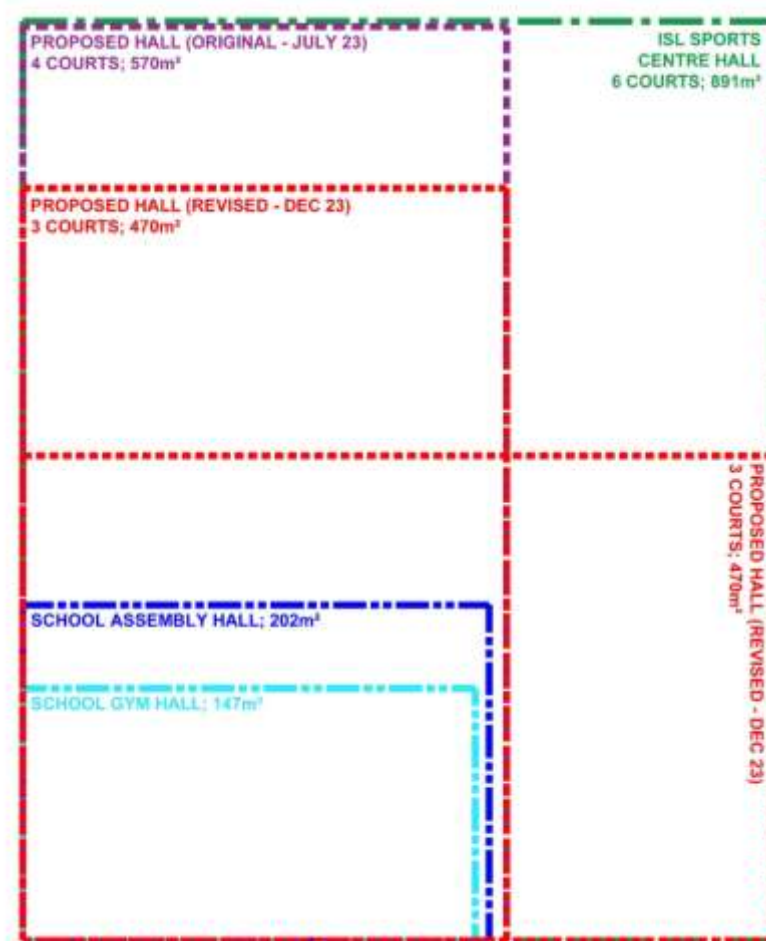


Figure1: Comparative hall sizes by floor area.

- 6.12 Following review of the revised proposals and updated cost planning, the construction costs are in the region of the budgeted £2M but the figures quoted in paragraph 6.6 include a risk/contingency allowance of approximately 10%, equating to the quoted total cost of £2.25M.
- 6.13 A grant bid has been submitted to Scottish Government as part of the Free School Meal Expansion Programme that comprises an element of funding support for Stornoway Primary, including a contribution to the construction costs of the hall in the interests of creating increased dining capacity at the school. At the time of writing a response has not been received from Scottish Government about the outcome of the grant application.

- 6.14 A funding contribution to the construction costs of the sports hall is included in the Free School Meals Expansion Programme grant bid in recognition of the role that the increased capacity for PE has in off-setting capacity for dining within the current assembly hall when FSM universal provision expands to include P6 and P7. The increase in demand for meals when this policy is implemented will further reduce capacity for the use of the assembly hall for PE and the significantly increased capacity provided by the sports development will address this.
- 6.15 If the Free School Meals Expansion Programme grant application is unsuccessful, a further report will need to be presented to a future committee series for members to determine how the project should proceed.
- 6.16 The Building Projects Team and the commissioned professional consultants will scrutinise design and consider options in the interests of bringing the total project costs to £2M.

CONCLUSION

- 7.1 The report confirms that there has been a significant increase in construction costs for the proposed sports development in the region of 70% of the original estimate. To address this in the interest of progressing the project, the Building Projects Team has reduced the size of the building to a scale believed to be deliverable close to the budgeted £2M. This does not include sufficient funds to cover a 10% contingency/risk element that brings the total project estimate to £2.25M. An additional source of funding is required to underwrite this potential additional cost.