

Report

Report to:	Education Resources Committee
Date of Meeting:	27 October 2020
Report by:	Executive Director (Education Resources)

Subject:	Acquisition of Our Lady of Lourdes Primary School Building
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1. Purpose of Report

1.1. The purpose of the report is to:-

- ◆ seek approval for the acquisition of the accommodation that makes up Our Lady of Lourdes Primary School in East Kilbride.

2. Recommendation(s)

2.1. The Committee is asked to approve the following recommendation(s):-

- (1) that the Council acquire the accommodation at Our Lady of Lourdes Primary School, East Kilbride on the main terms and conditions outlined in Section 6 of this report;
- (2) that the Executive Director (Housing and Technical Resources), in consultation with the Head of Administration and Legal Services, if appropriate, be authorised to conclude all matters in respect of the acquisition and to enter into the necessary legal agreements on terms which are in the best interests of the Council
- (3) that, in terms of funding for the proposal, this aspect of the matter be referred to the Executive Committee in order that approval can be sought to add this project into the capital programme and to initiate the borrowing of funds; and,
- (4) that it be noted that Education Resources will use its annual revenue budget available to repay the borrowing costs.

3. Background

- 3.1. In January 2004 the Council entered into a 20 year lease with Investec Asset Finance plc (Investec) to provide a modular construction building to be utilised as a school building for Our Lady of Lourdes Primary School and Nursery Class. The lease term ends on 30th January, 2024.
- 3.2. The rental terms were 10 annual instalments of £580,800 followed by 10 further annual instalments of £59,300. A total of £177,900 rental remains due between now and the end of the lease agreement.
- 3.3. The Council is obliged at the end of the contract to pay for the removal of the modular units from the site, the cost of which is estimated to be in the region of £200,000 to £300,000.

4. Education Requirements and Legal Position.

- 4.1. The Primary School currently has 13 classroom spaces with a Pupil Planning capacity of 390. The current three years roll prediction, excluding large scale housing developments, is 345 pupils. It is predicted that the E.K. Community Growth Area and Phillipshill Housing Development will generate up to 137 additional denominational primary school pupils when complete. This would give a pupil roll of 482 pupils, requiring 16 classrooms. Therefore, an additional 3 classrooms will be required and Developer Contributions have been agreed to fund this expansion.
- 4.2. Being completed and occupied in February, 2004, there is a recognition within Education Resources and Housing & Technical Resources that the building, being now 15 years old, now requires capital investment to ensure that it meets the very high standards of the Council's recently completed Schools Modernisation Programme.
- 4.3. Prior to making any investment, however, it is necessary to secure the future occupation of the property beyond the end of the current agreement in 2024.
- 4.4. Although the Council's lease for the modular units is with Investec, discussions have been taking place with Portakabin (Scotland) Ltd ("Portakabin"). Portakabin are Investec's agents in terms of an agency agreement entered into with Paton Plant Ltd (as Portakabin were known at that time) and as such have the only rights to negotiate a deal on the sale/lease extension of the modular units.

5. Recommendation

- 5.1. On the basis that purchase delivers control of the property to the Council and enables the Council to decide when and how it wishes to invest in the school building, provisional negotiations with Portakabin have resulted in the following terms being offered:
 - I. A purchase price of £626,900 plus VAT
 - a. £499,000 for the purchase of the units
 - £127,900 towards the remaining 3 years rental obligation
 - II. Date of entry takes place this calendar year.
 - III. Portakabin to pay £50,000 of the costs associated with "buying out" the remaining 3 years of the existing contract with Investec.
- 5.2. All the property options have been considered and the recommendations represents best value and gives the Council security to invest in the accommodation to ensure it meets the very high standards of the Council's recently completed Schools Modernisation Programme.

6. Employee Implications

- 6.1. There are no employee implications to be considered at this time.

7. Financial Implications

- 7.1. The total cost to take ownership of the building is £0.627m. It is proposed that the Council borrow to fund the purchase, with the repayments being made annually from the Education Resources lease budget available, which is £0.059m.
- 7.2. Although Education Resources has the annual revenue budget to cover the cost of paying for the acquisition over a period of time, the matter requires to be referred to Executive Committee where the authority to borrow the initial funding and agree a capital programme sits.

8. Climate Change, Sustainability and Environmental Implications

- 8.1. The recommendation, which retains the existing property, minimises impact on climate change, sustainability and environmental implications.

9. Other Implications

- 9.1 There are no other implications to be considered at this time.

10. Equality Impact Assessment and Consultation Arrangements

- 10.1. There was no requirement to carry out an Equality Impact Assessment in terms of this report.

Tony McDaid

Executive Director (Education Resources)

5 October 2020

Link(s) to Council Values/Ambitions/Objectives

- Improve achievement, raise educational attainment and support lifelong learning

Previous References

None

List of Background Papers

None

Contact for Further Information

If you would like to inspect the background papers or want further information, please contact:-

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