

Report

Report to:	Executive Committee
Date of Meeting:	23 June 2021
Report by:	Executive Director (Community and Enterprise Resources)

Subject:	Glengowan Primary School Extension - Full Business Case: Glasgow City Region City Deal – Larkhall Community Growth Area
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1. Purpose of Report

1.1. The purpose of the report is to:-

- ◆ Set out the Full Business Case (FBC) for the Glengowan Primary School Extension element of the Larkhall Community Growth Area City Deal project for approval
- ◆ set out the next steps in progressing the project.

2. Recommendation(s)

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

- (1) that the Glengowan Primary School extension full business case be approved; and
- (2) that grant funding be sought in accordance with City Deal grant distribution process outlined in the Assurance Framework.

3. Background

- 3.1. The Council is 1 of 8 local authorities who, with the UK and Scottish Governments, are signatories to the £1.13 billion Glasgow City Region City Deal.
- 3.2. The City Deal is made up of a list of 20 key infrastructure projects that are intended to collectively drive economic growth across the Glasgow City Region area.
- 3.3. The Community Growth Areas (CGA's) is one of four South Lanarkshire projects among the list of twenty. Larkhall Community Growth Area is one of the 4 CGAs that have been combined together to form the CGA project – the other CGA's being located in Newton, Hamilton and East Kilbride.
- 3.4. The Larkhall CGA comprises a number of individual education, transport and community infrastructure projects which will be delivered over a timeframe of up to 10 years which will in turn 'create' capacity to accommodate the increase in population from housebuilding of initially up to 1000 new homes with a longer term target of up to 1,750 new homes. The proposed Glengowan Primary School Extension is one of the projects to be brought forward to Full Business Case stage at Larkhall CGA.
- 3.5. Governance arrangements for the City Deal initiative are defined within the associated City Deal Assurance Framework. This sets out requirements for the development of

Business Cases for individual projects. The first level of business case for the CGA's was the Strategic Business Case and this was approved by the Executive Committee on 26 August 2015 and the second level business case, the Outline Business Case, was approved by the Executive Committee on the 8 February 2017.

3.6. Full Business Cases for each project requires to be formally approved via:-

- ◆ The Member Authority Committee process
- ◆ The City Deal approved procedures.

3.7. On 18 August 2015, the City Deal Cabinet approved Strategic Business Cases for all of the Council's City Deal Projects, including the CGA's, and on the 14 February 2017 the Outline Business Case for Larkhall CGA was approved. This provides the basis to bring forward final business cases for each individual project. This is the first FBC for the Larkhall CGA.

4. Current Proposal

4.1. A Full Business Case (FBC) has now been produced for the Glengowan Primary School and Nursery Extension element of the Larkhall CGA project. The existing Glengowan PS is a new build school completed in 2012 through the Council's Schools Modernisation Programme. It is located c.100 metres west of the Larkhall CGA site. It currently has 11 classrooms, conference room, computer suite, MUGA pitch and extensive grounds that facilitate outdoor learning.

4.2. The planned outputs for the Glengowan Primary School Extension project are:-

- ◆ An additional 402 sq. m two-storey extension to the existing school and a 63 sq.m classroom created by reconfiguring the existing building layout at a cost of £2.796 million
- ◆ This delivers a total of 3 classrooms, with associated storage, toilet and circulation space increasing the capacity from 271 to 361 pupils and new nursery school provision for up to 48 pupils with stand-alone entrance, storage, kitchen, toilet and soft surface outdoor play area

4.3. This additional accommodation, combined with existing classrooms provided at St Mary's PS and the new Skylark Nursery, Larkhall are estimated to meet the need for additional pupil and nursery places as the CGA is developed. The additional space created by the extension also reduces the requirement for composite classes.

4.4. This FBC continues to make the case for Larkhall CGA project in terms of:

- ◆ Strategic Fit
- ◆ Commercial Case
- ◆ Economic Case
- ◆ Financial Case
- ◆ Management Case

The Executive Summary of the FBC is contained in Appendix 1.

4.5. The critical success factors against which the Glengowan PS project will be judged are:-

- ◆ provision of education and nursery infrastructure (Glengowan PS) to meet the needs of new residents without having an adverse impact on existing communities;

- ◆ the integration of Glengowan PS extension and nursery into the existing school with its established administration and management team; and
- ◆ the delivery of the construction contract on-time and within budget.

This project will deliver on these requirements.

- 4.6. The production of the Full Business Case is the final City Deal approval milestone for this project element of the Larkhall CGA project and provides the basis for full delivery and construction of the school extension.
- 4.7. The contractor to deliver this project has been identified via a competitive tender process. The approval of this Full Business Case is expected to release funding to allow construction work to be completed in advance of the new August 2022 term.
- 4.8. On the basis that Committee approve the report, this will then be considered by the Glasgow City Region City Deal Programme Management Office who have delegated powers to confirm its approval under the Assurance Framework

5. Employee Implications

- 5.1. There are no direct employee implications from this project as existing resources within Planning and Economic Development Services are currently tasked with the management and delivery of this City Deal project.

6. Financial Implications

- 6.1. The project budget for the Glengowan Primary School Extension project is £2.796 million. Project costs includes professional fees, construction works, contingency and community benefit monitoring.
- 6.2. The City Deal funding element of the total project cost is 86% of the project cost (£2.405 million) with the Council contributing the 14% balance (0.391million).
- 6.3. The revenue implications of the Glengowan Primary School extension have been included in the Council's Revenue Budget Strategy for 2022/2023.

7. Climate Change, Sustainability and Environmental Implications

- 7.1. The new extension will meet all South Lanarkshire Council requirements in respect of Climate Change, Sustainability and Environmental implications. The processes associated with the approval of the Larkhall CGA have considered the following sustainability agenda items and are subject to monitoring and review as detailed proposals for each phase of the development progress:-
 - ◆ encourage energy efficiency through the orientation and design of buildings.
 - ◆ choice of materials and the use of low and zero carbon generating technologies.
 - ◆ support sustainable water resource management.
 - ◆ support sustainable waste management.
 - ◆ consider the lifecycle of the development.
 - ◆ encourage the use of sustainable and recycled materials in construction.
 - ◆ support habitat connectivity
 - ◆ consider active travel and sustainable transport links.

8. Other Implications

- 8.1. Risk - The City Deal Cabinet has a Risk Management Strategy applied across all City Deal projects. The purpose of this Risk Management Strategy is to provide a systematic and effective method by which risks can be consistently managed. It adopts a best practice approach, describes the specific risk management techniques and

standards to be applied and the responsibilities for achieving effective risk management.

- 8.2. The Council is required to apply this City Deal Risk Management Strategy across each of its City Deal projects to ensure consistency across all City Deal projects. This will be a key tool in mitigating project risks and thereby limiting our financial risk associated with the Council's 14% share of City Deal project costs. A robust monitoring system has also been put in place to ensure that 'early warnings' are provided and appropriate action taken.

9. Equality Impact Assessment and Consultation Arrangements

- 9.1. This report does not introduce a new policy, function or strategy or recommend a significant change to an existing policy, function or strategy, and, therefore, no impact assessment is required. Consultation has taken place with relevant Resources within the Council and the CGA developers. In addition, consultation was undertaken with the wider community through the planning process.

Michael McGlynn

Executive Director (Community and Enterprise Resources)

9 June 2021

Link(s) to Council Values/Ambitions/Objectives

- ◆ Get it right for children and young people.
- ◆ Promote economic growth and tackle disadvantage.
- ◆ Improve the availability, quality and access of housing.
- ◆ Improve the road network, influence improvements in public transport and encourage active travel.
- ◆ Work with communities and partners
- ◆ Improve achievement and attainment.

Previous References

- ◆ Executive Committee, 26 August 2015 – City Deal – South Lanarkshire Council, Community Growth Areas, Strategic Business Case
- ◆ Executive Committee, 08 February 2017 – Glasgow City Region City Deal –Larkhall Community Growth Area, Outline Business Case

List of Background Papers

- ◆ City Deal, Larkhall Community Growth Area – Glengowan Primary School Extension, Full Business Case
- ◆ City Deal, Larkhall Community Growth Area – Outline Business Case.

Contact for Further Information

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

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Appendix 1

Executive Summary- Glengowan Primary School Extension FBC

- i. This Final Business Case 1 (FBC1) is for £2.796m City Deal funding – £2.405 City Deal (86%) and £0.391m SLC (14%) – to enable development of Glengowan Primary School (PS) at the Larkhall Community Growth Area (CGA), accounting for Element 1 of the 9 Larkhall CGA project proposals in the OBC. This FBC continues to build the case from the Strategic Business Case (SBC) which secured approval for £62.3m across South Lanarkshire's four CGAs and from the Outline Business Case (OBC) updated in 11th Jan 2017 which secured approval for £20.15m City Deal funding to develop the Larkhall CGA project, comprising off-site education, community and transport infrastructure.

The private housebuilders will deliver follow-on investment of £238m in on-site infrastructure and housing construction, plus Section 75 contributions of up to £17.5m. In addition SLC could invest a further £12.85m. The total investment at Larkhall CGA is therefore £288.5m over a 15 year period from 2018, equating to £228m NPV when discounted at 3.5%.

The Strategic Case

- ii. As presented in the OBC, there is a critical need for investment in education infrastructure to allow the development of up to 1,750 new homes at Larkhall CGA.
- iii. The strategic aim of the Larkhall CGA project element is:

“To secure the delivery of up to 1,750 new homes at an advanced market-driven development rate that will accommodate up to 4,800 residents and increase the sustainability of the local community. In the longer term this will support the improvement in GVA in South Lanarkshire by working with housing developers to build new, high quality, affordable homes (including social housing) to meet the current South Lanarkshire needs and the demand arising from our growing and ageing population.” To deliver the school extension and nursery in a manner than enables delivery of the residential development 11 years earlier than planned with associated economic and social benefits.”

- iv. Based on capacity planning (i.e. individual class make-up at the start of the school year) the actual working capacity at Glengowan PS in 2019/20 is 271 pupils. Delivery of the Glengowan PS extension, starting in August 2021, is a necessary pre-requisite project for delivery of the CGA development and enable its completion earlier than planned. The CGA is focused on development of family-style houses, for which provision of accessible education (in particular primary school) is a key selling point. The total estimated population at the new Larkhall CGA is 4,800 people, of which 366 are expected to be of primary and nursery school age.
- v. As reported in the OBC, the counterfactual arrangement is that the CGA development will be less attractive to purchasers and it will take until 2030 before there have been sufficient S75 payments to fund delivery of primary school infrastructure.

The Economic Case

- vi. The economic case presents and test a series of alternative options – including the counterfactual or ‘do nothing’ options, before a preferred solution that meets the identified needs and delivers Value for Money for the public sector.
- vii. The only viable options were identified as being around the activity of the project proposal i.e. either extend an existing or build a new stand-alone primary school. Through analysis of the local school portfolio and potential to accommodate an extension, Glengowan PS was identified as the best option for a school extension project. The estimated cost of delivering a new primary school and nursery did not offer value for money and was therefore discounted.

The Commercial Case

- viii. Delivery of additional capacity in the non-denominational primary school system and pre-school nursery requirement is identified as a critical to delivering the CGA, by meeting the needs of the key partners – new and existing local residents (by releasing capacity), SLC and City Deal partners (by delivering additional economic value) and housebuilders/ house purchasers (by creating a more attractive development proposition).
- ix. City Deal funding has been identified as the only viable source for delivery of the critical off-site infrastructure works (schools/ roads/community) needed to bring forward the development earlier than planned.
- x. This FBC is for £2.796m City Deal funding – £2.405m City Deal (86%) and £0.391m SLC (14%) – to enable development of the Glengowan primary and nursery extension. The project enables the ongoing development of homes at Larkhall, meeting an identified shortfall of housing across the city region.
- xi. Within the total CGA development the private housebuilder will deliver follow-on investment of £238m in on-site infrastructure and housing construction, plus Section 75 contributions of up to £17.5m. In addition SLC could invest a further £12.85m. The total investment at Larkhall CGA is therefore £288.5m over a 15 year period from 2018, equating to £228m NPV when discounted at 3.5%.

The Financial Case

- xii. Following a competitively tendered procurement exercise, the cost of delivering Glengowan PS is estimated at £2.798m, accounting for 14% of the total approved Larkhall CGA City Deal allocation.
- xiii. SLC will take on the additional maintenance responsibilities at Glengowan PS in perpetuity, following completion of the extended school building. These costs will be funded from existing Council revenue and capital budgets, as the need arises.
- xiv. The revenue implications of the Primary School and Nursery expansion have been included in the Council's Budget Strategy for 2022/2023.
- xv. SLC has ultimate responsibility for cost over-runs beyond the level of financial budget/ approval for the CGAs – an allowance of 20% has been made for Contingencies within the costs. VAT has been treated as recoverable.

The Management Case

- xvi. The management and delivery of Glengowan PS and Nursery will be contained within the remit of SLCs CGA Programme. Larkhall CGA will be managed by SLC in accordance with the standards required by the City Deal governing principles. Project roles have been assigned to Senior Responsible Officer, Project Sponsor, Project Manager and an internal Project Team. Community and Enterprise Services within SLC will lead the delivery of the project, ensuring alignment against other SLC CGA and Roads projects.
- xvii. SLC Planning & Economic Development Services will have responsibility for the long-term monitoring and evaluation of the project benefits, including community benefits, in line with the Monitoring & Evaluation Plan, using in-house resource and supplemented by external specialist consultants as required. The economic impact model developed to appraise the gross and net benefits of the alternative options, allows for the activities to be measured and performance tracked against the forecast profile.
- xviii. The key objectives and critical success factors (as defined in the Strategic Case) have ensured that the development of the Larkhall CGA is embedded in a holistic approach to sustainability – environmental, economic, social and community – and the financial appraisal confirms that the project is financially sustainable, albeit with a need for future (planned) investment by the private sector to deliver the new houses.