

# Report

Report to:	<b>Education Resources Committee</b>
Date of Meeting:	<b>19 January 2021</b>
Report by:	<b>Executive Director (Education Resources)</b>

Subject:	<b>Acquisition of Our Lady of Lourdes Primary School Building</b>
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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 30 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 and 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. Updated Position**

- 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:

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

(b) Date of entry takes place this calendar year.

(c) Portakabin to pay £50,000 of the costs associated with "buying out" the remaining 3 years of the existing contract with Investec.

- 5.2. Following full discussion at the Education Committee of 27 October 2020, the Committee decided that the report be deferred and that further information be provided. As requested, Appendix 1 provides additional information on estimate costs of required capital investment in the existing building, estimate costs of additional accommodation due to population growth and estimate costs of a new build.
- 5.3. All the property options have been considered and the recommendations represent best value and give 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. Any future works to the building will consider potential energy improvements.

**9. Other Implications**

9.1. None.

**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.

10.2. Consultation and engagement has taken place with the school and other stakeholders.

**Tony McDaid**  
**Executive Director (Education Resources)**

17 December 2020

**Link(s) to Council Values/Ambitions/Objectives**

- Improve achievement, raise educational attainment and support lifelong learning

**Previous References**

- Education Committee 27 October 2020

**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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**Our Lady of Lourdes Primary School  
Education Committee Additional Information Request**

Additional Information	Est Cost £m	Funding
<p><b>Continue with the existing building</b></p> <p><b>1. Cost to buy out the lease</b> Prior to making any investment, it would be necessary to secure the future occupation of the property beyond the end of the current agreement in January 2024. The cost of buying out the lease is £627,000. (£499k capital purchase plus £127k towards the remaining 3 years rental obligation) and would be funded through the repayments being made annually from the Education Resources lease budget available of £0.059m.</p> <p><b>2. Investment to bring existing building up to standard</b> Following an additional assessment and review of the building Housing and Technical Resources have considered the short to medium term investment of the existing building. From this, it has been recommended that investment is required in the roof, windows and external walls. This investment in the roof would resolve the current issue with water ingress, while replacement windows and external cladding would improve energy efficiency while enhancing the appearance of the building.</p> <p>It is estimated that this initial investment could be in the region of £1.5m - £2m. Due to timing and issues of undertaking works while children at present, it is anticipated that works could commence during summer recess 2022. There are currently no funds within the capital programme for these works specifically.</p> <p>As with all other education buildings further investment to upgrade services and decoration would be based on assessed need and would be managed from within the lifecycle budget, or form part of a future capital programme.</p> <p><b>3. Future Growth : Impact of new housing developments</b> It is predicted that the E.K. Community Growth Area and Phillipshill Housing Development will necessitate the requirement for an additional 3 classrooms and Developer Contributions of £2.5m have been agreed to fund this expansion.</p> <p>Based on the current projections it is proposed that the extension be available for August 2025. This should be reviewed annually to assess the number of housing completions in the catchment area. 3 additional classrooms would be required, with associated Toilets, Cloaks, Storage and an additional Management Office. The Gym Hall, Dining and other non-classroom spaces are already consistent with 17 classroom primary schools provided through the recently completed Schools Modernisation Programme.</p>	<p><b>£0.6m</b></p> <p><b>£1.5m- £2m</b></p> <p><b>£2.5m</b></p>	<p><b>Yes</b></p> <p><b>No</b></p> <p><b>Yes</b></p>

<p>Options to be reviewed at the feasibility design stage using this funding would include:</p> <ul style="list-style-type: none"> <li>- A 3 classroom extension to the existing building.</li> <li>- Relocating the Nursery to a separate building on campus, conversion of the Nursery area to classrooms.</li> <li>- Partial restructuring of the existing building and an extension to allow improvements to the playground and external security.</li> </ul> <p>The feasibility study is programmed to commence in early 2021 and be completed by summer 2021. This would allow for consideration as to the timing for all works.</p> <p>The increase in nursery children will be accommodated in a new nursery at Jackton Primary School.</p>		
<b><u>Estimate Total</u></b>	<b>£4.6m- £5.1m</b>	
<p><b>Build a new school</b></p> <p><b>1. Like for like build</b> Based on like for like replacement of a 3,300m<sup>2</sup> school, estimated costs are in the region of £12m to £15m. Due to topography, access and the location on the site of the existing school, a tandem build option would present significant challenges. The costs may therefore increase and this could only be assessed through feasibility study and site investigation. No suitable local decant building was identified to allow for a new build on the existing building footprint so no decant costs have been assumed.</p> <p><b>Alternative site within the catchment area</b> A review of Council land assets within the school catchment area has been undertaken by Estates Services. There are no sites without significant development issues, either Planning, Topographical or Contractual.</p> <p>A school build could take around 24 months allowing for feasibility, design and tendering. Any relocation of the school site would require a statutory consultation and could add approximately 6 months to any timescale.</p> <p><b>2. Future Growth : Impact of new housing developments</b> As previously stated a further 3 classrooms and ancillary accommodation would be likely and the agreed Developer Contributions of £2.5m would be used to fund this.</p> <p><b>3. Costs to return the building at the end of the lease</b> Continue with the remaining 3 years lease payments.</p> <p>There would also be costs associated with the physical return of the building to Portakabin, then allowing that part of the site to be developed into external playground space.</p>	<p><b>£12m- £15m</b></p> <p><b>£2.5m</b></p> <p><b>£0.18m</b></p> <p><b>£0.2m- £0.3m</b></p>	<p><b>No</b></p> <p><b>Yes</b></p> <p><b>Yes</b></p> <p><b>Yes</b></p>
<b><u>Estimate Total</u></b>	<b>£14.88m- £17.98m</b>	

