

EAST AYRSHIRE COUNCIL

CABINET

24 JANUARY 2018

GENERAL SERVICES 10 YEAR CAPITAL INVESTMENT PROGRAMME UPDATE

Report by the Depute Chief Executive - Safer Communities and Depute Chief Executive – Economy and Skills

PURPOSE

1. To update Cabinet on progress with regard to the 10 Year General Services Capital Investment Programme to 2025/26 and to seek approval to extend the programme to 2027/28, incorporating appropriate amendments.

BACKGROUND

2. The current 10 year General Services Capital Investment Programme covering the period 2016/17 to 2025/26 was approved by Cabinet on 20 April 2016. The approved programme included a series of amendments and further investment in a wide range of improvements in the Council's property portfolio and infrastructure assets; providing a framework whereby investment is aligned with the Council's asset management aspirations and designed to support the objectives of both the Community Plan and Transformation Strategy.
3. The specific priorities of the 10 Year General Services Capital Investment Programme were focused on making a significant and sustained contribution towards the Council achieving its strategic priorities whilst also contributing significantly to the local economy and construction industry, and continue to focus on the following key investment areas:
 - Delivery of a number of new schools, together with an extensive refurbishment programme of existing schools to provide state of the art educational facilities
 - Provision of first class sporting, leisure and early years facilities that will encourage active lifestyles and make a positive impact on the wellbeing of our children
 - Investment in economic regeneration and business growth to provide new industrial units, address derelict buildings and a range of proposals that promote economic growth and town centre regeneration
 - Commitment to reduce our carbon footprint and improving the environment through the implementation of a range of new energy efficient technologies such as Biomass and District Heating systems, LED and other initiatives that significantly reduce carbon output from the Council's non-housing portfolio
 - Investment in telecare schemes, housing adaptation grants to support people to live independently in their own homes
4. Given how the General Services Capital Investment Programme contributes significantly to the key strategic priorities of the Council, the following report has been structured in a manner that compliments each major theme of the Community Plan.

SUCCESSSES TO DATE

5. East Ayrshire Council has a well-established and proven methodology for managing its capital projects which has been a major contributor in the successful delivery of the Capital Investment Programme to date. Recognised by Audit Scotland as typifying excellent practice in coordinating and reporting major capital investment including regular reporting via East Ayrshire performs, a more comprehensive review and reporting on a periodic basis is required.
6. The capital projects being delivered by the Council continue to make a significant impact in terms of stimulating economic growth and regeneration across all local communities, improving access to educational, leisure and cultural facilities, and infrastructure improvements across a range of services; providing positive outcomes for all our residents including the most vulnerable within our society. One of the most significant benefits derived from the Capital Investment Programme has been the formalisation of community benefit requirements within all major construction contracts. To date, the community benefits resulting from construction works awarded by the Council include a significant number of work placements and apprentice appointments for young people, extensive local job opportunities, educational site visits and competitions for learners of all ages, interactive presentations and sponsorship of specific community projects and events.
7. The most successful community benefit projects to date have been those that have taken into account the individual needs of the educational establishments and surrounding communities. There is no one size fits all in this process and close engagement with the appropriate stakeholders has ensured that, where possible, sustainable, relevant and viable community benefits are being delivered.
8. During the intervening period since the last update on the General Services Capital Programme in April 2016 the Council has seen the successful delivery of a number of major projects, some of which have been shortlisted for national award or recognised as exhibiting excellence in design. These include :

| Facility | Completed |
|---|------------------|
| Dean Castle visitor centre & rural life centre | Oct / Nov 17 |
| Whatriggs Primary School | August 2017 |
| Muirkirk Primary School | August 2017 |
| Fenwick Primary School - New Extension | August 2017 |
| Hurlford Primary School Refurbishment and Extension | August 2017 |
| Auchinleck ECC – New Extension | April 2017 |
| Dalrymple Primary School – New Extension | February 2017 |
| Cairns ECC – New Extension | December 2016 |
| Lainshaw ECC – New Extension | September 2016 |
| Glaisnock Retail Units | August 2016 |

9. In addition to the above completed projects, excellent progress continues to made on a number of other major projects currently under development including the William McIlvanney and Knockroon Learning Campuses, major refurbishment at a number of educational facilities including Stewarton and Loudoun Academies, improvement works at the Western Road Depot and construction of the new Ingram Business Centre and additional Moorfield industrial units.

| Facility (in construction) | Scheduled |
|-----------------------------------|------------------|
|-----------------------------------|------------------|

| | |
|----------------------------------|--------------|
| Ingram Business Centre | January 2018 |
| William McIlvanney Campus | March 2018 |
| Moorfield Units (2 of) | May 2018 |
| Western Road Depot (final phase) | July 2018 |
| Cumnock Retail | October 2018 |

DEVELOPMENT OF THE CAPITAL INVESTMENT PROGRAMME

10. The current programme is based on delivering the strategic priorities set out in paragraph 3 and project acceptance is on the basis of delivering against the Community Planning priorities. Since the development of the original Capital Investment Programme in February 2009, the programme is kept under constant review as it relies on a significant amount of borrowing support and as such proposals presented within this report have taken consideration of the most current projections and a considered view on future financial implications. For further details please see the Financial Section of this report.
11. There has been a significant shift in the national economic position since the original programme was developed and further pressures since the last update in August 2016 have for example seen marked increases in construction inflation across all sectors; primarily in relation to uncertainties over Brexit. There are greater demands on investment to reduce failure risk of our buildings; changes in demographic and the impact of reducing revenue budgets. Where necessary, budget allocations may require to be aligned at a future date should the impact of inflation and reducing revenue costs become more pronounced or difficult to absorb within normal operational activity.
12. As it is recognised the Council has committed a significant level of borrowing to deliver the capital programme and that further utilisation of capital investment will require to demonstrate outcomes against strategic imperatives of asset investment and a clear business case within overall affordability. The business case should also consider how the project supports greater levels of external funding and maximising match funding opportunities; is focused on transformational spend to reduce ongoing revenue spend, generate income or reduce future liabilities; and is delivering core objectives including statutory requirements.
13. It is acknowledged that the Council has already successfully accessed external funding to support borrowing activity where possible, and has secured significant funding for a range of existing projects such as the Dean Castle Country Park (Heritage Lottery Fund, Historic Scotland and SRDP), Ingram Business Centre (Regeneration Capital Grant Fund and THI) and Moorfield Industrial Estate (Scottish Enterprise), William Mcilvanney Campus (Scottish Government) It is important that the Council continues to explore these opportunities to maximise external funding to support and enhance current borrowing and grant funding routes.
14. The updated Capital Investment Programme has therefore considered all existing and proposed projects to ensure these continue to support service needs and corporate priorities. The phasing of some existing projects in terms of their committed start and finish dates have also had to be reviewed to ensure these are aligned with both service demands and financial affordability.
15. A significant number of the projects within the Capital Investment Programme are very complex and reputationally significant and their successful delivery is wholly dependent on the Council continuing to demonstrate the necessary skills and experience to take these projects forward. To date all major projects have largely been delivered on time and on budget; the success of which is directly related to the robust project management arrangements embedded across the Council that have been such an important tool for not only the General

Services Capital Investment Programme but also in relation to the Strategic Housing Investment Programme. This is typified by the strong cross-departmental and collaborative relationships that have been developed by the Facilities and Property Management, Procurement and Legal, Planning and Building Control, Finance, IT and Ayrshire Roads Alliance Sections, together with services and lead client departments. These relationships and processes will continue to be strengthened and rolled out across the authority to maintain a consistent approach to project delivery.

16. As with all previous capital investment activity it should be noted that any allocations for future schemes or those still at the early stages of development included within the report are forecast estimates taking cognisance of projected inflationary increases where relevant. These estimates are therefore for indicative purposes only and may be subject to variation depending on market conditions at the time of tender and construction. Similarly, timescales are also shown for indicative purpose only at this stage and are extremely sensitive to a number of factors both internal and external; many of which are outwith the Council's control.

ECONOMY AND SKILLS - EDUCATION

Additional Support Needs Provision

17. Across East Ayrshire Council there are currently 3 dedicated specialist schools for children with additional support needs, and 5 specialist centres located within mainstream school: 3 primary and 2 secondary. A robust assessment process is in place to ensure that children and young people continue to be able to access the most appropriate support available to meet their needs. However, in recent years there has been a significant increase in the number of children accessing specialist educational provision which has resulted in the rolls increasing by between 30% and 40%. This has placed considerable pressure on both the specialist schools and the centres within schools most of which are now operating well beyond the capacity for which they were originally developed.
18. Whilst it is extremely difficult to determine future trends on demand for specialist educational places it is clear that a number of key priorities need to be developed in order to increase the level of provision required to meet the needs of our most vulnerable children and young people. Whilst specialised accommodation is required to support many learners with additional support needs, there are some pupils whose individual needs could be supported within existing mainstream schools. The right environment plays a significant part in meeting learners' needs therefore in considering the approach for ASN a number of key projects already identified within the capital programme have been reviewed and it is proposed to redevelop the schemes to include an additional scope of work to incorporate facilities to maximise the integration and local provision within individual school communities.
19. It is proposed an overall analysis of Additional Support Needs demands and future requirements will be brought back to cabinet at a future date however to progress the development of current projects its asked that the following areas are considered as part of the current capital programme.
 - **Crosshouse Communication Centre** – the number of children and young people being referred to and accommodated in the Crosshouse Communication Centre has increased year-on-year. This has resulted in added complications for the children who are struggling to cope in a dated and only partially adapted environment and also putting significant pressures on staff. The capital allocated for developing the Crosshouse Communication Centre project was set in December 2014 with an indicative budget of £2.500m based on

30 children, however in the intervening period, as the detailed design was developed, the roll within the Communication Centre has increased to 49.

A further scope of works has also been identified to provide the necessary fabric and component upgrading to the overall school building. In order to progress the project, the proposal would be to retain a Communication Centre in Crosshouse for 40 children and young people (see Netherthird PS ASN for a proposed Communication Centre in the south of the authority). £0.700m would be required, in addition to the original budget set, giving an overall budget of £3.200m for the Communication Centre.

It is also acknowledged that the building fabric of Crosshouse Primary is in need of investment as well as enhanced gym, dining and improved outdoor facilities. It is proposed that an additional £3.000m investment is committed to address these issues. As the project is likely to be programmed for delivery by 2020-21, a review has been undertaken to ensure the accommodation at Crosshouse is fit for purpose for all children within the establishment. Arrangements are being put in place, in consultation with staff and parents, to extend the education accommodation further in the short term by converting currently under-used facilities within Crosshouse Community Centre.

- **Netherthird Primary School** - As noted later in this report, the proposed replacement of Netherthird Primary is required and in considering the spread of ASN services across the existing and current projects in the Capital programme it is proposed to include, within the brief of the project, an assessment of additional support needs requirements in the south of the authority to compliment the proposals for Crosshouse Communication Centre.

Taking into account that there are around 15 children and young people from the south of the authority currently attending Crosshouse Communication Centre, it would be proposed to focus the provision for Netherthird around a similar integrated model and build further capacity for approximately 20-25 children. This would also reduce transport costs and travel times for these children.

- **Stewarton Area Service Demands** – As noted later in this report the opportunity to further develop a stronger 2-18 campus approach at Stewarton is being explored and this offers synergies and improved transitions across early years, primary and secondary establishments and provides an opportunity to maximise the investment already allocated to the schools. The Stewarton Academy and Netherrobertland projects aims to develop a modern campus approach for mainstream pupils and could also provide enhanced integration and inclusion by incorporating facilities that meet the needs of children and young people with additional support needs who live in the local area: more detailed requirements will be developed as part of the overall scheme and Cabinet is asked, in principle, to allocate an additional £2.500m to the project.
- **Senior Phase Specialist Educational Provision** – as numbers continue to rise at Willowbank School and Park School a longer-term solution will be required. There have been some initial discussions on a potential service solution whereby an additional provision for young people with additional support needs within the senior phase is provided with dedicated learning facilities which could include vocational training in areas such as hospitality, vehicle maintenance and sports leadership, possibly located in establishments where there is additional capacity. This, however, would require further discussion and engagement with the school communities and other stakeholders to determine how best to progress in order to relieve pressure on the schools. It is proposed, therefore, that there be an agreement, in principle, to develop a strategic plan to address

ASN capacity issues in Willowbank and Park schools with more detailed proposals around the provision and budget being presented to a future Cabinet.

Knockroon Learning and Enterprise Campus –

20. Work has been on-going since early January 2017 to develop the Stage 4 information in respect of the Knockroon Learning and Enterprise Campus which is required for the preferred contractor to prepare the individual work packages for tender in order that a fixed price can be established for the project and a contract awarded.
21. The design team and preferred contractor have worked in partnership throughout the Stage 4 process, however, it was reported to Cabinet on 14 June 2017 that as more detailed information had become available the Council's cost consultants for the project, Faithful & Gould, were estimating that costs could exceed the overall budget allocation for the project of £64.000m by up to £5.000m. It was therefore agreed to proceed through the market testing exercise on the understanding that additional funding of up to £5.000m may be required but to obtain a full understanding of the market conditions before a final cost was established and reported as part of the updated Capital Investment Programme.
22. It was noted within the report that the primary reason for the forecast additional costs specifically related to the application of the Scottish Futures Trust (SFT) cost and area metrics to determine an indicative budget for the scheme. Whilst the SFT metrics provide an excellent benchmark for establishing capital budgets for educational projects, they are based on broad assumptions and generic allowances and as such are not always universally applicable to every design solution and circumstance. As such the SFT benchmark includes little or no allowance to offset abnormal or extraordinary development costs that a project may encounter on the basis that these can differ significantly from project to project and are therefore unquantifiable.
23. In the intervening period since the potential overspend was reported to Cabinet the project team, together with the preferred contractor, have been working collaboratively to thoroughly assess the project in terms of detailed design, material choices and buildability; this included for example the simplification of brickwork design details, adjustment to landscape profiles and earth movements, rationalisation of steelwork, electrical and energy layouts etc. The aim of this exercise was to explore all opportunities to consider thoroughly the cost / benefit analysis of all aspects of the project without diminishing the quality of provision or detracting from commitments given to the local community. This exercise also allowed the project team to take advantage of the strong negotiating position afforded the Council by way of the procurement route for the project as defined in the original procurement strategy reported to Cabinet on 23 September 2015. This period of review, whilst having extended project timescales, has proved to be extremely worthwhile, resulting in optimal financial and design solutions being agreed for the project.
24. The tendering process required to be undertaken by the preferred contractor as part of the Pre Contract Services Agreement (PCSA) has now been completed and assessed by the Council's external cost consultant as representing 'value for money'. Based on this exercise the total construction cost for the project is estimated to be £65.550m, resulting in an additional cost of £1.550m against the original SFT metric based budget of £64.000m. It is acknowledged that this does represent additional costs to the Council, however, it should not be underestimated

what a significant achievement this represents overall given the extent and quality of facilities that will be provided within the confines of a very challenging metric allocation. It should also be noted that this total cost includes additional expenditure associated with developing a design proposal which provides accommodation to meet requirements in terms of the 1140 hours expansion programme. This is currently subject to a bid to the Scottish Government for grant funding of approximately £1.040m and on the assumption that this will be fully funded then the additional costs for the project as against the SFT metric based budget would reduce to approximately £0.550m.

25. It should also be noted that in addition to the total development and construction costs highlighted above a number of other costs totalling £2.200m have been identified during development of the project which were either unforeseeable relative to the original budget allocation or are deemed outwith the scope of the SFT metric for budgeting purposes. These include early demolition of the technical block at Cumnock Academy, internal fee recovery costs for professional services, proposed decant costs for existing schools, active and loss IT equipment, initial feasibility costs and land acquisition. Although the project agreement with Morrisons will be based on a fixed price it is also proposed that a further contingency sum of £0.250m is set aside against the project which can be drawn down if required.
26. It is therefore recommended that £4.000m is allocated within the 10 Year Capital Investment Programme to meet these additional costs in order to allow the project to progress to contract award; with the anticipation that this additional funding will be reduced by approximately £1.040m on confirmation of funding from the Scottish Government in relation to the 1140 hours expansion programme.
27. Whilst every effort will be made to finalise the contract position to allow the contractor as early a site start date as possible it is likely that works will commence during March/April 2018. It should also be noted that the preferred contractor has indicated that the construction phase for the project may extended from 24 to 27 months given the complexities of the project. Whilst no formal agreement has yet been reached it is felt that given current timescales that there would be advantages in agree to this extension on the basis that the project would be completed by June 2020.

Netherthird Primary School

28. Cabinet on the 25 October 2017 approved, in principle, that Netherthird Primary School and Early Childhood Centre be replaced with a new build facility due to serious concerns with regards the long term structural integrity of the building, subject to consideration of the financial implications.
29. Previous budgets (or Affordability Caps) for new schools have been based on the Scottish Futures Trust (SFT) cost and area metrics and this has proved to be an effective benchmark for school projects. The Affordability Cap is calculated taking account of the projected pupil rolls calculated by the Head of Schools for each establishment, an area allocation per pupil, an 'all in' construction cost per square metre (adjusted for the appropriate BCIS indexation) and adding in any further allowances for additional accommodation such as dedicated community facilities or the provision of enhanced educational features.
30. Using the SFT cost and area metrics as the basis, the projected rolls as calculated by the Head of Schools for the new establishment (245 primary, 92 early years) the Affordability Cap is estimated at £8.750m (based on an indexation adjustment of Q3 2019, assumed mid-build period) recognising increasing inflation cost.

31. As noted in paragraph 19 above an additional £1.500m equating to an additional accommodation of 400 square metres would also need to be added to the budget above in order to provide dedicated Additional Support Needs facilities within the establishment.

St Sophia's Primary School

32. In October 2014, the Scottish Government awarded the Council additional revenue support for the new William McIlvanney Campus project in Kilmarnock through the NPD investment model. As a result, a significant proportion of the funding allocation previously set aside by the Council as capital contribution for the project was released. The subsequently released funding was allocated for investment in the replacement and refurbishment of six schools: one of which was St Sophia's Primary School due to its condition and suitability for learning and teaching.
33. The project proposed was new facilities for St Sophia's Primary School co-located on the site of Galston Primary School. This offered an opportunity to address the condition and suitability issues at St Sophia's Primary School and under-occupancy issues at Galston Primary School, both of which had been highlighted in the School Estate Management Plan. Also included in the scope of the project was enhanced dining and internal sports facilities for the shared campus and an outdoor synthetic pitch for school use during the school day and community use out with school hours. An indicative sum of £1.800m was allocated to the project as part of the Capital Programme agreed in December 2014.
34. The proposal was subject to a formal consultation process under the Schools (Consultation) Act 2010, as amended, with reports being presented to Cabinet on 29th January 2015 to start the consultation and the outcome reported at Cabinet on 26th August 2015.
35. During the formal consultation concerns were raised by St Sophia's parents, staff and the Diocese of Galloway that the proposed design was considered to have subsumed St Sophia's Primary School within Galston Primary School and considered that as such St Sophia's would lose its identity. Concerns were also raised by Galston Primary School parents and staff that the proposed design compromises accommodation in Galston Primary School beyond that required to address under-occupancy levels.
36. Feedback from all stakeholders was taken into account and an adapted and enhanced design was developed to address the comments and concerns raised during the initial consultation period with Cabinet on 26 August 2015 approving, as part of the consultation outcome, an increase to the budget for St Sophia's Primary School co-location on the site of Galston Primary School and ECC by £1.300m giving an overall budget of £3.100m.
37. A further series of public and school design consultations took place towards the end of 2015 and the beginning of 2016: feedback from stakeholders on the new proposed design was positive with only a few minor issues in relation to traffic management and a small number of responses from Galston Primary School parents indicating they were still unhappy with the reduction in its accommodation.
38. As the enhanced scheme developed to a detailed design stage for submission to planning and preparation for tender it became clear that a further increase in budget was required to deliver the proposed project.
39. The final design was submitted to planning on 8 July 2016, with a tender issued in October 2016. Cabinet on 16 November 2016 agreed to increase the budget by £0.500m giving an overall total of £3.600m allocated to the project. Tender returns were received in January 2017

with the preferred tenderer costs being within the allocated budget. A contract award at that time would have allowed construction works to progress with an expected completion by Autumn 2017.

40. The contract award was deferred due to a delay with the planning application. SEPA raised an objection in relation to flood levels which were incongruent with advice provided by the Council's external consulting engineers.
41. Extensive discussions have subsequently taken place with SEPA, the Council's Planning Service and the Project Delivery Team to find a solution. Despite multiple clarifications, flood modelling and numerous discussions, including meetings between the respective Chief Executives, and The Council Leader writing to the Cabinet Secretary for Environment, Climate Change and Land Reform, the SEPA objection remains.
42. The SEPA position would require the section of the building for the co-location of St Sophia's Primary School to have a floor level 750mm above the existing floor level of Galston Primary School. The SEPA position is due to the analysis of the 1 in 1000 year potential flood levels, SEPA's position on existing defences, their interpretation of Planning Policy relating to flood areas and their categorisation of the extension as a new significant development.
43. Therefore In relation to the planning application there would be two options to progress this scheme;
 - a. Submit the application as it currently stands to EAC Planning Committee noting the conflict between the Applicant's (The Council's) proposals, supported by the independent Flood Engineers, against the SEPA position. If this was then approved by the Planning Committee it would require to be referred to Scottish Ministers as SEPA is a statutory consultee. There would be the potential for the Planning Committee decision to be overturned by Scottish Ministers or should the decision be upheld the delay would mean that the design would have to go back out to tender and the likelihood of a further increase in costs.
 - b. Redesign the proposal to meet the requirements of the SEPA objection, ultimately increasing the floor area of the extension by 750mm. Due to the extent of the change this would require further consultation with planning colleagues and the new design re-submitted to the Planning Committee: as before these further delays are likely to add to the already increased costs for the project.
44. It is likely that each of the options above would add between 9 and 12 months onto the already delayed project timescale and add further costs to the project.
45. The existing proposals for change at St Sophia's have reached a conclusion without being progressed beyond the planning stage. The logical next step, given the concerns raised by SEPA would be to move to another public consultation during which the necessary range of issues can be aired and discussed with the involvement of the full community.
46. The process for this new Public Consultation would differ to some extent from the previous one in terms of the length of time the whole process would take to provide the opportunity for informal consultation with parents, pupils, the community and staff prior to any formal proposals. This will allow the development of a clear rationale in identifying the options to be considered.

47. It is likely, in order to demonstrate compliance with the required process that officers will, for example, organise visits to parent Council meetings, hold focus group discussions with pupils and staff which will consider an appropriate range of options. There is normally a recommended option provided by officers included in a formal document along with those raised in pre-consultation.
48. The existing project budget of £3.000m will be reallocated to the Future Schools Development Fund within the Capital Programme until the outcome of the further consultation is completed. It is noted that as part of the overall project commitment was made to improve the sports pitch at Galston and an allocation will be retained to ensure this can still be progressed.

Bellsbank Primary School

49. On 10th December 2014 Cabinet approved an affordability cap of £4.5M in respect of a new build replacement for the existing Bellsbank Primary School Primary School and ECC. The agreed affordability cap was based on the Scottish Futures Trust (SFT) cost and area metric for schools, taking account of projected pupil rolls, an area calculation per pupil and an 'all-in' construction cost per square metre.
50. The original consultations with staff and consequent design proposals it transpired, were not within the affordability cap and subsequent cost engineering produced a layout of facilities which did not meet expectations of end-users regarding aesthetics or practical day-to-day operational activity. Cabinet on 17 June 2014 approved a further £0.500m in respect of the proposed new school and ECC and the budget set at a maximum of £5.000m. Tenders subsequently received were beyond budget cap and out with the metric used to assess best value in school construction.
51. Cabinet of 8 June 2016, as part of East Ayrshire Performs Report agreed not to progress with the new build option and to consider the option of integrating the school with the development of a new Doon Academy Campus, subject to an approach to Scottish Futures Trust on the potential further schools building funding. To date no confirmed additional funding has been identified from the Scottish Government and progress is required to be made as the current building will require further and ongoing maintenance.
52. To fully explore all future options for Bellsbank Primary it is important to note that Bellsbank Primary School and ECC is classified by the Scottish Government as a 'remote rural' school and therefore any proposal to include closure of the school and/or incorporate it into a campus with Doon Academy and Dalmellington Primary School (both also classified as 'remote rural') would be subject to the requirements set out in The Schools (Consultation) (Scotland) Act 2010, as amended in 2016. The act places an additional set of requirements on an authority when it contemplates any closure proposal in respect of a rural school. Three factors are specified:
 - A decision to proceed to consult on a proposal to close a rural school should not be taken until any viable alternative to closure has been considered;
 - The authority must consider the likely impact on the local community, in terms of sustainability, if the closure proposal were to go ahead and in particular consideration given to the implications for community access to or use of the school's premises; and
 - The likely changes to transport and travel arrangements if the closure proposal were to go ahead and the impact on pupils, staff and other users. This would include consideration of journeys to and from the alternative school, increased use of public transport and parents' car journeys and curtailed possibilities for pupils walking and cycling to school.

53. However as the previous proposals for change at Bellsbank have reached a conclusion without being progressed to the procurement stage the logical next step would be to move to a formal public consultation during which the widest range of issues can be aired and discussed with the involvement of the full community considering the issues above.
54. A proposal document which encapsulates the issues involved in any public consultation will include specific sections which identify the options to be considered. These options will be shaped by input from parents, pupils and officers in a process called pre-consultation which is a discrete stage in the public consultation process.
55. It is likely, in order to demonstrate compliance with the required process that officers will for example, organise visits to parent Council meetings, hold focus group discussions with pupils and staff which will produce an appropriate range of options which could include a do-nothing option or a revised version of previous proposals. There is normally a recommended option provided by officers included in such documents.
56. The existing project budget of £4.650m will be reallocated to the Future Schools Development Fund within the Capital Programme until the outcome of the further consultation is completed.

Major School Refurbishment and Extensions

57. Cabinet on 20 April 2016 approved a programme of major school refurbishment covering elemental components such as the general building fabric, mechanical and electrical systems and other issues such as accessibility and suitability. In the interim period more detailed assessments of project requirements has been carried out and a range of works have been undertaken.
58. It should be noted that the extent of works and overall indicative costs noted with all projects may be affected by the need for asbestos removal, fabric or component failure or other issues identified during refurbishment or construction. For the safe operation of the schools it is essential that any risks are addressed when identified. Undertaking these works safely whilst buildings remain operational can be extremely difficult to achieve and, it is recognised that consideration will have to be given to decanting staff and pupils to other locations or temporary accommodation to minimise risk. Where this is considered appropriate further discussion will be undertaken with parents and other stakeholders to management any transitions as effectively as possible.
59. Cabinet on 20 April 2016 approved an allocation of £1.000m as a contingency allowance to meet any costs associated with asbestos removal and / or decant of staff and pupils, which has also been combined with a balance of funding on the major refurbishment programme budget allocation. It is recommended this contingency allowance be retained within the capital programme to offset potential unforeseen expenditure or cost pressures that may be incurred in relation to all projects within the proposed school development programme; drawn down as and when required by agreement with the Head of Education and Head of Facilities and Property Management.

Hurlford Primary School

60. It has been noted previously in East Ayrshire Performs reports that there are concerns that the overall costs for the Hurlford Primary School project will exceed the approved budget allocation; primarily as a result of erroneous information presented by the external cost consultants. The external consultants are undertaking a final review of cost information and are in negotiations with the contractor to determine the extent of any potential overspend. It is

likely that additional costs will be incurred therefore it is felt prudent to allocate additional funding of up to £0.400m from the capital programme underspends in order to allow final accounts to be settled prior to Council considering its contractual position going forward.

Dunlop Primary School and Early Childhood Centre

61. Work is on-going to develop proposals in relation to the new school extension, which also includes proposed improvement to the main entrance to the building, address a projected increase in primary and early years roll.
62. A modular supplementary room was installed in April 2017 and this provision, in conjunction with a reassessment of school roll projections, has determined that the additional accommodation would only be required from the start of the 2019 term instead of 2018 as previously reported.
63. Initial design development and feasibility exercises has identified a number of other issues relating to the building which will require attention in the medium term including the heating system, power and water supplies, plaster and lathe ceilings, toilet refurbishment and drainage. Given the potential extent of works and the in considering the timescale of space demand it has required the programme of works to be extended. Subject to confirmation of the additional allocation a final programme of works and operational arrangements will require to be finalised.
64. Cabinet of 20 April 2016 approved total allocation of £2.600m for works to the Primary School and reconfiguration of the ECC. Based on cost estimates of the current proposals above, it is anticipated that this allocation will be sufficient to deliver the Dunlop Primary School and Early Childhood Centre extension. However this would not include allocations for the further works identified above to the existing facilities and therefore it is proposed to allocate further investment of £1.1m from the Component renewal budget and the energy efficiency fund to ensure the works are programmed effectively to meet the increased school role and future maintenance requirements of the facility.
65. Reconfiguration of the ECC will assist in addressing the increase in Early Childhood provision to 1140 hours however, due to the restriction in site area for potential further development, it is anticipated some provision will require to be delivered elsewhere.
66. In relation to a reduction in external playground space due to the extension, discussions are ongoing with the current community leaseholders of the park area behind the school to develop potential daytime use of areas as part of the school use, without reducing the value of the area for the wider community.

Kilmaurs Primary School and Early Childhood Centre

67. Cabinet of 20 April 2016 approved total allocation of £1.600m for works to replacement of the existing Primary School dining block with a new extension, including production kitchen, and reconfiguration of internal areas for the ECC.
68. Due to uncertainty around delivery and scale of the increase in Early Childhood provision in the area and the associated level of Scottish Government funding, proposals for works to the ECC have not been able to be progressed. This uncertainty has had an associated impact on development of proposals for extending the Primary School.

69. It is acknowledged that additional component repair works including the building fabric, mechanical and electrical systems are required. More detailed surveys are being undertaken to inform the full extent and programme of works however, some repair works including render, roof and gutters are being progressed prior to the further development of any extended facilities. Short term investment is being balanced against the value of maximising integration of refurbishment and new build works with the proposed extended works.
70. It is currently hoped that Early Years provision may be able to be provided within new build accommodation within the vicinity however if an appropriate site is unable to be identified consideration will need to be given to extending further the ECC at Kilmaurs Primary School site.

Loanhead Primary School and Early Childhood Centre

71. Work is progressing to develop feasibility proposals in relation to replacement of the existing Primary School dining block with a new extension, including production kitchen, and inclusion of a new ECC. Proposals also include mechanical; and electrical component works within the Primary School, reconfiguration of toilet accommodation and installation of a lift to address accessibility issues.
72. Cabinet of 20 April 2016 approved a total allocation of £2.430m for works to the Primary School and inclusion of a new ECC. It should be noted that the original proposals envisaged utilisation of existing accommodation within the Primary School for either Dining or ECC facilities. However, following more detailed assessment and with an increase in Early Childhood provision associated with 1140 hours, this was considered not to be feasible and the extent of new build extension has increased.
73. It should also be noted that the current proposals include removal of an earlier toilet extension which is in poor condition and incorporation of toilet facilities within the school at various levels improving accessibility. In addition, the existing Dining Block is proposed to be refurbished to accommodate the 'Out of Hours' group currently located within the School. These proposals would significantly improve the facilities but are in addition to the original scope of the project.
74. Based on cost estimates of the current proposals above, it is anticipated that a total of £4.000m will be required for investment in Loanhead Primary School and Early Childhood Centre.
75. Current design proposals have been well received by the wider school community however concerns have been raised regarding issues with the Primary School external playground space which has not currently been included in the costs estimates. Based on recent works at Muirkirk Primary it is recommended that a further allocation of £0.150m be included within the funding to improve external space.
76. More detailed surveys are being undertaken within the Primary School to inform the full extent and programme of works which it is currently considered may be able to be undertaken without the necessity of any decant of the school.

Loudoun Academy

77. Cabinet of 20 April 2016 approved an allocation of £4.410m to undertake a range of phased priority improvements to Loudoun Academy. In the interim works have been progressed including:

- **Mechanical Systems** - detailed survey work for new heating pipework has been undertaken and design work is underway. Phase 1 works to replace the cold water distribution system has been completed. Phase 2 is in development
 - **Security System** –phase 1 works door access controls completed.
 - **Car Park** - phase 1 works to improve the car park and accessibility have been completed. Phase 2 is in development
 - **Roofing Works** – design development has commenced to re-roof the science block.
78. A scope of works and programme is being developed for refurbishment of internal areas including the technical block, music and science classrooms to align with modern curriculum and create more flexible and imaginative features being incorporated into new build designs.
79. A phased programme of external brickwork repairs has been undertaken over the last 2 years funded through the Central Repairs Account. Further phases are currently being planned however consideration is being given to alternative fabric improvement options.

Stewarton Academy & Nether Robertland Primary School

80. Cabinet of 20 April 2016 approved an allocation of £13.175m to undertake a range of phased priority improvements and component renewal at Stewarton Academy including extending the facilities to address future roll projections. In the interim a range of works have been progressed including the following :
- **Synthetic Pitch** - planning permission has been granted and tender information is being prepared. It is currently anticipated that works could commence on site Spring 2018 with completion for the start of the August 2018 term. Proposals for improvement to the changing facilities have not been progressed until the wider scope of works has been agreed.
 - **Home Economics** – refurbishment of two Home Economics classrooms has been completed.
 - **Electrical Systems** - phase 1 works to renew the distribution systems has been completed
 - **Mechanical Systems** – detailed surveys of the heating systems have been undertaken with feasibility designs for biomass heating solutions being developed.
81. Cabinet of 20 April 2016 approved an allocation of £2.050m to undertake a range of phased component renewal works at Nether Robertland Primary School including reconfiguration works to address accessibility issues and better use of flexible spaces to provide an improved learning and teaching environment.
82. Cabinet also agreed on 20 April 2016 that the Chief Executive should initiate discussions with the Chief Executive of the SFT on options for Stewarton Academy and the potential for additional funding. Cabinet were subsequently advised on 31 August 2016 that additional funding would be unlikely and agreed that an appraisal of options for Stewarton Academy be undertaken.
83. In considering options for Stewarton Academy, in conjunction with Nether Robertland Primary School, an opportunity has presented itself to potentially achieve the learning and teaching benefits of a campus layout without a complete new build.
84. It is therefore proposed to develop a master plan incorporating the combined budgets for Stewarton Academy and Nether Robertland Primary School and explore construction of a new

build extension linking both facilities. In addition the demands noted in this report around increases in Early Years provision and facilities for Additional Support Needs (ASN) within the Stewarton area could potentially be addressed as part of a campus development. It is noted there would remain some key issues to be considered in developing this scheme including traffic management to improve traffic flow to and from the site as well as retaining allocations for maintenance and improvement within the existing school buildings.

85. Whilst it is anticipated that Scottish Government funding will be made available for Early Years provision, an allocation of £3.781m would be required for the development of the service at Netherrobertland. With an additional £2.500m being allocated to the scheme for ASN, for planning purposes would potentially increase the overall investment in the Campus to over £21m.

Review of Existing School Accommodation

86. Prior to any investment in further new facilities appropriate consideration is given to the existing school estate to determine whether spare capacity exists which could be reconfigured or reorganised to alleviate service demand pressures.
87. A number of opportunities have been embedded in previous iterations of the existing Capital Investment Programme and rationalisation of the existing school estate has featured extensively with projects proposed to date. However, as the schools estate is modernised opportunities to maximise capacity further becomes harder to identify and deliver. The identification of spare accommodation in schools can be further compounded by the natural spread of schools within their existing accommodation over time which can make any assessment of surplus space difficult to substantiate particularly across the secondary school estate due to the complexity of timetabling.
88. However, some opportunities may still exist within the existing school estate to better utilise existing accommodation. As space planning within an educational environment is a specialist area in the past the Council has used the services of a company called Space Strategies to provide an impartial and objective view of accommodation requirements; particularly in relation to new school design. Space Strategies have subsequently become specialists in spatial reviews of school estates; used widely by other local authorities, the Scottish Government and private contracting firms.
89. Given this specialist knowledge and the ability to work in an impartial manner, balancing out the need to maximise its assets versus the demands of the local schools, it is recommended that Space Strategies are appointed to undertake an initial review of accommodation within the existing Grange and St Joseph Campuses as well as supporting the developments at Stewarton and Loudoun; the results of which will inform readiness of the facilities in terms of rising rolls and ability to support future service demands. The cost to appoint Space Strategies is estimated at £0.050m and given the uniqueness of their experience would be a direct single supplier award.
90. This will also support the long term planning of capacities and demands across the school estate including consideration of future school rolls and areas of high housing development growth. Consideration of the current and future capacities are considered regularly within the School Estate Management Plan.

Early Years Expansion

91. The Government's policy for the expansion of Early Years also requires consideration within the overall Capital Programme. As outlined in the report presented to Cabinet on 20 September 2017 which set out East Ayrshire Council's template for the early learning and childcare expansion plan which was subsequently submitted to the Scottish Government on 29 September 2017.
92. Included within the report were proposals for additions to, and alterations of, the existing school estate to accommodate the demands of the expansion plan. This initial assessment determined a need for additional new purpose built early childhood centres, and refurbishment / extension to existing facilities at an estimated cost of approximately £46.460m.
93. The Scottish Government has stated previously that the expansion of early learning and childcare will be fully funded and following discussions with each local authority have taken time to review the submissions from all Local Authorities since early November. This has identified a number of assumptions that have required a further review of the plan submitted by the Council.
94. following the review of the expansion plan with representatives from the Scottish Government and the Scottish Futures Trust on 1 November 2017 and in subsequent discussions, a number of assumptions were clarified which impacted the original proposal. The extent of additional physical space needed to accommodate the expansion has come down due to; a reduction of the allowance for expansion due to housing growth to those schemes already committed to; A review of the flexibility of choice for parents and carers in terms of the range of options within each establishment; and it was confirmed that outdoor space can be maximised upto an extra 20% of registered places. As a result the initial requirements in terms of new purpose built early childhood centres and refurbishment / extensions has reduced.
95. It is estimated that the total capital investment required to deliver the proposed new plan will be around £20m although this is being finalised for resubmission to the Scottish Government by February 2018. Whilst the Scottish Government have stated that all costs associated with the expansion plan will be fully funded, information presented to the Council at the meeting on the 1 November would suggest that the capital investment requirement across Scotland is significantly more than the current available funding announced of £430.000m. As part of the budget announcement on 14th December 2017 the Scottish Government confirmed a one year allocation of £120m for 2018/19. Discussions continue to be progressed at National Level between the Scottish Government, COSLA and SFT to finalise the allocation of budgets.
96. The Council's position is particularly sensitive to the chosen methodology for allocating funding as a formula based distribution model if considered is likely to unfairly disadvantage East Ayrshire Council relative to other local authorities. Given the pressure on the available funding and the uncertainty over the chosen method of funding allocation it is believed likely that there will be a shortfall on funding for early years expansion plans and it is therefore proposed that the Leader of the Council writes to the Scottish Government and COSLA to highlight a formula distribution is not appropriate.
97. It is also noted that due to the positive approach and track record East Ayrshire Council and HUB SW have been approached by SFT to work with them to develop a Pilot design for early year's facilities. This is the same approach that has been taken by SFT in developing the Primary and Secondary Schools programme schools with Reference schools developed at Lasswade, Eastwood and Lairdsland. The design development will be funded by SFT based on the Council's requirements and involve relevant stakeholders to maximise buildability and design innovation.

98. It is also noted that funding of £2.000m was originally allocated as part of the previous Capital Investment Programme to a range of projects where an opportunity was identified to make improvements to early years facilities as part of planned building work to existing establishments; on the understanding that this would be offset against Scottish Government funding once released. However, during the development of the service model to support the 1,140 hours commitment it has been necessary to revisit earlier expansion plan proposals in light of new information. As a result the allocations currently set-aside for Dunlop, Kilmaurs and Loanhead Early Years Centres requires to be increased and is considered as part of the funding package being put forward to the Scottish Government.
99. Given the demands of the early learning and childcare expansion plans nationally and delivery timescales it is felt prudent that the Council consider carefully how best to deliver the capital requirements of the plan in terms of any future procurement activity. In this respect a separate Commodity Strategy as required by the Procurement Reform (Scotland) Act – June 2014 is being prepared to determine the most efficient and effective options to deliver the programme of work; giving due consideration of all potential procurement routes and the requirements of best value in terms of price, quality and time. This will also be informed by the development work with SFT.
100. Given the constraints of funding it is likely that innovative design and procurement solutions will have to be considered, for example developing an early partnership with a main contractor to consider more thorough value engineering design solutions, in order to ensure that funding streams are absolutely optimised. The outcome of this Commodity Strategy will be presented to Cabinet in line with the development of the early years expansion plan.

ECONOMY AND SKILLS – ECONOMIC GROWTH

Ayrshire Growth Deal

101. In September 2016, the three Ayrshire Authorities agreed to the submission of the Ayrshire Growth Deal (AGD) strategic Business Case to the Scottish and UK Governments. An AGD would provide the Ayrshire authorities and partners with the opportunity to focus on the major interventions which would grow the economy and create employment within the region. Negotiations have commenced with the Scottish and UK Government and all parties are working towards an Ayrshire Growth Deal. The proposed Deal sets out plans for targeted investment, co-ordinated throughout Ayrshire to act as a catalyst for stimulating growth and increasing prosperity for local people, Scotland and the UK. The Growth Deal would facilitate a step change in Ayrshire's economic prospects, enabling us to significantly enhance the area's contribution to the Scottish and UK economies and to ensure that our communities participate in and benefit from, the growth opportunities we have set out. It is therefore proposed to demonstrate the commitment to support future growth it is proposed to allocate £25.100m over the 10 year Capital Programme to maximise the opportunity for Economic Growth and inward investment. It would be for members to consider the value of utilising future spend from this fund in economic growth terms for any projects proposed as business cases are brought forward.
102. The Council has prioritised job creation and supporting economic growth and recent successes have been seen through the Council's capital investment programme projects with £4.000m supporting the current regeneration of Cumnock Town Centre, the two speculative units currently in construction at Moorfield with £2.100m of capital investment; £2.800m is allocated to support the development of the Ingram Business Centre and £0.750m to support CARS Schemes and derelict building grant fund.

103. Within the current capital investment programme an allocation of £5.000m is retained to invest in projects that support future Economic Regeneration and Development, £5m is allocated for Kilmarnock Town Centre regeneration and allocations of £1.050m for speculative development at Rowallan and £4m for future development at Moorfield. It is proposed to consolidate these funding streams within an overarching Economic Growth Fund to support the wider Ayrshire Growth Deal and to further enhance investment opportunities and leverage for external funding. This provides a total allocation of £15.050m and in addition to the areas listed below further reports will be presented to future cabinets as potential investment areas are developed or where a funding contribution from the Council will support greater economic value.
104. As agreed as part of the Regeneration Capital Grant Fund (RCGF) Projects update presented at Cabinet on 13 December 2017 it is noted that a further £0.920m of RCGF will required to be allocated to the Ingram Business Centre in 2017/18 freeing up an associated amount as part of the above £15.050m Council allocation which can be reallocated to support the Crossroads Community Hub initiative in 2018/19.

Halo Development

105. The Halo development has been successful in attracting £10.000m from external funding including Scottish Government and the UK government to support the redevelopment of the previous Diageo site in Kilmarnock. The Halo Kilmarnock Limited includes development of future business, energy generation and housing facilities with phase 1 planned to be developed by 2020. The Council have committed £2.000m from the Economic Growth fund for site preparation and infrastructure works.

Speculative Units, Moorfield Industrial Estate

106. In May 2013 East Ayrshire Council commissioned Ryden, commercial property consultants, to undertake a review of land supply for business and industry in East Ayrshire. In 2017, this has been updated to reflect the property supply across Ayrshire versus demand levels. Both reports have highlighted that East Ayrshire has a limited commercial and industrial property portfolio.
107. The report also identified that East Ayrshire has a heavy reliance on public sector employment and given the recent and continuing financial pressure exerted on the public purse, this is of increasing concern. Against this background, the importance to enable indigenous companies to grow and to also attract inward investment is heightened. This requires the provision of suitable industrial and business properties to encourage the development of a more balanced, diverse and dynamic economy.
108. Speculative development has and continues to be hampered due to the recent recession and economic downturn resulting in a lack of suitable industrial accommodation. This is highlighted in East Ayrshire by the levels of enquiries which Economic Development receives (approximately 24 per annum) from companies who have an interest in relocating to new industrial premises to expand their businesses but are struggling to find modern industrial units of a suitable size. Over half of the companies requiring expansion space are within the manufacturing and engineering sector. The requirements identified range from approximately 500 sq. ft. to 2,500 sq. ft. with a preference for Kilmarnock due to the proximity to good transport links.

There are currently no modern industrial units available in Kilmarnock that are within this range, and where properties are being marketed, they are likely to require substantial refurbishment to allow them to be suitable for occupation as a modern industrial facilities and

the cost is likely to be prohibitive. It is estimated that the construction of 7 small to medium sized speculative units would cost approximately £1.200m. It is therefore proposed to reallocate some of the available funding within the current capital programme for the proposed Moorfield Industrial Estate to offer a range of sized units, primarily from anticipated underspends on existing projects. It should be noted however that some of the annual debt servicing costs associated with the capital investment requirement will be offset from future income streams

Galston Local Office & Office Facilities

109. As members will be aware due to the condition of the Co-op building demolition has now been progressed with an anticipated completion of January 2018. Current temporary arrangements for the local office and existing library were proposed to be part of a future development of the site. There remains approximately £2.000m (after allowing for expenditure to date including the demolition of the Co-op building) in the capital programme to further develop this site with the aim of providing the reinstated local office and library service, retail unit and an improved urban realm.
110. A scheme has been developed with initial cost estimate of £3.200m. It is therefore recommended that a further £1.200m is allocated from the Economic Growth fund to allow the project to progress to the detailed design and planning application. However it is anticipated that a proportion of the costs will be offset from potential letting income and a capital receipt from the existing Library site.

SAFER COMMUNITIES

Waste and Recycling

111. Cabinet of 25 October 2017 agreed to allocate a further £0.400m as part of the Capital Programme update to allow the Western Road depot improvements to progress to contract award. Work is progressing on site and is expected to be completed by July 2018.

Dalricket Mill

112. The capping and restoration of the former landfill site at Dalricket is a mandatory planning requirement and ensures the Council meets its current and future environmental responsibilities. The original budget was estimated at £0.675m; based on an indicative cost prior to the detailed design requirements being carried out.
113. Following a detailed design exercise, the contractor submitted a cost of £0.755m earlier this year. The price was scrutinised against the Bill of Quantities by both the Council's internal Quantity Surveyors and the appointed external technical advisors. Both of whom confirmed that the price submitted was in line with expectations.
114. However, due to unforeseen requirements in relation to the monitoring of gas emissions from site which only became a requirement prior to application for the relevant SEPA licence (para 9 exemption), project delivery has now been delayed until early 2018. Following submission of the gas monitoring results, the Council may be required by SEPA to install a landfill gas management system, although it is hoped that this will not be necessary.
115. As a result and given the uncertainties with regards gas monitoring it is therefore recommended that the budget allocation for the project is increased to £0.996m to cover all eventualities.

Environmental Risk Contingency Fund

116. Within the current Capital programme £14.000m funding was allocated to address a range of environmental risks around former open cast mines and to address future climate change risks including flood risk. Projects have progressed and remediation of open cast sites have been subject to separate cabinet reports.
117. Following the flooding in the New Cumnock area the council committed to implementing mitigation measures in the area. £4.000m was allocated within the Environmental Risk Contingency Fund to develop appropriate schemes.
118. It is however noted that New Cumnock was identified as one of 42 national flood protection schemes which have been awarded 80% grant funding from the Scottish Government. The current estimate for the New Cumnock project is £4.700m and therefore the expected contribution from the Scottish Government will be £3.760m with the balance coming from allocated revenue funding. The overall scheme is being carried out in two separate phases.
119. Phase one is located at the Leggate. The water main diversion works being undertaken by Innovative Utilities will commence January 2018, and once these works have been completed the preferred contractor for the civil engineering element will start on site.
120. Phase two is located along the Afton Water and a tender is expected to be awarded for February 2018. The current estimate for the contract works is in the order of £3.000m.
121. This will allow the reallocation of £4.000m from the Environmental Risk Contingency Fund across the Capital Programme. As further flood schemes are developed within other communities as part of the All Ayrshire Flood Risk Management Plan it is anticipated opportunities to further maximise funding from Scottish Government funding will be available.

Roads Maintenance

122. The Roads Maintenance Budget supports many different elements of work including road and footway resurfacing; street lighting improvements; bridge strengthening; traffic management and road safety. It is essential that sufficient funding is provided to sustain the current asset to at least its current condition. The allocation for bridge strengthening from 2018/19 is currently £0.170m per annum which is insufficient to maintain the current assets. In addition, the current road strengthening programme has helped the condition of the road network to improve from a value of 40.6% of the roads requiring improvement during 2011-13; to a value of 39.1% during 2015-17. It is therefore proposed to increase the current capital allocation for Roads and Transportation by £0.200m per annum in order to address the highlighted maintenance concerns.
123. The Ayrshire Roads Alliance are also required to undertake additional projects to provide infrastructure improvements required to support the development of the new William McIlvanney and Knockroon campuses. Allocations of £0.600m and £1.000m respectively have previously been set aside within the capital programme to fund the identified infrastructure improvement works, however as the projects have developed and the actual requirements become clearer the opportunity to offer wider enhancements to allow general surface improvements and address infrastructure issues as part of the works. As a result it is therefore recommended that the specific roads infrastructure improvement allocations for the William McIlvanney and Knockroon campuses are enhanced by £0.400m and £0.600m from the

Roads Maintenance funding to ensure these important works can be completed within the overall programme and allocations above.

124. The sum of £0.175m was set aside for the resurfacing of roadways within Woodroad Park in Cumnock in the Previous Capital Programme. Following surveys by the Ayrshire Roads Alliance, the costs of the works is now estimated at £0.082m. It is proposed that the balance be retained for similar works within Cumnock including enhancing appropriate surface and lighting to the site next to Townhead Park to enable greater access to disability sports. ARA have confirmed that this can be completed within the sum available. The Local Action Plan Group will continue to be consulted.

Re-allocation and Re-profiling of Capital balances

125. The Capital Investment Programme for 2017/18 includes a number of budget allocations which on further review and analysis are either no longer required, are underspends on existing projects overall or are as yet unallocated balances awaiting distribution against new projects, these are as follows :

| Scheme | £m |
|---|--------------|
| St Patrick's Primary Fence | 0.100 |
| Doon Academy Walls | 0.100 |
| Unallocated - Refurbishment and Component Renewal | 1.108 |
| Dalrymple Primary Reconfiguration | 0.030 |
| Civic Centre (balance from previous works) | 0.417 |
| Total | 1.755 |

126. Given the increasing demands on the existing Council estate it is therefore proposed that the underspends / unallocated balances noted above are reallocated to address emerging priorities and release pressure on existing budget allocations.

127. Further review of spend within the Central Repair account has also identified some projects which whilst offset against revenue meet the criteria for capital expenditure and are more appropriately allocated as part of an asset management approach to lifecycle replacement and improving facilities. It is therefore proposed to allocate the following project areas against the proposed balance of capital funding :

| Scheme | £m |
|---------------------------------------|--------------|
| Hurlford Primary School | 0.400 |
| Dalricket Mill | 0.325 |
| Fire Safety and Security improvements | 0.100 |
| Boiler Plant replacements | 0.150 |
| External walls, drainage and grounds | 0.250 |
| Dunlop Primary School | 0.250 |
| Schools Programme Contingency | 0.280 |
| Total | 1.755 |

Component Renewal and Lifecycle

128. The Capital Investment Programme includes an allocation of £1.500m each year to support longer term maintenance and lifecycle management across the Council and Leisure Trust estate. Allocations from previous years have been focused on supporting renewal of key components including mechanical and electrical, building fabric including windows and roofs as well as refurbishments of toilets.
129. A wider Asset Management Plan is being developed which will draw together strong themes already established within the Capital Programme, School Estate Management Plan and Climate Change Declaration reports in supporting the aspirations set out in the Transformation Strategy.
130. However to ensure projects are given sufficient time to be developed, planned and programmed it is proposed the funding for 2018/19 be allocated as follows; ensuring the investment remains focused on longer term replacement to address potential safety and security risks; maximise whole life costs, address climate change and energy efficiency benefits; improve accessibility and inclusion; reducing future spend.

| Purpose and outcome | £m |
|---|--------------|
| External Fabric and structural components | 0.400 |
| Security arrangements, CCTV etc | 0.175 |
| External Grounds and Drainage | 0.250 |
| Accessibility, service equipment and minor reconfigurations | 0.130 |
| Mechanical and Electrical Systems | 0.200 |
| Dunlop Primary School | 0.345 |
| Total | 1.500 |

Cemetery Extension and Infrastructure Improvements

131. The Outdoor Amenities Team has identified a need to undertake works to extend Dalmellington cemetery at an estimated cost of £0.175m to allow for an additional 215 lairs on the basis that the existing facilities are near capacity with less than 7 years provision left. This would extend the cemetery provision at Dalmellington for a further 20 years.
132. Further works are also proposed to provide a new car park at the rear of Fenwick Cemetery at an estimated cost of £0.123m to address concerns with the existing entrance which restricts traffic movements during busy periods. It would be the intention of the Outdoor Amenities Team to supplement the project with £0.027m from existing departmental balances.
133. Health and Safety concerns have been raised regarding the condition of paths, roads and walls infrastructure within a number of older cemeteries and churchyards. It is therefore recommended that an allocation of £1.000m is set aside within the Capital Investment Programme over the 10 year programme to allow the necessary repairs to be undertaken; prioritised on a needs basis.

WELLBEING

Galleon Leisure Centre

134. The Galleon Centre is the major sport and leisure complex in Kilmarnock, and provides a variety of sport and leisure activities including swimming, ice skating and gym facilities. The Centre opened 30 years ago in 1987 and attracts around half a million visitors each year.
135. Members will recall that the Best Value Review of Leisure Sport and Culture was considered by Council earlier this year on 23 March 2017. Among a range of matters, the review considered the future of the Galleon Centre and outlined 3 options:-
- Provision of a new purpose build sports and leisure facility in Kilmarnock with a reduced footprint;
 - Refurbishment and reconfiguration of the existing Galleon Centre; or
 - Retention of the existing Galleon Centre, with completion of identified structural repairs.
136. Given the age of the Galleon Centre, and the minimal capital investment in the facility over its lifetime, the option of retaining the existing Galleon Centre, with completion of identified structural repairs, which had been costed at around £2.000m, was dismissed on the basis that it would not provide a focus around which a sustainable medium to long term sports and leisure offer could be based.
137. Before committing to either of the remaining two options, Council agreed, in order to ensure the retention of sport and leisure facilities in Kilmarnock town centre on a sustainable long term basis, that a full business case, which should take into consideration the impact of the proposals on the local economy and the wider wellbeing of our communities, should be developed by the Council's Head of Facilities and Property Management.
138. As part of the Best Value Review, a schedule of accommodation was agreed for the development of a new purpose built leisure and sports facility, which would deliver a modern, fit for purpose and flexible facility capable of responding to current and future demand. It should be noted that the proposed new facility has a smaller footprint than the existing Galleon Centre. This will be achieved by the removal of dry side sports halls, squash courts and indoor bowling. These facilities were not included in the schedule of accommodation because they were either available elsewhere or did not generate a level of demand that was considered to be sustainable.
139. To inform the business case, Ryden were commissioned to undertake an assessment of the potential impact of relocating the Galleon Centre and to undertake an option appraisal of potential sites for a new purpose built leisure and sports facility in Kilmarnock town centre. For the purposes of this study, the site search focused on sites within the town centre and town centre living boundary, as defined by the Local Development Plan or sites immediately adjacent to those designations and included the option of a new build on the existing site.
140. The outcome of the review has not clearly identified a preferred solution to the future sport and leisure facilities in Kilmarnock and as the decision has a significant impact on the future capital investment level of the Council, the future direction of the Leisure Trust and a determining factor in the economy of the Town Centre it is proposed that a Short Term Member Officer Working Group is convened to fully consider the options and report back to cabinet at a future meeting. For planning purposes an allocation of £13.850m has been allocated as part of the capital programme which is based on the anticipated costs of refurbishing the existing facilities.

Leisure Trust

141. The Leisure Trust remain focused on developing Cultural, Leisure and Sports facilities to maximise the benefit to the local community, meeting the needs of users and the public and establishing excellent local facilities supported by the strategic direction set out with the Best Value Review.
142. As part of this approach a project to improve the drainage at Annanhill Golf Course at an estimated cost of £0.100m has been identified that will help improve the service offer. It is therefore recommended that funding is allocated from the Transformation Fund to meet the cost of the proposed works.
143. In addition, the Leisure Trust, in conjunction with the Council, is committed to improving energy efficiency and reduce the Councils total carbon output in line with the Climate Change (Scotland) Act 2009. A number of projects which will assist with achieving these objectives have therefore been identified which is proposed to funded from the Energy Efficiency Fund :
- **Hunter fitness suite** – improvements to the existing hall heating units at an estimated cost of £0.100m
 - **Palace Theatre / Grand Hall** - replace lighting with LED throughout the buildings at an estimated cost of £0.150m
 - **Dick institute** - improve upper floor lighting with LED at an estimated cost £0.050m
144. A number of additional strategic development projects have also been identified by the Leisure Trust including Annanhill Golf course clubhouse, improvements to local path networks, Dower house refurbishment and additional options for museum facilities in Newmilns. Although it has not been possible at this stage to include them within the overall allocation of the capital programme, future consideration may be possible in line with the development of individual business cases and to support greater external funding opportunities.

TRANSFORMATION

Transformation Fund

145. As part of the original transformation strategy £5.000m was identified to support capital investment that would support wider or longer term transformation. Approximately £2.130m of this fund has been drawn down in the past 5 years to support a wide range of projects and initiatives that have facilitated reduced revenue spend or transformed how Council services are delivered specifically to support Community Asset Transfers and demolitions to create new facilities.
146. It is proposed to replenish the transformation fund retaining a £5.000m fund to support Transformation Two. In addition to this a number of specific areas have been identified that will further support the future direction of Transformation. And as the next Transformation Strategy is developed capital funding will be available and be allocated based on the Strategic imperatives and a clear business case that supports:
- Outcomes within our communities,
 - Preventative spend and reducing future costs,
 - improving equality and sustainability,
 - shared services and efficient use of our assets
 - wider engagement, partnership working and new ways of working

Community Asset Transfer

147. At Cabinet on 4th October 2017 an update on the progress of the Community Asset Transfers so far was presented with an updated policy. This report highlighted the successes so far of the CAT policy and excellent work in transferring Council assets to sustainable community organisations and the development of community led solutions. It is clear from the review of the policy, CAT remains an area of potential transformation and remains an opportunity where short term capital investment can bring future benefits. Further options to support Community Asset Transfer will be explored and supported through the Capital Transformation Fund.

"The overall aim of this [CAT] framework is to empower local communities, recognising at the same time the optimisation of the use of all of our assets_including land and buildings.

*The transfer of assets can make an important contribution to the range of innovative, bottom up solutions which community groups can develop to address local needs. Importantly, these solutions not only meet the needs of local people, they can also contribute to the delivery of council and national strategic priorities" **Community Asset Transfer Policy, October 2017.***

Surplus Sites

148. With the completion of Whattriggs Primary School, the site at the existing Bellfield Primary has been declared surplus and will be demolished and transferred to the Housing revenue account for development as part of the Future Homes programme. The Kirkstyle Campus has been identified as a potential decant location if required during the programme of school refurbishment, however in the short term to ensure the building does not lie empty for an extended period of time a range of services have identified additional operational demands that the building has been able to facilitate. This has included a trial central production kitchen and base for the catering services to increase commercial catering opportunities; temporary relocation of the weightlifters from shortlees as new community facilities are explored; accommodation for the Textile team decanted from Dean Castle while the restoration is undertaken; a staff base and training suite for the Scottish Attainment Challenge Team to facilitate staff training and development. It has also provided the opportunity to offer additional temporary office accommodation to support moves as part of office rationalisation within Health and Social Care, including Dieticians from NHS that offer links with the catering service and links to health and wellbeing curriculum. A budget is retained for future demolition of Kirkstyle.
149. With the William McIlvanney Campus due to open in April 2018 proposals continue to be developed for the Kilmarnock Academy site and the Silverwood sites which would become surplus to education needs with the new campus. As members will note the RCGF bid is being progressed to support the transfer of part of the Kilmarnock site including the buildings to Centre Stage communities Ltd. The Silverwood site has been earmarked for housing within the Strategic Housing Improvement Plan during 2020/21. An allocation is identified for the demolition of Silverwood.
150. As work progresses with the development of the new Knockroon campus consideration requires to be given to the existing school sites due to relocate into the new facility. With regards the existing Barshare Primary School site is anticipated to be transferred to the Housing Revenue Account to be redeveloped as part the Future Homes Improvement Programme. It is also recommended that the existing Greenmill Primary School site be

declared surplus to requirements and marketed for sale resulting in a potential future capital receipt.

151. It is likely that the remaining sites at Hillside Special Educational Needs School and Auchinleck Academy will require to be demolished; either in full or in part, with a commitment to retain leisure facilities within the Auchinleck Academy site. Any proposals will be subject to a further, more detailed assessment of options nearer the time with bids on the Transformation Fund as required.

Facilities Improvements

152. Potential investment in facilities that offer service benefits should also be considered where they offer value in terms of reduced operating costs and service efficiencies or increased income generation. A range of areas have been highlighted that may benefit from this across the Council or the Leisure Trust as well as opportunities to create alternative models of service with other organisations or community groups.
153. Following the decision to relocate services from underwood depot and whilst progressing the development of the Knockroon Campus an opportunity was identified to relocate East Ayrshire Woodlands into a central location on the wider site in order to significantly improve the facilities or the organisation and allow greater collaboration between the service and support schools in terms of providing enhanced training opportunities for a range of learners. It is recommended that £0.300m is allocated from the Transformation Fund to support the development of this facility to maximise the value of East Ayrshire Woodlands.
154. In addition, works have also been undertaken at the existing Netherthird Sports Pitches and Pavilion to temporarily relocate Cumnock Rugby Club. The improvement works have addressed pre-existing problems with the drainage which had initially made the pitches unattractive for Community Asset Transfer and as a result a number of parties are now expected to be interested in taking ownership of these pitches once Cumnock Rugby Club have relocated back to their new premises. It is therefore recommended that an allocation of £0.150m is made from the Transformation Fund to facilitate the future asset transfer of the facilities.
155. In the previous Capital update in April 2016 an allocation was made towards installing additional Catering Kiosks in 3 schools and further improve the dining offer for school meals. As part of the design development of the William Mcilvanney Campus an opportunity has arisen to install a second Kiosk within the campus to support the overall service in the Campus. It is also proposed to further extend the development of new branding and point of sale designs, developing this with pupils and Cabinet is asked to allocate a £0.100m to support a new dining offers to maximise catering income. This will be on a 'spend to save' basis through greater income generation with the service allocated the debt charges or the fund being replenished following implementation of specific projects.
156. The Leisure Facilities developed at Loudoun Academy have successfully created modern gym facilities that offer a range of activities and equipment that has allowed increases in membership and active use of the facilities. A range of new equipment and free weight areas are popular and are increasing use. It is proposed to develop similar facilities within the William Mcilvanney Campus and review the offer at Stewarton Leisure Centre with a similar range. It is therefore proposed to allocate £0.100m to meet the additional costs for reconfiguration and new equipment. This will be on a 'spend to save' basis through greater income generation with the service allocated the debt charges or the fund being replenished following implementation of specific projects.

Community Planning Partnership Transformation Workstreams

157. Community Planning Partners have developed a shared approach to Transformational Change and across the partnership a significant resource exists in the form of property estate owned by individual partners. The following key themes have been considered as themes are developed.
- To ensure that we are making best use of the existing estate to facilitate effective and collaborative service delivery and to attract skilled staff to work in East Ayrshire;
 - To identify further opportunities for estates rationalisation, with the aim of generating savings; and
 - To allow a joined-up approach to future capital development, with the aim of reducing duplication, achieving economies of scale and ensuring that the future estate meets the future need of the Partnership.
158. Work continues to review accommodation to support the integration across services and increased efficiency of the Council's office accommodation. There remains capacity within the Council's office accommodation to improve efficient use of space aligned to increased agile working and more efficient space layouts. Work is continuing to improve space utilisation across the Council estate with 210 additional staff planned to be relocated from NHS offices at Lister Street and Kirklandside. This has resulted in greater utilisation and integration across Johnnie Walker Bond, Balmoral Road, Kirkstyle Campus and Rothsey House.
159. A final agreement remains to be formalised to ensure an appropriate share of costs are allocated between the Council and NHS to continue to support the effective integration across Health and Social Care services. Further opportunities are all being considered in relation to long term planning and potential large scale developments; assessing opportunities for shared use in future projects; and surplus sites across partners. To further facilitate opportunities within the Council's estate the following proposals are noted.

North West Kilmarnock Area Centre

160. East Ayrshire's Health and Social Care Partnership's NHS Mental Health Services Team are currently located in 2 separate buildings within the North Locality and the aim is to reduce the office bases to 1 and alterations to the old Alzheimer's Area in the NWKAC would enable the NHS Mental Health Services Team currently based at Lister Street in the Crosshouse Hospital Campus to relocate to the NWKAC resulting in one base for both EAC and NHS Mental Health Services Teams in the North of the Partnership. It is proposed to allocate £0.265m from the Transformation Fund to meet the cost of reconfiguring the existing accommodation and providing appropriate IT infrastructure and equipment to allow the area to be maximised for staff use.

Corporate Office Accommodation

161. The Council's office accommodation strategy has since 2009 seen some significant improvements in utilisation and condition of facilities used by Council staff with:
- An increase in Council staff based in the town centres of Kilmarnock and Cumnock, with 1108 staff, an increase of 601, based in the town centres.
 - The number of properties identified as office accommodation has decreased for 24 to 11 and the overall floor area reducing from 32,639m² to 27,180m²

162. Analysis of the Council's overall accommodation requirements highlight the ratio of employees to overall space available still offers opportunity to utilise accommodation better and options to offer space to organisations and services out with the Council. As noted above progress is being made to accommodate additional health and social care staff in existing buildings and reorganise employees and services to align teams going forward. A range of IT based projects are also being progressed that will improve the agility of staff, reducing office space demand. Utilisation studies have shown actual usage of desk space is well below numbers allocated. This offers greater flexibility to accommodate more staff within existing office spaces in line with national public sector activity where staff to desk ratios are being improved in line with changes in work practices.
163. Currently Civic Centre North building accommodates around 90 people a usage ratio of 40m²/FTE. The average usage across the office accommodation is 18m²/FTE with Opera House, due to its open plan layout operating at 9m²/FTE. The internal condition of Civic Centre North however is not in a condition suitable for effective use and requires significant investment to bring it to an appropriate modern office standard. Cost estimates are £5.000-£5.500m to facilitate improved condition and suitability for future office use and would be able to accommodate 270 people.
164. The remaining accommodation across the Council's estate would be sufficient to house the Council staff and a significant number of Health and Social Care staff and therefore investment in Civic North would potentially offer a commercial opportunity for the council to rent office accommodation to partner organisations or private companies. Modern office accommodation rental ranges from £80-100 per m² per annum. This would generate between £0.280m-£0.350m annual rental income. The current operating cost of Civic Centre North is £0.282m in utility costs, Cleaning, FM, repair and maintenance costs. In addition to some staff being in the building Civic Centre North does house the Council's back up data centre. A recent Ryden report undertaken to assess the viability of use of the Building identified office accommodation as the only likely option for future use.
165. It is therefore recommended Cabinet consider offering the Civic Centre North Building in the first instance to NHS and other partner organisations either in its current condition for development or to confirm interest in an option for the Council to invest in the refurbishment of the building on the basis of a long term lease agreement with partners funded from the Economic Growth Fund. Skills Development Scotland have also expressed an interest as part of a future town centre development for an Employability Hub.

Energy Efficiency Fund

166. Cabinet on 27th March 2013 approved an allocation of £3.000m over the period 2013/2017 for an Energy Efficiency Fund to be used on measures to improve energy efficiency over the Council's non-housing property portfolio and to reduce the Council's total carbon output in line with the Climate Change (Scotland) Act 2009.
167. To date approximately £1.271m has been spent on a range of measures, with a further £0.200m of works nearing completion including Loudoun Academy boiler system, the upgrade of existing Building Energy Management Systems (BEMS) on the largest consuming sites on the estate, PIR external lighting improvements, roof insulation works, Photovoltaic panel installations to Whatriggs and Muirkirk Primary Schools and other 'one-off' projects such as smaller boiler and window replacements.

168. Just as significantly, a further £1.000m has been allocated to directly support larger Capital projects, to take advantage of the unique opportunities that these significant works present. Cabinet on 16th November 2016 approved £0.500m to be spent on a district heating system and biomass plant to heat the new Knockroon Campus and Visions Leisure facility. Cabinet on 20th April 2016 approved £0.500m to be spent on a district heating system and biomass plant, to heat the refurbished Stewarton Academy and Nether Robertland Campus. Both these projects are currently progressing through the design phase.
169. The balance of approximately £0.529m was approved by Cabinet on 20th April 2016 to be spent on 'one-off' projects that support the Capital programme, and projects are being progressed to install CHP units at Loudoun Academy, installation of 'Dry-Cycling' controllers across a significant part of the gas heating estate, the upgrade of water Automatic Meter Reading (AMR) meters to the largest water consuming sites, water meter 'right-sizing' programme as a spend-to-save action on water capacity charges, and the upgrading of external lighting to LED at Western Road Depot.
170. The investment of the Energy Efficiency Fund has had a transformative effect on the carbon reduction performance of the Council. The dedicated budget provision has been key to ensuring that the fund is spent entirely on energy efficiency and carbon reduction technologies. Previous project funding, allocated to distinct Capital projects, meant that expenditure on carbon reduction technologies often became a casualty in favour of increases in floor space or architectural details. Whole life costs and benefits, including energy efficiency and low carbon solutions, can often be sacrificed in favour of the lowest initial Capital expenditure at construction phase even though this would result in increased operational costs during the life of the building. A dedicated Energy Efficiency Fund effectively removed that competition by 'ring-fencing' the funding.
171. Analysis of the positive effect on carbon reduction, generated by the Energy Efficiency Fund, shows that approximately 3,100 tCO₂ per annum will be saved when all the projects are complete. This represents about a 13% reduction across the buildings estate. This has already contributed significantly to recent reductions reported to Cabinet on 25th October 2017, in the 'Climate Change Public Sector Report for 2016/17', and continued support and influence on the ambitions of future Capital projects was a key theme highlighted in the report for future climate change action.
172. With Scottish Government set to increase the duty on Councils to support decarbonisation to a 90% reduction level by 2050, through the new Climate Change Bill anticipated in early 2018, the Council will clearly have to re-evaluate the way it builds and refurbishes buildings in response.
173. Future new build and refurbishment projects present unique 'opportunity points' to incorporate energy efficiency and carbon reduction actions that might not be economical in isolation. For instance, when renewing an obsolete heating system the extra-over cost to incorporate low carbon technologies like biomass, or heat pumps is modest relative to the cost of replacing a working system later on the premise of efficiency alone. Likewise, when re-roofing or rendering buildings an opportunity arises to incorporate insulation at a relatively modest cost as part of those works, rather than attempting an expensive retro-fit at a later date.
174. It is therefore proposed to achieve this a further £0.500m per annum for 5 years be added to the Energy Efficiency Fund to support future building and refurbishment projects where it can be demonstrated the funding will reduce the overall carbon footprint and energy use. Future projects such as Early Years Provision, Dunlop Primary Reconfiguration, Bellsbank Primary Replacement, St Sophia's Primary, Doon Academy Replacement, Loanhead Primary

Refurbishment, along with the various smaller refurbishment projects across the Council and Leisure Trust facilities will represent imminent 'opportunity points' to consider energy efficiency and carbon reduction as an integral part of the building design and improvement.

Street Lighting

175. The use of LED lights has been seen as a much more cost effective and energy efficient technology and nationally around a third of the 900,000 street lights have already been converted to LED. East Ayrshire has since 2014 implemented some conversion work utilising Government Grant funding although the pace of change utilising this approach is slow with the Council being 24th in Scotland.
176. At present there are 16,441 (79.8%) street lighting units which have conventional discharge lamps as a light source. These units are mounted upon a variety of lighting columns, including buildings and underpasses. Of the units mounted on lighting columns, some are on old and deteriorated columns. In the absence of an accelerated programme of lighting asset replacement (columns, underground cables, control systems), many of these columns will require to remain in service for many years to come. On this basis, it will be necessary to continue to provide an annual capital budget allowance of approximately £250,000 to replace these elements of the infrastructure.
177. However, it is possible to convert all of the existing conventional light sources to LED, thereby making considerable savings on energy costs. Based on the model developed by the Scottish Futures Trust, there is the potential to reduce the estimated annual consumption by a further 53%, from 7.377 GWh to 3.875 GWh. Based on the inventory in June 2017, there is the potential to reduce the energy costs from approximately £0.848m to £0.398m. The capital cost required to achieve this reduction is £4.920m. This is based on 16,441 units at £260 per unit replacement cost, and with a 15% contingency value.
178. Based on September 2016 figures, the street lighting units produced 4,243 tonnes of carbon dioxide per annum. This equates to a Carbon Reduction Commitment Tax, currently at £16 per tonne, or £0.068m. Should all the street lighting units be converted to LED this will reduce the carbon dioxide produced to 2,111 tonnes, and a corresponding Carbon Reduction Commitment Tax of £0.034m. This represents an overall annual saving of £0.484m which when transferred directly to debt repayment charges would result in a payback period of approximately 16 years.
179. Cabinet are therefore asked to endorse the investment in LED street lighting and allocate £4.920m over three financial years on a 'spend to save' basis with the Head of ARA providing a future shared service committee with details of the timescales, resource implications and implementation plan.

Transport

180. The Council has made improvements since 2014 to sustainable travel and carbon reduction through the implementation of the Active Travel Hub at Kilmarnock train station. To continue the momentum and further expand on initial improvements there is scope to add further benefit through expansion of the existing activities currently undertaken through the existing travel hub and establishing a new hub in Cumnock to help serve the wider community.
181. Linked with this, following an increasing national uptake of alternatively fuelled vehicles, the introduction of a number of new Low Emissions Zones across the country and the 2032 target for cessation of fossil fuel vehicle sales in Scotland there is a requirement to increase electric

vehicle uptake within the Council fleet and in the wider community. To facilitate this a strategic approach is required to establish the necessary charging infrastructure and it is proposed that advantage is taken of the Low Carbon Travel & Transportation Challenge Fund to apply for grant funding to take forward both an expanded travel hub approach and implement charging hubs across East Ayrshire. Award of grant funding requires match funding of 30% and it is proposed that a capital allocation is made available for between £0.100m - £0.150m to allow up to a possible £0.500m funding if successful.

ICT

182. It is recommended, as a 'spend to save', that Cabinet approval is sought to fund the installation of a 10GB Council owned fibre between Rothesay House, Cumnock, and the new Knockroon Campus.
183. The estimated cost of ground works and fibre install is in the region of £0.120m (one-off payment); to install and rent a similar service from BT would cost in the region of £0.080m over 5 years. In this context, and given the life-span of the school, it would represent good value for money for the Council to install its own fibre.

Health and Social Care Management Information System

184. Within the East Ayrshire Health and Social Care Partnership the Social Work Service utilises a computerised management information system for the creation, management and storage of personal records to ensure that all contact with individuals who are referred to and use services is recorded effectively and appropriately. The system records information across the social work functions of Community Care, Children and Families and Justice Services. The system is also integral to enable key performance indicators to be regularly monitored and provides managers and employees with relevant performance and workload management information for their service.
185. A 2 year extension to the support and maintenance contract, for the Swift Management Information System was approved by the Integration Joint Board (IJB) in August 2016 and this contract expires on 31st March 2019. This was to allow time for a specification of requirements to be developed in collaboration with all services within the Partnership.
186. A report has been presented to the IJB on 30th November, and thereafter to Cabinet on 13th December 2017, seeking approval to tender within the Crown Services Commercial Services Framework to obtain a contract for a Health and social Care Management Information System to fulfil the obligations of paragraph 21(1) of East Ayrshire Council's Standing Orders Relating to Contracts. The preferred system will require to be purchased and implemented during 2018/19 and it is anticipated that this may cost between £0.650m and £0.700m.

HUMAN RESOURCE IMPLICATIONS

187. The General Services Capital Programme is managed by the Council's Facilities and Property management Service through a combination of utilising in-house professional expertise supported by external construction professionals and technical consultants.
188. Current in-house staffing resources are based on a level of resource planning to meet normal levels of investment and ensure staff are fully utilised. Significant variations in programme and new project demands require this to be constantly reviewed and can lead to additional temporary staffing or a requirement for more expensive agency or consultant spend. The

current market has resulted in recruitment difficulties across a number of professional areas and has resulted in further use of external professional services.

189. An accounting system is operated to allocate costs to capital projects from revenue staffing budgets on the basis of a £3.000m income target for Facilities and Property Management. The current capital programme provides sufficient allocation for the next 5 years. The allocation to each project is based on an overall benchmarked % on-cost for professional services in line with the fees charged by external consultants. The percentage is aligned with the RIBA stages of project management and include project development, design and construction. Not all costs can be allocated directly to projects where external funding is utilised; where project development does not result in construction; or where external professional service are allocated to projects. Utilising in-house staff does however provide the most efficient use of resources and provides overall value in contributing to general overheads of the Council. It remains the aim of Facilities and Property Management to recruit and retain in-house professional services staff as income generation where possible, including the development of graduate interns and trainees in delivering the programme.
190. The proposed capital programme further increases the investment, demand and complexity of the programme management and support for services during a significant period of change and transformation. The completion of four significant Education Projects for the August term, as well as an emergency decant, support to community based projects including the Dean Castle project and a number of Community Asset Transfers have put significant pressure on Project Teams and services to continue to operate and minimise any disruption. Project Co-ordination resource have previously been identified on a temporary basis as part of the Education Programme Team and Community Asset Transfer activity which have provided an extremely effective approach to supporting wider communication, programme co-ordination, service liaison as well as transition support during moves, supporting effective operation and logistics.
191. With the extent of the current programme and significant projects within the overall programme it is essential this key resource is maintained to support a wide range of services and project teams in place to deliver the overall programme. It is therefore proposed to provide future certainty for 6 existing staff across Facilities and Property Management and 1 in ICT, with staff being made permanent in existing project rolls. Their activity and costs being allocated, as upto 1.0%, to project overheads across the Capital Programme.

FINANCIAL / RISK IMPLICATIONS

Affordability

192. Appendix 1 provides an update of the overall allocations outlined within this report and the expected level of borrowing required to support the capital investment programme, together with indicative capital financing costs [debt charges] is shown in the following table.

| | 2018/19 £'M | 2019/20 £'M | 2020/21 £'M | 2021/22 £'M | 2022/23 £'M | 2023/24 £'M |
|-----------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Capital Expenditure | 58.370 | 66.784 | 40.538 | 37.945 | 31.636 | 14.879 |
| 2017/18 C/Fwd | 14.940 | - | - | - | - | - |
| Total Planned Expenditure | 73.310 | 66.784 | 40.538 | 37.945 | 31.636 | 14.879 |
| Less Capital Grant | (12.855) | (10.670) | (10.670) | (10.007) | (10.007) | (10.007) |
| Projected Borrowing Requirement | 60.455 | 56.114 | 29.868 | 27.938 | 21.629 | 4.872 |
| Estimated Capital Financing Costs | 20.370 | 22.295 | 23.570 | 24.760 | 24.965 | 25.355 |

193. Given the significant level of borrowing required to support the capital investment programme any movement in the underlying interest rates assumed in respect of the required borrowing or changes to assumed levels of capital grant could impact on the longer term affordability of the programme. As part of the well established monitoring and reporting arrangements the Head of Finance and ICT will ensure that there is a robust process to review and evaluate the projected level and timing of any borrowing which will, if this identifies a material variance from the rates of interest currently assumed or the timing of required borrowing, trigger an immediate review of the sustainability of the capital programme. This could result in a recommendation to delay the start of projects until later financial periods or require that schemes are deferred completely to ensure that the programme remains within affordable levels. Any such proposals would be reported to Cabinet for consideration as part of the Council's overall financial management arrangements.

RISK MANAGEMENT

194. In order to continue to deliver the 10 Year Capital Investment Programme aspirations, the Facilities and Property Management Section have adopted robust project management arrangements for all major projects in line with PRINCE2 project management principles; supported, where relevant, by colleagues from across the Council. This includes the establishment of formal governance arrangement through the formation of Project Boards for all major capital projects, the development of robust resource management and planning arrangements and open and transparent monitoring and reporting arrangements.

POLICY IMPLICATIONS

195. The 10 Year Capital Investment Programme is a key element in ensuring that the Council delivers on its Community Plan and Single Outcome Agreement which reflect local needs, circumstances and priorities.

COMMUNITY PLANNING/POLICY IMPLICATIONS

196. The 10 Year Capital Investment Programme is a key element in ensuring that the Council Delivers on its Community Plan and Single Outcome Agreements which reflect local needs, circumstances and priorities.

EQUALITY IMPACT ASSESSMENT

197. There are no Equality Implications arising from this report.

RECOMMENDATIONS

198. It is recommended that Cabinet :

- (i) Agree to increase the scope and funding for Crosshouse Primary School and Crosshouse Community Centre project with a total project budget of £6.200m
- (ii) Agree to allocate a specific ASN allocation of £1.500m to the Netherthird Primary and Early Childhood Centre replacement project and a further £2.500m to the proposed Stewarton Campus development, and ask the Head of Education to update a future cabinet on the overall analysis of the Additional Support Needs demands and future requirements.
- (iii) Note the current position in relation to the finalisation of a stage 4 project cost before contact award and agree that the project cost will be set at a total value of £68.000m to allow the project to proceed.
- (iv) Agree to allocate £8.750m for the development of a new built Netherthird Primary and Early childhood centre.
- (v) Note the position in relation to St Sophia's relocation project and ask the Head of Education to undertake a further consultation on the future options for the school and agree to reallocating the project budget of £3.000m to the Future Schools Development Fund until the outcome of further consultation is completed, with an allocation being retained to improve the existing sports field at Galston.
- (vi) Note position in relation to Bellsbank new build project and ask the Head of Education to undertake a further consultation on the future options for the school. Reallocating the project budget of £4.650m to the Future Schools Development Fund until the outcome of further consultation is completed.
- (vii) Agree to retain a contingency fund to support the ongoing major school refurbishment and extension programme and ask that officers report the utilisation of contingencies as part of the regular updates through East Ayrshire Performs.
- (viii) Note the proposed additional allocation to Dunlop Primary and Early Childhood Centre with the adjustment to the project schedule due to a slower than anticipated increase in school roll.
- (ix) Note the position in relation to Kilmaurs with a rephasing of the project within the proposed programme due to the scope of the project being uncertain until the requirements of the Early Years expansion programme are confirmed.
- (x) Agree to the increased investment in Loanhead Primary to meet the full requirements of new Early Years accommodation, improved school internal and external facilities and upgrade of the existing facilities, with a new project budget of £4.150m.

- (xi) Note the current progress on the further refurbishment projects including Loudoun Academy and Stewarton Academy and agree to the development of an integrated campus design at Stewarton Academy / Netherrobertland Primary.
- (xii) Agree to commission space strategies to undertake a review of existing accommodation at Grange Campus, St Joseph's Campus and review accommodation demands at other Secondary Schools.
- (xiii) Note the position in relation to the review of requirements and funding for early years' expansion and that a further submission will be made to the Scottish Government in February 2018.
- (xiv) Agree to establish an Economic Growth fund utilising existing balances within the capital programme allocated from £5.000m Economic Regeneration and Development, £5.000m Kilmarnock Town Centre Regeneration, £1.050m Rowallan speculative, £4.000m Moorfield Phase 3 with an additional allocation of £25.100m over the 10 year capital programme.
- (xv) Agree to drawdown from the Economic Growth fund £2.000m to contribute towards the Halo project.
- (xvi) Agree to drawdown from the Economic Growth fund £1.200m to deliver up to 7 smaller scale speculative units in Moorfield development
- (xvii) Agree to add a further £1.200m to the Galston Town Centre development of the old Co-op site to create a new scheme that reinstates the library, local office and retail facility with improved public realm.
- (xviii) Note the progress on the Dalricket Mill Project and agree to increase the budget allocation to £0.996m.
- (xix) Note the contribution made by the Scottish government towards the New Cumnock Flood Scheme and agree to reallocate the £4.000m budget from the Environmental Risk Contingency Fund across the capital programme.
- (xx) Agree to the additional allocation of £2.000m to further improve roads maintenance, bridge repairs including maximising improvements around future schools building projects.
- (xxi) Agree the reallocation and reprofiling of £1.755m of capital balances and the priority allocation of the component renewal budget for 2018/19
- (xxii) Agree the further investment in Cemeteries with £0.175m allocated to extending Dalmellington Cemetery, £0.123m to provide new parking at Fenwick and £1.000m to manage a programme of path, road and wall improvements over the 10 year programme.
- (xxiii) Note the review of options for the Galleon and agree to establish a short term working group to review the proposed options for new or refurbished Leisure Facilities in Kilmarnock and report back to Cabinet with the initial allocation of £13.850m within the Capital Programme for planning purposes.

- (xxiv) Note the position in relation to works to support the Leisure Trust facilities and the allocation of £0.100m from the Transformation fund for drainage at Annanhill Golf Course, £0.300m from the Energy Efficiency Fund for heating and lighting improvements.
- (xxv) Agree to increase the Transformation Strategy Fund to £5.000m and note the priorities set in relation to the business case priorities for spend.
- (xxvi) Agree to allocate £0.300m from the transformation fund to support the development of East Ayrshire Woodlands within the Knockroon Campus development.
- (xxvii) Agree to the allocation of £0.150m from the transformation fund to facilitate improvements to the Netherthird Sports pitches and pavilion with the view of supporting a community asset transfer following the relocation of Cumnock Rugby Club
- (xxviii) Agree to allocate £0.100 from the Transformation fund to support developments in the catering point of sale designs and an additional kiosk at William Mcilvanney Campus to support increased uptake in school meals.
- (xxix) Agree to allocate £0.100 from the Transformation fund to provide a range of new equipment and reconfigure gym areas at Stewarton and William Mcilvanney to further support the public offer for sports and leisure at each facility.
- (xxx) Note the position in relation to the community planning workstream on accommodation and the current work to maximise the utilisation of the Council's office space and ask the Depute Chief Executive Economy and Skills to progress a final agreement with NHS Ayrshire and Arran Health Board that apportions appropriately costs associated with shared occupation of buildings.
- (xxxi) Agree to allocate £0.265, from the transformation fund to reconfigure the accommodation at North West Area Centre to support integration of Health and Social Care staff.
- (xxxii) Agree that Civic Centre North is surplus to the Council's requirements for office accommodation and ask the Depute Chief Executive Economy and Skills to take forward negotiations with NHS Ayrshire and Arran to determine any requirement for development and potential funding source.
- (xxxiii) Agree to allocate a further £2.500m to the Energy Efficiency Fund to support the Council's commitment to climate change and reducing our carbon footprint through the use of ring fenced funding to new build and refurbishment projects across the Council and Leisure Trust properties.
- (xxxiv) Agree to allocate £4.920m over three years to the Ayrshire Roads alliance on a spend to save basis to support the transition to 100% LED street lights
- (xxxv) Agree to allocate upto £0.150m to support a bid to the Low Carbon Travel & Transportation Challenge Fund to expand the travel hub approach and increase access to electric charging infrastructure across the Authority
- (xxxvi) Agree to support the capital investment of £0.700m in a Health and Social Care Partnership Management Information system

(xxxvii) Note the position in relation to staffing that support the delivery of the capital programme and agree to establish the programme support team, making permanent existing temporary project roles across Facilities and Property Management and ICT within the overall funding of the capital programme.

Alex McPhee
Depute Chief Executive: Economy and Skills

Chris McAleavey
Depute Chief Executive: Safer Communities

LIST OF BACKGROUND PAPERS

Appendix 1 – Budget Allocation Profile

IMPLEMENTATION OFFICER

Andrew Kennedy, Head of Facilities and Property Management

