

EAST AYRSHIRE COUNCIL

CABINET – 20 APRIL 2016

GENERAL SERVICES 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 2013/14 to 2022/23 and to seek approval to extend the programme to 2025/26, incorporating appropriate amendments.

BACKGROUND

- 2 Cabinet on the 10 December 2014 approved an amended 10 Year General Services Capital Investment Programme for the period 2013/14 to 2022/23. These amendments ensured that the 10 Year General Services Capital Investment Programme continued to be aligned with the Council's asset management aspirations and designed to support the overall objectives of the Community Plan and Transformation Strategy 2012 to 2017.
- 3 The updated 10 Year General Services Capital Investment Programme to 2025/26 is therefore intended to deliver a wide range of improvements to the Council's property portfolio and infrastructure assets; whilst also reflecting changes in the financial landscape and market conditions which may affect affordability overall.
- 4 The specific priorities of the 10 Year General Services Capital Investment Programme remain unchanged from those established in previous iterations of the programme, namely :
 - Regenerate our town centres
 - Improve strategic road links
 - Improve the schools estate
 - Improve sports, leisure and cultural opportunities
 - Ensure that buildings are fit for purpose and meet required statutory and regulatory standards
 - Minimise costs by maximizing the use of property assets, including the elimination of surplus capacity in under-utilised facilities
 - Reduce energy usage
- 5 The capital investment strategy outlined within this report will also make a significant contribution towards the Council's three strategic priorities:

- The delivery of number of a new schools, together with the extensive refurbishment programme of existing schools and the proposed enhancement of existing early years provision will provide state of the art education facilities and deliver high quality learning environments, leisure and recreational facilities which will have a positive impact on **raising educational attainment and equipping our young people for the world of work.**
 - Further investment is also proposed in the Telecare Scheme and the funding of Private Sector Housing Grants which will provide adaptations to **support older people to live independently in their own homes and communities.**
 - Key projects such as the council house building programme, together with capital investment in the Economic Regeneration and Development Fund to provide new industrial units and create a Derelict Buildings Grant Fund and the proposals to further enhance services provided within the town centre will all support economic growth, town centre regeneration and the **promotion of town centre living.**
- 6** The proposed investment in the Energy Efficient Fund demonstrates the Council's commitment to reducing our carbon footprint and improving the environment. This will see the implementation of a range of ambitious projects that will pilot new technologies such as Biomass and District Heating Systems that will significantly reduce carbon output from the Council's non-housing portfolio.
- 7** The Capital Investment Programme will also contribute positively to each of the 3 main themes of the new Community Plan 2015-30. This report has been structured to highlight the contribution that individual projects will make to each theme of the Community Plan. It is also worth noting the significant impact that this level of capital investment will make in supporting the local economy and construction industry.
- 8** The proposed investment in the Council's school estate as outlined will deliver facilities with first class sporting and early years facilities that will encourage active lifestyles and make a positive impact on the wellbeing of our children. There are also a number of projects that will have a direct impact on the wider wellbeing of our communities.
- 9** A key strategic priority for the Wellbeing theme of the Community Plan is to ensure that older people and adults who require support and their carers are included and empowered to live the healthiest life possible. Further investment in the Telecare Scheme and Private Sector Housing Grants for adaptations to support people to live independently in their own homes will make a positive contribution towards this aim.

UPDATED 10 YEAR GENERAL SERVICES CAPITAL PROGRAMME

- 10** Since approval of the Council's original 10 Year Capital Investment Programme on the 11 February 2009, over £200m has been invested to support local communities. The new facilities being delivered by the Council have made a significant impact in promoting economic development and community regeneration, and have also improved access to high quality educational and leisure facilities for the people of East Ayrshire.
- 11** The Capital Investment Programme has, and continues to deliver, a wide range of infrastructure improvements which are necessary to achieve council priorities including a reduction in annual operating costs.
- 12** A significant number of capital funded projects have been delivered, largely on time and on budget, including a number of major projects, these include :

| Facility | Completed |
|---|------------------|
| Stewarton Sports Facility | January 2012 |
| Cumnock office development | February 2012 |
| Ayrshire Athletics Arena | May 2012 |
| Patna / St Xavier's Primary School, Nursery Class and Supported Learning Centre | August 2012 |
| Gargieston Primary School and Nursery Class | August 2012 |
| Opera House office development | September 2012 |
| New Cumnock Primary School and Nursery School | October 2012 |
| Boswell Centre, Auchinleck | March 2013 |
| Willowbank School | June 2013 |
| Sir Alexander Fleming Centre | March 2014 |
| Flowerbank Early Childhood Centre | August 2014 |

- 13** It is important to keep the Council's 10 Year General Services Capital Investment Programme under constant review to ensure actual and projected outturn on current schemes, anticipated expenditure on previously approved schemes and any proposed revisions to or inclusion of new projects remain as up to date as possible.
- 14** An updated 10 Year General Services Capital Investment Programme to 2025/26 has therefore been attached at Appendix 1; this provides details of anticipated expenditure in current and future years for previously approved schemes and any proposed revisions to or the inclusion of new projects deemed necessary to ensure the programme continues to be aligned with overall strategic objectives.
- 15** It should be noted that allocations shown for future schemes or those still at the early stages of development are forecast estimates taking cognisance of projected inflationary increases where relevant. These estimates are therefore for indicative purposes only and whilst current conditions indicate that final costs will be within these budgetary allocations, the uncertainty and variability in construction costs together with design development over the coming months may result in variations.

- 16 Timescales as indicated by the phased budgets are also shown for indicative purposes at this stage. Where appropriate, timescales have been revised to take account of up-to-date information or changes in progress, and are aligned with the internal resource allocation programmes available for each of the major investment schemes.
- 17 Capital expenditure is a significant source of risk and uncertainty given that any increase in cost; a delay or slippage; or acceleration of major projects can have significant impacts on the future affordability of the programme. As a consequence it is important to keep the projected level of expenditure and income under close review with material variations and the consequent impact on financing costs updated and included within revised financial planning assumptions.
- 18 The Treasury Management Strategy Statement (TMSS), which Cabinet is considering elsewhere on the agenda proposes that borrowing is financed in the short to medium term through using available reserves and balances together with cash flow surpluses to fund capital expenditure– a approach known as internal borrowing. This is a prudent strategy in the current interest rate environment but will require to be kept under active review.
- 19 If at some point in the future, it becomes necessary to switch from a strategy based on internal borrowing to one requiring external debt to be taken it will be essential to review and assess the continuing affordability and sustainability of the programme. This could involve delaying project starts until later financial periods or deferring projects completely to ensure that revenue provision was available when required to meet higher capital financing costs. Any such proposals would be presented to Cabinet for consideration should that eventuality arise.

ECONOMY AND SKILLS – MAJOR SCHOOL REFURBISHMENT

- 20 Cabinet on 10 December 2014 approved an allocation of £9.000m from 2016/17 to be invested in the refurbishment of Stewarton, Loudoun and Doon Academies, together with an additional £11.000m from 2016/17 to address immediate maintenance concerns arising across the primary school estate; in particular Netherthird, Nether Robertland and Loanhead Primary Schools. The funding was not necessarily allocated evenly between each of the schools; the intention being that proposals would be brought forward for Cabinet consideration based on the specific requirements of each establishment.
- 21 Following further consideration of more detailed condition reports covering elemental components such as the general building fabric, mechanical and electrical systems prepared by external consultants and other issues such as accessibility and suitability the attached proposals have been prepared outlining how the available funding could be allocated between each of the respective schools.

- 22 It should be noted that the extent of works and overall indicative costs noted with all projects may be affected by asbestos which is known to be present in all of the buildings and which is logged in the Council's Asbestos Register. For the safe operation of the schools it is essential that any residual material is removed when identified. Undertaking these works safely whilst buildings remain operational can be extremely difficult to achieve and, in some circumstances, consideration may have to be given to decanting staff and pupils to neighbouring schools or temporary accommodation. It is therefore recommended that a contingency allowance of £1.000m be retained to meet any costs associated with asbestos removal and / or decant of staff and pupils.

Loudoun Academy

- 23 The condition reports for Loudoun Academy rated the main, science, technical and music blocks as B, with the new Leisure Facility rated an A. However, there are a number of building components within the complex which require to be addressed in the next 5 years as a priority, these include :

- **Heating System** - the property had new boiler plant controls and smart tanks recently installed that serve the school, pool and changing areas; together with an air handling unit for the pool which was replaced in 2013. However, the heating distribution system including radiators and convectors are original and are deteriorating, inefficient and difficult to control. The cold water distribution system is also original plastic pipe and is also deteriorating. It is therefore recommended that new heating pipework, circuits and zone controls are installed; enabling adjustment to different sections of the building taking account of orientation, location and function. It is estimated these works will cost approximately £2.200m and will be undertaken on a phased basis over 5 years to minimise disruption.
- **Security System** – whilst the school has been recently rewired, the security system is 20 years old and needs to be replaced. It is estimated that these works will cost approximately £0.020m.
- **Roofing Works** – the condition reports highlighted general wear to the main building roofing elements. However, the recent problems with the science block roof has highlighted that the flat roof is approaching 20 years old and requires to be replaced, together with associated high level brickwork and windows. It is recommended that any replacement should include upgraded insulation to the roof which will have benefits in terms of overall energy management. It is estimated these works will cost approximately £1.250m and would need to be undertaken on a phased basis over 5 years to minimise disruption.

- 24 In addition to the elemental replacement works noted above, an accessibility audit and traffic management review has also been completed for the school and adjacent leisure centre. This accessibility audit noted that the entrance and car park areas to the front of the building is poor in terms of accessibility and requires to be redesigned taking account the proximity for disabled access to the front entrance and adjacent leisure centre. In addition there are no disabled toilets on the ground floor, the lift is old and too small for modern ambulant use and the fire exits are not of an accessible standard. It is estimated that these works will cost approximately £0.250m, although this will need to be subject to further more detailed design work.

- 25 The changes with the new leisure facilities also require staff and visitor parking and bus drop offs to be reconfigured to improve the flow of traffic, way finding and quality of surface. It is proposed to budget £0.300m.
- 26 The school management has also highlighted certain aspects of building that require refurbishment, 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.
- 27 The school management also highlighted the need for a rugby turf pitch together with general reconfiguration of the playground areas which would enhance the visual aspect of the school. It is estimated that these works together with the refurbishment proposals noted above will cost approximately £0.390m, although this will need to be subject to further more detailed design.
- 28 Based on the proposals above, it is anticipated that a total of £4.410m will be invested in Loudoun Academy.

Stewarton Academy

- 29 Cabinet on 26 August 2015 approved an allocation of £2.000m to be met from the Major School Refurbishment capital allocation to construct a new synthetic pitch at Stewarton Academy, together with improvements in the changing facilities within the school. Work is on-going to develop the proposals in consultation with the school and parent representatives, together with Sportscotland who may provide supplementary funding of up to £0.250m for the project.
- 30 In addition to the approved works to the sports facilities, condition surveys have been undertaken to the remainder of the building. Based on these reports, the building has been rated as B overall, however, the reports highlighted a number of issues that require to be addressed, these include :
- **Heating System** - the school has sectional cast iron boilers dating from the early 1980's which are inefficient by current standards. It is therefore recommended that new hot water system boilers to supplement the undersized heating system boilers are installed, together with general upgrades to the heating pipework, circuits and zone controls. It is estimated these works will cost approximately £2.550m and would need to be undertaken on a phased basis over 5 years to minimise disruption. There is the potential that up to £0.500m of these costs could be met from the Energy Efficiency Fund on the basis that biomass or district heating systems are installed as part of the upgrade.
 - **Electrical Systems** – the school has the original electrical system installed in the 1980s and would benefit from new distribution systems and socket outlets. Minor work upgrading is also required to the fire detection systems. It is estimated that these works will cost approximately £0.370m.
 - **Ventilation System** - the kitchen and associated ventilation system is outdated and is in need of immediate replacement. It is estimated that these works will cost approximately £0.035m.

- **Roofing Works** – the condition reports highlighted general wear to the main building roofing elements. It is recommended that poor condition roof areas are replaced and, where possible, upgraded insulation is maximised which will have benefits in terms of overall energy management. It is estimated these works will cost approximately £0.550m and would need to be undertaken on a phased basis over 3 years to minimise disruption.
 - **Security** - Work is also in hand to improve security access at the school and this is being funded from existing budgets.
- 31** The accessibility audit that has been completed for the school highlighted that adaptations were required to the lecture theatre to allow access to wheelchair users and that the existing lift is no longer suitable for modern ambulant use and needs to be replaced. In addition the disabled toilets require to be improved and the fire exits are not of an accessible standard. It is estimated that these works will cost approximately £0.170m, although this will need to be subject to further more detailed design work.
- 32** The current accommodation is generally in reasonable condition but could benefit from some redecoration. The Home Economics rooms are however dated and do not provide adequate facilities to meet the range of curriculum options available to students. The dining room is also very small for the number of young people in the school and discussions have identified the opportunity to enhance the external areas to create an additional service area and improve the external courtyard to increase the options to integrate the 'grow, cook and eat' approach to school food. It is therefore proposed to allocate £0.500m to improve the overall hospitality and catering facilities, including the installation of external kiosks.
- 33** In addition to the elemental works outlined above, it is noted that the school roll is projected to increase significantly over the next 5 years and will therefore be operating at very near full working capacity. Indications are that the school roll will increase further beyond that point and the current accommodation will require a programme of remodelling and extension to continue to ensure the facilities support high quality education. It is therefore recommended that an additional £7.000m be set aside for this, over and above the major refurbishment capital allocation for secondary schools with further work to be undertaken with the school management to assess areas of need to meet the future curriculum.
- 34** Based on the proposals above, it is anticipated that a total of £13.175m will be invested in Stewarton Academy, including the construction of a new extension. Consideration needs to be given to the site of the extension and consequently it would be advisable for this to be determined in advance of any other external works being progressed.
- 35** Give the level of investment required, there may be merit in discussing options with the Scottish Futures Trust depending on the timing of any new phase of the school building programme.

Doon Academy / Dalmellington Primary School

- 36** The condition reports for Doon Academy, incorporating Dalmellington Primary School and Doon Valley Leisure Centre have rated the building as a B. Whilst the building has been highlighted as a B, the condition surveys have highlighted a number of significant issues which require to be addressed as a matter of urgency, including replacement of the existing heating system, rewiring of the entire building, refurbishment and reconfiguration of the learning environment and both internal and external improvements to provide equitable access for all users. It is estimated that over a 10 year period these works could cost approximately £7.000m.
- 37** However, any proposed works are severely hampered by the presence of known asbestos throughout the building. The asbestos was encapsulated in 2002 to minimise any possibility of contamination at a cost in excess of £2.500m. In many cases the asbestos is 'amosite' and is considered to be one of the most hazardous types of asbestos to deal with. Given the nature and location of the asbestos present within the building it is impossible for this to be removed and undertaking any programme of work around affected areas will increase estimated costs significantly.
- 38** The encapsulation is now beginning to show signs of deterioration and a replacement programme will require to be put in place; this will be a recurring programme that will need to be undertaken every 15 years or so. Any intrusive works either to renew the components noted above or to re-encapsulate the known asbestos will require the entire school to be decanted into alternative accommodation.
- 39** Given the significant issues noted above, it is considered uneconomical and unfeasible to undertake any form of major refurbishment within the existing school. The building is nearing the end of its useful life and with the complications arising from the presence of asbestos it is recommended that the Academy, the Supported Learning Centre and the Primary School and Early Childhood Centre are replaced with a new campus. This not only presents benefits in terms of educational outcomes but will also generate potential operating efficiencies through rationalisation of accommodation requirements. The current Doon Academy has an occupancy of 67% with capacity of 504 and a roll of 338.
- 40** Whilst a consultation exercise will require to be undertaken with regard to the proposals, it is recommended that given the investment requirement for such a development that an approach should be made to the Scottish Futures Trust to ascertain the timing of the next phase of school building projects and to determine whether such timescale would allow Doon Academy to be included in that. The outcome of that approach should be reported back to Cabinet as soon as possible. It is recommended that given the investment requirement for such a development that for forward planning purposes a provisional allocation of £18.500m is included within the 10 Year Capital Investment Programme against a Future Schools Development Fund.

- 41 Given the issues noted above, it will be extremely important that the asbestos encapsulation is maintained to a safe standard until such times that the new school is constructed. Property Maintenance staff, in conjunction with Health & Safety colleagues will introduce an enhanced monitoring regime; supported by prompt and targeted repair to any areas that may show signs of deterioration.

Bellsbank Primary School

- 42 Cabinet on 17 June 2015 approved an increase of £0.500m for this project taking the budget to £5.000m and required further consideration by Cabinet in the event that tender prices exceeded the revised budget. Tenders are currently being assessed and a further report will be presented to a future meeting if necessary.

Loanhead Primary School

- 43 The condition reports for Loanhead Primary rate the school at a B overall, However, there are a number of building components within the complex which are required to be addressed; these include :

- **Heating System** - the boiler controls and associated plant was replaced in 2012 and is in reasonable condition. However, the distribution pipework, radiators and associated plant is part of the original system and requires to be replaced. The domestic hot and cold water distribution systems is also showing significant signs of wear and it is recommended that this is replaced. It is estimated these works will cost approximately £0.740m and will need to be undertaken on a phased basis over 3 years to minimise disruption.
- **Electrical Systems** – whilst the school has been recently rewired, the detection systems, including installation of CCTV and security lighting are old and require to be replaced. It is estimated that these works will cost approximately £0.040m.

- 44 In addition to the elemental works outlined above, the school's occupancy is currently 54% and reconfiguration of the existing space would allow this to be improved. It is also noted that the school would benefit from reconfiguration / extension to allow the external dining room to be moved into the main building. It is estimated that these works will cost approximately £0.750m, although this will need to be subject to further more detailed design work. Reconfiguration would also allow the inclusion of new Early Childhood Centre provision and this is covered later in this report.

- 45 The indicative accessibility audit notes that there is limited disabled parking provision and that existing fire exits require adaptation to brought up to an acceptable standard. The audit also identified issue regarding inequitable access to upper floors as there is currently no lift provided for within the building. Whilst the installation of a lift would improve access overall, mezzanine floors would remain an issue in terms of accessibility. It is estimated that these works will cost approximately £0.500m, although this will need to be subject to further more detailed design work.

46 Based on the proposals above, it is anticipated that a total of £2.030m will be invested in Loanhead Primary School.

47 Proposals relating to the Early Years Centre are considered in paragraphs 64 to 67.

Netherthird Primary School

48 The condition reports for Netherthird Primary and Early Learning Centre rate the building a B overall. However, there are a number of building components within the complex which are required to be addressed; these include :

- **Heating System** - the boiler, controls and associated plant was replaced in 2012 is in good condition. Whilst the ground floor distribution pipe work to the teaching block, kitchen and dining areas is in good condition, the upper floor pipework and radiators need to be replaced and connected to the new boiler. The hot and cold water distribution system is also deteriorating and needs to be replaced. It is therefore recommended that new heating pipework, circuits and zone controls are installed. It is estimated these works will cost approximately £0.350m and would need to be undertaken on a phased basis over 2 years to minimise disruption.
- **Electrical Systems** - the school was rewired in the 1990s, however, many of the classrooms do not have PC provision and would benefit being upgraded to current educational standard. Minor upgrading works are also required to the detection systems, including installation of CCTV and security lighting. It is estimated that these works will cost approximately £0.230m.
- **Ventilation System** - the kitchen ventilation system is outdated and is in need of immediate replacement. It is estimated that these works will cost approximately £0.170m.
- **Internal Reconfiguration** - the internal layout of classrooms in the upper floor require to be reorganised to ensure this maximises learning opportunities to support the curriculum for excellence. Classroom areas would also benefit from redecoration, new floor finishes etc. Internal toilet provision is also very poor with significant issues in relation to disabled access. It is estimated that these works will cost approximately £0.550m.
- **External Walls, Windows and Doors** - the external walls, windows and doors require improvement to address the current poor visual aspect. The works to external walls could be enhanced by installing insulated cladding which would have significant benefits in terms of the overall energy efficiency and running costs. It is estimated that these works will cost approximately £0.170m, although this will need to be subject to further more detailed design work.

49 An indicative accessibility audit has also been completed for the school. This audit noted a number of immediate issues that can be addressed, including the provision of disabled parking spaces and adaptation of existing fire exits to an accessible standard. It is estimated that these works will cost approximately £0.300m. However, it should be noted that full accessibility is extremely difficult and expensive to achieve given the existing layout, and would require major reconfiguration of the school. On a cost / benefit analysis it is determined uneconomical to undertake further works beyond those noted above.

- 50 Based on the proposals above, it is anticipated that a total of £1.770m will be invested in Netherthird Primary School.

Nether Robertland Primary School

- 51 The condition reports for Nether Robertland Primary and Early Learning Centre rate the building a B overall. However, there are a number of building components within the complex which are required to be addressed; these include :
- **Heating System** - the boiler, controls and associated plant was replaced in the 1990's and is in reasonable condition. However, the distribution pipework, radiators and associated plant is part of the original system and requires to be replaced. The hot and cold water distribution system is also deteriorating and needs to be replaced. It is therefore recommended that new heating pipework, circuits and zone controls are installed. It is estimated these works will cost approximately £0.790m and would need to be undertaken on a phased basis over 3 years to minimise disruption.
 - **Ventilation System** - the kitchen ventilation system is antiquated and is in need of immediate replacement. It is estimated that these works will cost approximately £0.170m.
 - **Electrical Systems** - the school has never been rewired and is in original condition; the distribution boards are not to current standards and there is no RCD protection on sockets. Minor upgrading works are also required to the detection systems, including installation of CCTV and security lighting. It is estimated that these works will cost approximately £0.370m.
 - **External Walls, Windows and Doors** - the external walls, windows and doors require improvement to address the current poor visual aspect. The works to external walls could be enhanced by installing insulated cladding which would have significant benefits in terms of the overall energy efficiency and running costs. It is estimated that these works will cost approximately £0.170m, although this will need to be subject to further more detailed design work.
- 52 The accessibility audit that was completed for the school noted a number of immediate issues that can be addressed, including the provision of disabled parking spaces and upgrade of existing toilets to address disabled access issues. There are also concerns with providing equitable access for all users which will require some reconfiguration of the main entrance area and fire exits. It is estimated that these works will cost approximately £0.300m. However, it should be noted that full accessibility is extremely difficult and expensive to achieve given the existing layout, and would require major reconfiguration of the school. On a cost / benefit analysis it is determined uneconomical to undertake further works beyond those noted above
- 53 Nether Robertland Primary Schools occupancy level is currently 81%; this is not anticipated to increase significantly in future years although the layout and design of the building provides opportunity to develop existing open plan and supplementary spaces in line with new creative and flexible learning spaces being introduced to new build schools. It is therefore proposed to allocate £0.250m to reconfigure and improve equipment and furniture in these areas. It

is also noted that areas within the school would benefit from redecoration / new floor finishes etc, however, given the nature of this expenditure this cannot be met from the capital allocation and will have to be funded through the Central Repairs Account albeit to a limited extent.

- 54 Based on the proposals above, it is anticipated that a total of £2.050m will be invested in Nether Robertland Primary School.

Balance of Funding on Schools Major Refurbishment

- 55 After taking account of the major refurbishment programmes noted above, a balance of approximately £3.065m remains of the capital allocation set aside for secondary and primary school refurbishment. It is therefore proposed that the remaining balance is allocated to the next three priority schools set out in the School Estate Management Plan, as follows :

- **Logan Primary School** – the condition reports for Logan Primary School rate the building a B overall. However, the condition reports highlight a number of building components that require investment including the heating and electrical systems, windows, doors and roof at an estimated cost of approximately £0.690m.
- **Hillhead Primary School** - Hillhead Primary school has recently received investment through the Central Repairs Account with improvements to the main entrance area and accessibility overall. However, there are still a number of outstanding issues which require to be addressed including windows, render, roofing and internal doors at an estimated cost of £0.450m. It is also proposed that some redecoration be undertaken within the school, and that this will be funded from the painter programme in 2016.
- **Kilmaurs Primary School** – Kilmaurs Primary School currently has a separate dining block that is beyond its economic useful life and requires to be replaced. It is therefore proposed to construct a new integrated dining space connected to the main school building with new production kitchen facilities. This will allow greater flexibility to use the area for learning and teaching and potential for additional community use. The general teaching facilities are in good condition although some internal reconfiguration and improvement to toilet and auxiliary spaces is required. It is estimated that these works will cost approximately £1.000m. Proposals relating to the Early Years Centre are considered in paragraphs 64 to 67.

- 56 Allowing for the additional projects noted above, a balance of funding of approximately £0.925m remains unallocated (based on the assumption that the Energy Efficiency Fund will contribute £0.500m towards to the costs of the Stewarton Academy Heating System upgrade as noted in paragraph 30). It is therefore proposed that this is retained for contingency purposes and allocated to future projects based on identified need.

ECONOMY AND SKILLS – OTHER PROJECTS

Dunlop Primary School

- 57** Dunlop Primary School has seen a dramatic increase in school roll over the past 5 years beyond the levels previously projected. Taking into account future projections it is anticipated the 10 year growth from 2010 to 2020 is anticipated to increase from 109 to 225.
- 58** Cabinet on 11 November 2015 approved an allocation of £0.150m, funded from the capital grant for P1-P3 Free Meals, to provide temporary accommodation for the school, however, it is clear that further expansion of the accommodation is required.
- 59** The current building has one room allocated to Early Years and eight teaching spaces for the primary school, however existing supplementary and auxiliary space is limited. Taking into account the anticipated increases the building would require a significant extension to increase the number of teaching and supplementary spaces, an increase in toilet provisions, an increased gym/dining hall and additional office accommodation. It would be proposed to allocate £2.000m for the development of the scheme which would require to be in place for 2018 based on existing projections.
- 60** The school is within a fairly tight site and with the extent of the potential extension the remaining playground space would be insufficient to meet the required allocation for the number of pupils. It is therefore proposed to approach the current leaseholders of the park area behind the school to discuss options to develop potential daytime use of these areas as part of the school use, without reducing the value of the area for the wider community. Options are also being considered, where available, to extend the school onto other neighbouring ground.
- 61** Proposals relating to the Early Years Centre are considered in paragraphs 64 to 67.

Lainshaw Primary School

- 62** Future school role projections at Lainshaw Primary, based on existing approved housing developments within the Stewarton areas, identify a requirement to increase the capacity of the school. This can be achieved with some internal reconfiguration to the existing building to create additional teaching spaces.
- 63** There are four areas within the school, due to its previous use as a junior secondary school that have rooms significantly larger than the required space standards for classrooms. It is therefore proposed to reconfigure these areas to increase the number of teaching rooms to meet future intake, at an estimated cost of £0.500m.

Early Years Education

- 64** The Council has invested significantly in early years accommodation in recent years, and with the Scottish Government's commitment to expanding early years provision in future from 600 hours to 1,140 hours it is clear the current accommodation will require significant levels of investment to comply. The situation is being monitored very closely and officers are involved in discussions

at a National Level to consider the impact and costs to inform potential approaches.

65 There are however a number of locations identified where the opportunity to enhance the early years provision can be aligned with planned building work within existing establishments, these are as follows :

- **Dunlop Early Childhood Centre** - as outlined above, the further increase in the school roll at Dunlop will also have a direct impact on the early year's provision and it would be prudent to include additional accommodation to allow expansion of the early year's provision. It is therefore proposed to allocate an additional £0.600m as part of the extension to increase early year's provision.
- **Kilmaurs Early Childhood Centre** - the existing early year's accommodation is limited and does not provide adequate space and facilities to meet the demands of more flexible provision that has been established as the local need following recent consultation. Initial plans have been developed to utilise the existing school / shared spaces to increase dedicated early years services. It is therefore proposed to allocate £0.600m as part of the proposals to increase early year's provision.
- **Loanhead Early Childhood Centre** - demand for early year's provision in the centre of Kilmarnock continues to be high. With the proposed reconfiguration of accommodation at Loanhead Primary School to address improvements in the dining facilities and utilisation of the building it is proposed to allocate an additional £0.400m to increase early years provision with a 30/30 space service.
- **Riccarton Early Childhood Centre** - following recent discussions with the Care Inspectorate, and recognising the projected increase in enrolment for Riccarton Early Education and Childhood centre, proposals have been developed to meet this increase by reconfiguring the internal accommodation to increase the capacity. It is therefore proposed to allocate £0.400m to complete this work.

66 It is anticipated that the Council will receive additional funding from the Scottish Government to meet the cost of the necessary programme of work to support the increase in early years provision.

67 Whilst no announcement has yet been made it is recommended that for forward planning purposes that the Council allocate funding of £2.000m within the current 10 Year Capital Investment Programme to allow these works to be carried out in tandem with the wider investment proposals at these properties; which will be offset against any additional funding allocated by the Scottish Government.

William McIlvanney Campus

68 Cabinet on 9 December 2015 approved the Stage 2 submission form Hub South West in respect of the construction of the new William McIlvanney Campus, Kilmarnock at a total cost of £45.303m. Cabinet also authorised the payment of

£1.455m to hub South West in respect of professional fees which were to be repaid following Financial Close.

- 69** Following discussions with the Scottish Futures Trust (SFT) in January 2016, it was agreed that rather than pay fees to hub South West and then have these repaid, that the Council could consider the payment of fees as a capital contribution which would then be deducted from any future payment. The final payment for professional fees made to hub South West was £1.209m which was less than previously estimated.
- 70** It was also agreed with SFT that due to delays resulting from the previous ESA10 issues, which meant the targeted Financial Close of 25 January 2016 would not be met, that they would fund inflationary increases being applied to the contract by hub South West of £0.150m. Financial Close was subsequently reached by all parties on 24 February 2016 at an overall anticipated cost of £45.470m; the difference being attributable to the inflationary increase and minor amendments to the original cost plan, primarily in relation to the specification of the synthetic pitch to accommodate rugby.
- 71** On the basis of the final agreed position, it is appropriate to realign the budget allocation allowed for within the Capital Investment Programme. As a result the original approved funding of £2.420m has been reduced by £0.845m; with the consequential saving on debt repayment to be transferred to the revenue funding set aside for annual service charge payable to hub South West.

Economic Regeneration and Development Fund

- 72** Cabinet on 10 December 2014 approved the Stage 2 submission an allocation of £6.000m to support wider economic regeneration to facilitate infrastructure projects that support business growth and jobs. Cabinet on the 13 January 2016 approved the reallocation of £3.150m from the Economic Regeneration and Development Fund to the development of three new industrial units at Moorfield and Rowallan Business Parks.
- 73** As announced in the Leaders Speech, it is proposed that £0.250m is allocated from the Economic Regeneration and Development Fund towards the creation of a Derelict Buildings Grant Fund.
- 74** After allowing for the proposals above a balance of approximately £2.600m remains on the current Economic Regeneration and Development Fund. Given that the level of interest remains high for our business parks and the need for the Council to continue to invest in infrastructure improvements to redevelop derelict areas and attract private sector investment and jobs it is proposed that a further £2.400m is added to the fund; with proposals being brought forward for Elected Member consideration at a later date.

Town Centre Regeneration / Corporate Office

- 75** The Office Accommodation Strategy has been successful in increasing the number of Council staff employed within Kilmarnock / Cumnock town centres.

With the recent organisational changes through the Integration of Health and Social Care, the Ayrshire Roads Alliance and the Leisure Trust it is proposed to review the existing accommodation in line with the Scottish Future Trust's Smarter Office programme to assess in detail the opportunity to further maximise the town centre accommodation, improve the agility, flexibility and integration of services; with proposals being brought forward for Elected Member consideration at a later date.

- 76 How accommodation is used to facilitate contact with service users and our community can also be considered in the above review of office accommodation. As part of this it would be proposed to allocate £0.350m funded from the existing Kilmarnock Town Centre Regeneration capital allocation to support a reconfiguration of the former Torbett shop unit within in the existing Johnnie Walker Bond building.
- 77 In addition, it is proposed that a further £3.000m is added to the Kilmarnock Town Centre Regeneration Fund to support continued investment in the town and the surrounding areas.

ICT and Schools ICT Programmes

- 78 The 10 Year Capital Investment Programme on 10 December 2014 included an annual allocation to 2022 / 2023 to ensure the Council can continually replace and maintain its existing ICT infrastructure. It is therefore recommended that an annual allocation of £0.500m is allowed for within the programme to 2025 / 2026 to ensure the commitment to investment in the Council ICT infrastructure is aligned with the new 10 Year Capital Investment Programme.
- 79 In addition, with the significant investment in the school estate it is of upmost importance that there continues to be investment in schools ICT; specifically in relation to mobile tablet technology which is required to support developments in relation to the Curriculum for Excellence. It is therefore proposed that the annual allocation for schools ICT is increased by £0.250m per annum.

Telecare

- 80 The Telecare scheme to support individuals independently continues to be an efficient and worthwhile initiative. It is therefore proposed to extend the annual commitment of £0.150m per annum to ensure the programme is aligned with the new 10 Year Capital Investment Programme.

Private Sector Housing Grants

- 81 It is proposed that the current annual allocations for Private Sector Housing Grant are extended to address immediate demand identified through service review; with £1.250m allocated in 2016/17 and £0.800m per annum thereafter.

SAFER COMMUNITIES

Dean Castle Country Park

- 82 In December 2012, East Ayrshire Council received an awarded a development grant of £0.067m to develop the Dean Castle Parks for the People project. The development programme was approved on 28 January 2015, with the Heritage Lottery Fund awarding the Council a grant of £3.340m in June 2015 towards the overall cost of the project of approximately £4.800m; the remaining funding coming from East Ayrshire Council and East Ayrshire Renewable Energy Fund.
- 83 Development works are on-going and are scheduled to begin in September 2016 with a completion date of Summer 2017 and include development of a rural life centre, upgrade and extension of the visitors facilities, including n education centre with overnight accommodation, green network enhancements, restoration of the designed landscape and associated activities, interpretation and programming.
- 84 Complimentary to the Parks for the People programme, a proposal to restore and modernise the Dean Castle is also being developed in consultation with the Heritage Lottery Fund; with the final application for funding support to be submitted in May 2016. Whilst there is a programme of significant investment planned for the Dean Castle Country Park, there are concerns that there are some outstanding issues currently not receiving funding support which may detract from the impact of the proposed development programme; these include
- **Extend existing car parking** – there is a need within the park to minimise the vehicular traffic and to give priority to pedestrians and other non-motorised access. To facilitate this the existing car park needs to be extended to create more spaces for cars and buses and to install a new barrier to restrict vehicle access along the main drive. It is estimated that these works could cost approximately £0.160m.
 - **Park Lighting** - there is currently no street lighting within the car park area which contributes towards anti-social behaviour and deterrence of responsible access during the evening. Whilst there is street lighting within the park along the main drive, the lighting is old and in need of regular repair. It is therefore proposed to install new lighting within the car park, upgrade the street lighting along the main drive and to install feature lighting at key locations to highlight important listed, design features on the Castle, Dower House and Dean Bridge. It is estimated that these works could cost approximately £0.086m.
 - **Resurfacing of Main Drive and Roadways** - the main drive and surrounding roadways have continued to deteriorate over the last 10 years leading to significant on-going maintenance which detracts from the designed landscape setting. It is therefore proposed to resurface the road network in the park and to install heritage kerbing to protect the lawns from any vehicles using the drive. It is estimated that these works could cost approximately £0.240m. Similar road issues exist at Woodroad Park in Cumnock and it is proposed that £0.175m be allocated to address this.
 - **Improved drainage** – as a result of adverse weather conditions over the last 5 years, the front lawn has deteriorated significantly and is now prone

to flooding in large areas. It is therefore proposed to upgrade drainage. It is estimated that these works could cost approximately £0.065m.

- **Installation of Biomass Heating System** - there is an aspiration to reduce the carbon footprint within the buildings at Dean Castle Country Park, with the aim of improving energy efficiency and to better manage the woodland as a natural resource. It is therefore proposed that a biomass heating system is installed within the Visitor Centre and the Rural Life Centre. It is estimated that these works could cost approximately £0.075m and that this is funded from the Energy Efficiency Fund.

- 85 It is therefore recommended that an additional £0.626m be allocated to the Dean Castle Country Park budget to support the proposals outlined above.

Dick Institute

- 86 In proposing the Council's Budget on 10 March 2016, the leader proposed that the Leisure Trust should be asked to bring forward sustainable proposals to attract a wider audience to the Dick Institute. Any capital expenditure would be funded from the Transformation Capital Fund. Proposals are anticipated in due course.

Energy Efficiency Fund

- 87 Cabinet on 27th March 2013 approved an allocation of £3.000m over the period 2013/14 to 2016/17 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.

- 88 To date approximately £0.643m has been spent on a range of measures, including replacement of Loudoun Academy boiler system, the upgrade of existing Building Energy Management Systems (BEMS) on the largest consuming sites across the estate, PIR external lighting improvements and other 'one off' projects such as boiler and window replacements. Together these initiatives have resulted in significant improvements in terms of energy consumption and carbon emissions over the last two years, with combined reduction figures of 12,624,898 kwh of energy and 3,459 tonnes respectively, from the non-housing building stock.

- 89 In addition to the £0.643m spent to date, a further £0.325m has been committed to a range of similar projects, including boiler replacements, PIR external lighting improvements together with other initiatives such as enhancements to existing insulation and investment in new monitoring systems and renewable technology; the most notable of which relates to the investment in PV solar panels as part of the new Whatriggs Primary School which is expected to result in the building achieving an Energy Performance Certificate (EPC) rating of 'A' making this the most energy efficient building in the Council's portfolio.

90 After allowing for this expenditure a balance of £2.032m remains of the original funding allocation. Future proposals represent a larger scale of ambition to undertake projects which will significantly reduce carbon output from the Council's non-housing portfolio, and to pilot new technologies that have not yet been utilised by the Council; these are as follows :

- **Biomass / District Heating Systems** – as noted in paragraph 30 above, recent condition surveys have indicated that the heating plant within Stewarton Academy is reaching the end of its useful life. Resource Efficient Scotland recently confirmed the site as a suitable candidate for installation of a biomass system. Resource Efficient Scotland also concluded that the site may be suitable for the creation of a district heating system that could serve Stewarton Academy (including any new extension) and the nearby Nether Robertland Primary school. Whilst a new biomass system would be installed within the Stewarton Academy site, the existing gas plants would still have to be retained to act as a back-up heat source should the biomass system be offline for maintenance or any other reason. The shift to a renewable heat source would result in a significant reduction in carbon output from these facilities, going some way towards the ambition of the Council to achieve the aspirations of the Climate Change (Scotland) Act 2009. It is estimated that these works could cost approximately £0.500m, which is broadly similar to the cost of installing new gas heating systems, but would have the benefit of producing carbon savings of around 83% or 193 tonnes per annum.
- **PIR External Lighting Upgrades** – the success of the pilot schemes in terms of energy consumption savings makes this workstream one of the most successful schemes undertaken from a cost versus savings perspective. It is therefore proposed that the Council undertake a full programme of works across the remainder of the estate where installations of CCTV and external lighting exist with the potential to be converted. Approximately 45 sites will be converted under this workstream at an estimated cost of approximately £0.600m, with a resultant estimated cost saving of £114,000 per annum, and a carbon reduction of 476 tonnes per annum.
- **BEMS System Upgrade Programme** – as a result of the recent successful programme to increase control over building heating systems at the highest consuming sites, a further programme is proposed to extend this work to the remainder of sites with significant consumption. The BEMS installation introduces features such as frost protection, boiler optimisation, zoning ability, notifications and fault indication, and the ability to be remotely monitored and managed. To support the BEMS programme, the continued roll-out of Automatic Metering Reading (AMR) is also proposed. Whilst the AMR itself will not provide a saving, it does provide valuable consumption intelligence which informs the effective management of building energy

consumption, as well as ensuring valid energy billing. It is estimated that these works could cost approximately £0.250m, with a resultant estimated cost saving of £25,000 per annum, and a carbon reduction of 110 tonnes per annum.

- **Dean Park Heating System** – as noted in paragraph 84 above it is proposed that a biomass boiler is installed within the Visitor Centre and the Rural Life Centre. This installation of a biomass boiler supports the parks core messages for promoting the natural environment, sustainability and green issues especially among the younger age groups. It is estimated that these works could cost approximately £0.075m, which would be broadly similar to electric, gas or oil system installation costs, but which would produce carbon avoidance of around 24 tonnes per annum.
- **Unallocated Contingency** – it is proposed that the unallocated balance of £0.607m be retained to be used on 'one-off' projects that support the ongoing capital programme. This could include, but not necessarily restricted to, proposals such as the installation of renewable technologies such as biomass heating plant, photovoltaic and solar thermal panels where additional benefits can be clearly demonstrated.

91 Cabinet is therefore asked to note the use of funds to date in respect of the Energy Efficiency Fund and to approve the proposed workstreams identified above. It should be noted that the Energy Management Team continue to explore opportunities to secure additional grant funding to date.

92 It should be noted that the PIR External Lighting Upgrades and BEMS Programme have also been subject to a formal application for match funding in the form of a grant via the Scottish Governments preferred funding body SALIX and a response is currently awaited.

Waste and Recycling Centre, incorporating Outdoor Amenities

93 Cabinet on 27 March 2013 approved a spend to save allocation of £2.110m in respect of the construction of a new combined waste and recycling centre and outdoor amenities facility on the site of the former council offices in Lugar; to replace the existing facilities operating from Garlaff and Thistle Business Park. Work has been ongoing to develop a suitable design for the site, however, significant issues have been identified with prevailing ground conditions which have raised concerns with the viability of the scheme overall.

94 In the intervening period, another alternative site in private ownership has been identified at Caponacre Industrial Estate, Cumnock which was previously the site of the former Kingsmead Carpets. The site is well situated for roads links and is large enough to facilitate the development of an integrated service depot for not only waste and recycling and outdoor amenities but also Ayrshire Roads Alliance which are currently located at Underwood Depot. Any transfer of roads operations from Underwood Depot would however be subject to further development of an appropriate business case by the Ayrshire Roads Alliance. Further consideration will also have to be given to the relocation of East Ayrshire Woodlands who are also currently based at the Underwood Depot.

- 95 It is currently estimated that development of the site for the combined services would cost approximately £5.650m, which includes an allowance of £0.350m to undertake ground remediation at the site of the former council offices in Lugar.
- 96 The merger of services within the single depot are anticipated to generate savings of approximately £0.160m which can support capital investment of £2.500m. It is therefore recommended that the balance of funding of £3.150m be funded from with the 10 Year Capital Investment Programme.

Mobile Libraries

- 97 East Ayrshire Leisure Trust have identified a requirement to replace the two existing mobile libraries as these have reached the end of their useful lives and are routinely off the road requiring repair. The provision of mobile libraries are key to the delivery of the remodelled library service and will be split between the north and south of the authority. It is estimated that the two mobile libraries will cost approximately £0.250m.

Catering Kiosks, Dining Furniture and Servery Upgrades

- 98 External catering kiosks have been recently installed at Grange, St Joseph's, Cumnock and Loudoun Academies and have proved to be a popular alternative food offering for pupils that would have previously left school premises at lunchtime. It is therefore proposed to establish external catering kiosks at Auchinleck and James Hamilton Academies; with the intention that these are transferred to the Knockroon Learning Campus and William McIlvanney Campus once completed. It is estimated that the two kiosks would cost approximately £0.070m which includes allowances for any ground works and associated service connections.
- 99 In addition, Facilities and Property Management staff have recently launched an initiative with each of the nine secondary schools to rebrand the catering offering within the schools; with the intention of increasing uptake and to promote links between the school meal service and the curriculum. Whilst the rebranding exercises have not yet been completed, it is estimated that funding of up to £0.050m will be required to replace obsolete furniture and equipment.
- 100 The promotion of Better Eating Better Learning and strengthening curriculum links around food and school meals is recognised as making an important impact on children's health. The investment in modern catering and dining facilities in our new schools together with the proposed capital investment to improve catering facilities and the dining environment in our remaining secondary schools will encourage pupils to remain in school and assist in improving the uptake of the healthy choices offered by the school catering service.

Risk Management Centre

- 101 The Risk Management Centre (RMC) has identified a need to support the existing improvement programme to include the replacement of older analogue equipment for a fully digital platform with enhanced data storage capabilities.

This will include access to RMC technology remotely for use during major incidents and events and interfacing to the mobile CCTV platform.

- 102** It is currently estimated that the upgraded equipment will cost approximately £0.400m over a four year period which will supplement the existing CCTV renewal programme that is due to be completed by 2017/18.

Transformation Strategy Fund

- 103** Work is currently in progress to develop proposals to support the Councils on-going Transformation Strategy. A budget allocation of £5.000m was previously set aside within the Capital Investment Programme to support key workstreams in relation to the use of physical assets; with the aim of achieving a reduction of 25% on the Council's overall property estate.
- 104** To date, approximately £2.750m has been allocated to a range of schemes which have supported these key workstreams, including demolition of surplus properties and reconfiguration of existing to create new shared facilities. It is therefore recommended that the Transformation Fund is increased by an additional £1.250m to support future key workstreams associated with the Transformation Strategy.

Skares Flood Risk Reduction

- 105** The Leader in his Budget speech on 10 March 2016 sought and received a commitment from the Council to take unilateral action to remedy matters on disclaimed land at Skares to reduce the risk of flooding in the village which arises from the existence of a nearby water body known as Skares Area D. The details of the works and procurement arrangements will be the subject of a separate report to the Cabinet.
- 106** It is proposed to allocate £4.000m of capital funding over 2016/17 and 2017/18 to allow the work to proceed as soon as possible.

Environmental Risk Contingency Fund

- 107** There are a number of environmental risks including former opencast sites, flood areas and contaminated land which may give rise to costs or cost sharing being required over the next few years. To this end it is proposed to set aside a fund of £10.000m to allow the Council to react to such matters as the need arises. Any proposals to use these funds would be presented to Cabinet for consideration.

Roads and Transportation

- 108** It is proposed that the current annual capital allocation for Roads and Transportation is extended at a cost of £3.500m to ensure the programme remains aligned with the new 10 Year Capital Investment Programme.

Refurbishment and Component Renewal

- 109** Whilst the number of operational properties is reducing it is imperative that the capital investment programme includes appropriate allocations to ensure remaining properties and facilities, both existing and new are maintained on an appropriate basis.
- 110** It is therefore recommended that the current annual allocation for Refurbishment and Component Renewal is extended at a cost of £1.500m per annum to ensure the programme remains aligned with the new 10 Year Capital Investment Programme.

Johnnie Walker Bond

- 111** Alchemist Properties Ltd completed works to the former Johnnie Bond in early 2010 and agreed a lease with the Council over a term of 20 years which commenced on 22 March 2010. However, the lease agreement included an option clause allowing the Council to purchase the building at a fixed price of £6.940m (including the appropriate Land & Building Transaction Tax) which is exercisable between the period 27 March 2017 and 21 May 2017.
- 112** The current annual rental is £0.499m per annum and will be subject to a rent review on 22 March 2017. Based on current interest rates, it is estimated that the annual debt charges in relation to the proposed purchase price would equate to approximately £0.405m per annum based on a 40 year term. It is therefore recommended that the Council exercise its option to purchase the building, funding the debt charges on a spend to save basis from the existing budget set aside to meet the costs of the annual rental charges.

FINANCIAL IMPLICATIONS

Affordability

- 113** The expected level of borrowing required to support the capital investment programme is shown in the following table:

| | 15/16 £m | 16/17 £m | 17/18 £m | 18/19 £m | 19/20 £m | 20/21 £m | 21/22 £m | 22/23 £m |
|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| Capital Expenditure | 19.970 | 69.866 | 77.326 | 52.598 | 23.029 | 19.834 | 21.135 | 15.631 |
| Capital Financing | -14.468 | -8.887 | -10.670 | -10.670 | -10.670 | -10.007 | -10.007 | -10.007 |
| Required Borrowing | 5.502 | 60.979 | 66.656 | 41.928 | 12.359 | 9.827 | 11.128 | 5.624 |

- 114 The Treasury Management Strategy, which is a separate report on the agenda for this meeting, recommends that the Council continues to adopt a strategy of internal borrowing; using reserves balances and other positive cash flows to fund capital expenditure on a short/medium term basis. This is a prudent strategy in the current climate of low interest rates however it will remain subject to active and continuous review by the Head of Finance and ICT.
- 115 Given the significant level of borrowing anticipated to support such an ambitious programme any movement in the level of interest rates or change in the available internal resources to support this strategy could result in a requirement to re-visit the longer term programme. Should the ongoing evaluation and review process determine that external borrowing was necessary, either due to a significant risk of a sharp rise in short and long term interest rates, or due to there being insufficient capacity to support internal borrowing then a review of the affordability and sustainability of the capital programme would immediately be triggered. This could require decisions on delaying project starts until later financial periods or deferring projects completely to ensure that revenue provision was available. Any such proposals would be presented to Cabinet for consideration as part of the Council's budget processes.

Vehicle Procurement

- 116 The Transport Service is currently reviewing options for future vehicle procurement aimed at reducing lifecycle costs. This may result in proposals to amend Capital Allocations and / or Revenue Budgets which would require Elected Member approval at the appropriate time.

Alternative Capital Investment Opportunities

- 117 Where appropriate, the Council continues to explore alternative opportunities to support capital investment. These include but are not necessarily restricted to joint venture arrangements, non-traditional investment vehicles such as the Scottish Futures Trust hub initiative and any other partnership arrangements which may attract external funding.
- 118 The Council also continues to explore spend to save opportunities where capital investment can be financed from annual revenue savings or income which are at least equal to the annual debt servicing costs.
- 119 Where suitable spend to save projects or alternative investment opportunities which deliver tangible benefits to the organisation are identified, these will be brought forward for Members consideration.

RISK MANAGEMENT

- 120 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.

- 121** These project management arrangements have proved to be very successful with the majority of capital projects being delivered both on time and within budget.

POLICY IMPLICATIONS

- 122** 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.

RECOMMENDATIONS

- 123** It is recommended that Cabinet :

- i) approve the allocation of the major school refurbishment funding for primary and secondary schools as noted in paragraphs 20 to 56, including the retention of contingency sums;
- ii) approve an allocation of £7.000m within the Capital Investment Programme to remodel and extend Stewarton Academy to support future concerns with projected rolls and working capacities;
- iii) approve the allocation of £18.500m within the Capital Investment Programme for a New Schools Development Fund;
- iv) agree that the Chief Executive should initiate discussions with the Chief Executive of the Scottish Futures Trust on options for Stewarton Academy and Doon Academy;
- v) approve the allocation of £2.000m within the Capital Investment Programme to enable the extension of Dunlop Primary School;
- vi) approve the allocation of £0.500m within the Capital Investment Programme for the reconfiguration of teaching areas within Lainshaw Primary School;
- vii) approve the allocation of £2.000m within the Capital Investment Programme for adaptations to Dunlop, Kilmaurs, Loanhead and Riccarton Early Childhood Centres to support the increase in early years provision from 600 to 1,140 hours, which will then be offset against any additional funding allocated by the Scottish Government;
- viii) note the final financial position in respect of the William McIlvanney Campus and the realignment of the capital programme;
- ix) approve the allocation of £0.250m from the balance of funding on the Economic Regeneration and Development Fund to create a Derelict Buildings Grant Fund;
- x) approve the allocation of an additional £2.400m for the Economic Development and Regeneration Fund;
- xi) approve the allocation of £0.350m from the existing Kilmarnock Town Centre Regeneration for the redevelopment of the Torbett shop;

- xii) approve the allocation of an additional £3.000m for the Kilmarnock Town Centre Regeneration Fund;
- xiii) approve the extension of the ICT programme to 2025 / 2026 at a cost of £0.500m per annum and allocate an additional £0.250m per annum for schools ICT over the 10 Year Capital Investment Programme;
- xiv) approve the extension of the Telecare Initiative to 2025 / 2026 at a cost of £0.150m per annum;
- xv) approve the extension of the Private Sector Housing Grant to 2025 / 2026 and a rephrasing to address immediate demand identified through service review; £1.250m for 2016/17 and £0.800m per annum thereafter;
- xvi) approve the allocation of £0.626m from the Capital Investment Programme for the proposed improvement works at the Dean Castle Country Park, together with an allocation of £0.175m to resurface the road at Woodroad Park in Cumnock.
- xvii) approve the allocation of the Energy Efficiency Fund to various projects as noted in paragraphs 87 to 92, including the retention of contingency sums;
- xviii) approve the spend to save proposals in respect of the development of a Waste & Recycling Centre, incorporating Outdoor Amenities and Ayrshire Roads Alliance at the Caponacre Industrial Estate, Cumnock, supplemented by an allocation of £3.150m funded from the Capital Investment Programme.
- xix) approve an allocation of £0.250m in respect of the purchase of two mobile libraries;
- xx) approve the £0.120m for the installation of catering kiosks, dining furniture and servery upgrades;
- xxi) approve the allocation of £0.400m over a four year period for the upgrade of existing Risk Management Centre analogue equipment to a digital platform;
- xxii) approve the allocation of £1.250m in respect of the Transformation Strategy Fund;
- xxiii) approve an allocation of £4.000m in respect of the Skares Flood Risk Reduction;
- xxiv) approve the allocation of £10.000m in respect of an Environmental Risk Contingency Fund;
- xxv) approve the extension of the Roads and Transportation Programme to 2025 / 2026 at a cost of £3.500m per annum;
- xxvi) approve the extension of the Refurbishment and Component Renewal Programme to 2025 / 2026 at a cost of £1.500m per annum;
- xxvii) approve the purchase of the Johnnie Walker Bond in March 2017 at a cost of £6.940m, funded on a spend to save basis from existing budgets set aside for rental charges;
- xxviii) note the financial implications associated with the Capital Investment Programme;
- xxix) otherwise note the content of the report

Alex McPhee
Depute Chief Executive – Economy and Skills

Chris McAleavey

Depute Chief Executive – Safer Communities

AMcP/CMcA/AK

11 April 2016

LIST OF BACKGROUND PAPERS

NIL

Members wishing further information should contact Andrew Kennedy, Head of Facilities and Property Management. Telephone 01563 576089.

Appendix 1

| PROJECT | Prior Years | 16/17 | 17/18 | 18/19 | 19/20 | 20/21 | 21/22 | 22/23 | 23/24 | 24/25 | 25/26 | TOTAL |
|---|----------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|--------------|--------------|--------------|----------------|
| | £m | £m | £m | £m | £m | £m | £m | £m | £m | £m | £m | £m |
| Total Prior Projects | 127.161 | | | | | | | | | | | 127.161 |
| CONTINUATION PROJECTS | | | | | | | | | | | | |
| Galston Community / Office Facilities | 1.600 | 2.400 | | | | | | | | | | 4.000 |
| School ICT (including Glow allocation) | 1.500 | 0.950 | 0.750 | 0.750 | 0.750 | 0.750 | 0.750 | 0.750 | 0.750 | 0.750 | 0.750 | 9.200 |
| Western Road Depot | 1.400 | 2.600 | | | | | | | | | | 4.000 |
| Kilmarnock Town Centre Regeneration | 0.000 | 2.000 | 2.000 | 1.000 | | | | | | | | 5.000 |
| Economic Regeneration and Development Fund | 0.000 | 0.600 | 1.000 | 1.000 | 1.200 | 1.200 | | | | | | 5.000 |
| Galston CARS | 0.000 | 0.300 | | | | | | | | | | 0.300 |
| William McIlvanney Campus, Kilmarnock | 0.150 | 0.170 | 0.900 | 0.355 | | | | | | | | 1.575 |
| Hurford Primary School and ECC | 1.580 | 1.000 | | | | | | | | | | 2.580 |
| Fenwick Primary School | 0.500 | 0.300 | | | | | | | | | | 0.800 |
| Knockroon Learning and Enterprise Campus | 0.000 | 2.500 | 30.000 | 28.500 | 2.500 | | | | | | | 63.500 |
| Whartriggs Primary School | 1.000 | 11.400 | | | | | | | | | | 12.400 |
| Muirkirk Primary School | 0.000 | 4.000 | 0.900 | 1.000 | | | | | | | | 5.900 |
| Bellsbank Primary School | 0.000 | 4.000 | 1.000 | | | | | | | | | 5.000 |
| St Sophia's Primary School | 0.000 | 3.100 | | | | | | | | | | 3.100 |
| Crosshouse Communications Centre | 0.000 | 0.500 | 2.000 | | | | | | | | | 2.500 |
| Caims Early Childhood Centre | 0.000 | 0.600 | 0.125 | | | | | | | | | 0.725 |
| Auchinleck Early Childhood Centre | 0.000 | 0.700 | 0.150 | | | | | | | | | 0.850 |
| Lainshaw Early Childhood Centre | 0.000 | 0.600 | 0.125 | | | | | | | | | 0.725 |
| Dalrymple Primary School Reconfiguration | 1.763 | 0.337 | | | | | | | | | | 2.100 |
| Drongan Primary School Reconfiguration | 0.830 | 0.250 | | | | | | | | | | 1.080 |
| ICT Programme | 1.350 | 0.450 | 0.450 | 0.450 | 0.450 | 0.450 | 0.450 | 0.500 | 0.500 | 0.500 | 0.500 | 6.050 |
| 30-38 John Finnie Street | 0.150 | 2.650 | | | | | | | | | | 2.800 |
| Dalmellington / Waterside CARS | 0.000 | 0.200 | | | | | | | | | | 0.200 |
| Dean Castle / Keep Match Funding | 0.000 | 3.000 | | | | | | | | | | 3.000 |
| Dalnicket Landfill Site | 0.005 | 0.522 | 0.148 | | | | | | | | | 0.675 |
| CCTV Renewal | 0.130 | 0.100 | 0.100 | | | | | | | | | 0.330 |
| Public Services Network Compliance | 2.300 | | | | | | | | | | | 2.300 |
| Cumnock Town Centre | 2.200 | 1.800 | | | | | | | | | | 4.000 |
| Gypsy Traveller Site | 0.000 | 0.300 | | | | | | | | | | 0.300 |
| Roads & Transportation Programme | 33.805 | 6.341 | 4.610 | 3.380 | 3.355 | 3.190 | 3.190 | 3.190 | 3.500 | 3.500 | 3.500 | 71.561 |
| Telecare | 0.310 | 0.150 | 0.150 | 0.150 | 0.150 | 0.150 | 0.150 | 0.150 | 0.150 | 0.150 | 0.150 | 1.810 |
| Galleon Centre | 0.150 | 1.850 | | | | | | | | | | 2.000 |
| Dean Castle Country Park Match Funding | 0.200 | | | | | | | | | | | 0.200 |
| Transformation Strategy Fund | 1.520 | 1.000 | 1.000 | 1.000 | 1.000 | | | | | | | 5.520 |
| Energy Efficiency | 1.250 | 1.750 | | | | | | | | | | 3.000 |
| Parks and Playparks | 0.750 | 0.150 | 0.150 | 0.150 | | | | | | | | 1.200 |
| Cemetery Improvements | 0.250 | 0.400 | | | | | | | | | | 0.650 |
| Outdoor Amenities Equipment | 0.450 | 0.150 | 0.150 | | | | | | | | | 0.750 |
| Moorfield Park Phase 3 | 0.000 | | 1.000 | 1.500 | 1.500 | | | | | | | 4.000 |
| Refurbishment and Component Renewal | 4.070 | 1.250 | 1.500 | 1.500 | 1.500 | 1.500 | 1.500 | 1.500 | 1.500 | 1.500 | 1.500 | 18.820 |
| Private Sector Housing Grant - Disabled Adaptations | 1.200 | 1.050 | 0.600 | 0.600 | 0.600 | 0.600 | 0.600 | 0.600 | 0.600 | 0.600 | 0.600 | 7.650 |
| Private Sector Housing Grant - Improvement | 0.600 | 0.200 | 0.200 | 0.200 | 0.200 | 0.200 | 0.200 | 0.200 | 0.200 | 0.200 | 0.200 | 2.600 |
| NEW PROJECTS | | | | | | | | | | | | |
| Economy & Skills Projects | | | | | | | | | | | | |
| Loudoun Academy Refurbishment | | 0.300 | 0.685 | 0.685 | 0.685 | 0.685 | 0.685 | 0.685 | | | | 4.410 |
| Stewarton Academy Extension | | | | | | | 3.500 | 3.500 | | | | 7.000 |
| Stewarton Academy Refurbishment | | 0.500 | 0.946 | 0.946 | 0.946 | 0.946 | 0.946 | 0.945 | | | | 6.175 |
| Future Schools Development Fund | | | | | | 8.500 | 8.000 | 2.000 | | | | 18.500 |
| Loanhead Primary Refurbishment | | | 0.406 | 0.406 | 0.406 | 0.406 | 0.406 | | | | | 2.030 |
| Netherthird Primary Refurbishment | | | 0.394 | 0.394 | 0.394 | 0.394 | 0.394 | | | | | 1.970 |
| Nether Robertland Primary Refurbishment | | | 0.370 | 0.370 | 0.370 | 0.370 | 0.370 | | | | | 1.850 |
| Logan Primary Refurbishment | | | 0.138 | 0.138 | 0.138 | 0.138 | 0.138 | | | | | 0.690 |
| Hillhead Primary Refurbishment | | | 0.150 | 0.150 | 0.150 | | | | | | | 0.450 |
| Kilmaurs Primary Refurbishment | | | 0.500 | 0.500 | | | | | | | | 1.000 |
| Schools Refurbishment Contingency | | | | | 1.425 | | | | | | | 1.425 |
| Dunlop Primary Extension | | | 1.000 | 1.000 | | | | | | | | 2.000 |
| Lainshaw Primary Reconfiguration | | | 0.500 | | | | | | | | | 0.500 |
| Dunlop Early Childhood Centre | | | 0.600 | | | | | | | | | 0.600 |
| Kilmaurs Early Childhood Centre | | | | 0.600 | | | | | | | | 0.600 |
| Loanhead Early Childhood Centre | | | | 0.400 | | | | | | | | 0.400 |
| Riccarton Early Childhood Centre | | | 0.400 | | | | | | | | | 0.400 |
| Moorfield Park | | | 2.100 | | | | | | | | | 2.100 |
| Rowallan Park | | | 1.050 | | | | | | | | | 1.050 |
| Derelect Buildings Grant Fund | | | 0.250 | | | | | | | | | 0.250 |
| Safer Communities Projects | | | | | | | | | | | | |
| Caponacre Depot | | | 2.800 | | | | | | | | | 2.800 |
| Remediation of Former Lugar Office Site | | | 0.350 | | | | | | | | | 0.350 |
| Skares Flood Risk Reduction | | 2.000 | 2.000 | | | | | | | | | 4.000 |
| Environmental Risk Contingency Fund | | | 2.000 | 2.000 | 2.000 | | 1.000 | 1.000 | 1.000 | 1.000 | | 10.000 |
| Risk Management Centre Equipment Upgrade | | 0.100 | 0.100 | 0.100 | 0.100 | | | | | | | 0.400 |
| Other Projects | | | | | | | | | | | | |
| Purchase of Greenholm Street Office | 0.450 | | | | | | | | | | | 0.450 |
| Purchase of two Mobile Libraries | | 0.250 | | | | | | | | | | 0.250 |
| Catering Kiosks, Dining Furniture and Severy Upgrades | | 0.120 | | | | | | | | | | 0.120 |
| Dean Castle Country Park | | | | 0.626 | | | | | | | | 0.626 |
| Woodroad Park - Road Resurfacing | | | | 0.175 | | | | | | | | 0.175 |
| TOTAL INDICATIVE EXPENDITURE | 188.624 | 64.890 | 65.747 | 50.025 | 19.819 | 19.479 | 21.279 | 15.020 | 8.200 | 8.200 | 8.200 | 469.483 |
| SELF FUNDED PROJECTS | | | | | | | | | | | | |
| New Cumnock Town Centre (Spend to Save) | | 0.200 | | | | | | | | | | 0.200 |
| New Children's House (Spend to Save) | | 1.500 | | | | | | | | | | 1.500 |
| Moorfield Park | | | 2.400 | | | | | | | | | 2.400 |
| Rowallan Park | | | 1.200 | | | | | | | | | 1.200 |
| Caponacre Depot | | | 2.500 | | | | | | | | | 2.500 |
| Johnnie Walker Bond | | | 6.940 | | | | | | | | | 6.940 |

CLASSIFICATION: UNCLASSIFIED