

**ANGUS COUNCIL**

**CHILDREN AND LEARNING – 17 SEPTEMBER 2019**

**EARLY YEARS CENTRES, CARNOUSTIE AND FORFAR  
PROJECT UPDATE AND CONTRACT AWARD**

**REPORT BY DIRECTOR OF INFRASTRUCTURE**

**ABSTRACT**

This report provides an update on the progress to construct Early Learning and Childcare Centres (ELCCs) in Carnoustie and Forfar. It seeks approval to enter into the construction contract for the ELCCs which is within the previous agreed budgetary arrangements.

**1. RECOMMENDATIONS**

It is recommended that the Children and Learning Committee:

- (i) Notes the update provided in this report; and
- (ii) Delegates authority to the Director of Legal and Democratic Services or her nominee, following consultation with the Director of Infrastructure and the Director of Finance: to agree the terms so as to protect the council's interests and thereafter to execute, deliver and perform the Project Agreement, the Collateral Agreements and any other necessary documentation in respect of the project on behalf of Angus Council.

**2. ALIGNMENT TO THE ANGUS LOCAL OUTCOMES IMPROVEMENT PLAN/CORPORATE PLAN**

This report contributes to the following local outcomes contained within the Angus Local Outcomes Improvement Plan 2017-2030 and Locality Plans:

**PEOPLE**

- The best start in life for children

**PLACE**

- Safe, secure, vibrant and sustainable communities

**3. BACKGROUND**

- 3.1 The Children and Learning Committee approved the early years expansion programme including the proposal to provide necessary accommodation to meet the programme requirements. This was subject to confirmation from the Scottish Government of the level of funding to be allocated to Angus Council (Report No. 128/18 refers). This confirmation was received in a letter dated 1 May 2018 from the Scottish Government.
- 3.2 Reference is made to Report 219/19, recommendation (ii), approved by Angus Council, approving the alternative procurement of the Early Learning and Childcare Centres (ELCCs) through Hub East Central Scotland Ltd (Hubco). Report 219/19 also set out the funding package for the proposals.

#### **4. CURRENT POSITION**

- 4.1 Hubco Appointments – Following initial engagement with Hubco a pre-qualification questionnaire and interview process was carried out to appoint the tier one main contractor and tier two designers. This process was based on Hubco's agreed methodology and the successful appointments were:

Tier 1 Main Contractor: Robertson Construction Ltd  
Tier 2 Architect: JM Architects  
Tier 2 Civil and Structural Engineer: Goodson Associates Ltd  
Tier 2 Mechanical and Electrical Engineer: Hawthorne Boyle Ltd

- 4.2 Design Development – Following the above appointments the consultants have developed the designs of the ELCCs from Angus Council's model design, brief and performance based specifications. As noted in Report 219/19 a value engineering exercise undertaken by the design consultants in consultation with officers from the Early Years and Assets team has reviewed opportunities to reduce costs.
- 4.3 Planning Approval – Planning approval had been achieved for both Carnoustie and Forfar ELCCs by the Angus Council project team. Following design development noted in 4.2 above the revised designs have been submitted as a 'non-material variation'.
- 4.4 Building Warrant – Building warrant applications were submitted on 24 July 2019 by Hubco for both Carnoustie and Forfar ELCCs. The building warrant has been applied for on a staged basis to allow the project to progress on site as soon as the project agreement is completed.
- 4.5 Hubco Proposals and Pricing – Projects procured through Hubco require to complete various stage reviews. Due to the accelerated nature of the project and the extent of design information provided to Hubco a 'Stage 1' gateway review is not being completed. Instead a single Stage 2 gateway review has been agreed to approve:- detailed drawings; specifications; contractor's construction costs; and construction programme. At this stage the design and costs will be frozen subject to any variations through the contract change process.

#### **5. PROPOSALS**

- 5.1 The current project timetable for the ELCCs are as follows:-

Stage 2 submission and review to allow progress to financial close: September 2019

Finalisation of Project Agreement and achieve financial close: September 2019

Construction Phase 1: October 2019 – June 2020

Furniture and Resource Installation: July 2020

Opening for use: August 2020

- 5.2 The council's project team have reviewed Hubco's Stage 2 submission including reviews of:- drawings; specifications; construction proposals; pricing report; and programme to ensure the submission met the original project requirements.
- 5.3 Next Steps – The Stage 2 review is complete and approval by the Project Board will allow financial close. The completion of these stages allow the project to progress on site.
- 5.4 Hubco have identified that they require to start on site on 7 October 2019 to achieve completion by the end of June 2020. Currently financial close is targeted for 23 September 2019 to accommodate this.
- 5.5 The Hubco procurement strategy includes achievement of community benefits. Selection of the supply chain partners is a matter for Hubco however the partners will contribute to the overall community benefits which Hubco will deliver. The community benefits are based on the Hubco framework and follow the CITB guide for employment opportunities. These are

measured on a monthly basis through agreed key performance indicators and include:- Work Placements; Supporting apprenticeships and graduates; Supporting qualifications; and Providing supply chain training / certification.

## 6. FINANCIAL IMPLICATIONS

6.1 Following completion of the tender the project costs for Carnoustie are as follows:-

Hubco Costs including construction, Hubco designer fees, additional surveys and utility connections.	£3,470,000
Contingencies / risk allowance and IT costs	£90,000
Allowance for professional fees, supervisory, travel and administrative expenses	£180,000
Allowance for works to meet planning requirements (eg re-surfacing of car parking facility and additional footpaths)	£285,000
Allowance for feasibility fees	£10,000
Allowance for statutory payments and sundry expenses	£50,000
Allowance for loose furniture and equipment	£75,000
Estimated total cost (at out-turn prices) excluding other works	£4,160,000

6.2 Following completion of the tender the project costs for Forfar are as follows:-

Hubco Costs including construction, Hubco designer fees, additional surveys and utility connections.	£3,150,000
Contingencies / risk allowance and IT costs	£75,000
Allowance for professional fees, supervisory, travel and administrative expenses	£170,000
Allowance for sub-station relocation	£100,000
Allowance for feasibility fees	£10,000
Allowance for statutory payments and sundry expenses	£50,000
Allowance for loose furniture and equipment	£85,000
Estimated total cost (at out-turn prices) excluding other works	£3,640,000

6.3 The overall project costs, as set out in Report 219/19 including funding from planned unspent Scottish Government Revenue Grant (18/19) allocations for the expansion of Early Years, are as follows:-

Carnoustie ELCC:	£4.16m
Forfar ELCC:	£3.64m
Total Cost:	£7.8m

6.4 The costs identified in 6.1 and 6.2 above highlight a reduction on overall project cost for Carnoustie and an increase to Forfar. The initial budget figures provided to Hubco were below the original estimated costs for both projects. Following development of both schemes the Hubco costs have been revised as noted above. The overall cost reduction at Carnoustie has been achieved through value engineering of building elements including an alternative roof

finish, wall finishes and development of the canopy design. The increased costs at Forfar can be attributed to a change to roof finish to avoid a flat roof and accuracy of market testing. The previous cost for Forfar ELCC was an estimate only but did take into account the increase in costs that were becoming apparent in relation to the Early Years programme. Following a review by Hubco including initial market testing this has been revised to the figure noted above. Although there have been variances in the cost for each individual project the overall total cost for the ELCC projects is contained within the approved funding package, set out in Report 219/19,

- 6.5 Based on the Project costs within 6.4 above the overall funding package will be as set out in Report 219/19:-

<b>Element</b>	<b>Approved funding package</b>
Carnoustie Centre	
Scottish Government Specific Capital Grant	£2,841,000
Schools and Learning Revenue Funding	£450,000
Capital Funding	£45,000
Additional funding from Revenue	£1,064,000
Sub-Total	£4,400,000
Forfar Centre	
Scottish Government Specific Capital Grant	£2,500,000
Additional funding from Revenue	£900,000
Sub-Total	£3,400,000
TOTAL	£7,800,000

The cash flows for each project will be adjusted to match the estimated total costs but will be contained within the overall funding available of £7,800,000.

- 6.6 There will be running costs associated with this scheme which are unchanged from those reported previously. As part of the early years bid the Council included an element of revenue running costs for these properties to cover annual utility, facilities services and maintenance costs. The allocation of the revenue bid was received on the 1 May 2018 and the amounts contained within the allocations received from the Scottish Government are £84,000 per annum for Carnoustie and £78,000 per annum for Forfar.

## **7. OTHER IMPLICATIONS**

### **Risks**

- 7.1 The final costs will not be fully established until financial close and there remains a risk that costs will exceed the current budget. This risk however is minimal due to the design development being well progressed.

7.2 Until the project achieves financial close there are risks to the start on site and overall projected completion.

**NOTE:** The background papers, as defined by Section 50D of the Local Government (Scotland) Act 1973 (other than any containing confidential or exempt information) which were relied on to any material extent in preparing the above report are:

- Report 128/18 - – Early Years Expansion Programme - Children and Learning Committee - 19 April 2018
- Report 219/19 - Early Years Centres, Carnoustie and Forfar Tender Report and Alternative Procurement Arrangements - Angus Council - 20 June 2019 (Exempt)

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