

# **EAST AYRSHIRE COUNCIL**

## **CABINET – 21 JANUARY 2009**

### **DRAFT CAPITAL INVESTMENT PROGRAMME 2009/10 – 2018/19**

#### **Report by the Executive Head of Finance and Asset Management**

## **1 PURPOSE OF REPORT**

- 1.1** To seek approval of a draft General Services Capital Programme for 2009/10 to 2018/19 to be issued for consultation to all interested parties. The feedback received during the consultation process will be used to inform the Cabinet's final consideration of the Budget on 11 February 2009.

## **2 BACKGROUND**

- 2.1** The Cabinet on 14 January 2009 approved a Capital Investment Strategy around which a Capital Investment Programme for financial years 2009/10 to 2018/19 could be developed. The proposed programme set out in this report is designed around the key objectives of the strategy within the resources available.
- 2.2** The approved strategy includes specific priorities for the Council, namely;
- Ensuring that buildings are fit for purpose and meet required statutory and regulatory standards including Health and Safety and Disabled Access
  - Minimising costs by maximising the use of property assets including co-location of services wherever appropriate
  - Improving the schools estate
  - Utilisation of surplus accommodation particularly where this helps secure the longer term viability of under-occupied school buildings
  - Regeneration of Kilmarnock and Cumnock Town Centre
  - Improving strategic road links including the A70 and A71
  - Improving sports, leisure and cultural opportunities
- 2.3** The strategy also includes a commitment to support stated national Government objectives at a local level to encourage and accelerate capital spending to lessen the impact on the economic downturn.

### 3 CORE STRATEGIC PROJECTS – 2009/10 TO 2018/19

#### 3.1 Overview

**3.1.1** Cabinet on the 19<sup>th</sup> December 2007 approved East Ayrshire Council's General Services Capital Programme for 2008/09 to 2012/13. This five-year Capital Programme proposed core strategic schemes that made a positive contribution towards corporate, community plan and service delivery objectives.

**3.1.2** Attached at Appendix 1 is a proposed Capital Programme up to 1018/19 incorporating previously approved core strategic schemes and a new 10-year programme to 2018/19. Over the period 2009/10 to 2018/19 the proposed total General Services Capital Programme budget allocation is £200m with expenditure skewed towards the earlier years with a view to mitigating some of the effects of the economic downturn.

**3.1.3** In establishing a 10-year capital programme the intention is to take account of material changes and to propose revisions to, or the inclusion of, projects that ensure the programme continues to be aligned with overall strategic objectives. In particular, the programme has been revised to take account of the outcome of the Better Schools: Better Learning consultation process.

#### 3.2 Education and Social Services

**3.2.1** The approved School Estate Management Plan which has been submitted to the Scottish Government outlines the 4 key themes of priority which the Cabinet has agreed should be considered when improving our educational facilities:-

- reducing surplus capacity;
- addressing maintenance issues;
- meeting statutory requirements of DDA legislation; and
- improving property flexibility.

**3.2.2** Significant resources continue to be invested in school buildings in a prioritised manner, recognising the long term nature of the modernisation. There is a commitment to achieving a school estate which will provide positive opportunities for learning and teaching.

#### **3.2.3** Better Schools: Better Learning

Funding allocations of £26.690m have been proposed to recognise the need to invest in our educational establishments to ensure the Council delivers on the aims of the Better Schools: Better Learning – A Strategy for Developing the School Estate. This includes allocations for the following schemes:

- **Merger of Witchill/Woodstock** – a scheme to construct a new facility on the site of the former Park School is currently being developed in consultation with representatives from the Educational and Social Services Department.

- **Co-location of Patna/St Xavier's Primary Schools** – an option appraisal exercise is currently underway within Educational and Social Services to assess the options for co-location of Patna and St Xavier's Primary Schools. Initial assessment of Educational, Asset Management and financial aspects indicates that the optimum outcome would be to build a new school. Possible options where facilities may be shared with other Council services including local office, library and community facilities could also be explored. Options for shared facilities management may include the joint operation of a biomass boiler with NHS Ayrshire and Arran, which is anticipated to attract grant support.
- **New Cumnock Primary School and Community Facility** – options are currently being assessed in relation to the extent of refurbishment at the existing Castle Primary School. Consideration is also being given to extending the remit of the project to evaluate the potential for delivering wider community benefits through the provision of a shared community facility.
- **Littlemill Primary School** – options are currently under review by Educational and Social Services to establish the most effective long term solutions for the sustainability of the building.
- **Sorn Primary School** – the programme of refurbishment is currently under review by Educational and Social Services. It is important to note that the timing and cost of any refurbishment is heavily dependent on discussions with Historic Scotland on issues relating to listed building requirements.
- **Crossroads Primary School** – following a report to Cabinet on 3 December 2008, the investment needs of Crossroads Primary School is now being considered within the present arrangements for the Schools Estates Management Plan and Strategy on Asset Management for associated maintenance and repairs.

The costs shown are best estimates at present. All of the projects require final clarification on scope and specification from Educational and Social Services.

#### **3.2.4 New School Building Programme**

The Capital Programme includes allocations to provide a further two new schools. In the planning of new schools, recognition will be given to the need to provide future facilities that improve educational opportunities for social inclusion, sustainable development and equal opportunities. In practical terms any new investment will therefore reflect the changing pattern of population. It is anticipated that one of these facilities would be located as part of the Knockroon development proposed in the Cumnock/Auchinleck area.

#### **3.2.5 Major Refurbishments and Extensions of Existing Facilities**

The 10-year General Services Capital Programme takes cognisance of obligations to continually invest in the existing property portfolio and provision has been made for £4.750m for major refurbishments of Flowerbank Nursery and Darvel Primary School. Final project options are currently being developed and costs may need to be revised in light of these.

### **3.2.6 Community Education Facilities**

Included within the Capital Programme is an allocation of £1.500m for new community education facilities in Galston. Initial proposals to provide new facilities on the site of the former Barr Centre have been discounted due to site constraints. Funding is also included in the programme for the refurbishment of the local office and Social Work office and it may be possible to combine elements of these projects to obtain best value. Possible site options are currently being evaluated and a separate report will be brought forward for Member consideration and approval at a later date. Again, final costs will be dependent on the solution selected. As with all new schemes, discussions are taking place with Community Planning Partners who may have an interest in developing joint facilities in the area.

### **3.2.7 GLOW Project**

The Capital Programme includes an allocation of £0.200m per annum to reflect the on-going commitment to the GLOW Project that aims to provide and maintain a national intranet for education and to ensure that IT provision in schools is kept as current as possible. GLOW is intended to be a digital link between Scotland's 800,000 teachers and pupils and is regarded as a core element of the Curriculum for Excellence.

### **3.2.8 Day Care Facilities for the Elderly**

The demography of East Ayrshire requires substantial investment in community based services for vulnerable older people. A provision of £2.500m has therefore been set aside within the 10-year programme to finance a new project to improve day care facilities for the elderly within the Hurlford area, which will complement the previously approved new resource centre for older people at the former Rosebank site in Kilmarnock.

### **3.2.9 New Children's Care Home**

The aim of the Residential Child Care provision within East Ayrshire is to create a safe and secure environment for children and young people living away from home and to work in partnership with young people and their families to provide a service which meets the individual's needs. In order to meet this aim, it is necessary to provide a new Children's Care Home in the Kilmarnock area.

Potential sites are currently being evaluated by a Member/Officer Working Group. A preferred site option will be brought forward for Member consideration and approval following a detailed option appraisal exercise.

## **3.3 Neighbourhood Services**

### **3.3.1 Roads and Infrastructure Capital Programme**

The allocation of £45.640m for the roads and infrastructure Capital Programme is an indication of the Council's commitment to improvements in this area. The 10-year programme of investment will include:

- Carriageway and footway structural maintenance programmes to improve the condition of the roads network
- Bridge strengthening programme to address backlog maintenance issues
- Street lighting improvements to reduce age of current infrastructure
- A70 and A71 Strategic Road Improvement Schemes that support bids to SPT for funding to improve connectivity with the M74 corridor in discussion with South Lanarkshire and South Ayrshire Councils.
- Road Safety Schemes to meet the Government and Council objectives to reduce road accidents
- The development of Flood Prevention schemes subject to Scottish Government funding
- The Stewarton Park and Ride facility in partnership with Network Rail
- A new bridge to replace the current footbridge and ford at the entrance to Dean Castle.

If the allocation is approved, a detailed plan for the use of the resources over the ten year period will be presented to the Cabinet by the Executive Director of Neighbourhood Services.

In addition to the above, a specific grant of £0.212m has been provided by the Scottish Government for 2009/10 for initiatives to promote cycling, walking and safer streets.

### **3.3.2 Sports, Leisure and Cultural Facilities**

The Council is committed to delivering improvements to sports, leisure and cultural facilities that contribute to the delivery of Community Plan objectives and support Scotland's Year of Homecoming 2009 and encourage local aspirations for the 2014 Commonwealth Games. Schemes proposed within the 10-year Capital Programme which aim to meet these aspirations are as follows:

- **New Athletics Facilities for Kilmarnock** – the Capital Programme includes an allocation of £3.750m for the provision of a new athletics track and refurbishment of changing and security facilities in Kilmarnock.
- **New Sport Pavilions** – the sum of £1.200m has been included for the provision of new sports pavilions across the area including at Knockentiber and Netherthird.
- **Stewarton Sports Facilities** – the Council recognises that there is a deficit in the provision of indoor sports facilities in Stewarton, based on local feedback and on the findings of Sportscotland's Facilities Planning Model. The Capital Programme therefore includes provision of £4.300m for the construction of new sports facilities in the Stewarton area. Various sites for the sports facilities are currently being evaluated and a Business Case will be brought forward for Member consideration.

### **3.3.3 Depot Improvements**

The Department of Neighbourhood Services is currently undertaking a review of depot facilities to meet its vision to co-locate depot based operations on a single site together with investment at existing depot facilities, including Western Road. The depot operations and associated facilities being considered as part of the review include Building and Works, Roads, Vehicle Maintenance, Street Lighting, Cleaning, Outdoor Amenities and Community Recreation.

A provision of £5.600m has therefore been set aside within the 10-year Capital Programme to fund the construction and redevelopment of facilities required to meet the outcome of this review. The project may release sites with the potential for capital receipts and should deliver annual revenue savings from the merger of facilities and may provide an opportunity for enhanced training facilities for the area.

### **3.3.4 Crosshouse Resource Centre**

The Crosshouse Resource Centre is a joint Project with NHS Ayrshire and Arran which includes a local office and a library. Tenders prices received were substantially higher than anticipated and whilst some redesign to reduce the cost has been agreed with NHS the Council's share will be £0.340m higher than previously planned.

When considered in conjunction with the initial allocation for the project of £0.439m, the investment levels required to provide a new library and a local office facility are still considered to represent value for money for the Council.

### **3.3.5 Parks Development Programme**

The five year parks development programme to upgrade facilities and attractions in East Ayrshire Council's main parks to enhance visitor potential has been provided for at £0.200m per annum to 2012/13.

The allocation reflects the continued commitment to invest in our parks infrastructure and builds upon improvements already carried out at East Ayrshire Council parks, including Dean Castle Country Park and the Kay Park.

## **3.4 Corporate Support**

### **3.4.1 Kilmarnock Town Centre**

The Cabinet has agreed that office space should be created in Kilmarnock Town Centre as part of the regeneration effort and proposals are currently being developed.

The Council continues to consider a range of initiatives for regeneration that support the development of Kilmarnock Town Centre. The Town Centre Strategy focuses on the four key themes of:

- Living in the town
- Working in the town
- Shopping in the town
- Enjoying the town

A total allocation of £21.000m has been provided for in the proposed Capital Programme to meet the costs of current and future schemes in relation to Kilmarnock Town Centre. However, it is possible that some such developments could be funded partly either by external organisations, such as Historic Scotland, or on a “spend to save” basis from annual revenue savings from vacated current premises and other revenue streams.

### **3.4.2 Cumnock Town Centre**

The Council is a partner in the Joint Venture Agreement (JVA) for both office and retail development for Cumnock Town Centre.

The final financial commitment to this is uncertain at present as a number of issues still require to be resolved but funding of £10.000m in respect of the office building and associated issues has been added to the Capital Programme. Similar to the Kilmarnock Town Centre regeneration proposals it is possible that a number of the developments under consideration could be funded partly externally or on a “spend to save” basis from annual revenue savings from vacated current premises and other revenue streams.

### **3.4.3 Other Areas**

A review of the Council’s East Ayrshire wide Regeneration Strategy is currently underway and it is proposed that funding of £5m be included to facilitate initiatives which may result from that.

### **3.4.4 Council Data Centre and ICT Investment**

There is an urgent need to create a new Council data centre. This is a business critical facility on which every service depends. The existing accommodation at Council Headquarters is at maximum capacity and this limits essential development of the Council’s infrastructure. Network configuration and security considerations have led to the proposal to convert the existing Main Meeting Room into a new data centre with replacement meeting facilities being formed elsewhere in the building. The opportunity would also be taken to improve DDA, access and welfare facilities.

The 10-year Capital Programme reflects an investment of £5.721m for Information and Communications Technology (ICT) projects to reflect the Council’s commitment to the continued development of ICT systems that support the Council’s strategic aims. An additional allocation of £0.500m has been included in the ICT allocation for 2009/10 to establish back-up data centre facilities which IT have deemed essential for business continuity purposes.

## **4 REFURBISHMENT, COMPONENT RENEWAL AND OTHER GENERAL PROJECTS**

**4.1** In addition to the Core Strategic Projects, it is proposed to allocate a sum of £38.600m over the period for refurbishment, component renewal and other general projects across all services which are deemed to be of the highest priority in relation to condition and suitability criteria. Currently identified projects are shown in Appendix 2 and reflect those schemes which make a positive contribution in achieving the Council's challenge to meet its current or backlog maintenance demands, including the following themes in the first year:

- Window replacements
- Electrical/fire alarm upgrades
- Roofing works
- Heating system replacements
- Kitchen upgrades

It should be noted that the programme includes £5m for Health and Safety and Disabled Access Improvements related projects and £19.5m for general refurbishment over the 10 year period and proposals will be brought forward.

## **5 FUNDING**

**5.1** Taking account of current levels of capital grant support, the additional debt charges arising from these proposals to be included in the 2009/10 to 2011/12 Revenue Budget would be £1.100m/£2.600m/£2.500m. There has been an indication from the Scottish Government that additional support for borrowing may be provided and in addition the Council's Capital Fund which currently stands at £17.000m could be used to repay debt over the 10 year period to reduce the impact on the revenue budget. This will be discussed in detail as part of the Revenue Budget consideration, however given that the overall annual revenue spend over the three year period will be in excess of £1bn it is considered that this level of additional revenue expenditure is affordable.

## **6 RISK MANAGEMENT**

**6.1** Risk is a major factor to be considered during the management and delivery of the 10-year Capital Programme. Risk can be defined as uncertainty of outcome, whether a positive opportunity e.g. advantageous pricing, access to alternative funding streams, or negative threat e.g. supplier delays, adverse weather conditions. Through applying effective project management principles, the Asset Management Service aims to manage and control the Council's exposure to the risks associated with each individual project.

## **7 SPEND TO SAVE PROJECTS**

**7.1** The Capital Investment Strategy allows projects to be added to the programme where revenue savings will meet the additional borrowing costs. Possible examples include future projects arising from the Corporate Office Strategy, Intensive Support Facilities for young people and Decriminalisation of Parking Enforcement.

## **8 RECOMMENDATIONS**

**8.1** It is recommended that Members:

- (i) Approve the proposed 10-Year Capital Investment Programme set out in this report and appendices as a basis for consultation;
- (ii) otherwise note the contents of this report; and
- (iii) agree that whilst the contents of the report are subject to call in procedures in the normal way, the decision to issue the draft programme for consultation should not be subject to call in procedures due to the timescale.

Alex McPhee

**Executive Head of Finance and Asset Management**

AMcP/JP

16 January 2009

### **LIST OF BACKGROUND PAPERS**

**NIL**

Members wishing further information should contact Alex McPhee, Executive Head of Finance and Asset Management, Telephone 01563 576300.

Strategic Schemes	Current Allocation	Proposed Allocations				
	08/09 £m	09/10 £m	10/11 - 12/13 £m	13/14 - 15/16 £m	16/17 - 18/19 £m	TOTAL 2009/10 - 2018/19 £m
<b>PREVIOUS APPROVED SCHEMES</b>						
<b>EDUCATION</b>						
Galston Primary School	2.400					0.000
Netherthird Community Facilities	0.900	0.200				0.200
Stewarton Academy Facilities	0.500	0.044				0.044
Galston Community Facilities			1.500			1.500
Darvel Primary			3.000			3.000
Flowerbank Nursery			1.750			1.750
<b>SOCIAL SERVICES</b>						
Rosebank Resource Centre	0.800	1.600	0.100			1.700
Stewarton Townhouse Refurbishment	0.200	0.200	0.000			0.200
Children's Unit North		0.250	1.250			1.500
Replacement Hurlford Day Centre			2.500			2.500
<b>NEIGHBOURHOOD SERVICES</b>						
Stewarton Community Facilities	0.915					0.000
Crosshouse Resource Centre	0.080	0.700				0.700
Galston Local Office/ Social Work Facility		0.500	1.100			1.600
Palace Theatre / Grand Hall Refurbishment (Phase 3)	0.200	0.400				0.400
Refurbishment of the Baird Institute	0.200	0.400				0.400
Public Art Initiative	0.050	0.050	0.150			0.200
Kilmarnock Athletics Facilities		0.200	3.550			3.750
New Sports Pavilions		0.600	0.600			1.200
Improvements to Major Parks	0.200	0.200	0.600			0.800
Auchinleck Resource Centre			0.956			0.956
Burns Monument Centre	2.470					
Depot Improvements				5.600		5.600
Stewarton Sports Facilities				4.300		4.300
Galston Flood Scheme	0.600					
<b>CORPORATE SUPPORT</b>						
John Finnie Street	0.307					
New Data Centre/Meeting Facilities		1.300	1.250			2.550
Building Insulation	0.025					
<b>NEW OR AMENDED ALLOCATIONS</b>						
<b>EDUCATION</b>						
Merger Witchhill & Woodstock Schools		0.600	5.400			6.000
New Cumnock Primary School and Community Facility		0.600	7.400			8.000
Patna / St Xaviers Primary Schools Co-location		1.200	7.800			9.000
Replacement Schools			12.000	7.000		19.000
GLOW Project		0.200	0.600	0.600	0.600	2.000
<b>NEIGHBOURHOOD SERVICES</b>						
Roads & Transportation Programme	3.500	3.500	11.700	13.500	15.300	44.000
Dean Ford Bridge		0.050	0.950			1.000
Flood Prevention			0.500			0.500
Stewarton Park & Ride Facility		0.140				0.140
<b>CORPORATE SUPPORT</b>						
Kilmarnock Town Centre	0.522		21.000			21.000
Cumnock Town Centre	2.107	1.693	10.000			11.693
Regeneration - Other Areas			5.000			5.000
ICT Corporate & Departmental	0.642	1.040	1.681	1.500	1.500	5.721
<b>TOTAL STRATEGIC SCHEMES</b>	<b>16.618</b>	<b>15.667</b>	<b>112.237</b>	<b>22.600</b>	<b>17.400</b>	<b>167.904</b>
Refurbishment and Component Renewal (Indicative)	4.035	5.285	10.065	11.550	11.700	38.600
Less - Previously Budgeted / CFCR	(5.469)	(5.548)	(0.956)			(6.504)
<b>TOTAL CAPITAL ALLOCATION</b>	<b>15.184</b>	<b>15.404</b>	<b>121.346</b>	<b>34.150</b>	<b>29.100</b>	<b>200.000</b>
Forecasts Underspends	(2.202)					
<b>NET CAPITAL ALLOCATION</b>	<b>12.982</b>	<b>15.404</b>	<b>121.346</b>	<b>34.150</b>	<b>29.100</b>	<b>200.000</b>

**REFURBISHMENTS - 2009/10 TO 2018/19**

REURBISHMENTS	09/10	10/11 -	10/11	11/12	12/13	13/14 -	13/14	14/15	15/16	16/17 -	TOTAL
	£m	12/13	£m	£m	£m	15/16	£m	£m	£m	18/19	£m
<b>EDUCATION &amp; SOCIAL SERVICES</b>											
Auchinleck Academy - PE Block Window Replacement	0.150										0.150
Auchinleck Academy - PE Block Upgrade	0.470										0.470
Bellsbank Primary - Window Replacement	0.100										0.100
Bellsbank IFE - Electrical Upgrade	0.125										0.125
Cairns Nursery - Window Replacement	0.100										0.100
Crosshouse Nursery - Window Replacement	0.100										0.100
Crosshouse Primary - Window Replacement (Final Phase)	0.090										0.090
Crossroads Primary - Roofing Works						0.250	0.250				0.250
Crossroads Primary - Electrical Fire Upgrade		0.100			0.100						0.100
Crossroads Primary - Toilets Upgrade						0.050	0.050				0.050
Crossroads Primary - Window & External Cladding Replacement						0.250	0.250				0.250
Cumnock Academy - Window Replacement	0.250	0.250	0.250								0.500
Dalmellington Primary - Window Replacement	0.100										0.100
Dalmellington Community Centre - Toilet Refurbishment	0.025										0.025
Doon Academy - Window Replacement	0.100										0.100
Doon Academy - Toilet Replacement	0.060										0.060
Dunlop Primary - Window Replacement	0.200										0.200
Fenwick Primary - Electrical / Fire Alarm	0.125	0.075	0.075								0.200
Gargieston Primary - Window Replacement		0.350	0.200	0.150							0.350
Hillhead Primary - Electrical / Fire Upgrade	0.110	0.110	0.110								0.220
James Hamilton Academy - Home Economics Room	0.150	0.150	0.150								0.300
James Hamilton Academy External Door Replacement	0.114										0.114
Lainshaw Primary School Electrical Upgrade	0.149										0.149
Littlemill Primary School (Better Schools : Better Learning)		1.320	1.100	0.220							1.320
Logan Primary - Window Upgrade	0.075	0.000									0.075
Loudoun Academy - Electrical Rewire	0.150	0.450	0.250	0.200							0.600
Muirkirk Primary - Roofing Works	0.100	0.100	0.100								0.200
Nether Robertland Primary - Window Replacement	0.200	0.200	0.200								0.400
New Cumnock Community Centre - Boiler Plant Replacement	0.120										0.120
Onthank Community Centre - Boiler Plant Replacement	0.110										0.110
Onthank Primary School Kitchen Upgrade	0.002										0.002
Riccarton Nursery - Window Replacement	0.075										0.075
Silverwood Primary - Window Replacement	0.200	0.200	0.200								0.400
Sorn Primary School (Better Schools : Better Learning)		1.720	0.100	1.000	0.620						1.720
Stewarton Academy - Roofing Works	0.100	0.100	0.100								0.200
Woodstock Centre - Accessible Toilet		0.100	0.100								0.100
Dunlop Primary - Kitchen and Counter Renewal		0.035	0.035								0.035
Lainshaw Primary - Kitchen and Counter Renewal		0.045	0.045								0.045
Logan Primary - Kitchen and Counter Renewal		0.040	0.040								0.040
Loudoun Academy - Kitchen and Counter Renewal		0.080	0.080								0.080
<b>NEIGHBOURHOOD SERVICES</b>											
Cemeteries Extension	0.150	0.200	0.100	0.050	0.050	0.050	0.050				0.400
Playpark Investment Programme	0.155	0.480	0.160	0.160	0.160	0.160	0.160				0.795
Core Paths Plan	0.030	0.090	0.030	0.030	0.030	0.030	0.030				0.150
<b>FINANCE &amp; ASSET MANAGEMENT</b>											
Headquarters Building Roof & DDA	0.300	0.348	0.348								0.648
Health & Safety / DDA Works	0.500	1.500	0.500	0.500	0.500	1.500	0.500	0.500	0.500	1.500	5.000
Corporate Office	0.500	1.500	0.500	0.500	0.500	0.500	0.500				2.500
Balance To Be Allocated		0.522			0.522	8.760	2.760	2.500	3.500	10.200	19.482
<b>TOTAL</b>	<b>5.285</b>	<b>10.065</b>	<b>4.773</b>	<b>2.810</b>	<b>2.482</b>	<b>11.550</b>	<b>4.550</b>	<b>3.000</b>	<b>4.000</b>	<b>11.700</b>	<b>38.600</b>