

ITEM No ...20.....

REPORT TO: POLICY AND RESOURCES COMMITTEE –16 NOVEMBER 2020

REPORT ON: SCHOOLS ESTATE CAPITAL INVESTMENT STRATEGY AND
BRAEVIEW ACADEMY FIRE - INSURANCE SETTLEMENT
UPDATES

REPORT BY: EXECUTIVE DIRECTOR OF CORPORATE SERVICES AND
EXECUTIVE DIRECTOR OF CHILDREN AND FAMILIES SERVICE

REPORT NO: 309-2020

1.0 PURPOSE OF REPORT

1.1 This report sets out the current and future proposed position regarding the school estate capital investment strategy and the Braeview Academy fire insurance claim and the next stages and timescales in the claim process.

2.0 RECOMMENDATION

It is recommended that members:

- 2.1 note the current insurance position including; the financial and strategic rationale for settling the insurance claim and;
- 2.2 agree to settle the insurance claim.

3.0 FINANCIAL IMPLICATIONS

- 3.1 The Council has a £1M excess on its Property Policy so this will be met from Insurance Fund Reserves and will come off any settlement of reinstatement figure.
- 3.2 The final settlement figure will cover all business continuity costs to the end of December 2020. Any funds remaining for the settlement will be required to contribute towards the ongoing business continuity costs (mainly the hire of the temporary accommodation) until the development of a new building for Braeview Academy is completed. Agreement is being finalised for the costs of long term hire of the temporary accommodation and it is likely that the settlement funds remaining will be insufficient to meet the long term costs and any shortfall will require to be met within existing council budgets.
- 3.3 The estimated cost of a replacement school for Braeview Academy as a result of any successful conclusion to the consultation is currently £60m. This is currently provided for in the 2020/25 Capital Plan on the basis that £20m will be funded from general borrowing supported by provision in the Capital Financing Coats revenue budget, £20m will be funded through prudential borrowing which will require to be supported by revenue budget savings of approximately £1m and £20m which will be supported by revenue funding subject to a successful bid to Scottish Government for partnered support through the Learning Estate Strategy.

4.0 MAIN TEXT

- 4.1 Braeview Academy suffered a catastrophic fire on 11 September 2018, significantly damaging the main non practical teaching block, which accounts for around 50% of the teaching rooms within the school. More than 50 firefighters worked throughout the night, attempting to flood the building and arrest the fire. The extensive damage to the main classroom area of Braeview Academy following the fire made it evident that the building would be out of commission for a significant period of time.

- 4.2 A decant of the Braeview pupils to two local schools starting on 18 September with transport arrangements being put in place to support pupil travel to the two schools. A plan was developed to create a village of temporary portacabins on the Braeview site with 110 units, which would provide around 30 classrooms, a fully functional servery canteen, a support for learning unit, a full IT suite with Wi-Fi throughout, accessible toilet facilities and ramped entrances. Fourteen weeks later, on 14 December 2018, after a great degree of effort from contractors, planners, project management team and the Children and Families Service, the pupils returned to Braeview, within the portacabin village which was linked to the unaffected parts of the school. This education village is one of the biggest projects of its kind undertaken throughout the UK and offers very high quality accommodation.
- 4.3 A report on the consultation was considered at the Children and Families Service Committee on 9 September 2019, Reference is made to Article VI of the minute of this Committee (report 297-2019 refers). Given the very low number of stakeholders attending the public consultation events, and responding to the online consultation, it was difficult to determine to what extent this was a representative view of the combined communities. It was agreed that officers should carry out further work on the options for Braeview Academy and Craigie High School as well as primary provision for the Western Gateway and bring recommendations back to the Children and Families Services Committee for approval.
- 4.4 Reference is made to Article III of the Minute of the Children and Families Services Committee held on 27 January 2020 (report no. 42-2020 refers) where approval was given for formal consultation to be undertaken on a proposal to close Braeview Academy and Craigie High School and re-delineate existing school catchments to form a new single catchment area for a new joint secondary school/community learning campus. The consultation for this is now complete and the report on the consultation from Education Scotland is being finalised. The consultation report is planned to be brought to the first Children and Families Committee of 2021 with feedback from Education Scotland and stakeholders on the proposal with a recommendation from officers as to the best way forward.

5.0 Current Insurance Settlement Position – Braeview Academy

- 5.1 Following various meetings with the loss adjustors, the considered position of the insurance company in relation to the options open to the council were as follows:

- **reinstate the building**

This would have involved any necessary construction and building work to reinstate the building and would also cover all business continuity losses to date and up to December 2020.

- **settle the claim**

This would involve the Council obtaining an estimate of the projected costs for a rebuild and negotiate a settlement figure with the Insurer which will be subject to deductions due to the savings on the work not being done and incurring costs such as professional fees, heating, lighting etc. See Appendix 1.

Issues for Consideration

- 5.2 The decision to settle the insurance claim does not in any way effect any resulting decisions that might be considered in light of the consultation. It is likely that if the current consultation is successfully concluded the build period would allow new accommodation to be ready for Braeview Academy pupils by around August 2025.
- 5.3 Settling the claim for a reduced portion of the total rebuilding and business continuity costs make financial and strategic sense in the current circumstances. If a new

combined school with Braeview Academy and Craigie High School were to be approved through formal consultation and completed by August 2025, this would allow the Braeview pupils to remain decanted in the new portacabin village until this point. The costs for the extended decant would be funded beyond December 2020 from the indemnity settlement agreed with the Insurers. If elected members did not agree to go ahead with a proposed merger then plans could be made at that point to consider a new Braeview Academy and pupils would remain in the portacabin village until the new school was ready. The decision to build a new Braeview Academy on the present site would not require formal consultation under the 2010 Act.

6.0 Conclusion

- 6.1 Based on the options available from the Council/s insurers and due to the ongoing consultation and planning around the secondary estate in east of the city the preferred option would be to agree to settle the insurance claim and allow Braeview to remain in their temporary accommodation until a new building is ready.
- 6.2 Council Officers will continue to engage with the loss adjustors to finalise the actual settlement figure for the claim. A report on recommendations for Braeview and Craigie will be brought back to Children and Families Service with recommendations in due course.

7.0 Policy implications

- 7.1 This Report has been subject to an assessment of any impact on equality and diversity, fairness and poverty, environment and corporate risk. There are no major issues.

8.0 Consultation

- 8.1 The Council Management Team and Head Teachers of Braeview Academy and Craigie High School have been consulted in the preparation of this report.

9.0 BACKGROUND PAPERS

- 9.1 None

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BRAEVIEW FIRE COSTS

	<u>Total Costs</u>	
Building Reinstatement Works	367,814.01	All costs associated with building work at Braeview site (the main cost was the repair/ re instatement of the roof to make sure the fire damaged area was wind & water tight)
Building Consequences	294,442.30	Consequence of fire at Braeview site eg, Making property secure, Security of site, clearing debris etc
Reinstatement Consequences	3,025,463.40	Temporary Location - all Portacabin hire costs till December 2020, including groundwork, installation. fabric & contents eg, rewire, telephones, contractors costs, fees etc
Contents Reinstatement	256,722.05	Contents - All costs associated with replenishment of supplies, goods, materials etc
Transport Contract	59,062.11	All transport contracts for Braeview pupils at Craigie High site and Baldragon site
Less Rates Rebate Saving	95,297.13	
	<u>3,908,206.74</u>	
<u>Awaiting Approval</u>		
Kitchen Costs	100,000.00	

Re Instatement costs	2,951,063.00
Final Resurfacing Work	65,637.00
<u>Draft Final Claim</u>	7,024,906.74
<u>Less Excesses</u>	1,100,000.00
<u>Total Final Settlement</u>	<u>5,924,906.74</u>

Split of Claim**Building & Contents**

Building Reinstatement Works	367,814.01
Contents Reinstatement	256,722.05
Kitchen Costs	100,000.00
Estimated Costs if Reinstatement Work was Done	2,951,063.00
Less Rates Rebate	95,297.13
	3,580,301.93
Less Excess	1,000,000.00
	<u>2,580,301.93</u>

Total Final Settlement **5,924,906.74**

Business Interruption Claim

Building Consequences of the Fire	294,442.30
Final Resurfacing Work	65,637.00
Reinstatement Consequences of the Fire	3,025,463.40
Transport Costs	59,062.11
	3,444,604.81
Less Excess	100,000
	<u>3,344,604.8</u>