

**REPORT TO: CITY DEVELOPMENT COMMITTEE – 24 FEBRUARY 2014**

**REPORT ON: REPLACEMENT OF HARRIS ACADEMY**

**REPORT BY: DIRECTOR OF CITY DEVELOPMENT**

**REPORT NO: 54-2014**

## **1 PURPOSE OF REPORT**

- 1.1 The purpose of this report is to advise the Committee as to the financial position achieved at Financial Close of the contract to replace Harris Academy and also on the level of government grant funding confirmed by Scottish Futures Trust

## **2 RECOMMENDATION**

- 2.1 It is recommended that the Committee notes the contents of the report.

## **3 FINANCIAL IMPLICATIONS**

- 3.1 The gross capital cost of replacing Harris Academy is estimated to be £32,350,676 with a maximum level of government grant funding of £20,363,805 giving a net capital cost to the Council of £11,986,871, which is within the provision of £12,000,000 included in the Capital Plan 2014–2018.
- 3.2 The Council's estimated net capital expenditure of £11,986,871 will be funded from borrowing and the resultant annual loan charges of £578,000 (full year effect from 2017/2018) will be contained within future years' Revenue Budgets.

## **4 BACKGROUND**

- 4.1 Reference is made to Article III of the minute of the meeting of the Education Committee of 19 August 2013 and to Article VI of the minute of the meeting of the Policy and Resources Committee of 19 August 2013 when the Committees considered Report No 302-2013 and agreed to proceed to Financial Close of the contract to replace Harris Academy.
- 4.2 Harris Academy is being procured under a Design and Build Development Agreement (DBDA) between the City Council and Hub East Central Scotland Ltd (Hubco). The draft format of the DBDA was determined by Scottish Futures Trust whose approval was also obtained to the detailed terms of the finalised agreement between the City Council and Hubco. Subsequently Financial Close and the signing of the DBDA took place on 28 October 2013.
- 4.3 The Project Development Fee payable to Hubco for the design and construction of the new Harris Academy amounted to £30,177,930 at Financial Close. However the site clearance costs were not able to be finalised until the demolition of the existing buildings had been completed and site conditions definitively confirmed. Provision for additional site clearance costs has been included in the list below.
- 4.4 The following allowances and costs totalling £2,172,746 require to be added to the Project Development Fee of £30,177,930 giving a Total Project Cost of £32,350,676.

Decommissioning of existing building	£ 42,830
Additional site clearance costs	£ 75,000
Upgrade of public footpath	£ 200,000
Highways works	£ 75,000
Loose furniture	£ 550,000
Building fit-out & commissioning	£ 150,000
Decant from Rockwell to Harris	£ 50,000

---

Professional Services	£ 482,000
Contingency Provision	£ 356,000
Preliminary fees	<u>£ 191,916</u>
	<u>£2,172,746</u>

- 4.5 Scottish Futures Trust confirmed on 24 January 2014 that government grant funding will be paid on the actual costs incurred on replacing Harris Academy up to a capped cost of £31,802,760 (which figure includes all costs identified above with the exception of the contingency provision and preliminary fees) with the maximum level of grant funding fixed at £20,363,805. Accordingly the net capital cost to the Council of replacing Harris Academy is projected to come to £11,986,871 (total capital cost £32,350,676 less government grant £20,363,805) against the net provision of £12,000,000 included in the Capital Plan 2014-2018.

## **5 POLICY IMPLICATIONS**

- 5.1 This Report has been screened for any policy implications in respect of Sustainability, Strategic Environmental Assessment, Anti-Poverty, Equality Impact Assessment and Risk Management. There are no major issues.

## **6 CONSULTATIONS**

- 6.1 The Chief Executive, the Director of Corporate Services and Head of Democratic and Legal Services have been consulted and are in agreement with the contents of this report.

## **7 BACKGROUND PAPERS**

- 7.1 None.

Mike Galloway  
Director of City Development

MPG/IL/EC

11 February 2014

Dundee City Council  
Dundee House  
Dundee