

**REPORT TO: EDUCATION COMMITTEE – 8 FEBRUARY 2010**  
**REPORT ON: DUNDEE SCHOOLS PPP PROJECT – PROGRESS REPORT**  
**REPORT BY: DIRECTOR OF EDUCATION**  
**REPORT NO: 55-2010**

**1. PURPOSE OF REPORT**

1.1 The purpose of this report is to advise the Committee as to progress on the construction and fitting out of the schools in the PPP project.

**2. RECOMMENDATIONS**

2.1 It is recommended that the Committee note:

- i. the construction completion and operational dates for the schools in the PPP project; and
- ii. the expenditure committed to date on the construction phase contract variations.

**3. FINANCIAL IMPLICATIONS**

3.1 The construction phase contract variations will be funded from the projected underspend within the Education Capital Programme in 2009-10, excluding DSM element which is being funded by the schools.

**4. MAIN TEXT**

**4.1 Background**

4.1.1 Reference is made to Article III of the minute of the meeting of the Education Committee of 19 March 2007 and to Article I of the minute of the meeting of the Policy and Resources Committee of 19 March 2007 when the Committees noted the contents of report no. 147-2007 including inter alia the proposed construction programme for the schools in the PPP project and approved the procedure for dealing with variations during the construction phase of the project.

4.1.2 Reference is also made to Article II of the minute of the meeting of the Education Committee of 9 March 2009 when the Committee noted the contents of report no. 53-2009 including inter alia the actual construction completion and operational dates for the schools in phase 1 of the PPP project and the expenditure committed to date on the construction phase contract variations.

4.1.3 Reference is further made to Article II of the minute of the meeting of the Education Committee of 28 September 2009 when the Committee noted the contents of report no. 465-2009 including the actual construction completion and operational dates for Fintry and Rowantree Primary Schools and the anticipated construction completion and operational dates for Grove Academy phase 2.

## **4.2 Construction Progress**

- 4.2.1 The actual construction completion and operational dates for the schools in the PPP project are shown in appendix 1.
- 4.2.2 Fintry Primary external works were completed on 16 October 2009 following the demolition of the old school buildings, with the remaining hard play and landscaped areas handed over to the Council at that time.
- 4.2.3 Grove Academy phase 2 was completed and handed over to the Council on 22 October 2009 with the school going fully operational on 16 November 2009.
- 4.2.4 It should also be noted that, as with all construction works, at handover of the schools there are still outstanding snagging and remedial works to be completed, some of which only become apparent following the occupation of the building.

## **4.3 Construction Phase Contract Variations**

- 4.3.1 The following procedure was agreed by the Education and Policy and Resources Committees on 19 March 2007 for dealing with variations during the construction phase of the project:
- all variations required the approval of the PPP Project Manager or in his absence the Depute Chief Executive (Finance)
  - all individual variations costing above £50,000 also required the approval of the Chief Executive or in his absence the Depute Chief Executive (Finance)
  - the cost of variations are to be reported retrospectively to the Education Committee for information
- 4.3.2 The expenditure of £663,479 committed to date on variations together with the estimated cost of variations in the process of being instructed is summarised in appendix 2. The total capital cost of variations to date is £595,227 and the total lifecycle replacement cost over the 30-year life of the project is £68,252.
- 4.3.3 The above expenditure can be broken down into three broad headings:
- contractual risk carried by the Council relating to additional works and time delays which could not be identified until Macalpine and Fintry Primary Schools were vacated (£172k)
  - design changes at Council's behest during and after construction - normal construction contingencies (c.£260k)
  - works relating primarily to fit-out of schools once handed over to the Council - these items were excluded from the construction element of the PPP contract since they could not be specified in detail at an early stage (c.£230k)
- 4.3.4 It was also noted by the Education and Policy and Resources Committees on 19 March 2007 that, although the Council had the option of paying for the cost of variations through the annual Unitary Charge, the Director of Finance had concluded that the most financially advantageous option was to make payment via a one-off lump sum. This can be funded from the projected underspend in the Education Capital Programme in 2009-10, excluding DSM element which is being funded by the schools.

## **5. POLICY IMPLICATIONS**

- 5.1 The report has been screened for any policy implications in respect of sustainability, strategic environmental assessment, anti-poverty, equality impact assessment and risk management.
- 5.2 There are no major issues.

## **6. CONSULTATION**

- 6.1 The Chief Executive, the Depute Chief Executive (Support Services) and the Director of Finance have been consulted in the preparation of this report.

## **7. BACKGROUND PAPERS**

- 7.1 None

Jim Collins  
Director of Education

21 January 2010

## CONSTRUCTION PROGRAMME

<b>School</b>	<b>Target Construction Completion Date under Contract</b>	<b>Actual Construction Completion Date</b>	<b>Actual Operational Date of School</b>
<b>Phase 1</b>			
Craigowl PS	14 April 2008	6 May 2008	21 August 2008
Claypotts Castle PS	21 April 2008	9 May 2008	29 May 2008
St Andrew's RC PS	21 April 2008	27 May 2008	21 August 2008
Downfield PS	28 April 2008	5 May 2008	21 August 2008
Grove Academy phase 1	15 August 2008	15 August 2008	21 August 2008
St Paul's RC Academy	17 November 2008	17 November 2008	9 January 2009
<b>Phase 2</b>			
Fintry PS	30 March 2009	30 March 2009	22 April 2009
Rowantree PS	13 April 2009	13 April 2009	28 May 2009
Grove Academy phase 2	22 October 2009	22 October 2009	16 November 2009

**CONSTRUCTION PHASE CONTRACT VARIATIONS**

<b>School</b>	<b>PPP Capital Cost</b>	<b>School DSM Capital Cost</b>	<b>Total Capital Cost</b>	<b>Lifecycle Replacement Cost</b>	<b>Total Cost</b>
<b>Expenditure committed to date</b>	£	£	£	£	£
Craigowl	7193	3309	10502	1704	12206
Claypotts Castle	8531	617	9148	1253	10401
Downfield	26074	4871	30945	1566	32511
St Andrew's	69243	112	69355	782	70137
Rowantree	44119	-	44119	7909	52028
Fintry	147450	2973	150423	4206	154629
Grove	132418	11298	143716	24898	168614
St Paul's	113510	23509	137019	25934	162953
<b>Total Variations to date</b>	<b><u>548538</u></b>	<b><u>46689</u></b>	<b><u>595227</u></b>	<b><u>68252</u></b>	<b><u>663479</u></b>
<b>Estimated Future Expenditure</b>					
Estimated Expenditure before 31/03/10	60000		60000	10000	70000
Estimated Expenditure after 01/04/10	60000		60000	10000	70000