

Newbattle Community High School Replacement

Report by Don Ledingham, Director of Education and Children's Services

1 Purpose of Report

The purpose of this report is to present to Council proposals for the replacement of Newbattle Community High School.

The report incorporates:

- the vision and strategic opportunities arising from the replacement of Newbattle High School in 2015/16;
- the outcomes of the latest phase of consultations involving communities;
- the impact of this project on the regeneration plans for Gorebridge, Mayfield and Newtongrange areas;
- the conditions associated with the Scottish Government's funding model;
- the financial implications of the proposed replacement of Newbattle High School;
- the link to the Council's key priorities of:
 - early years
 - economic growth and business support
 - positive destinations for young people leaving school
- a recommended proposal on the way forward.
- details of the next stages to progress replacement of Newbattle Community High School.

2 Background

2.1 Context

At its meeting on 18 December 2012, Council approved the Review of Future Models of Service Delivery and agreed to use the Newbattle Community High School new build as a catalyst for transformational improvement in the quality of life within the school catchment area. This approach involves outcomes focused on improving the quality of life using co-production/community capacity building and preventative approaches to provide the foundation for a stepped change in life quality for local residents.

At a Special Midlothian Council meeting held on the 26 February 2013 the Council agreed the following:

Decision

- (a) To accept in full the grant funding conditions as set out in the Scottish Government's grant letter 16 January 2013;

- (b) To authorise the Chief Executive to submit the New Project request form to Hub Co SE by 4 March 2013;
- (c) To confirm the Mayfield complex as a proposed site for the Newbattle High School;
- (d) To instruct the Director, Education and Children's Services to initiate the next stage of Community Consultations specifically on future services to be provided at the Newbattle Community Hub and the impact on existing facilities;
- (e) To note the financial implications as set out in Section 3.0 of the report, and to instruct the Head of Finance and Human Resources to report back on the final cost projections following the outcome of the further community consultation and timetabling exercises;
- (f) To make provision in the Council's General Services Capital Plan for the amounts as shown in Table 8;
- (g) To note the project timescales to deliver the new school facility in the Newbattle area, starting on site within the required eighteen months (from September 2012); and
- (h) To approve the project governance arrangements as set out in Section 2.2.4 of the report.

[Source: Minutes of Midlothian Council, Special Meeting 26 February 2013]

2.2 Community Planning Partnership

Over the past five years, the Community Planning Partnership has developed the use of 'outcomes' based on national and local priorities which set out the expectations of the partnership for improvement in quality of life for residents of Midlothian. The Single Midlothian Plan which was approved by Council on 19 March 2013 provides the foundation for Community Planning Partners to focus on key priorities. The Community Planning Partnership has chosen to continue to focus on three of the Scottish Government's national priorities:

- early years
- economic growth and business support
- positive destinations for young people leaving school

The "Future Models of Service Delivery" developed with the Community Planning Partners sets out clear principles:

- Communities are partners in service design and delivery
- Services are targeted and focused
- Best Value outcomes are delivered in partnership

The development of the new Newbattle Community High School, and the associated consideration of the wider regeneration possibilities are in line with these principles and priorities and provides a once in a generation opportunity.

This development of the replacement Newbattle High School provides Midlothian Council with the opportunity to strengthen the Council's performance in relation to positive destinations for young people. Improving educational attainment for young people is critical to achieving positive destinations for school leavers. While the quality of the learning environment within schools has an important contribution to improve educational achievement, the Council cannot underestimate the importance of school, families and the wider community working together to raise young people's aspirations and support them to achieve their full potential. The opportunity to locate community facilities alongside the school will enable a

strengthening of the partnership between school and home to better support young people to engage and to achieve.

2.3 Key Neighbourhood Planning Priorities

The Neighbourhood Planning Process provides an established mechanism on a 'whole area' approach to regeneration. Separate Neighbourhood Plans have been developed for Gorebridge, Newtongrange and Mayfield/Easthouses areas. The Council approved its approach to Neighbourhood Planning on 23 June 2009.

The Neighbourhood Planning approach has created a set of principles for Community Planning in Midlothian. These include:

- The range, quality and availability of services in neighbourhoods for communities are important factors in the health and wellbeing of residents.
- Residents who live within communities should be involved in the planning and delivery of services in their local areas.
- The Neighbourhood planning approach has resulted in the establishment of multi agency steering groups. The work undertaken by neighbourhood planning groups provides a basis to further develop the 'whole area regeneration approach'. This approach involves public sector and community-based agencies working together to plan and deliver services in ways which reduce duplication and overlap. This ultimately leads to better community involvement to meet the needs of local people.
- The role of the Council is to provide direct practical advice, training and support to partners and organisations in developing local solutions to local issues. The Council engages with other public sector partners in the shared delivery of actions in each neighbourhood plan.

The replacement of Newbattle Community High School, and the wider commitment to regeneration within the three communities, creates opportunities to address some of issues raised through the neighbourhood plans.

These include:

- Opportunities for young people, including leisure, learning, personal development and training.
- Development of sustainable local employment.
- Access to and capacity of health services to meet the growing needs of communities.
- Local desire for community hubs.
- Accessible services and amenities for local people.
- Support for vulnerable families.
- Quality of local environments.
- Access to financial services and banking.
- Public transportation.

Whilst there is as yet no neighbourhood plan for the Moorfoot Community Council area, this rural community forms part of the Newbattle catchment area. Residents of these communities access and rely on local services delivered within Gorebridge, Mayfield and Newtongrange.

- 2.4 The communities served by the Newbattle Community High School are diverse and have distinctive features. Mayfield and Gorebridge have areas which fall into the highest 15% of areas of multiple deprivation in Scotland. The rural settlements face specific issues relating to access to services in person, and limitations due to poor broadband connections.

Newtongrange is a heritage village of character, and home of the National Mining Museum Scotland, a nationally important historic visitor attraction. Newtongrange has a vibrant small retail sector in its core.

Mayfield and Gorebridge are dominated by large areas of public sector housing with limited village retail facilities. These areas have strong individual community led organisational structures and take pride in their separate identities, histories and assets. Educational attainment measured by secondary school exam results and positive destinations for pupils remain below national averages. This is a significant challenge for all communities, parents and support services to improve.

- 2.5 Educationalists throughout the world have long recognised that schools need to be fully connected to their local communities if they are to provide the highest quality of education. For example,

“I have argued, as have many others, that separating education in schools from education outside schools defeats the purpose of education by maintaining a gulf between the two worlds of learning.” Prof S Sarason (2003).

In Scotland, the link between positive outcomes for young people and the place of the school within its community is a key feature of “How Good Is Our School” – the document used by Education Scotland to guide the judgments on the effectiveness of schools.

Permeating this document are references to the place of the school within the local community and the importance for pupil achievement and attainment.

Education Scotland confirms this in its view that a ‘very good’ school would involve members of the local community actively engaged with the school, and have high levels of engagement with community groups in school activities. In addition they would expect significant use of the school facilities by communities and their involvement in school decisions which affect the community. Education Scotland would also expect a ‘very good’ school to have enhanced the quality of education by improving the motivation and engagement of learners and their families, including disadvantaged groups.

Other key benefits from community engagement include improved levels of citizenship, recognising achievements of students in their community, and reinforcing the capacity of students to contribute actively to the life of the community.

Consequently officers believe that approaches which enhance the involvement of the community in the school, particularly by co-locating community facilities would be of benefit to the students' longer-term attainment and achievement.

However, one of the repeated concerns expressed by adult community members during the consultation was that young people would not be willing to use leisure facilities in the evening having attended the school during the day. The evidence from the student consultation would dispute this with 75% of students indicating that they would use community facilities outwith school hours (see section 3.6 table 6).

It was also obvious from student consultation that they preferred the enhancement of the school through the addition of community facilities at the school, with 69% of students agreeing with the proposals to close and relocate the existing Newbattle Pool, Mayfield Library and Mayfield Leisure Centre facilities.

The following tables detail the attainment levels for Newbattle High School for 2012.

Table 1 : Newbattle Community High School Attainment Levels 2012

Year S4

Award	Newbattle %	National %
English and Maths Level 3	96	93
5+ Level 3	88	93
5+ Level 4	70	78
5+ Level 5	25	35

Year S5

Award	Newbattle %	National %
5+ Level 5	36	51
1+ Level 6	26	44
3+ Level 6	4	26
5+ Level 6	0	12

Year S6

Award	Newbattle %	National %
1+ Level 6	31	49
3+ Level 6	18	35
5+ Level 6	9	24
1+ Level 7	8	15

[Source: The Scottish Qualifications Agency]

Based on 2012 the following table provides details of the leavers destination for Newbattle Community High School and compares them with national statistics

Table 2 : Newbattle Community High School Leaver Destinations 2012

	Higher Education	Further Education	Training	Employment	Voluntary Work	Activity Agreements	Unemployed Seeking	Unemployed Not Seeking	Positive %	Number
Newbattle	18.0%	21.0%	9.9%	26.0%	0.0%	2.5%	17.0%	3.1%	78.4%	162
Scotland	37.3%	26.8%	4.6%	19.8%	0.4%	0.9%	8.4%	1.3%	89.9 %	50,892

[Source : Skills Development Scotland]

Tables 1 and 2 above indicate that students at Newbattle Community High School generally underperform when compared to national levels of attainment and positive destinations. Officers believe that the development of the new school and enhanced community facilities would strengthen the bond with the local communities and have a very positive impact upon attainment, achievement and community cohesion.

3.0 Consultation and Engagement Strategy

- 3.1 It was recognised by the Council that the first phase of consultation did not focus sufficiently upon concerns of communities regarding the potential impact on existing community facilities within the school catchment area.

Accordingly, the Director, Education and Children's Services initiated the next stage of community consultation in line with the Council decision of 26 February 2013.

3.2 Scenarios

The following table summarises the four scenarios as outlined in the Making Choices document which is appended [see Appendix A]

Table 3 : Making Choices Summary

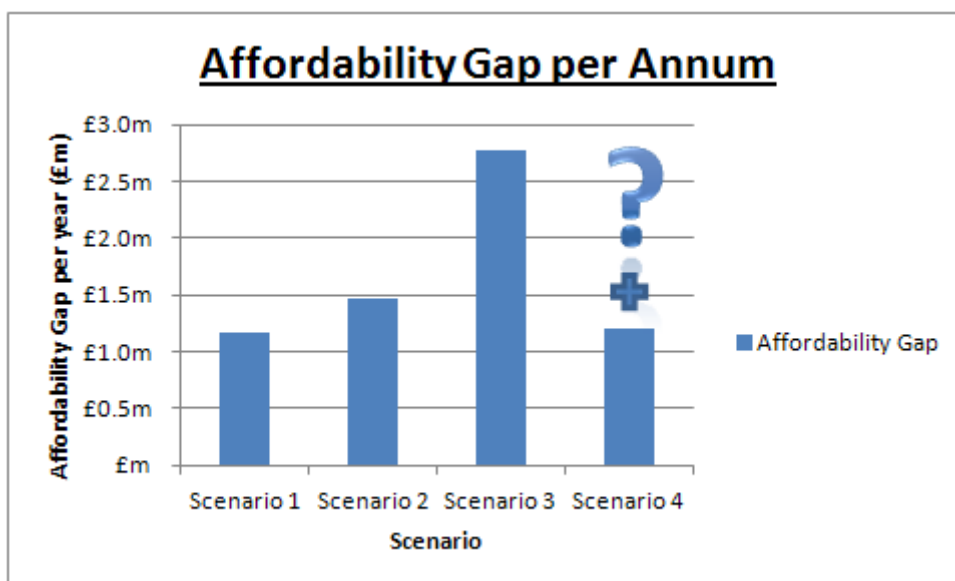
	Existing Costs	Forecast Costs	Affordability Gap	Note
Scenario 1 Build a new high school and community hub and close all eight existing community buildings	£1.6m	£2.8m	£1.2m	(a)
Scenario 2 Build a new school only and keep all eight library, leisure and community education buildings open	£0.6m	£2.1m	£1.5m	(a)
Scenario 3 Build a new high school and community hub and keep all eight community buildings open	£0.6m	£3.4m	£2.8m	(a)
Scenario 4 Build a new high school and community hub, close current buildings and explore how we can work in partnership with local people to develop flexible community resources to allow the delivery of services	Not costed prior to results of consultation exercise			

Note:

(a) The existing community buildings include:

- Mayfield Leisure Centre
- Mayfield Library
- Newtongrange Community Learning Centre
- Newtongrange Leisure Centre
- Newbattle Swimming Pool
- Newtongrange Library
- Gorebridge Leisure Centre
- Gorebridge Library

- 3.3 The affordability gap for each of these 4 scenarios as outlined in section 3.2 is shown in the graph below:-



Note: This graph details the revenue implications of each of the scenarios and does not take cognisance of any essential repair works necessary to maintain existing facilities in a serviceable condition.

The affordability gap is funding which the Council does not currently have and would therefore need to fund. For example, this could be achieved from cuts to other services or from other sources of funding.

- 3.4 The second phase consultation and engagement process led by the Director, Education and Children's Services was based upon the following principles:

- Face-to-face dialogue wherever possible.
- Clarity regarding the financial costs and affordability of the scenarios.
- Honesty regarding the Council's intentions and options.
- Transparency and openness of information.
- Commitment to the continuity of high quality provision of services regardless of location.
- Focus on meaningful regeneration plans where possible.
- Inclusive, approachable and responsive.

Over 50 stakeholder meetings were held with a focus on officers listening to local community members. Three structured public meetings and a Facebook dialogue session allowed the public to engage in the debate and to put direct questions to senior officers. The meetings were held on the following dates:

Table 4 : Public Consultation Meetings

Date	Venue	
15 April 2013	Newbattle Community High School	Attendance 270
18 April 2013	Gorebridge Primary School	Attendance 120
25 April 2013	Lawfield Primary School	Attendance 50
30 April 2013	Facebook Dialogue	Comments 45/Viewed 11,184

Throughout the consultation process officers endeavoured to maintain a neutral and factual perspective focusing upon:

- the long term sustainability of existing community facilities;
- the Council's overall financial position;
- the capacity of the Council to operate, repair and maintain ageing buildings; and
- the educational impact arising from merging community facilities with the new build in a community Hub model similar to the Lasswade Centre.

- 3.5 A key feature of the consultation was the invitation to groups to engage with the figures and challenge thus ensuring the integrity of the facts and information.

The population of the three largest communities in the Newbattle catchment area is in excess of 18,000 people. The population of Newtongrange was calculated at 4,924 in 2010, Mayfield had 7,658 residents in 2010 and Gorebridge had 5,777 residents in 2001, according to census results, this figure which is anticipated to increase over the last decade.

An analysis of the 170 comments made following the four large scale public events was undertaken and is set out below.

Table 5 : Public Consultation Responses

Area of Comment	Number of Responses	Score %
Distrust of the council, and a perception that decisions have already been made	39	22.9%
Questions around the maintenance regime for our existing facilities	16	9.4%
Distance from the new school for many, with concerns over accessibility	16	9.4%
Council should build the new school only, without enhanced community facilities, and with retention of existing facilities.	12	7.1%

- 3.6 A series of workshops was also held with pupils at the associated feeder primaries (Gorebridge, Lawfield, Mayfield, Moorfoot, Newtongrange and Stobhill) and pupils at the current Newbattle Community High School.

The main outcomes from the secondary school workshops, attended by 534 pupils were:

- Enthusiasm for the new development of the hub with a range of community facilities they can use, even if that meant the closure of some existing buildings
- Commitment to using the new facilities outwith school hours

Table 6 : Student Consultation Responses

Questions Asked	Number Saying Yes	Percentage all respondents
Should the replacement for Newbattle include an enhanced library for community use, would they use it outwith school hours?	173	32%
Would they use the leisure facilities outwith school hours if the replacement school included a 'hub'?	401	75%
Would they use the swimming pool outwith school hours if the new building was a 'hub'?	298	56%
No decisions have been made regarding the eight community buildings. However, the 'current thinking' being put forward by officials is that Newbattle Pool would close as would Mayfield Leisure Centre and Mayfield Library. All other buildings would remain open although further consideration would be given to the future of Newbattle Community Learning Centre. How many pupils would be in favour of this as an option?	368	69%

In addition the Director, Education and Children's Services Don Ledingham, and Colin Taylor, Headteacher Newbattle Community High School met with the Newbattle Parent Council on 8 May 2013 for a minuted meeting.

Members of the Council present voted on a majority basis of eight to one to endorse Mr Ledingham's emerging recommendations, which involved the closure of Newbattle Pool and reprovision at the new community high school campus.

3.7 Emerging Consultation Themes

In addition to activities undertaken by the Council, petitions have been submitted to the Council and these have been considered as part of this analysis.

The dominant themes emerging from the consultation responses were:

- A desire from adult respondents to retain existing facilities and build a new school.
- A desire from student respondents to enhance the new school with community facilities, which incorporate the existing Newbattle Swimming Pool, Mayfield Leisure Centre and Mayfield Library buildings.
- A lack of trust in the Council, both in its processes and in the sincerity of its insistence that no decisions have been taken in terms of facility closures.

- A strong conviction that facilities must be provided as closely to the existing communities as possible. There was a firm defence of services currently located in the towns and villages within the catchment of Newbattle Community High School.
- A belief that the Council has failed over a number of years by not investing in maintaining existing buildings.
- A rejection of the notion of community asset transfer and partnership at this time.

The full consultation record is available as Appendix B to this paper.

Clearly there is a divergence of views with school students favouring the hub model whilst other residents seek to retain existing community facilities.

The consultation process revealed that the communities associated with Newbattle Community High School regarded themselves as quite distinctly different compared to the communities in the Lasswade High School catchment area.

A recurring theme within the consultation process was the importance attached to the local delivery of services. The following summarises the position of respondents from key communities.

The Gorebridge community was specifically concerned about the travelling distance to the new community hub.

The Newtongrange community were concerned regarding the loss of facilities and the 'stripping' out of the village centre if all facilities were removed. In the last five years Newtongrange has witnessed the demise of the local Miners Welfare Club facility which was situated in the heart of the village.

Mayfield and Easthouses communities were concerned about the library closure and the impact upon the literacy skills of the youngest.

The Moorfoot community felt isolated from the initial consultation process and meetings took place with the Community Council and Parent Council of the primary school.

In response to enquiries further information was provided regarding the proposed entry location to the new school, the associated bus routes and bus frequencies.

A series of visits to the new Lasswade Centre was also arranged for a wide range of stakeholders from the various communities to highlight the quality and extent of facilities being provided. Some members of the community groups did not avail themselves of this opportunity believing that any indication of interest in the Hub model at Lasswade Centre would lead to closure of existing local facilities.

3.8 Other Community Partners

Communities were quite clear that they expected the Council to deliver services at a local level and that the community organisations/groups had neither the resources (including time) nor the expertise to undertake these roles. A proposed meeting with the Mayfield and Easthouses Community Development Trust, Gorebridge Development Trust and community representatives from Newtongrange to explore co-production and community ownership did not go ahead mainly due to nervousness that any possible curiosity would lead to closure of existing facilities by the Council.

Officers met with local stakeholders to explore possible regeneration models in Newtongrange Village centre. From these discussions there appears to be potential for a plan to be developed which could lead to a separate regeneration process for the town centre, The potential Newtongrange Village hub is quite separate and distinct from the Newbattle High School hub project.

- 3.9 As the consultation process progressed it became clear to officers that the closure of all community facilities, and relocation to the Hub, although financially the most efficient route would have had a detrimental effect upon the communities, particularly those in Gorebridge and Newtongrange.

It should be noted that the community momentum generated through this consultation exercise should be regarded as a positive. It will be an imperative that the Council continues to engage with its community partners to enable each community to meet its own aspirations and to establish relevant ways of working with the local authority for the benefit of the communities.

4.0 Regeneration Opportunities

4.1 Regeneration

Across Midlothian the Council seeks to initiate and work with partners to promote regeneration and development of communities. The communities of Mayfield, Newtongrange and Gorebridge can be the focus of such activity, particularly having regard to their significant levels of deprivation relative to other parts of Midlothian. The physical environment has changed steadily in recent years and this is set to continue with major additional new housing developments committed and planned to take place over the next 15 to 20 years. In total, this amounts to some 3,000 new houses at an average build rate of 220 completions each year, the majority of which will be private sector tenure. Completion of the Borders Rail Line with stations at Newtongrange and Gorebridge will improve significantly accessibility; enabling for example residents of these communities to take advantage of wider employment, education and training opportunities. It will also make these settlements on the railway more attractive to new and expanding businesses, including retail, and visitor attractions such as the National Mining Museum Scotland.

In addition to these changes and developments there is complementary activity by the Council and its partners to seek to encourage and promote new and expanding businesses and measures to increase skill levels in the resident workforce to maximise employability.

A further essential component of regeneration is a well-serviced and supportive community infrastructure. Midlothian Council is working with the Gorebridge Development Trust to complete the new community managed hub building. The Council is providing the Trust with expert advice and support to develop their plans and progress implementation. As reported to Council on 19 March 2013 this project has attracted £2.9m external funding as well as utilising developer contributions to enable it to develop an ambitious project to respond to the changing needs of the local community.

Key to progressing similar initiatives will be the development of close working relationships with existing social enterprises that are focused on the Community Planning Partnership's strategic priorities and local priorities identified through the neighbourhood planning process. Engagement with communities to identify local solutions and building on the assets within communities will be central to the process of regeneration. A combination of realising assets, developer contributions and external funding would provide a significant level of finance to develop locally based services.

Also on today's Council Agenda is the new community asset transfer policy that will enable communities and the Council to work together to fully utilise such opportunities. Where the Council can deliver better solutions that will empower local communities, we will consider the transfer of council assets to social enterprises in the context of new partnership relationships.

A dedicated team of community development staff will lead the process of regeneration within the area. The team will draw on technical and professional expertise from across the council to ensure that the Council provides support to existing and emerging social enterprises.

5.0 Emerging Options

5.1 Option A – New Build School only, no building closures

This option utilises the funding available by Scottish Futures Trust (SFT) to build a like for like replacement school on the new site in the Mayfield complex without any additional community facilities. No closures of existing facilities would arise except the existing school which would be demolished and the site sold for development.

SFT will only fund up to the value of the existing pupil roll, which in this case is 1060. The attached accommodation schedule, shown on Appendix C, allows for the replacement school to cater for 1200 pupils with the extra area required for the additional 140 pupils being funded by the Council. This will allow the School to cater for a medium term increase in pupil roll. Current projections predict that a further extension to the building will be required in 2023.

The Accommodation Schedule attached within Appendix C details the facilities to be provided for the 1,200 pupil school. This amounts to a total area of 13,500 m2.

The cost of developing the new 1,200 pupil school, including all procurement and construction related fees, would be **£29.8m**.

5.2 Option B – New build School plus Community Facilities

The accommodation schedule for Option B allows for the same school provision outlined within Option A plus expanding the community side of the building to enable services currently offered at Newbattle Pool, Mayfield Leisure Centre and Mayfield Library to be relocated into the new facility. The existing three buildings would be disposed of, reused or demolished.

Section 2.5 sets out the anticipated positive impact upon student attainment and achievement through reinforcing the place of the school within its community. Co-locating community facilities within the school will both enhance the provision for students and also promote the community partnership which is so important to providing high quality education for young people.

5.2.1 The Accommodation Schedule attached within Appendix D details the facilities to be provided for the 1,200 pupil school and community hub. This amounts to a total area of 15,714 m2.

The main variations to the Option A schedule are as follows:-

- Swimming pool increased to 25m long 6 lane competition standard pool with a moveable boom/floor to cater for competition standard diving.
- A pool spa, steam room and sauna have been incorporated.
- A wet changing village has been added to cater for the increased changing requirements of the pool.
- 2 additional changing rooms have been added to cater for the additional community use.
- Community room to replace the community room at Mayfield Leisure centre.
- Extra two badminton courts allowing the hall to be split in to allow simultaneous use.
- Extra 40m2 added to enable the studio to be split in two to enable two groups to use the facility simultaneously.
- Fitness suite increased in size to cater for the additional community users.
- Free weights area included.
- Spin Studio added to replace the spin studio at Mayfield Leisure centre.
- Staff room space added to cater for the increased staff numbers.
- 1 additional 3G multi use games area has been added to replace the facility currently at Mayfield Leisure centre.
- An allowance has been made of 17% for circulation to the additional community facilities.

5.2.2 The cost of developing the new 1,200 pupil school plus community facilities, including fees would be **£33.6m**.

5.2.3 Both of the accommodation schedules set out above are subject to the following:-

- Consultation during the design development stage with service staff.
- The outcome of a detailed timetabling exercise to demonstrate the occupancy levels within each area.

5.2.4 The following describes in summary the condition of the existing facilities:

Newbattle Pool

Newbattle pool was built in 1969. The building is now in the latter part of its life expectancy and will require significant expenditure over the next five years to prolong its life span.

The building suffers from a number of issues which impact regularly on the building's operational efficiency, including:

- Only one of three boilers remains operational. This boiler is now nearing the end of its life span and the estimated replacement costs are £150,000.
- Existing pipe work in the ventilation system is nearing the end of its life-span leading to increased maintenance risk for the facilities over the next five to ten years.
- The age of the building is such that it is reasonable to assume that there will be a high level of asbestos content within the building.
- The external main sewer backs up during periods of heavy rain – causing the basement plant room to flood.
- The standard of the internal changing rooms is inadequate and whilst in the short term this can be managed the facilities fall short of the standard the public expects.
- The external fabric is tired and thermally inefficient. The external glazing is single glazed leading to significant heat loss.
- The energy costs of the pool are £60,000 per annum which is considered less efficient than a new facility.
- The surfacing to the external car park is substandard.
- The pool is not deep enough for competition standard diving and therefore can only be used for training purposes.
- Accordingly, to rectify the aforementioned items would require significant capital expenditure by the Council.
- It is, therefore, proposed this building is considered for disposal through the Council's Asset Transfer Policy. However if there is no feasible outcome from this, the building would be demolished and the site redeveloped.

Mayfield Library

The existing Mayfield library building is in good internal condition. All internal shelving and soft furnishings have been replaced within the last five year period. However, internal fittings can be reused.

The library roof is currently at the end of its life span. If the council decide to retain the library in its current location then the roof would require to be replaced within the next five years at an approximate cost of £60,000.

Officers are recommending transfer of the Library Service to the new Newbattle Community High School. The building will remain to be used by the adjacent schools of Mayfield Primary and St Luke's Primary with a satellite provision for early years' literacy sustained and supported by an outreach service from the new library together with community use.

Mayfield Leisure Centre

Mayfield Leisure Centre was built towards the end of the 1976 with an extension in 1994. The building fabric is dated and there are significant signs of water ingress from roof leaks.

The heating system in the building is in poor condition and requires replacement within the next five to ten year period at an approximate cost of £250,000.

The changing rooms are in poor condition with both the tiling and toilet panelling systems in need of replacement at an approximate cost of £30,000.

The sports halls do not offer air conditioning which impacts upon the facility's ability to compete against other facilities for commercial lets.

The halls have a number of surface mounted services which mean that the facilities do not meet with Sport Scotland Guidance for facilities of this nature.

Therefore, it is proposed this building is considered for disposal through the Asset Transfer Policy, however if there is no feasible outcome from this, the building would be demolished and the site redeveloped.

6.0 Report Implications

6.1 Resources

6.1.1 SFT Funding Conditions

Following the submission for funding of the project by the Council in July 2012, the Scottish Government conditionally offered funding and the key conditions set out in the funding letter dated 16 January 2013 were reported to Council on 26 February 2013.

To fulfil these funding conditions the Scottish Futures Trust set a deadline to purify the offer of funding and commencement on site within a 12 to 18 month period from acceptance of the offer of funding.

The SFT funding through the Scottish Government allocates funding on the following basis:-

- Councils are allocated 11 square metres (m2) per pupil for a 1,060 pupil school.
- Councils are allocated a maximum monetary value of £1,900 per m2, which Scottish Government will fund a maximum of two thirds of this value. If the cost per m2 of the project rises above the £1,900 per m2 then Councils are expected to fund the difference.
- The cost per m2 allocation is seen by the SFT to include for all project abnormals.
- Certain facilities such as swimming pools and vocational areas (e.g. hairdressing salons and hospitality suites) may be funded on a like for like basis in addition to the metrics if the existing schools can demonstrate that they already have these facilities.
- 100% of Public Sector Advisory costs, subject to an agreed cap;
- 100% of Private Sector Financial Close and Construction Phase costs, subject to agreed caps.

6.1.2 Council Financial Context

Since 2011/12 Council has removed a total of £13.184 million from the revenue budget

Over the course of the next 3 years, the Council expects to be required to make a further £15.1m of savings from the £201m revenue budget.

The uncommitted General Reserve at 31 March 2013 is £6.402 million.

A prudent level of uncommitted reserves is seen to be 2% of net expenditure which equates to approximately £4 million. The General Reserve noted above is £2.402 million greater than this and so provides limited and minimal flexibility to meet unforeseen costs pressures and overspends.

The replacement of Newbattle Community High School increases the pressure on the Council's Revenue Budget.

The budget projections include an allowance of £1.5m from 2016/17 towards the cost of the replacement of Newbattle Community High School. Should the chosen option for the replacement of Newbattle Community High School have an affordability gap that is greater than £1.5m, then the Council's budget shortfall in 2016/17 will increase.

Council is reminded that Scenario 3, ie, build a new high school and community hub and keep all existing community buildings open, presented earlier in this paper, has a net affordability gap of £2.8m per annum, which is £1.3m more than Option B. This would create further significant financial challenge for the Council.

Financial projections for Options A and B, as outlined in Section 5.1 and 5.2 of this report, are detailed below. These financial projections assume savings in operating costs and the realisation of capital receipts of existing community facilities.

6.1.3 Capital Costs

The components of the capital costs of the project were detailed in the 26 February 2013 Council Report, along with the Scottish Government funding framework.

In summary, the total capital costs for Options A (new school, community hub, closing existing community buildings) and Option B (new school, community hub, resite Newbattle Pool and Mayfield Leisure Centre) are shown in the table below:-

Table 7:- Capital Costs for Options A and B

Item	Option A £000	Option B £000
Outturn Construction Costs	27,479	31,296
Public Sector Development Costs	504	504
Public Sector Enabling/Advisory Costs	1,054	1,054
Private Sector Financial Close/Construction Phase Costs	713	713
Total Project Capital Costs	29,750	33,567

In addition to the above, the extension to increase the school from the initial capacity of 1200 pupils to 1500 pupils, to be built in 2020/21 and 2021/22 ready for opening in 2022/23, is forecast to cost £6.4m at today's prices (£9.0 million at estimated construction outturn prices). This is expected to be fully funded from Developer Contributions from sites zoned within the school's catchment area.

6.1.4 Funding of Capital Costs

The funding support from the Scottish Government is capped at a maximum of £17.520m, as shown in the table below.

Table 8: Scottish Government Financial Support

Scottish Government Capped Funding Calculation	£000's
Eligible Costs (1,060 pupils x 11m2/pupil x £1,900/m2)	22,154
Swimming Pool and Ground Conditions Allowance	2,000
Total Eligible Construction Costs (inflated)	24,909
Scottish Government Maximum Support at two thirds of eligible costs	16,606
Public Sector Advisory Costs	200
Private Sector Financial Close/ Construction Phase SPV Costs	713
Maximum Scottish Government Support	17,519

This support is available to the Council for both Options A and B, and will be in the form of an annual revenue grant contribution over 25 years.

Council Capital Contribution and Investment in Special Purpose Vehicle

The Total Contract Costs will be incurred initially by the private sector Special Purpose Vehicle (SPV), who will be required to source funding from the markets to finance the development and build of the asset. Under the project's delivery route and the grant funding arrangements stipulated by the Scottish Government, the Council then have the option to make either:-

- An upfront payment of construction costs, which will allow a proportion of the private sector debt to be repaid (Capital Contribution);
- An investment into the Special Purpose Vehicle, which will receive an annual interest return throughout the 25 year concession period , with repayment of principal at the end of the project term (Investment)

These options are subject to European System of Accounts 1995 (ESA 95) guidance which caps the total Council contributions to the project at 50% of the Total Contract Costs.

As the Council is able to borrow at lower interest rates than the private sector Special Purpose Vehicle it is assumed that the Council will exercise the option to inject the Capital Contribution in full together with permitted investment. This will reduce the amount of private sector debt and reduce the overall cost of the project. Any risk to the Council will be minimised through the injection of public capital only at the end of the construction phase.

6.1.5 Capital Receipts and Developer Contributions

The total capital receipts included in the financial forecasts for each option will be utilised to offset the Council Contribution.

Developer Contributions for secondary school infrastructure from sites zoned within the Newbattle Community High School catchment area of £3.580m have already been received, with further contributions totalling £6.927m expected from zoned sites and with S75's agreed, giving a total of £10.507m. These will be used to fund the initial increase in capacity from 1,050 pupils to 1,200 pupils and the proposed extension to the school from 1,200 to 1,500 pupils in 2023.

6.1.6 Net Impact on Council's Capital Account

Taking all of the above into account, the net impact on the Council's capital account for Options A and B can be summarised in Table 9 as follows:-

Table 9:- Council Capital Account

Item	Option A £000	Option B £000
Public Sector Development, Enabling & Advisory Costs	1,558	1,558
Capital Contribution to Special Purpose Vehicle	13,365	15,322
Junior Debt Investment	999	1,135
Extension	8,988	8,988
Total Expenditure	24,910	27,003
Capital Receipts	-3,400	-3,934
Developer Contributions	-10,507	-10,507
Total Receipts	-13,907	-14,441
Net Overall Borrowing Requirement	11,003	12,562

Appendix E details the impact on the Council's Capital Account for 2013/14, 2014/15, 2015/16 and 2016/17 for Options A and B.

6.1.7 Revenue Costs

A detailed cost exercise has been carried out to estimate the impact on the Council's revenue budget in the first full year of operation (2016/17) of the new facility, for Options A and B. This is shown in the table below:-

Table 10 - Newbattle Facility Revenue Impact in 2016/17

Item	Option A £000	Option B £000
Running Cost of New Facility		
Loan Charges	688	965
Employee Costs	206	890
Premises Costs	1,087	1,404
Other Costs	0	72
Income	-32	-526
Total Net Cost of New Facility (2016/17)	1,949	2,805
Contributions from Existing Budgets		
Newbattle High School*	647	647
Newbattle Swimming Pool	0	387
Mayfield Leisure Centre	0	244
Mayfield/St. Luke's Library	0	63
Total Net Existing Budgets (2016/17)	647	1,341
Net Impact on Council's Revenue Budget (2016/17)	1,302	1,464

**Excludes school teaching, support and admin staff*

The additional cost of the preferred option will require to be funded from within the projected Council Tax and Scottish Government Grant income received by the Council and this increases the financial pressures on other areas and services within the Council's budget.

Appendix F details the impact on the Council's revenue budget for 2013/14, 2014/15 and 2015/16 for Options A and B.

6.1.8 Financial Summary

The total capital spend of the project, the amount funded by the Council, and the impact on the Council's revenue budget, for Options A and B is summarised in the table below.

Table 11 : Financial Summary

Option	Section/Table Ref	A £000's	B £000's
Total Capital Spend	Section 6.1.3 Table 7	29,750	33,567
Funded by Council	Section 6.1.6 Table 9	11,003	12,562
Impact on Revenue Budget in 2016/17	Section 6.1.7 Table 10	1,302	1,464

6.2 Risk

Educational Attainment and Achievement

There is clear evidence to suggest that anything which reinforces the place of a school within its local community can enhance attainment and achievement levels. Should a school only provision be built at Newbattle, the potential isolation from the community will be of significant detriment to the educational opportunities for young people. Given the challenges facing young people in the community in terms of attainment and positive destinations, the Council should be doing everything in its power to ensure that optimum conditions are provided for community partnership working with the school.

Officers have stressed throughout the consultation phase their concern that negative comparisons will inevitably be made in the future between the facilities provided at the Lasswade Community High School (due to open in July 2013), which has a full range of enhanced community facilities, and the new Newbattle Community High School, which did not include any enhanced community facilities. Such comparisons may lead parents and young people making a placing requests to Lasswade in favour of Newbattle, with the consequent negative impact that this would have upon community cohesion and student attainment and achievement.

Sustainability of Asset Base

The Council currently has a number of community buildings as set out in section 5.2.4 impacted by these proposals that are nearing the end of their natural lifespan. An opportunity exists to replace these buildings with new

facilities located in the Newbattle hub. Should the Council be minded to continue to operate these buildings without any replacement facilities in the new hub, there is a significant risk that when these buildings reach the end of their natural lifespan services may no longer be able to be provided without additional investment by the Council. Furthermore, there will be inadequate funding available to replace these assets, resulting in a service deficit in the communities of Gorebridge, Mayfield and Newtongrange

Flexibility of contractual structure

The Council, through the “Scotland’s Schools for the Future: Phase 3” programme, will be entering into a long-term contractual arrangement with South East hubCo for the construction and 25 year lifecycle maintenance of a new facility. Should the Council require to instruct any alterations to the buildings during this 25 year concession period, a change notice protocol will require to be followed in which the Council will instruct the SPV to price for the cost of any alteration. Based on experience with other long-term contractual commitments this is typically a costly process due to the limited market competitiveness. Therefore building a new school only and retaining all existing leisure, library and community education buildings leaves the Council exposed. Within the next decade, these existing buildings will reach the end of their lifespan and due to continued funding constraints the Council will be unable to replace these buildings. Essentially the Council has missed the opportunity to secure a competitive market price for the inclusion of these facilities on the site of the new Newbattle High School.

SFT Metric Affordability Parameters

There is a risk that the affordability parameters set by SFT and the Council cannot be met by the Tier 1 and Tier 2 contractors under the Hub Co SE framework. This will be mitigated by using a similar approach and building on lessons learned from the exemplar project at Lasswade Centre.

Equally, should the Council be unable to comply with the SFT Funding Metric, or with the timescales proposed by SFT, that the funding offer from the Scottish Government will be withdrawn. The Scottish Government has set the financial close target for this project as 31 March 2014. This is an ambitious target given progress to date and any further delay to the project which prevents the detailed design solution being completed over Summer 2013 will only increase the difficulty in achieving this target. This will be mitigated through an experienced Council team (who delivered the Lasswade Centre) working on the delivery of the project.

Council Investment in Special Purpose Vehicle

There is a risk that, as an investor into the private sector SPV, that the Council’s return on this investment is not able to be realised in part or in full due to other, higher ranking, calls on the SPV funds. This risk will be mitigated through robust whole life costing during the design phase and frequent market testing within the contract to ensure that the life cycle of the building remains sustainable and so the funding model remains robust throughout the contract period.

Capital Receipts

There is a risk that, should the economic recovery take longer than predicted, that both the timing and value of capital receipts assumed in the financial model may not be realised in part or full. The financial model assumes a lag in the receipt of funds from the sale of surplus sites to accommodate a delay and to ensure that the Council is not subject to the disposal of assets at significantly less than prevailing market prices.

Impact on other Council Services

As set out in section 6.1.7, Options A and B have an affordability requirement of £1.30m and £1.46m in 2016/17 respectively. These amounts are in addition to the reductions to the cost base that the Council requires to make over the next 3 years, and will need to be funded from reductions to other service budgets.

6.3 Single Midlothian Plan and Business Transformation

Themes addressed in this report:

- ☐ Community safety
- ☐ Adult health, care and housing
- ☒ Getting it right for every Midlothian child
- ☒ Improving opportunities in Midlothian
- ☒ Sustainable growth
- ☒ Business transformation and Best Value
- ☐ None of the above

6.4 Impact on Performance and Outcomes

The main aim of the Newbattle Community High School project is to improve the quality of the learning environment for pupils and as a result increase both attainment and achievement to the benefit of pupils and the wider community. Performance of schools is measured by assisted self evaluation undertaken by the education service, and external inspection undertaken by inspectors employed by Education Scotland.

Wider benefits for communities arising from improved sports, library and community facilities will be measurable through the council's performance reporting systems.

6.5 Adopting a Preventative Approach

The provision of a high quality learning environment will support the preventive agenda by increasing attainment and achievement levels of pupils, which improves prospects of progressing to positive destinations.

6.6 Involving Communities and Other Stakeholders

As stated in section 3.0 there has been extensive engagement and discussions with a wide range of interested individuals and partner organisations within the communities served. This will continue both in the design phase, and in the proposed longer term regeneration work.

6.7 Ensuring Equalities

Following the community engagement many issues have been raised regarding the potential risks of the negative impacts on protected characteristics groups. A formal Equality Impact Assessment is being undertaken both of the new school design, and of the wider changes recommended, taking cognisance of the feedback given.

6.8 Supporting Sustainable Development

The report identifies the requirements for a sustainable approach to the delivery of secondary education and other council services in the communities of Gorebridge, Mayfield/Easthouses, Newtongrange and the associated villages of Moorfoot. The options for wider regeneration in these communities, which will continue, will need to deliver economic growth, reduced environmental impact and a sustainable community.

7.0 Next stages

7.1 Scottish Futures Trust

As set out in section 6.1, to fulfil the funding conditions the Scottish Futures Trust set a deadline to purify the offer of funding and commencement on site within a 12 to 18 month period from acceptance of the offer of funding.

The extended consultation period has impacted upon this deadline and it is therefore crucial that Hubco are positively instructed to commence full design works immediately following this Council meeting.

7.2 Further community engagement

Further community engagement will be undertaken as part of the detailed planning processes leading to the design and construction of the new facilities. This will be carried out in partnership with Hubco Ltd and the Scottish Futures Trust. This work will include discussions with the school, community representatives and key user groups and will specifically include the optimising of timetabling access of facilities at the new campus.

In parallel with the design process consultation for the new facilities, further engagement with key community groups will be undertaken to ensure the best use of retained facilities within each community is achieved, and possibilities of consolidated new facilities are explored.

7.3 Next stage of Consultation with the School

Hubco have held workshops with the staff and pupils from Newbattle High School to look at the detail of the school design. These workshops were aimed at adapting the Pilot Model design to provide Newbattle with a unique school with its own identity.

7.4 Updated Hubco Programme

Given the extended consultation period Hubco have provided a revised delivery programme which re-schedules the key delivery dates to reflect the

impact which the prolonged consultation process has had upon the project delivery programme. The updated list of Key dates shown on the revised programme is as noted below:-

Table 12 : Next Stages

Key Stage	Date
New Project Request Form issued and accepted	17 June 2013
Issue of Stage 1 report	7 November 2013
Issue of stage 2 report	27 June 2014
Earliest start date for enabling works packages	1 April 2014
Financial close	1 July 2014
Start on Site	30 June 2014

The Property Services team are currently working with Hubco in an effort to reduce these timescales; however these are the dates currently being tabled by Hubco.

8.0 Conclusions and Recommendations

8.1 Conclusions

Following the comprehensive consultation process with community stakeholders, officers have taken account of community opinions and the need for local service delivery in Gorebridge and Newtongrange. Other key factors which have influenced officers' recommendations include:

- (i) Sustainability of existing facilities.
- (ii) Positive impact on student attainment and achievement levels.
- (iii) The affordability of options within the Council's current and predicted budgets.
- (iv) The opportunity to secure funding from the Scottish Futures Trust for a new Newbattle High School.
- (v) The regeneration of communities within the Newbattle High School catchment area

8.2 Recommendations

On the basis of the conclusions set out above, the officer recommendation to the Council is to:

- 1 Approve Option B which involves:
 - (i) New build school plus enhanced community facilities.
 - (ii) The retention of Gorebridge Leisure Centre, Gorebridge Library, Newtongrange Leisure Centre, Newbattle Community Learning Centre and Newtongrange Library in their existing locations.

- (iii) The closure and demolition of Newbattle Swimming Pool and relocation to the new Newbattle Community High School.
 - (iv) The closure and potential community asset transfer of Mayfield Leisure Centre to the new Newbattle Community High School.
 - (v) The closure of Mayfield Library with the retention of the building for use by Mayfield and St Luke's Primary School with a satellite provision for early years' literacy to be provided by the Library staff at the new Library which will be relocated to the new Newbattle Community High School.
- 2 Agree to the provision of £15.322m in the General Services Capital plan, this being the capital contribution injection into the private sector SPV and the maximum projected amount per ESA95 regulations.
 - 3 Agree in principle to support the injection of £1.135m into the private sector SPV subject to further detail on the specific risks and rewards inherent in this investment being brought forward to a further meeting of Council.
 - 4 Instruct Director, Education, Communities and Economy to continue working in partnership with the local communities to progress regeneration opportunities.
 - 5 Agree to receive a further report outlining detailed proposals for the wider regeneration of the area aimed at improving outcomes across each neighbourhood in partnership with local community groups and key stakeholders.

18 June 2013

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Background Papers:

List of Appendices

Appendix	Details
A	Making Choices Booklet
B	Analysis of Responses
C	Option A: Accommodation Schedule
D	Option B: Accommodation Schedule
E	Capital Account Impact of Options A and B
F	Revenue Account Implications of Options A and B

