

**Report on Tender Returns – Temporary Units (various)****Kevin Anderson, Executive Director - Place****Report for Decision****1 Recommendations**

It is recommended that the Council:

1. Notes the requirement for Modular Units at King's Park Primary School, Roslin Primary School, Rosewell Primary School and Woodburn Primary School, to address projected capacity being exceeded in August 2023/24.
2. Notes the requirement for a Modular Unit at Lasswade High School, to address the requirement for suitable space for pupils with Additional Support Needs.
3. Approve granting of delegated authority to Executive Director Place for acquisition of units up to value of £1.772 million, to finalise tender assessment to deliver best value to the Council for the acquisition of the units at King's Park Primary School, Roslin Primary School, Rosewell Primary School and Lasswade High School.
4. Approve a capital expenditure budget of £1.998 million in the General Services Capital Plan for the acquisition and installation of the Modular Units at King's Park, Roslin and Rosewell Primary Schools, to allow the timely procurement and delivery of these units, with the budget value to be reduced accordingly following the completion of the tender assessment process;
5. Note that the capital costs of £1.998 million for the acquisition of the Modular Units at King's Park, Roslin and Rosewell Primary Schools will be funded in full by the application of developer contributions for primary school provision in Rosewell, Dalkeith and Roslin, and thereby have no additional net cost implications for the General Services Capital Plan;
6. Approve the allocation of a fully approved capital expenditure budget of £0.506 million for the Modular Unit at Lasswade High School, which will partially replace the current 'in principle' capital expenditure budgetary allocation for the provision of accommodation for ASN pupils at Lasswade High School of £1.333m in the General Services Capital Plan.
7. Approve the proposed rental of the Modular Unit at Woodburn for the period August 2023 to December 2024, noting that the

forecast rental costs are expected to be able to be funded in full by already received developer contributions for primary school provision in Dalkeith. A report will be brought back to Council to request a supplementary budget estimate for these rental costs in 2023/24 and inclusion in the base budget in 2024/25, along with confirmation that these costs will be funded in full by developer contributions.

## **2 Purpose of Report/Executive Summary**

To obtain governance for the provision of Modular Units for four primary schools and one high school in Midlothian, where capacity is projected to be exceeded by August 2023. Four of these will be procured through a direct acquisition following a competitive tender exercise, with the fifth to be rented over a period of 16 months.

Developer contribution funding is available to wholly finance the capital costs for the units to be provided at King's Park, Roslin and Rosewell Primaries, and the revenue lease/rental costs for the unit to be provided at Woodburn Primary. As such, there is no net impact on the General Services Capital Plan and no net direct consequences of capital investment impact on the Council's revenue budget.

The ASN Modular Unit to be provided at Lasswade High will replace the existing 'in principle' allocation of £1.333 million for the provision of ASN pupils at Lasswade High School, which will be funded by prudential borrowing. This will reduce the capacity and flexibility the Council will have to conclude the Capital Plan Prioritisation Exercise to defer, pause, re-scope or delete projects in order to bring the loan charges arising from capital investment within the Medium Term Financial Strategy levels.

**Date 3<sup>rd</sup> March 2023**

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### 3 Background/Main Body of Report

3.1 The Learning Estate Strategy highlights as Priority 2 projects the following schools, which are forecast to breach in August 2024 if investment projects are not progressed, resulting in insufficient pupil places to fulfil the Council's statutory responsibilities.

- Kings Park PS breaches by August 2023
- Rosewell PS breaches by August 2023
- Roslin PS breaches by August 2023
- Woodburn PS breaches by August 2024

Updated figures provided to the Place Directorate indicate breaches by August 2023 at Rosewell, Roslin, Woodburn and Kings Park Primary Schools.

Modular Units are required to address the forecast breaches. Longer term expansion projects are under development for Rosewell, Roslin Woodburn, and Kings Park Primary Schools.

The following Business Needs have been identified by Children, Young People and Partnerships service.

#### **King's Park Primary School**

The roll of King's Park Primary school is projected to increase to above its existing capacity of 509 pupils by 2023/24, before falling back to below current capacity levels by 2026/27. Pupil roll projections are included in the table below:-

**Table 1:**

Financial Year	Current Capacity	Census	22/23	23/24	24/25	25/26	26/27
Pupil Roll	509	478	496	535	511	497	483

The current layout of the school building means that there are several classrooms which are unable to accommodate the maximum statutory class numbers (e.g. P5 classroom able to accommodate 29 pupils against the statutory number of 33). Unfortunately, given the location and lack of flexibility of each of these spaces, the classrooms are not conducive to rotate year group changes throughout the building limiting the total capacity per class.

This creates issues when larger stage groups progress through the school and causes issues around children who move into the catchment area throughout the school year but cannot be accommodated.

At present, there is a project in development involving an expansion and refurbishment to King's Park Primary School and this forms part of

Midlothian Council's Learning Estate Investment Programme (LEIP) Phase 3 bid submitted in October 2022, for which an outcome is awaited. A class composition exercise has been carried out and the data shows that the projected roll will leave Midlothian Council at risk with insufficient capacity for catchment pupils over the forthcoming 3 year period.

Any future influx of projections would result in Midlothian Council having to transport pupils to a different school within the authority at a cost per pupil to the Council.

We have therefore been advised that a 1 classroom temporary unit is required by August 2023 to accommodate this projected roll as an interim measure until the larger development is complete.

### **Rosewell Primary School**

The current registered capacity of Rosewell is 175 pupils with the projected capacity increasing to 290+ by 2028/29. Pupil roll projections are included in the table below

**Table 2:**

Financial Year	Current Capacity	Census	22/23	23/24	24/25	25/26	26/27
Pupil Roll	175	157	184	219	229	247	253

The current school roll is 165 pupils with roll projections indicating a significant increase in the pupil roll over the next 5 – 10 years as a direct result of new housing developments within the Rosewell catchment area.

The area surrounding Rosewell has been and is currently subject to numerous planning applications for residential developments, and as such has resulted in an increased number of pupils attending and projected within the catchment area, which is now due to breach its capacity by August 2023.

In addition to this request, Education Services have put in place an interim measure in order to accommodate a breach in capacity during the summer holidays 2022 by converting Rosewell Primary School Support for Learning space into a class base.

A new Rosewell Primary School forms part of Midlothian Council's LEIP Phase 3 bid and was submitted as priority project. Reviewing the data, the school will be approximately 3 nr. Classes over capacity by the time a new school can be constructed or alternatively the existing school extended.

The data shows that the projected roll will leave Midlothian Council at risk with insufficient capacity whilst unable to provide statutory spaces for catchment pupils should additional accommodation not be provided.

In addition to this these pupils would have to be transported to a different school within the authority at a cost per pupil to the Council. We have therefore been informed that a 2 classroom temporary unit is provided by August 2023 with a requirement for an additional unit from 2024/25 to further accommodate this projected roll as an interim measure until the larger development is complete.

### **Roslin Primary School**

The current registered capacity of Roslin Primary School 267 pupils with the projected capacity increasing to 330+. Projections as below.

**Table 3:**

Financial Year	Current Capacity	Census	22/23	23/24	24/25	25/26	26/27
Pupil Roll	267	248	293	317	322	321	303

The current school roll is 260 pupils with roll projections indicating a significant increase in the pupil roll over the next 5 years as a direct result of housing developments within the Roslin catchment area. The currently under development housing sites, forming part of Midlothian Council's LDP has resulted in an increased number of pupils attending and projected within the catchment area, which is now due to breach its capacity by August 2023.

In addition to this request, Education Services have put in a place an interim measure in order to accommodate a breach in capacity during the summer holidays 2022 by converting 1 nr Early Years play room into a class base. This results in a reduced capacity for Early Years placing strains on this service and this must be a short term solution with capacity released back to Early Years.

At present, there is a live proposed project, involving an extension to Roslin Primary School to provide additional classrooms and core accommodation which will address the capacity concerns. The current programme indicates the extension to be available by late 2024.

The data shows that the projected roll will leave Midlothian Council at risk with insufficient school capacity whilst unable to provide statutory spaces for catchment pupils should additional accommodation not be provided. In addition to this, these pupils would have to be transported to a different school within the authority at a cost per pupil to the Council.

It is therefore recommended that a 2 classroom temporary unit is provided by August 2023 to accommodate this projected

### **Woodburn Primary School**

Woodburn PS capacity is constantly under pressure due to a number of factors such as a high birth rate and a larger than standard Primary 1 intake. This led to 2 modular units being installed at the school in August 2021. The school is due for a 9 class extension which is due for completion late 2024 with an expected breach in August 2023.

In order to allow for these pupils to be accommodated 1 additional modular unit is required as an interim measure. Due to the temporary nature of this requirement, it is proposed that this unit is procured through a lease arrangement rather than through an acquisition, and will therefore be classified as revenue expenditure, which will be fully funded by already received developer contributions.

A further, subsequent report to Council will be provided on the lease/rental cost of a one classroom modular unit.

### Lasswade High School

As was outlined in the Learning Estate Strategy approved by Council in December 2022, as the population of Midlothian increases, the levels of pupils with significant complex needs will be expected to increase. In order to reduce the number of children transported out of Midlothian at a high cost, there is a requirement to create capacity to meet the growing demand for ASN places, particularly within Secondary schools.

The ASN Strategy, approved by Midlothian Council in December 2023 alongside the Learning Estate Strategy, highlights the following issues in relation to requirements for S1 spaces in 2023/24.

**Table 4 Places required for S1 in August 2023.**

School	Capacity	Provision Spaces for 2023-24	Stage 2 (Enhanced Mainstream)	Stage 3 (Provision)	Stage 4 (Saltersgate)
Saltersgate (P1-S6)	100	0			1
Beeslack SCN	8	1	3	1	
Beeslack CN	12	2		2	
Dalkeith	10	0	2	0	
Lasswade	20	0	3	8	
St David's	28	0	3	1	
Penicuik	0	0	2	5	
Newbattle	0	0	4	5	
<b>Total</b>	<b>178</b>	<b>3</b>	<b>17</b>	<b>22</b>	<b>1</b>

At Lasswade High School, there is capacity for 20 ASN pupils. This capacity is provided within a single classroom and is fully utilised by a mix of children with Stage 2 needs (Enhanced Support for Learning and / or targeted nurture) and Stage 3 (Complex Needs). The single

classroom space for Stage 2 and Stage 3 needs does not provide a suitable learning environment for these children. Furthermore, there is no capacity for the 3x additional Stage 2 and 8x additional Stage 3 children, who will require S1 spaces in 2023/24.

Lasswade High School is close to being at 100% capacity, and has been modified over the past few years to add additional changing places and toilets. There is no scope within the existing school to have a suitable space and environment for the projected number of pupils with ASN. A modular unit on the grounds of the school will meet the required statutory demand and will ensure no pupils are sent outwith the Midlothian Council area at significant cost.

If additional capacity is not created for these incoming S1 pupils, we will need to place them outside the authority. This does not align with the ASN Strategy and placements have a significant ongoing revenue cost implication for the Council, ranging from £42,000 per annum per child to £350,000 per annum plus the cost of transport.

It is therefore proposed that an additional Modular Unit is acquired for the exclusive use of children with Stage 3 needs at Lasswade High School from Autumn 2023, with the Stage 2 children remaining in their current classroom.

The specification of the modular units for the primary schools is suitable for ASN use, as all have ramped access and include disabled toilets.

**Table 5: Summary Table**

<b>School</b>	<b>Proposal</b>	<b>Total Development Cost</b>
Kings Park PS	2 classroom unit	£506,140
Rosewell PS	2 classroom unit	£798,720
Roslin PS	2 classroom unit	£693,452
Lasswade High School	1 classroom unit	£506,140
<b>Total Capital Costs</b>		<b>£2,504,452</b>
Woodburn PS	1 classroom unit	Leasing cost confirmation to be reported at later date

## 4 Report Implications (Resource, Digital and Risk)

### 4.1 Resource

#### Capital

##### Expenditure

Based on the costs as outlined in Table 4 in Section 3, an allocation of a capital expenditure budget of £2.504 million in the General Services Capital Plan is required.

##### Funding

The capital costs of £1.305 million in relation to the Modular Units at King's Park Primary School and Rosewell Primary School would be fully funded by £1.305 million of already received developer contributions for non-denominational primary provision in Dalkeith and Rosewell, and therefore have a nil effect on the bottom line of the General Services Capital Plan and a neutral effect on the Council's revenue budget.

The capital costs of £0.693 million in relation to the Modular Unit at Roslin Primary School are expected to be fully funded by £0.693 million of developer contributions that are forecast to be received in 2023/24 for non-denominational primary provision in Roslin.

The capital costs of £0.506 million in relation to the Modular Unit at Lasswade High School will replace the current 'in principle' allocation in the General Services Capital Plan of £1.333 million for Additional Support Needs accommodation at Lasswade High School. There is no external funding available for ASN provision therefore the £0.506 million will require to be funded by prudential borrowing, replacing the current prudential borrowing requirement for the 'in principle' allocation.

#### Capital Plan Affordability

Council will note that in the "Capital Plan Prioritisation – Update Report" paper that was approved by Council on 21 February 2023, that the Loan Charges arising from capital expenditure within the General Services Capital Plan, including all projects currently approved as "in principle", is expected to significantly exceed the Loan Charges levels as per the Council's approved Medium Term Financial Strategy over the period 2023/24 to 2027/28.

The paper considered by Council on 21 February 2023 approved the deferral, pause or deletion of £10.604 million of capital expenditure, against a target of £71.901 million (the level required to bring Loan Charges within the Medium Term Financial Strategy targets). Therefore, a further £61.297 million of capital expenditure from fully approved projects and 'in principle' projects still needs to be deleted from, paused or deferred within the General Services Capital Plan.



As such, fully approving a capital expenditure budget of £0.506 million in the General Services Capital Plan for the acquisition of an ASN unit at Lasswade High School (replacing the current “in principle” allocation), will result in this expenditure no longer being available for deletion, pause or deferral under the Capital Plan Prioritisation methodology, and therefore limit the capacity and flexibility the Council has to deliver the remaining £61.297 million of required Capital Plan Prioritisation deletions/pauses/deferrals, and the ability of the Council to bring overall capital plan expenditure within prudent, affordable and sustainable limits that is proportionate to the authority’s financial capacity.

## Revenue

The capital costs of the Modular Units at Rosewell, King’s Park and Roslin will be funded by already received, or expected to be received in 2023/24, developer contributions, and therefore there is no direct revenue consequences of capital impact on the Council’s revenue budget.

The rental costs of the Modular Unit at Woodburn over the period August 2023 to December 2024 are yet to be established. However, based on recently received market data, the costs of these once tendered are expected to be able to be fully funded by already received developer contributions for non-denominational primary provision in Dalkeith, which would result in a net nil effect on the Council’s revenue budget.

### 4.2 Digital

Not applicable

### 4.3 Risk

Project Overview - Risks		Impact	Likelihood	Mitigation
Financial	Future market volatility and inflation pushing cost above anticipated budget.	5	2	Budget based on tender returns
Financial	Affordability of General Services Capital Plan	1	1	External funding for Modular Units for Primary Schools already secured through developer contributions with no net impact on GSCP/Revenue

				Budget
Financial	Affordability of General Services Capital Plan	3	5	No external funding available for Modular Unit at Lasswade High School which will therefore require to be funded by prudential borrowing, impacting on the ability of the Council to bring Loan Charges within Medium Term Financial Strategy target levels
Financial	Sustainability of financial investment in modular units given temporary nature of requirement	3	2	Likelihood of continued requirement for modular units across Midlothian Learning Estate is high given pressures on existing estate. Temp.U's can be redeployed.
Operational	Failure to deliver units restrict ability to provide school places to children in catchment. Capacity breaches forecast by CYPP indicate imminent breaches of capacity requiring urgent action.	4	4	Secure governance to appoint preferred bidder to delivery additional capacity.
Delivery	Physical constraints on sites restrict ability to deliver units. Rosewell presents constrained site.	3	3	Work with contractor to devise appropriate solution to TU siting/installation.
Delivery	Delays in delivery past proposed completion / hand.	3	1	Monitor and manage programme to take account of potential requirement to value management

				programme.
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#### **4.4 Ensuring Equalities (if required a separate IIA must be completed)**

Not applicable

#### **4.4 Additional Report Implications (See Appendix A)**

See Appendix A

### **Appendices**

**Appendix A – Project Examples**

**Appendix B – Background information/Links**

## APPENDIX A – Report Implications

### A.1 Key Priorities within the Single Midlothian Plan

- **Reduce education inequality:** the modular units will ensure schools can provide a high quality learning environment and creating opportunities for pupils to learn with sufficient space for all.
- **Reduce economic inequality:** through provision of high quality learning environment that provides sufficient capacity in the location of their choice, it is anticipated that these units will avoid a negative impact on engagement and attainment that allocating spaces to children outside tier catchment and requiring them to travel may have, if capacity was not created, which in turn will drive community and economic benefits.
- **Achieve net zero carbon by 2030:** Modular units in schools that would otherwise breach capacity prevent children having to travel to alternative schools, avoiding generation of carbon emissions from transport.

### A.2 Key Drivers for Change

Key drivers addressed in this report:

- Holistic Working
- Hub and Spoke
- Modern
- Sustainable
- Transformational
- Preventative
- Asset-based
- Continuous Improvement
- One size fits one
- None of the above

### A.3 Key Delivery Streams

Key delivery streams addressed in this report:

- One Council Working with you, for you
- Preventative and Sustainable
- Efficient and Modern
- Innovative and Ambitious
- None of the above

### A.4 Delivering Best Value

Modular units offer high quality learning spaces that can be deployed to address temporary increases in pupil rolls. Where rolls subsequently decline, these units can be redeployed elsewhere within the Midlothian learning estate. The acquisition of these assets offer better value than a longer term extension, where that roll rise is temporary. Where there

is a longer term upward trend, the acquisition of these units prevents short term breaches in capacity while permanent solutions are developed. Once those permanent solutions are in place, again, the asset can be redeployed. Given the rising population trend in Midlothian, it is anticipated these units will continue to prove useful in addressing short term capacity issues across the learning estate.

The acquisition of these units has been done through a competitive tendering process.

## **A.5 Involving Communities and Other Stakeholders**

### **Planning / Design / Delivery Consultation**

This proposed project involves working with both schools and internal stakeholders in order to develop the correct specification, obtain planning consent where required and ensure smooth delivery on site.

## **A.6 Impact on Performance and Outcomes**

The aim of this paper supports the priority to reduce the inequalities in learning outcomes by ensuring every child has the opportunity to attend school in their local community.

## **A.7 Adopting a Preventative Approach**

The Council's approach to pupil placement adopts a preventative approach by maximising the opportunities for pupils to attend school in their local community.

## **A.8 Supporting Sustainable Development**

By ensuring pupils can attend school in this local community, the need to travel to schools in other catchments is avoided, having a positive impact on carbon emissions.

**APPENDIX B****Background Papers/Resource Links** (insert applicable papers/links)**Modular Unit Floor Plan Examples**