

Beeslack Replacement High School and Penicuik High School Refurbishment – Update Report

Kevin Anderson, Executive Director - Place

Report for Decision

1 Recommendations

It is recommended that the Council:

- i. Notes the progress made with Replacement Beeslack Community High School (CHS), the emerging design for the site and the steps being taken to secure the site under an agreed Heads of Terms.
- ii. Notes the updated basis for the Heads of Terms with the University of Edinburgh which the Executive Director – Place has delegated authority to finalise and agree and the associated cost of delivering the Phase 1 First Opinion Practice (indicative cost of £4.99m).
- iii. Notes the borrowing requirement by the Council of £82.466m once external developer contribution funding is taken into account; and a net notional capital cost of £65.362 once Scottish Government LEIP funding is taken into account for the total estimated capital cost of the Replacement Beeslack Community High School of £105.537m (based on a reduced project scope)
- iv. Approves the provision of a capital expenditure budget of £105.537m for the delivery of the Replacement Beeslack Community High School in the Council's General Services Capital Plan.
- v. Notes the borrowing requirement by the Council of £44.710m as estimated capital cost of the refurbishment and extension of Penicuik High School and a net notional capital cost of £25.316m once Scottish Government LEIP funding is taken into account.
- vi. Approves the provision of a capital expenditure budget of £44.710 million for the delivery of the refurbishment and extension of Penicuik High School in the Council's General Services Capital Plan.
- vii. Approves the preferred decant strategy for Penicuik High School utilising Montgomery Park to facilitate the school's refurbishment for 2026. A further report to Council seeking budget for this decant is to be provided once this decant option is fully designed and costed.
- viii. Notes the total Council funded borrowing requirement for Beeslack and Penicuik projects of £90.7m

2 Purpose of Report/Executive Summary

To provide an update to Midlothian Council on the status of two priority projects from the previously approved Learning Estate Strategy, namely the replacement of Beeslack Community High School and the refurbishment of Penicuik High School.

Both of these projects must be delivered by 2026 in order to avoid the risk of losing funding secured through the Scottish Government's Learning Estate Investment Programme. The approval of the provision of capital expenditure budget for both Beeslack Replacement and Penicuik High School refurbishment is therefore sought.

The allocation of expenditure and funding budgets for these projects within the Council's General Services Capital Plan will ensure these projects can progress to the necessary timescales. This report follows the delivery of a seminar to Members on these projects on 25th April 2023 and an additional briefing to Members on 20th June 2023.

Date: 16 June 2023

Report Contact: Fiona Clandillon, Head of Development

fiona.clandillon@midlothian.gov.uk

3 Background/Main Body of Report

3.1 Delivering Learning Estate Strategy Priorities

In December 2022, Midlothian Council approved an update report on the Learning Estate Strategy 2017-2047 and agreed the prioritisation of Learning Estate projects it contained up to 2027/28 in order to meet essential learning estate requirements over that period.

Three Priority 1 projects were identified due to their status as being LEIP (Learning Estate Investment Programme) funded projects, i.e. part funded by the Scottish Government with a stated delivery timeframe.

- A replacement Beeslack CHS (Estimated completion 2026/27)
- A new Mayfield Primary Campus which incorporates Mayfield PS, St Luke's RCPS and Mayfield Nursery (Estimated Completion 2025)
- A refurbishment and extension of Penicuik HS (Estimated completion 2027/28)

Due to the impact of the pandemic, some flexibility has been built into the timeframes. However, delays that have been experienced by Beeslack and Penicuik schools projects have resulted in concern within the Scottish Government regarding our continued commitment to deliver these.

On 18th April 2023, the Scottish Government wrote to Midlothian Council to agree to an extension of timescales for the delivery of Beeslack Replacement High School (August 2026) and the refurbishment of Penicuik (December 2026), stating that it was imperative that every effort was made to keep to this revised timescale (Appendix B).

The total value of the LEIP funding for these two projects is £36.5m. There is a risk that these projects being delivered out with that timeframe will jeopardise this funding resulting in a higher cost to Midlothian Council for delivering these schools.

There is also an imperative to invest in expanding capacity within the learning estate due to forecast breaches in capacity due to high levels of population growth in the area.

Significant progress has been made in moving both capital projects forward. The following sections highlight key steps that have been taken.

3.2 Key Principles for Capital Investment

The Baseline report for the Strategic Infrastructure Investment Framework for Midlothian Council has established 10 key principles for capital investment. The principles most relevant to these projects are that investment decisions should be:

- Place based, designed around end user needs and their spatial context.
- Evidence based, based on clearly defined set of objectives and performance metrics.
- Joined up, delivered with stakeholders and partners.
- Strategically aligned, ensuring projects respond to the requirements of key strategy documents such as National Planning Framework 4 and the Single Midlothian Plan.
- Environmentally sustainable.
- Socially beneficial, and
- Affordable.

This paper will seek to demonstrate that the investment in Beeslack and Penicuik meet these Key Principles.

3.3 Project Fit with Key Principles

Beeslack and Penicuik are different types of capital projects, however they both align clearly with the principles set out above.

Reduce Education Inequality (Place Based, Evidence Based, Social Benefit)

Beeslack CHS will provide a high quality learning environment with a particular specialism in STEM, linked to the University of Edinburgh's operations in Easter Bush, creating opportunities for pupils to secure high value and resilient employment in the science sector. Provision of new high school for an increased roll of 1600 pupils, in a location more central to the revised catchment area with community facilities appropriate for local needs.

The Beeslack CHS and Penicuik HS projects will help to balance the uneven secondary school roll profile across the local authority and ensure there is a consistent and fair curriculum offer for all Midlothian Children and Young People (CYP). At present Penicuik High School offers 99 and Beeslack offers 93 different courses/levels in the Senior Phase, in comparison with Lasswade and Newbattle which both offer 164. A wider staff base attributed to larger capacity schools, significantly enhanced facilities and unique, strong partnership working with the University of Edinburgh will address this imbalance, improving pathways and opportunities for all learners within these establishments.

High School timetables across the Local Authority will align to achieve a sustainable collaborative Senior Phase digital based schools offer through use of sector leading technology, improving breadth, depth and equity of curriculum offer for all Midlothian Children & Young People. This model for achieving equity requires modern digital infrastructure to be successful. This is not currently a feature at Beeslack or Penicuik High Schools.

Joined Up, Strategically Aligned: Enhanced Curriculum Offer, Learner Experience and Attainment

The modern digital infrastructure that will be delivered through these projects will allow the schools to maximise the effective use of our 'Equipped for Learning' programme. This supports plans for a wider and more flexible approach to our Senior Phase curricular offering and CYP's learning through increased collaboration between schools, and by schools and partners, to develop in-person and on-line programmes, enhancing learner pathways and improving attainment for CYP.

The design of the new and refurbished buildings and access to green space will provide key Health and Wellbeing benefits to learners. By providing bright, airy, inspirational and enjoyable places to learn, in addition to vastly enhancing the curriculum through the inclusion of

Flexible spaces will provide space for more vocational 'real world' delivery of experiences and qualifications, increasing breadth and depth of learner pathways to tackle the large number of students leaving at the end of S4, and before the end of the Senior Phase. Our partnership with the University of Edinburgh will ensure we draw on expert advice in designing spaces equipped to deliver collaborative, interactive and immersive learning. Delivering spaces for Virtual Reality and Simulation Training will provide learners with unique real life experience of situations in the workplace to recognise their talents and abilities and develop specialist skills.

The projects will provide enhanced opportunities for outside providers from businesses, colleges and universities to access purpose-built facilities to deliver learning within the structure of the school day. Penicuik HS and Beeslack HS have the highest Schools College Partnership dropout rates across the Local Authority schools due to travel and accessibility challenges. The provision of state of the art buildings, innovative spaces and high quality fixtures, fittings and equipment will vastly improve the ability for college lecturers to deliver these courses on site

The proposals that Professor Hayward's Review of Qualifications and Assessment outline, highlight that changes to learning and teaching will be a key feature to the success of the reform of curriculum and assessment models. The proposed breakout learning and social spaces will facilitate innovative pedagogies to foster collaborative and independent learning and promote development of key meta-skills in self-management, innovation and social intelligence, effectively preparing students for life beyond school. Furthermore, well planned cross curricular adjacencies will promote opportunities for true staff

collaboration in delivering high quality interdisciplinary and project based learning.

Partnerships

Penicuik schools are over 6% behind their virtual comparator schools in students leaving school to pursue Higher Education. The new school and refurbishment projects will strengthen existing partnerships and allow new, innovative ones to be forged. These links will be key in fostering aspiration and creating networks for students to realise their ambitions through learning in partnership with, and in close proximity to, a broad range of research facilities.

Strong links with the University of Edinburgh are already in place and they will continue to grow, ensuring the projects provide a number of fantastic opportunities for Midlothian students. By sharing up to date research and delivery of experiences and qualifications, the curriculum and pathways of students will be greatly enhanced. Breaking down barriers to higher education by opening up access to, and working with, the Edinburgh University campus and staff, there will be huge benefits in improving the destinations of our young people. An example of this would be the huge benefits associated with accessing the Easter Bush Science Outreach Centre, a unique, purpose-built laboratory space with a mission to develop and deliver high-quality science experiences for community groups, school pupils and their teachers.

Our students will have access to a number of excellent opportunities for work-based learning. Access to the First Opinion Vet Clinic and developing strong relationships with a number of businesses within Midlothian Science Park will offer endless opportunities for students to secure placements for work

3.4 Vision & Objectives for Beeslack

Vision

Create a new Beeslack Community High School as a new science, technology, engineering and mathematics (STEM) Centre of Excellence with Additional Support Needs (ASN) Specialist Provision for those with severe and medically complex needs, providing exceptional learning environments, where Midlothian's children and young people will learn, innovate and thrive.

This Centre for Excellence will be immediately adjacent to the University of Edinburgh's world leading research, work and study environment at the heart of a growing cluster of bioscience organisations at Easter Bush.

The Easter Bush site strategy is highly unique and will be life changing for Midlothian's young people, helping to deliver essential skills and opportunities in a post pandemic environment.

Through strong partnership working with the University of Edinburgh and Edinburgh College, and facilitating access to industry leading

experts and facilities to improve aspiration, it will be sector leading in preparing young people with the skills for the future and real job opportunities at Easter Bush and Edinburgh BioQuarter.

ASN & Inclusion

Midlothian is committed to ensuring that inclusion is at the root of our ethos and that our children and young people can reach their fullest potential. As the fastest growing authority in Scotland, our need for ASN accommodation is outstripping our capacity. We need to plan strategically to meet the growing need now and for the future.

Due to the growth and expansion to Midlothian's learning estate, we instructed an independent advisor to review our current provision to meet ASN within Midlothian. Within this report the advisor recommends *"A new provision for young people with complex medical needs is required. The current provision in Saltersgate is satisfactory, but could be much improved on."* We currently do not have an adequate provision to meet the needs of some of our most vulnerable learners with severe and complex needs.

We propose that the new Beeslack Replacement CHS becomes an ASN Specialist Provision for learners with severe and medically complex needs for both primary and secondary pupils. This specialist provision will be sector leading and have:

- Capacity for maximum 40 young people
- A hydrotherapy pool
- Suitable changing facilities
- Classrooms fitted with hoists to ensure that the school is accessible for all and promotes independence
- All classrooms will have direct access to the outdoors.
- The outdoor area will have a sensory garden, accessible playground equipment and space to learn and play.

We will work in partnership with our allied health professionals to ensure our children and young people can reach their fullest potential and have access to the right supports at the right time.

Over a number of years, Midlothian Council has been committed to try to ensure that each geographical area of Midlothian has equal access to a range of ASN provision. The current provision has, over time, moved from the intended equitable level of provision, resulting in some perceived gaps.

We have been working in consultation with the staff from Saltersgate School to design the ASN facility at Beeslack. Our current facilities at Saltersgate currently support our most severe and medically complex learners to achieve their fullest potential, but there is no easy access to outdoors or the hydrotherapy pool. The corridors are narrow and there

is little storage for pieces of medical equipment required for the learners.

Currently within Midlothian the need to support our children and young people within specialist provision or schools is exceeding our capacity. To comply with legislation, we must meet the needs of all learners. If we cannot place a child or young person within our specialist provisions or specialist schools then we need to place them outwith the authority. This does not align with our vision and has an ongoing revenue cost of a placement which can range from £42,000 p/a to upwards of £350,000 p/a plus the cost of transport which is variable.

Not creating ASN capacity at the new Beeslack will impact capacity within Saltersgate and across Midlothian to support learners with complex needs. Saltersgate is already oversubscribed.. Currently the number of placements nationally are limited and there is no guarantee of a local placement. This can give rise to a residential placement with costs of around £350,000 p/a, per pupil. The number of tribunals will also increase due to Midlothian not being able to meet the level of need. This has a financial and reputational risk for Midlothian Council.

STEM Centre of Excellence

Beeslack High School will be a Centre of Excellence for science, technology, engineering, and mathematics. The Centre of Excellence model both integrates and augments the Scottish Government's Developing the Young Workforce programme, highlighting the importance of young people developing and using the skills necessary to become an active part of the workforce. There are a number of key benefits in adopting this unique model:

- Establishing STEM based Centres of Excellence in areas of high socio-economic challenge is an important driver in raising aspirations and closing the poverty-related attainment gap. The focus on this from a curriculum perspective, coupled with the close proximity to Midlothian Science Park, will promote clear, supportive pathways into STEM related post school study and employment opportunities.
- Flexible spaces will bolster opportunities for more vocational 'real world' delivery of experiences and qualifications, increasing breadth and depth of learner pathways to promote an increase in the number of students opting to remain in school beyond S4.
- Centres of Excellence focus on inclusive growth and propose an innovative solution for investing in education and business growth. Ultimately this will facilitate business growth and competitiveness, placing these businesses in a better place to compete internationally.
- The model will support schools across the authority by offering specialist opportunities for deeper learning through enhanced curriculum, designed in partnership with further and higher

education specialists, access to specialist teaching and the use of dedicated resources.

- Local labour market intelligence estimates that between 2022 and 2032 there will be a large number of vacancies in the following growth sectors in Edinburgh, Midlothian and East Lothian:
 - 19000 in Engineering
 - 4700 in Life Sciences
 - 4200 in Food and Drink
 - 300 in Chemical Sciences
- The Centres of Excellence model will be integral in supporting students to develop the skills, knowledge and confidence to access these industries. High quality, innovative curriculum delivered across the authority, access to industry standard facilities and strong partnerships with Edinburgh University, Edinburgh College and businesses within the Midlothian Science Park will foster aspiration across all of our schools.

3.5 Beeslack Project Milestones & Programme

The Beeslack Replacement High School was included in the first tranche of projects in the Scottish Government's Learning Estate Investment Programme in September 2019. However, at the time a site was not secured for the school. This process experienced delays as scoping the Council's initial preferred site proved to be unsuitable for development, and the impact of COVID 19 was felt across the Council resources.

In June 2021, a draft Heads of Terms was approved by Midlothian Council alongside the Strategic Business Case for the project. Significant progress has been made on this project in the last 15 months. Key milestones include:

- Full Design Team appointed
- Site surveys and Site Investigations carried out
- Following a report to Council in October 2022, Midlothian Council agreed to increase the capacity from 1200 to 1600 pupils.
- RIBA stage 2 design completed to accommodate 1600 pupils
- Consultations carried out with Beeslack Senior Leadership Team
- ASN Design developed to deliver dedicated, specialist provision
- Agreement of boundary with University of Edinburgh and revised draft Heads of Terms.

Planned Milestones include:

- Final agreement on Heads of Terms and proceed with legal agreement;
- Complete design development by August 2023.
- Planning application January 2024

Midlothian Council has invested to date £1.7m into the development of the school site, to cover fees, site investigations and survey costs.

Figure 1 – Proposed Layout



Figure 2 – View from North-East



Figure 3 – View from North-West



3.6 Beeslack Replacement CHS - Options Appraisal

In reviewing options for delivering the required capacity for the project, the Beeslack Replacement CHS Project Board considered two options:

- Full Project Scope with estimated cost of £122.592m in order to deliver 1600 capacity school with swimming pool and additional community and sports facilities.
- Reduced Project Scope, with a target budget of £105.537m. This scope will prioritise the delivery of statutory requirements, in line with Midlothian Council's Capital Plan Prioritisation methodology, and removing elements that would sit outwith the Scottish Futures Trust (SFT) funding metric. This includes additional floorspace and achieving passivhaus certification, with the school built to meet the still demanding LEIP Band A energy efficiency standard.

The objectives each options needs to meet are:

- Place Based
- Evidence based
- Joined up
- Strategically aligned
- Environmentally sustainable
- Socially beneficial
- Affordable

The options appraisal is enclosed at Appendix C supported by Cost Reports at Appendix D. The option of Do Nothing was not considered by the Project Board as it does not support any of the key principles for capital investment and would result in the continuation of an unsuitable learning environment. The existing Beeslack HS has a suitability rating of C (Poor). If the option of do nothing is considered, the following should be noted.

- Increased lifecycle and maintenance costs due to the deterioration of the asset, energy costs due to the existing fabric not being energy efficient.
- Lack of core accommodation, modern classrooms and a suitable learning environment will not provide an equitable educational experience for the learners.
- The building limits learner pathways and access to a full curriculum.
- The school is projected to breach its stated capacity in the next few years.
- There would still be a requirement to invest Council capital funding to make the necessary upgrade and extension works.

The recommendation of the Project Board is to progress with a Reduced Project Scope (Option 2) to maximise the affordability of the

project and meet all of Midlothian Council's statutory obligations while delivering an outstanding learning environment. This approach is in line with our Capital Plan Prioritisation methodology, where capital investment to meet our statutory obligations are prioritised.

Notably, Option 2 includes the provision of a hydrotherapy pool within the ASN accommodation, but excludes the provision of a swimming pool and community facilities within the main school building. The total cost of these two elements are £6.942m and £2.152m respectively (£9.094m in total). The net cost to the Council of these elements would be £7.3m if they were retained in the project. Therefore, it is recommended these elements and the community pavilion (£1.180m) are excluded to enhance the project's affordability and maintain an approach that is consistent with capital plan prioritisation.

3.7 Land Acquisition

Officers instructed CBRE on 16th August 2021 to undertake a joint valuation of the preferred site and this was received on 9th September 2021.

The valuation assessed the site based on business and industrial use and determined a valuation of £1,050,000 based on the following attributes:

Market Value per acre (gross)	£60,000	Number of Tenants	N/A
Tenure	Heritable (freehold equivalent)	Capital Expenditure – Flood Works	£230,000
Gross Income pa	£0	WAULT to Break	N/A
Net Income pa	£0	WAULT to Expiry	N/A

An update to this valuation was instructed in April 2023. This instruction also included the playing field site to the east of Seafield Moor Road (East Site) and excluded the proposed site of the First Option Practice, which will be retained by the University of Edinburgh for redevelopment for a vet practice. This determined that the valuation of £1,050,000 was unchanged due to challenging market conditions for development land for this kind of use.

As set out in the June 2021 Strategic Business Case for the Beeslack Replacement CHS, the agreed commercial principle to acquire the site is based on a land swap with Midlothian Council acquiring the school site in exchange for the construction of a First Opinion Vet Practice (FOP) for the University.

The basis of an updated set of Heads of Terms between the University of Edinburgh and Midlothian Council are:

- The acquisition of the identified school site will be based on the commercial principle that the first phase of a First Opinion Vet

practice (571sqm) will be procured, constructed and delivered by the University of Edinburgh, but paid for by Midlothian Council and this will consider the site's land value.

- The consideration, i.e. the sum Midlothian Council will pay to the University for the delivery of the first phase of the FOP and by extension the sum Midlothian Council will pay for the school site, is based on a commercial review agreed by an independent quantity surveyor, appointed for this purpose by the Council and the University.
- Midlothian Council will be obliged to carry out and complete the common works, which will be relied upon by both the University and the Council (e.g. joint site access).
- Midlothian Council will submit a joint detailed planning application for the School and the FOP.

Currie & Brown have now had an opportunity to review the proposals for the FOP and provide a high level cost estimate. At this stage, they estimate Phase 1 of the FOP will cost Midlothian Council £4.99m.

The University will be conducting a value engineering exercise on these plans, which remain at a relatively early stage in order to bring the cost of the FOP project down. This should result in a lower final figure. However, for the purpose of this report it is recommended that the above allowance is made for the sum required to secure the school site.

3.8 Refurbishment of Penicuik High School

The Penicuik High School building consists of the original school built in 1937, which is a Category B listed building, and a three-storey classroom block which was added in the 1960's. The school building has ratings for condition C (2012) and for suitability (C), reflective of the age of the school building and the design standards of the time. Midlothian Council has identified Penicuik High School, situated in the heart of Penicuik, as part of its learning estates strategy as a key extension, replacement and refurbishment project to provide both additional capacity and a suitable secondary learning environment for Penicuik. It was on that basis that funding was approved by the Scottish Government as part of LEIP Phase 2.

Penicuik is currently served by six primary schools. These feed into two high schools - Penicuik High School and Beeslack High School. With the proposed relocation of Beeslack High School to the Easter Bush Campus, this will no longer serve pupils from Penicuik. The Penicuik High School roll will increase to serve all the high school pupils from this area. While the school's registered capacity is 945 pupils, the school's current roll is 675. Current projections do not show any

requirement to take that capacity above 945, although it is anticipated that this catchment will experience future housing growth.

The school's dining and sports facilities are not sufficient to accommodate the school's existing roll and require expansion to ensure the school's core accommodation is sufficient for an increase in pupil numbers. In addition, a dedicated ASN provision will be created within the listed building for a maximum of 24 students with additional support needs.

This project must also be complete by 2026 in order to retain its funding from LEIP Phase 2.

3.9 Vision and objectives for Penicuik High School Refurbishment

The vision for the Penicuik High School refurbishment is to:

Create a transformative educational facility that seamlessly blends heritage and innovation. Our aim is to honour the historical significance of the building while providing modern facilities that inspire and support the current and future generations of learners. We envisage a revitalised learning environment that fosters creativity, collaboration, and academic excellence, firmly rooted in local culture and values.

The vision and objectives for Penicuik are included in full in Appendix E.

When complete, Penicuik High School will have a transformed learning environment comprising:

- 945 place school that will provide a high quality, fit for purpose learning environment.
- Dated and poor condition 1960s buildings will be completely refurbished both externally and internally.
- The listed 1930's High School building will also be refurbished, with a focus on mechanical, electrical and plumbing components, external doors and windows.
- There will be new expanded dining facilities and onsite community and sports facilities, allowing the school to accommodate its full capacity of pupils in a suitable environment.
- Enhanced ASN facilities will also be provided for 24 pupils, where currently just 12 can be accommodated.
- The quality of the learning environment and the performance of each building will be transformed with a holistic retrofit.
- The energy efficiency of the buildings, currently largely uninsulated, will be significantly improved with a targeted annual estimated energy consumption cost of £0.060m per annum, down from approximately £0.244m per annum.

Overall, the building will provide a learning environment in which better learning outcomes can be delivered and the health and wellbeing of the building's occupants can be supported, through improved ventilation, thermal comfort and daylighting.

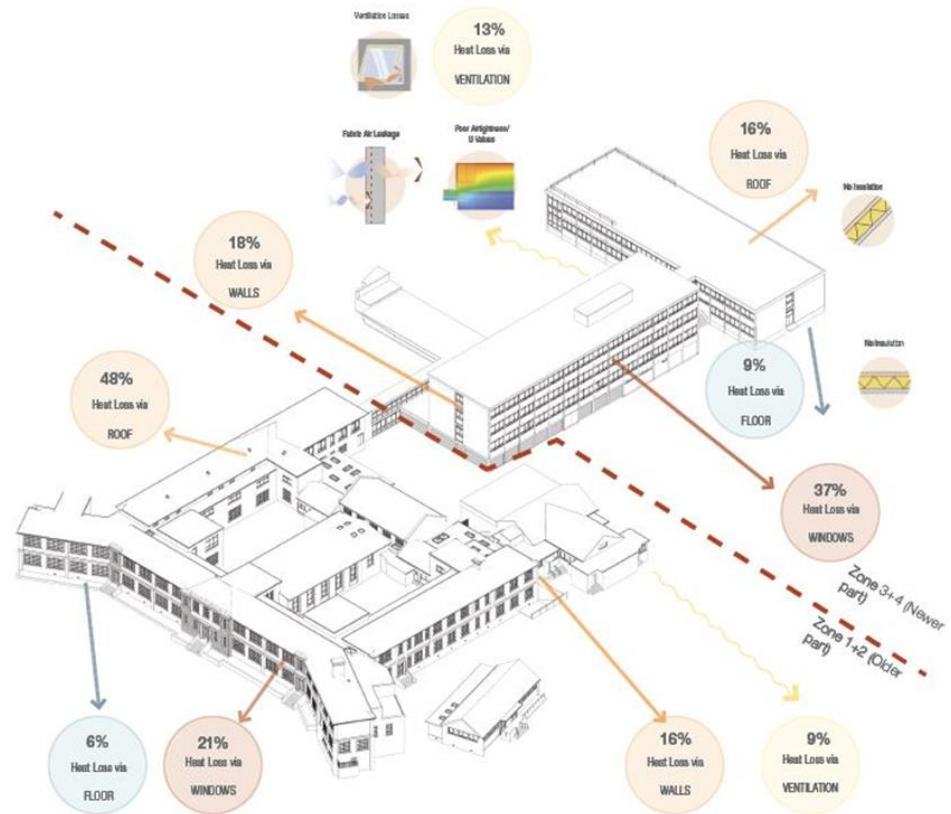


Figure 3 Heat Loss in Buildings

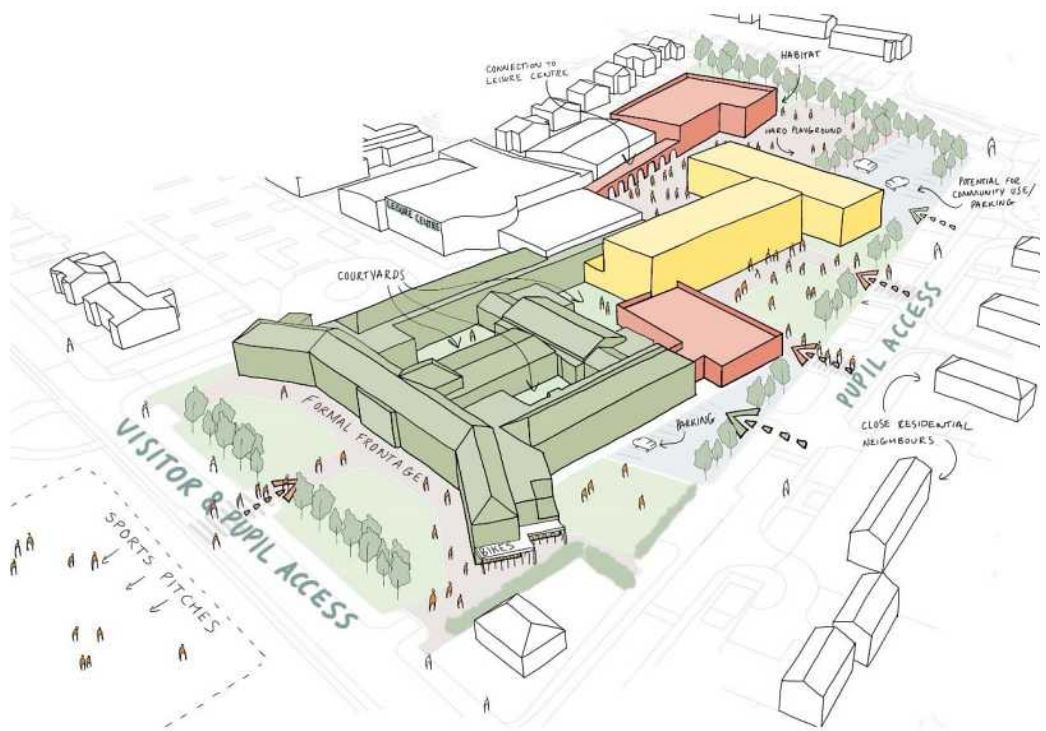


Figure 4 Refurbishment Strategy and New Build

3.10 Penicuik High School – Design Options

A detailed EnerPHit feasibility study (EnerPHit being a standard for economically and ecologically optimal energy retrofit for older buildings which cannot achieve passivhaus standard) has been conducted to fully assess the condition of the current building and enable the design team to develop proposals that can be delivered within the programme deadline of August 2026.

The existing building consists of two core buildings - the listed building and the 1960s block - which have both seen expansion and remodelling between 1935 and 2007. The fabric of both buildings is largely uninsulated and in need of upgrading to reduce heat loss, improve air tightness and improve each building's performance.

The current proposal is to refurbish the 1960's block by remodelling the internal floor area so they are fit for purpose and meet the current education standards. The external envelope of the building is to be replaced with a new façade that will include triple glazed windows to provide daylight and solar gain without excessive heat losses. The flat roof is proposed to be stripped back to the concrete structure and insulated. The 1935 block and additional extensions will be required to have a lower level of retrofit as they form part of a listed building, however layout changes, upgrades to building fabric and interior

finishes will all be improved to ensure the school has a continuous standard throughout.

3.11 Penicuik High School – Programme

It was originally envisaged that the development of the new Beeslack school would allow the decant of Penicuik HS pupils into the vacant Beeslack school. This would then allow the Penicuik HS refurbishment to progress.

However, the slippage in the programme for Beeslack due to the delay in acquiring a suitable site resulted in a programme for the delivery of Penicuik that would be unacceptable to the Scottish Government to fund. The dependency between these two projects is now to be removed and we are seeking to deliver Penicuik as a stand alone project.

3.12 Penicuik High School – Options Appraisal, Decant Strategy

The options for the decant of pupils from Penicuik HS are set out in Appendix G. This option appraisal is supported by the RIBA 0-1 Decant Strategy Report prepared by Architype dated June 2023 (Appendix F) and indicative costings prepared by Faithful & Gould.

The options appraised are:

1. Do nothing / Do Minimum
2. Retain S1-3 at Penicuik High School and decant S4-6 to modular units at Beeslack
3. Decant all of Penicuik High School to modular units at Beeslack
4. Utilise Montgomery Park, Penicuik, opposite the existing school for partial decant of pupils.
5. Utilise Montgomery Park, Penicuik for the full decant of pupils.

As with the Beeslack Replacement CHS, the preferred option needs to best reflect the following key principles:

- Place Based
- Evidence based
- Joined up
- Strategically aligned
- Environmentally sustainable
- Socially beneficial
- Affordable

As set out in Appendix G the preferred option is to utilise Montgomery Park to accommodate the decant of pupils from the high school. This could accommodate a full or partial decant of pupils.

The proximity of the High School to Montgomery Park will ensure that there is no requirement to split the staff body across two sites,

transport pupils and potentially change timetables to accommodate this. Avoiding these changes minimises the negative impact on the learner experience. This represents a significant advantage over any alternative options.

Further analysis is required to determine whether the site has capacity for a full decant and whether benefits such as a faster programme for the refurbishment of the school would outweigh additional costs for more modular units.

It is recognised that the use of this public open space for these temporary classrooms will displace users of the existing 9 a side playing field for circa two years. Therefore, Midlothian Council will undertake to ensure that current users of the pitch have access to an equivalent pitch within Penicuik. In addition, once the pitch is no longer required, Midlothian Council will undertake to ensure that the pitch is upgraded for future use. These works will be scoped into the project.

3.13 Cost of Decant

A high level costing exercise into decant options was carried out for this report by Faithful & Gould. These costs are inclusive of an allowance for new fixtures and fittings, which will transfer to the Penicuik High School after use in the decant facilities. Costs are also inclusive of the removal of these temporary facilities.

It has been assumed that these units would be returned to the manufacturer and there will be a credit value to assist in offsetting these costs. This is shown separately below.

These costs were developed on the basis of the purchase, rather than lease, of the units and also using a mix of new and refurbished modular units. Initial feedback from Faithful & Gould is that due to the volume of units required and their bespoke nature, this is more cost effective. However, this will be re-examined as the modular unit requirement is finalised.

Table 1: Costed Decant Options

Option	Estimated Cost (£000's)	Resell credit minus uplift and removal of the temporary units (£000's)	Revised Estimated Cost (£000's)
Option 2a – partial decant to Beeslack	9,480	180	9,300

Option 2b –full decant at Beeslack	15,764	310	15,454
Option 3a – partial decant to Montgomery Park	8,944	190	8,754
Option 3b – full decant to Montgomery Park	15,784	310	15,474

At present, both options (Beeslack and Montgomery Park) are showing similar costs. These are early and indicative costs however, and there are significant non-monetary advantages to the option of utilising Montgomery Park.

Once a design team is appointed, the effective utilisation of existing space at Penicuik High School across both phases of works will be prioritised with a view to minimising the need for modular units, placing downward pressure on costs. A report will be brought back to Council with the outcomes of this work, seeking approval for this budget.

4 Report Implications (Resource, Digital and Risk)

4.1 Beeslack CHS – Capital Account

Capital Expenditure

A project development budget phased across 2021/22 and 2022/23 of £1.700 million was earmarked in the General Services Capital Plan to support the development of the Beeslack Replacement High School project to its current stage. Further forecast Beeslack Replacement High School capital costs equate to £103.837 million, giving a total development cost for the project of £105.537 million.

Funding of Capital Expenditure

The forecast Beeslack Replacement High School total capital costs of £105.537 million are expected to be funded through a mixture of funding sources as follows, and as outlined in Table 2 below:-

- The Council has already received developer contributions totalling £7.073 million, and is expecting to secure further developer contributions totalling £15.997 million, to fund the proposed increase in capacity. This is therefore expected to equate to a total of £23.070 million of developer contributions receipts based on known LDP1 allocations;
- Where appropriate, these will be applied to fund capital expenditure. At present, thereby offsetting the need to prudentially borrow £23.070 million for the new facility. There may be an additional uplift of developer contributions that can be

applied to this project, however this is subject to further discussion and agreement with developers.

- On that basis, the Council will need to prudentially borrow the remaining £82.466 million of capital costs;
- The project is included in Phase 1 of the Learning Estate Investment Programme, where the Scottish Government will provide a revenue support grant payable over 25 years following the completion of the building, to support operational/revenue costs of the school, based on the Council meeting the delivery of strategic outcomes (energy, condition, digital and economic). Whilst this is payable as a cash revenue grant over 25 years (and therefore does not impact/reduce the requirement for the Council to borrow during the construction phase), it equates to a theoretical capital cost support of £17.104 million;

Table 2: Beeslack High School Replacement Capital Account

Financial Year	to 2022/23 £000's	2023/24 £000's	2024/25 £000's	2025/26 £000's	2026/27 £000's	2027/28 £000's	Later Years £000's	Total £000's
Capital Costs	1,743	7,771	18,525	48,913	26,454	2,130	0	105,537
Developer Contributions	-817	-3,594	-6,516	-1,710	-1,972	-1,753	-6,708	-23,070
Net Capital Costs	926	4,177	12,009	47,203	24,482	377	-6,708	82,466

Therefore, as shown above, the Council will prudentially borrow £82.466 million, with the remaining capital funding expected to be provided by the securitisation of developer contributions totalling £23.070 million.

The net capital cost of £82.466 million will be partly offset by the Scottish Government revenue support grant available (payable over 25 years and theoretically supporting £17.104 million of capital costs) subject to the successful achievement of outcomes over that 25 year period, thereby reducing the notional capital account impact to the Council to £65.362 million.

4.2 Beeslack CHS – Impact on Revenue Budget

The direct consequences of capital impact on the Council's revenue budget (Loan Charges net of Scottish Government LEIP Revenue Grant Funding) is as set out in Table 3 below:-

Table 3: Direct Consequences of Capital Impact on Revenue Budget

Financial Year	2023/24 £000's	2024/25 £000's	2025/26 £000's	2026/27 £000's	2027/28 £000's	2028/29 £000's	Later Years to 2051/52 £000's
Loan Charges	61	307	1,202	2,307	3,453	3,440	3,329
SG LEIP Revenue Grant	0	0	0	-329	-1,316	-1,246	-1,036
Net Revenue Budget Impact	+61	+307	+1,202	+1,978	+2,137	+2,194	+2,294

4.3 Penicuik – Capital Account

Capital Expenditure

A project development budget phased across 2021/22 to 2023/24 of £0.250 million was earmarked in the General Services Capital Plan to support the development of the Penicuik High School Refurbishment & Extension project to its current stage.

Further forecast Penicuik Refurbishment & Extension High School capital costs equate to £44.460 million, giving a total development cost for the project of £44.710 million.

Funding of Capital Expenditure

The forecast Penicuik School total capital costs of £44.710 million are expected to be funded through a mixture of funding sources as follows, and as outlined in Table 4 below:-

- The Council will need to prudentially borrow £44.710 million of capital costs;
- The project is included in Phase 2 of the Learning Estate Investment Programme, where the Scottish Government will provide a revenue support grant payable over 25 years following the completion of the building, to support operational/revenue costs of the school, based on the Council meeting the delivery of strategic outcomes (energy, condition, digital and economic). Whilst this is payable as a cash revenue grant over 25 years (and therefore does not impact/reduce the requirement for the Council to borrow during the construction phase), it equates to a theoretical capital cost support of £19.394 million;

Table 4: Penicuik High School Refurbishment & Extension Capital Account

Financial Year	to 2022/23 £000's	2023/24 £000's	2024/25 £000's	2025/26 £000's	2026/27 £000's	2027/28 £000's	Total £000's
Capital Costs	193	1,272	2,573	25,785	14,287	600	44,710
Developer Contributions	0	0	0	0	0	0	0
Net Capital Costs	193	1,272	2,573	25,785	14,287	600	44,710

Therefore, as shown above, the Council will prudentially borrow £44.710 million.

The capital cost of £44.710 million will be partly offset by the Scottish Government revenue support grant available (payable over 25 years and theoretically supporting £19.394 million of capital costs) subject to the successful achievement of outcomes over that 25 year period, thereby reducing the notional capital account impact to the Council to £25.316 million

4.4 Penicuik Refurbishment & Extension – Impact on Revenue Budget

The direct consequences of capital impact on the Council's revenue budget (Loan Charges net of Scottish Government LEIP Revenue Grant Funding) is as set out in Table 5 below:-

Table 5: Direct Consequences of Capital Impact on Revenue Budget

Financial Year							Later Years to 2051/52 £000's
	2023/24 £000's	2024/25 £000's	2025/26 £000's	2026/27 £000's	2027/28 £000's	2028/29 £000's	
Loan Charges	61	77	505	1,122	1,732	1,753	1,753
SG LEIP Revenue Grant	0	0	0	-489	-1,467	-1,363	-1,155
Net Revenue Budget Impact	+61	+77	+505	+632	+265	+390	+599

4.5 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 planned Learning Estate Programme projects that are under development (which includes Beeslack Replacement High School and Penicuik High School Refurbishment and Extension) was expected to 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 (MTFS) targets) thus leaving £61.297 million still to be found.

The MTFS projections are refreshed reflecting 2023/24 budget decisions and the 2022/23 actual outturn with a projected budget gap of £29.121 million to 2028/29. Included in MTFS projections are loan charges of 4% of net revenue income stream as a targeted measure of affordability in the context of the sizeable challenge to bring recurring income and expenditure into equilibrium. Approval of projects as presented in this report will increase the affordability measure to 5.1% by 2028/29 with an ongoing impact starting in 2029/30 of 5.3%. In cash terms this increases the budget challenge through to 2028/29 by £5.556 million with a further £3.688 million impact in 2029/30.

This therefore increases the challenge to the Council to bring overall capital plan expenditure within prudent, affordable and sustainable limits that is proportionate to the authority's financial capacity.

4.6 Digital

Not applicable

4.7 Risk

Risk assessments have been integrated into the Options Appraisal appendices.

4.8 Ensuring Equalities (if required a separate IIA must be completed)

Not applicable

4.9 Additional Report Implications (See Appendix A)

See Appendix A

Appendices

APPENDIX A – Report Implications

APPENDIX B – Letter re LEIP deadline

APPENDIX C - Options Appraisal – Beeslack Replacement Community High School

APPENDIX D - Summary Cost Plans, Beeslack Replacement Community High School

APPENDIX E: Penicuik High School Expansion and Refurbishment Vision Statement

APPENDIX F – Architype Penicuik High School Decant Strategy

APPENDIX G - Penicuik High School Decant Strategy – Options Appraisal

APPENDIX A – Report Implications

A.1 Key Priorities within the Single Midlothian Plan

The contribution of these projects to delivering on the outcomes of the 2022/23 Single Midlothian Plan are as below.

Individuals and communities have improved health and learning outcomes

This is largely addressed in Section 3.3. Both school projects will assist in addressing Education Inequality, by facilitating the broadening of the curriculum offer at both schools, so that it is fair and consistent across Midlothian through better facilities and a wider staff base that will improve pathways and opportunities for all learners. Investment in these assets will also allow both schools to participate in a digital based schools Senior Phase offer through use of sector leading technology, improving breadth, depth and equity of curriculum offer for all Midlothian CYP. This model for achieving equity requires modern digital infrastructure to be successful. This is not currently a feature at Beeslack or Penicuik High Schools

Both schools will be able to offer significantly improved learning environments through the provision of a school building that will accord with LEIP Band A energy efficiency standards at Beeslack and a full refurbishment of buildings that are no longer fit for purpose in Penicuik, addressing ongoing issues such as the leakage of heat from the uninsulated buildings, making the school a far more comfortable and healthy environment to learn in.

No child or household living in poverty:

Through provision of high quality learning environment in a location that is more accessible to more pupils at Beeslack, it is anticipated that there will be a positive impact on engagement and attainment, which will drive economic benefits. More widely, creating a centre for excellence for STEM will support the Midlothian Science Triangle and the regional economy and opportunities for pupils to secure high value and resilient employment in the science sector. From a place perspective, investment in both schools comprises is a significant economic investment in Penicuik and at the Easter Bush, providing economic drivers for expenditure in local economies and communities

Significant progress is made towards net zero carbon emissions by 2030:

Beeslack High School dates from 1984, and is currently rated Condition B and Suitability C. The replacement school will be built to LEIP Band A standard and will be highly energy efficient. It will also be closer to the majority of its catchment pupils, making it more accessible by walking and cycling. This will result in a decreased carbon footprint for the operation of the school.

The investment in the refurbishment of Penicuik High School will extend the life of an existing asset. It is currently rated Condition C and has poor energy performance. As set out in affirms section 3.9, Midlothian Council seeks to significantly improve its annual estimated energy consumption to a cost of £0.060m per annum, down from approximately £0.244m per annum. Penicuik High School is located in the town centre in a highly accessible location that will encourage walking and cycling to school.

Both projects will result in a significant reduction in Midlothian Council's carbon emissions.

A.2 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

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

Best Value will be achieved by considering the whole life cost of both projects including initial land purchase, site remedial and construction costs, running costs and sustainability. It should also factor in the value the opportunities to be created for Midlothian's Children and Young People with regard to reducing education inequality and creating pathways to high value, resilient careers.

A.5 Involving Communities and Other Stakeholders

Consultation with a wide range of stakeholders including neighbours, Community Councils and residents will be undertaken through the statutory catchment review, design development process and the planning application process.

In relation to the proposed use of Montgomery park for a decant of pupils, an additional consultation process will be required to ensure users of this space are consulted and their ongoing requirements can be met elsewhere. In addition, further consultation will be required to address any restrictions on title that exist in terms of its use for anything other than a park.

A.6 Impact on Performance and Outcomes

These proposals respond to key outcomes in the Single Midlothian Plan, as set out in A.1.

A.7 Adopting a Preventative Approach

This has been considered as part of process of developing visions and objectives for both Beeslack Replacement and Penicuik HS refurbishment projects.

A.8 Supporting Sustainable Development

See A.1 – response regarding meeting 2030 net zero carbon target.