

## **Item: 23**

**Policy and Resources Committee: 27 November 2018.**

**Expansion of Early Learning and Childcare.**

**Report by Executive Director of Education, Leisure and Housing.**

### **1. Purpose of Report**

To consider the Stage 2 Capital Project Appraisal in respect of expansion of Early Learning and Child Care.

### **2. Recommendations**

The Committee is invited to note:

#### **2.1.**

That, with the expansion of Early Learning and Childcare, from the 600 hours offered in 2017 to 1140 hours in 2020, there will be a requirement to nearly double the number of available places at the various settings.

#### **2.2.**

That, following a review of infrastructure requirements, larger nurseries are at capacity and additional physical space will require to be provided at Papdale, Dounby and Glaitness.

#### **2.3.**

That new facilities to be provided require to meet Care Inspectorate standards, including additional toilets, increased playroom space, a manager space and extended outdoor playscapes.

#### **2.4.**

That the Scottish Government is committed to fully funding the capital requirements associated with expansion of Early Learning and Childcare, subject to a number of conditions, including making best use of existing assets.

**It is recommended:**

#### **2.5.**

That the Stage 2 Capital Project Appraisal in respect of the expansion of Early Learning and Childcare, attached as Appendix 2 to this report, be approved.

## **2.6.**

That the project for the expansion of Early Learning and Childcare be added to the General Fund capital programme over the period 2018 to 2022, at an overall project cost of £2,240,000, to be funded by grant income from the Scottish Government.

## **3. Expansion of Early Learning and Childcare**

### **3.1.**

On 16 November 2016, the Education, Leisure and Housing Committee considered the infrastructure requirements to support the expansion of early learning and childcare from 600 hours to 1140 hours and subsequently recommended that a Stage 1 Capital Project Appraisal be progressed in respect of nursery expansion and refurbishment at the following settings:

- Dounby.
- Glaitness.
- Papdale.
- Stromness.
- The Strynd.
- Burray.
- Westray.

### **3.2.**

This was superseded by the requirement to produce a Delivery Plan that outlined the workforce and infrastructure requirements of the expansion. The Delivery Plan was considered by the Education, Leisure and Housing Committee on 13 September 2017 prior to submission to the Scottish Government.

### **3.3.**

An excerpt from the Delivery Plan, relating to Infrastructure requirements, is attached as Appendix 1 to this report.

### **3.4.**

The Scottish Government asked for a revised estimate of revenue and capital spend and issued further guidance to support local authorities. This included making better use of existing infrastructure. Following resubmission, the Scottish Government committed to fully funding the capital requirements subject to a number of conditions, including:

- Costs will be eligible for capital funding where reasonable measures have been taken to demonstrate that the additional capacity is required having applied the expansion planning principles of:
  - make best use of existing assets.
  - buy what you can.

- build what you need.
- Costs will be eligible for capital funding only where an increase in physical capacity is being provided or refurbishment costs are required to accommodate a change in an operating model.
- Capital funding will be capped at a maximum of the area and cost reference rates as set out in the Scottish Government Planning Assumptions.

### **3.5.**

The capital funding provided by the Scottish Government specifically cannot be used to support:

- Spend relating to improving the suitability or physical condition of the existing estate with no increase in capacity or operating hours.
- Spend on furniture, fixtures and fittings indoor or outdoor with no increase in capacity or operating hours.
- Replacement of existing facilities.
- Land purchase.
- Offsite works, utility enhancements and diversions out-with the site boundary.
- Population growth beyond the expansion planning period.
- Provision of other accommodation to support non-Early Learning and Childcare expansion services.

### **3.6.**

Smaller nurseries will be able to provide 1140 hours within their existing buildings, by moving from part time to full school day provision, or by utilising unused capacity.

### **3.7.**

The extension at St Andrews will enable nursery provision to be expanded and this will meet the Care Inspectorate requirements for 1140 delivery.

### **3.8.**

Three larger nurseries (Dounby, Glaitness and Papdale) are currently at or near capacity and will require significant works to enable them to be ready to provide 1140 hours. Requirements are detailed in the Stage 2 Capital Project Appraisal, attached as Appendix 2 to this report.

## **4. Corporate Governance**

This report relates to Council complying with its financial processes and procedures and therefore does not directly support and contribute to improved outcomes for communities as outlined in the Council Plan and the Local Outcomes Improvement Plan.

## **5. Financial Implications**

### **5.1.**

The Scottish Government has written to the Council confirming that it will provide capital funding of £2,240,000 to fund the infrastructure expansion for Early Learning and Childcare.

### **5.2.**

Projects at Westray and Papa Westray have been completed utilising the grant income received in financial year 2017 to 2018.

### **5.3.**

The profile of the government grant does not match the proposed cash flow for the Council projects, however the Scottish Government has confirmed that the capital funding package is a multi-year offer of funding. While the totality of the capital funding allocation is to be protected to support the Early Learning and Childcare expansion to 1140 hours, local authorities have discretion over how they profile their allocation of funding over the expansion period (up to and including financial year 2021 to 2022). The detail of the capital grant is shown on the Financial Assessment of Capital Expenditure attached at Annex 1 of Appendix 2.

### **5.4.**

Additional revenue funding for the delivery of Early Learning and Childcare has been confirmed with the Council due to receive the following awards:

- £1,273,000 for 2019 to 2020.
- £2,106,000 for 2020 to 2021
- £2,349,000 for 2021 to 2022.

## **6. Legal Aspects**

### **6.1.**

Section 95 of the Local Government (Scotland) Act 1973 requires the Council to make arrangements for the proper administration of its financial affairs. As part of this, the Council is expected to have regard to economy, efficiency and effectiveness in its use of resources.

### **6.2**

Section 35 of the Local Government in Scotland Act 2003 requires the Council to determine and keep under review the maximum amount which it can afford to allocate to capital expenditure. In so doing, the Council must comply with regulations made by Scottish Ministers.

## **7. Contact Officers**

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## **8. Appendices**

Appendix 1: Excerpt from Orkney Islands Council Delivery Plan.

Appendix 2: Stage 2 Capital Project Appraisal.

## **Excerpt from Orkney Islands Council Delivery Plan - September 2017**

### **Physical capacity: using and extending existing assets and creating new spaces**

#### **New ways of working**

The service redesign is not just about doing more of the same, but creating innovative and exciting ways to deliver the entitlement. Settings will be supported to use outside spaces in the local community more effectively. This includes wild areas and beach land. In one large setting with a small, constrained outside space, the local wild land will be scoped for a possible outdoor nature kindergarten experience as part of the nursery offer. Similarly, in Kirkwall, one setting has access to a small wooded area and this will also be scoped for daily outside experiences. One setting has a garden space that will be further developed to create opportunities for intergenerational experiences.

Identifying the outside asset will not be sufficient. Staff will need to develop confidence in using non-boundaried spaces for extended periods, providing spaces for eating and personal care, engaging in lighting fires and using tools. To support the development of high quality practice, a nursery teacher within the early years team will be trained in nature/forest kindergarten approaches, so that they will be able to mentor and support settings effectively.

#### **Making the most of what we have**

In the recent parent and carer survey, 50% of parents said that they wanted to use term time only. Parents who have older children also note that they want all their children to be cared for in the same place, so if out of school clubs are unavailable, then they will be looking for a term time offer. This means that to meet parent choice in the short term, there needs to be sufficient capacity in settings to accommodate the majority of children within some part of the school day and term.

In larger settings, to avoid extensive building works, holiday and out of school hours will be introduced. This means that at least some children will move out of school hours and use holiday periods, hopefully reducing peak term time demand. During holiday periods, it is likely that settings will be under-occupied (and will run with a reduced staffing model). In the Kirkwall settings, a single hub could be open with children attending from more than one setting, and in all hubs, children from local part time settings could be accommodated for holiday provision.

To maximise the existing infrastructure, all large settings will move to a year round model, with additional infrastructure capacity created to enable parent choice through the peak usage.



Smaller settings require less adaption to make full use of the asset. Using afternoons and unused days will enable the setting to offer 1140 hours within the available resource. Some minor refurbishments will be needed in some settings. Other settings will need a small furniture upgrade to create sleep, rest and eating spaces.

## **Infrastructure Plan**

In Orkney, the vast majority of provision is within local schools, and this is where parents traditionally request places (only 15 children in the county use solely partner providers for their early learning and childcare). Therefore it is the local authority estate that largely will provide the places. This means that some settings will require extensions, others will need refurbishment, and existing assets will also be repurposed.

## **Risks**

A significant risk is finding contractors willing to take on works within the spend year. Over the summer, two expansion jobs were put out to tender but so far no contractors have picked these up. This is likely to be a challenge for small works, and in particular out on the islands. The requirement for the majority of works to be completed during the summer holidays also puts pressure on a limited pool of contractors.

## Modifying smaller settings that currently run part time.

These settings will be able to accommodate all of the hours within the school day and term within their existing registered numbers.

Smaller settings will need significant or minor refurbishment to enable them to be suitable to run all day provision and to offer homely environments, including spaces to eat and rest.

Setting	Registered number	Significant refurbishment work needed	Estimated cost
Westray	16 x 2 to 5 year olds	Create additional toilet and changing space Refurbishment to create kitchen area	£53,000 (from 2017-18 capital)
Papa Westray	4 x 2 to 5 year olds (pending work)	Refurbish community toilet block off hall to create space for changing and toilet area. Refurbish rooms off hall to create nursery play space with small kitchen area and child height sinks	£28,000 (from 2017-18 capital)
Eday	3 x 2 to 5 year olds	Additional sinks and small kitchenette	£9,000
Shapinsay	9 x 2 to 5 year olds	Additional sinks and small kitchenette	£9,000
Burray	10 x 3 to 5 year olds	Additional toilet and sink	£9,000
North Walls	12 x 2 to 5 year olds	Additional sink	£5,400

All other settings will need a small equipment grant to enable them to create homely spaces for children to rest, for example, sofas. This will be in the region of three to four thousand pounds per setting. This will be accounted for within the revenue and capital budget planning over the next three years.

## Larger nurseries that are currently running full time during school term time.

These nurseries will create some additional capacity by restructuring the hours to open from 8am or 8-30am to 5-30pm 50 weeks a year. This will free up some currently unused capacity. It is likely that parents will request to use some of the larger settings, in particular in Kirkwall, so that they can access a more flexible offer, which will put pressure on the capacity. It is also difficult to predict how many parents will continue to choose a term time school day model only. As there is a degree of unpredictability in numbers and pattern of uptake, the larger settings will be specified to accommodate the upper limit of the predicted number. Therefore to enable flexibility and choice, larger settings will need to be extended/modified in the following ways:



**Table 4: Infrastructure requirements**

	<b>Numbers</b>	<b>Solution: modifications/building works required</b>	<b>Estimated cost</b>
<b>Papdale Nursery</b>	Currently registered for: 60 to 65 three to five year olds	Extend playroom space. Install 3 more toilets and a changing area in main nursery. Some internal refurbishment to improve setting for all year round use, including eating and resting. New kitchen area. Increase outdoor play space	£450,000
	Number on roll: 80 to 90 three to five year olds		
	Number required: 80 three to five year olds		
<b>Glaitness</b>	Currently registered for: 45 two to five year olds	Significant housing build near school. No space in school and constrained nursery site.  Explore reconfiguration of existing council assets, which will involve: Refurbishment to create a nursery hub and family centre for Kirkwall.	£1,570,000
	Number on roll: 55 to 60		
	Number required: 80 three to five year olds plus 5 to 10 two year olds Includes overspill from the Strynd and families using Kirkwall as a hub		

<b>St Andrews</b>	Currently registered for: 30 three to five year olds	Significant housing build near school. No space in school.  Nursery will be remodelled to create primary classroom space. New build nursery attached to school with a capacity for 56 children aged two to five  Outside space development	Currently in capital programme £3,000,000 total spend  £115,000
	Number on roll: 40 to 50 three to five year olds		
	Number required: 56 two to five year olds Allows St Andrews to operate as a hub.		
<b>Stromness</b>	Currently registered for: 40 two to five year olds	Explore the possibility of making use of nearby outdoor areas  Weather can be too inclement in Orkney to use outside every day of the year, so in addition, extend internal playspace, including creating changing space and managers accommodation.	£130,000
	Number on roll: 45 to 50 plus 5 two year olds		
	Number required: 56 two to five year olds		
<b>Dounby</b>	Currently registered for: 30 two to five year olds	Add additional free-standing modular nursery buildings to extend the playroom space.  Buildings will cover the existing nursery playspace, create additional nursery play space	£300,000
	Number on roll: 40 to 50 plus 2 two year olds		
	Number required: 48 two to five year olds		

## **Update to delivery plan information 8 November 2018**

Following submission of the Delivery Plans, the Scottish Government asked all local authorities to revisit their capital and revenue projections to reduce overall costs. New guidance was issued which outlined the requirements for funding. This included demonstrating that the additional capacity was required having applied the expansion planning principles of; make best use of existing assets, buy what you can, build what you need.

Additional work was undertaken to explore making better use of existing assets and infrastructure in Orkney. This reduced the infrastructure requirements. This included:

- Making better use of spare classroom capacity at Papdale Primary School.
- Making use of break out areas at Stromness Primary School, using flexible modular furniture to create shared early level play spaces.
- Reconsidering St Andrews outside spaces to make better use of the natural finish.

## Stage 2 Capital Project Appraisal

Capital Programme:	General Fund
Client Service:	Education, Leisure and Housing
Project Name:	Expansion of Early Learning and Childcare

### 1. Background

Early Learning and Childcare (ELC) will expand from the 600 hours offered in 2017-18 to 1140 hours in 2020. This means that there will be a requirement to double the number of available spaces. In larger settings, which are currently at or near capacity, additional physical space will be required.

On 16 November 2016, the Education, Leisure and Housing Committee considered the implications for buildings and infrastructure to support the expansion of early learning and childcare from 600 hours to 1140 hours, and agreed that a Stage 1 Capital Project Appraisal should be progressed.

This was superseded by the requirement to produce a Delivery Plan that outlined the infrastructure requirements of the expansion. This was presented to the Education, Leisure and Housing Committee in September 2017 prior to submission to the Scottish Government.

The Scottish Government asked for a revised estimate of revenue and capital spend, and issued further guidance to support Local Authorities. This included making better use of existing infrastructure. Following resubmission, the Scottish Government committed to fully funding the capital requirements subject to a number of conditions, including:

- Costs will be eligible for capital funding where reasonable measures have been taken to demonstrate that the additional capacity is required having applied the expansion planning principles of:
  - Make best use of existing assets.
  - Buy what you can.
  - Build what you need.
- Costs will be eligible for capital funding only where an increase in physical capacity is being provided or refurbishment costs are required to accommodate a change in an operating model.
- Capital funding will be capped at a maximum of the area and cost reference rates as set out in the Scottish Government Planning Assumptions.

The capital funding provide by the Scottish Government specifically cannot be used to support:

- Spend relating to improving the suitability or physical condition of the existing estate with no increase in capacity or operating hours.
- Spend on furniture, fixtures and fittings indoor or outdoor with no increase in capacity or operating hours.
- Replacement of existing facilities.
- Land purchase.
- Offsite works, utility enhancements and diversions out with the site boundary.
- Population growth beyond the expansion planning period.
- Provision of other accommodation to support non-ELC expansion services.

## **2. Projects and associated work**

### **2.1. Papdale Primary School**

Papdale Nursery is currently registered for 60 to 64 children.

The nursery will need to expand to accommodate a registered number of at least 80 for children aged three to five years.

This will include:

- Increasing the number of toilets and adding changing spaces to meet the Care Inspectorate requirements of one toilet for every ten children.
- Creating a parent area for family engagement.
- Extending the playroom space.
- Extending the available outside space to accommodate more children.
- Creating a kitchen area so that more children can be involved in snack and meals preparation.

#### **Solutions for Papdale:**

Papdale Primary School was built and subsequently extended and enhanced to provide a three-form entry school (21 classes), with ancillary rooms and spaces.

Currently the school has a need for just 18 classes and (taking into account the planned developments and zoned areas for housing development with the school catchment area) is unlikely to exceed the need for 21 classes at any time in the future. This would be the equivalent to the roll exceeding 606 (excluding early learning and childcare) and roll predictions indicate a maximum of 498.

Although all the available space is currently well used this means that some of the activity spaces could be returned to being classrooms and some space could be repurposed for early leaning and childcare.

It is proposed that the existing nursery is extended by building a covered area between the nursery and infant building. Two infant classrooms and a learning bay will be refurbished to create additional playroom space, toilets and changing areas, and a parent space. Outside space will be fenced to create additional play space.

## **2.2. Dounby Primary School**

Dounby Nursery is currently registered for 30 children.

The nursery will need to expand to accommodate a registered number of 45 children aged two to five years.

This will include:

- Additional toilet facilities to meet Care Inspectorate requirements of one toilet for every ten children.
- Creating a secure boundary between the school and nursery space. Currently parents or visitors can gain access to the building via this area.
- Creating a manager's office.
- Extending the playroom space.
- Extending the outside area to accommodate additional children and create spaces suitable for a wider age range.

### **Solutions for Dounby:**

Dounby School has no under-usage of classroom space.

This means that any additionality will need to be outwith the existing footprint. However, it is also a building that has a number of limitations in terms of remaining fit for purpose. Consequently, modifications, additions and changes should be made taking account of a likely need to replace the school within a 5-10-year period.

It is proposed that the playroom is extended by

- Building a porch extension between the nursery and infant classrooms.
- Siting a temporary classroom adjacent and connected to the current playroom.

This will also enable the existing entry point to be modified to create a safe and secure access. A new changing area will be created within the nursery, and the toilet in the accessible cubicle will be replaced. The kitchen area will be remodelled to create increased capacity.

It is proposed that a wall is built to develop a secure entry between the parent space and P1 area. The outside space will be extended by fencing the car park at the front of the nursery, and the space developed to create increased play opportunities.

## **2.3. Glaitness School**

Glaitness Nursery is registered for 45 children aged 2 to 5.

Glaitness has experienced an increase in numbers in the nursery, due to new build housing in the catchment area. The setting may also need to accommodate children from outwith Kirkwall who need to access provision in the town. This means that the setting will be registered for 80 two to five-year olds.

Work will include:

- Additional toilet facilities to meet Care Inspectorate requirements of one toilet for every ten children.
- Creating a secure boundary between the school and nursery space.
- Creating a manager's office.
- Extending the playroom space.
- Creating a parent area for family engagement.
- Extending the outside area to accommodate additional children.

### **Solutions for Glaitness**

The nursery is experiencing a rise in numbers, with at least 37 three-year olds enrolling in 2018-19. This is significantly greater than in an average year.

The rise in numbers is putting pressure on the school, which mean that there are no available classrooms to repurpose for nursery use.

It is proposed that Glaitness School utilises the nearby available buildings (Keelylang and the former short-breaks bungalow) to develop a wider campus that will meet the needs of the school population.

This would 'free up' some internal space giving wider flexibility within the existing footprint for any additional primary classes that may need to be created to accommodate changes in the school role.

Some additional internal space, along with an appropriately designed extension, can then be configured to extend the current nursery provision to accommodate the requirement of an 80-place nursery.

## **2.4. Other Settings**

Further works will be required at other nursery settings within the Education estate and include minor alterations such as adding additional sink accommodation, providing additional toilet facilities or providing extended play areas.

Westray and Papa Westray schools required to have the nursery accommodation improved with additional toilet accommodation and both these projects have been completed, utilising some of the grant funding received. Burray Primary School has had an additional toilet incorporated and works to increase the available external play space for nursery use and this was completed over the summer break. A new kitchen and toilet

alterations have also been installed over the summer break at Papdale Primary School nursery.

Similar small scale works are yet to take place at Shapinsay, Eday and Stromness Primary Schools and are included within the proposed Expansion of Early Learning and Child Care.

### 3. Land Purchase Requirement

All sites are currently within Council ownership and are existing Council assets.

### 4. Project Appraisal

	Criteria	Response
1.	Protects Existing Statutory Provision	The expansion of ELC is a statutory requirement.
2.	Meets Corporate Priority / Community Planning Goal	Caring Communities. Thriving Communities. Enterprising Communities. Quality of life.
3.	Protects Existing Assets	The capital works make good use of existing assets.
4.	Minimises Capital Cost	All projects have been carefully planned to make best use of current assets. The Scottish Government has committed £2.24m to enable the works to be completed.
5.	Maximises Investment from External Sources	The works are fully funded.
6.	Beneficial Impact on Revenue Expenditure	The works within schools largely maintain the existing footprint, thereby reducing ongoing revenue costs. In addition, careful refurbishment, for example, insulation, will reduce future revenue costs. The Scottish Government has allocated additional revenue to cover running costs.
7.	Linked to Other Council Provision	
(a)	Enhances Statutory Provision	Yes, the provisions will offer extended hours and a more flexible service.
(b)	Protects or Enhances Discretionary Provision	Not Applicable.
8.	Re-use of Derelict Land or Building	Usage of buildings will be maximised so that they are better utilised.



	Criteria	Response
9.	Promote or Enhance Orkney's Environment	Outside areas will be developed to create more naturalistic spaces.
10.	Promote or Enhance Orkney's Heritage	Not Applicable.
11.	Economic Prosperity or Sustainable Communities	The expansion of ELC will not only create additional jobs within the childcare sector, but will also provide childcare for workers in Orkney.
12.	Enhances Council operations or Improves Health and Safety	Increasing the size of existing settings will ensure that they operate at optimal adult:child ratios and will therefore be more efficient. An expanded ELC service will provide childcare as well as family support. The expanded provision will enhance the hours to parents, including before and after the school day.

## 5. Financial Implications

The financial implications of the proposals are detailed in the Financial Assessment of Capital Expenditure attached as Annex 1.

The planned government income does not match the proposed cash flow for the project, however the Scottish Government has confirmed that the capital funding package is a multi-year offer of funding. While the totality of the capital funding allocation is to be protected to support the ELC expansion to 1140 hours, local authorities have discretion over how they profile their allocation of funding over the expansion period (up to and including the 2021-22 financial year). The detail of the income is shown on the attached Financial Assessment of Capital Expenditure attached as Annex 1.

## 6. Risk Assessment

Risks: if project does not proceed:

- Breach of Government Legislation to provide 1140 hours of ELC to eligible children by 2020.

Council to provide additional accommodation to enable the service to comply with Government policy and Care Inspectorate requirements. Council to be made aware of the critical timeline in delivering increased capacity in time for 2020.

Risks if project progressed:

- Budgeted project cost exceeded.
- Project creep jeopardises progress and affordability of project.
- Actual revenue costs exceeding anticipated costs, affordability issues.

- Limited market interest affects project value for money.
- Statutory approvals for the developed design are not approved.
- Disruptions to learning and teaching during construction.

Work to be phased so impact is minimised.

- Capital works are funded by the Scottish Government. Failure to spend the money appropriately and in a timely fashion could result in funding being re-claimed.

Council to be made aware of the impact of delay in making or implementing decisions.

## **7. Conclusion**

Papdale, Dounby and Glaitness have insufficient playroom space and associated facilities to be able to accommodate an increase in Early Learning and Childcare. Extension and refurbishment work is needed, and this Stage 2 Capital Project Appraisal provides the context and specification for this.

## **8. Recommendations**

It is recommended that this Stage 2 Capital Project Appraisal be approved.

## **9. Accountable Officers**

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## **10. Annexes**

Annex 1: Financial Assessment of Capital Expenditure.

Annex 2: Financial Assessment of Revenue Expenditure.

STAGE 2 - CAPITAL PROJECT APPRAISAL  
FINANCIAL ASSESSMENT OF ASSOCIATED CAPITAL EXPENDITURE IMPLICATIONS

Capital Programme: **General Fund**

Client Service: **Education Leisure and Housing**

Project Name: **Expansion of Early Learning and Child Care**

		1	2	3	4	5		
<b>CAPITAL COSTS</b>	<b>Total £ 000</b>	<b>2017/18 £ 000</b>	<b>2018/19 £ 000</b>	<b>2019/20 £ 000</b>	<b>2020/21 £ 000</b>	<b>2021/22 £ 000</b>	<b>Onwards £ 000</b>	<b>Notes</b>
<b>1. Initial Costs (at inflated prices)</b>								
Land or Property Purchase	-	-	-	-	-	-	-	
Other Site Costs (including Fees)	-	-	-	-	-	-	-	
Construction or Improvements	-	-	-	-	-	-	-	
Westray Junior High	34.9	21.3	13.6	-	-	-	-	1
Papa Westray Primary School	24.2	15.7	8.5	-	-	-	-	2
Glaitness Primary School	1,457.9	-	20.0	900.0	515.0	22.9	-	
Papdale Primary School	227.3	-	24.3	156.0	47.0	-	-	3
Dounby Primary School	191.0	-	-	186.0	5.0	-	-	
Burray Primary School	16.0	-	16.0	-	-	-	-	4
Eday Primary School	5.0	-	-	5.0	-	-	-	
Stromness Primary School	14.0	-	-	14.0	-	-	-	
Information Technology Costs	-	-	-	-	-	-	-	
Plant, Vehicles & Equipment	-	-	-	-	-	-	-	
Professional Fees - Consultant	-	-	-	-	-	-	-	
- In-house	269.7	28.7	30.0	136.0	70.0	5.0	-	
<b>Gross Capital Expenditure</b>	<b>2,240.0</b>	<b>65.7</b>	<b>112.4</b>	<b>1,397.0</b>	<b>637.0</b>	<b>27.9</b>	<b>-</b>	
<b>2. Initial Funding (at inflated prices)</b>								
Government Grants	2,240.0	140.0	700.0	800.0	600.0	-	-	5
Other Grants	-	-	-	-	-	-	-	
Other Financial Assistance	-	-	-	-	-	-	-	
<b>Total Grants Recievable, etc.</b>	<b>2,240.0</b>	<b>140.0</b>	<b>700.0</b>	<b>800.0</b>	<b>600.0</b>	<b>-</b>	<b>-</b>	
<b>Net Capital Cost of Project</b>	<b>0.0</b>	<b>- 74.3</b>	<b>- 587.6</b>	<b>597.0</b>	<b>37.0</b>	<b>27.9</b>	<b>-</b>	
<b>Net Council Capital Expenditure</b>	<b>0.0</b>	<b>- 74.3</b>	<b>- 587.6</b>	<b>597.0</b>	<b>37.0</b>	<b>27.9</b>	<b>-</b>	
<b>Net Present Value</b>	<b>- 37.5</b>	<b>- 74.3</b>	<b>- 559.6</b>	<b>541.5</b>	<b>32.0</b>	<b>23.0</b>	<b>-</b>	
Cost of Capital		5%	5%	5%	5%	5%	5%	
Year		0	1	2	3	4	5	

**Notes**

1. Westray Junior High nursery alteration works was completed on 12 March 2018
2. Papa Westray Primary School nursery alteration works was completed on 12 March 2018
3. Some initial works were carried at Papdale Primary School out during the school summer break (July/August 2018)
4. Toilet alterations and external playspace alterations at Burray Primary School were carried out over the summer break (July/August 2018)
5. Government income does not meet the spend profile - see Stage 2 Capital Project Appraisal for more details

STAGE 2 - CAPITAL PROJECT APPRAISAL  
FINANCIAL ASSESSMENT OF ASSOCIATED REVENUE BUDGET IMPLICATIONS

<b>Capital Programme:</b>	<b>General Fund</b>
<b>Client Service:</b>	<b>Education Leisure and Housing</b>
<b>Project Name:</b>	<b>Expansion of Early Learning and Child Care</b>

		1	2	3	4	5		
<b>REVENUE COSTS / (SAVINGS)</b>	<b>Total £ 000</b>	<b>2018/19 £ 000</b>	<b>2019/20 £ 000</b>	<b>2020/21 £ 000</b>	<b>2021/22 £ 000</b>	<b>2022/23 £ 000</b>	<b>Onwards £ 000</b>	<b>Notes</b>
<b>1. Full Year Operating Costs (at inflated prices)</b>								
Staff Costs	-	-	-	-	-	-	-	
Other Staff Costs (incl. recruitment, etc.)	-	-	-	-	-	-	-	
Property Costs	108	-	12	24	24	24	24	1
Supplies and Services	-	-	-	-	-	-	-	
Transport, Vessel and Plant Costs	-	-	-	-	-	-	-	
Administration Costs	-	-	-	-	-	-	-	
Apportioned Costs	-	-	-	-	-	-	-	
Third Party Payments	-	-	-	-	-	-	-	
Finance and Loan Charges	-	-	-	-	-	-	-	
Miscellaneous Expenditure	-	-	-	-	-	-	-	
<b>Gross Revenue Expenditure / (Saving)</b>	<b>108</b>	<b>-</b>	<b>12</b>	<b>24</b>	<b>24</b>	<b>24</b>	<b>24</b>	
<b>2. Operating Income (at inflated prices)</b>								
Government Grants	108	-	12	24	24	24	24	2
Other Grants	-	-	-	-	-	-	-	
Rents and Lettings	-	-	-	-	-	-	-	
Sales	-	-	-	-	-	-	-	
Fees and Charges	-	-	-	-	-	-	-	
Miscellaneous Income (RHI)	-	-	-	-	-	-	-	
<b>Gross Revenue Income</b>	<b>108</b>	<b>-</b>	<b>12</b>	<b>24</b>	<b>24</b>	<b>24</b>	<b>24</b>	
<b>Net Revenue Expenditure / (Saving) of Project</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
Increase / (Reduction) in Revenue Costs	-	-	-	-	-	-	-	
Net Present Value	-	-	-	-	-	-	-	
Cost of Revenue		3%	3%	3%	3%	3%	3%	
Year		0	1	2	3	4	5	

**Notes** - Additional narrative on main assumptions and support working papers

1 Property Costs at the majority of the settings will not increase as existing floor area is utilised, however the increase in costs noted above is for the settings where there is an increase in floor area.

2 Government funding has been provided for the increase in property costs.