



Purpose of Report To provide the Comhairle with a general update on progress associated with the development and delivery of the Community Campus project.

COMPETENCY

- 1.1 There are no legal, or equality constraints to the recommendations being implemented.

SUMMARY

- 2.1 Confirmation has now been received that the notional contribution from the Learning Estate Improvement Programme (LEIP) Phase 1 has increased from £13.4m to £23.5m. This is a significant and very welcome increase to the project's funding package.
- 2.2 The Comhairle, as education authority, has to now identify, provide and/or secure from other sources match-funding which will lever in the additional LEIP funding. In parallel to ascertaining what prudential borrowing can be used to realise the capital sum from the revenue support provided through the LEIP, discussions are ongoing across a number of departments within the Comhairle to explore and identify necessary further sources of funding.
- 2.3 The finalised Outline Business Case (OBC) for the healthcare element of the Community Campus project was submitted to the Scottish Government Health and Social Care Capital Investment Group (CIG) on Friday 2 December 2022. It was considered by the CIG on Wednesday 25 January 2023, however, at the time of writing, no response from the CIG has been received.
- 2.4 In parallel to the approval of the OBC itself, approval is being sought from Scottish Government Health and Social Care directorate for NHSWI, in collaboration with the Comhairle, to proceed with Stage 2 whilst the remaining funding shortfall is addressed.
- 2.5 A revised draft New Project Request (NPR) has been developed by the Comhairle and NHSWI Project Directors in consultation with the SFT and is currently with hNSL for its review. The finalised NPR and hNSL's response will be concluded as soon as possible and, subject to the agreement of terms by both contracting parties for Stage 2, an instruction, consistent with extant decisions of the Project Executive Board and the Comhairle, could be issued by the Chief Executive, enabling the Stage 2 process to commence.
- 2.6 The Comhairle will be advised of the revised delivery programme and key milestone dates as soon as possible and progress reports will continue to be provided to each series of meetings going forward.

RECOMMENDATION

- 3.1 It is recommended that the Comhairle agree to reaffirm their strong and continuing political and financial commitment to the Barra and Vatersay Community Campus and their imperative that, where feasible, the momentum of the project be maintained through the on-going development of the project to Stage 2 through continuing collaboration with NHSWI, the Hebridean Housing Partnership and Police Scotland.**

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Background Papers: None

Appendices: None

LEIP AND OTHER FUNDING SOURCES

- 4.1 The revised cost plan and cost allocation model options were shared with colleagues at the SFT in mid-November 2022. Confirmation has now been received that the notional contribution from the Learning Estate Improvement Programme Phase 1 has increased from £13.4m to £23.5m. This is a significant and very welcome increase to the project's funding package.
- 4.2 Arising from the fact that LEIP funding is actually received by the Comhairle from the SFT in the form of revenue income over a 25-year period (totalling some £37.7m), a capital sum can be generated by prudential borrowing. However a challenge for the Comhairle, as education authority, will be to now identify, provide and/or secure from other sources match-funding which will lever in the additional LEIP funding.
- 4.3 Although a higher LEIP contribution has now been confirmed by the SFT, a proportionately higher level of prudential borrowing compared to that previously assumed may not be possible due to the changes in borrowing rates since the exercise was first undertaken by the Comhairle's Director for Assets, Finance and Resources in late 2020. At the time of writing, a revised prudential borrowing model based on the current funding offer is being developed.
- 4.4 In parallel to this, discussions are ongoing across a number of departments within the Comhairle to explore and identify necessary further sources of funding. A verbal update on progress achieved since the time of writing will be provided at the meeting.
- 4.5 It is disappointing to note that the Comhairle's Culture and Regeneration Project bid of £18.0m, included within which was £3.88m for the BVCC project, to the UK Government's Levelling Up Fund was unsuccessful. The Comhairle awaits feedback from the UK Government on the application to support future proposals. A third round of bids is expected and, taking on board what feedback is provided, it is intended that a revised bid will be made.

HEALTHCARE OUTLINE BUSINESS CASE (OBC)

- 5.1 The finalised Outline Business Case (OBC) for the healthcare element of the Community Campus project was submitted to the Scottish Government Health and Social Care Capital Investment Group (CIG) on Friday 2 December 2022.
- 5.2 It was considered by a meeting of the CIG on Wednesday 25 January 2023 but, at the time of writing, no response has been received. If possible, a verbal update on the outcomes of the meeting with the CIG will be provided at the meeting.
- 5.4 A revised delivery programme and, if necessary, revised project cost plan are to be developed as soon as CIG approval for Stage 2 is secured. As has been reported previously, any further prolongation to the delivery programme to Financial Close could result in a further increase in the estimated project cost.

NEW PROJECT REQUEST (NPR) AND STAGE 2 COMMENCEMENT

- 6.1 In parallel to the approval of the OBC itself, approval is being sought from Scottish Government Health and Social Care directorate for NHSWI, in collaboration with the Comhairle, to proceed with development process Stage 2 whilst the remaining funding shortfall is addressed.
- 6.2 The financial implications of this were reported to the Project Executive Board in September 2022 and the Board then agreed in December 2022 that it be delegated to the CnES Chief Executive, in consultation with the NHSWI Chief Executive and the CnES and NHSWI Project Directors, to conclude terms with hNSL in the commencement of development Stage 2.

- 6.3 This complements the Comhairle's own previous decision of September 2022 that *"it be delegated to the Chief Executive, in consultation with the Director of Education, Skills and Children's Services, the Chief Officer Health and Social Care, the Director for Investment Delivery and the Chief Finance Officer, to engage with relevant Scottish Government and Scottish Futures Trust stakeholders in seeking to address the funding shortfall set out in the body of the Report and to, where feasible, maintain the momentum of the project into development Stage 2"*.
- 6.4 The Project Executive Board also agreed in December 2022 that it be delegated to the joint Chairs, in consultation with the CnES and NHSWI Project Directors and the Scottish Futures Trust, to approve the finalised New Project Request (NPR). A revised draft NPR has been developed by the Comhairle and NHSWI Project Directors in consultation with the SFT and is currently with hNSL for its review.
- 6.5 The finalised NPR and hNSL's response will be concluded as soon as possible and, subject to the agreement of terms by both contracting parties for Stage 2, an instruction will be issued enabling the Stage 2 process to commence.
- 6.6 The Comhairle will be advised of the revised delivery programme and key milestone dates as soon as possible and progress reports will continue to be provided to each meeting going forward.