

New Neilston Learning Campus and New Eastwood Leisure Centre cost rises?

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Neilston learning campus and Eastwood leisure centre costs could rise due to 'perfect storm'

By Drew Sandelands Local Democracy Reporter

Costs for two major projects in East Renfrewshire – the Neilston learning campus and Eastwood leisure centre – could rise due to a “perfect storm”, which includes Brexit and the pandemic.

Councillors have been told how an “increasing numbers of goods and services are proving challenging to procure” or have seen “substantial price increases”.

A report – to a recent audit and scrutiny committee meeting – added it is “impossible to untangle how much of this is EU exit related and how much is a consequence of the coronavirus pandemic and other factors”.

The council’s chief financial officer, Margaret McCrossan, said the council is “more at risk” where contracts are yet to be agreed, which include the learning campus and leisure centre.

A new campus on the current Neilston Primary is set to be home to Neilston Primary, St Thomas’s Primary and the Madras Family.

It was initially estimated to cost around Â£30m, but councillors heard late last year how it could cost Â£28m for just the first phase.

They were told ‘until the contract is tendered and let, the cost may vary’.

Earlier this year, it was revealed the cost for the new leisure centre and theatre in Eastwood Park could hit around Â£50m.

A planning application is currently being assessed.

Ms McCrossan was responding to a question from Cllr Annette Ireland, who quizzed council officers following an update on the UK’s exit from the European .

She asked about the impact on council projects, and the upcoming winter maintenance programme, saying she is ‘getting to a point where I am really concerned about what I’m hearing’.

The chief financial officer said the council ‘should be alright’ when contract prices have been ‘locked in’.

‘Where we are more at risk is where we are about to enter into contracts where we haven’t got tender prices nailed down.

‘We’ve got a couple of big schemes coming up, the largest two are the Neilston campus and the new leisure centre.

‘When we go out to tender we should get an indication of whether the prices have been pushed up because the bidders are seeking to mitigate any risks they think there might be, through either inflation or shortages.’

She added: ‘Once we know what the total costs of capital projects are going to be, we spread the costs over the life of the asset, through loan charge repayments.

“We effectively borrow and make these payments back through the revenue budget.

Obviously if the price goes up, we might have to borrow a bit more and over the life of the project we then start paying back more.”

On the winter maintenance programme, Ms McCrossan said if the council was going to be short on grit supplies, it would “purchase as much as we can in bulk” to try to “mitigate any risk”.

The report on Brexit stated across the council, there has been “impacts in relation to the pricing and availability of construction, road and environmental raw materials”.

“These products have been subject to significant price increases, with container costs and port delays having impact.

The latter element will be at least partially attributable to EU Exit and the changed border models.”

However, it added reductions in manufacturing or backlogs are due to a combination of Covid-19, the Suez Canal blockage in March and Brexit.

“Price increases and delays to these types of products increase the risk to our capital projects.

As materials become scarce or come at an inflated cost, there is heightened risk that works will miss deadlines or exceed the budget allocated.”

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