

## EAST AYRSHIRE COUNCIL

### EDUCATION COMMITTEE – 22 JUNE 2004

#### BUILDING LEARNING COMMUNITIES – SCHOOLS PPP PROJECT UPDATE

##### Report by the Executive Director (Educational and Social Services)

### 1. INTRODUCTION

- 1.1 The purpose of this report is to advise Education Committee of the Scottish Executive's response to the Revised Outline Business Case (OBC) for the *Building Learning Communities* – Schools PPP project.

### 2. BACKGROUND

- 2.1 The Council's (OBC) was approved for submission to the Scottish Executive by Education Committee at its meeting of 4 February 2004. The Chief Executive has now received a formal response, dated 25 May 2004, approving the Council's submission.

### 3. SCOTTISH EXECUTIVE RESPONSE

- 3.1 The Scottish Executive correspondence sets out the conditions for the financial support of £4.3 million per annum for 30 years from the start of the contract period, being the date that pupils and staff move into the new or refurbished buildings.
- 3.2 A number of conditions have been incorporated into the Scottish Executive's offer of revenue support. These include :
- the achievement of value for money;
  - the project is affordable within the Council's projected spending limits;
  - the project is accounted for off balance sheet;
  - the contract is based on the Scottish Schools Standard Contract; and
  - the project reaches financial close by 31 December 2006.
- 3.3 A series of reviews will be conducted by the Scottish Executive and Partnerships UK at key stages in the project development. The first of these will be undertaken before the formal tendering process begins in late summer of 2004.

- 3.4 As the project develops surplus ground will become available and it is the Department's intention to declare these sites surplus to requirements.

Current indications suggest that a capital receipt of approximately £4.5 million can be realised from the disposal of this land. The Executive Head of Finance has confirmed in his "Abstract of Accounts 2003/04" Report to Council on the 24 June 2004 that this capital receipt should be committed to the PPP project and utilised in offsetting private sector costs, thereby reducing the annual PPP service charge.

#### **4. LEGAL / FINANCIAL / POLICY IMPLICATIONS**

- 4.1 Nil.

#### **5. RECOMMENDATIONS**

- 5.1 It is recommended that the Education Committee:
- (i) agree to the *Building Learning Communities* – Schools PPP project proceeding within the framework outlined in this paper; and
  - (ii) otherwise note the contents of this report.

#### **LIST OF BACKGROUND PAPERS**

Education Committee 4 February 2004 – PPP Building Learning Communities – Revised Business Case

John Mulgrew  
Executive Director (Educational and Social Services)

EC/JBS  
15 June 2004

**IMPLEMENTATION OFFICER – EUAN COUPERWHITE**