

EAST AYRSHIRE COUNCIL

EDUCATION COMMITTEE – 21 NOVEMBER 2002

BUILDING LEARNING COMMUNITIES: PPP SCHOOLS PROJECT

Report by Director of Educational & Social Services

1. PURPOSE OF REPORT

- 1.1** The purpose of this report is to invite Members of the Education Committee to consider the framework within which it is proposed that the Public Private Partnership (PPP) for school buildings should proceed.

2. BACKGROUND

- 2.1** At the meeting of the Education Committee held on 17 September 2002, members considered a report from the Director of Educational & Social Services in which the offer of support from the Scottish Executive for a proposed PPP project for schools was outlined.
- 2.2** Having regard to the opportunities presented to address a wide range of school provision concerns, Members of the Education Committee agreed at the meeting to:
- (i) proceed with the acceptance of the Scottish Executive offer of funding and recommend to Council accordingly in relation to its overall financial interest;
 - (ii) subject to Council approval of the above, invite the Director of Educational & Social Services to bring forward to a meeting of the Education Committee an outline timetable for the action which requires to be taken and detailed proposals for wide consultation with all interested parties on the content of the programme for the schools PPP Project; and
 - (iii) otherwise note the content of the report.
- 2.3** At the meeting of the Council held on 24 October 2002, the Education Committee's recommendation was approved. The purpose of this paper is to outline the framework for action within which it is proposed that the development of the schools PPP Project moves further forward in East Ayrshire.

3. VISION FOR THE SCHOOLS ESTATE.

3.1 Since the establishment of East Ayrshire, a clear commitment has existed to ensure that pupils are given every opportunity to develop their potential to the full. A key factor for the Council is to provide the best possible educational environment through the provision of safe, secure and up-to-date school provision.

3.2 A clear vision has been developed for our schools estate. This vision gives priority to these key features:

- Ensuring that all aspects of the modern curriculum can be delivered to children of all abilities.
- Providing the most up to date Information and Communication Technology (ICT) in all of our schools.
- Providing maximum access for pupils, staff and parents.
- The development of the Arts, Culture and Sports and Health education and the creation of Centres of Excellence to deliver an agenda of continuous improvement.
- Providing a secure environment for all who are educated and work in the school.
- Providing access to the community having regard to those with particular need.
- Providing catering and dining facilities of the highest standard in a modern environment.
- Providing appropriate social area provision for parents and pupils.
- A commitment to the environment and environmental issues.
- Developing learning communities through the New Community Schools model and forming strong partnerships with local/national organisations committed to offering support.

3.3 There is no doubt that although much has been achieved within the financial allocations to the department to improve the educational environment in schools, the schools PPP Project: Building Learning Communities provides a significant step towards realising this vision.

4. THE OUTLINE BUSINESS CASE

4.1 As a result of detailed analysis and condition surveys conducted by external consultants, in partnership with officers of the Council, the programme for an East Ayrshire Schools' PPP bid was formulated. These projects were included in the Outline Business Case submitted to the Scottish Executive:

New build for St Joseph's Academy on the Kilmarnock site

- involving rationalisation of the twin campuses of St Joseph's Academy in Kilmarnock and Cumnock
- incorporating new build denominational Primary School to accommodate the amalgamation of St Columba's and St Matthew's Primary Schools

- including new build early years and
- including Community Learning facilities

New build for Grange Academy

- incorporating new build Annanhill Primary
- including new build Park School and
- including Community Learning facilities

New build non-denominational community primary school for Bellfield/Shortlees

- involving the amalgamation of Shortlees and Bellfield Primary Schools
- incorporating new build early years provision and
- including Community Learning facilities and integrated services

Refurbishment and extension of Mauchline Primary

- incorporating early years provision

New build Cumnock Academy

- incorporating new build Greenmill Primary
- including early years provision and
- Community Learning facilities

4.2 The Scottish Executive responded positively to this bid, making an offer of level playing field support of £4.30 m per annum for a maximum of 30 years based on a maximum capital investment programme of £60 m. It is this offer that the Education Committee has agreed should form the basis on which the schools PPP project should be built.

5. ACTIVELY BUILDING LEARNING COMMUNITIES

5.1 In considering the framework for action for the schools PPP Project, a number of key issues emerge for consideration.

5.2 Affordability

5.2.1 From the outset, it is important to establish that the ambitions held for the schools PPP Project are high. A clear expectation exists, and is readily accepted, that the new buildings which emerge require to be up-to-date, innovative and of the highest quality specifications. They are buildings for the future, designed to realise the vision held for schools in East Ayrshire.

5.2.2 The consideration of affordability rests principally on what can be achieved through the Scottish Executive's offer. The initial total OBC capital funding proposals, including build costs, capitalised maintenance and interest costs equate to £85 million. After consideration nationally of a set of bids from

Councils which excluded currently available resources, the Scottish Executive allocated capital funding of £60 million to the Council resulting in a funding shortfall.

- 5.2.3** This shortfall in funding has resulted in a careful analysis of the original proposals in the Outline Business Case to ensure that the Council maximises the grant funding from the Scottish Executive, whilst remaining within its own spending levels. The analysis involved close collaboration between Education, Property and Finance officers and external consultants. They considered the extent to which the original proposals could be delivered with the funding granted by the Executive.
- 5.2.4** The methodology explored a range of possibilities for reducing the costs within the Outline Business Case. This work detailed that savings of approximately £4 million could be made from the total costs of £85 million without resulting in detriment to the quality of the project.
- 5.2.5** Consequently, it is apparent that the full complement of proposals cannot be delivered at this stage without seriously affecting the Council's financial position, as a balance of approximately £20 million of capital would require to be met. It is therefore necessary to consider a phased implementation of the project and to assess which of the proposals would be postponed until later. In delaying the implementation of part of the original proposal, it is expected that officers would actively pursue the bridging of the funding gap with the Scottish Executive.
- 5.2.6** During the preparation of the Outline Business Case extensive surveys were conducted on all the establishments within the proposals. This highlighted the state of buildings. A number of other factors were taken into consideration such as future school rolls and capacities and the need to develop integrated working within communities. In considering the content of the first phase of the proposed PPP project, priority requires to be given to the buildings in greatest need. The independent surveys of property indicate that the Cumnock Academy/Greenmill proposals could move to a second phase of implementation and would be the subject of further review within the funding package and discussions with the Scottish Executive for additional funding support. All other projects would proceed in the first phase within the financial allocation. While the needs of Cumnock Academy/Greenmill are acknowledged and will continue to be pursued as indicated, the other building projects in the original proposals take priority.
- 5.2.7** If this proposed phasing is agreed, it is now appropriate to move to extensive consultation on the proposals to be included in the initial phase of the project. Resulting feedback from the consultation will be brought to a meeting of the Education Committee early in 2003 before a final programme for action is determined. Information meetings will be arranged to discuss the proposals with interested parties.
- 5.2.8** Further, it is clearly recognised that there is a need to communicate with, consult and involve key stakeholders in the detail as the project emerges.

The initial consultation is based on establishing the basis of the programme for action.

5.3 PPP Project Team

5.3.1 In further progressing a major initiative of this type, there is a need for a small dedicated team of Council officers who, working to the Director of Educational & Social Services, will assume responsibility for taking forward the day-to-day activity of the project. Much has to be achieved in a tight timescale and the interests of the Council have to be safeguarded.

5.3.2 The members of the proposed PPP for schools project team would ensure a detailed consideration of a wide range of aspects of the Project, prepare progress reports, ensure effective communication and consultation and involvement of stakeholders and officers within the Council.

5.3.3 It is recommended that the team comprise, a project leader, technical adviser and administrative support officer on secondment from within the Council.

5.3.4 It is also recognised that external consultants are required in the effective development of a PPP Project. Consequently, it is proposed that external consultants be identified, through the Council's normal procurement processes, in the areas of legal, financial, technical and educational building design. A strong link would be forged with the PPP team and, through them, appropriate members of complementary Council departments.

5.4 Staff Interests

5.4.1 The commitment has readily been given that the best interests of all employees for which this PPP initiative may have implications, will be a priority in negotiations. The Council wishes to ensure that all employees are treated fairly in negotiations as they emerge. The contribution of its staffing service delivery is greatly valued by the Council.

5.4.2 Further, the need for continuing liaison and consultation with a wide range of significant stakeholders as the proposed project develops is readily acknowledged. The project requires to be developed to the point of final consideration in a spirit of partnership. This is seen and recognised as a priority.

5.5 Timetable

5.5.1 The development of the project, beginning with consultation on its contents, is spread over a number of years. The key stages are:

- Submission of the revised OBC to the Scottish Executive (early 2003)
- Publication of project scope through OJEC notice (early 2003)
- Negotiation with interested bidders, and selection of preferred bidder (mid 2003 to mid 2004)
- Contract finalised (Autumn 2004)

- School buildings complete (mid 2006)

6. FINANCIAL/LEGAL/POLICY IMPLICATIONS

- 6.1** The financing of the initiative is based on the funding package from the Scottish Executive for the proposed schools PPP and all associated commitment from the Council.

7. RECOMMENDATIONS

- 7.1** Taking into consideration the points outlined in this report, it is recommended that Members of the Education Committee:

- (i) accept the framework for further development detailed in the report including the proposed phasing of the project;
- (ii) invite the Director of Educational & Social Services to continue negotiations with the Scottish Executive to attempt to fill the funding gap outlined in the report;
- (iii) endorse the major priority given to taking action in the best interests of staff for whom the proposed programme for action has implications;
- (iv) invite the Director of Educational & Social Services to take the appropriate action to establish a PPP project team;
- (v) invite the Director of Educational & Social Services to put in place arrangements for liaison and consultation with union representatives;
- (vi) agree that consultation documents be brought forward to be considered for release in phase one of the project; and
- (vii) otherwise note the content of the report.

John Mulgrew
Director of Educational & Social Services

JM/SR
11 November 2002

LIST OF BACKGROUND PAPERS

Members wishing further information should contact John Mulgrew, Director of Educational & Social Services, Tel: (01563) 576017 or Euan Couperwhite, Educational Finance Manager, Tel: (01563) 576090.

AGENDA

IMPLEMENTATION OFFICER: JOHN MULGREW