

ANGUS COUNCIL**EDUCATION COMMITTEE**

10 OCTOBER 2000

**SUPPORT FOR THE COSTS OF DEVELOPING PUBLIC PRIVATE PARTNERSHIP PROJECTS
FOR SCHOOL BUILDINGS****REPORT BY THE DIRECTOR OF EDUCATION****1 RECOMMENDATIONS**

It is recommended that the Education Committee authorises the Directors of Education and Finance to prepare and submit a bid for a one-off payment of grant to support the development of Public Private Partnership projects for school buildings.

2 BACKGROUND

2.1 The Scottish Executive Education Department issued Circular No 3/2000 on 15 September 2000. A copy of this circular is attached (Appendix).

2.2 Work by officers of the Council has been undertaken in the past on a number of possible school building projects which may be suitable for delivery by way of what is now being described as a "Public Private Partnership."

2.3 Since 1996, Angus Council has undertaken a significant number of school improvement projects, including:

- | | |
|-----------------------------|---------------------------|
| - Andover Primary School | - Glenisla Primary School |
| - Letham Primary School | - Liff Primary School |
| - Rosemount Primary School | - Mattocks Primary School |
| - Monikie Primary School | - Murroes Primary School |
| - St Thomas' Primary School | - Glamis Primary School |
| - Hayshead Primary School | |

2.4 Notwithstanding this excellent record, much work remains to be done. The most recent estimate is that a total capital expenditure of some £30 million is needed to bring all Angus schools up to an acceptable standard (Education Committee 25 April 2000, Article 4 of the minute of the meeting refers).

2.5 In these circumstances, it would be advisable to continue to keep all possible options open in terms of attracting sufficient funding to tackle the backlog of improvement works which the council has inherited. By successfully bidding for a share of the resources announced in the attached Circular, the Council would be in a position to undertake the costly and time-consuming initial development costs needed to prepare feasibility studies into possible Ppp projects.

2.6 Members of the Committee will note that bids need to be submitted by 20 October 2000, and that these bids can specifically assist authorities with the cost of early investigation and feasibility studies.

3 CONSULTATION

This report has been the subject of consultation with the Chief Executive, the Director of Finance and the Director of Law & Administration.

Jim Anderson
Director of Education

No background papers, as defined by Section 50D of the Local Government (Scotland) Act 1973 (other than any containing confidential or exempt information) were relied on to any material extent in preparing the above report.

APPENDIX

JAA/CJ



SCOTTISH EXECUTIVE

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Circular 3/2000

Chief Executives of
Scottish Local Authorities

Your ref:
Our ref: KEB/2/16/4

15 September 2000

Copy to: Directors of Education
Directors of Finance
Chief Executive, CoSLA

Dear Chief Executive

SUPPORT FOR THE COSTS OF DEVELOPING PUBLIC PRIVATE PARTNERSHIP PROJECTS FOR SCHOOL BUILDINGS

1. This circular describes proposals to provide financial support to Scottish local authorities to assist them in the early stages of the development of Public private partnership projects (Ppp) involving school buildings. The total available is £5 million in financial year 2000-01. Payment will be made to eligible authorities who make successful bids through a one-off payment of grant outside Aggregate External Finance (AEF).
2. The circular builds on the preliminary announcement of this initiative by the First Minister when he performed the official opening of the Falkirk Schools Ppp project on 23 August 2000. This project involved 4 new build schools and a major extension to a fifth school. In his speech, the First Minister said that the Falkirk project demonstrated the rewards that such partnerships can bring and that he would like more local authorities to be able to benefit from them.
3. Many local authorities have expressed real interest in the Ppp approach to school building work, but have found that funding the initial development costs can be an obstacle to progress. The support which the First Minister has announced is intended to assist authorities with the cost of early investigation and feasibility studies into school Ppp projects, and project preparation or procurement costs.
4. **Authorities are invited to bid for access to the resources which the First Minister has announced, to support the development of school Ppp projects which they are actively considering at the date of issue of this circular.** Authorities should demonstrate the level of consideration that they have given to a Ppp project, for example through Committee consideration or



otherwise. Projects which have already been given a conditional or firm offer of financial support under the level playing field support arrangements dealt with in Scottish Office Finance Circular 13/1998 will not be eligible for further support under the arrangements covered in this circular.

5. In determining bids, Ministers will give priority to development proposals which could lead to projects which take a wide strategic view of school property needs, with particular emphasis on projects which involve achievable rationalisation of accommodation. They will also give priority to proposals involving more than one school. Proposals involving refurbishment of existing accommodation will be given the same priority as projects involving the provision of new build accommodation. Proposals for joint working between authorities will also be considered.

6. Our objective is to keep the bidding process as simple as possible. It is not necessary for authorities to prepare elaborate material in support of bids. Bids should take the form of a short paper (ideally, no more than 4 pages) describing the project (including the names of the schools under consideration), setting out its policy context and detailing the decisions taken by authorities to investigate its feasibility. The paper should be supported, as necessary, by copies of any relevant committee papers showing what has been agreed to. The work already undertaken up to the date of the bid and any further or new work expected to be undertaken should be identified together with the associated costs and timetable.

7. Eligibility is not limited to costs of employing outside consultants. Authorities' own costs will also be taken into consideration, particularly where they have established a team dedicated to taking forward a Ppp project. The bid should clearly identify the costs being bid for, including, separately, any amount claimed in relation to the authority's own staff.

8. As indicated above, assistance with Ppp development costs is available in the current financial year. We recognise that, by the time awards are announced, it may be difficult for authorities to ensure that any funds secured can be spent in the current financial year. On that basis, we are prepared to allow for some costs to fall into next financial year, but we would expect authorities to do all they can to ensure that the bulk of the expenditure falls into 2000-01.

9. Authorities will be concerned to know whether revenue support, along the lines of the earlier "level playing field" support, will be made available in relation to the capital costs of actual Ppp projects in the future. The announcement about development costs on 23 August demonstrates that Ministers continue to see Public private partnerships as having a central role in their strategy for school building work. A further round of revenue support is being considered in the Spending Review, decisions on which are expected to be announced shortly. Thereafter, the Executive plans to discuss with COSLA more generally what may best be done in the medium and long term to address school infrastructure needs.

10. Bids by eligible authorities for the current funding round should be submitted by **20 October 2000** to Graeme Stuart at the address at the head of this letter to whom any telephone enquiries may also be directed on 0131 244 0944.

Yours faithfully

MS JEANE FREEMAN

