

ANGUS COUNCIL

EDUCATION COMMITTEE – 21 APRIL 2011
NEIGHBOURHOOD SERVICES COMMITTEE – 26 MAY 2011

BRECHIN HIGH SCHOOL COMMUNITY CAMPUS: CONSULTATION EXERCISE FEEDBACK

JOINT REPORT BY THE DIRECTOR OF EDUCATION
AND THE DIRECTOR OF NEIGHBOURHOOD SERVICES

ABSTRACT

This report provides feedback from the consultation exercise with the Brechin community to help determine the extent of services to be provided on the Brechin High School campus. It identifies the scope of a 'community campus' approach based on the outcomes of that exercise and provides an update on Scottish Government/Scottish Futures Trust funding information for the project.

1. RECOMMENDATIONS

It is recommended that the Education Committee:

- (i) note the feedback and outcomes from the public consultation exercise which concluded on 31 January 2011;
- (ii) re-affirm the principle of developing a 'community campus' at Brechin High School with the Council's contribution being set at an absolute ceiling of £10m;
- (iii) approve in principle the scope of the proposed 'community campus' based on the information specified in sections 5 and 6 of this report;
- (iv) note the latest position with respect to Scottish Government funding arrangements;
- (v) note the next steps in the development of this project;
- (vi) approve the commissioning of the necessary professional services to assist the development of a project design brief and investigate the technical feasibility of the emerging requirements for the project; and
- (vii) note the financial implications.

It is recommended that the Neighbourhood Services Committee:

- (i) approve in principle arrangements for the Director of Neighbourhood Services to explore the option of the Damacre Centre becoming a 'community owned and managed service centre'.

2. BACKGROUND

- 2.1 Reference is made to report 750/10 which was approved by the Education Committee at its meeting on 20 October 2010. That report approved in principle the development of a 'community campus' approach at Brechin High School (in keeping with option C) and instructed me to carry out a consultation exercise with the Brechin community, outlining the options contained in the report, to help determine the extent of services to be provided on the campus. The basis of the consultation strategy was set out in Appendix 1 to that report.

- 2.2 That report also approved a maximum capital cost of £24m, with Scottish Government grant funding amounting up to £14m and the Council's contribution being set at an absolute ceiling of £10m (these sums would reduce if an outcome of the consultation exercise was not to provide enhanced community services at Brechin High School).
- 2.3 Reference is also made to report 50/11 which was approved by the Education Committee at its meeting on 20 January 2011, which outlined the terms of correspondence from the Scottish Government (SG) and Scottish Futures Trust (SFT) about SG funding for the project changing to a revenue source, using a Not for Profit Distributing (NPD) model, in lieu of the previously intimated capital funding approach.
- 2.4 As further background information, the attention of members is also drawn to report 20/11 which was approved by the Neighbourhood Services Committee at its meeting on 13 January 2011. That report set out a proposal for developing a 'community owned and managed service centre' in Brechin.

3. SCOPE OF CONSULTATION

- 3.1 Members will recall from report 750/10 that one of the Scottish Government's strategic objectives is to encourage Councils to work towards the implementation of the nine guiding principles included in the national School Estate Strategy document, entitled: *'Building Better Schools: Investing in Scotland's Future'*.
- 3.2 That document includes the following *'shared vision'* for the school estate:
- "Our vision is for schools which signal the high value we place on learning; which people and communities can enjoy using and can be proud; which are well designed, maintained and managed and which encourage continuous engagement with learning; which are far more than just 'educational establishments' whose quality of environment supports an accessible range of services and opportunities and which enrich the communities they serve and the lives of learners and families."*
- 3.3 In the context of that vision and the Council's approval in principle for the development of a 'community campus' approach (subject to identifying the extent of services to be provided on the campus), officers undertook a programme of events to extend consultation throughout the Brechin community, endeavouring to engage with as many individuals as possible with an interest, or potential interest, in the project.
- 3.4 This exercise included meetings with Brechin High School pupils, staff, parents/carers and the Parent Council, as well as with several meetings with specific groups who use existing Council facilities throughout Brechin. It also included meetings with the staff who deliver the range of Council services from these facilities. The full programme of consultation meetings is provided in Appendix 1 to this report.
- 3.5 Public notices, providing details of meeting events and information about how to make comment/representation to the Council, were placed in both the Courier and Brechin Advertiser. These public notices were also displayed in the reception areas of Council buildings throughout Brechin.
- 3.6 Report 750/10 was made available on the Council's website. A facility was offered in the 'have your say' section of the website to allow people to comment through an online form.
- 3.7 The consultation period was originally intended to be completed on 31 December 2010. However, this was extended to 31 January 2011 as a result of the cancellation of the main public meeting event, planned for Tuesday 7 December 2010, due to adverse weather conditions. This main public meeting event, which was open to all members of the public, was re-arranged and took place on the evening of Monday 24 January 2011.
- 3.8 Members of the Education Committee may wish to note that this consultation exercise was not a statutory process. It was, however, a key opportunity to engage with the school community and the citizens of Brechin at the outset of the project, to establish issues of importance, and obtain feedback to develop a project that would support the *'shared vision'* for the Brechin High School campus, in a manner compatible with the views and aspirations of the Brechin community, within the context of available resources.

4. FEEDBACK FROM CONSULTATION

4.1 The meeting forums, together with all the other means of communicating views, appear to have provided good mechanisms for the people of Brechin to engage in the consultation process.

4.2 However, it was not always easy to focus the exercise on exploring aspirations around the scope of a community campus, where an element of contributions at meetings and written responses related to the perceived closure of existing Council facilities within the town.

4.3 While direct contributions from parents/carers appear to be limited, feedback from the Parent Council, and from pupils, staff and the school's senior management team has been very helpful.

4.4 The main themes from all communications received (including verbal representations made at meetings) are included in Appendix 2 to this report which provides a useful précis of the main issues emerging at each of the forums and in written feedback submitted during the consultation process.

4.5 By analysing the information in Appendix 2, it is clear there are a number of linked and recurring themes and, accordingly, key issues that require to be considered in more detail. These key issues are as follows:

- clear **support for investment to Brechin High School**, including a community campus approach, subject to the provision of suitable access and management arrangements
- concerns that a community campus approach could result in the **closure of other Council facilities** within the town which are valued by the wider community
- aspiration to have an **improved new larger swimming pool**, potentially with improved spectator viewing/waiting areas and improved changing facilities; together with opening hours and management arrangements that support increased use
- support to **incorporate flexible performance space**, including retractable seating and associated ancillary accommodation, principally for school use but potentially also for wider community use depending on the final design solution
- desire to further develop and **extend existing partnership working arrangements** between Brechin High School, Angus College and the Community Learning & Development service by establishing shared facilities
- aspiration for a **floodlit synthetic sports pitch** as part of the campus which would benefit both school pupils and the wider community
- desire to **improve public transport arrangements** to the site to support wider community use both during and outwith the school day; and
- desire for the approach to the **design and construction of the new building** to preserve its longevity, address problems with vehicle access/parking, support safe pedestrian access, and include inputs from the school and wider community in the design development process

4.6 Full details of communications with the Council in relation to this consultation exercise, including notes from the meeting forums, letters and submissions via the 'have your say' section of the Council's website, have been collated in a folder which is available for perusal in the Members' Lounge.

5. OUTCOME OF CONSULTATION

5.1 Introduction

5.1.1 The key issues emerging from the feedback from the consultation exercise are explored in further detail below.

5.2 Support for Investment to Brechin High School

5.2.1 It is apparent that there is overarching support for a significant investment in Brechin High School. While there is some anxiety within the community about the perceived impacts this could have on existing Council facilities in the town, there appears to be support for

developing a community campus. This re-affirms the principle of developing a community campus approach in keeping with Option C of Report 750/10.

- 5.2.2 Developing the community campus will require the careful, thoughtful and innovative design of the building and external areas to ensure that school pupils, students (involved in vocational and community learning) and members of the general public accessing the buildings can all be accommodated in a welcoming, safe and supportive environment. It will also be imperative to ensure that there is sufficient flexibility and adaptability, to optimise the use of space to cater for as many users (and potential users) as possible.
- 5.2.3 The development and implementation of appropriate management arrangements, together with appropriate opening times to support the use of the facilities, are also important aspects which will be required to be addressed to complement the physical design of the building.
- 5.2.4 It will also be helpful to create a community campus 'ethos', by promoting the campus as an inclusive environment which is accessible to the whole community. In order to develop that inclusive ethos, there will be ongoing engagement with key partners to secure a shared understanding of needs and look for opportunities to enhance joint working/partnership arrangements.

5.3 Implications for Other Council Facilities

- 5.3.1 Throughout the consultation period it was made absolutely clear that the exercise was not predicated on the potential closure of the existing Council facilities within the town. The consultation exercise was an opportunity for the whole community to comment on the proposals for this major investment at the very outset of the project, and to identify aspects where a 'community campus' could provide an opportunity to add value to and complement current service provision.
- 5.3.2 Despite the assurances described above, there was clear feedback throughout the process that there is a high value placed on existing Council facilities, including the Public Library, the City Hall, the Damacre Centre and the Leisure Centre.
- 5.3.3 With the exception of the Damacre Centre, the provision of those Council facilities falls within the responsibility of the Director of Neighbourhood Services and the feedback from this consultation has therefore been shared with Neighbourhood Services colleagues. Both departments are committed to providing facilities and services to best meet the needs of the wider Brechin community.
- 5.3.4 In terms of the Damacre Centre, section 5.6 below describes the potential benefits of re-aligning the Community Learning & Development service to operate from a new community campus in lieu of the Damacre Centre. This would effectively make the Damacre Centre surplus to the Education Department's needs, albeit it is acknowledged that the Centre is currently utilised to support a number of community-based activities provided by other services.
- 5.3.5 Given this important wider community context, the Director of Neighbourhood Services is intending to investigate with the Brechin Community the potential for establishing a 'community owned and managed service centre' (report 20/11 refers). As the Education Department would potentially no longer require the Damacre Centre, this facility could provide a potential location. Members of the Education Committee are therefore asked to support the principle of the Director of Neighbourhood Services exploring this option.

5.4 Improved New Swimming Pool

- 5.4.1 The consultation exercise has highlighted an aspiration to have an improved new swimming pool with an increased length of 25m (compared to 20m at present) to support competition training as well as general use. It has been suggested that it would also be beneficial to provide spectator viewing/waiting areas and improved changing facilities.
- 5.4.2 The inclusion of this enhanced provision within a 'community campus' could be beneficial to both the school and the wider community. Anecdotally, it appears that a number of swimmers in the area currently travel to facilities outwith Brechin. The enhanced provision might, therefore, provide a catalyst to reverse that trend and assist in developing new opportunities for the use of the swimming pool by the wider Brechin community.

- 5.4.3 The swimming pool's opening hours and the management arrangements to support increased use would require to be examined in further detail. However, a 'community campus' approach, which would involve a number of concurrent uses of the facilities, is likely to provide a more sustainable business model for extended opening hours compared to the current position.
- 5.4.4 In terms of funding, the indicative grant award from the Scottish Government would only support a 'like-for-like' replacement of the existing swimming pool. Therefore, for this outcome to be progressed, a portion of the Council's £10 million funding provision for the project would require to be directed towards this enhanced swimming pool provision which may necessitate, all other things remaining unchanged, a reduction in other aspects of the project.

5.5 Incorporate Flexible Performance Space

- 5.5.1 There will be a requirement to include space within the new school to accommodate school assemblies, examinations that require hosting a large number of pupils, together with concerts, presentations and seminars for pupils, staff and possibly partner organisations likely to involve large numbers of people.
- 5.5.2 Consultation feedback has indicated that enhancing this space by including retractable seating, together with the opportunity to include flexible ancillary accommodation, within close adjacency, to support the performing arts (e.g. stage, changing rooms, etc.), would be beneficial to the school both from a curricular and extra-curricular perspective. There are also other potential benefits for the wider community in the context of holding large meeting events.
- 5.5.3 Consultation feedback, however, indicated that community drama/operatic groups, currently operating from the City Hall, were not persuaded that a 'school theatre' could support their needs in the same way as the City Hall. Notwithstanding this reservation, there appears to be a willingness among these groups to be involved in reviewing good practice from elsewhere in Scotland to establish what may be achievable and to work in partnership with the school and Angus Council to ensure that facilities at the school campus meet as many needs as possible.
- 5.5.4 In terms of funding, while the 'assembly' space would be included in the basic design solution based on a 'school only' concept, there would be additional costs associated with the enhanced campus provision, relating to both the inclusion of retractable seating and some additional ancillary space. Allowance for such additional costs was made in the estimated £24 million project cost within report 750/10.

5.6 Extend Existing Partnership Working Arrangements

- 5.6.1 The consultation has elicited a desire to develop and extend existing partnership working arrangements involving Brechin High School, Angus College, the Community Learning & Development (CLD) service and Neighbourhood Services. Indeed this approach may provide further opportunities to work with other private and voluntary organisations operating in the community.
- 5.6.2 While partnership working is currently taking place, CLD colleagues, together with Board members of Angus College, are of the view that co-locating at the 'community campus' would provide enhanced opportunities to synergise their respective services. This should also provide further spin-off benefits for school pupils.
- 5.6.3 The consultation did not identify any desire within the wider community to re-locate Library services to the 'community campus'. However, there may be merit in considering an enhanced 'community campus' library to support the work of the school, CLD and Angus College (i.e. enhance the 'school library' to develop a 'campus learning resource centre'). This type of approach may also include enhanced social space to provide an 'internet café style area' (incorporating 'Wi-Fi' technology) in order to encourage inclusion and improve the overall ambiance of the learning facility.
- 5.6.4 Progressing the 'community campus' on this basis would remove the requirement for CLD to be located at the Damacre Centre (refer to section 5.3.5 above). It is emphasised that there will need to be more detailed discussion with users of that facility to determine options for current services, including a relocation to the Brechin High School campus, another location,

or indeed continuation at Damacre as part of Neighbourhood Service's proposals to examine the potential for a 'community owned and managed service centre'.

- 5.6.5 In terms of best value, it is believed that addressing the shared priorities of the school, CLD and Angus College, through more joined up working arrangements, will provide an opportunity to maximise the use of space that would already be included within the basic design solution. For example, the expansion of the range of vocational opportunities to promote skills for learning, life and work could be achieved through suitable shared management arrangements and the careful timetabling of space. There would, however, require to be an increase in floor area to that envisaged in report 750/10 for "shared services" in order to accommodate additional service provision such as a 'campus learning resource centre', together with an 'internet café style area'. For such service provision to be achieved, a portion of the Council's £10 million funding provision for the project would require to be directed towards this enhanced provision. That may necessitate, all other things remaining unchanged, a reduction in other aspects of the project.
- 5.6.6 The existing Service Level Agreement between Education and Neighbourhood Services will require to be reviewed with the potential to have extended opening of more areas of the Community Campus through the development of suitable management and operational arrangements.

5.7 Floodlit Synthetic Sports Pitch

- 5.7.1 Consultation feedback has identified an aspiration for a full size floodlit synthetic sports pitch which would benefit both the school and wider community use.
- 5.7.2 The current floodlit synthetic training facility at the Brechin Leisure Centre is not sufficiently large to accommodate all current requirements. It would appear that, while youth development work, in terms of coaching and attracting youngsters to engage in sport is thriving in the local area, current facilities are making this challenging for the officials of local sports clubs.
- 5.7.3 No funding allowance has been made within the indicative grant award from the Scottish Government to support such a facility. It is anticipated that this would cost in the region of £500k. Therefore, it is unlikely the Council would be able to financially support this development (at least in full) together with the other aspects being considered for the community campus.
- 5.7.4 To enable this aspect of the project to be taken forward, it is likely that external funding will be required.

5.8 Improve Public Transport Arrangements

- 5.8.1 Consultation feedback has also identified a need to examine public transport links to the site. While various bus services currently operate within the town, including some restricted services to Brechin High School, a review of local public transport arrangements will require to be undertaken in liaison with Infrastructure Service's Transportation Team with a view to enhancing transport arrangements to support the 'community campus' approach.

5.9 Design and construction of the new building

- 5.9.1 The consultation exercise has identified a number of issues relating to the design and construction of the new building and associated facilities. It is clear that there is a wish and need for continuing public consultation and involvement as the project develops.
- 5.9.2 The longevity of the building will be addressed by ensuring that a holistic view of component life cycle maintenance is undertaken during the design development phase to maximise the building's lifespan. Major components of buildings can last for circa 60 years. With diligent care and maintenance, the life of a building can extend well beyond this period.
- 5.9.3 Vehicle access arrangements and car parking facilities will be improved and designed to support the 'community campus' approach. Pedestrian links from the East side of the site will also be examined to enhance pedestrian access arrangements. These issues will require to be considered in detail as part of the Development Control process.

5.9.4 Consultation will be progressed with the community as the project is developed through the various stages of design development. A Project Board has been established which includes representation from the school, the Community Learning & Development Service, Angus College and Neighbourhood Services as the key users of the facilities. These links will be utilised to facilitate engagement, at appropriate stages of project development, with school staff, pupils and parent council representatives from the Brechin cluster of schools.

6. PROPOSED SCOPE OF 'COMMUNITY CAMPUS'

6.1 The outcomes from the consultation have provided a number of opportunities to enhance the basic design solution and support the 'community campus' approach.

6.2 Members may also recall from Report 750/10 that the additional Council funding commitment of £697k (taking the Council's total funding contribution up to an absolute ceiling of £10m) would provide an opportunity to enhance the project to support a 'community campus' approach in keeping with Option C. The consultation exercise has identified wider needs and aspirations of the Brechin community. There is, therefore, an opportunity to include these within the 'community campus', and develop an efficient service delivery model which best serves the entire Brechin community.

6.3 There are a number of outcomes that can be taken forward without having any direct capital funding implications for the project (e.g. improved transport arrangements and management arrangements to support the 'community campus' approach), albeit revenue costs associated with these elements of the project would require to be examined in detail to ensure that they were affordable and sustainable.

6.4 Adopting and moving forward with the 'community campus' concept will also place a different emphasis on design development, whereby the flexibility and adaptability of space will be a critical design consideration. A collegiate approach to the timetabling of space to meet all users' needs will also be essential. This in itself will challenge 'the school only' basic design model and create opportunities to utilise facilities that would otherwise not have been available to the wider community.

6.5 There are a number of outcomes that relate to either the physical building area and/or specification, which, if included, would require to be delivered from the capped funding available for the project.

6.6 In addition to incorporating flexible performance space to include retractable seating, and flexible ancillary accommodation, potential outcomes/options are as follows:

- improved new larger swimming pool which has an increased size, together with spectator viewing/waiting areas and improved changing facilities
- extended partnership working arrangements supported with 'campus learning resource centre' (in lieu of school library) and 'internet café style area
- the provision of community led floodlit synthetic sports pitch provision through the design of external areas and changing rooms

6.7 All these issues will require to be examined in greater detail to verify the scope, deliverability and associated costs. It may be that not all aspects can be accommodated, not least due to the present lack of clarity regarding funding from Scottish Government/Scottish Futures Trust (refer to section 7.4 below). However, the project team, working with others, will investigate ways to incorporate as many of these features as possible within total project budget of £24m, in a way which is not only affordable, but adds value to the facilities for both school and community use. It is therefore proposed to investigate these items in greater detail as part of developing the project design brief and report back to the Education Committee in due course to verify the position.

6.8 However, the commitment in principle for the scope of the 'community campus' to be developed in this manner with these items being the key aspirations for the campus, provides a good starting point for developing the concept in greater detail.

- 6.9 While not all of the above noted items may transpire to be deliverable, members' approval in principle to develop the scope of the 'community campus' in this manner will by implication include the philosophy of designing to 'future proof' the building, as far as reasonably practicable, to potentially add facilities to the campus should there be a viable business model for expansion in the future.

7. FUNDING ARRANGEMENTS: UPDATE

- 7.1 As instructed by the Education Committee at its meeting on 20 January 2011 (report 50/10 refers), the Director of Education wrote to both Scottish Government and Scottish Futures Trust officials seeking clarification on a number of issues relating to the change of funding basis from capital to revenue (copy of letter to the Scottish Futures Trust's Chief Executive attached Appendix 3).
- 7.2 While Council officers had been assured that the change to revenue funding would not impact in terms of quality, timescale or financial implications, it is essential that more information be provided to clarify the practical implications of this change.
- 7.3 The Scottish Futures Trust's Chief Executive replied by e-mail on 22 February 2011 noting that, once clarification was received from the Scottish Government regarding the matters raised in the letter, a meeting would be set up to consider the various points.
- 7.4 The Scottish Government issued a letter to Angus Council's Chief Executive on 22 March 2011 (Appendix 4 refers). While this letter has provided some new information, there are still a number of issues relating specifically to Brechin High School which require further clarification. Clarification, including through dialogue with Scottish Government/Scottish Futures Trust officials, will be sought and a further report will be brought to the Education Committee as soon as practicable to update members on the full implications of this funding change.

8. NEXT STEPS

- 8.1 Based on the outcome of the consultation exercise, available funding information and the proposed scope for a community campus, the 'next steps' of this project are as follows:
- develop the project design brief in detail, including the proposed scope of the 'community campus'
 - establish what can be achieved from the total £24m funding package (or revenue equivalent), including the extra £697k to support the 'community campus' approach described in this report
 - continue to engage with Scottish Government/Scottish Futures Trust officials to establish the full implications of the change of funding for the project from capital to revenue
 - develop operational and management arrangements to support the 'community campus' approach
 - investigate public transport arrangements and the potential for improved services to support access to the 'community campus'
 - examine in further detail the likely operational revenue implications relating to the 'community campus'
 - build on the consultation work recently undertaken by continuing to engage in further dialogue with school pupils, staff, parent councils and potential community user groups to explore their requirements for the new facilities
- 8.2 To support the above process, there will be a requirement to engage appropriate professional services, to assist with the project design brief and investigate the technical feasibility of the emerging requirements of the project.
- 8.3 At this stage, Council officers are still working to the indicative timetable included in section 8 of report 750/10. However, it is understood that the procurement of the East Central Territory hub company has now slipped towards the end of the year. The appointment of the Private Sector Development Partner is likely to be around December 2011. Members should, therefore, be aware that this slippage, together with the potential implications of the funding change, may well have an impact on the original programme. The project timetable will be updated in a future report to the Education Committee, once further information is available in

relation to the procurement of the hub company and the funding implications are more fully understood.

9. FINANCIAL IMPLICATIONS

- 9.1 The financial implications have been made more complex due to the Scottish Government's decision to change the project funding basis from capital to revenue. While the full details of this change are still to be ascertained, progressing with the 'community campus' approach in accordance with this report will require costs to be contained within the equivalent overall indicative capital cost of £24.035m (section 9 of report 750/10 refers). This would comprise Scottish Government revenue support equivalent to capital funding of £14.035m, together with Council funding equivalent to a capital funding ceiling of £10m.
- 9.2 Members may recall from report 50/11 that the Scottish Government and Scottish Futures Trust have provided assurances that changing the funding from a capital to revenue basis will not impact on the project in terms of quality or timescale. Financially, therefore, the Council should be in a broadly neutral position.
- 9.3 Report 750/10 noted the potential to generate revenue savings of circa £100k per annum, which will depend to a large extent on the services to be delivered from the campus. However, it is expected that there will be savings in energy and property maintenance costs in comparison to the current position. The precise revenue implications will be considered in more detail on completion of the specification for the project and, once more detailed information is available from the Scottish Government/Scottish Futures Trust, a report will be submitted to appropriate Council committees.
- 9.4 At this stage, the financial commitment to the project will be limited to the commissioning of the necessary professional services to assist with the project design brief and investigate the technical feasibility of requirements of the project. It is anticipated the cost of these professional services will not exceed £50,000, which have been provided for and will be met within the £24 million project budget.

10. HUMAN RIGHTS IMPLICATIONS

There are no Human Rights implications arising from this report.

11. EQUALITIES IMPLICATIONS

The issues dealt with in this report have been the subject of consideration from an equalities perspective. An [equalities impact assessment](#) is not required.

12. SINGLE OUTCOME AGREEMENT

This report contributes to the following local outcomes contained within the Angus Single Outcome Agreement:

- Young people and adults in Angus maximise their potential through learning opportunities (National Outcome 3);
- Children and young people in Angus will have access to positive learning environments and opportunities to develop their skills, confidence and self-esteem to the fullest potential (National Outcome 4);
- The Angus built environment is protected and enhanced (National Outcome 12);
- The Carbon and ecological footprints of Angus are reduced (National Outcome 14); and
- A good quality of life is enjoyed by all in Angus (National Outcome 15).

13. CONSULTATION

The Chief Executive, Director of Corporate Services, Head of Finance and Head of Law and Administration have been consulted in the preparation of this report.

14. CONCLUSION

The outcomes from the consultation exercise have provided a range of information which will prove very helpful in taking forward this new build project. Consultation will continue throughout this process with school pupils, staff, parent councils and potential community user groups.

Further reports will be brought to the appropriate Council committees as work progresses and information becomes available from Scottish Government/Scottish Futures Trust.

NEIL LOGUE
DIRECTOR OF EDUCATION

RON ASHTON
DIRECTOR OF NEIGHBOURHOOD SERVICES

NOTE: 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 a material extent in preparing the above report.

BRECHIN HIGH SCHOOL PROJECT

CONSULTATION PROGRAMME (UP TO 31 JANUARY 2010)

Event	Event 'Owner'	Consultees	Method	Date	Venue
BHS pupil consultation	Steve Dempsey (supported by Pauline Meikleham and Mark Johnston)	All BHS pupils via Pupil Council	Visit to Carnoustie High School followed by ongoing workshops/ presentations etc.	Various	BHS
BHS staff workshop (part 1 of 3)	Steve Dempsey (supported by Pauline Meikleham and Gordon Cargill)	<ul style="list-style-type: none"> • BHS staff (full) • CLD staff (representation only) 	Presentation by Steve Dempsey, Gordon Cargill and workshop delivered by Pauline Meikleham	Monday 27 September 2010	BHS assembly hall
Neighbourhood 'Cultural' Services staff meeting	Norman Atkinson	Neighbourhood 'Cultural' Services staff	Meeting forum	Tuesday 26 October 2010	Brechin Library
Neighbourhood 'Leisure' Services staff meeting	Alastair Wilson	Neighbourhood 'Leisure' Services staff	Meeting forum	Thursday 4 November 2010 (3pm)	Brechin Leisure Centre
Meeting with Neighbourhood 'Leisure' Services	Alastair Wilson (supported by Craig Clement/Gordon Cargill)	<ul style="list-style-type: none"> • 'Leisure/Sports' users • Performance Space users • Sports clubs generally 	Presentation followed by questions	Tuesday 9 November 2010 (7pm)	BHS assembly hall
BHS staff workshop (part 2 of 3)	Steve Dempsey (supported by Pauline Meikleham and Craig Clement)	<ul style="list-style-type: none"> • BHS staff (full) • CLD staff (representation only) 	Project update by Steve Dempsey, Gordon Cargill and workshop delivered by Pauline Meikleham	Monday 15 November 2010	BHS assembly hall

Event	Event 'Owner'	Consultees	Method	Date	Venue
BHS Parent Council meeting	Steve Dempsey (supported by Craig Clement)	BHS Parent Council	Meeting forum	Monday 15 November 2010 (7pm)	BHS HT meeting room
Meeting with Neighbourhood 'Cultural' Services	Norman Atkinson (supported by Susan Duff/Gordon Cargill)	Library users	Presentation followed by questions	Tuesday 16 November 2010 (7pm)	BHS assembly hall
Community Learning & Development staff meeting	Graham Hewitson (supported by Gordon Cargill)	CLD staff	Meeting forum	Thursday 18 November 2010 (1pm)	Damacre Centre
Meeting with Community Learning & Development	Graham Hewitson (supported by Gordon Cargill)	<ul style="list-style-type: none"> • CLD afternoon users • Angus College representative to attend 	Presentation followed by questions	Thursday 18 November 2010 (2.30pm)	Damacre Centre
Angus College Executive meeting	Jackie Howie/Craig Clement/Gordon Cargill	Angus College Executive	Meeting forum	Monday 22 November 2010 (10am)	Angus College
Meeting with Community Learning & Development	Graham Hewitson (supported by Gordon Cargill)	<ul style="list-style-type: none"> • CLD evening users • Angus College representative to attend 	Presentation followed by questions	Tuesday 23 November 2010 (7pm)	Damacre Centre
BHS staff workshop (part 3 of 3)	Steve Dempsey (supported by Pauline Meikleham and Gordon Cargill)	<ul style="list-style-type: none"> • BHS staff (full) • CLD staff (representation only) 	Workshop delivered by Pauline Meikleham	Friday 26 November 2010	BHS assembly hall
Open meeting	Neil Logue (supported by Craig Clement and Gordon Cargill)	<ul style="list-style-type: none"> • All BHS parents/carers • All members of Brechin community 	Presentation (including general feedback from specific group consultations) followed by questions	Monday 24 January 2011 (7pm)	BHS assembly hall

BRECHIN HIGH SCHOOL PROJECT**MAIN 'THEMES' FROM CONSULTATION FEEDBACK****1.0 Introduction**

This Appendix provides a summary of the main themes emerging from the consultation exercise. The consultation has provided good feedback regarding the issues that are important to the school and wider Brechin community.

2.0 Pupil Consultation

- Pupil consultation commenced with the Pupil Council taking a lead role and passing on information to peers about the project.
- The Pupil Council undertook a visit to Carnoustie High School (CHS) to identify the aspects of the school they like and also aspects they felt could be improved.
- This also included considering their likes and dislikes of the current Brechin High School and comparing and contrasting what they found at CHS.
- Feedback from this exercise will be used to help inform the development of the specification and design brief for the new school.
- This process of pupil engagement will continue throughout the project. This will be a 'learning' experience for the pupils in the context of the Curriculum for Excellence.

3.0 Staff Consultation

- 3 staff workshops were held with positive conclusions.
- Workshop 1: focussed on teachers' aims and aspirations for LEARNING at Brechin HS (to give an opportunity to reflect ambitions for learning and teaching e.g. positive ethos, pupil confidence, citizenship, enterprise, etc.).
- Workshop 2: looked at translating those aspirations into ACTIVITIES e.g. peer presentation, co-operative learning, internet research, collaborative projects, etc.
- Workshop 3: explored how SPACE can support and enhance the learning aspirations, ethos and activities in a school. It is also considered how good design can reduce problems associated with bullying, vandalism, social isolation, exclusion, etc.
- There was excellent participation and ideas emerging from these workshops and staff will continue to be fully engaged in the development of the project as it progresses.
- Feedback from these workshops will also be used to help inform the development of the specification and design brief for the new school.
- Further workshops with staff will be organised at key stages of developing the project.

4.0 Brechin High School Senior Management Team

As part of the consultation process, the School's Senior Management Team, have given consideration to the proposals with regard to the potential scope of the community campus. The main areas that have been identified are:

- Noted that consultation process had provided a challenge to keep the focus on the benefits that could be accrued from a community campus approach, with anxieties this may have on existing services and facilities.
- Replacement of the swimming pool with an increased length and viewing/waiting areas would enhance facilities for the school and community users.
- Developing opportunities for a range of creative activities with flexible space built into the new school to support such activities, including retractable seating and space for changing/preparation, would be beneficial for the school and local community groups.
- The school currently has very good partnership arrangements with both Angus College and the Community Learning & Development (CLD) service. The Brechin Learning Centre operated by Angus College from the existing school campus over the past 2 years has been very well used by the whole community. There are increasing opportunities for the school to work with these two partners and it would add further value if CLD had a base established within the school.

- The provision of an all-weather floodlit pitch would provide both the school and community enhanced opportunities to deliver a range of sports, including football, athletics and hockey. It is acknowledged that funding is unlikely to be available for this aspect. However such a development may be progressed through local sports clubs and organisations working together to raise funds for such a facility.

5.0 Brechin High School Parent Council

A meeting was held with the Brechin High School Parent Council on Monday 15 November 2010. The Parent Council have submitted their comments in written form as part of the consultation exercise and the main areas that have been identified are:

- Acknowledge the opportunity this project provides for investment in Brechin and the opportunity to promote and widen the age group using the facilities.
- Advocate that a gradual and flexible approach to change and careful consideration be given to transport and access arrangements.
- Consider that a new swimming pool with a more user-friendly layout (internal and external) and opening hours would increase use. Many swimmers in Brechin travel outwith the area for better facilities, coaching and opening times.
- Consider that new facilities at Brechin High should complement those already available at the Brechin Leisure Centre.
- A full size all-weather pitch would benefit the school and community and many clubs have expressed an interest.
- The school should have performance facilities, as young people gain so many skills from performing, whether it is musically, acting or giving talks. There is an aspiration to have a drama teacher in the school. Also engagement with local drama groups to be involved in the design of the building. While the school cannot use Brechin City Hall on a daily basis, the Parent Council believes both places have a part to play in the future of Brechin.
- Noted that the school Library may, at times, also be available to members of the public, or young persons who have just left school, or someone entering education again. Angus College links on the site would also benefit from access to the school Library. This would also include access to up-to-date computer facilities.
- There are many groups who could make good use of the space in a school (e.g. computers, classrooms, etc). A café on campus would also encourage the public to use the facilities.
- Careful design and appropriate management arrangements would support a community campus approach. The Head Teacher should be given overall responsibility for running the campus.
- Concern that people attending meetings have generally been from the older generations and the fear of change has put up barriers to people thinking about what they could have in the future.

6.0 'Leisure/Sports and Performance Space Users'

A meeting was held with 'Leisure/Sports and Performance Space Users' on Tuesday 9 November 2010. The main areas emerging from the meeting were:

- Support noted generally for a new Brechin High School campus approach although concerns noted over future of Brechin City Hall, Damacre Centre and Brechin Leisure Centre.
- Sports provision in town would benefit from full size synthetic pitch provision to support youth development work (Brechin City Youths); the current synthetic pitch located at Brechin Leisure Centre is too small to accommodate all current needs.
- Issues noted over the location of the Brechin High School campus being remote from the town centre (particularly for elderly residents) and transport links from various areas of the town to Brechin High School campus.
- Recognition that there could be benefits in having a performance facility within the new school, although it would be important to ensure this is designed well.
- Concerns noted over sharing a school theatre and accommodation, compared to the current facilities available in Brechin City Hall.
- Overall, apparent preference to retain community performance space at Brechin City Hall within the town centre.

- Positive feedback regarding new swimming pool provision which would benefit from being 25m long to support competition/training, together with improved changing accommodation and viewing facilities.
- Request to improve swimming pool opening times and management arrangements.
- Noted opportunity to make more use of facilities through closer linkage (e.g. dropping child at sports activity/training and utilising swimming pool/fitness suite whilst waiting to collect).

7.0 'Library Users'

A meeting was held with 'Library Users' on Tuesday 16 November 2010. The main areas emerging from the meeting were:

- Concerns noted over perceived closure of the Library; officers confirmed this was not the purpose of the consultation.
- Comment that the current Library facility is a central point in town (in St. Ninian's Square) and issues raised over location of Brechin High School campus being remote from town centre (particularly for elderly residents) with current transport links being inadequate.
- Noted that good links currently existed between the Library and nursery/primary aged pupils.
- While Angus College worked well on the Brechin High school campus, the preference would be to retain the Public Library in its current location.
- Issue raised over potential access arrangements to the facility during the school day and associated child protection issues.
- Noted age of current Library building (circa 120 years old) compared to the existing school building (circa 40 years old) and implications for longevity of new building.
- Potential also noted to retain current facilities and also have the Library facility available as part of the new campus.
- Concern noted over access arrangements from Duke Street and from the East side of the site.

8.0 'Community Learning & Development (Damacre Centre) Users'

A staff meeting was held on Thursday 18 November 2010 and two further meetings were held with 'Community Learning & Development (Damacre Centre) Users'. An afternoon 'Users' meeting took place on Thursday 18 November 2010 and an evening 'Users' meeting on Tuesday 23 November 2010. The main areas emerging from these meetings were:

- Positive feedback generally from CLD staff regarding the opportunity to deliver integrated services with the school, Angus College and other partners. This would provide an opportunity to deliver enhanced lifelong learning opportunities to the community (building on a Curriculum for Excellence).
- Meetings raised concerns generally over the perceived closure of the Damacre Centre which is highly valued as a community centre by various community groups. Other existing facilities were also referred to in a similar context.
- The location of the Brechin High School campus and transport links being inadequate were raised as issues, together with safety issues for elderly users of the facilities.
- Queries over interface between community use and school use during school day.
- Noted the improvements to facilities at Brechin High School are welcome but would not want to lose any of the existing facilities in the town.
- General concern that consultation had not engaged with enough people.
- Queries regarding funding for the project and design/longevity of new building.
- Query over roads access arrangements to the campus.

9.0 Public Meeting

A public meeting was held on Monday 24 January 2011. The main areas emerging from the meeting were:

- General queries regarding the design of the new school, including swimming pool location, sports pitches, traffic access arrangements, car parking, management during the construction phase and flexibility to accommodate future change.

- Queries regarding gaining suitable access to the school campus by the public and potential child protection issues. It was noted that the original school was a 'community' school when it was first opened.
- Concern over transport availability to the site and pedestrian safety arrangements.
- Issues raised regarding funding for the project and the impact of the change to revenue funding.
- Various concerns noted over the perceived closure of other facilities within the town. Noted that the people of Brechin want the new school, but not at the expense of losing other facilities in the town.
- Query regarding sports pitch availability and the potential to have floodlighting if a synthetic pitch was available.
- Concern noted over having a theatre facility within a school establishment referring to only one example in Scotland which was considered to be suitable.
- Comment that community would like to be further engaged in design development process as this is progressed.
- Noted the potential benefits from having enhanced community facilities with reference to Art class/studio and potential for accommodating gallery space.
- Concerns over the potential longevity of the new building.

10.0 Angus College

Angus Council Education officers met with the members of the Board of Angus College on 22 November 2010 to discuss the proposals. The main points from that meeting were:

- Angus College had not encountered any difficulties since relocating to the Brechin High campus around two years ago from their former town centre location; indeed the move had been a very positive one.
- Angus College were supportive of an integrated approach to delivery of services, expanding on current successful relationship with the school and looking to engage further with Community Learning & Development partners.
- Angus College willing to look at options to share and make best use of space as part of the design process in the context of reducing resources. Angus College will need to carefully consider how best to utilise funding available.

11.0 'have your say' and Letters to the Director of Education

During the course of the consultation exercise, 35 responses were submitted through the 'have your say' section of the Council's website; and 23 letters (including e-mails) were written directly to the Director of Education.

Many of the points raised through this correspondence are already embedded in the comments that have been identified in the preceding sections of this Appendix. The main areas emerging on a recurring basis were:

- Concerns over perceived closure of the Public Library and other town centre facilities.
- Location of Brechin High being too remote from the town centre and potential difficulties with transport links.
- Aspiration to provide 25m swimming pool with greater flexibility of use.

APPENDIX 3

EMAIL



CTC/ZD

2 February 2011

Barry White
Chief Executive
Scottish Futures Trust
1st Floor
11-15 Thistle Street
Edinburgh
EH2 1DF

EDUCATION

Director: Neil Logue

Angus House
Orchardbank Business Park
Forfar
DD8 1AE

T: (01307) 461460
F: (01307) 461848

Dear Mr White

BRECHIN HIGH SCHOOL

I refer to recent communications about the proposal to change the funding basis for the above project from capital to revenue using a 'Not-For-Profit Distributing' (NPD) model.

At its meeting on 20 January 2011, the Council's Education Committee considered report 50/11 (attached) and instructed me to seek further information about how this proposal will work in practice. It should be noted that a draft of the report had been shared with colleagues in your organisation.

While the Committee were reassured that the change will not impact on the quality of the project, the timescale for implementation or the cost to Angus Council, they nonetheless felt it was important that additional information be provided.

I am aware that a meeting of the Local Authority forum has been re-arranged for Friday 18 February 2011, at which Angus Council will be represented. However, it would be helpful if you could provide me with further details at this time about how you envisage this alternative approach to the project proceeding. In particular, I would be grateful if you could clarify:

- the rationale for selecting Angus Council for this change in approach
- the financial details relating to the revenue support
- whether this would be a 'stand alone' procurement (or will the Council be expected to 'bundle' this with another project?)
- if the Scottish Government/SFT is promoting the use of the East Central Territory hub (or other hub) as a procurement vehicle
- if the Council will be required to include an ongoing property maintenance obligation which was not part of the capital funding approach
- if there is an expectation that other facilities management services (e.g. cleaning, janitorial, grounds maintenance services) are also to be included



2 February 2011

Barry White, Chief Executive

- if the revenue support from the Scottish Government will take cognisance of the additional complexities of procuring a revenue funded project in comparison to a capital funded project (e.g. the additional cost of specialist advisers)
- the accounting standards in terms of balance sheet treatment, and how this can be achieved in a way that may be acceptable to the Council
- how SFT will support the Council in procuring the project to meet the agreed programme

While the above list of clarifications is not exhaustive, it is intended to offer you a clear indication of the uncertainty caused by the proposal to change the funding basis for this project.

I look forward to hearing from you in early course. In the meantime, please do not hesitate to contact either me or my colleague Craig Clement, if you wish to discuss or clarify any matter addressed in this letter.

Yours sincerely



Neil Logue
Director of Education

Copy to: David Sawers, Chief Executive
Craig Clement, Senior Education Manager
Colin McMahon, Director of Corporate Services
Gordon Cargill, Project Manager

APPENDIX 4

Learning Directorate
Colin MacLean, Director

T: 0131-244 0859 F: 0131-244 0957
E: LearningDirector@scotland.gsi.gov.uk



Richard Stiff
Chief Executive
Angus Council
Orchardbank Business Park
FORFAR
DD8 1AX

22nd March 2011

Dear Richard

SCOTTISH GOVERNMENT FUNDING CONDITIONS FOR DELIVERING SCOTLAND'S SCHOOLS FOR THE FUTURE PROJECTS THROUGH REVENUE FINANCE USING THE NON PROFIT DISTRIBUTING (NPD) AND HUB DBFM MODELS

In the document 'Scotland's Spending Plans and Draft Budget 2011-12' published on 17 November 2010 the Scottish Government set out its commitment to deliver a £2.5 billion programme of revenue financed investment. The programme comprises priority projects across the transport, health, education and lifelong learning sectors.

The Scottish Government has agreed that a range of projects are to be funded through revenue finance using the NPD and hub DBFM models. Some projects within the Scotland's Schools for the Future (SSF) programme will be delivered using, where appropriate and available, the hub DBFM model, or, subject to the agreement of the Government, the alternative NPD model. Subject to meeting the guidance and funding conditions set out in this letter and demonstrating achievement of the SSF programme goals¹, appropriate revenue funding will be provided to procuring bodies to support delivery of those projects identified.

This letter sets out the key conditions and guidance for procuring bodies in the development and delivery of their projects, in relation to:

1. the anticipated scope, construction and building operating costs for the project;
2. the capacity and governance structures which the procuring body must put in place in order to deliver the project effectively;

¹ The SSF programme goals will be set out in the document 'A Guide to Programme Funding – Revenue Support', which will be provided by the Scottish Futures Trust in April 2010.

3. requirements in terms of business cases and value for money assessment;
4. funding of preparatory and development costs; and
5. Scottish Government support for elements of the unitary charge.

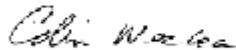
The relevant guidance and conditions for the development of projects which are to be procured through the hub DBFM model are set out in the annexes below. Guidance and conditions for the development of projects which are to be procured through the alternative NPD model will be issued as appropriate. As project owner, a procuring body is required to comply in full with the conditions and guidance set out in this letter in order to be eligible to receive revenue support for agreed projects. The final decision on the provision and level of unitary charge support for the project will be made by Scottish Ministers, subject to confirmation from both the procuring body and the Government that the project concerned is affordable and offers value for money.

The wider £2.5 billion investment programme is being supported by the Scottish Futures Trust (SFT). SFT are managing the Scotland's Schools for the Future Programme on behalf of the Government. SFT provides a valuable centre of expertise and advice on the development, funding, structuring, procurement and management of these projects. Procuring bodies are therefore asked to continue to work closely with SFT throughout the ongoing development of their project. SFT's approval will be required at specific points, as detailed in the attached guidance, in order for the project to proceed to delivery. A table outlining the forms of support which SFT can provide to procuring bodies is enclosed in a separate annex. The relevant point of contact within SFT continues to be Gemma Gordon, Associate Director, Tel: 0131 510 0813, Email: gemma.gordon@scottishfuturestrust.org.uk.

I would be grateful for your indication at the earliest opportunity that you will work within the conditions and guidance set out in this letter. I will of course be happy to discuss any aspect of this offer if you would find that helpful.

I am copying this letter to your Director of Education and Director of Finance.

Yours sincerely,



Colin MacLean
Director of Learning

1. Anticipated scope, construction and building operating costs for the project

Conditions

- a) Revenue support will be provided to the procuring body from the Scottish Government up to a set level based on the project scope which has been agreed to be funded through Scotland's Schools for the Future Programme
- b) Revenue support will be provided to the procuring body from the Scottish Government for a project which is procured using the standard form hub DBFM contract developed by SFT.
- c) Derogations from the standard hub DBFM contract, will require sign off from SFT. Derogations will be signed off at key stages in the procurement process if they are assessed as being appropriate.
- d) Derogations which relate to the underlying principles of the standard form hub DBFM contract, as noted below, will require sign off from Scottish Ministers.
- e) Should the procuring body choose to expand the scope of the project beyond that agreed between the Scottish Government, SFT and the procuring body as being appropriate for the project, the procuring body will be required, subject to the guidance in Annex 5, to fully fund any resultant increase in unitary charge, including any inflationary impact over the term of the contract.
- f) Should the procuring body decrease the scope of the project below that agreed between Scottish Government, SFT and the procuring body, the level of revenue support provided by the Scottish Government will be commensurately reduced.
- g) In order for the project to enter procurement, the procuring body must satisfy both the Scottish Government and SFT that it has sought to minimise construction costs and operating costs within the agreed funded project scope and has undertaken a whole of life cost analysis. This will form part of the scrutiny of the Outline Business Case prepared for the project before approval is given for any procurement to commence

Guidance

Underlying principles of the standard form hub DBFM contract

The underlying principles of the standard form hub DBFM contract are:

- returns to the private sector are capped; and
- surpluses are returned to the public sector.

2. Capacity and governance required to deliver the project effectively

Conditions

- a) The procuring body is required to have in place a dedicated, qualified and sufficiently resourced project team to lead delivery of the project.
- b) The procuring body is required to have in place a Project Director with recognised expertise in project management and delivering revenue financed projects.
- c) The procuring body is required to put in place a project governance structure, clearly linked to the governance arrangements of the organisation, which will ensure effective oversight and scrutiny – at a senior level – of the work of the project team and the development of the project.
- d) The project will be required to go through Key Stage Review and Post Project Evaluation, as directed by the Scottish Government, through the development phase until Financial Close is reached. The review process should be undertaken in full from the earliest applicable milestone. The project's Senior Responsible Officer (SRO) must take account of all recommendations. Successful completion of each Key Stage Review is required in order for the project to proceed to the next stage of delivery.

Guidance

Project resourcing

The skills and experience of the Project Director and the wider Project Team needed to deliver a successful revenue financed project are outlined as follows:

The Project Director should have experience of comparable procurement of assets and long term services, ideally gained from senior involvement, for the public sector, in earlier revenue financed project(s).

The Project Director should have the experience and expertise necessary to:

- take the lead role in managing the project from inception to Financial Close and beyond into the operational phase of the project; and
- provide clear leadership during the transition from the procurement phase to the delivery phase of the project.

The project team should be structured appropriately for the client role in the hub programme and should:

- have knowledge and experience of revenue financed procurement to be able to provide a challenge function to advisers and the private sector partner;
- operate as the public face of the project both internally and externally;
- have an understanding of the assets and services to be provided by the private sector partner under the proposed contractual structure;

- have the experience and expertise necessary to successfully manage and deliver the key phases in project procurement; and
- have the confidence and experience to lead detailed, wide-ranging and complex negotiations in relation to the technical, commercial and financial aspects of the project.

In addition to the expertise outlined above, the project team must have sound knowledge of these important aspects of procuring revenue financed projects:

- design;
- risk transfer;
- affordability;
- the payment mechanism, including penalty and default issues;
- funder issues;
- interfaces between the procuring body and the private sector partner and between the private sector partner and subcontractors; and
- specification of hard facilities management (FM) services;
- an understanding of relevant employment regulations² where staff may be required to transfer from one employer to another.

Project and programme governance

Effective governance is vital to the success of individual projects and the investment programme as a whole. At project level, therefore, the procuring body is required to put in place a reporting and governance structure which will enable scrutiny and oversight at senior level within the procuring body. The exact form of this structure will be for the procuring body to determine: options include the creation of a specific project board which reports to a management board and/or Finance Committee, or a regular, detailed report from the project's Senior Responsible Officer (SRO) to a management board. The SRO must be an employee of the procuring body.

The Scottish Government has developed governance structures at programme level to enable scrutiny of progress across all Scotland's Schools for the Future projects. The procuring body will be expected to work within this structure and respond as appropriate to questions or recommendations that may arise at programme level.

The Schools National Programme Board (NPB) has ultimate oversight of the Scotland's Schools for the Future programme. The NPB may therefore decide to scrutinise a project as part of the wider programme. Typically the NPB will provide this scrutiny early in the life of the project, and ideally before the development of an Outline Business Case. Where NPB makes specific recommendations in relation to the project, the SRO will be required to take account of those recommendations in taking forward the project.

Project assurance

Both the procuring body and the Scottish Government require assurance about the robustness of project management and the prospects for successful procurement, delivery and operation. Key Stage Review is an assurance tool which helps to ensure the successful delivery of major capital projects. The project will be required to undertake Key Stage Reviews as part of the hub DBFM procurement process. If an alternative procurement route

² Especially the Transfer of Undertakings Protection of Employment (TUPE) Regulations.

is used, an alternative assurance route will be directed by the Scottish Government, at specific points in the project development.

Key Stage Review provides a structured, independent 'due diligence' review of projects, supporting Project Managers and Sponsors at commercially critical procurement stages. Key Stage Reviews help to ensure that procuring authorities are sufficiently advanced in their project development and have put in place the necessary delivery arrangements and documentation in order to secure high quality, sustainable projects are delivered. They also ensure that authorities are adequately resourced to effectively and efficiently carry out the procurement, construction and operational stages of the projects. Key Stage Reviews are a formal requirement for all projects delivered through the hub DBFM model and will be conducted by SFT.

Contract Management

Where a shared service is in place for contract management, the procuring body should agree to participate in that service.



3. Requirements for value for money assessment and business cases

Conditions

In general, the procuring body will provide supporting analysis to the Scottish Government as requested. More specifically:

Outline Business Case stage:

- a) The procuring body is required to submit an Outline Business Case (OBC) to the Scottish Government which demonstrates how the project will achieve the Programme Goals. The OBC will be subject to guidance being issued by Scottish Government and SFT.
- b) Before the project can enter procurement, the Outline Business Case must be approved by the procuring body and ultimately Scottish Ministers. SFT will have an oversight role and will provide comment to Scottish Ministers prior to their formal approval.
- c) The procuring body and the Scottish Government must both confirm at OBC stage that the project is affordable in terms of both unitary charge and non-unitary charge costs.
- d) Approval of the OBC will cap the revenue support based on an agreed capital value (including project development costs and construction phase SPV costs) supported at an agreed base date with an agreed construction inflation assumption and agreed centrally provided financing assumptions.³ The OBC will also cap the revenue support being provided for ongoing SPV costs.

Full Business Case stage:

- e) In advance of financial close, the procuring body is required to submit a Full Business Case (FBC) to the Scottish Government, with detailed costings which confirms that the project remains on track to deliver the Programme Goals. The FBC will be subject to guidance being issued by Scottish Government and SFT.
- f) Before the project can reach financial close the Full Business Case must be approved by the procuring body and ultimately Scottish Ministers. SFT will have an oversight role and will provide comment to Scottish Ministers prior to their formal approval.
- g) The procuring body and the Scottish Government must both confirm at FBC stage that the project is affordable in terms of both unitary charge and non-unitary charge costs.
- h) Approval of the FBC will fix Scottish Government revenue support based on the out-turn capital value of the project (including project development costs and construction phase SPV costs), the out-turn level of ongoing SPV costs and anticipated financing terms.

³ Revenue consequences of any upward movement in construction cost or timing after this date are likely to be the Authority's account, although in exceptional cases with a full justification in the Final Business Case, may be centrally funded.

Guidance

The Business Case process

The business case process has three stages in the development of a project:

- *Strategic Business Case*: The SBC should confirm the strategic context of the proposal; makes a robust case for change; and provide stakeholders and customers with an early indication of the proposed way forward (but not yet the preferred option).
- *Outline Business Case*: The OBC should provide more detail on the strategic case and identify a preferred option which demonstrably optimises value for money. The OBC also examines affordability and proposes the procurement strategy and arrangements for managing and delivering the project.
- *Full Business Case*: The FBC updates the OBC and records the findings of the subsequent procurement activities; together with the recommendation for an affordable solution which continues to optimise value for money, and details the arrangements for the successful delivery of construction and service provision for the project.

The procuring body should consider, in discussion with the Scottish Government, the current stage of development of the project and whether all three business case phases are required.

Guidance on developing business cases

The SFT and Government will issue further tailored guidance on both the Outline Business Case and Full Business Case, including templates.

In preparing a business case for the project, the procuring body should ensure compliance with existing guidance; specifically:

- HM Treasury Green Book⁴ and associated technical guidance⁵;
- Scottish Public Finance Manual⁶; and
- Scottish Government guidance on capital programmes and projects⁷.

⁴ Available at: http://www.hm-treasury.gov.uk/data_greenbook_index.htm

⁵ Available at: http://www.hm-treasury.gov.uk/d/greenbook_toolkitguide170707.pdf

⁶ Available at: <http://www.scotland.gov.uk/Topics/Government/Finance/spfm/pfjppp>

⁷ This guidance is currently being revised. The updated version will be published by mid April. The current version is available at: <http://www.scotland.gov.uk/Topics/Government/Finance/18232/VEMCapital>

4. Funding of preparatory and development costs

Conditions

- a) The procuring body (and where relevant, other participating public authorities), and Scottish Government are required to provide funding for the preparatory and development costs of the project in line with the proportions outlined below.

Guidance

Four sets of preparatory and development costs have been identified as required in order to deliver the project through the hub DBFM model. These are:

1. **Public sector development costs** – which may include feasibility, planning, design and specialist advisory services. SG will not provide any contribution towards these costs upfront. SG will fund the equivalent of 66.7% [or 50%⁸] of these costs, by making a contribution towards the unitary charge.
2. **Public sector advisory costs** – which may include legal, financial, technical (if additional to design costs) and insurance advice costs. SG will not provide any contribution towards these costs upfront. SG will fund the equivalent of 100% of these costs, subject to a cap, by making an additional contribution towards the unitary charge.
3. **Public sector enabling capital costs** – these are necessary to prepare the project for procurement (e.g. land purchase and preparatory works). SG will not provide any contribution towards these costs.
4. **Public sector enabling revenue costs** – which may include staffing costs or decant provision. SG will not provide any contribution towards these costs.

⁸ 66.7% for secondary school projects; 50% for primary school projects

5. Scottish Government support for elements of the unitary charge

Conditions

- a) In order to be eligible for Scottish Government revenue support the project must be assessed, by the procuring body, under relevant Eurostat (ESA95) guidance as falling outside the public sector for national accounts purposes. This assessment will be reviewed by the Scottish Government.
- b) In order to secure revenue support, the procuring body must satisfy both the Scottish Government and SFT that it has sought to minimise capital and operating costs within the agreed project scope and has undertaken a whole life cost analysis which demonstrates this.
- c) The procuring body is required to fully fund the unitary charge elements relating to Hard FM (facilities management) costs and lifecycle maintenance costs.
- d) Projects will only receive Scottish Government revenue support upon successful completion of construction and commencement of operations subject to any specific arrangements made regarding phased commencement of operations.

Guidance

ESA95

Guidance on the assessment of ESA95 will be provided by the Scottish Futures Trust.

Components of the unitary charge

The unitary charge is the amount of money paid by the public sector procuring body to the private sector consortium over the duration of the contract. Unitary charge payments begin once the project is fully operational or individual phases have been completed. The total unitary charge payment will comprise some or all of these components:

1. Construction costs
2. Private sector development costs (including staffing, advisory and lenders' advisers' fees)
3. Financing interest (which is necessary to fund the project through construction)
4. Financing fees
5. Running costs for the project's Special Purpose Vehicle (SPV) during construction, including insurance costs and management fees
6. SPV running costs during operations, including insurance costs and management fees
7. Lifecycle maintenance costs
8. Hard facilities maintenance (FM) costs

For clarity, the following cost elements are outwith the scope of the hub DBFM contract or are a pass through cost, and accordingly are a direct cost to the public body:

9. Soft FM costs, including cleaning, catering, grounds maintenance and security
10. Utilities including gas and electricity costs and rates
11. Equipment costs not included in the overall construction cost

Components of the unitary charge to be supported by the Scottish Government

Subject to the procuring body meeting the other conditions outlined in this letter, and the satisfactory commencement of operations on the project, the Scottish Government will commit to provide the procuring body with revenue support for the following elements of the unitary charge:

- 66.7% [or 50%]⁹ of construction costs (subject to the agreed scope of the project);
- 100% of private sector development costs (subject to an agreed cap);
- 100% of financing interest and financing fees, which relate to the proportion of the construction costs being supported by SG (at prevailing Financial Close rates);
- 100% of SPV running costs during the construction phase (subject to an agreed cap); and
- 100% of SPV running costs during the operational phase (subject to an agreed cap).

Components of the unitary charge to be supported by the procuring body

The procuring body is required to support the following elements of the unitary charge:

- 100% of Hard FM (facilities management) costs; and
- 100% of lifecycle maintenance costs.

It is assumed that the procuring body will exercise the option to inject their contribution towards construction costs as a capital contribution, subject to meeting the provisions of ESA95. If the procuring body is restricted from injecting a proportion of the construction costs as a capital contribution, resulting in the use of project finance, the Government will consider, on a case by case basis, whether to make a contribution to some or all of the differential cost of borrowing between PWLB and the project financing terms.

Any alternative project structure (e.g. no capital contribution) will require to be agreed by the Scottish Government. The associated contribution towards the unitary charge from Scottish Government would be agreed on a project specific basis.

The procuring body will be required to fully fund additional cost components for soft FM services, utilities costs and equipment costs (not included in the overall construction cost). It is assumed that these costs are outwith the scope of the hub DBFM contract or are a pass through cost.

⁹ 66.7% for secondary school projects; 50% for primary school projects

Determining the value of SG revenue support and the procuring body's contribution

As part of the value for money assessment process (described in Section 3), the procuring body is required at the Outline Business Case stage to prepare anticipated project costs and financial flows. This information should provide projections of the various cost components of the project and should be completed in a format provided by SFT.

The financial model should be included in the Full Business Case in order that value for money can be reassessed at this stage.

At Financial Close, financing rates are determined and the total unitary charge payment is set, subject to inflation, for the term of the contract. The financial model, which forms the basis of Financial Close, will be used to determine the individual components of the unitary charge, and therefore finalise the respective revenue contributions from each of the relevant parties. The Scottish Governments support will be fixed based on the financing terms achieved in the market and will be subject only to annual inflation of an agreed percentage of the unitary charge by an agreed index.



**Scotland's Schools for the Future
Revenue Financed Projects
Basic Worked Example**

1	Pupils	1000	
2	Sqm per pupil	11	
3	£ per sqm (at 1 Apr 2009)	2200	'All in' rate which includes public sector development costs
4	Estimated project cost £	<u>24,200,000</u>	Assumed to be programme eligible costs
5	LA Funding %	33%	
6	SG Funding %	67%	
7	LA Funding £	8,066,667	
8	SG Funding £	16,133,333	
9	Total Funding	<u>24,200,000</u>	
10	Upfront Pub Sec Development Costs (Assume 5%)	1,210,000	Paid for upfront by LA
11	Contract Construction Costs	<u>22,990,000</u>	Paid for via LA Capital Contribution and SG Revenue Support (see split below)
12	Total Base Costs	<u>24,200,000</u>	
13	Upfront Pub Sec Advisory Costs	200,000	
14	Contract Project Development Costs	500,000	
15	Contract Construction Phase SPV Costs	<u>300,000</u>	
16	Total Additional Costs of Revenue Funding	<u>1,000,000</u>	Proposed capped levels which will be kept under review
17	Total Upfront Costs (Line 10 + 13)	1,410,000	
18	Total Contract Costs (Line 11 + 14 + 15)	<u>23,790,000</u>	See breakdown in summary table below (Line 34)
19	Total Project Costs (Line 12 + 16)	<u>25,200,000</u>	
20	LA Payment of Upfront Pub Sec Development Costs	1,210,000	
21	LA Payment of Upfront Pub Sec Advisory Costs	200,000	
22	LA Capital Contribution towards Construction Costs	<u>6,656,667</u>	Effectively a balancing figure (Line 7 - 10 - 13)
23	Total LA Contribution	<u>8,066,667</u>	
24	SG Contribution towards Construction Costs	16,133,333	
25	SG Contribution towards Pub Sec Advisory Costs	200,000	
26	SG Contribution towards Project Development Costs	500,000	
27	SG Contribution towards Construction Phase SPV Costs	<u>300,000</u>	
28	Total SG Contribution	<u>17,133,333</u>	Which will all be paid in equivalent revenue support
The Revenue Funded Project:			
29	LA Capital Contribution towards Construction Costs	6,656,667	
30	SG Contribution towards Construction Costs	16,133,333	Which will be paid in equivalent revenue support
31	SG Contribution towards Pub Sec Advisory Costs	200,000	Which will be paid in equivalent revenue support
32	SG Contribution towards Project Development Costs	500,000	Which will be paid in equivalent revenue support
33	SG Contribution towards Construction Phase SPV Costs	<u>300,000</u>	Which will be paid in equivalent revenue support
34	Total Contract Cost	<u>23,790,000</u>	
Capital Contribution as a % of Total Project Costs		28%	% reviewed to ensure ESA95 requirements are met

SFT Role in £2.5bn Revenue Financed Investment Programme

Introduction

SG has requested that SFT supports the delivery of the £2.5bn revenue financed investment programme outlined in November 2010. This paper summarises SFT's proposed role at:

- i. **Programme Level** where SFT provides support to Scottish Ministers and to the Capital and Risk Division of Scottish Government;
- ii. **Portfolio Level** where SFT provides support to sponsor departments such as SGHD, SGELL, SFC and TS; and
- iii. **Project Level** where SFT provides support to procuring bodies tailored to the support requirements for a standalone NPD project or a project being procured using hub DBFM.

SFT's role at each level will vary. The attached table outline SFT's role at each level classified as follows:

- **Lead** where SFT is the lead organisation in relation to the activity.
- **Support** where SFT provides support to other parties (usually the procuring body or sponsor department) to deliver projects.
- **Approve** where SFT has an approving or pre-approval commentary role (usually on behalf of Scottish Government or Scottish Ministers).

In some instances, SFT's role may be extended to provide additional support at either a programme, portfolio or project level, for example, managing Scotland's Schools for the Future programme or, alternatively, providing additional support to individual projects.

Programme Level Support

Programme level support is provided to Scottish Ministers and to the Capital and Risk Division of Scottish Government. SFT's key work streams and associated roles are summarised below:

Programme Level Support Work Stream	Lead Role	Support Role	Approve Role	Notes
Standard NPD / hub DBFM Contracts	√			Development of standard contract and approval of any variations to the standard contract during the procurement of the programme.
Underlying NPD / hub DBFM Principles		√		Support SG to uphold the NPD / hub DBFM principles by being the 'guardian' of these principles during the procurement process.
ESA95	√			Obtaining programme level clearance from SG / HMT where possible noting that some projects will require project specific signoff.
Programme Affordability	√			Provide SGC&R with updates on programme affordability ensuring consistency and the appropriateness of the financial assumptions used.
Methodology for Revenue Support		√		Assist SGC&R in the development of the conditions and guidelines of providing revenue support and support the development of a methodology of calculating SG revenue support.
Value for Money Guidance		√		Provide input to SGC&R to update the VfM guidance including assessment methodologies.
Assurance and Approvals	√			Develop assurance process and template papers for completion by procuring bodies. Agree programme level approvals process (as

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Programme Level Support Work Stream	Lead Role	Support Role	Approve Role	Notes
				required) with SGC&R including scope & extent of SFT comment / approval and provide support to IIB where projects are being reviewed by exception. SFT will not be involved in the Gateway review process.
Advisory Framework and Briefing Documents	√			Establish and maintain a framework of Technical, Legal and Financial advisors for use by public sector bodies involved in the revenue financed investment programme. Prepare template briefing documents for each function.
Market Interface	√			Manage the market interface relating to the investment programme with both the public and private sector including soft market testing of aspects of the revenue financed projects (e.g. contract development, scope of services) noting that this interface does not apply at individual project level.
Progress Reporting	√			Provide regular progress reports, as required by SGC&R, covering the investment programme as a whole, including (but not limited to): <ul style="list-style-type: none"> i. Project timescales – highlighting any slippage ii. Impact on SG budgets – indicating impact of changing interest rates; timetable slippages etc. iii. Issues arising which should be brought to the attention of Scottish Ministers and/or SGC&R

Portfolio Level Support

SFT will support the sponsor departments (Scottish Government Health Directorate, Scottish Government Education and Lifelong Learning Directorate, Transport Scotland and the Scottish Funding Council) in the delivery of the revenue funded projects in the following areas:

Portfolio Level Support Work Stream	Lead Role	Support Role	Approve Role	Notes
Confirmation of Revenue Support		√		Provide support as required to the sponsor department to confirm level of SG revenue support. SFT will verify that the conditions attached to the SG revenue support offer are met prior to contract signature.
Assurance and Approvals			√	Agree portfolio level approvals process (as required) with sponsor department including scope & extent of SFT comment / approval which may include provide commentary on the review of business cases and reporting back on KSR findings and recommendations.
Progress Reporting	√			Provide regular progress reports, as required by the sponsor department, covering directly relevant projects the investment programme as a whole, including (but not limited to): <ul style="list-style-type: none"> i. Project timescales – highlighting any slippage ii. Impact on SG budgets – indicating impact of changing interest rates; timetable slippages etc. iii. Issues arising which should be brought to the attention of Scottish Ministers and/or the sponsor department

Project Level Support

SFT will support project teams in the delivery of the revenue funded projects in the following areas:

Project Level Support Work Stream	Lead Role	Support Role	Approve Role	Notes
Project Governance		√		SFT will provide support to establish a structure. This may include SFT representation on the Project Board as agreed with each procuring body.
Business Case Development		√		SFT will provide ad hoc advice in response to specific queries to assist procuring bodies when preparing OBC and FBC documents. For example, the scope of services, revenue support mechanics, nature / availability of shadow bid model and required assumptions / sensitivities.
Assurance and Approvals	√			Prior to each assurance review SFT will provide project teams with detailed requirements noting that assurance reviews will be undertaken on behalf of the relevant sponsor department.
Procurement Process Support		√		SFT will share best practice and provide ongoing support to queries raised by project teams relating to business cases, preparation for project assurance reviews, competitive dialogue procurement process, bid evaluation, short-listing, revenue support conditions, contract negotiations, feedback from funding market and other relevant matters.
Contract Derogations			√	SFT expect no amendments to the underlying contract principles and only project specific issues to be identified. SFT will sign off derogations at key stages in the procurement process if they are

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Project Level Support Work Stream	Lead Role	Support Role	Approve Role	Notes
				assessed as being appropriate.
Ongoing Operational Phase Support		√		SFT will provide ongoing operational phase support to projects which may include: <ul style="list-style-type: none"> • Contract management guidance & training • Operational support e.g. insurance & benchmarking