

Report To:	Education & Communities Committee	Date: 22 January 2013
Report By:	Corporate Director Education, Communities & Organisational Development / Chief Financial Officer	Report No: EDUCOM/19/13/EM
Contact Officer:	Eddie Montgomery	Contact No: 01475 712472
Subject:	SEMP – Review of Funding Model and Possible Opportunities - Update	

1.0 PURPOSE

- 1.1 The purpose of this report is to update Committee in respect of the response from the Scottish Government to the request for increased grant funding regarding accelerating capital investment to support economic recovery, and the implications for the possible School Estate Management Plan (SEMP) opportunities outlined in the October 2012 report to Committee.

2.0 SUMMARY

- 2.1 A report on possible opportunities within the SEMP arising from the October 2012 review of the School Estate Funding Model, was submitted to the October 2012 Committee. The report outlined the following:

- £2.6 million reduction in net costs due to the estimated SFT Grant in relation to St Patricks Primary.
- £1 million reduction in the contingency set aside for the Shared Campus.
- £450,000 reduction in projected loans charges following the high levels of borrowing at low interest rates which had been undertaken in the previous 12 months.

The report also noted that a letter had been received by the Council on the 20th September 2012 from the First Minister and David O'Neill (Cosla President) regarding accelerating capital investment to support economic recovery. Within that letter there was an indication that the Scottish Government would be amenable to supporting proposals advanced by Local Authorities to advance capital spend. The report also noted that Inverclyde Council had, proportionally, not fared well from the £1.2 billion Schools for the Future Programme largely due to the fact that it was in the middle of implementing a fully funded high quality School Estate Asset Plan.

The report put forward the following proposals for consideration conditional on the Scottish Government, via the Scottish Futures Trust, providing increased funding to the Council:

- acceleration of St John's Primary School Refurbishment utilising Highlanders Academy as decant accommodation (including £200K upgrading to allow use as decant facility) with an approximate timeline of summer 2014 for commencement of works. St John's Primary School is the only school of those remaining requiring significant investment that has a suitability rating of C (Poor) and the only school, of those remaining, requiring significant investment that is able to be accommodated within the former Highlanders Academy building as all other remaining schools require a larger decant facility.
- acceleration of Kilmacolm Primary School Refurbishment with approximate timeline of summer 2015 for commencement of works on the basis that it does not require decant accommodation and is in a poorer condition than the only other non-decant refurbishment at Gourrock Primary.
- acceleration of other Primary School refurbishments at St Mary's PS and St Ninian's PS as a result of more efficient use of the former Sacred Heart PS decant facility.

It was also noted that acceleration/advancement of the primary school refurbishment programme would have the following benefits:

- potential to save the Council money in the year on year inflationary increase in building costs.
- would allow more time to manage the reduction in the number of Property Services employees due to the projected severe down turn in fee income in the next 2 years or so.

On the basis of the above and in support of the proposals, the Committee agreed that the Council Leader should write to the Government seeking increased grant towards the proposals with the Committee to receive an update in respect of the Government's response.

The letter received from John Swinney (Cabinet Secretary for Finance, Employment and Sustainable Growth) in response to the Council Leader is attached as Appendix 1. Although the letter is generally supportive of the Council's proposals it does not indicate that there will be any possibility of increased grant funding.

- 2.2 As the Scottish Government has not indicated that there will be specific additional grant funding for the acceleration programme and given the considerable financial pressures on the Council, it is proposed that any acceleration of the primary schools programme is considered in the context of the overall budget process.

3.0 RECOMMENDATIONS

- 3.1 It is recommended that the Committee note the response from the Scottish Government.
- 3.2 That the Committee agree that the Council considers any acceleration of the primary schools programme in the context of the overall budget process.

Alan Puckrin
Chief Financial Officer

Albert Henderson
Corporate Director of Education,
Communities & Organisational
Development

Cabinet Secretary for Finance, Employment and Sustainable Growth
John Swinney MSP

T: 0845 774 1741
E: scottish.ministers@scotland.gsi.gov.uk



Councillor Stephen McCabe
Leader
Inverclyde Council
Municipal Buildings
Greenock
PA151LX

16 January 2013

Dear Councillor McCabe

Thank you for your letters of 19 October and 6 November in response to the letter sent by the First Minister and the COSLA President on 20 September regarding capital investment.

The Scottish Government welcomes the priority that you are giving to maximising capital investment to improve service delivery and support economic recovery.

I wrote to the Chancellor ahead of the Autumn Statement on 5 December calling on the UK Government to provide an immediate targeted boost to capital investment to protect the recovery in the short term and provide the infrastructure necessary to facilitate long term economic growth. I emphasised that Scottish councils would benefit from additional capital investment to act as a stimulus for regeneration and economic recovery.

I therefore welcomed that in the recent Autumn Statement announcement the Chancellor finally heeded Scotland's calls to boost capital spending, and that we have now been allocated additional capital funding over the next two years, although this is being funded partly by baseline reductions in our resource budget and we are still facing significant real-terms cuts to our capital budget. I was delighted to announce on 19 December that Local Government will receive over £46 million of this funding to support capital projects, on the condition that local authorities spend this additional funding on projects that are ready to be delivered and are not already funded in their capital programmes for 2012-13 or 2013-14.

Thank you for sending specific schools investment proposals.

I am pleased that you welcome the Scottish Government's contribution towards the new Craigmarloch ASN School and the refurbishment of St Patrick's Primary School and, for my part, I look forward to seeing these two important school projects progress. I note that you have two primary school projects which could be accelerated should funding become available; this is very helpful to know.

I also note your point about the relative share of support your council has received from the Schools for the Future Programme. While the Programme is aimed at improving the worst

St Andrew's House, Regent Road, Edinburgh EH1 3DG
www.scotland.gov.uk



condition schools in Scotland, we took a decision at the outset to try to distribute resources across all parts of Scotland - a pure, bottom up type approach would have resulted in a small number of local authorities receiving all of the available resources, which was deemed unacceptable. Of course, this distributive approach has inevitably led to apparent inequities and significant differentials in levels of support. But this reflects relative need and is allowing us to support the replacement or refurbishment of 67 schools across all of Scotland, which is 12 more than the 55 schools envisaged when the Programme was launched in 2009. Had we simply allocated the available resources among each of the local authorities on a pro-rata basis, the impact of the investment across the whole of Scotland would have been much less.

In relation to the Riverside Inverclyde Urban Regeneration Company (URC), I note your comments in relation to funding for the URC. We have shown our continuing commitment by providing funding of £27.1m since 2006/07 with a further commitment of £1.5m for 2013/14. Negotiations are currently ongoing in relation to funding for core costs and we anticipate that the URC will also be able to apply to the Regeneration Capital Grant Fund which should be available from 2014/15 – currently the subject of discussions with COSLA.

The URCs were always aware that Scottish Government funding was intended as 'pump priming' with the intention that the URCs would become self sufficient by seeking other funding sources. Riverside Inverclyde has been resourceful in this area. To aid with this process, the URC asked the Scottish Government that they be allowed to accelerate their current programme. This request was recently agreed by Scottish Government after discussions with Inverclyde Council and Scottish Enterprise. Riverside Inverclyde will now accelerate their current programme by £2.4m.

I understand that Riverside Inverclyde and Inverclyde Council met on 21 November 2012 to discuss possible projects for additional funding which can be included in future 'shovel ready' calls. I would be interested to hear the outcome of that discussion in due course.

In relation to Housing, Local Authorities have been issued with three-year Resource Planning Assumptions and have submitted details of the developments they would like to see taken forward in Strategic Local Programmes. Inverclyde Council has identified a proposed development by River Clyde Homes and officials from the Council and Scottish Government Housing Supply Division are currently discussing how this can be progressed.

I trust this response has been helpful, and I look forward to continuing to work with you to take forward our shared priority of capital investment to support economic recovery.

JOHN SWINNEY