2 October 2015

By Email: finance.committee@scottish.parliament.uk

Dear Ms Balcan

CALL FOR EVIDENCE: SCOTTISH FUTURES TRUST/NPD PROGRAMME
ANGUS COUNCIL RESPONSE

I refer to your email of 18 August 2015 seeking the views of Angus Council to your questions attached to that email, and would respond as follows:

The SFT’s Role in Securing Additional Investment

Angus Council has secured investment in its school estate through Scottish Government’s ‘Scotland’s Schools for the Future’ investment programme - this overall investment programme has been managed by SFT.

This funding has supported Angus Council progress with new build school and community facilities in Brechin and Forfar.

These new build facilities have been procured by the Council using the services of Hubco – the joint venture company established by SFT to support the delivery of public sector infrastructure projects in the East Central territory.

SFT has provided the interface between the Council and Scottish Government and established ‘funding metrics’ to provide consistency for apportioning funding resources across Council areas – primarily based on pupil roll, area per pupil and cost/m2.

If this is securing additional investment, then SFT’s role has provided assurance in relation to the equity, transparency and accountability around the amount of funding awarded to each local authority, while liaising with Scottish Government to ensure there is strategic alignment with national policy.

The SFT’s Role in Securing Better Value for Money and Improved Public Services

SFT have established a new delivery vehicle through the establishment of Hubcos which are expected to deliver these aims.
While the Council can ascertain value for money through the procurement of the two projects through hubco - using Design & Build (for Brechin) and Design, Build, Finance and Maintain (for Forfar) - it is not possible to verify if this approach has secured ‘improvements’ or ‘added value’ in comparison to other procurement options.

The Council’s experience to date has been mixed: for example, design development has taken longer than would have been expected and key stage submissions have tended to be late, resulting in a need to initiate advance works to maintain critical end dates thus exposing the Council to additional financial risk. Indeed our experience of hub projects to date has been that advanced works have been required in almost all cases to keep projects on track.

However, the DBFM approach appears to be more efficient than the former PPP procurement route. It is apparent that lessons are being learned as the new hubco organisation matures.

In terms of SFT’s role, there has been pro-active engagement in terms of managing hubco, however, there is also a need for greater emphasis at Tier 1 contractor level to ensure Tier 1 contractors are taking cognisance of the benefits of having a strategic public sector work-stream – this is potentially an area where added value could be derived.

The SFT’s Role in Fostering Innovation to Improve Outcomes

This is an area where SFT have made a significant contribution.

As part of the ‘Scotland’s Schools for the Future’ programme, SFT have challenged ‘custom and practice’ approaches to design and positively encouraged innovation and change to flourish. They have initiated national workshops to debate approaches and share experiences.

As a direct consequence of SFT input and encouragement, the designs for Brechin and Forfar are significantly improved in comparison to what would most likely have been the case had there been no SFT involvement.

There is no doubt that this has provided the Council with real opportunity to improve outcomes for its citizens in these burghs.

The SFT’s Role in Encouraging Collaboration to Improve Efficiency

SFT have initiated collaboration between neighbouring Councils where there has been a common connection.

For example, Angus, Dundee, Perth & Kinross and Fife Councils worked relatively closely for a period of time during development work in relation to phase 3 of the school investment programme – this was very positive at the time and could have been progressed further.
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The SFT’s Efficacy in Securing Better Outcomes including Job Creation, Training And Apprenticeships, Environmental Sustainability, Broader Community Benefits and Digital Connectivity

With the exception of digital connectivity and environmental sustainability, the other aspects are implicit elements of procurement through hubco and the Council can verify these aspects are given a high priority, which is very positive.

In terms of environmental sustainability, this is an aspect that SFT have provided a strong focus and emphasis to deliver improvements. SFT have also been practical in their approach by acknowledging value for money factors that influence design solutions.

Angus Council has had no experience with SFT in terms of securing better outcomes through digital connectivity.

Any Other Comments You Might Have on the SFT’s Work Towards Achieving its Key Aims

SFT have brought some good support, including cost benchmarks, etc. for use in public sector construction projects – this is an area that has potential for further development / knowledge sharing to support improvements to value for money analysis.

SFT and Hubco have also supported Angus Council with its Agile Working / Estates Review transformational change programme – this has been helpful to support cultural change in the organisation and providing learning from other Councils who have already embraced this concept.

There is some evidence to suggest that communications from SFT could be improved. For example, during the procurement of the public sector development partner for hubco, the Council raised a number of legal questions with SFT regarding procurement matters and it is considered that there should have been more discussion around these issues and more detail provided at an earlier stage. This is also evident in current communications around ESA10 accounting treatment resolution.

I hope this is helpful in responding to you but please do not hesitate to contact me should you require anything further.

Yours sincerely

Richard Stiff
Chief Executive