2 October 2015

Kenneth Gibson
Convenor
Finance Committee
Scottish Parliament
Edinburgh
EH99 1SP

Dear Kenneth

CALL FOR EVIDENCE: SCOTTISH FUTURES TRUST/NPD PROGRAMME

I thought it might be of interest to the Committee if at this stage we submitted a small number of case studies giving practical examples of SFT’s work. These add useful colour to the sometimes technical expressions of collaboration, additional investment, innovation, supporting public services and wider benefits. Nine case studies are attached:

- SFT working to provide broadband for £1 a week
- SFT’s ground-breaking primary school paves way for others to follow
- SFT’s new Growth Accelerator unlocks massive city-centre investment
- SFT’s Street Lighting Toolkit gives Scotland’s councils power to save
- First NPD funded college campus opens
- NHT acts as catalyst for additional improved outcomes
- SFT’s Operational PPP team helps NHS secure improved service
- SFT working with councils and health boards make better use of space
- At the hub of building better local services together

We would welcome the opportunity to provide any clarifications or oral evidence should the Committee require it.

Yours sincerely

Barry White
Chief Executive
SFT working to provide broadband for £1 a week
Providing internet access to social housing tenants improves their access to services and opportunities.

Working with Glasgow Housing Association (GHA) and BT, SFT developed an innovative, commercially viable Wi-Fi prototype that provides internet access for £1 a week per household, available to tenants living in 138 flats of a Glasgow multi-storey tower block.

To ensure success, SFT worked closely with GHA to develop a novel, low-cost broadband solution within a multi-storey block as a way of increasing internet use. Expert advice was provided by SFT throughout the procurement process, resulting in the successful delivery of the pilot.

Subsequently, more than 50% of households signed up to take part. Internet access has allowed tenants to improve their IT skills, search for work, and increase their use of online services.

As a result of SFT’s pathfinding work, GHA’s parent organisation, the Wheatley Group, is looking at how this innovative approach to gain internet access could be adopted more widely across its housing portfolio.

SFT is sharing the lessons learned with other housing associations.
SFT’s ground-breaking primary school paves way for others to follow
The recently opened Lairdsland Primary School in Kirkintilloch, East Dunbartonshire, represents a significant advance in primary school design. The approach used in this 'reference design' is influencing how future primary schools across Scotland are designed and used.

The innovative design was developed in conjunction with East Dunbartonshire Council and delivered through the Scottish Government’s £1.8bn Scotland’s Schools for the Future programme. The ground-breaking and adaptable design has been created to provide local authorities with a cost-effective, highly efficient and flexible design which is better suited for modern teaching.

Importantly the reference design is scalable so that it can be simply adapted for larger or smaller pupil numbers. Innovative elements of design include:

- Extra wide staircase that doubles as theatre seating
- Classrooms with internal glass walls and no doors
- Flexible break-out spaces adjacent to every classroom
- Covered balconies connected to classrooms allowing teaching to take place outside
- Unisex toilets attached to classrooms
- Double-height glass-walled central atriums allowing light to flood into the school whilst simultaneously reducing energy costs

Such has been the positive reaction to the school that East Dunbartonshire Council has signed up to build another school (Lenzie Moss Primary) using the same design and the City of Edinburgh Council is currently considering elements in the design proposals for its new St John’s RC Primary School. Other councils to use the reference design are Argyll & Bute, Inverclyde and West Dunbartonshire.
SFT’s new Growth Accelerator unlocks massive city-centre investment

Built in the 1960s at the top of Leith Walk in Edinburgh, the St James Centre incorporates a shopping centre, an office block and a hotel and for a number of years has been regarded as an eyesore with its redevelopment long overdue.

At the start of 2014, SFT, together with Scottish Government and The City of Edinburgh Council developed the new Growth Accelerator to unlock economic growth and investment.

Through close collaboration, the three parties were able to develop an approach which was capable of delivering significant benefits including job creation, new business activity and private sector investment.

The Growth Accelerator used on the newly named ‘Edinburgh St James’ focuses on the delivery of £60m of public sector enabling spend, which in turn will create the right conditions to unlock some £850m of private sector investment, alongside meeting the strategic priorities of the Council to deliver city-centre improvements and regeneration.

Over the coming year, work will start on the site to create a state-of-the-art leisure destination, boasting 750,000 sq. ft. of retail space, a five star hotel and up to 250 private residential apartments due for completion by 2020.

Building on SFT’s pathfinding work for Edinburgh, the Growth Accelerator has been adopted for wider use in Scotland. Proposals for the Dundee Waterfront GAM are under active consideration with work advancing with other cities.
GAM has the potential to unlock several billion pounds of additional investment in cities across Scotland.

**SFT’s Street Lighting Toolkit gives Scotland’s councils power to save**

Across Scotland, there are some 900,000 street lights costing local authorities £39m in 2014/15 in annual electricity charges. These street lights also impact on the environment by releasing nearly 200,000 tonnes of CO₂ into the atmosphere each year.

With electricity prices forecast by the Department of Energy & Climate Change to increase substantially over the next ten years, it was timely that in February 2015 SFT published its latest Street Lighting Toolkit.

The Toolkit is aimed to provide local authorities with the most up-to-date information to enable them to prepare robust business cases to invest in spend-to-save measures to phase in new LED lighting.

Work to date with Scotland’s councils has already seen their investment in new LED street lighting rise from £7m in 2013/14 to £30m in 2014/15, with investment predicted to extend further to £45m by the end of 2015/16.

Following guidance and support provided from SFT, Local Partnerships (owned by HM Treasury and the Local Government Association) have adopted the Street Lighting Toolkit for their own use and are also carrying out regional workshops across England and Wales.
Today, over 80% of Scotland’s councils are actively using the Toolkit. After its launch, SFT received enquiries for its use from across Europe and further afield including Australia, New Zealand, Mexico, USA and Singapore. By using the Toolkit, across Scotland cumulative energy and maintenance cost savings would achieve £1.2bn and save 2.6m tonnes of CO₂ over the next 20 years.

First NPD funded college campus opens
In August 2013, construction started on the two, NPD funded City of Glasgow College campuses which, when both are open, will house state-of-the-art facilities for 40,000 students and 1,200 staff.

The Glasgow Learning Quarter (GLQ) Consortium, led by Sir Robert McAlpine was appointed as preferred bidder in early 2013 and financial close was reached in summer 2013 - a mere 21 months from when the OJEU was published. Reflecting the extraordinary commitment by GLQ, work started on site well in advance of financial close in order to meet the challenging construction timescales.

A vital element of GLQ’s winning bid was the opportunity to create strong, local economic benefits. During construction of both campuses a total of 700 jobs are being supported, with 200 employed directly by the main contractor and 500 through its supply chain.

GLQ was also committed to providing around 170 new jobs plus 40 new apprenticeships, as well as create 200 weeks of work experience placements, training and qualification opportunities.

Situated on the banks of the River Clyde, the newly opened and aptly named Riverside Campus is now attracting thousands of students seeking first-class vocational training.
GLQ has actively engaged with local contractors to maximise opportunities for SMEs and social enterprises through advertising appropriate sub-contracts at a local level through, for example, the Glasgow Business Portal.

Approximately 75% of works packages awarded to date have been to SMEs.

By September 2016, the second phase of the project - the stunning City campus - will be open, ready for the start of the new college term.

**NHT acts as catalyst for additional improved outcomes**

In 2014, construction started on a site in Rosyth owned by Kapital Residential Limited of 62 affordable rent homes delivered through SFT’s award winning National Housing Trust (NHT) initiative for Fife Council.

The NHT homes were being built on a much larger site known as Hilton Garden City, with a capacity for 390 new homes. But with development funding being extremely difficult to secure at that time for new housing, the full development of the site remained far in the future. However, with construction of the NHT homes underway and the installation of access roads and the infrastructure associated for the new NHT homes, this in turn opened up the remaining parts of the site for the developer to build all 390 homes.

Kapital Residential subcontracted the building works to Muir Group. Beyond the immediate benefits of employment during construction, when in excess of 150 full time staff were working on site, the benefits will be long lasting. The developer deliberately adhered to a policy of using local firms to carry out construction which
helped the local labour force. The developer also required that the contractors and their subcontractors offered training roles. An education programme was also undertaken with local schools, who visited the site at periods during construction.

With the NHT homes now all fully occupied, it is the tenants who are benefitting the most. All tenants, who were previously on the Fife Housing Register awaiting suitable affordable accommodation, are now living in quality, low energy use homes. The rents are substantially lower than in the private rental market. For example, for a three bedroom NHT home, tenants are paying £485 per month compared to a nearby three bedroom home which is of similar age and quality at £695 per month.

To date, more than 1,000 NHT affordable homes for rent have been built and are now occupied, which has helped secure £146 million of additional investment into Scotland.

**SFT’s Operational PPP team helps NHS secure improved service**

Some of Scotland’s essential infrastructure such as hospitals, schools and roads are delivered through Public Private Partnerships (PPP). These assets, valued at over £6bn incur contract payments from public sector budgets that run close to £1bn per annum.

These historic contracts are often complex and need active management by the public sector. SFT’s operational contract management team carry out in-depth and targeted reviews of education and health projects to identify increased value and savings, estimated to be over £1m per annum recurrent year on year, as well as significant one-off savings.

Most recently, SFT has formed a collaborative working arrangement with the NHS to create a specialist team to support all NHS boards in improving PPP contract management, share best practice and drive value on a consistent basis across the country.

Typically the team provides support to an NHS board on an operational PPP hospital project by undertaking a review of the level of service being provided by the private sector contractor.

The contracts provide for a reporting system through which any faults are reported and their resolution by agreed times is monitored. Reviews are showing that service improvements are needed as the private sector are in some cases not providing services consistently to the level set out in the contract.

The reviews help support more active contract management and in the short term this will often lead to some financial deductions being made under the payment
A mechanism to help incentivise the contractor to raise their level of performance. This approach is working as the private sector is improving both the response periods for repairs and the follow-through to ensure issues are properly resolved.

Alongside the joint NHS work SFT are also working with local authorities to carry out reviews on Schools PPP projects.

The reviews have resulted in a more balanced relationship between the public sector and the private sector with the level of service delivery improving substantially.

**SFT working with councils and health boards to make better use of space**

In 2013, SFT led a Smarter Office pathfinder initiative with four local authorities supporting a programme of change that would radically alter the way they work and as bigger programmes roll-out saving them millions of pounds.

Working with Clackmannanshire, Midlothian, Renfrewshire and West Dunbartonshire Councils, SFT’s Asset Management team ran a collaborative ‘New Ways of Working’ pilot initiative which would ultimately deliver improved working environments and financial savings through the more efficient use of office space.

The pathfinder project helped the councils challenge themselves to increase utilisation of their workspaces. West Dunbartonshire excelled with the highest utilisation standards, the lowest storage allocations and with its Chief Executive choosing to work within the new ways of working space showing excellent leadership by example.
A massive culture change programme supported the pathfinder. This has led to the development of both an implementation plan and an evaluation toolkit which are now being used to support others across the public sector who are embarking on the journey.

Two years on from the start of the pathfinder, SFT is now working with many local authorities and NHS Boards to investigate and deploy some form of smarter working activity. Across the public bodies this is on track to secure efficiency savings of over £50m per annum.

SFT is also achieving national and international note with New Zealand Government, The Cabinet Office and the Dutch Government all giving recognition to SFT’s Smarter Offices publication, ‘What Can We Do With the Office.’

**At the hub of building better local services together**

The Scotland-wide hub initiative reflects a national approach to the delivery of new community infrastructure which is valued at more than £2bn over its first 10 years.

It brings together community planning partners, including health boards, local authorities, police, and fire and rescue services and several other public bodies together with a private sector development partner to form a hubCo to increase joint working and deliver best value in delivering new community facilities.
The Hillhead Community and Education Centre in Kirkintilloch (pictured above), is typical of many of the projects procured through hub, from where a broad range of community services are delivered.

As part of its coordination of the hub programme, SFT publishes a quarterly ‘dashboard’ highlighting the value of projects either, open and operational, under construction or in development and the number of jobs the hub programme is supporting along with the percentage of contracts awarded to SMEs.

In addition, the dashboard also outlines the number of work placements secured, the number of people who have benefited from construction site visits and presentations from contractors and the number of new graduate and apprenticeships secured.

SFT’s latest hub dashboard (September 2015) is outlined on the following page.
Building better local services together
September 2015

Value of Hub Projects Across Scotland

£1.776bn
£261m
£647m
£868m

In construction
In development
Open and operational

Educational Support

23,569 Persons
1,128 Days

Contract awards

78%

Value split across 5 hub territories (to date)

£329m
South East Scotland
www.hubsoutheastscotland.co.uk

£425m
North Scotland
www.hubnorthscotland.co.uk

£415m
East Central Scotland
www.hubeastcentralscotland.co.uk

£272m
West Scotland
www.hubwestscotland.co.uk

£335m
South West Scotland
www.hubsouthwestscotland.co.uk

Graduate & Training

New Graduate Places
93

New and existing Apprenticeships and Trainee Places
318

Supporting over 8,411 jobs

Hub Projects

In construction