

# **EDUCATION, LIFELONG LEARNING AND CULTURE COMMITTEE**

Wednesday 16 April 2008

Session 3

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## EDUCATION, LIFELONG LEARNING AND CULTURE COMMITTEE

### 8<sup>th</sup> Meeting 2008, Session 3

#### CONVENER

\*Karen Whitefield (Airdrie and Shotts) (Lab)

#### DEPUTY CONVENER

\*Rob Gibson (Highlands and Islands) (SNP)

#### COMMITTEE MEMBERS

\*Aileen Campbell (South of Scotland) (SNP)

\*Ken Macintosh (Eastwood) (Lab)

\*Christina McKelvie (Central Scotland) (SNP)

\*Mary Mulligan (Linlithgow) (Lab)

\*Jeremy Purvis (Tweeddale, Ettrick and Lauderdale) (LD)

\*Elizabeth Smith (Mid Scotland and Fife) (Con)

#### COMMITTEE SUBSTITUTES

Richard Baker (North East Scotland) (Lab)

Hugh O'Donnell (Central Scotland) (LD)

Shirley-Anne Somerville (Lothians) (SNP)

\*attended

#### THE FOLLOWING GAVE EVIDENCE:

Mark Diffley (Audit Scotland)

Alastair Farquhar (Moray Council)

Caroline Gardner (Audit Scotland)

Lindsay Glasgow (City of Edinburgh Council)

Councillor Jeff Hamilton (Moray Council)

Councillor Jim Logue (North Lanarkshire Council)

Cathy MacGregor (Audit Scotland)

Murdo Maciver (North Lanarkshire Council)

Audrey Palmer (City of Edinburgh Council)

#### CLERK TO THE COMMITTEE

Eugene Windsor

#### SENIOR ASSISTANT CLERK

Nick Hawthorne

#### ASSISTANT CLERK

Andrew Proudfoot

#### LOCATION

Committee Room 4



## Scottish Parliament

### Education, Lifelong Learning and Culture Committee

*Wednesday 16 April 2008*

[THE CONVENER *opened the meeting at 10:02*]

#### School Estate

**The Convener (Karen Whitefield):** Good morning. I open the eighth meeting this year of the Education, Lifelong Learning and Culture Committee.

The first item on the agenda is the committee's consideration of the school estate. We have been joined by a panel of witnesses from Audit Scotland: Caroline Gardner, deputy auditor general and controller of audit; Cathy MacGregor, project manager; and Mark Diffley, portfolio manager. The Audit Scotland report "Improving the school estate" has been in the public domain for a few weeks. I hope that committee members have had an opportunity to reflect on it. Time is short, and although I know that the witnesses want to make a brief opening statement, I ask that you keep it short so that we can ask as many questions as possible and have some serious dialogue with you. Over to you.

**Caroline Gardner (Audit Scotland):** Thank you, convener. I am sorry for our late and therefore slightly undignified entrance at the start of the meeting.

The report was published in March. I hope that it has been a helpful contribution to the school estate debate. In view of the shortness of time, I will highlight just four areas that we think are the key findings from the report so far.

The first area relates to the school estate strategy, which was published in 2003. For good reasons at the time, it did not set out clear targets for what was required to improve the quality of the school estate. We are now in a position in which the Government and councils can improve and refresh the strategy based on better information. That is a key area to explore further.

The second area is about improving on targets that were set when the strategy was published. We are on track to achieve the targets for the number of new schools by 2009, but we raise a question about the likelihood of the whole school estate being renewed within 10 to 15 years, which was the initial estimate. We think that it is likely to take closer to 20 years based on the current rate of progress.

The third area is design and environmental issues. Most teachers and pupils seem happy with their new schools, but we found a cluster of issues around heating, ventilation and access to natural light in classrooms where there seems to be scope for improvement. There is also room for more mainstreaming of sustainability in developing and designing new schools.

Finally, there is the difficult issue of demand planning for the future. It is difficult to predict birth rates 10 years ahead, and councils' demand forecasts are affected by other factors, such as migration into Scotland and between areas of Scotland. Flexibility is therefore critical in building new schools. Practice varies considerably at the moment. We need good planning of the capital investment that is required to continue bringing schools up to the right quality by 2020, and better forecasting of the revenue consequences. In the report, we highlight an issue relating to the revenue consequences of private finance initiative schools. Alongside demand planning, financial planning will be a real challenge for schools and the Government.

I hope that that is a useful scene setter for the committee. We will do our best to answer your questions.

**The Convener:** Thank you. I am sure that committee members will want to pursue with you the four key themes that you have highlighted.

I have some questions relating to the national strategy. Given your criticisms of it, does Audit Scotland believe that it has begun to fulfil its aims?

**Caroline Gardner:** On the targets, yes. We have made good progress towards the initial target for the number of new schools by this stage, and we are on track to achieve the target of—I think—400 new schools by 2009.

For good reasons to do with the lack of detailed information on the condition of the school estate in councils throughout Scotland, it was not possible for the strategy to be more detailed. However, as a result of work done by Government and councils since the strategy was published, we have got much better information about the condition of individual schools. There is therefore an opportunity to take stock, and to consider the investment that is needed and target it to ensure that we spend money on the schools that really need improvement to make them fit for education this century. Mark Diffley may want to add to that.

**Mark Diffley (Audit Scotland):** As Caroline Gardner mentioned, the key part of the strategy is the targets. As we state in the report, the targets have been met.

**The Convener:** You raise concerns in your report about the need for measurable targets. The

Convention of Scottish Local Authorities and the Government have done some work on that. Have sufficient changes been made to ensure that the national strategy is as effective as it can be?

**Caroline Gardner:** One of the challenges that we highlight in the report is the measurement of progress, given how the targets were set up. Perhaps the best example is the definition of refurbishment. There are targets for the number of schools to be renewed or refurbished. However, if you put a new roof on a school that was built 100 years ago but it remains unfit for flexible education or for the use of information and communications technology, have you refurbished it? That makes it difficult to say whether there has been investment in the right number of schools. It would be much better to move to a target to reduce the number of schools that are not fit for purpose in terms of the sufficiency of supply, the physical condition of the estate and the suitability for the sort of education that we are now trying to provide. That would make it much easier to monitor progress and to be clear when we have done enough to make the whole school estate adequate for what is required.

**The Convener:** How do COSLA and the local authorities regard those suggestions? Is it likely that they will make the changes that you are asking for, so that not only Audit Scotland but the Parliament and the wider public can monitor progress?

**Caroline Gardner:** The cheeky answer is that that question would be better addressed to COSLA. Five years on, there is scope to refresh the estate strategy, and to not just improve the targets but take account of the much better information that is available about the condition of each school.

**The Convener:** While it might not be for you to tell COSLA how to react to your report, if you were to give local authorities and Government a key recommendation on improving the national strategy and making it more fit for purpose, what would it be?

**Caroline Gardner:** It would be to take the much better information that is now available, identify what is needed throughout Scotland to ensure that all schools are fit for purpose in terms of sufficiency, physical condition and suitability, and then do the financial planning for what needs to happen to reach that point by a target date. At the current rate of progress, we will get there in 20 years' time. There might be room to bring that forward a little, but it is important to do the planning and to be clear about the target date for ensuring that all schools are fit for purpose.

**Elizabeth Smith (Mid Scotland and Fife) (Con):** I turn your attention to funding. There are two key issues. The first is to ensure that we have

enough money, and the second is to ensure that we make the best use of the money. What procedures are in place to measure the costs and benefits of the various ways of financing schools, such as PFI, public-private partnerships and the proposed Scottish futures trust? What procedures exist to assess each method in relation to raising enough money and making the best use of it?

**Caroline Gardner:** That is not the focus of the report, but it is correct to say that such work needs to be done to update and underpin a new estate strategy.

Until now, councils have had to choose between the PFI approach and conventional funding. PFI attracted a fair amount of Government support. I think that 80 per cent of the capital cost and 40 per cent of the revenue cost were supported by the Government initially. Conventional funding from councils' own resources, borrowing and so on attracted much less support. Much of the investment that has been made so far has been made through PFI.

It is difficult to do a straightforward assessment and say that PFI is better or worse than conventional funding, because a range of factors come into play. The differences between the schools that have been provided through the two routes mean that we cannot examine the approaches and say that one has been more successful than the other. PFI can be more expensive in terms of access to the money markets, but it also has advantages, in that it requires people to provide for continuing maintenance support. We need to weigh up the two factors.

You will be aware that the Government has been consulting on how a Scottish futures trust might work. That is a policy matter rather than an audit matter, but we made a submission to the Government's consultation and we will be happy to copy it to the committee if it would help to inform your thinking.

**Elizabeth Smith:** In your opening remarks you mentioned the need for flexibility. There could be examples of best practice for the various financing methods. Will you tell us a little about how best practice is shared between councils? How does Audit Scotland draw on the experience of different councils?

**Caroline Gardner:** We hope that our report is a starting point that will help people to know where to look for best practice elsewhere. It is clear that, since we first reported on PFI in 2003, better mechanisms have developed to allow councils and Government to learn from each other. I ask Mark Diffley to talk about that.

**Mark Diffley:** We have found some evidence of councils that have been through the process

sharing good practice. PFI dates back to the turn of the century—1998 to 2000—so there is now quite a lot of experience. Anecdotally, from what we picked up in our study, there is now much more sharing of good practice, experience and so on, which will benefit the design of new schools.

**Elizabeth Smith:** Can you be a little more specific? How is that best practice shared? Where do councils say, “We’ve had the benefit of doing it this way”?

**Mark Diffley:** There is a centrally organised group.

**Cathy MacGregor (Audit Scotland):** Two groups are relevant. The first is a group of councils that have been through PPP or PFI contracting processes and others that are about to go through them. The focus of that group is on exchanging experiences. There is another group, which is sometimes called the school estate management plan—SEMP—network and is sometimes called the local authority school estates network. All 32 councils have an opportunity to attend its meetings, which focus on school estate management plans, school designs and a variety of other issues on which they can exchange experiences and good practice.

We state in our report that more can be done. Rather than just having occasional meetings at which local authorities get together to discuss such matters, there could be more information sharing between meetings and more networking.

10:15

**Mark Diffley:** Members will have seen from our report that we visited 18 schools and examined them in great detail. It is difficult for us to draw any conclusions about the national situation from that. We suspect that some of the design issues that our report highlights might be less of an issue now that new schools are being built. Some of that will be down to sharing good practice and the networking opportunities that have arisen through the process.

**Elizabeth Smith:** Are you in a position to tell us whether you foresee more difficulties in raising sufficient money or in spending money in the right places?

**Caroline Gardner:** I am afraid that we are not in that position, Ms Smith. We know that a significant amount of investment is needed. We are just under halfway through the programme and we have spent roughly £5 billion to date, so we know that there is a significant need. Where that money should come from is really a policy question.

**Elizabeth Smith:** The question about how the money should be spent is interesting. There might

be issues around different policies and sources of finance.

**Christina McKelvie (Central Scotland) (SNP):** On a similar theme, my question is specifically about value for money. It appears to me that Audit Scotland has not refreshed its early research on PFI and value for money. Do you intend to do so?

**Caroline Gardner:** You are quite right, but that is not what the report is about—it focuses on the success of the school estate strategy in bringing the school estate up to a fit condition for the 21<sup>st</sup> century. We will consult on our work programme over the summer and consider different methods of financing capital work. You will be aware that the issue is also in the Finance Committee’s work programme, so we will wait to see what it publishes and consider whether we can add any value to it before making decisions.

**Christina McKelvie:** Okay, but do you have a rough timescale for that? Obviously, you have said that there will be a consultation during the summer.

**Caroline Gardner:** We aim to have a new programme approved at the end of 2008, and the work will run through 2009 and might go into 2010. We are talking about a couple of years from now if we get some work under way.

**Jeremy Purvis (Tweeddale, Ettrick and Lauderdale) (LD):** Paragraph 73 of your report indicates that there is a need for a financial strategy if the Government is to achieve the aims of the school estate strategy. What would that entail, and could you go into a bit more detail about what you would expect to see in such a financial strategy? So far, we have not heard about that from the Government. We have had the infrastructure plan report but no financial strategy.

**Caroline Gardner:** The school estate strategy that was published in 2003 was clear about the aims of ensuring that schools were fit for purpose in terms of their physical condition, where they were, how many places they provided and their suitability for more flexible education in the future. Because the information was not available, the strategy could not be more specific about what needed to happen to bring that about, the number of schools and the types of renewal that were needed, and the amount of money that would cost. Because of the work that has been done since then with the involvement of the Government and councils, we have a much better picture of which schools need what type of investment. It therefore looks like a good time to bring that information together, to make concrete plans for a specific date by which we want all schools to be renewed and fit for purpose, and to have specific financial planning for the investment that is required council by council and school by school to make that

happen. That will not answer the question about the right funding model, but it will make clear what needs to happen so that we can invest in the right schools in the right way to address their current problems.

**Jeremy Purvis:** If that does not happen, what will be the consequences?

**Caroline Gardner:** There will be a risk that national financial planning will not be good enough for the future. Also, we might invest in the wrong schools in the wrong places if we do not get priorities right and renew or refurbish schools where it would make the most difference to pupils' needs for the next 20 years.

**Jeremy Purvis:** The Government's infrastructure plan and Audit Scotland's report were published at around the same time. The infrastructure plan estimated that within this spending review period, 200 schools would be either completed or under construction. The process had started for those schools prior to May 2007. Have you identified any areas where new schemes were starting to be planned, in which case the financial strategy would be relevant to them, or are we still completing previously commenced plans?

**Caroline Gardner:** Our report is based on the understanding that another 160 or so schools are to come through from the initial work on the school estate strategy. That is in addition to the 220 new schools that have already been opened. We are not aware of firm plans for investment after that. The programme will take us up to about 2009, so we are still looking ahead. We are not looking at work that has ground to a halt at this stage. One reason why we think that it is timely to look again at renewing the school estate strategy is to maintain momentum, so that there is not a gap in investment and in improvements in the quality of schools.

**Jeremy Purvis:** You said that your estimate for the period in which all schools will be renewed has been extended. Is your estimate based on the assumption that the rate of progress will continue, so if there is any slow-down the period will be extended?

**Caroline Gardner:** Absolutely. Our estimate is based on maintaining the current rate of progress. We think that at that rate it will take another 20 years to cover the schools that currently do not meet the required standard.

**Rob Gibson (Highlands and Islands) (SNP):** Have you audited any projects under the prudential borrowing framework? I refer in particular to the schools in Argyll and Bute Council, Aberdeen City Council and Falkirk Council that have been completed, if I am to believe comments made by my colleague Stewart

Stevenson on 13 March in a debate about non-profit distributing models. Can you tell me anything about that?

**Caroline Gardner:** Relatively few schools have been completed using conventional funding, such as the prudential framework, partly because of the support that has been available to councils for PFI-type projects. As I said, our focus was not on comparing the two funding methods. Having said that, I ask Mark Diffley and Cathy MacGregor to provide any more information that they can on the broad picture that emerged from the work that was done.

**Mark Diffley:** You are right that there have not been many such projects. I do not know whether we have an exact figure, but we can provide it after the meeting, if that would be helpful.

**Rob Gibson:** The figure is not what I am interested in. I want to dig a little deeper and ask about your understanding—if you have performed an audit—of the trail that councils have to follow to pay off the borrowing in comparison to the PFI route.

**Mark Diffley:** The short answer is that that was not the focus of this piece of work, so we do not have that information.

**Rob Gibson:** Is that the kind of thing that you would include in your new work plan? Should we send in a consultation response asking you to conduct such work, or is it the sort of thing that you would try to do yourselves?

**Caroline Gardner:** We will certainly invite all the Parliament's committees to identify issues that they think we should include in our new work programme. As Mark Diffley said, the difference between the two funding routes was not the focus of the study, but in either case good practice dictates that councils should be clear about the funding stream that is required over the life of the school as well as the initial investment and they should ensure that they can afford it.

We know that some councils have problems with some PFI projects, because the Scottish Government contribution is fixed, whereas the revenue charges are index linked. However, we have not examined whether, council by council, the quality of planning for conventionally funded schools was good enough to take into account movements in the interest repayments that they have to make.

**Ken Macintosh (Eastwood) (Lab):** If you are suggesting that conventional funding will be inadequate to maintain the current rate of improvement in the school estate, what alternatives do we need to see from the Government?



**Caroline Gardner:** We are not necessarily suggesting that conventional funding will not be sufficient. We are saying that it is time to take a step back, look at the overall funding requirement over the next 20 years and consider how best to meet it. That is clearly a policy matter and not one for audit, but it is crucial that Government and the councils work together to do that now, when we have the experience of the past 10 years and there is much better information about the condition of schools to enable us to plan what is needed in future. In a sense, our interest is in not the funding vehicle but in how well we are planning to ensure that funding is available so that we do not lose the momentum that has built up since 1999.

**Ken Macintosh:** Have you found that the funding mechanism heavily influences councils' school estate strategy? In other words, it might be straightforward for councils to identify the schools that need to be improved, but the timescale that they use to address that depends on the funding that is made available by central Government. Is that the case?

**Caroline Gardner:** It has been until now, because of the Government support that has been available for PFI-funded projects. A deliberate decision was made to provide support to councils to cover 80 per cent of the capital costs and 40 per cent of the on-going revenue costs for PFI. That support was not available to schools that were funded through more conventional routes. That is why there have been so many PFI projects and so few conventionally funded ones. We do not know what the funding package will look like in the future. Councils and Government need to work together soon on the question of the relative balance for councils and affordability, to refresh the strategy and maintain momentum.

**Ken Macintosh:** My fear is that there is a bit of a vacuum at the moment, and that councils are waiting to see what funding might be available, which obviously is delaying the programme. Some councils might be being forced into using a particular funding method and therefore a more restricted programme of school estate improvement based on the restrictions in available finance. However, the urgency of the situation requires councils to take action now rather than later. Do you find that to be the case? The pattern across Scotland seems to be varied.

**Caroline Gardner:** We know that the pipeline contains schools that will be built and completed up to 2009. However, unless Government and councils get together now to refresh the school estate strategy, there will be a gap in the ability to plan and keep building or refurbishing schools for the future. Your question is really one for the Government, but there is a risk that if that work is not done now, the pace of change will slow.

**Ken Macintosh:** I return to my initial question about the funding model that is used. You said earlier that PFI attracts greater central support, which is what makes it so much more attractive. Whether we follow a conventional funding model, a PFI model, a Scottish futures trust model or whatever, is extra additional central support the key to maintaining the rate of improvement, or are you expecting local authorities to work within the budget that has been announced for the next three years, and are you saying that they will get the finance and capital from that budget to be able to deliver the school estate strategy?

**Caroline Gardner:** We know that significant further investment is needed to bring the remaining schools up to standard. Government has choices about the time over which it wants that to happen—we think that it will take longer than was originally planned—and about how it is funded. There was additional Government support for PFI in the past, but it is not clear what will happen to that funding in the future. Much more freedom has been introduced in how councils use their funding. For example, the schools fund is now no longer ring fenced but is part of the mainstream funding that goes to councils.

Government has a big policy decision to make about how it wants to continue to improve the school estate and, therefore, the way in which that is funded. That is a question for Government, but the decision needs to be taken soon, so that we can keep up the pace of change that has built up during the past nine years or so.

**The Convener:** Jeremy Purvis, you can have one final question on funding.

**Jeremy Purvis:** The decision has already been taken to roll up the revenue support grant into the local government settlement, so there will no longer be any kind of support for new projects—the Government's infrastructure plan is quite specific about that. The Government says:

"£2.9 billion is being provided over the period 2008-09 to 2010-11 to secure investment in local government infrastructure ... such as schools".

Have you been able to identify how much of that investment will go into schools?

10:30

**Caroline Gardner:** We have not attempted to do that because the figure clearly is intended to cover a much wider range of investment than just schools. For the committee and for Audit Scotland, the important issue is what the plans are, particularly in relation to the school estate. We need not ring fencing but clarity about those plans and how we will monitor progress towards them. There will be questions. Mr Macintosh asked where the funding will come from, but that has not

been decided yet. That highlights the importance of refreshing and renewing the school estate strategy based on current experience and the much better information that we now have about the condition of schools.

**Jeremy Purvis:** So there is no clarity yet on how much of that £2.9 billion is for schools.

**Caroline Gardner:** No—it is not intended to be clear. That figure is an overall indication of capital funding to councils from Government. There is a debate to be had about the policy aims for school refurbishment in the future, and how the funding for that is split between Government and councils.

**Rob Gibson:** You found that councils got their heads round school estate management planning to varying degrees. The problems presented by rising and falling populations and what will be required of the estate in future have thrown up a number of questions. How do you balance the uncertainty in long-term pupil projections against the need to plan for the buildings?

**Caroline Gardner:** There are two important issues. First, there is no alternative to having a long-term—10 to 15-year—plan that is based on the birth rate, and trends in the birth rate, and allows us to look ahead through primary and secondary. Doing that once every 10 years is not good enough; there needs to be a good estimate to start with, which is updated annually to take account of short-term changes in migration and so on. That is a must-have, whatever is going on.

The other important issue is to design as much flexibility as possible into new schools so that they can respond not only to changes in pupil numbers but to new ways of teaching that are difficult to foresee. Ten years ago, it would have been hard to anticipate the use of information technology to change the teaching of a range of subjects. There may well be other changes that we cannot foresee, so it is critical that we build in flexibility, as buildings might still be needed as schools in 50 years' time.

**Rob Gibson:** That is an aspiration. When I started teaching in Invergordon, there was a vast population influx because of the oil industry. The problems caused by that influx were not addressed until new schools were built, which was not done for nearly 10 years.

Are you saying that schools should be designed so that another module can be added to the existing structure?

**Caroline Gardner:** That is the sort of thing that we are suggesting. You are right that there are short-term changes in the population that cannot be foreseen as well as changes in the way in which children are taught. To cope with that, we need buildings that are not too fixed in the space

they provide and the way in which that space can be used. They should provide more flexibility and be capable of being added to or—if it appears that we have got too little or too much provision in a particular place—used for other things. Some of the best designs have good scope for that to happen; others have not. We would like more flexibility to be built in as standard.

**Rob Gibson:** We talked about councils speaking to each other. In your reports, have you given credit to people who have done well or provided examples of good practice?

**Caroline Gardner:** Some examples are worked through in the report. A couple that stand out are about environmental sustainability rather than flexibility. Mark Diffley and Cathy MacGregor may want to talk about our engagement with councils and schools on that.

**Mark Diffley:** We highlighted a couple of newly opened schools that exhibit some very good environmental practice. Ironically, we highlight them as more generally problematic, but they demonstrate good practice.

We spoke in detail to six councils, during which time we got some of those best practice examples. We viewed the report as a vehicle for highlighting not only the problems but the good practice that we found. Councils will be able to read it and see the examples of good practice.

We recognise how difficult it is to plan for a substantial period ahead. That is why part of our recommendation is not only that there should at least be a 10-year plan but, as important, that that plan be refreshed annually to take account of the pace at which things change.

**Rob Gibson:** I am interested in the sustainability element about which you are talking because of good practice examples that I have from Highland Council. Should we try to build in much stricter environmental regulations at the beginning? That would probably increase the price of the product but decrease the costs in the future, because we would have taken the steps already. Do you consider that to be an important part of any consideration of the Government's proposals?

**Caroline Gardner:** It has to be. One of the Government's objectives is to create a sustainable Scotland, which must run through an investment programme as significant as that in the school estate. The evidence that we have so far suggests that sustainable aspects of design are incorporated only if they do not cost a bit more in the short term. We have a couple of really good examples, but a number in which schools are not following good practice now. It would be helpful to be clear about the expectations and about the way in which we should take into account long-term costs and benefits rather than just the cheque that we sign on day one.

**Rob Gibson:** That could be a big area. Thank you.

**Mary Mulligan (Linlithgow) (Lab):** I have a short supplementary question on predicting pupil numbers. When you were putting together your report and discussing the matter with local authorities, what impression did you get of how closely education departments were working with their planning colleagues to assess future demand?

**Caroline Gardner:** That is a good question. I invite Mark Diffley and Cathy MacGregor to have a stab at answering it.

**Cathy MacGregor:** We saw some variation between the councils with which we were speaking. We saw examples in which the education department was in close touch with the planning department on local building developments and took account of how many families it might expect to move into new housing. In other cases, contact was much less frequent and not as regular and up to date as we might expect.

**Mary Mulligan:** I represent an area where there is huge expansion, so I have a clear interest in how effectively councils are picking up on that. Perhaps I will come back to it.

**Aileen Campbell (South of Scotland) (SNP):** What are Audit Scotland's thoughts about why school buildings throughout the country have been so poorly designed that architects are quite critical of some of them?

**Caroline Gardner:** I should distinguish between new-build schools and refurbishments. Our evidence is clear that refurbishments find it hard to meet the expected standards on most aspects of design. The reasons for that are understandable: with a building that already exists, the scope to do much that is different is limited.

When we asked teachers and pupils what they thought of new builds and when experts carried out for us an independent assessment of the quality of their design, only a couple of areas threw up serious concerns—there are a couple of exhibits in the report that I will ask Cathy MacGregor to turn up for me so that I can refer you to them.

In general, the only matters on which teachers and pupils had significant concerns were heating, ventilation and access to natural light. There are some schools where the width of corridors causes problems, but it is not true to say that the quality of design in general is poor. Some aspects of design can certainly go a long way to being improved and there is the broader question of sustainability, but most pupils and teachers in the focus groups that we held were generally happy with the quality of the new schools they were getting.

**Cathy MacGregor:** When the school estate strategy was published, the Scottish Government flagged up in guidance 10 key features of a well-designed school, which are set out in exhibit 12 in our report. The features draw from our discussion with pupils and staff and an assessment of schools by experts. Caroline Gardner is right to flag up the two issues about which there were more serious concerns; exhibit 12 sets out in more detail some of the other issues.

**Mark Diffley:** The context of the early experiences is that no new schools had been built at that time. We flag that up at the beginning of the report. There had been decades of lack of investment in which no new schools were built.

**Aileen Campbell:** Do you have an opinion about whether procurement methods have stifled engagement about school designs between clients and design teams, or has that not been prevalent?

**Caroline Gardner:** We hoped to look at whether there were differences between conventionally funded schools and PFI schools, but the small number of conventionally funded schools made it very difficult to draw any sound conclusions about that.

Some of the anecdotal evidence suggested that teachers and pupils did not feel that their views had been taken fully into account in planning and design, but it is difficult for us to say that that was because of the funding method rather than the overall approach.

**Aileen Campbell:** Do you foresee any cost implications for schools if they engage more with better design?

**Caroline Gardner:** There might be some additional cost at the margin, but I suspect that, like sustainability, if you look at the overall costs and benefits across the lifetime of the school, which might be 50 years, it is probably worth investing in getting the design right at the beginning, rather than getting a slightly quicker and cheaper design at the outset but having costs to meet over the longer term.

**Aileen Campbell:** Have any problems been thrown up about wider community engagement with the design of the schools, such as communities not getting access to schools at particular times of the day?

**Caroline Gardner:** I ask Cathy MacGregor and Mark Diffley to deal with that, as they were involved much more closely with the schools that we looked at.

**Cathy MacGregor:** We discussed in detail with six councils how they were approaching school estate improvements. We asked them about their arrangements for community access to schools. In general, they were trying to ensure that community

access to new schools was equivalent in cost and timing to what had been the case in the previous school or other schools in the estate.

A number of problems were raised about community access during the day, such as security concerns about the rest of the school and disruptions. We saw that some schools had been planned so that the community could have access to the school that would not be so disruptive, but there were still some security concerns during the day.

**Aileen Campbell:** Do you believe that local authorities are developing a better understanding of the importance of design? Has it changed, is it changing or does it still need to go further?

**Cathy MacGregor:** We have seen that some lessons from the past have been learned. Some of the councils to which we spoke had been through two distinct PFI or building projects. They were able to flag up a number of lessons that they had learned about the process as well as about school design. They felt that their second project had improved a lot on their first. Inevitably, that improvement will continue into third or fourth projects. There is evidence that school design is improving.

**Mary Mulligan:** The report refers to the inconsistency of definitions and standards. Will you say more about what those inconsistencies were and suggest how they could be improved?

10:45

**Caroline Gardner:** The most important question is, "What is a refurbishment?" We asked all councils to give us information about new schools and refurbishments. The refurbishment category covered everything from schools that had been stripped down to the bricks and fitted out again as buildings that you would not recognise, through to schools that had a new boiler and heating system. That is fine in respect of councils managing their investment, but it is not very helpful to us or to you in establishing what progress we are making towards the targets for the number of schools that are replaced or refurbished, and it is why we are suggesting moving towards a target that cuts out the number of schools that do not meet standards. Cathy MacGregor and Mark Diffley may want to fill you in on the detail.

**Cathy MacGregor:** The school estate strategy set out broad standards. If there were more detail about what the standards involve, it would be easier to say whether our schools meet them or need to be improved. The strategy also aimed to tie up targets for the work that needs to be done to meet the standard.

**Mary Mulligan:** I notice in the Scottish Parliament information centre briefing that there is

grading, referred to as conditions A to D. Would it be helpful to have targets for removing schools from category D, which is bad?

**Caroline Gardner:** Very much so. Moving away from a target for so many new schools and so many refurbished schools to, say, a target of there being no category D schools by 2012 and all schools being category B or above by 2020 would be a much clearer way of targeting the current investment.

**Cathy MacGregor:** One note of caution is that a totally suitable school is not necessarily just one that is in a suitable condition. An A-condition school could be unsuitable in other respects. A number of factors must be included in the target, not only the physical condition of the school.

**Mary Mulligan:** So it is necessary to recognise that different definitions and different situations affect how schools are assessed and how decisions are made on refurbishment and new build. It seems that one of the ways in which schools currently raise their concerns about conditions is during Her Majesty's Inspectorate of Education inspections. Are you aware of what part that played in councils' deciding their priorities?

**Cathy MacGregor:** Councils' school estate management plans draw on HMIE inspections, but generally speaking they would tell us that those are issues that they knew about anyway. It certainly provides an evidence base for their plans and what they have identified as priorities that need to be addressed locally.

**Mary Mulligan:** Earlier in the discussion, we talked about the changing financial structure that is coming into operation and the fact that local authorities will have more flexibility to decide on their spending plans. In the future, how will you be able to do an exercise similar to the one that you have just conducted, to assess what work has been carried out in schools? Do you think that there will be sufficient information for you to rely on?

**Caroline Gardner:** There is a much broader question than the school estate question, and it is one that the Accounts Commission and the Auditor General have a strong interest in. We are concerned to ensure that, as the Government and councils move towards a focus on outcomes rather than on inputs and the processes that they go through, the duty of public performance reporting about the quality, accessibility and value for money of services does not lose profile. That is not information that needs to be reported to the Government in the old way of returns and so on, but it is information that a council ought to have available for its own purposes and to report to local people on how it is fulfilling its responsibilities. That ties in closely with refreshing

the school estate strategy, being clear what the aim is and what we want to achieve by a certain point in time, and then monitoring publicly how we are progressing.

**Mary Mulligan:** Would local authorities take responsibility for that, or does it need to be centrally driven?

**Caroline Gardner:** It is a shared responsibility. It is not only about the reduction in ring fencing. The schools fund has always been a small amount of money compared with other investment. Given that education is a key part of the services that are provided to local people and given the investment that we are making to become a well-educated country for the future, we have to be clear about the progress that we are making in improving and replacing the buildings that underpin our education system.

**Mary Mulligan:** We are talking about schools being used for more purposes than just education. How do we ensure that those other services contribute, to assist with the refurbishment and building of new schools? Likewise, how do we get a contribution from local developers? How do we monitor that?

**Caroline Gardner:** In many ways, the question of a local developer's contribution is more straightforward. There is evidence across the United Kingdom that councils are getting better at identifying the gains that planners are making from being allowed to develop a piece of land, and taking an appropriate contribution from developers to support a range of public services, such as schools.

We need to be clear about the access that other council services, health services, the police and so on might have to a school or another public building, but that access does not necessarily need to be underpinned by direct financial contributions. There might be a trade-off through collaborative working in other ways—for example, the school could expect to get benefits through the use of health service or social work buildings. It is important for the council to be clear about how local public services are working together to do that. We are seeing some progress under community planning, and I hope that it will continue under single outcome agreements with community planning partners.

**Jeremy Purvis:** Your report refers to class sizes. At paragraph 161 you say that

“Class sizes have an impact on school buildings and on staffing”,

and at paragraph 160 you say that

“specific targets will be negotiated at an individual council level”.

That is news to me. The Government has never said that there will be specific targets, even at a

local level. What is your source for that? Do you believe that there will be specific targets at a local level for delivering a class size of 18 pupils in P1 to P3?

**Caroline Gardner:** That reflects the state of the discussion about the way in which the concordat would be put into effect at the time the report was being finalised. It is clear that no timescales are attached to the national target and you will be aware that there is still debate about how it will be put into practice. That question would be better directed to the Government and COSLA.

**Jeremy Purvis:** I was asking whether it is your understanding that there will be specific targets at a local level.

**Caroline Gardner:** Our understanding is that local government has signed up to the concordat with the Government, so it will have to put in place local targets and plans to achieve them. Our understanding is that how it will happen in practice and the timescale are still fluid.

**Ken Macintosh:** I have a question on class sizes and monitoring. I am conscious that the use of school buildings varies throughout the country. For example, there are considerable variations in the square metres used per pupil, which has huge implications for the flexibility that the schools will require to meet the class size targets. If one school has 6m<sup>2</sup> per pupil and another has only 3m<sup>2</sup>, that will have many implications. I do not know how widespread information about that is; I do not think that it is widespread at all. I am not even sure whether individual authorities collect it; I know that some do, but I am not sure that they all do.

It is important that people make efficient use of resources and school space, but those who are most efficient could find it the most difficult to meet the class size targets. Do you have any suggestions? Are you doing any work with local authorities to collect that information and make it available specifically to be used to support funding streams so that good practice is rewarded?

**Caroline Gardner:** You are absolutely right about the variation. I do not think that that information is available throughout Scotland, but we think that it should be taken into account when the school estate strategy is refreshed. The class size target is one of the factors that will need to be worked into that. There is huge variation across Scotland and between schools in how easy it might be to meet a reduced class size target. There is no way to apply a rule of thumb. The plans for renewing the school estate and funding it need to take account of that information. It is an issue for the Government and councils.

**Ken Macintosh:** Do you get the impression that that work is being done?

**Caroline Gardner:** It is certainly true that much better information on condition is available. Our understanding is that individual councils have been looking closely at the implications of the class size target for them. I do not know whether that is being brought together at this stage into a refreshment of the school estate strategy.

**Elizabeth Smith:** At the beginning, you said that when the strategy was first set out you thought that the timescale would be 10 to 15 years. You are now saying that a much more realistic timescale is 20 years. Is that extension in the timescale because of the class size policy?

**Caroline Gardner:** Our estimate shows that it is not because of that. All that we have done is take the rate of progress to date and apply it to the number of schools that are still not meeting the standards set out in the school estate strategy. We have not factored in any other changes that might be required for the class size target, or any other changes in the way that education is provided.

**Elizabeth Smith:** In other words, in the future, an adjustment could be required as a result of the policy, but it has not happened yet?

**Caroline Gardner:** It is possible, but the 20-year estimate is based on what we have achieved so far—400 new schools up to 2009. The estimate is that it will take another 20 years to address the remaining schools. That is what the figure of 20 years reflects.

**The Convener:** That concludes the committee's questions. Thank you for your attendance.

10:56

*Meeting suspended.*

11:05

*On resuming—*

**The Convener:** I welcome our second panel of witnesses. From Moray Council, we are joined by Councillor Jeff Hamilton, the joint chair of the education and social services committee, and Alistair Farquhar, the head of educational resource services. From North Lanarkshire Council, we have Councillor Jim Logue, the convener of the learning and leisure services committee, and Murdo Maciver, the head of education resources. From the City of Edinburgh Council, we have Lindsay Glasgow, the asset planning manager, and Audrey Palmer, the devolved resources and support manager. I thank them for joining the committee for its consideration of the school estate.

I start by asking some general questions about planning management. I invite the witnesses to give the committee their perspectives on the

effectiveness of planning for the local school estate and how they reconcile potential differences within the planning process.

**Alastair Farquhar (Moray Council):** Given that projecting the number of pupils is not and cannot be an exact science, we are pretty confident that our pupil projections for up to 10 years hence are as accurate as they can be. The previous panel of witnesses indicated that it would be good practice to have such a 10-year plan and to review it annually; that is exactly what we do. We also work closely with our planning department and take account of new developments that are in the pipeline. We have a rule of thumb for the number of families that are expected from X number of new houses. Such projections are not an exact science because in Moray we have had significant inward migration from eastern Europe over the past two or three years, which has resulted in the projections potentially being wrong. However, because we review the projections annually, changes are built in and we can do trend analysis.

We are reasonably confident that our planning processes for future need are as accurate as we can expect them to be.

**Murdo Maciver (North Lanarkshire Council):** I echo what Alastair Farquhar said, perhaps with the proviso that there has been a major change in the socioeconomic conditions in North Lanarkshire over the past few years since we started planning the school estate much more systematically. Over a short time, some areas that had been areas of decline—some old industrial areas, brownfield sites and, indeed, greenfield sites—have unexpectedly become areas of residential development. Therefore, projections that seemed reasonable at the time that PFI schools were being planned in 1999, 2000 and 2001 became rather larger over the subsequent period than had been anticipated. However, because we had planned for flexibility and tried to future proof schools, we had left opportunities for expansion.

It is important to liaise closely with colleagues in planning and other council services and to take account of other authorities' experiences on the pupil output from new housing. Another element of estate planning to pick up on is the rigour that is brought to bear in grading schools for condition, suitability and sufficiency.

Estate planning is at a pretty early stage of development. Year-on-year improvements are being made, not just in our case but across the board.

Finally, having done all that work, the issue of financial need arises. Estate plans have been submitted by all authorities, and the bid is substantial. I might not be around to see this but, given the current level of spend, I suspect that the

aim of meeting the needs of the school estate in Scotland will not be achieved by 2020.

**Lindsay Glasgow (City of Edinburgh Council):** In Edinburgh, we have an annual forecasting process to plan for pupil numbers that covers a 10-year period. In addition, we assess against the General Register Office for Scotland projections for the city. Parental choice is one of the major factors that make it difficult to plan for individual school rolls. There is a lot of movement between schools, and 34 per cent of our children do not attend their catchment school. In taking account of parental perception of schools, it is difficult to project beyond a certain period. In recent years, although some schools have experienced a reduction in catchment numbers, they have continued to support their rolls by taking in more of the non-catchment pupils who apply to them. That has exacerbated the roll falls in other schools—the schools that pupils are requesting to leave. We plan to the best of our ability; for example, we factor in how many children we expect from new housing developments. There is a lot of fluid movement in a city, so it is always difficult to be spot on.

**The Convener:** I want to ask about the flexibility that you need to incorporate into the design of schools, particularly new schools. As you plan new schools, I would have thought that you would be looking at future population projections for 10 years, which is as long as you can project into the future. However, the buildings will, we hope, last more than 10 years. How do you reconcile those tensions? On flexibility in the design of schools, are there examples of good practice in local authorities that might help you to address some of the difficulties that you face?

**Murdo Maciver:** There are various elements to future proofing schools. First, the footprint of a school—its location within a site—should be designed so that extensions can be built. Secondly, the internal accommodation should be flexible so that it can respond to future changes in class sizes. It does not make much sense to design schools with closed rooms for 33 youngsters when we might suddenly find that the space has to be redesigned at great cost to meet the limit of 18 pupils per class in primaries 1 to 3. A third element of future proofing and flexibility is to give thought to curricular change. We have planned for general classrooms and full-serviced rooms that can be reasonably easily adapted to science, home economics, technical education and newly emerging vocational subjects in the curriculum. The buildings need flexibility externally and internally.

11:15

**Lindsay Glasgow:** I concur with the comments from North Lanarkshire Council's representative.

There are tools to manage the estate. If rolls are falling, catchment review could be undertaken to support the population of a school in which investment has been made. If rolls are increasing, catchment review could be used to redistribute the population. That might be easier in a city, where schools are closer together.

**The Convener:** We will discuss catchment review. Given its written submission, Moray Council might have something to say about that.

The Government proposes to reduce class sizes. Could reducing class sizes to 18 in primaries 1 to 3 give local authorities problems not only with their existing stock, but with all the new-build primary schools in which they have invested in the past few years, even with the best will and the desire to future proof where possible?

**Councillor Jim Logue (North Lanarkshire Council):** There is no doubt that that would be the situation. We have done guesstimates and we reckon that, to meet that aspiration, 83 additional classrooms would have to be built at a cost of about £25 million. We would also have to recruit 208 teachers, which would incur a recurring revenue cost of £2.5 million. We are considering that for established schools and schools that are about to be built. The proposal has serious financial implications.

**Alastair Farquhar:** There is no doubt that reducing class sizes will have financial implications. Our position is different from that of North Lanarkshire; we have not already built new schools, so we do not have to consider whether they are sufficient to reduce the maximum class size. As the committee will have seen from our submission, we have significant and growing overcapacity because of falling rolls. Reducing the class size to 18 is not a significant issue in a number of our schools but, as in North Lanarkshire, it will demand additional staffing and—in our main population centres—additional classrooms. However, in many of our schools, bringing a class up to 18 would be an achievement.

**The Convener:** I know that you want to get on to school closures—

**Alastair Farquhar:** Not particularly.

**The Convener:** Some of my committee colleagues will pursue that with you and I do not want to step on their toes.

**Elizabeth Smith:** I thank the witnesses for their comments. It is clear that they are under considerable pressures from many directions, whether on catchment definitions, parental choice or finance to meet Government targets on class sizes and so on. Given all those constraints, what processes does each council present follow to

ensure that its resources for education are best spent?

**Murdo Maciver:** We do several things. We liaise closely with colleagues in technical services on the condition of buildings to justify and prioritise over a five-year period major maintenance, funded from capital resources. Similarly, when officers make recommendations to political colleagues on where new schools should be built or on closing schools, they take account of technical condition surveys of buildings and suitability surveys, which take heavy cognisance of the views of a building's tenants on its suitability for learning and teaching. The folks who are in the best position to make such judgments are heads and teachers in the community—the users of such buildings. Decisions about sufficiency are also taken. Sometimes one may not want to keep open a school that is in reasonable condition because of the overall provision of places in the local area. Sufficiency and pupil rolls are important.

I am a strong believer in saving to spend—in saving to reinvest in the estate. I know about the complaints that local communities make about the local-pain-but-wider-gain idea, but available resources should be spent to the advantage of youngsters and the wider community in the long term.

**The Convener:** I see that Lindsay Glasgow is trying to say something. She will need to learn that people have to be assertive here.

**Lindsay Glasgow:** The processes in Edinburgh are probably similar. We prioritise buildings that we want to renew according to their condition and their fitness for purpose. At the moment, our maintenance priorities are, in general, complying with health and safety regulations to do with fire escapes and keeping buildings wind and watertight—addressing leaking roofs, for example. We do not have sufficient funding to be able to carry out a planned upgrade programme of maintenance; rather, we focus on the day-to-day management of the condition of buildings.

On our overall strategic objectives for replacing schools in the estate, assessments should be based on the suitability and condition of schools and population demands. We aspire to continue to renew our estate—subject to finding the funding.

Sufficiency is about local demographics, planning in accordance with trend forecasts for school rolls and trying to release resources if a school is not being used as efficiently as possible. Educational criteria and outcomes should be considered in assessing the whole estate, and parental choice flows should be considered so that we can find out what parents are telling us about where they want their children to go. Those factors should be reflected, and we should also consider

best value. That work will bring us to conclusions in the planning process about where we would like to reduce the number of places in the estate and where new places are needed—for example, to ensure that we have the right number of school places in new development areas.

**Alastair Farquhar:** On Moray Council's processes, I echo what my colleagues have said. The school estate management plan, which takes into account the condition, suitability and sufficiency of schools, is the major driver; capital plan decisions then follow. The same remarks apply to our revenue for maintenance—it is for maintenance and dealing with insufficient maintenance. Even with the schools fund and our own capital funding, we do not have a significant upgrade programme.

It should be remembered that I am speaking from an education perspective and that education must fit in with the council's overall priorities—I say that not simply because the convener of Moray Council's education and social services committee is sitting here. Moray Council has prioritised education. Some colleagues in other departments would say that that has been done at the expense of those departments, but I would not. It is clear that the council must make its own decisions on its priorities, but that does not enable it to ignore the overall sufficiency requirement. If we in councils are serious about best value, we must ask whether we have sufficient or too many school places in our areas. Like the City of Edinburgh Council, we must ask whether schools are in the right place.

**Elizabeth Smith:** Thank you for those helpful answers. I have two supplementary questions. First, have you been under pressure to make greater community use of school buildings and to expand what might be seen as a once-a-week activity so that there is a formal link with non-educational services? Secondly, you must all have good practice in your councils and school building projects that you feel were successful, but do you consider in any depth the funding of those projects and why there were successful? Have you evaluated the various funding opportunities?

**Alastair Farquhar:** I will deal with the question on community use and leave colleagues who have built new schools to answer the second question. I would not say that we feel under pressure on community use, because we have a desire to maximise the community partnership use of all public buildings, rather than just school buildings. One of our recent school estate consultations revealed a clear desire in communities for school buildings to be better used. As one of our Audit Scotland colleagues said, it is inevitable that issues will arise about pupil security—I must say that some of them are overexaggerated hugely,



but nevertheless they are significant issues in some people's minds. Elizabeth Smith talked about pressure. Pressures arise on councils, sometimes from within the council at a political level and sometimes from the public, to use space for communities and therefore create the impression that schools are not undercapacity.

**Councillor Logue:** There is a wider context. We deliberately named the new phase of school building in North Lanarkshire the schools and centres 21 programme. We have moved on from the days in which schools were open for six or seven hours a day and for 20, 30 or 40 weeks a year. Our aspiration is for schools to be community hubs in their catchment areas that are attractive to communities to use in the evenings and at weekends. To achieve that, we have included libraries and community centres in several of our facilities. In every new build we have a 3G or Astroturf seven-a-side or 11-a-side football pitch. We did that to address the unmet need in the education curriculum for physical education and the unmet need in the community.

If we are serious about getting more people more active more often, we must deliver a quality product to communities. By including those facilities, we meet curricular needs and extracurricular needs in the evenings and at weekends. We deliberately make the facilities available in the evenings and weekends for bookings by clubs and organisations and for five-a-side, so that young guys and others can come along and indulge in physical activity. We must consider the wider context. We should not consider simply whether we can justify the programme at an education budget level; it must be justified at the corporate level. That is our corporate vision.

In the facility that we opened in New Stevenson, we included the local library. About 400yd from the new build, there had been free-standing local library provision in which the uptake of books was poor, but when we put the library in the new facility, the uptake increased by about 650 per cent. When young mums go along at 3 o'clock to pick up the young ones, they go into the library to sit with the children's siblings and meet other mums. There is a link corridor from the school, so when the 3 o'clock bell goes, the youngsters go along the corridor to the library. Tea and coffee are provided, the mums talk and there are computers and books. That is a tremendous method of community engagement. Schools can be a community hub and although there is a cost, so far the outcomes have been impressive.

**Audrey Palmer (City of Edinburgh Council):** We are liaising with colleagues in other departments such as the sports facilities department to introduce a similar wider aim on

community use of our premises. That work is undergoing review.

11:30

**Jeremy Purvis:** I will ask about closures. My questions are not so much about policy—the committee will examine that when the Government introduces its proposals for legislation on a presumption against closures—but relate more to the estate.

First, I have a quick question for the witnesses from Moray Council. I noticed that your written submission indicates that you are undertaking a PPP project for a secondary school and a primary school. Is that the same project as the £50 million non-profit distributing contract in the Government's infrastructure plan? Is it a PPP project or an NPD project?

**Alastair Farquhar:** Ah, that is a good question.

**Councillor Jeff Hamilton (Moray Council):** To be honest with you, I do not think that that decision has been made yet.

**Jeremy Purvis:** The Government seems to be clear about what it is, because a published Government document says that it is an NPD contract and is to be advertised in the *Official Journal of the European Union* in June 2008.

**Alastair Farquhar:** It started life many years ago as a PPP and has gone through a number of consultations and alterations. At the advent of the new Government in May 2007, we were still in negotiation about the size of the project and we reached final agreement with the Government on the go-ahead only towards the end of 2007—in fact, in early 2008. Councillor Hamilton is right that the project is yet to be defined as NPD, PPP, SFT or “Who knows—me?” Our major relief is that we now have the go-ahead for a project. The secondary and primary schools are included in the number of schools in the infrastructure plan; they do not represent an additional two schools.

**Jeremy Purvis:** I was going to say that that was helpful, but it was not, because I am still confused as to which financial model will be used. The question might be best addressed to the Government. I am sure that PPPs do not become NPDs when they grow up, so it is either one or the other.

**Alastair Farquhar:** That one has not been able to grow up yet because it was stillborn. It is only now in its final gestation period and will, we hope, be born towards the end of June through the OJEU, which could be a fairly painful process.

**Jeremy Purvis:** We will move on, but we require a bit more information about which financial model will be used.

I will ask about the financial environment that the councils are in, notwithstanding the controversial and sensitive nature of school closures. I represent a rural constituency where previous local authority administrations—in both Midlothian Council and Scottish Borders Council—have closed schools. In some cases, the information that was provided was faulty but, in others, there were genuine issues—when a school has only four pupils, there are genuine issues. How will the councils' financial situation affect consideration of their school estate in future? Will they be forced almost to cook the books by saying, for example, that a school has reached full capacity simply because there is the potential for putting a library in it? What will the councils do about their school estate with regard to their future capital plans?

**Lindsay Glasgow:** The assessment of the estate relies on our sufficiency arguments and our consideration of exactly where we should target our resources. Inevitably, that will be key to our ability to invest further in the estate.

However, even at that level, we are not necessarily talking about being able to replace a building in its entirety; we may only consider upgrading an existing building, even given the savings that closures generate. At the moment, we are talking about a cost of almost £10 million to replace a 400-place primary school. Savings from two schools coming together might be £250,000 a year, which would generate about £2.5 million of investment under prudential borrowing. Therefore, although closure is a real source of funding, it will not necessarily enable us to replace school buildings completely.

We will continue to explore other sources of funding, such as developer contributions where we have areas of new development—a number of new schools are proposed under developer contribution funding. We will consider prudential borrowing under other means, but we found that there are fairly limited opportunities—certainly in the city—to bring forward significant sums of prudential borrowing. This is an important issue that we need to consider.

**Alastair Farquhar:** It is inevitable that councils will consider the costs of their school estate and of continuing provision. However, it seems that whenever one goes to any public consultation, whether formal or informal, and raises the idea that people should consider the costs of providing education, the result is accusation. Cost is a dirty word—the issue is viewed as being nothing to do with the costs; rather, it is about the quality of education. That is not true, however. When one is responsible for public funds, cost is one of the factors that must be taken into consideration.

Sufficiency is, and will continue to be, a major driver with regard not only to achieving the best

use of the public pound, but to proving that that has been achieved. In a situation such as ours—and in a number of rural authorities, as Mr Purvis rightly indicates—there are significant areas in which rolls are falling, and the projections are that they will continue to fall. That has an implication for the number of schools that are needed.

To return to my earlier point about overall council priorities, there is, in those same areas, an increasing number of elderly people. That is beginning to be of increasing personal interest to me—I would like to think that my council has suitable funding provision for the elderly population and that that provision is not being adversely affected by continued spending on a school estate that is not required. The issue is significant.

**Jeremy Purvis:** You are now operating under a revenue window for each local authority, given that both the schools fund and level playing field support are now wrapped up in local authority budgets, which COSLA has agreed. That will put considerable pressure on local authorities. For example, Moray has a small revenue area, but it does not have the flexibility to increase council tax to deal with additional costs. In fact, you could not increase the council tax even if you so chose—certainly not within this coming year—so you have to operate within the budget. What impact will that situation have on the estate? That might be a question for the elected members, because it is more of a political issue, given the decisions that COSLA has taken. Is the situation putting pressure on decisions about the estate, given that you have a closed window within which you have to find funds for other investment, including investment in flood prevention, for example, which affects rural authorities considerably.

**Councillor Hamilton:** It puts pressure not just on education and schools, but on all aspects of the council. Certainly, a small authority such as Moray is very disadvantaged because of that, and we really do not know how to get around it.

**Councillor Logue:** Governance has always been about the language of priorities. In 2007, we reckoned that we required £750 million to £800 million to address school estate needs. We have managed to earmark, through efficiency savings, prudential borrowing and rationalisation, somewhere in the region of £250 million, which will take us up to about 2019-20. There is a fair gap between what is required and what we can deliver, although there is nothing new about that in local authorities or central Government.

**Murdo Maciver:** To come back to the earlier point on economics, we as local authority officers sometimes feel pretty guilty if we base closures on economics. One has to appreciate—we hear about it all the time in the media—the stress and

tribulation for parents and youngsters who are involved in a school closure. It is hard, but in my experience of looking after school buildings in various guises over the past 16 years or so, no closure in my part of the country has been painless. Parents have always complained, but pretty soon after reorganisation and closure, the dissatisfaction disappears.

So, yes, reorganisation is about economics and about releasing money, but the other side of the coin is that it can provide educational advantage. Better facilities lead to better learning. That is a better deal for the youngsters—

**Jeremy Purvis:** I am sorry for interrupting, but that argument applies only in the context of a closure and a replacement.

**Murdo Maciver:** Not necessarily. The argument could be extended to small schools with poor facilities that are closed and absorbed into another school—we have had such an experience in our area recently. The youngsters have immediate access to better facilities such as playing fields and playgrounds. There is better learning inside and out. For the first time, individuals in that pupil cohort may be able to play in a school football team and take part in a Christmas concert. All those things are an important part of the formal and informal education experience.

**Christina McKelvie:** Good morning. I want to pick up on the thread that my colleagues established with Audit Scotland, which confirmed that the PFI/PPP model is one of the most expensive models to operate under. PFI costs are rising and will apparently reach around £500 million a year by 2012, even without taking any new buildings into account. What planning is being undertaken for those cost increases?

**Murdo Maciver:** PFI is expensive, but if you ask the people in the 24 communities in North Lanarkshire that have a new school, they all say—regardless of their political view on the matter—that it is marvellous to have a new school building and lovely facilities instead of leaking roofs and no playground.

Secondly, the life-cycle cost of the buildings is taken care of. In 30 years' time, the buildings will revert to the authority in what one hopes—with good management—will be the same condition as on day 1. Perhaps a best-value analysis will show that PFI has been a good thing.

**Lindsay Glasgow:** In Edinburgh, we could potentially end up having a two-tier estate. Whereas PPP schools are maintained at the full life-cycle cost to provide good-quality buildings for the 30 years, we are managing to achieve spending of only £9 per square metre on upgrading the condition of the rest of the schools in the estate. The Royal Institution of Chartered

Surveyors suggests that £25 per square metre should be spent on upgrading buildings, so we are falling well short of that. Unless we address that, we will have quite a significant difference in our buildings. I concur that PPP ensures that the long-term life-cycle costs are addressed. That is a big bonus, given the circumstances in which we find ourselves.

The financial modelling that was done at the time took into account the index rises that are associated with the PPP model. The council has taken cognisance of that for its unitary payments over the 30-year period of the concession.

**Alastair Farquhar:** It is important that we ensure that we have robust financial planning and as accurate financial predictions as possible—that may be an interesting notion in current circumstances—particularly in PPP projects, given the knowledge of the financial projections that need to be contained in the 30-year plan.

I concur with what my colleague from Edinburgh said. In Moray, we are now looking to build two new all-singing, all-dancing PPP schools over the next two to three years. That will leave 52 other schools needing work to get them to A or B condition—certainly, to get them out of C or D condition, as was mentioned earlier. However, the gap between the all-singing, all-dancing part of the school estate and the rest, which is forever trying to catch up, is a significant issue.

11:45

**Councillor Logue:** The question was about financial profiling. We managed to arrange and to build in a 5 per cent cap for PPP projects, so the high interest rates at present have not placed any additional burdens on us. The biggest burden is the two-tier system that has emerged, to which my Edinburgh colleague alluded. We have 24 new schools that are tremendous, and we have received great feedback from communities about those. However, neighbouring communities are saying, “What about us?” That puts pressure on elected members and, I dare say, on members of the committee. People look at the new schools and compare and contrast them with their schools—it is a case of chalk and cheese. People think that their children are being disadvantaged as a result. The situation is difficult to rationalise and we are faced with it repeatedly at local surgeries. Uncertainty about future funding will only exacerbate the tension. The problem needs to be managed and addressed. It is the biggest downside—if there is a downside—to building new schools, which makes flesh of some and fowl of others. It is difficult to argue against people when they say that their children are being disadvantaged.

**Christina McKelvie:** Surely the situation was created not in the past year, but by historical underinvestment in schools over decades.

**Councillor Logue:** Absolutely.

**Christina McKelvie:** One of my colleagues will ask about the design aspect of your schools. You are right to be proud of the schools that you have built in North Lanarkshire but, as the parent of children at North Lanarkshire schools, I do not think that the schools are all singing and all dancing or that everything is rosy in the garden. That is a design issue that I will take up separately.

**Councillor Logue:** It is a personal view.

**Ken Macintosh:** I want to continue in the same vein. Earlier Audit Scotland flagged up a couple of issues, especially the need for a financial strategy and for additional central funding if you are to have any chance of meeting estate needs. What is the on-going impact of the lack of a financial strategy on the decisions that you currently have to make? How much do you need?

**Alastair Farquhar:** More money.

**Lindsay Glasgow:** We have had a rolling programme of investment since the first announcement of PPP back in 1997. Just as we were beginning to conclude our first PPP project, in September 2001, there was an announcement of funding under PPP 2. In the past year, we have got on site for six new secondary schools and two new primary schools under PPP 2. We have had a considerable rolling programme and have renewed a considerable amount of our secondary school estate—getting towards half of it. We will have replaced 12 out of 94 primary schools under PPP, so a lot of demand remains.

We have been able to keep the momentum going, but we will lose it. Because of the long lead-in times that are associated with big projects, it is a given that there will be a period when no new buildings are opened. There is a third wave of schools that we would like to see replaced—we are considering building three new secondary schools, a new special school and a new primary school, which together will cost about £160 million. We need additional funding to deliver that programme. The council has committed £33 million to it, which would almost get us a new secondary school, but we would like to include that in a larger project. If we had not had 80 per cent level playing field support under PPP 1 and PPP 2, we could not have undertaken the projects that we completed under those schemes. Delivering investment on that scale is dependent on a significant element of extra funding being available from the centre.

**Ken Macintosh:** Are you deferring decisions or are you changing your strategy so that rather than

rebuilding schools, you are refurbishing existing ones?

**Lindsay Glasgow:** The projects in question are so big that we feel that we cannot progress them unless we get significant funding. The main problem with one of the schools is its eight-storey tower block. We will have to knock that down and start again; it is not a case of just upgrading it. The fitness for purpose of the old Victorian building that another school occupies, which has small classrooms and extremely poor circulation, is such that it needs a significant level of investment. Refurbishment is being considered as an option, but the cost of using that route to address the school's efficiency and the suitability of its accommodation still comes in at about £30 million. There is only one game in town for those schools. We are looking to our smaller capital investment programme to address issues that affect the rest of our estate.

**Alastair Farquhar:** I will give short answers to your two questions. I take the view that there is a bit of a vacuum, as you described it in your discussion with the first panel, and we are waiting for a definitive announcement on what comes next. Without such an announcement, the delay will be significantly longer than 20 years.

We need many millions, even in a place the size of Moray. As Lindsay Glasgow said, a new secondary school costs £30 million. For a less all-singing and all-dancing one, the cost is between £20 million and £25 million. In Moray, our capital plan for education runs to about £3 million a year, so we need lots of dosh.

**Murdo Maciver:** Councillor Logue outlined the funding strategy that North Lanarkshire Council is following to raise money in house, which is based on broad efficiency savings across the council, rationalisation savings in the school estate and prudential borrowing. To date, about £250 million will be available over the period 2008 to 2012. We anticipate that about £100 million of that will be spent on the secondary sector in the first instance. If we bear in mind the two-tier system, we are faced with a choice between rebuilding three secondary schools and refurbishing 10 such schools. It would be difficult to justify to communities the rebuild as opposed to the refurb option.

**Rob Gibson:** Through the work of Audit Scotland, we have established that the first generation of PFI schools will cost about 10 per cent more over a period of 25 to 30 years than a prudential borrowing approach would have done. The total estimated cost of the route that is being talked about is more than we are looking to find from a future investment fund. Alastair Farquhar spoke about the outcome that Moray Council was waiting for, but would you not rather have a

system that would cost your council less in the future?

**Alastair Farquhar:** With respect, as an officer rather than a politician, I find your description of the situation interesting. You said that PFI has cost more than prudential borrowing would have cost, but a council of our size would never have been in a position to raise such large amounts of money through prudential borrowing.

The answer to the second part of your question is straightforward. We would prefer to have a system that cost us less and got us more—everyone would. However, for the past nine or 10 years, PFI/PPP has been the only game in town—Lindsay Glasgow used that phrase earlier. It would be remiss of councils not to take advantage of that game. There are various views about what the real costs, the projected costs and the final costs are, but it would not be appropriate for me to enter that debate.

Like any council, we look for financial provision that enables us to get the biggest bang for our buck.

**Rob Gibson:** There is a debate about the difference between the cost of PFI/PPP and the cost of borrowing and/or prudential borrowing. A fund for future investment could make it possible for you to build more schools.

**Alastair Farquhar:** I do not know whether that is a question or just a statement.

**Rob Gibson:** I am not necessarily aiming it at you. You chose to answer the previous question. Other people might wish to comment if you do not wish to do so.

**Lindsay Glasgow:** On prudential borrowing, I mentioned earlier the type of savings that councils might make and the financial leverage that they get. Basically, for every £1 that they save, they can borrow £10 back. That can address small issues, but not the replacement of whole schools. We do not have enough savings to be able to borrow enough to replace whole schools.

We have used prudential borrowing to top up funding for particular projects. Our recent projects were funded from a variety of sources. We brought together funds from those sources to allow the developments to go ahead. However, those options are becoming fewer and fewer.

**Councillor Logue:** To a certain extent, the issue is academic. It is for those who want to indulge in desktop analysis. From where I sit, we have to respond to the needs that are presented to us. When we consider some of our schools, we cannot sit back and ignore the fact that our youngsters' learning needs are being seriously compromised. If we do nothing, that will continue.

Local authorities have been fairly pragmatic. Yes, they realise that there is a downside to the way in which they procure funding, but ultimately, to meet their constituents' aspirations and expectations and deliver for young people in their communities, they have to be pragmatic. In North Lanarkshire, we have been creative in coming forward with a package that realised £250 million through prudential borrowing, rationalisation and efficiency savings.

We were annoyed by the PPP 1 outturn. Despite the fact that we have the second highest level of deprivation in Scotland, some coterminous authorities received a lot more than we did. We got about £470 per pupil, but neighbouring authorities that have less deprivation got more than £1,000 per pupil. I do not know where the basis for the disbursement came from. We certainly felt disadvantaged. With PPP 2, we got nothing. As a result, we had to indulge in a fair amount of reflection and consider how to develop a package that meets people's needs. We know what young people and their parents want in relation to learning, and it would be remiss of us if we did not address that.

**Rob Gibson:** We aspire to ensure that all schools and all communities are served, but there are limitations on local authorities. I live in the area of Highland Council, which has an enormous extra bill to pay in the next 30 years. Are you not looking for the Government to find a way to reduce the cost of providing the money, albeit that it will always be rationed?

**Councillor Logue:** If we lived in an ideal world, the answer would be yes without any qualification or reservation, but we do not live in that world. Eventually, money comes to us from various sources. We know the expectations and we identify the unmet needs. We have to balance things and bridge the gap.

**Rob Gibson:** I have a question on the existing estate. There is obviously reluctance to close schools, even if doing so would save money that could be added to whatever else you have to spend on new build. Is it the case that, in Edinburgh, over a period of 20 years, a pattern of people choosing particular schools has reduced the numbers in the catchment area of other schools? We have heard of cases where more than a third have chosen to go elsewhere. In the past 10 years, was the conclusion reached that schools would need to be rationalised?

12:00

**Lindsay Glasgow:** Indeed. I have been in that line of work for the past 11 years. The council undertook significant rationalisation and consultation in 1999 as part of the PPP 1 project.

That rationalisation allowed some of the council's 20 per cent of funding to be released to deliver the first PPP project. There was a second programme under my watch, as it were, in 2004, when we developed further proposals to amalgamate six schools into three. Those got a heavy amount of investment through prudential borrowing and through our being able to release some of the surplus sites for capital receipts. We spent around £12 million to £15 million on the receiving schools. They were absolutely fit for purpose and were practically new build schools.

You will be aware that we took further steps to address the issue in 2007, but the plans did not proceed. The council continues to consider the issue. We are trying to identify proposals, on a smaller scale, that might achieve a broader consensus of opinion about delivering amalgamations and reinvesting money into the estate and teaching resources.

**Aileen Campbell:** I turn to design. I know that some of you might have listened to the previous evidence session. How much emphasis and importance do you place on design for refurbishments and new schools?

**Lindsay Glasgow:** Under PPP 1, there was discussion about the quality of design for PPP projects. The buildings function well in terms of space requirements, classroom size and pupil movement around the school, although their design in terms of civic presence has not necessarily set the world alight. In the first phase we had 10 replacement primary schools. Given that a single bidder was designing the schools, we got pretty much the same design for 10 different sites.

In PPP 2, we made it clear that we wanted to focus on design as part of our output for the new buildings. As a result, we have buildings that respond to their individual sites much better than previous ones. We are pleased with the designs that are coming through.

That said, there is still room to raise the game further. We are developing a new school in a joint-venture agreement. Given that that is a more traditional form of procurement, it allows for more bespoke design elements and further consultation with the school community. With that school we are trying to address the implications of curriculum for excellence. We are considering how we might want different spaces to function in different ways to deliver curriculum for excellence and to reflect current sustainability issues and so on. We are looking at flexibility for the future. We have certainly tried to raise the bar in terms of design with each new tranche of investment.

**Aileen Campbell:** Do any of the other witnesses have any comments?

**Murdo Maciver:** The final product is only as good as the initial specification. Sometimes the PFI schools are criticised wrongly and contractors are getting the blame, when perhaps the finger should be pointed more at those who drew up the initial education or technical specification that was brought to bear. In our case we emphasised high specifications for the buildings. Individuality of the schools was important, as reflected in the Edinburgh experience of PPP 2. We specified that facilities should be provided beyond the needs of the curriculum, which Councillor Logue mentioned.

We have not always got it right. In the secondary schools that we have built, there has been just about total satisfaction from staff, pupils and parents, because the buildings are attractive and functional; but in the primary schools, we have had to try to create spaces that allow learning and teaching to be more collaborative, allow class sizes to vary flexibly year on year and take account of changing limits, and allow better breakout spaces for youngsters and better management space. In our next phase of primary schools soon to be built, we will learn from the experience of the first phase and from discussions that we have already had with pupils, staff, parents and parent councils. Such discussions have led to improvements, and I have no doubt that the same will happen in future phases. There have been changes to the curriculum and to the use that is made of schools, and more non-teaching spaces will have to be made available.

Perfection is not possible the first time round. Post-occupancy evaluation is very important, and we have done such evaluation formally, involving youngsters, staff and parents. We have to build on the strengths and address the weaknesses.

**Alastair Farquhar:** As I said, we have been preparing for our PPP for some years now. Like Murdo Maciver, we have engaged with pupils and staff, with the community, with school boards, as they were then, and with parent councils, as they are now. We have asked people what they want. As has been said, what people want inevitably costs. However, like our counterparts elsewhere, when we build something we want to build something that is significantly better than what it is replacing. Otherwise, why bother? That is fine when we are talking about new builds, but inevitably we will also have to consider a significant number of refurbishments—however refurbishment is defined, which is an interesting issue in itself.

It is a challenge to refurbish a traditional stone primary school with five fixed classrooms in order to build in flexibility for the curriculum for excellence and provide sufficient staff accommodation. Over the past 10 years, the number of support staff in schools has increased

significantly. In many of our schools, we have more support staff than we have teachers. That is proper, given the nature of the job, but there is nowhere for those support staff to go. That is when the issue of suitability for the 21<sup>st</sup> century becomes a major driver, determining what we can do with a building.

People may be emotionally attached to a “fine, solid building that did me fine when I was there 90 years ago.” That was not a quotation from me, by the way; it was said by somebody else. However, the building may not be suitable no matter how much is spent on it. In fact, money would be wasted in trying to make the building suitable for the 21<sup>st</sup> century. We have to consider the overall school estate if we wish to design and provide schools that are suitable for the 21<sup>st</sup> century, and we will inevitably have to consider amalgamations.

It is important to get the right design from the outset. Murdo Maciver was right. In many cases, developers have put on the ground that which they were asked to put on the ground. All of us in the education and council community must be clear about what we want and how much we can afford.

**Aileen Campbell:** One recurrent theme is that some new schools are having problems with lighting, ventilation and heating, which are surely rather basic considerations. Why have there been such problems?

**Alastair Farquhar:** Our 54 schools have those problems, and none of them is new. It is a bit of a fallacy to say that PFI schools are hopeless because they are too hot—

**Aileen Campbell:** I did not actually say that.

**Alastair Farquhar:** However, your underlying point is correct. We should be able to design out such defects at the start of the process, which might mean—God forbid—considering air conditioning in schools. When we suggest that new primary schools should have, for example, changing facilities and showers for children, people in the community give us strange looks and say, “You can’t do that—that’s a waste of my council tax!” Well, that is not the case.

If community use of a school requires only one room, we still have to heat the whole school. Never mind about environmental sustainability in the current estate—economic sustainability itself is a nightmare. In defining what we want from our new schools and designing them to last 30, 40, 50 or 60 years, I agree that we should be looking for the state of the art.

**Aileen Campbell:** Someone said that the community was engaged in the design of schools. However, do you also take into account its views on the use of schools during the day? Are issues such as security, which has been mentioned, being factored into the design of new schools?

**Councillor Logue:** We have incorporated into a number of our new schools not only new community centres, which replace buildings dating from the 1960s and 1970s, but libraries and community rooms to ensure that they can be used by a diverse range of community groups. Obviously, before such developments happen, we involve and engage communities in the process.

Moreover, the formal educational areas in the new schools—or new centres, as we prefer to call them—can be accessed only by those who have an electronic swipe card. As a result, although people in the community can use the libraries, the community centres and the community rooms—and although pupils can access the library through linked corridors—we have ensured that only authorised visitors can get into the school itself.

**Councillor Hamilton:** It is a bit more difficult to deal with security in our existing schools. However, it should not be a problem in new schools, as it will have been factored in at the design stage.

**Lindsay Glasgow:** When we design new schools, we certainly ensure that community facilities are kept upfront, as it were, in the building, with the school itself located in a more secure and protected area behind. If we get the design right early on, management issues are much easier to deal with.

**Aileen Campbell:** Does the procurement method have any bearing on a school’s design? Has it affected your engagement with school users and those who are involved in the design?

**Lindsay Glasgow:** Traditional procurement methods offer a more interactive or iterative process to school users, the officers in the department and the design team. Our experience of PPP is of big-bundle projects, which has meant that we have had only limited time to examine all the issues affecting the schools. Inevitably, you can have much better engagement if you are dealing with one school design at a time, because you can have the design team on tap.

**Murdo Maciver:** I am not sure that I agree. In all our projects, including those involving PPP, we have emphasised the need to involve youngsters, teachers, teachers unions, focus groups, working groups, parents and other users in building up the specification—although not necessarily, I should stress, to everyone’s satisfaction or wishes. That involvement is not just with council officers but with architects to ensure that they and the builders have a feel for what the users want. I am not sure that that kind of involvement and engagement depends on the procurement strategy; I think that it can be achieved using any approach.

12:15

**Mary Mulligan:** You were here earlier, so you heard my question on monitoring. Audit Scotland referred in its report to inconsistencies in definitions and standards. I understand that guidance has been issued to resolve that. What are individual local authorities doing to address the matter?

**Murdo Maciver:** Do you mean standards in the interpretation of condition, suitability and so on?

**Mary Mulligan:** Yes, and in relation to the refurbishment work that was to be done, whether that meant new roofs, new shells or whatever. How can you derive value-for-money comparisons when we are talking about different things?

**Murdo Maciver:** In my initial experience, the process was based largely on individual authorities working in isolation, and they were probably working from a pretty low base in terms of asset and school estate management. Over the past few years, there has been some development in the level of experience. In particular, networking was established by the Scottish Executive, and now the Government. In addition, self-help networks and partnerships under the Association of Directors of Education Scotland are being set up. Those arrangements include seminars, and a series of school estate publications have recently been produced. They have been tremendously useful for the sharing of good practice. That does not mean going in the direction of uniformity; rather, it means sharing solutions to the problems that are faced by colleagues in authorities across the land.

**Alastair Farquhar:** I echo what Murdo Maciver has said. In the early stages, we were all busy in our own wee offices getting our school estates planned. Over the years, there has been significant networking, not just in the sharing of good practice, but in admitting that we did not get something right. When we consulted on our PPP, we stated publicly that we would not make the same mistakes as, say, North Lanarkshire—we would make different ones. Learning from other people's mistakes would be the wrong way of putting it; the process is one of learning from other people's experiences. Inevitably, and as we have heard only this morning, people will feel that PPP 2 has been produced in a better way than PPP 1. NPD 1, or whatever it is, will be expected to be even better.

Although the ADES networks are not necessarily formal organisations, they are powerful and helpful. We can make real connections through them, and people are not in competition with one another. We all recognise that the same stresses, strains and limitations are placed upon us.

**Lindsay Glasgow:** I agree. The Scottish Government guidance on condition, which was

issued last year, has been of tremendous help. We are now working on suitability, with a consistent methodology across councils.

**Mary Mulligan:** I am pleased to hear you back up what Audit Scotland said about the sharing of good practice and dealing with the challenges that arise. Sometimes there have been problems in that regard.

The City of Edinburgh Council's written submission refers to issues around

"high levels of construction inflation."

In relation to the work that you are doing at the moment, be that refurbishment or new build, how are you placed with respect to the people who are likely to do that work? Is the availability of those people reducing? Is that still an issue that increases your costs?

**Lindsay Glasgow:** It is. Certainly, costs are increasing exponentially; at times, they have gone up at a rate of 12 per cent per annum. In addition, as you suggest, the market to which we take our projects is more limited. The size of the project that we take to the market influences who is likely to be interested in it, which has a bearing on whether we bundle together projects or do them individually. The difficulty of attracting interest in projects has a bearing on the type of project that is suggested. For example, a refurbishment is not so attractive to the market because all sorts of problems with the building will inevitably be found once it has been opened up. A nice, clean new build is far more attractive to contractors. The availability issue, therefore, has a considerable effect on our options for going forward and on our ability to deliver.

**Alastair Farquhar:** I hesitate to say this, but size is important. A project's size and the availability of developers in a rural area such as Moray mean that there might be only one or two local developers. We are unlikely to attract a national developer from elsewhere in Scotland for building, say, one secondary school and one primary school. We must deal with that situation no matter how we procure the buildings. In addition, costs tend to rise significantly before we start to build. Our property staff have advised us that the influence of the London Olympics on workforce availability will also have an effect on when we can try to build our schools.

**Murdo Maciver:** Our experience is broadly similar. There is construction inflation and a difficult labour market in the construction industry across west central Scotland. However, during the PFI time and more recently with the in-house procurement that is being done under a framework agreement, we have had excellent responses from a good number of major national and international construction firms.



**Mary Mulligan:** I suspect that the Glasgow Commonwealth games and the proposed new Forth crossing will create additional pressures. On the earlier reference to air conditioning, I add for information that the Parliament building does not have air conditioning.

**Alastair Farquhar:** I was determined not to comment on the suitability of the Scottish Parliament building.

**Mary Mulligan:** It is very suitable, Mr Farquhar.

**The Convener:** The issue is perhaps the process that was involved.

**Alastair Farquhar:** I will not mention costs.

**The Convener:** That concludes our questions for the witnesses. I thank them for attending. We will suspend briefly to allow our witnesses to leave.

12:23

*Meeting suspended.*

12:24

*On resuming—*

## **Mainstreaming Equal Opportunities**

**The Convener:** Agenda item 2 concerns mainstreaming equal opportunities in the work of the Scottish Parliament. Members have a briefing paper that relates to a letter that we received from Keith Brown, the convener of the Standards, Procedures and Public Appointments Committee. As members are aware, the Equal Opportunities Committee has advocated for some time the need to mainstream equal opportunities in the work of the Parliament. Indeed, the matter was included in the previous Equal Opportunities Committee's legacy paper. The Standards, Procedures and Public Appointments Committee is doing work that relates to that.

Do members think that, as the briefing paper proposes, we should include in our annual report an account of how we have mainstreamed equal opportunities matters?

**Mary Mulligan:** The paper seems to use the words "session" and "annually" interchangeably, but my understanding is that the word "session" refers to the four-year period between elections. For clarification, is the suggestion that we report on the mainstreaming of equal opportunities annually rather than once every four years?

**The Convener:** Yes, it means once a year.

**Mary Mulligan:** I agree with the paper's recommendation, which is helpful. It is important that the committee acknowledges its obligations on equal opportunities. It would concentrate our minds to put in our annual report exactly what we have done on that issue.

**Christina McKelvie:** Given that I sit on the Standards, Procedures and Public Appointments Committee, it is no surprise that I support what its convener has asked for. To echo what Mary Mulligan said, perhaps over the years we have not given enough importance to incorporating equal opportunities into the work of the committee. Including the issue in our annual report might focus our minds on it this year.

**The Convener:** Prior to their leaving the meeting, Jeremy Purvis and Rob Gibson indicated that they support the inclusion of the committee's approach to equal opportunities in our annual report. It is important that all parliamentary committees do the same, because the issue tends to slip from the political agenda of committees as we get caught up in other matters. As Mary Mulligan said, including the issue in our annual report will help to focus minds. I therefore

anticipate that members will agree that we should write to Keith Brown in the suggested terms.

**Members** *indicated agreement.*

**The Convener:** Thank you.

*Meeting closed at 12:27.*

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