

Notice of meeting and agenda

The City of Edinburgh Council

10.00 am, Thursday, 25 September 2014

Council Chamber, City Chambers, High Street, Edinburgh

This is a public meeting and members of the public are welcome to attend

Contact

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1. Order of business

- 1.1 Including any notices of motion and any other items of business submitted as urgent for consideration at the meeting.

2. Declaration of interests

- 2.1 Members should declare any financial and non-financial interests they have in the items of business for consideration, identifying the relevant agenda item and the nature of their interest.

3. Deputations

- 3.1 If any

4. Minutes

- 4.1 The City of Edinburgh Council of 21 August 2014 – submitted for approval as a correct record

5. Questions

- 5.1 By Councillor Rust – Evening Repairs – for answer by the Convener of the Health, Social Care and Housing Committee

6. Leader's Report

- 6.1 Leader's report (circulated)

7. Appointments

- 7.1 Edinburgh International Conference Centre (EICC) – Appointment of Chief Executive – report by the Director of Corporate Governance (circulated)

8. Reports

- 8.1 Update on Edmonstone Estate Application (14/0157/PPP) – report by the Acting Director of Services for Communities (circulated)
- 8.2 Edinburgh Tram Project – Update Report – report by the Chief Executive (circulated)
- 8.3 St James Quarter Update on Progress - report by the Acting Director of Services for Communities (circulated)

- 8.4 Energy for Edinburgh – report by the Director of Economic Development (circulated)
- 8.5 Queensferry High School – report by the Director of Children and Families (circulated)
- 8.6 Future Investment in the School Estate – Wave 4 – report by the Director of Children and Families (circulated)
- 8.7 Revenue Monitoring 2013/14 - Outturn Report – referral from the Finance and Resources Committee (circulated)
- 8.8 Capital Monitoring 2013/14 – Outturn and Receipts – referral from the Finance and Resources Committee (circulated)
- 8.9 Currie Wind Turbine – Spend to Save – referral from the Finance and Resources Committee (circulated)
- 8.10 Stair Lighting – Energy Efficiency Proposal – referral from the Health Social Care and Housing Committee (circulated)
- 8.11 Free School Meals – referral from the Education, Children and Families Committee (circulated)

9. Motions

- 9.1 By Councillor Godzik – Parking Outside of Schools

“Council:

Notes the ongoing pilot, led by the Transport & Environment Committee, seeking to improve road safety around schools in Edinburgh by banning cars from roads immediately outside schools where appropriate, and recognises that parking outside of schools has been a major concern for Head Teachers and parents for many years.

Further notes that the Consultative Committee with Parents (CCwP) has requested that the Council investigate the use of CCTV to improve road safety around schools.

Requests a report on the possible introduction of CCTV around schools not suitable for the current schools street pilot. This would include potential benefits, cost and legal barriers currently in place.”

- 9.2 By Councillor Austin-Hart – UK Athletics Youth Development League

“Council notes the success of Team Edinburgh, comprising athletes from Edinburgh, Lasswade and Corstorphine Athletics Clubs, in winning the National Under 17 and Under 20 Finals of the UK Athletics Youth

Development League in Birmingham on 7 September 2014 against other top teams from across the UK.

Council also notes that the Edinburgh Athletics Club under 13 and under 15 age groups came first in the Scottish League Final and finished fourth in the UK Final in Birmingham.

Council thanks all the coaches and team managers involved and gives special congratulations to all the young athletes whose hard work and dedication to training throughout the year has resulted in such an outstanding result.”

9.3 By Councillor Mowat – Corex Lamppost Wraps

“The Council has chosen to remove political banners from lampposts and to rationalise the advertising of Festival shows as well as trialling the banning of A boards in certain areas as part of the Council’s commitments to decluttering and improving the public realm; in light of this Council calls for a report on the use of the corex lamppost wraps that are appearing throughout the city promoting various Council initiatives and whether this is an appropriate intervention into the streetscape.”

Carol Campbell

Head of Legal, Risk and Compliance

Information about the City of Edinburgh Council meeting

The City of Edinburgh Council consists of 58 Councillors and is elected under proportional representation. The City of Edinburgh Council usually meets once a month and the Lord Provost is the Convener when it meets.

The City of Edinburgh Council usually meets in the Council Chamber in the City Chambers on the High Street in Edinburgh. There is a seated public gallery and the Council meeting is open to all members of the public.

Further information

If you have any questions about the agenda or meeting arrangements, please contact Allan McCartney, Committee Services, City of Edinburgh Council, Business Centre 2:1, Waverley Court, 4 East Market Street, Edinburgh EH8 8BG, [REDACTED] e-mail allan.mccartney@edinburgh.gov.uk.

A copy of the agenda and papers for this meeting will be available for inspection prior to the meeting at the main reception office, City Chambers, High Street, Edinburgh.

The agenda, minutes and public reports for this meeting and all the main Council committees can be viewed online by going to www.edinburgh.gov.uk/cpol.

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The City of Edinburgh Council

Edinburgh, Thursday, 21 August 2014

Present:-

LORD PROVOST

The Right Honourable Donald Wilson

COUNCILLORS

Elaine Aitken
Robert C Aldridge
Norma Austin Hart
Nigel Bagshaw
Jeremy R Balfour
Gavin Barrie
Angela Blacklock
Chas Booth
Mike Bridgman
Deidre Brock
Steve Burgess
Andrew Burns
Ronald Cairns
Steve Cardownie
Maureen M Child
Bill Cook
Nick Cook
Gavin Corbett
Cammy Day
Denis C Dixon
Karen Doran
Paul G Edie
Catherine Fullerton
Nick Gardner
Paul Godzik
Joan Griffiths
Bill Henderson
Ricky Henderson

Dominic R C Heslop
Lesley Hinds
Sandy Howat
Allan G Jackson
Karen Keil
David Key
Richard Lewis
Alex Lunn
Melanie Main
Mark McInnes
Adam McVey
Eric Milligan
Joanna Mowat
Gordon J Munro
Jim Orr
Lindsay Paterson
Ian Perry
Alasdair Rankin
Vicki Redpath
Keith Robson
Cameron Rose
Frank Ross
Jason G Rust
Alastair Shields
Stefan Tymkewycz
David Walker
Iain Whyte
Norman Work

1. Deputations

The Council agreed to hear the following deputations:

- a) Scottish Palestine Solidarity Campaign and the Association of Palestinian Communities (item 2)

The deputation spoke about the ongoing conflict in the Middle East. The urgent situation brought into sharp focus the work needing to be done and, in particular, the impact on schools, hospitals and the innocent civilians of Gaza.

The deputation asked the Council to raise the Palestinian flag above the City Chambers in recognition of a nation without state and as a symbol of support for the Palestinian people.

- b) Liberton High School Parent Council (item 3)

The deputation advised that the proposals contained in the Director of Children and Families' report regarding the costs and sources of funding for the replacement PE facilities at Liberton High had been well received by the school community.

The school roll was predicted to rise sharply in the near future and the deputation's view was that, given the economies of scale, it would be more cost effective for Phase 2 of the works to commence in line with Phase 1 thereby reducing any adverse impact on the school.

The deputation supported the proposal that an appropriate memorial be created for Keane Wallis-Bennett in discussion with the school community and noted that an indicative cost provision for delivering this had been included within the budget.

The deputation asked the Council to consider completion of Phase 1 and Phase 2 at the same time and to commit funding at the meeting today to allow this to happen.

Councillor Godzik thanked the deputation for their contribution and re-iterated his commitment to continue ongoing work and discussion with the school.

2. Gaza – Disasters Emergency Committee (DEC) Appeal and Flying the Palestinian Flag from the City Chambers - Motions by Councillors Burns and Booth

The Lord Provost ruled that the following motions, which had been submitted in terms of Standing Order 16.1 be considered together:

- a) By Councillor Burns

"The City of Edinburgh Council:

- 1) has been deeply appalled and distressed to witness the recent loss of life in Gaza;
- 2) stands in solidarity with the innocent civilians of Gaza, who have lost more than 1,900 people, many of whom have been women and children;

- 3) supports an immediate ceasefire, as called for by the United Nations.

Council thus agrees:

- 4) to send a letter from the Council Leader, to the President of the State of Palestine, offering the City's condolences for the deaths they have suffered;
- 5) to send a letter from the Council Leader, to the Israeli Consulate in London, condemning in the strongest possible terms, the killing of hundreds of innocent civilian men, women and children.

Council also agrees:

- 6) to fly a 'Disasters Emergency Committee (DEC) Appeal' flag, at the City Chambers entrance on the High Street, which will prominently feature the DEC Gaza Appeal telephone donation line: 0370 60 60 900; and
- 7) to promote the DEC Gaza Appeal via its own external, and internal, websites."

b) By Councillor Booth

"Council:

- 1) Notes the continued conflict in Gaza, which has led to the deaths of 67 Israelis and more than 1800 Palestinians, including many innocent civilians, and which has included attacks on UN schools which have been labelled a moral outrage and a criminal act by Ban Ki-moon, the Secretary-General of the United Nations;
- 2) Notes the appeal recently launched by the Disasters Emergency Committee (DEC), comprising 13 UK charities, to help the people of Gaza, including the estimated 65,000 people who have seen their homes severely damaged or destroyed and the estimated tens of thousands who urgently need food, water and medical care;
- 3) Believes the ongoing conflict is unacceptable, condemns any ongoing violence and calls on all sides to work for peace and a stable two-state solution in Palestine;
- 4) Agrees to fly the Palestinian flag from the City Chambers in a gesture of solidarity with the people of Gaza wherever this does not clash with the pre-existing flag flying programme;
- 5) Agrees to ask the Council Leader to contact the Disasters Emergency Committee to explore any further measures the Council can take to support the people of Gaza and support the DEC appeal."

In accordance with Standing Order 20(7), paragraphs 1, 2, 3, and 5 of the motion by Councillor Booth were accepted as an addendum to the motion.

Motion

- 1) To approve the terms of the motion submitted by Councillor Burns under Standing Order 16.1 subject to the amendment of the word “Embassy” to replace “Consulate” at para 5.
 - 2) To approve paragraphs 1, 2, 3 and 5 of Councillor Booth’s motion.
 - 3) To agree to fly the Palestinian flag from the City Chambers alongside the DEC flag for one day only.
- moved by Councillor Burns, seconded by Councillor Cardownie

Amendment

The City of Edinburgh Council:

- 1) notes the appalling suffering associated with the death, injury and displacement of families in current conflicts which include:
 - a. Gaza
 - b. Syria
 - c. Iraq
 - d. Ukraine
 - e. South Sudan.
 - 2) recognises the desire of many in Edinburgh to contribute to the relief of such suffering.
 - 3) notes that Edinburgh already has strong links with Mercy Corps, an international humanitarian agency experienced and active in relieving suffering in disaster areas including most of the above current conflict areas.
 - 4) notes that the European Headquarters of Mercy Corps is in Edinburgh.
 - 5) resolves to fly an appeal flag which prominently features Mercy Corps appeal donation information to encourage generous giving for humanitarian relief in the above, and other, conflicts and disasters.
 - 6) agrees to promote actively the significance of the flag and the opportunity to give generously via Mercy Corps.
- moved by Councillor Rose, seconded by Councillor McInnes

Voting

The voting was as follows:

For the motion (as adjusted)	-	46 votes
For the amendment	-	11 votes

Decision

To approve the adjusted motion by Councillor Burns in the following terms:

The City of Edinburgh Council:

- 1) has been deeply appalled and distressed to witness the recent loss of life in Gaza;
- 2) stands in solidarity with the innocent civilians of Gaza, who have lost more than 1,900 people, many of whom have been women and children;
- 3) supports an immediate ceasefire, as called for by the United Nations.

Council thus agrees:

- 4) to send a letter from the Council Leader, to the President of the State of Palestine, offering the City's condolences for the deaths they have suffered;
- 5) to send a letter from the Council Leader, to the Israeli Embassy in London, condemning in the strongest possible terms, the killing of hundreds of innocent civilian men, women and children.

Council also agrees:

- 6) to fly a 'Disasters Emergency Committee (DEC) Appeal' flag, at the City Chambers entrance on the High Street, which will prominently feature the DEC Gaza Appeal telephone donation line: 0370 60 60 900; and
- 7) to promote the DEC Gaza Appeal via its own external, and internal, websites.
- 8) to note the continued conflict in Gaza, which has led to the deaths of 67 Israelis and more than 1800 Palestinians, including many innocent civilians, and which has included attacks on UN schools which have been labelled a moral outrage and a criminal act by Ban Ki-moon, the Secretary-General of the United Nations;
- 9) to note the appeal recently launched by the Disasters Emergency Committee (DEC), comprising 13 UK charities, to help the people of Gaza, including the estimated 65,000 people who have seen their homes severely damaged or destroyed and the estimated tens of thousands who urgently need food, water and medical care;
- 10) that the ongoing conflict is unacceptable, condemns any ongoing violence and calls on all sides to work for peace and a stable two-state solution in Palestine;
- 11) to fly the Palestinian flag from the City Chambers alongside the DEC flag for one day only.
- 12) to ask the Council Leader to contact the Disasters Emergency Committee to explore any further measures the Council can take to support the people of Gaza and support the DEC appeal."

3 Liberton High School

The Council had approved the permanent removal and demolition of the existing gym block at Liberton High School and the provision of replacement PE facilities through extending the separate building within which other PE facilities at the school were currently provided.

Details were provided on the costs and sources of funding for the replacement PE facilities.

Decision

- 1) To approve a gross capital expenditure estimate of up to £2.5m to provide replacement Physical Education(PE) facilities at Liberton High School.
- 2) To welcome the significant funding contribution of two-thirds of the gross capital expenditure up to a maximum contribution of £1,666,667 which the Scottish Government had offered towards the cost of providing the replacement PE facilities.
- 3) To approve the balance of the estimated funding required to provide the replacement PE facilities of up to £833,333 to be met from the additional General Capital Grant identified for 2015/16.
- 4) Following on from the deputation from Liberton High School Parent Council, to request a report investigating funding and delivery options for both phases, including possible options for dual delivery. Officers would keep the working group informed, and report back to Council at the next available opportunity.

(References – Act of Council No 12 of 26 June 2014; report by the Director of Children and Families, submitted)

4. Minutes

Decision

To approve the minutes (2) of the Council of 26 June 2014 as correct records.

5. Questions

The questions put by members to this meeting, written answers and supplementary questions and answers are contained in Appendix 1 to this minute.

6. Leader's Report

The Leader presented his report to the Council. The Leader commented on:

- Exam results success
- Referendum – Do not lose your vote

The following questions/comments were made:

Councillor Cardownie - Referendum Polling Cards

- | | |
|--------------------|---|
| Councillor Rose | - BOLD Programme - Council expenditure – service delivery savings |
| Councillor Edie | - Councillor Work – Birthday congratulations
- Meetings with Chief Constable House – armed patrols |
| Councillor Lewis | - Hosting the Commonwealth Games Diving Competition
- Congratulations – Fiona Hyslop MSP and Sir Jonathan Mills – Edinburgh Festival
- Concert in St Andrews Church |
| Councillor Redpath | - Community Shop – Pennywell Road
- Nationwide appeal for toys for children in Gaza |
| Councillor Burgess | - Referendum voting
- Council Tax freeze |
| Councillor Ross | - Death of John Harkins, Business Adviser to the Business Gateway |
| Councillor Day | - National APSE Award Nominations - Smarter Rehab Project
Muirhouse Community Shop
Moredun/Hyvots Regeneration
Long and Winding Road Project, Kirkliston |

7. Appointment to the Board of the Spartans Community Football Academy

The Council had made appointments to the Board of the Spartans Community Football Academy on 24 May 2012.

The Council was invited to appoint a member to the Board of the Spartans Community Football Academy following the resignation of Councillor Redpath.

Decision

To appoint Councillor Godzik to the Board of the Spartans Community Football Academy.

(References – Act of Council No 2 of 24 May 2012; report by the Director of Corporate Governance, submitted.)

8. Appointment to the Management Committee of the Community One Stop Shop, Broomhouse, Edinburgh

The Council was invited to appoint a member to the Management Committee of the Community One Stop Shop, Broomhouse, Edinburgh. Details were provided on the roles and responsibilities associated with membership.

Decision

To appoint Councillor Fullerton to the Management Committee of the Community One Stop Shop, Broomhouse, Edinburgh.

(Reference – report by the Acting Director of Services for Communities, submitted.)

9. Supporting Veterans with Disabilities

Approval was sought for the use of Council Tax Discount Fund (CTDF) reserves to support disabled veterans' housing in the city.

Decision

- 1) To agree the use of £250,000 from the Council Tax Discount Fund to enable the development of a veterans' housing project at Salvesen Gardens in Edinburgh, through the Scottish Veterans Garden City Association.
- 2) To note that a consortium bid had been made to the 2014 Veterans' Accommodation Fund to enable disabled veterans homes to be delivered and that £150,400 was for accommodation in Edinburgh.

(Reference – report by the Acting Director of Services for Communities, submitted.)

10. Proposed Acquisition of Custom House, Leith

Details were provided of a one-off opportunity which had arisen for the Council to purchase the grade A listed and historically important Custom House at the market value of £650,000 to bring the building within the ownership and control of the Council.

Motion

- 1) To approve the acquisition of Custom House, Leith, from the National Museum Scotland on the terms outlined in the report by the Director of Corporate Governance and on other terms and conditions to be agreed by the Acting Director of Services for Communities and the Director of Corporate Governance.
 - 2) To approve the use of the Common Good Fund for this acquisition, subject to confirmation of good legal title, satisfactory building and services reports, and confirmation of the level of ongoing revenue costs.
 - 3) To note the intention to secure appropriate use of the building to include a museum/heritage purpose for the benefit of Leith and the wider city and to negotiate with third parties accordingly.
 - 4) To approve the establishment of a Project Group as described in Paragraph 3.5 of the report, which would provide guidance and have oversight of the final proposals for the building's future.
 - 5) To note that the future uses of this property, together with any future capital and revenue implications, would be presented to the Finance and Resources Committee for approval.
- moved by Councillor Rankin, seconded by Councillor Bill Cook

Amendment

- 1) To welcome the opportunity to take ownership of a valuable and historic building which would include a Leith museum.
 - 2) To note that the report flagged up significant operational and financial risks.
 - 3) To note that there was an absence of detail in the terms and conditions of the proposed acquisition.
 - 4) To note the lack of detail on the future use of the building – along with maintenance and revenue implications falling on the Council.
 - 5) To instruct that a further report be provided to full Council within 2 cycles, following conclusion of discussion on the future use of the building and setting out revenue implications prior to purchase.
 - 6) To note the proposal for a working group within the report and, while recognising the important role that local Councillors could play, considers that a wider group be constituted to provide governance input across the Council to reflect that fact that the source of funding and future use would have city wide implications.
- moved by Councillor Paterson, seconded by Councillor Rust

Voting

The voting was as follows:

For the motion	-	46 votes
For the amendment	-	10 votes

Decision

To approve the motion by Councillor Rankin.

(Reference – report by the Director of Corporate Governance, submitted.)

11. Treasury Management Annual Report 2013/14 – referral from the Finance and Resources Committee

The Lord Provost ruled in terms of Standing Order 27(1), that this item, which included an option which, if accepted, would require a change to the Act of Council No 7 of 29 May 2014, should be considered due to a material change in circumstances, namely the implications of the CIPFA Code of Practice on Treasury Management in the Public Sector.

The Finance and Resources Committee had referred a report on Treasury Management activity in 2013/14 and sought approval to change the current Treasury Management governance arrangements so that the Treasury Management Strategy, mid-term and annual reports would be taken to the Finance and Resources Committee before being considered by Council.

Decision

To approve the changes to the Treasury Management governance arrangements as detailed in paragraph 3.5 of the report by the Director of Corporate Governance, including the necessary adjustments to the Committee Terms of Reference.

(References – Act of Council No 7 of 29 May 2014; Finance and Resources Committee 30 July 2014 (item 8); referral report by Finance and Resources Committee, submitted.)

12. Report of Pre-determination Hearing – 545 Old Dalkeith Road, Edinburgh – (Edmonstone Estate) (Land 447 metres north east of)

The Development Management Sub-Committee had referred a report on a planning application for 545 Old Dalkeith Road, Edinburgh (Edmonston Estate) (Land 447 metres north east of), which was the subject of a pre-determination hearing under the procedures in the Town and Country Planning (Development Management Procedures) (Scotland) Regulations 2008. Background information in relation to separate decisions for recent planning applications on the same site was provided.

Decision

To continue consideration of the reports to the next meeting of the Council.

(Reference – reports (2) by the Acting Director of Services for Communities and the Development Management Sub-Committee.)

Appendix 1

(As referred to in Act of Council No 4 of 21 August 2014)

QUESTION NO 1

By Councillor Heslop for answer by
the Convener of the Regulatory
Committee at a meeting of the
Council on 21 August 2014

Question (1) To ask the Convener what established short notice procedures were followed in relation to the granting of a parades and processions licence for the demonstration which took place on Princes Street on 9 August 2014.

Answer (1) There is a right to assemble/march and organisers of a march do not require a specific licence or permission. However organisers must give the Council and Police written notice of a march and the route not less than 28 days before the march. When the Council receives such notice it can after consultation attach conditions to a march or even prohibit the march.
If the organiser fails to give written notice then the march is unlawful.
For the protest march on 9 August 2014 no notification was received. In those circumstances the Council have no powers and the management of the march is an operational police matter using powers available to the police.
At no time did the Council agree or consent to this march.

Question (2) To ask the Convener who decides what is a 'controversial' march which may cause public disruption.

Answer (2) If the march had been properly notified, Council officers will consider the extent of any likely disruption.
Council officers will consult the Convener of the Licensing Sub- Committee as appropriate.
If a planned march is likely to cause significant disruption or is considered to be controversial, this will be referred to the Licensing Sub-Committee for decision
Any march which seeks to use Princes Street would normally be referred to the Licensing Sub-Committee for decision due the likelihood of disruption.

- Question** (3) To ask the Convener whether it is appropriate to allow marches, out with the 28 day notification period, to take place, particularly during August and having regard to the impact such marches have on transport, pedestrian access and local businesses affected by these demonstrations.
- Answer** (3) Where a march is notified less than 28 days from the date it is due to take place the Council has discretion as to whether it will 'waive' the notice period.
- The Council did not waive the notice period as it had not been given notice as required by the relevant act.
- The march which took place was therefore out with the relevant statutory consent.
- Question** (4) To ask the Convener how many police officers were assigned to the march on 9 August on Princes Street and whether officers were diverted from the Grand Black Chapter March to police this event.
- Answer** (4) I understand that Police Scotland responded to the unplanned need to control the march on Princes Street. This response was from the resources available on the day and this illustrates why any organiser of a march should properly notify the Council and Police in advance.
- Supplementary Question** (1) Can I thank Councillor Barrie for his detailed response. As a non partisan Committee, the Regulatory Committee, and I think the Convener would agree with me that its membership does work extremely well together. In tabling these questions I am not seeking to make any judgement on the theme of the march which took place on 9 August 2014 in support of Palestine, but what I would ask Councillor Barrie is whether he would agree with me that this particular march, and within the context of the current crisis, was indeed controversial and could have led to public disruption and disorder given some of the language which I heard. Can I therefore ask Councillor Barrie whether he will reflect on this demonstration and how we can deal with future demonstrations in the same way our Committee examines similar marches for example by the Orange Order, the Scottish Defence League and United Against Facism.

Supplementary Answer (1) I am quite happy to reflect on it and the tone of the answers and you will see there was no permission granted for these marches and as such they become a matter entirely for Police Scotland. Now if we can persuade those who organised them to engage with the Council and all the other relevant bodies, I'd be more than happy to try and accommodate them and I do recognise there has been some disruption and we'll do our best to persuade them otherwise in future.

QUESTION NO 2

**By Councillor Rust for answer by the
Convener of the Finance and
Resources Committee at a meeting
of the Council on 21 August 2014**

Question (1) Please advise (a) the square footage occupied by each political group in the City Chambers, and (b) the notional cost charged per group

Answer (1) The square footage occupied by each political group (alphabetical order) in the City Chambers is as follows. The office of the Lord Provost has also been included for reference:

Group	area sq ft	cost p.a.
Conservative	908	£10,442
Green	640	£7,375
Independent	97	£1,116
Labour	4078	£46,996
Lib Dem	361	£4,151
SNP	3098	£35,712
Lord Provost	947	£10,912
Total	10,129	£116,704

Question (2) What discussions have taken place between Council officers and representatives of EDI regarding use of office space in the City Chambers by EDI?

- Answer** (2) EDI and the Council's accommodation planning team have met 5 times and exchanged numerous emails.
- EDI were offered accommodation at Lothian Chambers, 329 High Street and Waverley Court all of which were discounted by EDI as being unsuitable.
- Their requirements are active on the Council's accommodation request log.
- Supplementary Question** (1) I thank the Convener for his answers. I'll take forward point 2 through the EDI Board, but just in relation to point 1, I was going to ask a more substantive question about rationalisation, but given the very different answers we've had from yesterday to this morning, I just wondered if he is now confident with the answer to Question 1 and why there is such a disparity between the figures between yesterday and today.
- Supplementary Answer** (1) The reason why there are two sets of figures is the different criteria used and I think given the terms of the question it is reasonable to see that it was open to more than one interpretation. The second set of figures essentially excludes group meeting rooms and the accommodation for support staff.

QUESTION NO 3

By Councillor Rust for answer by the Convener of the Education, Children and Families Committee at a meeting of the Council on 21 August 2014

Wellington School

- Question** (1) Why was confidential information inside the school not properly secured prior to the end of term?
- Answer** (1) During the clearing of the school Council officers noticed that personal information was inside the building. This was reported on by the media. The background to this matter is currently being investigated under the Council staff disciplinary procedure. As the investigation is live it would not be appropriate to comment further at this time.
- The school building was fully secured at the end of term. All personal information within the school has now been securely removed.
- Question** (2) What is the status of the investigation?
- Answer** (2) See above response to question 1. As the investigation is live it would not be appropriate to comment further.
- Question** (3) When was the Care Inspectorate advised of the facts?
- Answer** (3) The Care Inspectorate was contacted on 21 July 2014. Council officers requested a meeting with the Care Inspectorate to discuss the matter and this meeting is due to take place on 22 August.
- Supplementary Question** (1) I thank the Convener for his answer. In terms of the investigation, does he have a rough idea of the timescales for conclusion of it.
- Supplementary Answer** (1) It is obviously ongoing Councillor Rust and we'll report as soon as we can. I would say that it is clearly unacceptable that information was left in this way. Personal information should never be left in such a fashion. The investigation will look at that in detail and will report as soon as it possibly can.

Item no 5.1

QUESTION NO 1

By Councillor Rust for answer by the Convener of the Health, Social Care and Housing Committee at a meeting of the Council on 25 September 2014

Question (1) Why have Edinburgh Building Services failed to deliver the service of evening repairs promised from the 1st April 2014?

Question (2) If they are still planning on providing this service is there a time scale of when it will be implemented?

Leader's Report

the capital coalition

September 2014

Business as usual



The dust is still settling following the outcome of the Scottish Independence Referendum, announced earlier today at the Royal Highland Centre, Ingliston.

The media attention on Scotland, and on Edinburgh in particular, has been unparalleled and I am delighted that, as ever, our city shone. Credit is due to the many hundreds of Council, and other, staff who played their part in making this possible – both at Ingliston and elsewhere across the city.

Of course, whatever the result, Edinburgh was still going to remain Scotland's capital and a wonderful place to live and work – and, crucially, to do business.

We are in the unique position here in that we have a Labour-SNP coalition running the city – something that will continue at least until the next local council elections in 2017.

We have successfully kept constitutional debate out of the Chambers for the first half of our term and there is absolutely no reason at all why that can't continue.

I can assure you that our focus will remain on running the city in the fairest and most efficient way possible and on keeping to the pledges set out in our [Contract with the Capital](#) two-and-a-half years ago.

First 100 days of trams

Sunday 7 September marked the 100th day since [Edinburgh Trams](#) began passenger services and we were delighted to report that 1.5 million people travelled by tram in that period. The numbers are very much in line with predictions and with the business model and while it's obviously still early days, it's certainly been an encouraging start.

It's also very welcome to see the increase in passenger numbers at Lothian Buses. The most recent Census in 2011 told us that the capital was bucking the national trend in having more people using public transport, walking or cycling to commute and it definitely appears as though this trend is continuing.

Harlaw Hydro

I am delighted that work has now begun to develop a hydro electricity generation scheme at Edinburgh's Harlow Reservoir, a community led initiative that will harness enough energy from the water to power more than 50 homes.

Due to be completed by the end of the year, the project aims to save more than 129 tonnes of carbon dioxide and produce 260,000Wh of green electricity. It has the backing of 240 shareholders, myself included, with around 70 per cent from the local Balerno, Currie and Juniper Green communities. Further investment is still required and [the project is calling for additional backers](#).

As I've said before in this report, we are aiming to become a more [Cooperative Council](#) through, amongst other things, promoting the development of cooperatives and other social enterprises. Please visit the [Council website](#) for further information.

APSE awards

Congratulations to the three Edinburgh projects that made it to the finals of this year's Association for Public Excellence ([APSE national awards](#)). The shortlisting of the Muirhouse Community Shop, the Moredun/Hyvots Bank regeneration scheme and the Smarter Rehab project meant that we were also in the running for 'Council of the Year'.

Even though they weren't successful, it was a great achievement for Edinburgh, and despite increasing pressure on budgets and resources, it demonstrated that our frontline services continue to ensure that the people are well cared for and looked after.

I would like to congratulate all staff across the Council for their hard work and dedication to providing excellent services for residents which led to these nominations.

Have your say on 20mph plans

Following a successful pilot in South Edinburgh, a 20mph speed limit is now proposed for many city streets including the city centre, main shopping streets, other main roads with more pedestrians, and residential areas. A network of roads in suburban areas would keep a 30mph or 40mph limit.

A consultation is now live to help draw up plans for new 20mph speed limits across the capital. We've been delighted with participation so far – we received more than 1,000 responses within just two weeks of promoting the survey.

You can take part via the [Council website](#) or by attending one of the planned public meetings, roadshows and drop-in sessions being held across the city over the coming weeks.

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10.00am, Thursday 25 September 2014

Edinburgh International Conference Centre (EICC) - Appointment of Chief Executive

Item number	7.1
Report number	
Executive/routine	
Wards	All

Executive summary

This report informs the Council of the recruitment of Marshall Dallas to the post of Chief Executive of the EICC. The Council is asked to note the appointment.

Links

Coalition pledges
Council outcomes
Single Outcome Agreement

Edinburgh International Conference Centre (EICC) - Appointment of Chief Executive

Recommendations

- 1.1 To recommend that Council notes the appointment of Marshall Dallas to the post of Chief Executive of the EICC Ltd.

Background

- 2.1 The EICC is owned by the City of Edinburgh Council (CEC) but operates as an independent commercial venture, offering an outstanding venue for conferences, conventions and exhibitions.
- 2.2 The EICC has been led by Hans Rissmann, the current Chief Executive Officer (CEO), since opening in 1995. The incumbent CEO has had discussion with the EICC Board about his intentions to retire following the opening of the new extension to the EICC, the Lennox Suite. This new development opened in May 2013. The Gala Opening of the Lennox Suite will take place on 15 January 2015.

Main report

- 3.1 At the EICC Board meeting on 28 August 2013 it was agreed that an Executive Search Company would be used to identify potential candidates for the post of CEO of the EICC.
- 3.2 Following a tendering exercise, supported by the Procurement Services of CEC, PSD Portfolio, an Executive Search company with specialist knowledge of the international hotel and banqueting sector, was appointed.
- 3.3 A Remuneration Committee of Councillor Munro, Chair of the EICC Board, Jim McFarlane, Director of EICC Ltd. and Christine McFadzen, Senior Organisational Development Manager carried out long list interviews in Edinburgh and London on 14 May 2013 and the 15 May 2013.
- 3.4 From the six candidates interviewed at the long list stage, three were taken forward to be interviewed by the full EICC Board. These interviews took place at the EICC on the 27 and 28 May 2013. Alastair Maclean, Director of Corporate Governance attended these interviews as an observer.

- 3.5 The EICC Board unanimously agreed on Marshall Dallas as the successful candidate.
- 3.6 Marshall Dallas will take up his position of CEO of EICC Ltd. on 1 October 2014.

Measures of success

- 4.1 The new Chief Executive of the EICC will continue to play a major role in drawing new investment to the City through attracting conferences and exhibitions which boosts visitor numbers and tourist spend in Edinburgh.

Financial impact

- 5.1 The cost of the recruitment process is within the budget provision agreed by the EICC Board.

Risk, policy, compliance and governance impact

- 6.1 Recommendations in this report do not impact on existing Council policy.

Equalities impact

- 7.1 There is no impact on equalities issues arising from this report.

Sustainability impact

- 8.1 There is no impact on sustainability arising from this report.

Consultation and engagement

- 9.1 An internal and external communication plan is in place in relation to this appointment.

Background reading/external references

None.

Alastair Maclean

Director of Corporate Governance

Contact: Christine McFadzen, Senior Organisational Development Manager

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Links

Coalition pledges	P15 – Work with public organisations, the private sector and social enterprise to promote Edinburgh to investors
Council outcomes	CO7 – Edinburgh draws new investment in development and regeneration CO8 – Edinburgh’s economy creates and sustains job opportunities
Single Outcome Agreement	SO1 – Edinburgh’s economy delivers increased investment, jobs and opportunities for all
Appendices	None

10.00am, Thursday, 25 September 2014

Update on Edmonstone Estate Application (14/01057/PPP)

Item number	8.1
Report number	
Executive/routine	
Wards	Portobello/Craigmillar

Executive summary

At the Council meeting on 21 August 2014, it was agreed to continue consideration of a planning application for housing, ancillary uses and associated development at Edmonstone Estate. Two reports on this matter were due to be considered at the Council meeting in September. This planning application is now the subject of an appeal to the Scottish Government and cannot be determined by the Council. This report updates the Council on the appeal and the Council's position.

Links

Coalition pledges	
Council outcomes	CO7 , CO19 , CO23
Single Outcome Agreement	SO4

Update on Edmonstone Estate Application (14/01057/PPP)

Recommendations

- 1.1 It is recommended that Council notes the contents of this report.

Background

- 2.1 The Development Management Sub-Committee had referred a report on a planning application for land at Edmonstone Estate which was the subject of a pre-determination hearing. The application was for residential development, ancillary uses and associated development (application reference 14/01057/PPP). A second report set out background information in relation to separate recent planning applications on the same site.
- 2.2 Both reports were due to be considered at the Council meeting on 21 August 2014. However, it was agreed to continue consideration of these reports to the September meeting of the Council.

Main report

- 3.1 The Development Management Sub-Committee had referred a report on a planning application for land at Edmonstone Estate (land 447 metres north east of 545 Old Dalkeith Road) which was the subject of a pre-determination hearing in line with the Town and Country Planning (Development Management Procedures)(Scotland) Regulations 2008. The applicant, Sheratan Limited is applying for planning permission in principle for residential development, ancillary uses and associated development (application reference 14/01057/PPP).
- 3.2 Application 14/01057/PPP was considered by the Development Management Sub Committee by means of a pre-determination hearing on 30 July 2014. A pre-determination hearing and referral to Full Council was required because the proposal is considered to be significantly contrary to the development plan. The decision of the Sub-Committee was to recommend to Council that the application be refused. This recommendation was due to be considered by the Council on 21 August 2014. An accompanying report set out background information in relation to separate recent planning applications on the same site.
- 3.3 At the meeting on 21 August 2014, it was agreed to continue consideration of these reports to the next meeting of the Council.

- 3.4 On 22 August 2014, Sheratan Limited submitted an appeal to the Scottish Government Directorate for Planning and Environmental Appeals on the grounds of non-determination i.e. that the Council has failed to determine the application within the statutory four month period.
- 3.5 As a result of an appeal being submitted, there is now no requirement for the Council to consider the recommendation of the Development Management Sub-Committee in relation to this application. The determination of the application is now a matter for the Scottish Government, not the Council.
- 3.6 As part of the appeal process, the Council was required to submit a Planning Authority Response Form by 16 September 2014. The Council's response set out the matters that it considers should be taken into account in determining the appeal and is based on the recommendation of the Development Management Sub-Committee that the application should be refused.
- 3.7 The deadline for others parties to submit a representation to the Scottish Government Directorate for Environmental Appeals on this appeal was 23 September 2014. The Head of Planning and Building Standards has written to all ward members and Craigmillar Community Council to let them know how and when to make a representation if they wished to do so.

Measures of success

- 4.1 The measure of success is that the Council follows the correct procedures in relation to the planning appeal process.

Financial impact

- 5.1 There are no financial impacts arising from this report.

Risk, policy, compliance and governance impact

- 6.1 Provided planning applications are determined in accordance with statutory legislation, the level of risk is low.

Equalities impact

- 7.1 The application was assessed in terms of equalities and human rights and no issues were identified.

Sustainability impact

- 8.1 The application was not assessed in terms of the sustainability requirements of the Edinburgh Design Guidance because it is for planning permission in principle.

Consultation and engagement

- 9.1 As a major development, the proposals have been through pre-application consultation procedures and relevant notifications and consultations as part of the planning application process.

Background reading/external references

Planning reference 14/01057/PPP, Development Management Sub-Committee - 30 Jul 2014

Edmonstone Estate Application – Background Information, City of Edinburgh Council – 21 August 2014

Report of pre- determination hearing – 545 Old Dalkeith Road, Edinburgh (Edmonstone Estate)(Land 447 metres north east of) – referral from the Development Management Sub Committee – 21 August 2014

John Bury

Acting Director of Services for Communities

Alison Kirkwood, Principal Planner

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Links

Coalition pledges

Council outcomes

CO7 Edinburgh draws new investment in development and regeneration.

CO19 Attractive Places and Well Maintained – Edinburgh remains an attractive city through the development of high quality buildings and places and the delivery of high standards and maintenance of infrastructure and public realm.

CO23 Well engaged and well informed – Communities and individuals are empowered and supported to improve local outcomes and foster a sense of community

Single Outcome Agreement

SO4 Edinburgh's communities are safer and have improved physical and social fabric

Appendices

None

10.00 am, Thursday 25 September 2014

Edinburgh Tram Project – Update Report

Item number	8.2
Report number	
Executive/routine	
Wards	All

Executive summary

The purpose of this report is to advise on the progress of the Edinburgh Tram project as it has moved from handover of the construction phase to that of operations under Edinburgh Trams, the Operator, part of Transport for Edinburgh.

The report also notes the agreement of the final account for the largest single contract, Infracore, in the sum of £427,238,356.15, which has been settled with no disputes or claims for Contractor's entitlement made or outstanding.

Links

Coalition pledges	P18
Council outcomes	CO7 , CO8 , CO22
Single Outcome Agreement	SO1

Edinburgh Tram Project – Update Report

Recommendations

- 1.1 To note the transition of the governance structure and the new stewardship of the Council owned Tram asset by Edinburgh Trams.
- 1.2 To delegate authority to the Acting Director of Services for Communities, in consultation with the Council Leader and Depute Leader, to enter into a bus stance agreement with Lothian Buses.
- 1.3 To note the implementation of the maintenance contracts on commencement of service.
- 1.4 To note the implementation of Wi-Fi on the Trams.
- 1.5 To note the agreement of the final account for the largest single contract, Infraco, in the sum of £427,238,356.15, which has been settled with no disputes or claims for Contractor's entitlement made or outstanding.
- 1.6 To note that Lord Hardie and members of his inquiry team have had a preliminary meeting with the Chief Executive and other Council officers. The Council will continue to co-operate to facilitate the public inquiry.

Background

- 2.1 This report furthers the reporting to Council on 13 March 2014 on the Tram project.

Main report

- 3.1 The project remains within the revised overall project budget of £776m.
- 3.2 Matters of clarification or interpretation of the works contract between the Council, Infraco and CAF were dealt with within the project governance structure. There are no disputes or claims for contractors' entitlement made or outstanding.
- 3.3 The project was handed over from the construction phase to the Operator on 30 May 2014, ahead of the revised programme agreed at the Mar Hall mediation in March 2011. This resulted in commencement of service and tram fare box income stream ahead of the income budget commencement date of July 2014.
- 3.4 The authority delegated to the Director of Services for Communities instructed that the Director reach agreed terms with Lothian Buses in relation to the Airport bus stance. Agreement has now been reached and will be taken to the Lothian Buses Board for endorsement in October 2014. This agreement provides a back to back arrangement between the Council and Lothian Buses and the agreement between Edinburgh Airport Limited and the Council.

- 3.5 A naming and advertising rights tender document has been completed and the project owner within the Council's Procurement team will be liaising with Edinburgh Trams and Lothian Buses to ensure maximum return and strategic fit within a city wide approach and compatibility with the Council's advertising policies. The establishment of an income stream to the city is targeted for the first quarter of 2015.
- 3.6 The maintenance contracts were varied in a consensual manner between Edinburgh Trams, CAF, Infracore and the Council. This variation embraced elements of the mediation governance arrangements agreed at Mar Hall; this variation followed the best practice behaviours utilised since March 2011.
- 3.7 The construction programme and risk register are now closed.

3.8 Wi-Fi

- 3.8.1 The roll out programme for Wi-Fi on trams is now complete.

3.9 Governance and Control

- 3.9.1 From 2013 the project ran in parallel a transition programme to completion, embracing Edinburgh Trams, Lothian Buses, the Council and the Independent Competent Person. That structure took the project through shadow running and into service. The reporting regime remained in place throughout, with reporting to the Council's Chief Executive and Transport Scotland on a twice weekly basis.
- 3.9.2 At the point of construction handover on 30 May 2014, the then Construction SRO stood down and the existing Programme Manager became the SRO, thus ensuring continuity of post mediation management controls. The Construction SRO remains as Project Monitor until December 2014.
- 3.9.3 A Tram Operations Board, chaired by the Acting Director of Services for Communities, met fortnightly to oversee the transition from construction into operations. The group, comprising representatives of the Council tram team and the Operator, received period reports on the performance of the service and infrastructure. Period reports will continue to be reviewed by a revised grouping chaired by the Acting Head of Transport.
- 3.9.4 The All Party Oversight Group met for the final time in August 2014.
- 3.9.5 Following post-handover reports from the Monitor to the Council Chief Executive, it was felt that to maintain the cohesive working the project had benefited from in the transition period, a bi-monthly "clearing house" meeting should be held to deal with strategic issues. The Council, Edinburgh Trams and Lothian Buses have held their first meeting. The Chair of the meeting will alternate between the parties to ensure that joint ownership and accountability is evident as we proceed.

3.10 Construction Contract, Final Account Strategy and Finance

3.10.1 The main headings of expenditure within the revised budget of £776m comprise:

- 3.10.1.1 Infraco
- 3.10.1.2 Utilities
- 3.10.1.3 Tram Vehicles (CAF)
- 3.10.1.4 Project Management
- 3.10.1.5 Land and Property
- 3.10.1.6 Scottish Water
- 3.10.1.7 Network Rail
- 3.10.1.8 Communications and Stakeholders
- 3.10.1.9 Readiness for Operations
- 3.10.1.10 Design
- 3.10.1.11 Legal

A profile of the main settled costs of items of work are noted within Appendix 1.

3.10.2 Land and Property, Scottish Water and Network Rail are in the final stages of financial settlement.

3.10.3 Site establishment and project management was demobilised in July 2014.

3.10.4 In 2011 the largest single contract, Infraco, was subject to a new initiative, the creation by the Council and Infraco of a “notional final account” agreement. This allowed full transparency of costs and the creation of a “rolling” actual and forecast value of works since 2011. The purpose of this initiative was to ensure early settlement of the Infraco final account and to create greater accuracy of final account forecasting.

3.10.5 The Contract provides that agreement of the final account should be made by May 2015. Notwithstanding, in August 2014 agreement was reached on the Infraco settlement in the sum of £427,238,356.15.

3.10.6 There were no bonus or acceleration payments made to the Contractors for early finish ahead of the revised programme.

3.10.7 The project remains within the revised budget of £776m.

3.11 New Ingliston Park and Ride

3.11.1 Data is being harvested on use patterns, this is being fed into a process to design a long term provision to maintain Tram park and ride access and revenue protection from “fly” parking. As the solution emerges, the Chief Executive will continue to consult with the Convener and Vice Convener of the Transport and Environment Committee.

3.12 Public Inquiry

3.12.1 Lord Hardie and members of his inquiry team have had a preliminary meeting with the Chief Executive and other Council officers. The Council will continue to co-operate to facilitate the public inquiry.

Measures of success

A successful, customer focussed integrated travel experience on plane, bus and tram from Edinburgh Airport to and through the city of Edinburgh.

Financial impact

The financial implications of this report will be reported in full to elected members in the form of a confidential data room.

Equalities impact

There is an ongoing full equalities impact assessment being undertaken in relation to the Edinburgh Tram project to ensure that as implementation progresses the equalities impact assessment is maintained.

Risk, Policy, Compliance and Governance Impact

A Tram Operations Board, chaired by the Acting Director of Services for Communities, met fortnightly to oversee the transition from construction into operations. The group, comprising representatives of the Council tram team and the Operator, received period reports on the performance of the service and infrastructure. Period reports will continue to be reviewed by a revised grouping chaired by the Acting Head of Transport.

Sustainability impact

As part of a broader sustainable transport strategy within the city, it is anticipated that the tram will make a positive overall contribution to the environment by encouraging modal shift from private vehicles to public transport and mitigating the impacts of population growth and commuter and visitor generated traffic.

Consultation and engagement

Lothian Buses and Edinburgh Trams have been part of and party to negotiations between the Edinburgh Airport management team and the City of Edinburgh Council.

Background reading / external references

[Edinburgh Tram Project Update – City of Edinburgh Council, 26 September 2013](#)

[Edinburgh Tram Project Update Report – City of Edinburgh Council, 13 March 2014](#)

Sue Bruce

Chief Executive

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Links

Coalition pledges	P18 - Complete the tram project in accordance with current plans
Council outcomes	CO7 - Edinburgh draws new investment in development and regeneration CO8 - Edinburgh's economy creates and sustains job opportunities CO22 - Moving efficiently – Edinburgh has a transport system that improves connectivity and is green, healthy and accessible
Single Outcome Agreement	SO1 - Edinburgh's Economy Delivers increased investment, jobs and opportunities for all
Appendices	Appendix 1 – Profile of main settled costs of items of work

Appendix 1

City of Edinburgh Council Edinburgh Tram Project Profile of Main Settled Costs of Items of Work

Overall	£'000
Infraco	427,238
York Place Direct Works	1,440
Utilities - Pre mediation	82,932
Utilities - Post Mediation	20,734
Leith Walk Remedial Work	394
Tram vehicles (CAF)	64,694
Enabling Works	19,156
Third Party Contributions	-7,453
Project Management, Land & Property, Scottish Water, Network Rail, Stakeholders, Readiness for Operations, Design & Legal	166,865
	<hr/>
	776,000

10.00 am, Thursday 25 September 2014

St James Quarter Update on Progress

Item number	8.3
Report number	
Executive/routine	
Wards	11 – City Centre

Executive summary

This report seeks to update the Council on the exercise by the Chief Executive of the authority delegated to her by the Council on 29 May 2014, namely the delegation of authority to the Chief Executive, in consultation with the Council Leader and Depute Leader, to (i) make a Compulsory Purchase Order in respect of the property interests required for the redevelopment of the St James Quarter by the developer, St James Edinburgh Limited, and (ii) finalise and have entered into a Minute of Agreement with St James Edinburgh Limited to reimburse the Council for all costs, fees, expenses and compensation claims incurred by the Council arising from the Compulsory Purchase Order and the subsequent transfer to St James Edinburgh Limited of the interests acquired.

This report also provides a general progress update on the St James Quarter redevelopment. In addition, this report asks the Council to note the action taken under urgency procedures set out at paragraph A4.1 of the Committee Terms of Reference and Delegated Functions to allow the Compulsory Purchase Order to include a further single plot of land.

This action was taken by the Acting Director of Community Services, in consultation with the Lord Provost, Council Leader, Depute Leader and Planning Convener.

Links

Coalition pledges	P8 , P15 , P17
Council outcomes	CO7 , CO8 , CO9 , CO19
Single Outcome Agreement	SO1 , SO4

St James Quarter Update on Progress

Recommendations

That Council:

- 1.1 Notes the satisfactory exercise by the Chief Executive of the authority delegated to her to make and implement a Compulsory Purchase Order for the St James Quarter redevelopment area and to enter into a Minute of Agreement on behalf of the Council with St James Edinburgh Limited, all as set out in recommendations 1.1 and 1.2 of the report to Council on 29 May 2014
- 1.2 Notes the action taken under urgency procedures set out at paragraph A4.1 of the Committee Terms of Reference and Delegated Functions to allow the Compulsory Purchase Order to include a further single plot of land.
- 1.3 Refers the report to Economy Committee for information.

Background

- 2.1 In accordance with the Recommendations of the St James Quarter Compulsory Purchase Order report to Council dated 29 May 2014, a Compulsory Purchase Order has been made and implemented for the St James Quarter redevelopment area, for the purpose of acquiring the land and property interests shown in the CPO Plans and Schedule of Interests.
- 2.2 This Compulsory Purchase Order (“CPO”) was made on 8 September 2014 and included a plot, plot 47, which had not been included in the report to Council dated 29 May 2014. This Order and its extent was considered necessary by the Chief Executive, in conjunction with the Council Leader and Depute Leader.
- 2.3 The signing of the Minute of Agreement by St James Edinburgh Limited and the City of Edinburgh Council was completed on 4 September 2014 in terms which were considered acceptable by the Chief Executive, in consultation with the Council Leader and Depute Leader, to suitably protect the interests of the Council and secure reimbursement of all costs, fees, expenses and compensation claims which might be incurred by the Council arising from the CPO and the subsequent transfer to St James Edinburgh Limited of the property interests acquired, and such other terms as the Chief Executive considered necessary or desirable. Prior to the Minute of Agreement being signed Group Leaders were consulted on the proposed final terms and how the risks reported in the 29 May 2014 report were to be mitigated.

- 2.4 It should be noted that St James Edinburgh Limited (“SJEL”) is continuing in its efforts to seek negotiated acquisition of the affected properties and interests in parallel with the CPO procedures.
- 2.5 Acquisition terms for the Council land required for this development will be referred to Committee in due course.
- 2.6 Now that the CPO has been made and the Minute of Agreement entered into, final confirmation of land and property interests will be reported to the Planning Committee, as noted at recommendation 1.7 of the 29 May 2014 report.
- 2.7 The CPO having been made has been submitted to the Scottish Government, an advertisement has been published in a national newspaper and notices have been served on the parties concerned.

Main report

Progress Update

- 3.1 Management, governance, risk control and financial control are being implemented and are controlled through the Minute of Agreement.
- 3.2 All-party briefings on progress by a joint representation of Council Officers and SJEL have been agreed and scheduled.
- 3.3 Satisfactory levels of scrutiny have been agreed and will be reported through recognised project management tools, as agreed with SJEL.
- 3.4 Communications protocols have been agreed by the Council and SJEL.
- 3.5 Since 29 May 2014, Council officials had been finalising the form and content of the CPO, however shortly before officials could do so, SJEL identified an additional area of land that must be included within the CPO, but that was not shown in the CPO Plans and Schedule of Interests referred to in the May Report.
- 3.6 Given complications around the land referencing required for the CPO, and the impact of the summer holiday period, it had not been possible to finalise either the Minute of Agreement or the Compulsory Purchase Order before September. By this time, there was an urgent requirement for the Minute of Agreement to be entered into and the CPO to be made, failing which SJEL would have suffered a major impact to its development timetable. SJEL’s programme has a number of critical path items, which if affected by delay have a knock on effect to other elements of the programme. Several of those sequences cannot be simply deferred in time, but need to be re-sequenced and new links established. In re-sequencing, other factors need to be taken into account.
- 3.7 The additional area of land referred to above is that shown outlined red, shaded pink and numbered 47 on the plan annexed to this report, extending to approximately 113.61 square metres, being part of the St Mary’s Roman Catholic Cathedral, St James Place, Edinburgh (this area of land being “Plot 47”). Plot 47 is owned by the Trustees of the Archdiocese of St Andrews and

Edinburgh. Plot 47 does not form part of the actual Cathedral, but currently comprises an external open air parking space which would become incapable of access by its owner once the planned redevelopment takes place. Plot 47 also includes a boiler room, located below grade and adjacent to St Andrew's Hall/Cafe Camino, and a brick enclosed ventilator which is located above grade within the car park. SJEL have advised Council officials that discussions are ongoing with the owner with a view to the provision of an alternative parking space in the close vicinity of the Cathedral and the relocation of the ventilator, which if agreed would enable SJEL to acquire Plot 47 by mutual agreement with the owner. However, such negotiations have not yet been finalised and there was a need, for the reasons outlined above, for it to be included within the CPO. SJEL have confirmed that such negotiations with the owner will continue.

- 3.8 The reasoning behind, and justifications for, the recommendations contained in the 29 May 2014 Report, apply equally to Plot 47 as they do to all other land and property interests which were proposed to be the subject of the Minute of Agreement and CPO in that May 2014 report. In particular, for the avoidance of doubt, the Council is satisfied that, (i) promoting and implementing a Compulsory Purchase Order and Minute of Agreement which also includes Plot 47 is the only practical way to achieve the redevelopment proposals for the area and secure the proper planning of the area within a reasonable time and in accordance with the relevant planning policies, (ii) it will also secure the best use of the land in acquiring Plot 47 for the proper planning of the area and the subsequent disposal of it to SJEL. This will also comply with Section 191 of the 1997 Act, and represent the best terms on which Plot 47 could be acquired and developed as it will ensure the delivery of the redevelopment within a reasonable timescale, (iii) it has sufficient comfort the necessary funding to implement the scheme will be available; and (iv) extending the use of compulsory purchase powers to Plot 47 is considered necessary and proportionate to enable the delivery of a key planning objective and secure the carrying out of the redevelopment of the St James Quarter in accordance with Section 189 of the 1997 Act.
- 3.9 Paragraph A4 of the Council's Committee Terms of Reference and Delegated Functions provides that if a decision which would normally be made by a Committee requires to be made urgently between meetings of the Committee, the Chief Executive or appropriate Director, in consultation with the Convener or Vice-Convener, may take action, subject to the matter being reported to the next meeting of the Committee.
- 3.10 Given the fact the next meeting of Council was not until 25 September 2014, and the considerations noted above at paragraphs 3.6, 3.7, and 3.8, on 2 September and 3 September 2014, the Acting Director of Services for Communities, in consultation with the Lord Provost, as the Convener of the City of Edinburgh Council, and the Planning Convener, agreed:
- to delegate authority to the Chief Executive in consultation with the Council Leader and Depute Leader:

- (1) to make and implement a Compulsory Purchase Order for the St James Quarter redevelopment area pursuant to Section 189 of the Town and Country Planning (Scotland) Act 1997 all as set out in the 29 May 2014 report , and which also includes Plot 47; and
- (2) to amend accordingly the Minute of Agreement to be entered into by the Council with St James Edinburgh Limited pursuant to Section 191 of the 1997 Act in terms of the 29 May 2014 report.

Measures of success

- 4.1 As was reported in the May 2014 Report, the making of the CPO on 8 September 2014 will allow progression of the regeneration of the St James Quarter and the wider City Centre retail area.
- 4.2 By entering into the Minute of Agreement on 4 September 2014 with SJEL, a clear programme of the development can now commence to deliver a new retail-led, mixed use development.

Financial impact

- 5.1 As was reported in the May 2014 Report, the making of the CPO in respect of the St James Quarter, including Plot 47, will incur costs to the Council. However, under the signed Minute of Agreement, SJEL fully indemnifies the Council for all costs and compensation claims in respect of the CPO and the subsequent transfer of those property interests to the developer, and is considered to suitably protect the Council.

Risk, policy, compliance and governance impact

- 6.1 The developer's adherence to the terms of the Minute of Agreement will be monitored by the SRO, the Head of Finance, the Head of Planning and the Head of Corporate Property. Appropriate management systems and regularity of reporting, together with a governance structure, have now been put in place, reflecting the obligations of the Minute of Agreement.
- 6.2 The Minute of Agreement includes protections to ensure that no land will be compulsorily acquired until further suitable verification is given to the Council on the developer's ability to carry out the redevelopment and that the estimated compensation is placed in a joint bank account with the Council.
- 6.3 There is a risk of damage to the Council's reputation should, for whatever reason, the CPO be confirmed by the Scottish Ministers but the redevelopment does not progress. To mitigate against this the Minute of Agreement will, in essence, oblige the developer to commence the redevelopment within 3 to 5

- years of the CPO being confirmed and it is considered that given the other protections the Council has obtained this is suitable security for the Council, especially when the developer's investment to date is considered and the fact it would only have 5 years to implement its detailed planning permission.
- 6.4 SJEL have confirmed to the Council that they do not require further land through compulsory purchase procedures.
- 6.5 There is a risk that the Henderson Fund sells its shareholding in SJEL once the CPO is confirmed and/or the land interests conveyed to it, for another developer to take forward the scheme, and as such potential embarrassment to the Council in the Henderson Fund selling out in this fashion. SJEL has been unwilling to agree to any restrictions around such change of control. However, SJEL itself will be restricted in transferring its interest in the Minute of Agreement, and it is considered that the protections around this are sufficient for the Council, together with the other risk mitigation referred to, especially given that even if the ultimate owner of SJEL changed, if the scheme still goes ahead the positive benefits for the City would likely be of much greater importance, and it is difficult to see anyone other than a large, established developer wanting to take over the scheme anyway, and the discussions with SJEL have not disclosed any such intention to sell out of the scheme in this manner.
- 6.6 There is a risk that the CPO is not confirmed by the Scottish Ministers and/or the developer fails to secure all the requisite statutory consents for the scheme. As regards the CPO, as covered in the 29 May 2014 Report, it is considered that the inclusion of the various land interests in the CPO, including Plot 47, is justified under the relevant legislation. As such, and while recognising that it cannot be guaranteed such confirmation will be forthcoming, or when, it is felt there is suitable risk mitigation here. Equally, it is considered that given the consents already secured by the developer, and the nature of the proposals, the risk of such consents not being obtained is already suitably mitigated. However, for the avoidance of doubt, it has been made clear to SJEL that it will need to apply for all such consents in the usual way, and where the relevant authority is the Council they will be assessed and decided upon in the usual way, and no indication has been given to the contrary.
- 6.7 It is recognised that the development proposals are closely linked with those in the said report to Council of 1 May 2014. As such, a Project Team of senior officials, led by the Senior Responsible Officer, from all relevant Council departments, which has already been working together on these proposals, has been formalised under the remit of the Corporate Programme Office and reporting to the Acting Director of Services for Communities to ensure a suitable robust governance of the Council's involvement in this project going forward, with reporting to the members as and when required.

Equalities impact

- 7.1 Using the CPO powers to enable the redevelopment of the St James Centre will have significant positive impacts on the rights to physical security, education and learning, standard of living, productive and valued activities and participation, influence and voice as detailed in the Equality and Rights Impact Assessment.
- 7.2 Conversely, there will be a negative impact on the rights to legal security and productive and valued activities. The making of the CPO engages rights protected under Article 1 to the first protocol to the European Convention on Human Rights (ECHR).
- 7.3 These rights include the peaceful enjoyment of one's property. The making of the CPO is in the public interest, in accordance with law and its consequences are proportionate to the purpose for which the CPO is sought. Accordingly the making of the CPO does not in the opinion of the Council violate Article 1 to the first protocol of the ECHR. Given the public benefits of the scheme, outlined elsewhere in this report, the impact on the private rights of the current occupiers/owners is felt to be proportionate due to the overall benefits to the city as a whole.
- 7.4 Furthermore, those property rights adversely affected by the CPO will be entitled to compensation under the Land Compensation (Scotland) Act 1963 and the Land Compensation (Scotland) Act 1973. Compensation will be payable in accordance with the Compulsory Purchase Code.
- 7.5 The redevelopment of centre should have a positive impact on the Council's equality duties through improved accessibility and design, the provision of a training academy to help those furthest from the job market into work and extensive public consultation.
- 7.6 There are likely to be negative impacts throughout the construction stage on the accessibility of the area which can be addressed through the Planning, Building Control and Road Construction processes

Sustainability impact

- 8.1 The impact of this report in relation to the three elements of the Climate Change (Scotland) Act 2009 Public Bodies Duties have been considered, and the outcomes are summarised below.
- 8.2 The sustainability impacts of the redevelopment of the St James Centre have been assessed in the determination of the application for planning permission in principle. The proposals are considered to have no significant environmental impacts and comply with the requirements of the Planning Service. The principle considerations are detailed below.
- 8.3 The proposed redevelopment of the St James Centre has been assessed against the most relevant, up to date sustainability indicators available, as the design of the Scheme has progressed. As a result, the principles of sustainability have been incorporated within the design, wherever feasible, in order to ensure that the proposals are as sustainable as possible.

- 8.4 The Sustainability Appraisal comprised a desktop policy review and development of a sustainability framework, two sustainability workshops with the design team, ongoing scheme review and evaluation and finally, appraisal of the final proposals and production of the sustainability statement.
- 8.5 Any negative impacts would be offset by a much more energy efficient development than exists in the current aging buildings. A combined, heating, cooling and power centre is proposed as part of the development as is wider access and shop mobility. There will be electric car charging points, extensive facilities for cyclists, photovoltaic panels, solar tubes and a city car club.
- 8.6 The applications for approval of matters specified in condition will be required to contain updated sustainability appraisal information.

Consultation and engagement

- 9.1 A full public consultation process was undertaken by SJEL as part of the application for planning permission in principle. Further consultation will be undertaken as part of the approval of Matters Specified in Condition.
- 9.2 Now that the CPO has been made, the Council has served notice of the making of the CPO on affected proprietors and thereafter will deal with any objections. If necessary an Inquiry or Hearing will be held by an independent Reporter appointed by the Scottish Ministers to consider objections. Throughout this process SJEL will continue to seek to negotiate voluntary agreements with all affected proprietors.

Background reading/external references

[Report to Council by Director of Economic Development on 1 May 2014](#)

[Report to Council by Acting Director of Services for Communities on 29 May 2014](#)

John Bury

Acting Director of Services for Communities

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Links

Coalition pledges P8 Make sure the City's people are well housed including

encouraging developers to build residential communities, starting with brownfield sites

P15 Work with public organisations, the private sector and social enterprise to promote Edinburgh to investors

P17 Continue efforts to develop the City's gap sites and encourage regeneration

Council outcomes CO7 Edinburgh draws in new investment in development and regeneration

CO8 Edinburgh's economy creates and sustains job

CO9 Edinburgh residents are able to access job opportunities

CO19 Attractive Places and Well maintained – Edinburgh remains an attractive City through the development of high quality buildings and places and the delivery of high standards and maintenance of infrastructure and public realm.

Single Outcome Agreement SO1 Edinburgh's economy delivers increased investment, jobs and opportunities for all.

SO4 Edinburgh's communities are a safer and have improved physical and social fabric.

Appendices

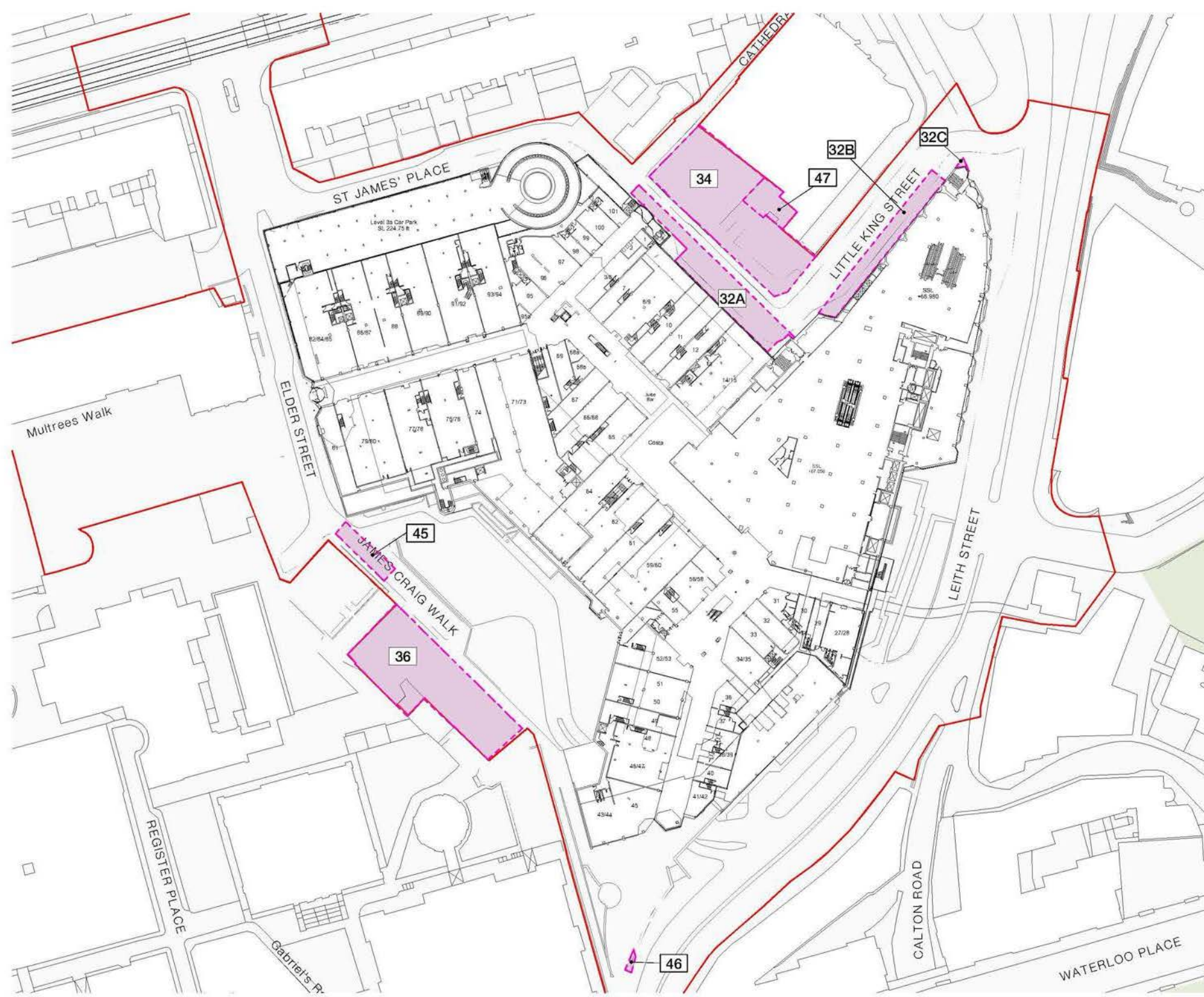
Illustrative Plans

Plan 1 - Plot 47

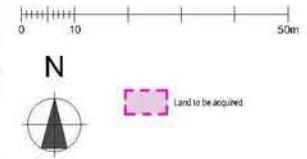
Appendices

None

CEC02083198_0049



This is Map 14 referred to in the St James Quarter, Edinburgh Compulsory Purchase Order 2014.



Area Schedule
Areas have been scaled from indicative floor plans and are only an approximate representation of the area within the lease agreement or required for construction activities.

Level	Ref#	Area (m2)
Main Mall	32A	467.74
	32B	225.53
	32C	4.81
	34	971.87
	36	586.27
	45	52.87
	47	113.61

Rev	Date	Description
P5	Aug 2014	Key Text Enlarged
P4	Aug 2014	Key Updated
P3	Aug 2014	Areas and schedule updated
P2	Aug 2014	Area Schedule and numbering of areas updated
P1	May 2014	Formal issue
P2 03	May 2014	Site boundary line removed
P2 02	May 2014	Areas 46 & 47 added
P2 01	April 2014	CPD land removed

St James, Edinburgh
• EDINBURGH •
THE CITY OF EDINBURGH COUNCIL

CPO Heritable Interests Main Mall + 66.980

dwg no: **SJQ(0-)A65 P5**

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10am, Thursday, 25 September 2014

Energy for Edinburgh

Item number	8.4
Report number	
Executive/routine	
Wards	All

Executive summary

The purpose of this report is to seek the Council's approval for the first stage in setting up an energy services company (ESCo) for Edinburgh to be known as *Energy for Edinburgh*. The purpose of the company is to drive the implementation of Edinburgh's Sustainable Energy Action Plan and ensure a strategic co-ordinated approach to the Council's energy projects and initiatives.

There are no standard models for ESCo's, however an options appraisal has been carried out which has identified the preferred option as a wholly owned Council structure. This structure would be set up as an arms length company to deliver a number of energy projects – the first focusing on energy retrofit of non domestic buildings. An interim Board will be set up for the first year.

Ultimately, *Energy for Edinburgh* could generate revenue for the Council becoming a self sustaining structure delivering significant environmental and economic benefits for the city. This report sets out the first steps in delivering a Council ESCo and notes that further work will be carried out on the financing and resourcing of the company.

Links

Coalition pledges	P50 P53
Council outcomes	CO18 CO19
Single Outcome Agreement	S04

Energy for Edinburgh

Recommendations

- 1.1 It is recommended that Council:
- approves the next steps in establishing a strategic ESCo;
 - appoints three Elected Members to the interim Board of Directors;
 - notes that an interim Board will be set up for the first year and that further detailed work will be carried out on financing and resourcing the company; and
 - notes that a detailed Business Plan will be developed for the company.

Background

- 2.1 Sustainable energy is about delivering affordable energy with reduced environmental impacts in ways that are financially viable.
- 2.2 In May 2014, the Council launched a consultation on its Sustainable Energy Action Plan (SEAP). The plan aims to cut carbon emissions by 42% by 2020 and identifies substantial social, economic and environmental benefits from achieving this target: cheaper energy for households, reduced energy costs and carbon taxes for businesses, new jobs, greater energy security, increased environmental protection and an enhanced international reputation.
- 2.3 The plan proposes actions in five areas: energy efficiency, renewable energy, waste-to-energy, district heating and co-generation, and sustainable transport.
- 2.4 In leading the implementation of the plan, the Council has committed to: being clear and consistent about its priorities; leading by example; influencing the actions of others; and to fostering collaboration.

Main report

- 3.1 Implementing the SEAP will be a significant task which will require strong leadership, clear and consistent priorities and focused attention.
- 3.2 Many energy efficiency projects require substantial capital investment for example in retrofitting buildings for increased energy efficiency, setting up the infrastructure for district heating schemes and installing renewable energy facilities.

- 3.3 The Council is clear what needs to be done. However, it does not always have the financial capital to invest directly in programmes. Third party investment via a range of innovative business models, engaging a wide range of partners, will be required to get schemes get off the ground and considerable data will be required to inform business cases. Many schemes will be capable of attracting private sector investment but there are also likely to be some projects with important social benefits which will be financially marginal.
- 3.4 Edinburgh has particular challenges which may require innovative technical solutions, not yet available in the market and which may be less attractive to private investors. The city's building stock includes a high number of historic and listed buildings; there are large numbers of pre-1919 buildings with solid walls; and it has the highest number of privately rented properties in Scotland.
- 3.5 The delivery of the SEAP will require new and innovative measures which have to be robust. A proposed measure to address the implementation challenges include Energy Services Companies (ESCO's) which a number of cities are now establishing and which deliver a range of energy services. Previous reports have been submitted to Committee and Corporate Management Team on a Council ESCo and there has been positive support from external organisations. This report proposes that a Council ESCo now be established.

Examples of ESCO's

- 3.6 There is no standard role or form for an ESCo. Different cities have different models depending on their particular issues and objectives.
- 3.7 In some cases an ESCo is an entity set up by a public sector organisation (with or without private sector participation) to deliver energy efficiency, energy savings, and/or renewable energy, through a variety of different schemes or through a particular scheme such as district heating. Such entities may use a variety of delivery models, including contracting with the private sector e.g. Millbrook Combined Heat and Power and District Heating Scheme in Southampton. Some are strategic bodies with a remit to enable a portfolio of projects which may be delivered through other vehicles e.g. Bristol ESCo and Norfolk ESCo – both wholly owned by their Councils.
- 3.8 Other models have strong community involvement e.g. Aberdeen Heat & Power Co Ltd, a not-for-profit organisation tackling fuel poverty through combined heat and power schemes.
- 3.9 In other cases, an ESCo may be a private sector entity set up to design, build, operate and manage an individual facility for a local authority or other public body. This arrangement may or may not be based on energy performance contracting whereby payments from the public sector client to the private sector operator depend on the achievement of energy efficiency targets.
- 3.10 Finally there are examples of joint ventures between the private and public sectors where risks and reward are shared (Glasgow has been considering this

option for some time) and some publicly-led ESCOs have joint venture subsidiaries e.g. Thameswey Energy Ltd in Woking, Surrey.

- 3.11 The decision about which model to choose depends on project-specific issues such as cost, funding and risk, the degree of knowledge and experience within the Council on energy matters and whether the focus is on a single scheme or a wide range of energy programmes.

Options

- 3.12 A number of options for managing the SEAP's implementation via an ESCo model have been considered including:

- 'In-House' led by Economic Development where officers would engage with public, private and community partners to collate data about opportunities and facilitate the development of specific schemes;
- devolving responsibility to a special purpose, arms-length ESCO, wholly owned by the Council. The governance of such a body would include individuals from the public, private and community sectors with relevant skills and networks, as well as elected members;
- devolving responsibility to a special purpose arms-length ESCO with minority Council ownership. This might be a for-profit organisation with a private sector partner holding the majority shares or a non-profit model including a range of community stakeholders; and
- establishing an ESCO with a private sector partner, to build and supply energy services to targeted communities through specific schemes.

- 3.13 Each option has been evaluated against the following criteria¹:

¹ These criteria were developed based on learning from: 1) a presentation delivered to Council Officers in April 2014 by Charles Smith, Partner at Brodies and the author of 'Making ESCo's Work'; 2) Audit Scotland's report on 'Arms Length External Organisations', 2011.

- providing strategic leadership for the SEAP and clarity about the city's priorities;
- strong focus on achieving the SEAP's objectives;
- engaging public, private and community stakeholders in developing and implementing innovative solutions across the energy agenda;
- attracting substantial external resources to get programmes off the ground;
- flexible enough to adapt and exploit new opportunities quickly;
- requiring modest initial set-up costs, given the Council's current financial constraint; and
- capable of being held to account by the Council for achieving progress against the SEAP and for appropriate use of Council funds.

Recommended Option: Energy for Edinburgh

- 3.14 Applying the criteria above to the options in Paragraph 3.12 proposes that the best vehicle through which to deliver the SEAP is a special purpose, arms-length ESCo, wholly owned by the Council. This is the only option which fully meets all the criteria. For the purposes of this document, this company has been given the title of *Energy for Edinburgh*.
- 3.15 The purpose of *Energy for Edinburgh* will be to drive the implementation of the Sustainable Energy Action Plan. As such it would be an enabling and coordinating ESCo with a strategic remit right across the energy agenda.
- 3.16 It would be accountable to the Council for helping deliver schemes which contribute to the SEAP's key performance indicators i.e. reductions in the number of people in fuel poverty; reductions in energy consumption; proportion of energy sourced from renewables; jobs created by sustainable energy projects; and a reduction in carbon emissions. In addition, the ESCo would also have objectives to generate revenue and ensure wider community benefits.
- 3.17 It would fulfil its purpose through taking a holistic view of the city's energy needs and opportunities; using evidence to identify priority schemes; identifying synergies between potential projects and opportunities for economies of scale; working with partners to facilitate solutions to energy challenges; attracting public and private investment into schemes and tracking the progress of schemes.
- 3.18 It might fulfil its role directly by entering into partnership with investors and communities (perhaps through special purpose subsidiaries, joint venture entities or social enterprises) or it might facilitate partnerships between others. Critically, it needs to be entrepreneurial and collaborative in its outlook, quick to respond to opportunities, imaginative with its solutions and commercially astute, whilst not losing sight of the city's public good objectives.

Activities

- 3.19 In researching the use of ESCo's in other cities, it is clear that these organisations can create new strategic coherence, delivery momentum and innovation across the whole energy resilience agenda. Consultation with the Edinburgh Business Forum and other partners has revealed a high level of ambition and expectation from such an organisation.
- 3.20 A key risk however is that the ESCo tries to do too much too quickly. Although ultimately its remit and powers need to be broad to provide overall coordination and exploit opportunities in the longer term, it will have very modest resources at the outset and therefore it should initially focus on one or two specific schemes where it can be confident of attracting investment. This will enable it to demonstrate its added value and earn the credibility needed to attract substantial further investment in the future.
- 3.21 It is proposed that the first project for the ESCo should be to facilitate the retrofitting of a number of Council non domestic properties to make them more energy efficient and demonstrate that the Council is leading by example. There is an opportunity to do this project with grant support from the Scottish Government and deliver in partnership with the London RE:FiT initiative a national energy retrofit project. While Energy for Edinburgh would not deliver the retrofit programme directly, it will be able to oversee the programme gaining experience in dealing with retrofit issues such that a more detailed programme for Council properties can then be taken forward delivering on energy and financial savings.
- 3.22 Longer term, the ESCo would be open to engaging in a wider range of energy schemes, using whatever vehicles are most appropriate to get them established. Appendix 1 provides examples of the types of activities the ESCo could engage in and its key objectives. The precise activities will be detailed in any Business Plan.
- 3.23 An important objective of the ESCO will be the potential to address fuel poverty. Developing initiatives that can deliver affordable energy will pro-actively address this issue. One current initiative, with Council collaboration and input, is '*Our Power*', an ESCo whose development has been led by Edinburgh based housing association Castle Rock Edinvar. *Our Power* which will be a nationwide supplier of affordable and renewable energy. Its main objective is to tackle fuel poverty through the supply of affordable and renewable energy to social housing tenants. *Our Power* aims to provide energy to 150,000 to 200,000 customers over the next five years. It will be a non profit distributing membership organisations with its members drawn from social housing providers and community organisations.
- 3.24 There is an opportunity to develop a collaborative partnership between the Council ESCO and *Our Power*, delivering projects that address fuel poverty in Edinburgh and sharing expertise in the development of energy supply and

generation. A further report on these opportunities will be considered by the Health, Social Care and Housing Committee and the Member Officer Working Group on Carbon, Climate and Sustainability.

Legal and Governance

- 3.25 The most suitable legal model for *Energy for Edinburgh* is likely to be a company limited by guarantee with the Council as the sole member. This proposal is subject to further legal advice once the company's objectives have been agreed by the Council.
- 3.26 In line with the Council's policy on arms length companies, it is proposed that the ESCo board should comprise three elected Council members with appropriate skills and experience – one of whom should be the chair; and six other individuals with relevant skills, experience and networks, appointed by the Council through a transparent recruitment process, for a two year term (renewable once). They should include people with skills and experience related to community energy schemes, financing and delivering energy schemes, energy innovation and energy policy. However, care needs to be taken to ensure the company's directors don't have significant potential conflicts of interest with *Energy for Edinburgh*. The Director of Economic Development should attend board meetings as an observer.
- 3.27 The role of the board would be to provide good governance and set the priorities for the ESCo. Board members would also be expected to contribute their skills, experience and networks to help facilitate schemes.
- 3.28 Given the need for further work on developing the company it is proposed that an interim Board be established for one year with members eligible to be formally appointed after this time period. This will allow a transitional approach to be taken including a review of operations and outcomes.
- 3.29 *Energy for Edinburgh* would be accountable to the Council through a funding and service level agreement. It would be required to present its business plan to Committee once a year and report back twice a year on progress against the plan and key performance targets. It may also need to be accountable to other public funders through funding agreements.
- 3.30 Any new ventures which directly involved *Energy for Edinburgh* - such as setting up a trading subsidiary or entering into significant contracts with third parties - would have their own business plan to be approved by Committee.

Resources

- 3.31 Initially the ESCo would have a small staff team. However there may be a requirement for internal resources in the early stages to develop the company particularly in the areas of finance, legal and procurement. Service areas will need to ensure that resources are provided to assist in the development of *Energy for Edinburgh*.

- 3.32 The senior member of staff would be a Project Manager accountable to the ESCo board. Their role would be to execute the priorities set by the board, working collaboratively with other stakeholders and ensure that energy schemes are developed and delivered.
- 3.33 The Project Manager should have experience in the energy industry and a successful track record of getting results through collaborative working.
- 3.34 They would be appointed by the ESCo board through a transparent recruitment process. There may be benefits in seconding someone from the commercial sector although care would need to be taken to avoid any conflicts of interest with their employer.
- 3.35 A Project Officer would also be appointed to support the first priority project, appointed by the Project Manager.
- 3.36 The Council might also second one or two of its staff to *Energy for Edinburgh* at no cost to the company.
- 3.37 The staff could initially be accommodated within the Council's offices, with the Council providing desk space, computing and telephony as an in-kind contribution. This would help the staff build the relationships it needs within the Council to get its first retrofitting project off the ground.
- 3.38 It will be important for *Energy for Edinburgh* to build relationships and networks with targeted organisations. The Board, the Council and its partners will be able to help the company make the right connections and raise its profile through networks and speaking at events.

Finance

- 3.39 The ultimate aim for *Energy for Edinburgh* will be as a self sustaining structure financially. However initially there will be costs incurred in setting up and running the company. As energy savings are achieved these costs can be accrued back to the company. Before the company can be launched, further work will be undertaken to assess the start up and ongoing costs, the sources of funding and potential energy savings.
- 3.40 However funding of £100,000 has been secured from the Scottish Government to support the retrofitting of buildings project. This aligns with its support for the Scottish Cities Alliance with Edinburgh acting as a pilot for the other cities in terms of this activity.
- 3.41 The investment needed for future projects would be raised from third parties – both public and private sector. This might take the form of grants, loans, equity and performance contracts. One of *Energy for Edinburgh's* key roles will be to attract investment into projects and facilitate the development of innovative business models.

Timescale

3.42 If this proposal is approved the creation of *Energy for Edinburgh* would be project managed by an officer from Economic Development working to the following timetable:

September 2014	Council approves the first stage in the creation of <i>Energy for Edinburgh</i> . Council appoints Interim Chair and two other interim Council member Directors
October 2014	Process begins of forming the company. Legal advice confirms the appropriate company structure Assessment of funding and resourcing options Retrofitting project commences - three month assessment
November 2014	Council Directors appoint the six interim external directors First Board meeting – agrees recruitment process for staff and considers financing options
December 2014	Retrofit project begins ESCo financing report to Finance and Resources Committee Development of Business Plan
January 2015	Staff in post
February 2015	Committee agrees the Business Plan
March 2015	Launch of <i>Energy for Edinburgh</i>

Measures of success

4.1 The success of the ESCo will be measured by tracking the number of energy schemes which it has helped get off the ground and the contribution of those schemes to the SEAP's objectives of:

- Reducing the number of people in fuel poverty.
- Reducing energy consumption.
- Increasing the proportion of energy sourced from renewable.
- Creating jobs through sustainable energy projects.
- Reducing carbon emissions.

Financial impact

5.1 There will be financial costs in setting up *Energy for Edinburgh*. Work will progress on identifying these and the sources of funding available. A further report will be submitted to Finance and Resources Committee detailing these.

Risk, policy, compliance and governance impact

6.1 There are a number of risks associated with setting up *Energy for Edinburgh*. The main ones are:

Risk	Rate	Mitigation
There is no dedicated budget currently attached to this company. The funding	High	There will be work carried out to assess funding options and consider how new external investment can be levered

from the Scottish Government is currently time limited to one year and focused on the RE-FIT programme.		into the programme. Within one year a review of the effectiveness of the company and its sustainability will be undertaken There may be opportunity to charge a management fee on some future projects. However, this is unlikely to cover the whole cost of the early years.
The capacity of the company in the early years is significantly restricted	High	The new ESCo team will receive support from Economic Development in taking through the early projects Partner organisations will be asked for in kind support, perhaps in the form of temporary secondment
The right skill set cannot be procured	Medium	A number of options will be considered for recruitment including the potential for secondments and interim employment
The ESCo duplicates the activities of the Council	Low	An internal advisory group will be set up to provide support and input into Council activities. Members from other interested organisations could be co-opted on to this group

Equalities impact

- 7.1 By delivering affordable energy and reducing fuel poverty, the Council ESCO will contribute positively to key equalities outcomes of reducing inequality, poverty and deprivation.

Sustainability impact

- 8.1 The creation of a Council ESCo will have a significant impact on the sustainability of the city. By taking a strategic role and overseeing energy initiatives across the city, it will contribute positively to the Council's pledges and targets on carbon emissions reduction.

Consultation and engagement

- 9.1 Consultation and engagement will form a key component in the development of *Energy for Edinburgh*. There will be ongoing engagement with a range of key stakeholders in the public and private sectors including community groups particularly in the development of the Business Case and Business Plan.

Background reading/external references

Energy Services Companies : Report to Economy Committee 22 May 2014

Greg Ward

Director of Economic Development

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Links

Coalition pledges	P50 Meet greenhouse gas targets, including the national target of 42% by 2020. P53 Encourage the development of Community Energy Co-operatives.
Council outcomes	CO18 Green- we reduce the local environmental impact of our consumption and production. CO19 Attractive Places and well maintained – Edinburgh remains an attractive city through the development of high quality buildings and places and the delivery of high standards and maintenance of infrastructure and public realm.
Single Outcome Agreement	SO4 Edinburgh's communities are safer and have improved physical and social fabric.
Appendices	Appendix 1 : ESCo activities

APPENDIX 1: ESCO OBJECTIVES AND EXAMPLES OF ACTIVITIES

Objectives

- delivering affordable energy initiatives (with a particular focus on alleviating fuel poverty and reducing energy bills);
- income generation;
- reducing carbon emissions as per the SEAP targets; and
- creating wider benefits for the community.

ACTIVITIES

District Heating

There are currently a number of fledgling district heating developments which are beginning to emerge in the city. An ESCo would provide coherence and a clear delivery model in developing these new schemes. An organisation that was able to offer this wider overview could help ensure that best practice is made available, that the technologies used are scalable and compatible and that economies of scale are utilised. Over time, the ESCo could seek to create a network district heating scheme across the city, working with other partners to create the financial model and seeking out interest from the wider investment community

Solar Farms

There is much interest in taking forward the development of land to house large numbers of photovoltaic solar panels. There could be significant opportunity in identifying underused public land to create these new clusters of solar power generation. Experience in other cities reveals the potential for impressive revenue generation which might then be ploughed into a new ESCo programme.

Smart Cities

There are a number of initiatives and funding programmes which can support the development of technical solutions to deliver energy efficiency. A key area is the Council's commitment to engage in the European Commission's Smart Cities and Communities European Innovation Partnership and the potential to access EU funding and other support for smart city related activities. This will accelerate the roll-out of integrated, scalable, sustainable smart city technologies and services in Europe's cities – specifically in areas where energy, transport management and ICT are interlinked

Community Energy

There are increasing numbers of Community energy schemes in the UK. These provide a range of benefits for communities and cities. An Edinburgh ESCO could fulfil a role to communities in the city by providing advice and expertise, assisting in getting new schemes established, helping to access funds and potentially providing a 'one stop shop' for energy advice.

City of Edinburgh Council

10am, Thursday, 25 September 2014

Queensferry High School

Item number	8.5
Report number	
Executive/routine	Executive
Wards	All

Executive summary

The Council has been invited to submit a proposal to the Scottish Government identifying the school project which would meet certain conditions, including the necessity to be either condition C or D, which it would wish to be considered for funding under the Scotland's Schools for the Future programme.

This report seeks approval for the project to be the replacement of Queensferry High School and identifies the way in which it is proposed the project would be funded.

Links

Coalition pledges	P03
Council outcomes	C01 and C02
Single Outcome Agreement	S03



CEC02083198_0062

Queensferry High School

Recommendations

- 1.1 Approve that:
 - (i) a proposal be submitted to the Scottish Government identifying the replacement of Queensferry High School as being the project to be considered for funding under the Scotland's Schools for the Future Programme;
 - (ii) the Council commits to providing the balance of capital funding which will be required to deliver the project; and
 - (iii) should the proposed project be approved, the Council will accept the change which would be required to the existing funding arrangement for the new St John's RC Primary School.
- 1.2 Approve that the additional capital funding which would be required to deliver a replacement Queensferry High School of an estimated £11,048,000 be met from the sources identified in this report including £848,000 which would be met from the additional General Capital Grant identified for 2015/16.
- 1.3 Note that, in the interim, a more detailed feasibility study would be undertaken to provide greater clarity regarding the scope of the project to deliver a replacement Queensferry High School and the associated costs and funding to ensure that, should the proposal be successful, a report can be taken to Council for further consideration prior to the project being initiated.
- 1.4 Agree to consider, as part of the forthcoming 2015/16 budget process, the provision of additional capital investment to WHEC as the only other remaining Condition C secondary school in the Council estate to assist in the ongoing regeneration of the school and the wider Wester Hailes area.

Background

- 2.1 In April 2014 the Scottish Government announced that an additional £1 billion will be made available for investment in infrastructure over the period to 2019-20 however details of the additional areas and projects that would be supported by the funding were not expected to emerge until the draft Scottish budget was published in the autumn.
- 2.2 There will be many demands on this additional funding across several areas of public sector infrastructure investment however one of the areas which was

thought may benefit was the school estate (across Scotland) through an extension to the existing Scotland's Schools for the Future (SSF) Programme.

- 2.3 On 27 June 2014 the Scottish Government wrote to the Chief Executive to explain its approach to providing additional investment in school infrastructure. The overarching aim of this additional investment is to continue to remove schools out of poor (category C) or bad (category D) condition to satisfactory (category B) or good (category A) condition as quickly as possible, either through refurbishment or replacement, in line with the guiding principles and objectives set out in the joint Scottish Government/COSLA School Estate Strategy.
- 2.4 The Scottish Government advised it was planning to bring forward a distinct package of investment in school infrastructure available to all authorities over the following months and expected to be able to announce specific school projects as part of the draft budget in the autumn of this year. It further advised that specific projects would be determined in conjunction with local authorities supported by an analysis of local authority future investment plans which were recently collated through SOLACE. Scottish Government officials would, together with their colleagues at Scottish Futures Trust (SFT), work with authorities to determine an appropriate pipeline of projects which were deliverable within a set of given parameters.
- 2.5 On 31 July 2014 Council officers met with a representative from SFT who provided further details regarding the mechanics to consider projects for inclusion in the SSF programme and the process to be followed.
- 2.6 The Council has been invited to submit a proposal to the Scottish Government identifying the project which it would wish to be considered for funding under the SSF programme which was considered to be deliverable and would meet certain key defined parameters. The proposed approach would also involve a change to the existing funding arrangement for the new St John's RC Primary School.
- 2.7 This report identifies the school projects which can be considered within the defined parameters and, based on an assessment of the extent to which these projects meet the defined parameters, recommends the project to be submitted to the Scottish Government.

Main report

Background

- 3.1 The Council has been invited to submit a proposal to the Scottish Government to identify the school project it would wish to be considered for funding under the SSF programme which is deliverable and meets certain key defined parameters which are as follows:
 - The school in question must currently be either poor (category C) or bad (category D) condition;

- The project must, importantly, be of maximum impact by allowing as many pupils as possible to benefit from an improved school environment; and
 - The project must be capable of being revenue financed.
- 3.2 Due to the necessity to have a large scale project for a revenue financing mechanism to be viable this essentially means that the project must be a secondary school.
 - 3.3 The delivery mechanism for the project would be through either a Non-Profit Distributing (NPD) model or a hub Design, Build, Finance and Maintain (DBFM) contract with hub South East Scotland Limited (HSESL) in which the Council is one of several participants. The hub DBFM model is the stated preference of the Scottish Government with the alternative NPD model requiring their specific agreement. The hub DBFM model is the same mechanism which is currently being used to deliver the new James Gillespie's High School (as explained in the in the report to Council of [15 March 2012](#)). The proposed procurement route would require further discussion with SFT should the proposal be successful.
 - 3.4 The school in question must currently be in either poor (C) or bad (D) condition. There are only two secondary schools in the Council estate which meet that criterion; Queensferry High School and Wester Hailes Education Centre both of which have been assessed as being in poor condition (C).
 - 3.5 Whilst the provision of a new secondary school in Craigmillar has been identified as a commitment by the Council, this has been assessed as being in satisfactory condition (B) and therefore does not meet this criterion. In addition, the impact would be comparatively low due to the small number of pupils who would benefit from an improved school environment; the 2013/14 roll was 133.
 - 3.6 The Scottish Government has stated that the project must, very importantly, be of maximum impact by allowing as many pupils as possible to benefit from an improved school environment. The capacity of Queensferry High School is 1,000; at the start of the 2013/14 school year the roll was 774 with the provisional roll for the start of the 2014/15 school year being 751. The capacity of Wester Hailes Education Centre is 750; at the start of the 2013/14 school year the roll was 296 with the provisional roll for the start of the 2014/15 school year being 272. In addition, Queensferry High School is expected to require to be extended in the future thus more pupils would benefit from a new facility.
 - 3.7 Based on current (and future) school rolls, the number of pupils who would benefit from an improved school environment would be significantly higher at Queensferry High School therefore this project best meets the key defined parameters which have been prescribed by the Scottish Government and will therefore carry a higher prospect of the proposal being successful.
 - 3.8 The replacement of Queensferry High School would leave WHEC as the remaining Condition C secondary school in the Council estate, although the

approved five year asset management works investment programme includes funding of approximately £4m to address the main areas of concern.

- 3.9 According to the Scottish Index of Multiple Deprivation (SIMD) 2012 data, 94% of secondary pupils who live in the WHEC catchment live in the lowest 10% SIMD ranked percentile areas; by this measure the WHEC catchment area shows the highest area of deprivation in the city by a considerable margin.
- 3.10 WHEC is a very important resource in the local community providing a wide range of vocational and community facilities. The educational outcomes at WHEC continue to improve and further capital investment in the school would assist in increasing the proportion of the catchment population who choose to attend the school and would also make a significant contribution towards the ongoing regeneration of the Wester Hailes area. It is therefore recommended that, as part of the forthcoming 2015/16 budget process, Council considers providing additional capital investment to WHEC.

Funding for a new Queensferry High School

- 3.11 A detailed assessment has been undertaken regarding the estimated costs and the Scottish Government funding which would be receivable in respect of a new Queensferry High School. This is included in Appendix 1.
- 3.12 In the very limited time available it has not been possible to undertake any degree of detailed feasibility study regarding the delivery of a replacement Queensferry High School. The information relating to estimated costs and funding which has been summarised in the following table should therefore be considered to be very much indicative and intended to provide a sense of the likely level of financial commitment which the project would entail to the Council.

Net Costs of a New Queensferry High School	£
Total estimated costs	29,809,900
Total estimated Scottish Government funding	(18,761,600)
Net capital funding required from Council	£11,048,300

- 3.13 The vast majority of the capital funding which would require to be met by the Council would not be payable until construction completion which, according to the indicative timescales provided by HSESL would be June 2018 i.e. within the 2018/19 financial year.
- 3.14 The requirement to use a revenue based delivery and contract route will entail an additional revenue cost to the Council in future years relating to ongoing hard FM and lifecycle provision. Whilst the costs for each project would be very much dependent on the size and nature of the building; using the actual costs for the new James Gillespie's High School as a proxy, on a pro-rata basis the annual

additional recurring revenue costs (at current prices) for a replacement Queensferry High School could be expected to be approximately £350,000.

Change to Funding Arrangement for St John's RC Primary School

- 3.15 SFT has advised that the proposed approach would also involve a change to the existing funding arrangement for the new St John's RC Primary School which is being part funded under the Scotland's Schools for the Future Programme.
- 3.16 Under the existing funding arrangement the Scottish Government will contribute 50% of the funding towards the cost of delivering the new school based on defined metrics; this being on a capital basis, not revenue.
- 3.17 The deemed cost on which the 50% contribution is calculated is based on the aggregate capacity of the school which, including the nursery, is 502 pupils to which is applied a space allocation of 7.5m² per pupil resulting in an overall space allocation of 3,765m². The cost is then calculated by applying an assumed all-in funding rate to the overall space allocation to derive a gross cost of which 50% is provided as funding. The base cost is £2,350/m² using a reference date of Q2 2012. SFT has indicated that it would be the intention to fix the future inflation uplift at Q1 2016 at which point, based on the current projected BCIS All-In Tender Price Index, the inflationary uplift would be 19.13% resulting in a base cost of £2,800/m². Applying this rate to the overall space allocation results in a deemed total cost of £10,542,000 of which 50% funding would be provided i.e. £5,271,000.
- 3.18 As part of the proposed alternative approach, should this be agreed and progressed, the Council would be required to meet the full capital costs associated with delivering the new St John's RC Primary School (albeit it would still be part funded under the Scotland's Schools for the Future Programme). Whilst this would require the Council to meet additional capital costs of £5.271m directly, in reality this would only be a timing difference as SFT has confirmed that the £5.271m would be included as a further enhancement to the funding which the Scottish Government would provide towards the replacement of a Condition C secondary school i.e. the Council capital contribution towards a replacement Queensferry High School would be reduced from an estimated £11,048,300 to £5,777,300.

Conclusion and Recommendation

- 3.19 It is recommended that the Council submits a proposal to the Scottish Government for the replacement of Queensferry High School to be funded under the SSF programme. This is the Condition C secondary school project which best meets the key defined parameters which have been prescribed by the Scottish Government, particularly the number of pupils who would be impacted, and will therefore carry a higher prospect of the proposal being successful. In addition, the capacity of the school will almost certainly require to be extended in the relatively near future which would be best achieved, or planned for, as part of a rebuild.

- 3.20 Whilst the replacement of Queensferry High School is not currently an identified priority of the Council and the scoping of the proposed Wave 4 school investment programme has not yet been undertaken, the Scottish Government funding is only available for projects which meet certain key parameters against which this project represents the best fit.
- 3.21 The project to deliver a replacement school would necessitate the Council identifying additional capital funding of an estimated £11,048,300 (based on replacing the existing capacity only and excluding any further expansion requirements) and additional ongoing revenue funding of an estimated £350,000 per annum thereafter. However, in return, the Council would benefit from additional capital funding of an estimated £18,761,600 which it would not otherwise receive and would have to find directly as, and when, Queensferry High School was eventually replaced.
- 3.22 Council is therefore recommended to agree that:
- (i) a proposal be submitted to the Scottish Government identifying the replacement of Queensferry High School as being the project which it would wish to be considered for funding under the SSF programme;
 - (ii) the Council commits to providing the balance of capital funding which will be required to deliver the project (the proposed approach to doing so is set out in the Financial impact section later in this report); and
 - (iii) should the proposed project be approved, the Council accepts the change which would be required to the existing funding arrangement for the new St John's RC Primary School.
- 3.23 In the interim a more detailed feasibility study would be undertaken to provide greater clarity regarding the scope of the project to deliver a replacement Queensferry High School and the associated costs and funding to ensure that, should the proposal be successful, a report can be taken to Council for further consideration prior to the project being initiated.
- 3.24 This study will also consider the initial capacity requirements for the replacement school and any future expansion strategy which may be required. The latest pupil projections suggest that there may be a requirement to extend the existing capacity of Queensferry High School in future to meet the expected demand for places from the existing catchment population. In addition, the Educational Infrastructure Appraisal undertaken as part of the proposed second Local Development Plan has identified that additional capacity will be required at Queensferry High School to accommodate an estimated 232 non-denominational additional pupils from the potential new housing sites identified in that plan.
- 3.25 Whilst there would be advantages in extending the capacity of the school when it was being rebuilt; the timing of the requirement for the additional capacity and the dependency on new housing development being progressed are factors which will require careful consideration. Whilst the additional capacity arising

from the new housing sites in the proposed second Local Development Plan would be expected to be funded by developer contributions, any additional capacity arising within the existing catchment population would need to be funded by the Council. These potential requirements already exist in any event.

- 3.26 There remain significant unfunded capital priorities in all service areas, many of which were highlighted to members in the report presented to Finance and Resources Committee on [7 May 2014](#), which will be the subject of a future report to Committee later this year.

Measures of success

- 4.1 The submission to, and acceptance by, the Scottish Government of the proposal to build a replacement Queensferry High School.

Financial impact

Capital Expenditure

- 5.1 The indicative total capital costs of delivering a replacement Queensferry High School have been estimated to be approximately £29,809,900.
- 5.2 If the proposal for the project to be funded by the Scottish Government under the Scotland's Schools for the Future Programme is approved it is anticipated that a significant funding contribution from the Scottish Government of £18,761,600 would be secured leaving a funding gap of £11,048,300 which would require to be funded by the Council.
- 5.3 The Council would also be required to meet the full capital costs associated with delivering the new St John's RC Primary School. Whilst this would require the Council to meet additional capital costs of £5,271,000 directly, in reality this would only be a timing difference as the £5,271,000 would be included as a further enhancement to the capital funding which the Scottish Government would provide towards the replacement of Queensferry High School.
- 5.4 The net additional capital expenditure which would require to be funded by the Council would therefore still be £11,048,000. It is, however, worth noting that the approved five year asset management works investment programme includes funding of £355,000 in respect of Queensferry High School which remains unspent. Whilst detailed consideration would require to be given to what costs could be either reduced or avoided altogether if the school were to be replaced entirely within a given timeframe, considerable savings should be possible.
- 5.5 It is proposed that £10.2m of the additional capital expenditure would be funded by a combination of the following:
- (i) The passing of new legislation, The City of Edinburgh Council (Portobello Park) Act 2014, has allowed the Council to appropriate Portobello Park as the site for the new Portobello High School thus allowing the building of the

new school to be progressed on Portobello Park. This now allows £3.5m of the retained contingency in the project budget to deliver a new Portobello High School to be released.

- (ii) The recent outcome of the competitive tendering process for the contract to build the new Boroughmuir High School and the competitive tender price achieved as a result allows £3m of the project budget to be released.
 - (iii) A Wave 3 contingency is retained within the Children and Families Capital Investment Programme to mitigate against three risks: (a) the impact of rising inflation on the wave 3 projects; (b) the potential funding deficit which would have arisen in the event that it had been necessary to build the new Portobello High School on a phased basis on the existing site and (c) in the event that (b) materialised the potential necessity to build the new St John's RC Primary School on a different site at Baileyfield. With the passing of the Portobello Park Private Bill risks (b) and (c) no longer remain allowing £3.7m of this contingency to be released.
- 5.6 As highlighted to members in the 2015/18 revenue and capital budget update report presented to Finance and Resources Committee on [7 May 2014](#) the provisional Scottish Government settlement indicates the level of General Capital Grant for 2015/16 to be approximately £7.5m higher than the estimate factored into the approved 2014/19 Capital Investment Programme.
- 5.7 At its meeting on 21 August 2014 Council approved that funding of £833,333 be met from the £7.5m General Capital Grant for 2015/16 towards the cost of delivering the replacement gym facilities at Liberton High School leaving a balance of £6,666,667. It is proposed that the remaining £848,000 of the estimated costs of delivering a new Queensferry High School be met from this remaining balance.

Revenue Costs

- 5.8 The requirement to use the revenue based delivery and contract route would entail an additional revenue cost to the Council in future years relating to ongoing hard FM and lifecycle provision. Whilst the cost would be very much dependent on the size and nature of the building; using the actual costs for the new James Gillespie's High School as a proxy, on a pro-rata basis the annual additional recurring revenue costs (at current prices) for a replacement Queensferry High School could be expected to be approximately £350,000.
- 5.9 The costs would arise annually following the completion of the new school and would need to be funded from future revenue budgets as, and when, necessary.

Loans Charges

- 5.10 This report identifies that the estimated net capital funding necessary to deliver a new Queensferry High School would be £11,048,000.
- 5.11 If this net expenditure were to be funded fully by borrowing, the overall loan charges associated with this expenditure over a 20 year period would be a

principal amount of £11,048,000 and interest of £7,365,340, resulting in a total cost of £18,413,340 based on a loans fund interest rate of 5.1%. The annual loan charges would be £920,667.

- 5.12 It should be noted that the Council's Capital Investment Programme is funded through a combination of General Capital Grant from the Scottish Government, developers and third party contributions, capital receipts and borrowing. The borrowing required is carried out in line with the Council's approved Treasury Management Strategy and is provided for on an overall programme basis rather than for individual capital projects. The loan charge estimates above are based on the assumption of borrowing in full for this capital project.

Risk, policy, compliance and governance impact

- 6.1 There are no risk, policy, compliance or governance issues arising from this report.

Equalities impact

- 7.1 There are no equalities issues arising from this report.

Sustainability impact

- 8.1 There are no sustainability issues arising from this report.

Consultation and engagement

- 9.1 Not applicable at this point.

Background reading/external references

None

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Links

Coalition pledges	P03 - Rebuild Portobello High School and continue progress on all other planned school developments, while providing adequate investment in the fabric of all schools
Council outcomes	C01 - Our children have the best start in life, are able to make and sustain relationships and are ready to succeed. C02 - Our children and young people are successful learners, confident individuals and responsible citizens making a positive contribution to their communities.
Single Outcome Agreement	S03 - Edinburgh's children and young people enjoy their childhood and fulfil their potential
Appendices	1 Cost and Funding Analysis – New Queensferry High School

APPENDIX 1

Cost and Funding Analysis – New Queensferry High School

1 Scottish Government Funding

- 1.1 The Scottish Government currently provides two-thirds revenue support to secondary school projects through the SSF programme based on an agreed project scope, with the remaining funding for each project coming directly from the local authority. There are significant up-front costs associated with a revenue based approach which the Scottish Government also meets in full. The Scottish Government has indicated that it will seek to maintain this shared funding principle between national and local government.
- 1.2 The principle which is applied to the funding of projects is like for like therefore the main funding support will be based on providing a new school with the same capacity as the existing one. However, providing the full extent of funding support would be dependent on the Council being able to justify that the existing capacity will actually be required in the future. If the expected utilisation is less than 100% then the level of funding available may be proportionately reduced.
- 1.3 An exercise has been undertaken to project the future roll at Queensferry High School in the period to 2025. This has necessitated a number of assumptions to be made including the level of future birth rates (for the later years of the projection), the rate of catchment pupil retention, S5/S6 stay-on rates and the impact of existing housing development (but excluding any further pupil generation which would arise from the further development detailed in the proposed second Local Development Plan). The future roll projections are shown in the following table.

Year	Roll
2013	774
2014	786
2015	804
2016	838
2017	892
2018	935
2019	993
2020	998
2021	1,036
2022	1,049
2023	1,046
2024	1,038
2025	1,014

- 1.4 The increase in the school roll over time reflects the impact of ongoing development in the catchment and rising rolls which are currently being experienced in the primary estate moving through to the secondary sector. The roll projections suggest that, excluding the additional impact of any further pupil generation which would arise from the further development detailed in the proposed second Local Development Plan, it would be prudent for the school to be built to at least its existing capacity of 1,000. It might be necessary to increase the capacity beyond 1,000 however that requires further detailed consideration.
- 1.5 The funding from the Scottish Government is calculated based on number of pre-determined metrics and is intended to fund two-thirds of the cost of like for like provision. Whilst the school is not currently operating at full capacity, as shown by the future roll projections above it is expected that this position will be reached over the next few years therefore the funding available from the Scottish Government would be based on a school of a capacity of 1,000 with an overall space allocation of 11,000m² as illustrated in the following table.

Key Scottish Government Space Metrics	Metric
Capacity (rounded to the nearest 20)	1,000
Space allocation per pupil	11m ² /pupil
Overall space allocation	11,000m ²

- 1.6 The main Scottish Government funding for the project is calculated by applying an assumed all-in funding rate to the overall space allocation to derive a gross cost of which two-thirds would be provided as funding. The base cost is £1,900/m² using a reference date of Q2 2011. This would be uplifted by inflation based on the movement in the BCIS All-In Tender Price Index between the base date of Q2 2011 and the projected index at the point when the hub stage 2 submission would be made; assuming of course that the hub DBFM approach was adopted.
- 1.7 Hub South East Scotland Limited (HSESL) has intimated that, from the point when a secondary school DBFM project is initiated, it would take approximately 18 months to reach stage 2 (financial close) and a further 24 months to complete the project. Whilst this timeframe could hopefully be compressed it has been used to determine the estimated inflationary uplift in both Scottish Government funding and also overall costs.
- 1.8 Assuming a project initiation date of November 2014, stage 2 would be reached in Q2 2016 at which point, based on the current projected BCIS All-In Tender Price Index, the inflationary uplift would be 22.87% resulting in a base cost of £2,335/m².
- 1.9 The school currently has a swimming pool however the cost of such an enhanced facility is not provided for in the (inflation adjusted) all-in rate of

£2,335/m². As this is the re-provision of a necessary existing facility the Scottish Government would provide funding amounting to two-thirds of an assumed gross construction cost of £2m again using a reference date of Q2 2011. This would also benefit from an inflationary uplift of 22.87% to £2,457,400 of which two-thirds funding would be provided i.e. £1,638,267.

- 1.10 The overall funding contribution which it is estimated would be receivable from the Scottish Government for a new Queensferry High School as a result of the above elements (but excluding any fully funded up-front costs) is summarised in the following table.

Expected Scottish Government Funding	£
Overall space allocation	11,000m ²
Funding contribution rate (including inflation)	£2,335/m ²
Gross Base Cost	£25,685,000
Scottish Government funding at two-thirds	£17,123,333
Swimming Pool at two-thirds	£1,638,267
Total Scottish Government Funding	£18,761,600

- 1.11 The calculation of the effective capital expenditure which would be met by the Scottish Government is shown only to illustrate the relative contribution. The balance of the project cost not funded directly by the Council would be financed by HSESL (probably through external borrowing) and repaid to them through an annual unitary charge over a 25 year concession period.
- 1.12 Whilst the annual unitary charge relating to the construction of the new school would require to be paid directly from the Council to HSESL, the Council would receive annual funding from the Scottish Government to cover this charge together with any elements of it which may be subject to annual inflation by an agreed index.

2 Cost

- 2.1 In the very limited time available it has not been possible to undertake any degree of detailed feasibility study regarding the delivery of a replacement secondary school for Queensferry High School. The following information relating to estimated costs should therefore be considered to be very much indicative and intended to provide a sense of the likely level of financial commitment which the project would entail to the Council.
- 2.2 The existing area of Queensferry High School including the swimming pool is 11,535m² and, whilst the community use of that school is managed by Edinburgh Leisure, the accommodation is essentially standard for that provided for a school of that capacity apart from a swimming pool which is not provided in

all secondary schools. The swimming pool, including associated changing and plant, has an area of approximately 457m² leaving a net area of 11,078m².

- 2.3 Using the SFT standard space metric the overall space allocation for the core educational provision would be 11,000m². However, based on the recent experience from delivering other new secondary schools of a similar capacity, a slightly uplifted space allocation of 11.5m² per pupil would be used as the SFT metric is considered to be potentially too low, producing a total learning space of 11,500m² excluding a swimming pool. Applying the inflation adjusted rate of £2,335/m² as above to the total learning space of 11,500m² excluding a swimming pool produces an estimated cost of £26,852,500.
- 2.4 The gross construction cost which is applied by SFT for a 'standard' swimming pool in a school is £2m, again using a reference date of Q2 2011. Once the inflationary uplift of 22.87% is applied the estimated costs are £2,457,400.
- 2.5 An estimated provision of £500,000 has been included relating to the demolition of the existing school buildings. It is considered feasible to rebuild the school on its existing site (using the adjacent playing fields) thus avoiding the necessity for both decant and a statutory consultation.
- 2.6 The estimated total costs for the potential replacement project are detailed in the table below. This analysis does not include any provision in respect of any costs associated with the potential requirement to extend Queensferry High School as a result of either growth in the existing catchment population and/or that arising as a result of the significant new housing development in the proposed second Local Development Plan as any such expansion would be required regardless of whether or not Queensferry High School was replaced. It is, however, likely that adding capacity as part of building an entirely new school would be cheaper than extending the existing school.

Costs of Delivering New Queensferry High School	£
Core educational provision	26,852,500
Swimming pool	2,457,400
Demolition of existing school buildings	500,000
Total Estimated Costs	£29,809,900

3 Future Revenue Costs

- 3.1 The project would require to be delivered through either a Non-Profit Distributing or Design, Build and Finance and Maintain revenue based contract model and hard facilities management and lifecycle services would require to be provided under the contract as a condition of this funding.
- 3.2 The Council would be required to cover the hard facilities management and lifecycle services costs through an annual unitary charge over a concession period which is likely to be 25 years. This is similar to the existing PPP

contracts, however, there would be elements of the unitary charge (such as their agreed proportion of construction costs, all Special Purpose Vehicle running costs and all financing interest and fees) which the Scottish Government would cover as part of their contribution. The capital contribution from the Council would be paid on completion of the build project albeit there would be a level of retained costs such as certain professional fees which would require to be incurred during the lifetime of the project.

- 3.3 The necessity to use this delivery and contract route would entail an additional revenue cost to the Council in future years. Such costs do not arise in this regular way on projects financed fully by capital funding (such as the new Portobello and Boroughmuir High Schools) for which the cost of ongoing hard facilities management and lifecycle services would be accommodated as and when the need was identified and based on the timing of that expenditure being determined by the Council.
- 3.4 As an illustration, the ongoing revenue costs in respect hard facilities management and lifecycle services for the new James Gillespie's High School which is being delivered using the same funding and contract model are approximately £400,000 per annum (excluding future inflation uplifts). The new James Gillespie's High School has an overall area of just under 14,000m² including a swimming pool.
- 3.5 Whilst the costs for the project would be very much dependent on the size and nature of the building this provides a reasonable proxy for what the position at either of the schools would be. On a pro-rata basis (based on the overall area of accommodation of the school) the annual recurring revenue costs (at current prices) for a replacement Queensferry High School could be expected to be approximately £350,000.

10am, Thursday, 25 September 2014

Future Investment in the School Estate – Wave 4

Item number	8.6
Report number	
Executive/routine	Executive
Wards	All

Executive summary

Since 2000 the Council has undertaken a significant and sustained level of investment in its school estate. With funding having been identified to deliver all five schools in the Wave 3 programme, and most of the projects well underway, it is now appropriate to consider a fourth wave of investment – a 'Wave 4' school investment programme.

This report provides an update on the existing priorities which already exist within the Wave 4 programme and seeks approval of the proposed approach to determining the remaining scope of that programme.

Links

Coalition pledges	P03
Council outcomes	C01 and C02
Single Outcome Agreement	S03

Future Investment in the School Estate – Wave 4

Recommendations

- 1.1 Note the current position regarding the two existing unfunded priorities in the Wave 4 school investment programme.
- 1.2 Approve the proposed approach to determining the remaining scope of the Wave 4 school investment programme and note that a report will be taken back to Council on the outcome of this process at a later date.

Background

- 2.1 Since 2000 the Council has undertaken a significant and sustained level of investment in its school estate. Two large Public Private Partnership (PPP) programmes have been delivered in addition to a number of individual projects. With funding having been identified to deliver all five schools in the Wave 3 programme and most of the related projects already well underway, it is now appropriate to consider a fourth wave of investment – a ‘Wave 4’ school investment programme.
- 2.2 There are currently many unfunded priorities within the Children and Families Estate which require capital funding; details of the main areas (at an estimated cost at that time of over £91m) were included in Appendix 3 to the report to the Finance and Resources Committee on [7 May 2014](#).
- 2.3 Whilst that report did not identify any specific funding issues relating to educational infrastructure requirements arising from the proposed Local Development Plan, it did highlight the risk which remains regarding both the timing and achievement of developers’ contributions which it is assumed will meet all infrastructure costs arising. The realisation of this risk would create a short-term or overall funding pressure for the Council.
- 2.4 When considering the projects to be included in a Wave 4 programme and their relative priority, cognisance must be taken of two of the existing unfunded priorities which must, by their nature, be included as the first and second priority. The first priority is the requirement to respond to the challenges of rising primary school rolls to ensure that the Council’s statutory duties are fulfilled; the second priority being the existing commitment made by Council to delivering a new secondary school in Craigmillar.

- 2.5 This report provides an update on the existing priorities within the Wave 4 programme and seeks approval of the proposed approach to determining the remaining scope of the Wave 4 programme including what projects should be included and how their relative priority should be determined.

Main report

Existing Unfunded Priorities in Wave 4 Programme

Rising School Rolls

- 3.1 In accordance with the approach to the prioritisation of funding in the Children and Families estate agreed by Council on [2 May 2013](#), the highest priority must be given to issues of sufficiency i.e. those projects necessary for the Children and Families estate to have sufficient capacity to meet the expected demand for the services it must provide.
- 3.2 The first priority in the Wave 4 programme is therefore the capital funding necessary to respond to the challenges of primary school rolls which are currently projected to rise to nearly 31,000 pupils by 2019; an increase of approximately 15% on the position at the start of the 2013/14 school year. In a period during which the impact of high births will be reflected in a continuation of large numbers of pupils entering primary school education, the key Council requirement is to accommodate demand from catchment pupils at the P1 stage. Whilst there remain spare places in the primary estate these are not necessarily in the right locations of the city to address rising demand. New accommodation will be required in several primary schools over the coming years.
- 3.3 Provision of £14.902m was included in the Children and Families Capital Investment Programme to 2017/18 for the funding necessary to respond to the challenges of rising primary school rolls. An updated position on costs was reported to the Education, Children and Families Committee on [20 May 2014](#). The expenditure incurred in delivering the necessary new accommodation for August 2013 was £2.085m. The latest forecast considered the estimated costs of delivering the new accommodation required for August 2014 together with the projected costs of delivering the further new accommodation expected to be required over the next five years. This identified that the total capital funding required was expected to increase to £19.874m representing a funding deficit of £4.972m for which additional resources will need to be identified.
- 3.4 There are three primary schools - Bruntsfield Primary School, James Gillespie's Primary School and South Morningside Primary School – which are all located in the southern city centre area within which the accommodation issues are very acute and, as such, a strategic approach that considers these schools as a group is being taken.
- 3.5 An initial report to the Education, Children and Families Committee on [4 March 2014](#) provided an update on the detailed analysis undertaken regarding this issue and identified a range of options which had been considered to address

the future accommodation pressures in this area in both the short and long term. Consultation is currently being undertaken with each school community regarding these options, and any other potential solutions which may be forthcoming, to identify preferred options to address the short and long term issues. A further report will be taken to the Education, Children and Families Committee in December 2014 to identify the proposed long term solution to the accommodation pressures in the south Edinburgh area which will be supported by a full business case.

- 3.6 As highlighted above, a potential capital funding deficit of £4.972m has been identified against the existing provision of £14.902m for which additional resources will need to be identified. This deficit will be further increased by the capital costs necessary to resolve the long term accommodation pressures in the south Edinburgh area. The *additional* deficit in capital funding for which additional resources will need to be identified is very much dependent on the long term option for south Edinburgh and ranges from between £5.683m and £15.312m as illustrated in the report to Committee on [4 March 2014](#); the higher cost assumes the provision of an entirely new primary school in the area.
- 3.7 The total deficit in capital funding required to respond to the challenges of rising rolls for which additional resources will need to be identified ranges from between £10.655m and £20.284m depending on the long term solution for south Edinburgh.
- 3.8 It should also be noted that, over the longer term, there is also likely to be additional funding required to respond to the challenges of rising rolls when this impacts the secondary school estate; this is being considered at present. The work being carried out will include an assessment of whether additional capacity can be generated from existing accommodation (e.g. through improved timetabling or increased cluster based learning opportunities) but will also highlight the areas of the city where it is considered that additional accommodation will be required.

A New Secondary School in Craigmillar

- 3.9 The second priority in the Wave 4 programme is the delivery of a new secondary school in Craigmillar as it is an existing Council commitment.
- 3.10 At its meeting on 13 December 2012 Council approved an amendment to a motion which included an agreement that, amongst other things, the Council remains committed to building a new school in Craigmillar as part of the regeneration process and that this project be prioritised in the five year capital plan to be agreed in February 2013 as part of the budget process.
- 3.11 In accordance with the Council decision, funding of £618,000 was then incorporated in the Capital Investment Programme in 2017/18. This funding would cover very early stage design development costs in that year only.
- 3.12 The assumed opening date of August 2020 which informed this profile of expenditure was the time by when, had the existing school been closed and

demolished, there would have been insufficient spare capacity within the other secondary schools in the area to accommodate the pupils from the Castlebrae Community High School catchment area thus necessitating the delivery of the new school. However as the existing school will remain open, the secondary school capacity remains in the area and there will no longer be a potential future pressure on the secondary school estate within this timeframe to accommodate pupils from the Castlebrae Community High School catchment area.

- 3.13 Whilst there continues to be a working assumption of August 2020 as being the date when a new school would open, this timing is no longer determined by necessity from a school estate capacity perspective and will, in effect, now be entirely dictated by the availability of capital funding to deliver the new school.
- 3.14 A detailed update is provided in Appendix 1. PARC are currently working towards the submission of a planning application for Planning Permission in Principle for the next stage of the Town Centre development.
- 3.15 A site of approximately 4.2 hectares for the new school has been identified in the revised master plan being located close to the town centre as required by the Local Plan. The new school is a key part of the town centre so it is located close to the existing Community Library with an entrance at Niddrie Mains Road.
- 3.16 The school may ultimately need to have a capacity of 1,200 based on the level of future housing development which is expected in the area and the site size of 4.2 hectares was considered necessary to accommodate this potential requirement. The initial capacity to which the school should be built and the associated expansion strategy thereafter will have to be considered in greater detail nearer to the time when the project to deliver the new school will start.
- 3.17 The projected total cost for the new school is now £27.611m based on an assumed opening date of August 2020; a capacity of 700 (including 100 vocational) and with additional space incorporated to develop the ambition of Castlebrae to become a city wide centre of excellence in Science. This remains a broad approximation and should be considered very much as an indicative figure only at this time. Whilst a proposed site has been identified for the new school, site specific factors and conditions *could* result in a higher cost. The capacity of the school and what community facilities are located therein will require to be reviewed nearer to the time of the project starting. This estimate also excludes the further cost of any expansion which would be required in subsequent years, some of which is anticipated would be met from developer contributions.
- 3.18 Compared against the current provision within the Capital Investment Programme of £618,000 there is a funding deficit of £26.993m. A number of *potential* sources of funding have been identified which are detailed in Appendix 1 however these are anticipated to generate funding of no more than £9m. As the majority of this funding would not be realised until after 2020 this leaves a

requirement to identify further capital funding for the full remaining cost of around £27m to progress the new school to completion.

Asset Management Works

- 3.19 On 10 December 2013, the Education, Children and Families Committee considered a [report](#) which detailed a £30m programme of investment in the Children and Families estate over the next five years with the scope of works having been determined from the most recent condition survey information completed in August 2013 which graded establishments on an A (good) to D (bad) score (excluding recent new build premises and PPP establishments).
- 3.20 The level of asset management funding available between 2014/15 and 2018/19 is insufficient to meet all the recommendations contained within the survey reports therefore a prioritisation process was undertaken to ensure that establishments are in a satisfactory condition within the budgets available. The identified priorities were, and remain, to address health and safety and wind and water tight issues across the estate, and thereafter to upgrade 'C' rated establishments to 'B' and then upgrade 'B' rated establishments where large spend has been identified to prevent them slipping into 'C' grade.
- 3.21 There remains a shortfall of approximately £25m in the capital expenditure required over the five year period to address the full extent of the investment identified as being necessary in the condition surveys. Whilst this funding does not relate to the refurbishment or replacement of schools and, as such, is not being considered to be part of the Wave 4 programme it remains a key priority for any future capital funding for investment in the Children and Families estate.

Scope of Remaining Wave 4 Programme

- 3.22 The scope of the first PPP programme comprised five secondary schools and two primary schools which were deemed in need of upgrade/replacement; the provision of new primary and special school buildings subject to a programme of rationalisation (i.e. one new building to replace every pair of under occupied schools) and meeting demand for places in pressured areas of the City.
- 3.23 The scope of the second PPP programme focused on (i) secondary schools where the school had reached capacity in terms of accommodation and/or there had only been limited capital investment in the last 10 years; (ii) under utilised secondary schools which, through investment, could enjoy an increased roll and as a consequence reduce accommodation pressures on neighbouring schools and (iii) on primary schools with annexes.
- 3.24 The Council was successful in securing funding for 57% of its initial bid under the PPP2 programme. Accordingly, the scope of the project was adjusted and a number of schools were unsuccessful in proceeding under PPP2. Schools were ultimately omitted from the project under this adjustment for deliverability or fitness for purpose issues. The Council sought to continue this programme of

replacement through the Wave 3 project with three of the schools within Wave 3 being candidates from the PPP2 project.

- 3.25 It is proposed that the Wave 4 programme follows the lead of earlier initiatives and mainly focuses on secondary schools, along with assessing the investment requirement for any other schools that are currently rated as being in poor condition (C on a scale of A to D, A being best); the Council has no schools in bad condition (D).
- 3.26 The rationale for the main focus on secondary schools is that the replacement, or partial renewal or upgrade, of a secondary school would benefit a significant number of pupils. The type of specialist facilities provided in a secondary school are also more complex than the standard classrooms provided in a primary school and therefore are more likely to require upgrade to ensure they reflect the modern curriculum.
- 3.27 Ultimately the renewal of the entire secondary school estate would put the Council on a par with Glasgow which replaced its entire secondary school estate in its first PFI project. The rising rolls which are being experienced in primary schools will work through to secondary schools over the coming years within some of which there may be accommodation pressures which will have to be addressed thus reinforcing the logic of focusing on this part of the estate.
- 3.28 There are seven secondary schools which have not had any significant investment in the last fifteen years and where replacement is not already committed which are as follows (the year they were built indicated in brackets):
- Balerno (1983)
 - Currie (1966 and significant refurbishment in the mid '90s)
 - Leith (1991)
 - Liberton (1959 and upgrade of PE facilities recently approved)
 - Queensferry (1970)
 - Trinity (1893; extension in 1965 and refurbishment in 1995)
 - WHEC (1978)
- 3.29 The secondary schools have been assessed as being in satisfactory condition (B) other than Queensferry High School and Wester Hailes Education Centre which have both been assessed as being in poor condition (C). A separate report on this agenda recommends that the Council submits a proposal to the Scottish Government identifying the replacement of Queensferry High School as being the project to be considered for funding under the Scotland's Schools for the Future programme as this is the condition C secondary school which best meets the key defined parameters which have been prescribed by the Scottish Government. If successful, this would remove the necessity for Queensferry High School to be considered as part of this process.

3.30 It is further proposed that the other focus of the Wave 4 programme is to assess all remaining poor condition (C) schools to ensure they are all suitably addressed by planned upgrade. The remaining schools in the estate that were assessed in the 2012/13 condition surveys as being in poor condition (C) are all primary schools (there were no special schools which fell into this category), as follows:

- Abbeyhill
- Blackhall
- Gilmerton
- Holy Cross
- Nether Currie
- St Cuthbert's
- St John Vianney
- Stenhouse

3.31 The proposed scoping methodology to determine the additional schools which would form part of the Wave 4 programme is detailed in Appendix 2.

3.32 An initial assessment will consider condition, suitability and sufficiency for secondary schools to determine which buildings are worst and are therefore in most need of investment – a prioritisation process. Primary schools will be assessed on condition.

3.33 This process will determine a shortlist of schools for further assessment regarding the most appropriate and suitable solution i.e. refurbishment or complete replacement.

3.34 The scoping exercise is expected to take around five to six months to complete. It will be progressed jointly by Children and Families and Services for Communities (who would undertake the majority of the feasibility work).

3.35 The final assessment will form the basis for the development of a business case underpinning the Wave 4 programme. This business case will also include schools which already have a Council commitment for investment which, as yet, remain unfunded. The business case will be presented to Council for approval prior to submission to the Scottish Government.

Measures of success

4.1 The eventual scoping of a Wave 4 school investment programme and associated business case which fully encapsulated the priorities for future investment in the school estate.

Financial impact

- 5.1 The costs of undertaking the Wave 4 programme scoping exercise are estimated to be between £150,000 and £200,000; the majority of which would be internal recharge costs from Services for Communities. These costs will require to be met from the Children and Families revenue budget.

Risk, policy, compliance and governance impact

- 6.1 There are no risk, policy, compliance or governance issues arising from this report.

Equalities impact

- 7.1 There are no equalities issues arising from this report.

Sustainability impact

- 8.1 There are no sustainability issues arising from this report.

Consultation and engagement

- 9.1 Not applicable at this point.

Background reading/external references

Scottish Government Guidance for local authorities on assessing the condition of school buildings at <http://www.scotland.gov.uk/Publications/2007/03/12142801/0>.

Scottish Government Guidance for local authorities on assessing and reporting the Suitability Core Fact at <http://www.scotland.gov.uk/Publications/2008/09/19123626/0>.

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Links

Coalition pledges	P03 - Rebuild Portobello High School and continue progress on all other planned school developments, while providing adequate investment in the fabric of all schools
Council outcomes	C01 - Our children have the best start in life, are able to make and sustain relationships and are ready to succeed. C02 - Our children and young people are successful learners, confident individuals and responsible citizens making a positive contribution to their communities.
Single Outcome Agreement	S03 - Edinburgh's children and young people enjoy their childhood and fulfil their potential
Appendices	<ol style="list-style-type: none">1 New Secondary School in Craigmillar2 Proposed Scoping Methodology for Wave 4 Programme

APPENDIX 1

New Secondary School in Craigmillar

1 Background

- 1.1 The originally proposed new Craigmillar High School (and Community Library) was designed for a core roll of 600 with vocational accommodation for a further 100 learners. The building design had an expansion strategy to accommodate a further 200 if, and when, required to take the capacity to 900. A similar expansion strategy will be required for the new design when that is progressed.
- 1.2 The total area for the original building was 12,928m² including provision for a community library and shared community facilities. The project was progressed to detailed design stage in November 2008 but planning permission was never sought as the project was put on hold.
- 1.3 Since the original design for the new school was undertaken the space metrics which the Council applies to its new schools have been significantly reduced and building regulations have also changed. Whilst the scope of the project will have to be re-considered nearer the intended start date and has already changed with the subsequent removal of the library; the following key assumptions have been used for the time being:
 - A capacity at opening of 700 as before (excluding any future expansion requirements);
 - A space allocation of 13m² per pupil (being the Scottish Futures Trust space allocation for a school of this capacity of 12m² subject to a slight uplift as it is considered potentially too low) producing a total learning space of 9,100m²; and
 - The original space allocation, excluding circulation, of 395m² for shared community facilities. The space originally assigned to the proposed library has been removed as that facility has already been built.
- 1.4 Based on the above the total space for the new building on opening would be 9,495m² to which a construction cost of £1,900/m² was previously applied (as at Q2 2011) based on the Scottish Futures Trust cost metric for new schools. An initial high-level assessment of the revised space allocation against anticipated needs confirmed that, for the anticipated scope of the facility, an area of 9,495m² would be sensible and appropriate.
- 1.5 This produced an estimated base project cost as at Q2 2011 before inflation of £18.041m. When the analysis was first undertaken in early 2013 based on an assumed opening date of August 2020, and applying construction inflation using the BCIS All-In Tender Price Index between the base date of Q2 2011 and the projected index (at that time) for the estimated mid-point of construction, this

increased the projected cost to £22.39m. An estimated profile of the total expenditure by financial year was produced as shown in the table below.

	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000	Total £'000
Cost	618	2,555	17,745	1,146	326	22,390

The following points should be noted regarding the projection above:

- This assumes the new school opens in August 2020 with the construction completion date being June 2020 to allow a lead time in advance.
- The costs in 2021/22 relate to the construction retention which is assumed to be payable one year from the date of completion.
- The construction period would be an estimated 18 months preceded by a 15 month period for design development, planning and procurement which would mean an effective project start date of September 2017.
- It assumes that the necessary education statutory consultation and design team procurement would be progressed prior to this date with September 2017 being the date when the design of the new school would start and from when spend would be incurred.

- 1.6 At its meeting on 13 December 2012 Council approved an amendment which included an agreement that, amongst other things, the Council remains committed to building a new school in Craigmillar as part of the regeneration process and that this project be prioritised in the five year capital plan to be agreed in February 2013 as part of the budget process.
- 1.7 In accordance with the Council decision, the estimated expenditure in 2017/18 of £618,000 from the original projection was incorporated in the Council five year Capital Investment Programme to 2017/18 which was approved by Council on 7 February 2013.

2 Revised Indicative Scope and Cost

- 2.1 The cost projection has recently been subject to review, primarily to ensure that the latest forecast regarding future cost inflation is taken into consideration. In the period since the original assessment was undertaken there has been a considerable movement in the levels of future construction cost inflation with the projected future BCIS All-In Tender Price Indices, particularly towards the end of the decade, now expected to be at considerably higher levels than had been originally forecast. When the latest forecast indices are applied the revised projected total cost for the new school based on a capacity of 700 and an assumed opening date of August 2020 is now £25.565m.
- 2.2 This remains a broad approximation and should be taken as being very much indicative only. Whilst a site has been identified for the new school, site specific factors and conditions *could* result in a higher cost. This cost is based on the anticipated capacity required at opening of 700 and excludes the further cost of

any expansion which would be required in subsequent years. The capacity of the school and what community facilities are located therein will require to be reviewed nearer to the time of the project starting.

- 2.3 On 10 December 2013 The Education, Children and Families Committee approved a [report](#) relating to the future development of the existing Castlebrae Community High School. This included a recommendation to approve the development of an East of Edinburgh Hub to deliver the Senior Phase including the development of a partnership with the Bio Quarter and Universities in order to develop the ambition of Castlebrae to become a city wide centre of excellence in Science when the new school is built.
- 2.4 This option would be in addition to the existing vocational provision which is a key strength of the school. If this option were to be considered then the additional accommodation requirements for six specialist science classrooms, support space and a seminar space for the specialism have been estimated to amount to an additional 760m². The cost of this additional provision, including provision for inflation, is a further £2.046m which would increase the total projected cost for the new school, again assuming an opening date of August 2020, to be £27.611m.
- 2.5 Compared against the current provision in the Capital Investment Programme of £618,000 there is a funding deficit of £26.993m. The following *potential* sources of funding have been identified:
- A Section 75 agreement with Persimmon Homes exists for land at Greendykes which provides for up to £1.07m to be paid in four instalments based on housing completions ‘to improve secondary school provision in South East Edinburgh’; this funding would be applied to the new school. By the assumed opening date of 2020 it is expected that up to half of this funding may be available, with future contributions being applied retrospectively.
 - Funding is expected as a contribution towards the new school from PARC which has confirmed that it hopes that the net proceeds from the town centre development will contribute to the delivery of the new secondary school. The extent of funding from PARC and when it can be provided, has still to be clarified albeit the latest indications are that the level of funding may be less than £5m and is not likely to be realised until after 2020.
 - It should, however, be noted that PARC are also providing a further significant contribution in kind to the new school in the form of the value of the land and the associated infrastructure to service the site.
 - Any proceeds arising from the disposal of the existing school site would be available towards the cost of delivering a new school. Based on an assumed disposal for housing this could realise up to £3m.

3 Craigmillar Town Centre Master Plan

- 3.1 The previous master-plan for the regeneration of the area showed the site for the new school in a town centre location; planning permission for the school design was never sought as the project was put on hold due to the economic downturn.
- 3.2 A statutory consultation exercise under the Education (Scotland) Act 1980 was conducted in 2002 which concluded that a site in the town centre was the best location. The rationale for relocating the school was to give it a more prominent location in Craigmillar to endeavour to make it a more popular choice for its catchment population and to be a significant contributor to the town centre.
- 3.3 PARC has been considering the future direction for the regeneration of the Craigmillar town centre and has confirmed that a new secondary school remains a critical part of their master plan. Discussions have taken place with PARC regarding incorporating an appropriate site for a new secondary school within the new Craigmillar town centre master plan. The site has to be in a suitable location, and of an appropriate size, for a new school.
- 3.4 In terms of planning for overall site capacity it is currently estimated that initially building a school for a core roll of 600 would cater for both current needs and those that could emerge through rising rolls and new development. However, in terms of future planning it was considered essential that sufficient land was retained within the town centre for a school that could expand its capacity from an initial 600 to 1,200 and in phases as necessary. This would allow for new development, including that in the proposed second Local Development Plan, and for variations in the school roll that occur over time.
- 3.5 The initial capacity to which the school should be built and the associated expansion strategy thereafter will require detailed consideration nearer to the time when the project to deliver the new school is initiated. For the purposes of the discussions with PARC regarding an appropriate site size it has been assumed that the school may ultimately have a capacity of 1,200 based on the level of future housing development which is expected in the area.
- 3.6 The size of site for any new (or replacement) school is prescribed in the School Premises (General Requirements and Standards) (Scotland) Regulations 1967 and 1973. For a new school with a roll of 1,200, the total site size should be 6.2 hectares comprising a main school site on which the actual school buildings are located of not less than 2.6 hectares and an area for playing fields of not less than 3.6 hectares.
- 3.7 In certain circumstances, a smaller site area for either element can be provided with the consent of the Scottish Government subject to it being agreed that it would be impractical or unreasonable to apply the standards in the legislation.
- 3.8 The regulations do not actually require that playing fields (or pitches) are adjacent to the actual school building but that they are *available* to the school i.e. they could be elsewhere and off-site. The playing fields areas stipulated in the

regulations pre-dated the introduction of synthetic playing surfaces. By providing full-sized all weather pitches, significantly greater functionality and availability can now be offered than a grass area of a greater size. This is an approach very much supported by sportscotland so there should be no perception of any reduction in area being a deficit in the amount of space which is necessary, usable and appropriate.

- 3.9 In Edinburgh there are many schools where the maximum prescribed areas for playing fields are not met however the city complies with the regulations by virtue of the extensive alternative pitch provision which is *available* to schools throughout the city (such as Cavalry Park, Meggetland and Kirkbrae). Taking the area of such off-site facilities into consideration, the minimum requirement for the school site would be 2.6 hectares.
- 3.10 However, the existing Castlebrae Community High School already has one pitch and Children and Families would expect a school having a capacity of 1,200 pupils to have two external pitches adjacent to the school to avoid the necessity for off-site travel. It is only where circumstances would not allow this to be provided that a variation would be accepted such as at the new James Gillespie's and Boroughmuir High Schools where there is a significant constraint on the amount of land available in the area; this is not the case here.
- 3.11 The closest comparator is the design for the new Portobello High School on Portobello Park. The total area assigned for the school is 4.21 hectares comprising 2.64 hectares for the school building, playground and car park and 1.57 hectares for two all-weather pitches including run-off areas. The capacity of the new Portobello is for 1,400 pupils and this includes a swimming pool. Whilst the capacity of the new Craigmillar High School may ultimately increase to 1,200 and it would not have a swimming pool, it may include additional community, vocational and other space which would result in the overall internal space requirement (eventually) being similar to Portobello.
- 3.12 The design for the new Portobello is for a building of between two and three storeys based on a spine and finger design therefore some efficiency in terms of building footprint could be assumed were a more rectangular approach to be adopted such as that for the new Boroughmuir. This is the intended approach for the design of the school however a degree of headroom will be required on the site to accommodate a future expansion strategy.
- 3.13 Taking all things into consideration Children and Families advised PARC that an overall site size of 4.2 hectares should be reserved for the new secondary school within the master plan. Children and Families also specified a few key principles from a transport and accessibility perspective to be adopted in determining a site:
- The original proposal to locate the new secondary school campus in a prominent location within the town centre was an important principle of the master plan. While the community library has now been provided as part of a

separate project, all other community elements of the school campus proposal remain and a prominent and accessible location within the community is still an essential requirement.

- It is essential that the location and design of the new school site supports the Council's transport policies. Good public transport links as well as safe and convenient cycle and pedestrian accessibility are required. Public transport is particularly important, not only to support community use but also as one option for the new school is to provide a city-wide specialism, and it is likely that students may attend the school from a very wide catchment.
 - The school may well be subject to future expansion. Due to the nature of secondary school accommodation, any expansion strategy is likely to take the form of a large extension project(s) rather than a series of incremental additions. It is therefore necessary to plan in outline terms how and where the extended accommodation could be constructed with minimum disruption to the operation of the school. A separate vehicular access to the expansion site for contractors would be highly desirable.
- 3.14 PARC are currently working towards the submission of a planning application for Planning Permission in Principle (PPP) for the next stage of the Town Centre development. Further details are provided [here](#) although it should be noted that there have subsequently been some minor changes to the proposed boundary for the site of the new school compared with that shown in the PPP consultation boards.
- 3.15 The site for the new school is located close to the town centre as required by the Local Plan; whilst it has been shown within the overall master plan it is not being submitted for consideration at this stage. A separate planning application will follow for the delivery of the school in due course at the appropriate time. The new school is a key part of the town centre so it is located close to the existing Community Library with an entrance at Niddrie Mains Road.
- 3.16 The size of site identified in the revised master plan is 4.2 hectares although it has been suggested that some of this area might be taken up with shared parking with the adjacent neighbourhood centre. The current layout of the master plan indicates the proposed location of both pitches to be contiguous with the school site with access to the pitches from the school not involving crossing any vehicular routes (either within or outwith the school site) although access to the second pitch may involve crossing a public footpath and/or cycle way. This arrangement would not adversely affect the curricular opportunity or safety of the school students and is therefore considered to be perfectly acceptable. The configuration of the site will allow for an expansion strategy to be developed.

4 Statutory Consultation

- 4.1 A proposal to relocate a school, as would be the case here, would require a (new) statutory consultation process to be undertaken under the Schools (Consultation) (Scotland) Act 2010. The initiation of any such process would

require either Committee or Council approval and would take approximately six months to complete when the outcome of the consultation would be reported to, and considered by, either Committee or Council.

4.2 Undertaking a statutory consultation process at this time would be premature as there remain many factors regarding which clarity would be required in advance of commencing the consultation process to make it meaningful including:

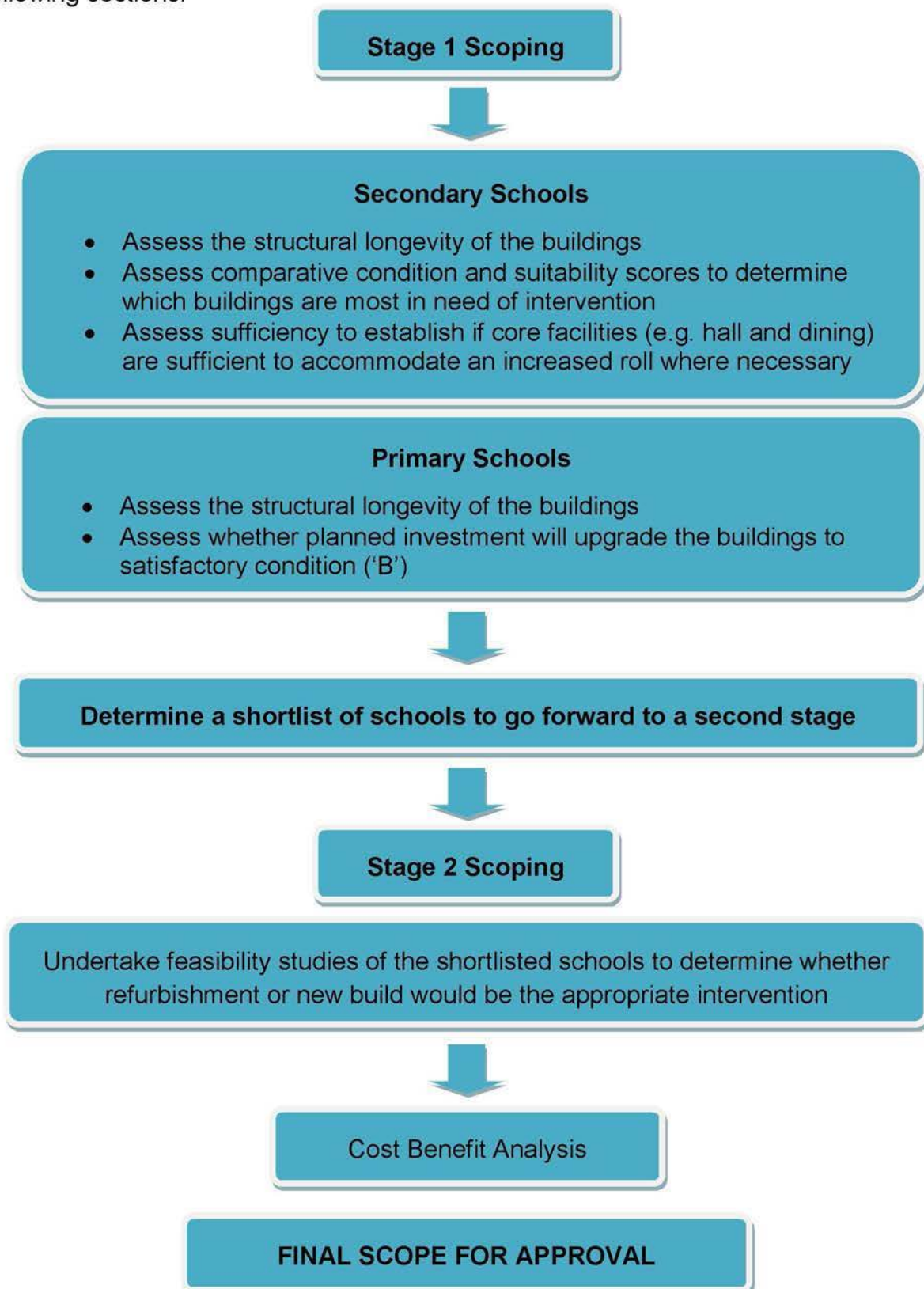
- When will the new school be delivered which is entirely dependent on when the significant additional capital funding which is necessary to deliver a new school can be provided by the Council? This will be for Elected Members to determine through future budget processes.
- What community and educational functions would be included in the new school? This requires further consideration as this would be a requirement of the Educational Benefits Statement which would form an important element of the consultation report.
- For what capacity should the new school be built in the first instance? There are three determining factors in assessing the required initial capacity (i) the availability of spare places in nearby non denominational secondary schools to which local catchment pupils continue to make placing requests; (ii) the availability of spare places at catchment RC secondary schools (Holy Rood and St Thomas of Aquin's) and (iii) the extent and timing of new housing development in the area, including that which may arise as a result of the most recent proposals in the proposed second Local Development Plan. Obviously a decision would need to be taken at some point regarding what the initial capacity should be; the closer to the intended project start date that decision can be taken, the better the intelligence will be regarding the impact of new housing development.

4.3 However a statutory consultation process regarding the proposed relocation will have to be undertaken at some point. Whilst the outcome of that consultation process obviously cannot be presumed the Council can take considerable comfort regarding the proposed new site for two reasons. Firstly, the location is not significantly different to that which had been previously proposed regarding which the statutory consultation was undertaken in 2002 albeit under the previous legislation which was superseded by the Schools (Consultation) (Scotland) Act 2010. Secondly it is our understanding that there have been no negative comments received during the master plan consultation process relating to the proposed new location of the school. Whilst the statutory consultation process would, perhaps, involve engagement with a slightly different audience this is considered to be a positive sign regarding how receptive the local community is to the slightly revised site location.

APPENDIX 2

Proposed Scoping Methodology for Wave 4 Programme

A summary of the steps it is proposed would be undertaken to determine the remaining scope of the Wave 4 programme is set out below with more detail being provided in the following sections.



The purpose of this stage is to identify a shortlist of schools which require further investigation.

1 Condition

- 1.1 In order to identify the extent of the scope for Wave 4, it is proposed to compare the performance of each building through a number of factors which are set out below. It will be necessary to prioritise to address the worst first.

Structural Assessment: Primary and Secondary Schools

- 1.2 Firstly an assessment of the structure of each building is essential to determine its longevity. Some structures have a 50 to 60 year design life. This information is key and will determine both the comparative condition of the school and also what type of solution may be appropriate i.e. refurbishment versus new build. It is proposed that a structural survey be undertaken for each primary and secondary school identified as being within the initial scope for consideration.

Secondary schools

- 1.3 In addition to the structural information it is proposed to:
- Assess the 30 year required spend by square metre to allow comparison between different sized buildings to ascertain which is the worst.
 - Assess the number of FM help desk requests to identify which buildings are the poorest performers, focussing on 'C' class calls (i.e. requiring emergency attention) to identify where particular problems are arising.
- 1.4 Thirty year cost information is only held for Liberton and Currie High Schools which were pilot schools for the condition surveys carried out in 2012/13. These costs will require to be updated and reflect any works undertaken in the intervening period. It is proposed to commission more detailed surveys of the remaining high schools to determine a 30 year investment plan which would differentiate between capital and revenue costs. All identified costs would be adjusted to take into consideration fees, contingencies and inflation.
- 1.5 Detailed analysis of elements of the condition surveys is also proposed. The overall rating of the building is likely to be averaged out, for example the good condition of a new games hall will cancel out the poor condition of other elements of a building. Accordingly, it is proposed to undertake an elemental analysis of each school to determine a true picture of each of its elements.

Primary Schools

- 1.6 A significant programme of investment was approved by the Education, Children and Families Committee on [10 December 2013](#) which included consideration of the condition C primary schools, with the intention of seeing their condition upgraded to B over a five year period. These primary schools have been

identified for inclusion in the first stage of Wave 4 scoping purely on the basis of their C condition.

- 1.7 Accordingly it is proposed to score them only by condition (including structural longevity). This would require the schools to be re-scored factoring in the scope of approved works to determine whether they would increase to a condition 'B' rating.

2 Suitability

Secondary Schools Only

- 2.1 The suitability assessments which were carried out in 2010 for the Scottish Government Core Facts submission were quite high level. A more detailed appropriate suitability assessment to inform significant investment decisions is required for each of the secondary schools and it is proposed would be undertaken through a combination of two methods (i) a user questionnaire and (ii) a desk top facility analysis following the Scottish Government core facts methodology which is used to assess the suitability of school buildings and allows a score to be produced on a consistent basis for each building.
- 2.2 A user questionnaire (such as that carried out for the existing Boroughmuir High School building) would provide useful information from staff and students on a wide range of suitability issues. The user questionnaire would be completed online, with the results displayed in a web-based format. This could be conducted concurrently in all schools in a relatively short period of time.
- 2.3 This would be combined with a desk top facility analysis in which the existing accommodation provision would be assessed following the Scottish Government suitability core facts methodology. The analysis would be conducted in-house by a small team of officers in Children and Families Asset Planning and Services for Communities.
- 2.4 The resulting information would create a comparative suitability score for each school which, when combined with the condition score, would create an overall blended score with the worst score determining what schools would proceed to the shortlist.
- 2.5 This work would also identify the areas that would require to be addressed as a priority under a refurbishment project for any school proceeding to stage 2, which could be then identified and costed in the feasibility study exercise described below.

3 Sufficiency

Secondary Schools Only

- 3.1 The current wave of rising rolls in Edinburgh's primary schools will start to have an impact on the secondary estate in around five years time. It is currently predicted that rolls in the secondary sector will exceed the current citywide

capacity of 22,000 early in the next decade which may necessitate additional capacity being provided.

- 3.2 Further to this, new housing development across the city arising from the proposed second Local Development Plan (LDP) will significantly increase the number of pupils that will require to be accommodated in the primary and secondary school sectors; this is detailed in the associated [Education Infrastructure Appraisal](#).
- 3.3 To address the impact on the secondary schools under consideration the following will be required:
- an assessment of increased capacity requirements at each school based on expected pupil generation data available from the latest primary and secondary projections and the LDP Education Infrastructure Appraisal.
 - an assessment of how these rising secondary rolls could be addressed through means which do not require increased accommodation provision. An example is the potential for improved timetabling. It is proposed to undertake a city-wide assessment of capacity across the entire secondary school estate during 2014/15. This will review the capacity methodology and take account of the higher stay-on rates that are now being experienced at both S5 and S6 as well the potential impact of higher primary schools rolls working through to the secondary school sector.
- 3.4 Sufficiency by itself can be addressed though the extension of a building and is not necessarily a driver as to whether a building should be refurbished or completely rebuilt. However, the one key issue is whether the existing core facilities such as sports facilities, assembly halls and dining space can accommodate an increased roll. If the core facilities of the school cannot support a substantially increased roll then there may be merit in replacing the entire core of the school. There would have to be a significant deviation from the generic standards to justify its replacement.
- 3.5 Sufficiency information would be used to inform the scope of any feasibility study undertaken in stage 2 comparing the alternative options of new build or refurbishment and extension to determine which would provide better value for money in the longer term.

4 Shortlisting Process and Criteria

- 4.1 The criteria which would be applied to determine what secondary and primary schools would proceed to the shortlist are as follows:
- 4.2 Secondary Schools
- If the existing building structure is identified as having a short life expectancy the school would proceed to the shortlist.
 - If the core facilities could not support the necessary size of the expected future school roll then the school would proceed to the shortlist.

- For any remaining schools not already shortlisted as a result of either of the above criteria, those with the lowest combined condition and suitability scores which are considered to merit further detailed examination would proceed to the shortlist.

4.3 Primary Schools

- If the existing building structure is identified as having a short life expectancy the school would proceed to the shortlist.
- If, even following the existing approved investment, the school would be expected to remain as in poor condition (category C) then the school would proceed to the shortlist.

Stage 2: Shortlisted Schools

The purpose of this stage is to determine whether refurbishment or new build would be the appropriate intervention.

1 Condition

- 1.1 The key criterion is to understand the structure of the building and its life expectancy. If the structure is reaching the end of its lifespan then refurbishment will not address longevity. The proposed structural surveys would elicit this.
- 1.2 In order to compare the cost of building a new school with the cost of maintaining the existing school, it is proposed to assess the 30 year cost of retaining the existing buildings. This will determine whether the building merits refurbishment or replacement from a condition perspective.

2 Suitability and sufficiency

- 2.1 This will require an assessment of potential suitability and sufficiency improvements that the existing building could offer, with extension where necessary. In order to determine this, a short feasibility study for each shortlisted school would require to be undertaken to examine how the building environment and suitability could be upgraded through refurbishment, identifying costs.
- 2.2 These studies would need to extend beyond the condition surveys to test the option to replace elements of the building rather than simply maintaining existing elements – for example installing an entirely new cladding system rather than upgrading the existing cladding.
- 2.3 These studies would also need to assess the deliverability of any suggested approaches including any planning issues and the extent of potential disruption to the school and any decant accommodation which would be required as a consequence (and the cost thereof which would, in all probability, be revenue).

3 Combined Results

- 3.1 The above information - derived from the condition and structural surveys and the feasibility studies - would provide an indication of the costs of upgrading the building to meet the needs of a modern day school. A cost benefit analysis would be required to compare the resulting building against the financial cost to determine which solution would offer the best value for money.

4 Deliverability

- 4.1 The ability of a school to sustain a refurbishment programme while operating will have to be considered, particularly as secondary school rolls start to rise, reducing the flexibility to decant. While some schools may have space on their sites for new build, others – specifically Trinity Academy – are in listed buildings on very small sites where an alternative site is unlikely to be an option. Accordingly refurbishment may be the only choice in these instances.
- 4.2 The funding mechanism may also drive the solution. If partial funding was possible by way of Scottish Government revenue support for a Design, Build, Finance, Maintain (DBFM) project then this would steer the solution towards new build to avoid the excessive, and perhaps unacceptable, risk of a partner taking on the extensive refurbishment and then maintenance of an existing building.
- 4.3 The approved Asset Management Works programme would also require to be assessed to consider how the scope may change if a wider refurbishment project was undertaken at any school.