

The  
Accounts  
Commission

**Room for Learning**  
Managing Surplus Capacity  
in School Buildings

September 1995



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## PREFACE

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Pupil rolls in Scotland's primary and secondary schools have fallen by more than 25% in the last 20 years. Further reductions are forecast as a result of birth rate projections.

This trend presents education authorities with formidable challenges in terms both of education provision and resource management.

The mismatch between pupil rolls and available places in schools means that surplus capacity exists. But to what extent can that surplus capacity really be considered capable of disposal? What factors have to be taken into consideration in arriving at that view? And have local education authorities taken, or are they now taking, effective action to address significant surplus capacity in individual schools?

With growing pressures on local authority education budgets and capital programmes insufficient investment has been available for upgrading school buildings and, indeed, there is evidence of deteriorating school fabric through lack of regular maintenance. This will be the inheritance of Scotland's new unitary councils, and it seems unlikely that these pressures will lessen.

It was against this background and to answer these and other questions that the Commission undertook its study. Qualitative and quantitative data was obtained from all mainland education authorities. Information was obtained on authorities' responses to, and experience in, managing change in the use of school building resources. More than 30 case studies were examined to ascertain authorities' experiences in pursuing schools rationalisation - both successful and unsuccessful initiatives. Data was gathered to assess locally and in aggregate terms the potential disposable surplus capacity across Scottish mainland education authorities.

The Commission would like to thank all education authorities who participated in the fieldwork. Thanks are also due to the Association of Directors of Education whose advisory panel greatly assisted the Commission to focus its study and to gather its fieldwork data. The Commission does, however, retain sole responsibility for the findings and recommendations in this report.

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## 1. SUMMARY

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Pupil rolls in Scotland's primary and secondary schools have fallen by more than 25% in the last 20 years. Further reductions are forecast as a result of birth rate projections.

The response by mainland education authorities has led to a net reduction of 145 primary and 32 secondary schools in the period 1981 to 1993. Despite this action there remains a mismatch between available school places and pupils. Surplus capacity exists and the consequence can be that education authorities find themselves heating, cleaning and maintaining buildings which are significantly under-utilised thereby diverting increasingly scarce resources from key elements of education provision. Declining school rolls can affect the quality of education experience for secondary pupils.

The Commission found that in simple arithmetic terms there are about 300,000 surplus places in Scottish primary and secondary schools. But this headline figure must be treated with caution. Many viable schools have surplus capacity. Indeed, no authority wide system can be expected to run at 100% in any circumstances. Some elbow-room is always needed. Perhaps little over 80% can realistically be achieved.

The Commission was concerned to identify the extent and incidence of disposable surplus capacity where feasible options exist for local rationalisation of schools provision. Using authorities' own definitions of capacity, the Commission concentrated on those schools where less than 60% of places are occupied. Over one third of primary schools and one quarter of secondary schools fall into this category.

Proposals to remove surplus capacity must address the individual circumstances of the local area. There must be feasible options for the physical relocation of pupils. In authorities with a tradition of supporting provision of non-denominational and Roman Catholic schooling, the potential for removing surplus places is constrained by the requirement to maintain separate systems.

In assessing realistic opportunities for potential rationalisation, the Commission acknowledged the physical, denominational and other restrictions but was able to identify 13 secondary schools, three secondary departments in combined primary and secondary provision and over 100 primary schools where there is sufficient alternative provision in the local area. These schools are in addition to those at the time of the study which were subject to consultation as part of authority proposals for closure or amalgamation.

The Commission believes that action to rationalise the schools which it has identified would produce net ongoing annual revenue savings of about £25M in addition to the one-off avoidance of £20M of building maintenance expenditure. The average maintenance requirement in identified primary schools is £150,000 and for secondary schools it is £350,000. There would also be opportunities for councils to realise capital receipts by disposing of land and buildings which are no longer required.

But the rationalisation of schools provision is a sensitive and complex issue. Experience shows that the process is likely to provoke sustained local opposition. That there has remained significant potential for further rationalisation cannot be attributed to signal weaknesses in planning for education provision or from failure of authorities to identify the opportunities for improved management. Rather it reflects the difficulties inherent in a process set firmly in the local political context. Put simply, parents and the wider local community do not wish to see the loss of a community resource. Elected local councillors, individually and corporately, may see the educational and financial benefits of rationalisation, but they are also acutely aware that their support for such proposals can arouse considerable opposition.

Where the necessary political will exists, authorities seeking to restructure provision are obliged by statute to undertake wide consultation, and in specific circumstances, obtain the final approval of the Secretary of State for Scotland. The Commission's study showed how this process can be particularly protracted in the face of sustained opposition, with parents and community groupings exercising the provisions of the Self-Governing Schools etc. (Scotland) Act 1989 to delay rationalisation proposals. Before recent changes to that Act its provisions were used on one occasion through the courts ultimately to frustrate a set of rationalisation proposals.

These challenges will need to be faced by Scotland's new unitary councils. They will know that pressures on both capital and revenue budgets are likely to continue. Indeed they may be greatest in the urban areas where significant disposable surplus capacity exists in the secondary sector.

It should be recognised that structural reform and other provisions of the Local Government etc. (Scotland) Act 1994 may affect the ability of education authorities to match provision to pupil numbers in local areas. The creation of an increased number of smaller authorities will have the effect, in the conurbations, of dividing local areas. The rationalisation of surplus places in those areas may possibly have been addressed more readily in the context of larger, single authorities. Also, the 1994 Act reduces elected members' term of office from four to three years. This will provide an even narrower window of opportunity for planning, consulting upon and implementing rationalisation between elections. Conversely, the new councils will offer scope for strengthening the corporate approach to the management of school buildings. There could be enhanced opportunities for services such as libraries and leisure and recreation to make use of school buildings. Consideration will need to be given to the recently announced pre-five initiative and councils will wish to explore any opportunities that may be presented by the Private Finance Initiative.

The challenges facing new unitary councils - particularly those in the urban areas - is clear. But central government has a role to play too. Education is not only a vital service but it is also the largest of the services provided by councils. It consumes the greatest proportion of locally raised council tax and also attracts the largest proportion, by far, of the national taxpayers' general contribution to the cost of local government services. Given the level of revenue support provided by the Secretary of State, the Commission believes that there should be a shared concern between local and national government to ensure that resources made available to the education service are used in a way which will enhance the quality of education provision and value for money. It can make no economic sense to meet from limited

resources the maintenance requirements of grossly under-occupied school buildings. A closer local/central partnership is needed and mechanisms should be developed which will facilitate the local restructuring of education provision in identified areas and circumstances.

The savings in the short to medium term identified in this report are based on what can realistically be achieved within the present arrangements. The Commission believes that this is a minimum position. If, as the Commission advocates, a more effective partnership can be forged then there should be opportunities for targeting resources to enable local restructuring on a scale greater than could be identified by the Commission's study.

There already exists within The Scottish Office Education Department an acknowledgement of the 'spend to save' approach to the management of public resources. There is in the Commission's view scope to develop this approach, and value in extending the quantum of resources available for schools rationalisation proposals which are identified within an agreed local/central framework. Benefits would include improved facilities and resources; a broader curriculum and wider extra curricular opportunities in secondary schools; the targeting of available limited resources to maintaining and upgrading buildings which meet modern curricular needs; and better value for money for both local and national taxpayers.

Significant changes in the management of the education service are now in train. The Commission has taken this opportunity to produce a companion Management Guide to this report. The new councils have a statutory duty to secure value for money in their use of resources. The Commission believes that its Guide will assist new managers of the education service to address even more effectively the sensitive and complex issue of schools rationalisation.

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## 2. INTRODUCTION

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### 1. BACKGROUND TO THE STUDY

1. School rolls have fallen dramatically over the last 20 years, presenting education authorities with the problem of surplus school places. Schools have been amalgamated and closed, but there remains in aggregate terms substantial excess capacity. In schools with declining rolls, property costs per pupil have risen, with growing pressure on the resources available for staff development, supplies and services and the proper maintenance of suitable buildings.

2. These problems will be inherited in April 1996 by the 29 new mainland councils created under the reorganisation of local government. Although there is uncertainty over the financial regime under which the new councils will operate, it is very likely that the pressure on education budgets will continue.

3. The Commission therefore decided to undertake a study which would assist and encourage both councils and The Scottish Office to address the issue of surplus capacity in local authority schools in Scotland. The study had five objectives.

- ◆ To quantify aggregate surplus capacity.
- ◆ To identify the extent and incidence of disposable surplus capacity.
- ◆ To identify good practice in managing the school building resource.
- ◆ To examine the constraints on effective action.
- ◆ To identify opportunities to redirect resources.

4. New councils can learn from the experience of the disappearing education authorities. The Commission looked at more than 30 case studies across the mainland of Scotland where education authorities have considered or implemented school rationalisation. Information gathered during the Commission's fieldwork has provided the basis for a companion Management Guide to this report. This sets out the legal framework and will assist the new councils to plan and implement a strategy for restructuring school provision in line with pupil numbers.

5. The rest of this Chapter profiles the local education authority system in Scotland and summarises the trends in school rolls. Chapter 3 looks at the approaches used by education authorities in recent years to manage the building resource, in relation to how buildings are used and also how the problem of empty buildings has been addressed. In Chapter 4 there is an analysis of the extent of surplus capacity. After considering the case for rationalisation in Chapter 5, Chapter 6 looks at the problems faced by education authorities in reducing the surplus. The final Chapter suggests some steps which could be taken by councils and The Scottish Office to meet the challenge.

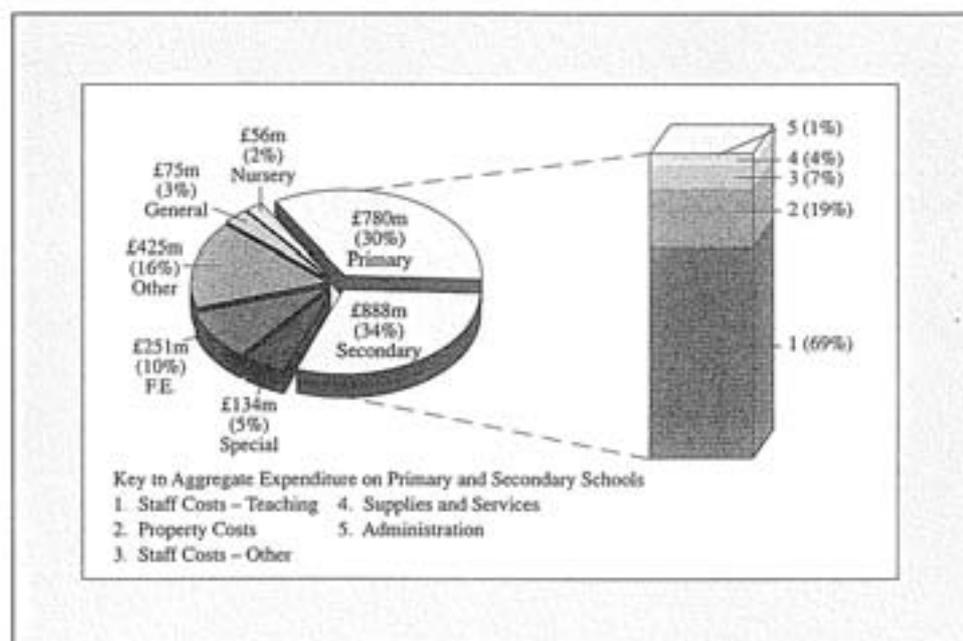
## 2. LOCAL EDUCATION AUTHORITIES IN SCOTLAND

6. Managing local authority education provision is currently the responsibility of nine mainland regional councils and three islands councils. Their statutory duty under the Education (Scotland) Act 1980 is to secure for their areas 'adequate and efficient provision of school education'. In April 1996 the regional councils will be replaced by 29 single-tier councils on the mainland which, together with the three islands councils, will comprise 32 education authorities.

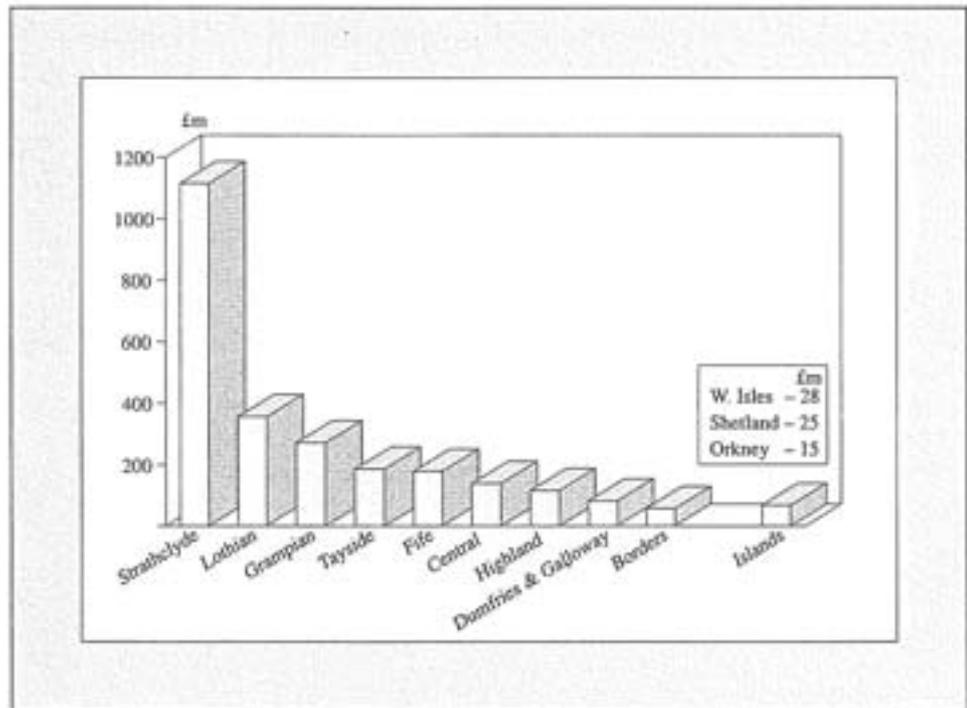
7. In 1993/94 local education authorities' budgets exceeded £2.5bn of which £1.7bn was spent on primary and secondary education. About 750,000 pupils attended 2,347 primary and 412 secondary schools. A further 55,000 children received nursery or special education services. This study draws upon the experience of the nine mainland regional councils which control 97% of total schools expenditure and which manage 95% of primary schools and 92% of secondary schools (Exhibits 1, 2 and 3).

### Exhibit 1. Net Education Expenditure 1993/94

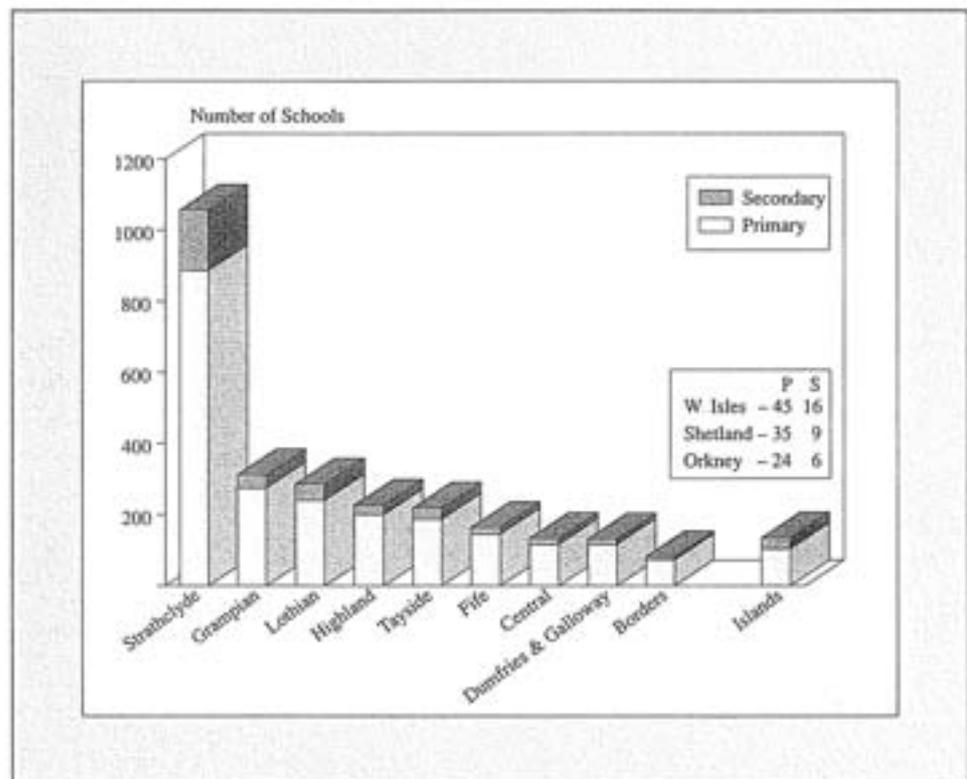
Primary and secondary education cost £1.7bn a year.



**Exhibit 2. Authority Net Education Expenditure 1993/94**  
Expenditure varies substantially.



**Exhibit 3. Numbers of Primary and Secondary Schools**  
School building portfolios vary significantly.



### **3. NEW CHALLENGES**

8. In the years since the 1980 Act came into force, education authorities have faced a series of challenges arising mainly from the policy of the Government to extend choice and accountability across public services. These have included the introduction of the right to placing requests which allows parents to apply for the enrolment of their child in a school of their choice outside the designated local catchment area; the replacement of schools councils by school boards; the opportunity for school boards to apply for self-governing status; and the introduction of devolved school management.

9. There have been major developments in the curriculum, notably the introduction of the 5-14 development programme and the standard grade of the Scottish Certificate of Education. Also in the secondary sector, the service has recently been managed in the context of the Higher Still Initiative which heralds change for 5th and 6th year pupils. In the primary sector, the Government has introduced a policy on the national testing of pupils.

10. The Government has very recently announced its intention to pilot a system of vouchers in the pre-school sector and to promote the Private Finance Initiative in local government, but the detailed implications of these proposals have yet to be fully considered.

11. But as this change agenda is being addressed, authorities have had to respond also to the challenge posed by demographic change over the last 20 years.

### **4. BIRTH RATES AND PUPIL NUMBERS**

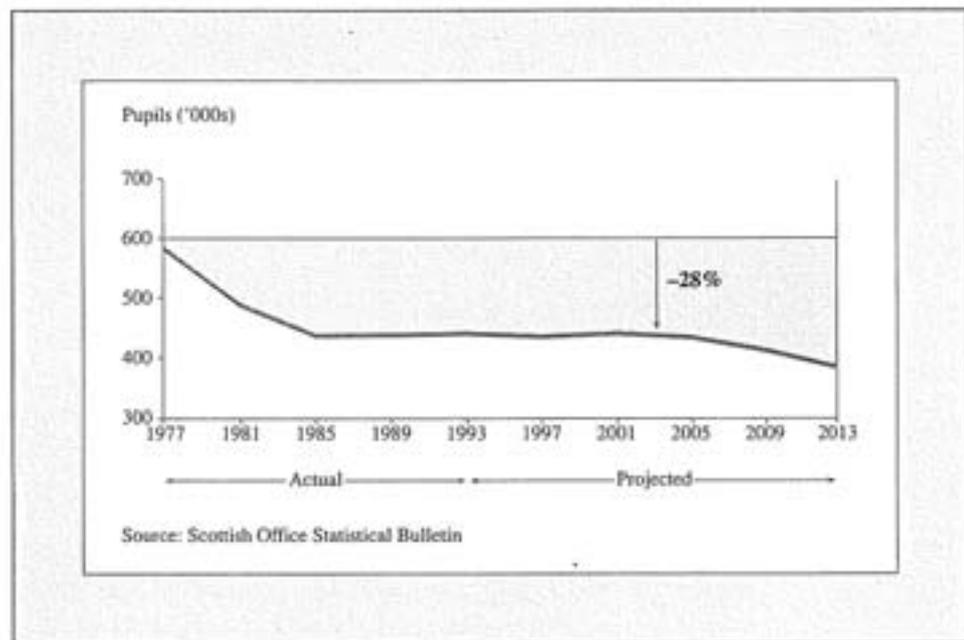
12. A declining birth rate caused primary school rolls to fall each year between 1976 and 1987. There was a small recovery after 1988, but the peak of this recovery in eight years time will remain 28% lower than the total in 1976. Following this peak, further reductions are forecast as a result of birth rate projections (Exhibit 4).

13. Since primary children move on to secondary education, the same trends are evident a few years later. A recovery in secondary school rolls is predicted until 2009, but the figure projected for that year remains 21% below the figure in 1978. Again, further decline is projected beyond this peak.

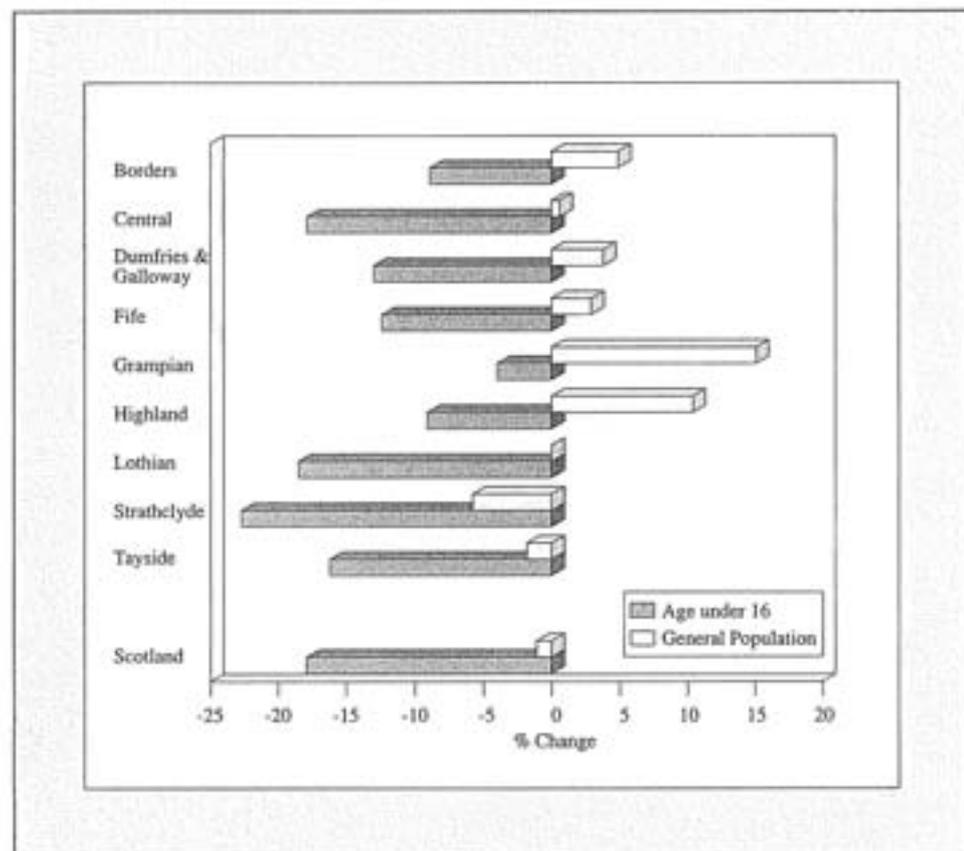
14. Secondary school projections allow for annual increases in the numbers of 16 and 17 year old pupils remaining at school. Although there are recent indications that these figures may have been under-estimated, the shortfall does not alter the general projections.

15. In every authority the number of children under the minimum school leaving age has reduced since 1979, although some authorities have experienced growth in their total population. The reduction in the numbers of children ranges from 4% in Grampian Region to 23% in Strathclyde (Exhibit 5).

**Exhibit 4. Numbers of Primary School Pupils 1976 – 2013**  
 Projections indicate further reductions in primary pupil numbers.



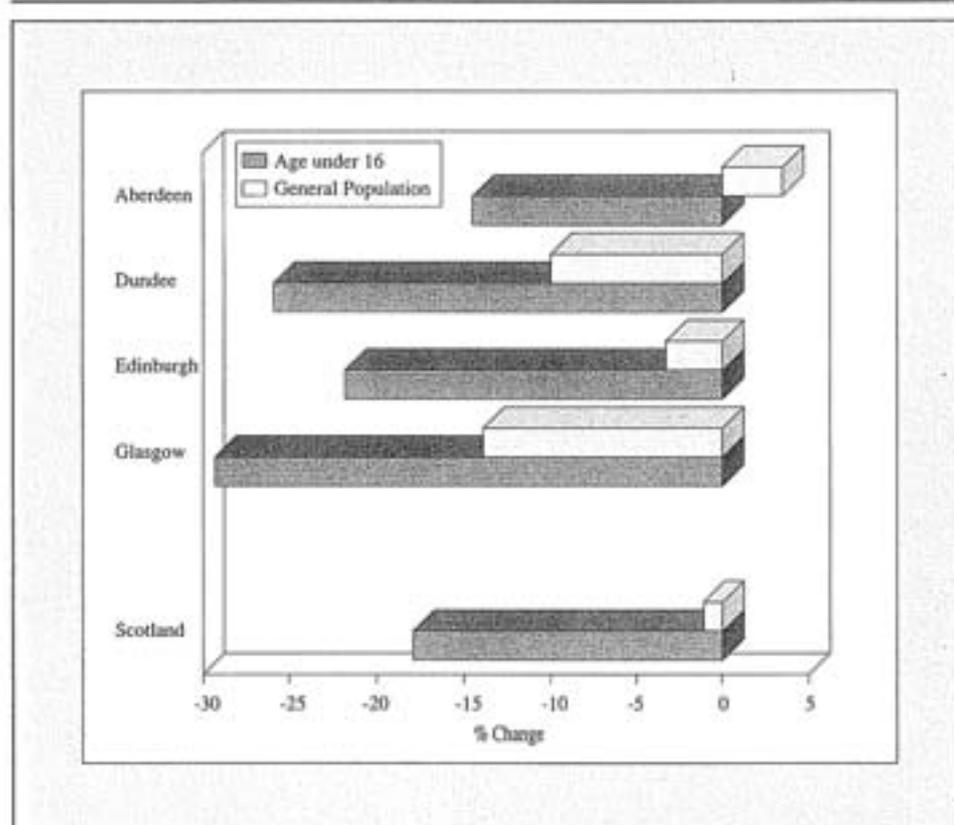
**Exhibit 5. Population Changes 1979 – 1992**  
 All authorities have been faced with falling demand for pupil places.



16. Population movement has magnified the problem in the main Scottish cities. In Glasgow, Edinburgh and Dundee, the reduction in primary and secondary rolls exceeds 20%, and in Aberdeen the reduction is around 15% (Exhibit 6).

#### Exhibit 6. City Population Changes 1979 – 1992

The greatest impact has been felt in the cities.



17. In addition to these demographic changes, parents have exercised their statutory rights to make placing requests for their child in a school of their choice outwith the designated catchment area. Total placing requests - for both primary and secondary schools - have risen from just under 20,600 in 1983/84 to just under 29,200 in 1993/94 - a 42% increase over the period. Secondary school placing requests were fairly static between 1983/84 and 1990/91 at around 8,300 to 9,000 before increasing to over 10,000 in 1993/94.

18. The proportion of placing requests granted remains high at 89%. As a result of meeting placing requests, however, education authorities have found on occasion that they have been unable to admit all pupils from the catchment area of the school during a school year, or to accede to subsequent placing requests. Conversely, the impact of the legislation has added to the decline in pupil numbers in other schools.

19. The Commission's study therefore examined the management of school building resources against a background of differing local levels of declining pupil numbers, and in some cases population dispersion, but one in which some schools, as a result of demand from the catchment area and often the impact of placing requests, cannot meet demand.

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## 3. MANAGING THE BUILDING RESOURCE

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### 1. MEASURING CAPACITY

20. Regulations prescribe the minimum floor area per pupil in primary and secondary schools, and they also require education authorities to maintain a record of the capacity of each room. However, the calculation of the capacity of a school is more complex than a simple aggregation of the capacities of individual rooms.

#### Primary School Capacity

21. In determining the primary school capacity the following factors must be taken into account.

- ◆ The number of rooms/spaces available as class bases;
- ◆ The number of rooms/spaces allocated to general purposes and specialist use, including library and resource areas;
- ◆ Authority roll-related staffing standards/teaching complements;
- ◆ National Joint Council (NJC) Scheme of Conditions of Service for Teaching Staff, which establishes limits for maximum class sizes;
- ◆ The existence of local agreements on maximum class sizes.

22. Once the number of class bases and their occupancy limits have been established, recommended teacher/staff levels are the major determinant of capacity. It is not, however, possible to determine a maximum capacity figure which will apply in all circumstances, since the numbers of single and composite classes may vary from year to year depending upon the structure of the school roll. There are differences in maximum class sizes for single and composite classes which therefore can affect school capacity.

23. One authority has defined a 'notional capacity' figure for each primary school. This figure is compared with projected roll for planning purposes, but it is modified to reflect the number of composite classes in the school. Another authority uses the term 'planning capacity' for the total number of individual teaching spaces which is then adjusted to reflect the changing organisational needs of the school. The adjusted figure is called the 'working capacity'.

#### Secondary School Capacity

24. In the secondary sector, the capacity calculation starts by identifying the educational spaces and the uses to which these spaces will be put. However, the application of teachers' conditions of service to a particular use make the capacity calculation a complex exercise. The numbers of pupils and the selection of curriculum choice can make planning space allocations difficult within a school, with the inevitable consequence that not all of available teaching spaces can be used all of the time.

25. Authorities therefore determine usable spaces by applying formulae or a percentage to the maximum total pupil places, to provide a 'planning capacity' figure for each secondary school.

26. The planning capacity is important for determining the maximum pupil intake in the first year of a session. It allows authorities to identify the number of pupils for whom an appropriate curriculum can be provided at each year stage. This calculation, in turn, provides maximum numbers below which placing requests may be accommodated.

27. Although there are differences between education authorities in the application of formulae or percentages, the Commission found that the outcomes were broadly similar across most authorities.

## **2. PROJECTING PUPIL NUMBERS**

28. All authorities produce annual projections for individual schools and classes, in most cases using computer models.

29. Primary school entry is projected by reference to birth rates, migration statistics, local housing and economic development plans, and trends in placing requests. Sometimes health board data is used relating to pre-school children by year of birth for each catchment area.

30. Projections for subsequent primary stages and for secondary schools are compiled on an annual rolling basis. From primary 1 through to primary 7 the rolling projection is accurate. Since not all primary pupils transfer to the local secondary school, (reflecting parental choice in the form of a placing request to another school or a move to the private sector), there can be difficulties in projecting accurately pupil numbers in the first year of a secondary school. Secondary school projections are also affected by the numbers of pupils choosing to remain at school beyond the statutory minimum school leaving age, with the general trend being that more pupils choose to return for the S5 and S6 year groups.

31. Projections at school level are totalled for wider areas, including the area of the education authority. It is generally considered that projections both at the local and at the authority-wide level are reliable.

## **3. MANAGING SURPLUS CAPACITY IN OCCUPIED SCHOOLS**

32. Local arrangements for monitoring surplus capacity reflect differences in the scale of the problem and the extent to which individual councils see surplus capacity as an important issue.

33. The Commission supports the approach of those councils which monitor surplus capacity as part of the strategic management of the building resource.

34. In responding to the impact of declining rolls, authorities have adopted a range of measures to improve the use of school buildings. These have included:

- ◆ locating nursery and special education provision in mainstream schools;
- ◆ re-zoning school catchment areas;
- ◆ withdrawing from annexes;
- ◆ removing temporary accommodation;
- ◆ rationalising accommodation within individual schools;
- ◆ making alternative use of surplus capacity in schools;
- ◆ restructuring provision, involving the amalgamation and closure of schools.

35. All councils see the removal of temporary accommodation as a priority. In some cases, removal from one site may involve relocation elsewhere, especially in authorities which have smaller primary schools in rural settings. In practice, however, progress in removing temporary accommodation and withdrawing from annexes was found to be variable. For example, Grampian planned to spend £1m between 1993/94 and 1994/95 on obtaining additional temporary accommodation. Lothian, in contrast, has removed almost 6,000 temporary places and 3,000 places located in annexes since 1985. But Lothian still depends on temporary accommodation in a number of its secondary schools. Generally speaking, removing temporary accommodation is only possible when funding can be made available to provide permanent teaching spaces.

36. All councils have promoted the alternative use of surplus capacity. Box 1 provides examples of such use during school hours.

#### **Box 1: Alternative Use of Surplus Capacity**

**Use of surplus capacity during school hours has included:**

- units for pupils with hearing impairments, language disorders, and emotional and behavioural difficulties;
- units for teaching 'English as a second language', and providing a multi-cultural resource base;
- nursery, community and adult education provision;
- use by specialist education resources such as careers service and psychological services;
- use by other departments in the authority such as social work, personnel and architecture and related services;
- pre-five facilities such as crèches, mother and toddler groups and playgroups;
- use by community groups.

37. Strathclyde, for example, has introduced a scheme allowing minor capital expenditure to achieve revenue savings. Minor alterations to school buildings may be funded out of capital to permit the relocation of 'non statutory services' such as community education, psychology services and careers offices. The assessment criteria include a required payback period of less than five years.

#### 4. MANAGING EMPTY BUILDINGS

38. Following the closure of a school, councils have different arrangements for managing empty buildings. They can:

- ◆ remain on the education department's account;
- ◆ be transferred to the property or estates department, but with the education department retaining responsibility for paying for maintenance and security (these costs are repaid in the event of a capital receipt following disposal); or
- ◆ be transferred to the account of the property or estates department.

39. In Strathclyde, where the estates department is responsible for managing empty school buildings, there is an IT database on surplus properties. The authority has also established 'surplus property protection' and 'surplus property demolition' budget heads. The former funds the cost of securing, protecting and maintaining properties which have been declared surplus to requirements. The latter funds the demolition costs of any properties which are not economical to retain, and is resourced from capital receipts generated by the disposal of properties.

40. In most councils, a school building declared surplus to the requirements of the education department is assessed against the property requirements of the authority. If there is no demand from other departments, and the building is not sold or leased to other public sector agencies it may, following council approval, be placed on the open market for sale.

41. Following the closure of a school there have been occasions when structurally sound facilities have been 'mothballed' but, generally, in the absence of demand from other departments of the authority and the wider public sector, empty school buildings are made available for sale. However, the process is often far from straightforward, and the market values of sites and buildings can be influenced adversely by factors such as title restrictions and the difficulties of prospective purchasers in obtaining planning permission.

42. The period between school buildings being declared surplus to requirements and a sale can be variable, and indeed may extend over several years. Unnecessary delays in disposing of properties should be avoided, since they deprive the authority of capital receipts and may adversely affect the price which is obtained.

43. Occasionally, however, there can be local factors which the council cannot readily control. In one unusual instance, for example, the continuing activities of a group formed to oppose the closure of a secondary school affected the size of the capital receipt to the authority. The authority planned to amalgamate two secondary schools and to sell the cleared site of one school. Following the decision to close the school, the action group submitted a petition to reverse the decision to demolish the building and proposed options for alternative use. Box 2 presents a brief overview of subsequent developments.

## Box 2: One Authority's Experience in Disposing of a School

### **December 1991**

After consultation, education committee approves director's recommendation to amalgamate secondary schools A and B on school site B.

School A is declared surplus to education department requirements two months later.

Within another month, demolition is approved and the Director of Estates is authorised to market the cleared site.

### **May 1992**

*Former pupils of school A form an action committee and submit a petition to the authority seeking reversal of the decision to demolish the school, and proposing various alternatives.*

In view of the alternative uses proposed, all regional council departments, the local district council, the local development agency, and the property services agency are contacted to establish if there is any interest in the property.

### **June 1992**

School A closes.

*Action committee calls for a detailed feasibility study to determine alternative uses for buildings.*

Authority agrees to jointly fund an independent feasibility study with the district council and the local development agency.

*Action committee apply to Historic Scotland to have the main school building 'listed'.*

### **August 1992**

Consultant's report that the buildings have no feasible alternative use at an economic cost. Authority resolves to retain the main building with a view to disposing of it to a local further education college, due to become independent in April 1993.

Annexe and huts around the main building are demolished.

*Main school building is Category B listed by Historic Scotland.*

### **December 1992**

Further education college is granted an extension till March 1993 to confirm their interest in the property. This was confirmed in February 1993 but, after a further extension, interest is withdrawn in May.

### **August 1993**

Property is marketed - 35 sets of particulars issued.

### **November 1993**

Four offers are received and clarification sought regarding an offer from the action committee.

### **December 1993**

Action committee do not respond to the deadline stipulated and the authority approves the conditional sale of the property to a national housebuilder. As a result of the inability to clear the market site, the value of the capital receipt to the authority was reduced to approximately half a million pounds.

44. The capital receipts generated by selling surplus school properties varies greatly according to the size and location of the site, the condition of buildings, property market conditions, and matters relating to land titles and alternative uses. In the course of this study, the Commission identified receipts ranging from £13,000 for a small primary school in an isolated setting, to over £2.5M for a large cleared site in a city location.

45. In most authorities, capital receipts from education property are used to enhance the overall capital programme of the authority, but in two councils, the education department retains 50% of receipts to augment the educational capital programme.

## 4. SURPLUS CAPACITY

46. The Commission obtained figures on capacity and pupil numbers for both primary and secondary schools which relate to the beginning of the 1993/94 school year. These capacity figures are the figures provided by each education authority. The general findings are that there are almost 190,000 surplus places in primary schools and approximately 100,000 surplus places in secondary schools in mainland education authorities (Box 3).

**Box 3:**  
**Aggregate Capacity and Roll – Scottish Mainland Education Authorities**

| Sector    | Number of Schools | Aggregate Capacity | Aggregate Roll | Surplus Places | Occupancy |
|-----------|-------------------|--------------------|----------------|----------------|-----------|
|           |                   | ('000s)            | ('000s)        | ('000s)        | %         |
| Primary   | 2237              | 619.7              | 432.2          | 187.5          | 70        |
| Secondary | 376               | 409.9              | 307.3          | 102.6          | 75        |
| Total     | 2613              | 1029.6             | 739.5          | 290.1          | 72        |

47. This headline figure of net aggregate surplus capacity of the order of 300,000 places must be placed in context. Given year to year intake variations in individual schools, no authority wide system can be expected to run at 100% in any circumstances. Some elbow-room is needed. The Commission found that the consensus view was that little over 80% can realistically be achieved.

48. It follows therefore that many viable schools contain surplus capacity. In both the primary and secondary sectors, 45% of the net total number of surplus places is in schools where the occupancy rate is greater than 60%. A quarter of total surplus places is in schools with more than 70% occupancy (Exhibit 7).

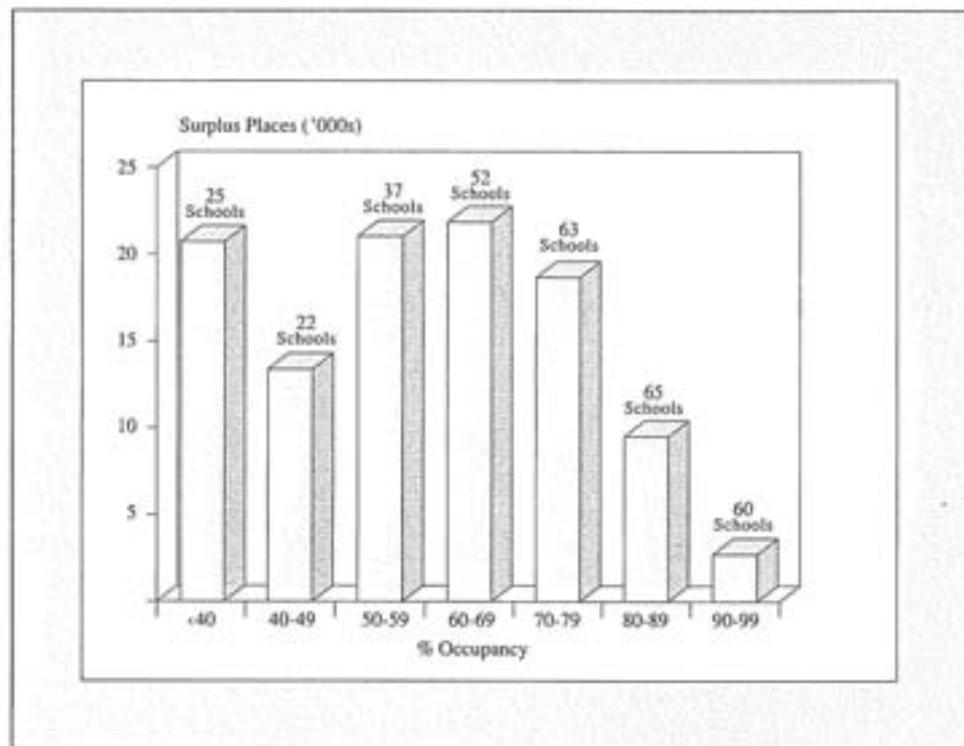
49. On the other hand, over one third of primary schools and one quarter of secondary schools are less than 60% occupied. The largest authorities have the most surplus places, and this pattern is repeated in the secondary sector (Box 4). The Regions of Strathclyde, Lothian and Tayside account for 88% of all surplus places in secondary schools where less than 60% of places are occupied.

**Box 4:**  
**Authorities having the Greatest Surplus Capacity – Secondary Sector**

| Authority   | Number of Secondary Places | Percentage of Aggregate Capacity Across Authorities | Percentage of Aggregate Surplus Capacity Across Authorities |                |
|-------------|----------------------------|---|---|----------------|
|             |                            |   | All Surplus Places  | Occupancy <60% |
|             | ('000s)                    | %   |   |                |
| Strathclyde | 212.6                      | 52  | 66%   | 76%            |
| Lothian     | 46.0                       | 11  | 8%  | 7%             |
| Tayside     | 27.7                       | 7   | 5%  | 5%             |

### Exhibit 7. Distribution of Secondary School Surplus Places

Almost half is in schools more than 60% occupied.

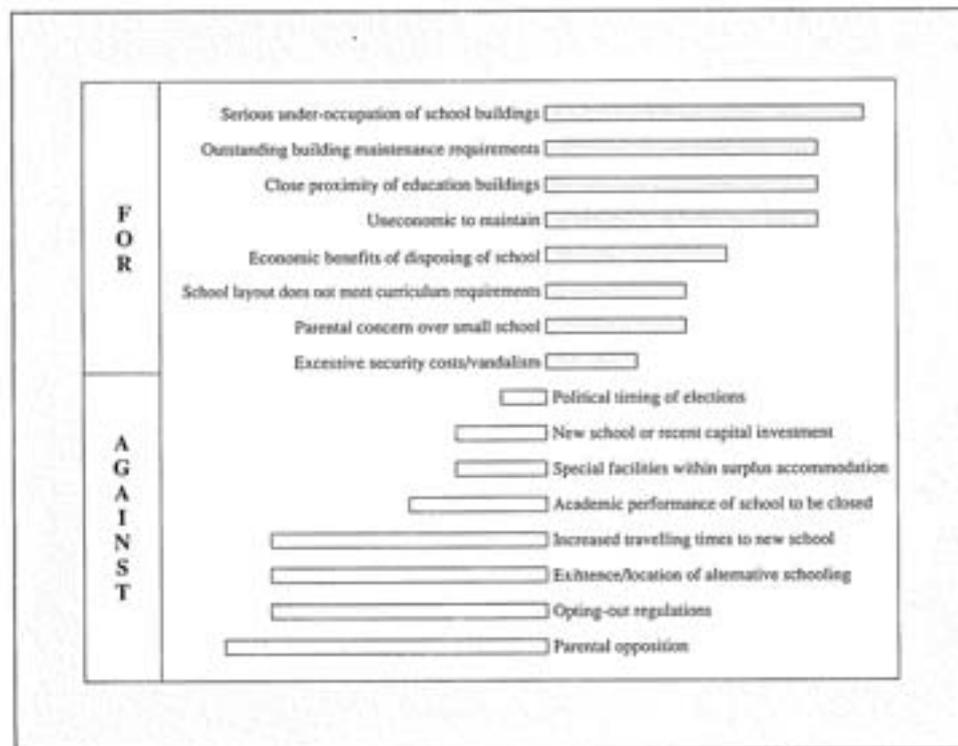


50. After discussions with the study advisory panel, the Commission selected those schools with less than 60% of places occupied as being a realistic focus on the potential for rationalisation. This selection acknowledged the initial physical limitation on authorities' scope to reduce surplus capacity in a local area context.

51. Examination of local authority case studies identified a clear pattern in the arguments which support or oppose the case for local rationalisation of school provision. The identified criteria are set out in Exhibit 8.

52. Further, the separation between non-denominational and Roman Catholic schooling in parts of Scotland constrains the opportunity for removing surplus capacity. This feature is particularly evident in the urban belt of Scotland. Box 5 presents examples of four localities in Strathclyde where the provision of separate education makes it difficult for the authority to redirect resources.

**Exhibit 8. Arguments For and Against Rationalisation**  
 Authorities' experience highlights the key issues.



**Box 5: Distribution of Surplus Capacity in One Local Area**

| Locality | School       | Capacity | Roll | Surplus Capacity | Occupancy % |
|----------|--------------|----------|------|------------------|-------------|
| Area 1   | ND School 1  | 1157     | 648  | 509              | 56          |
|          | RC School 1  | 1087     | 507  | 580              | 47          |
| Area 2   | ND School 2  | 1747     | 1202 | 545              | 69          |
|          | RC School 2  | 1040     | 464  | 576              | 45          |
| Area 3   | ND School 3  | 961      | 433  | 528              | 45          |
|          | RC School 3  | 637      | 383  | 254              | 60          |
| Area 4   | ND School 4  | 1491     | 1006 | 485              | 68          |
|          | ND School 4b | 1581     | 631  | 950              | 40          |
|          | RC School 4  | 1392     | 612  | 780              | 44          |
|          | RC School 4b | 1224     | 1007 | 217              | 82          |
| Total    |              | 12317    | 6893 | 5424             | 56          |

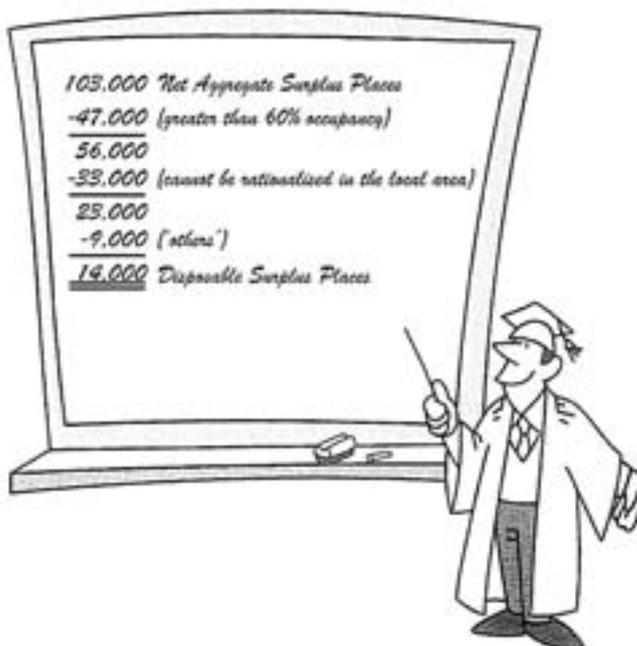
53. Using the criteria in Exhibit 8, and having regard to the available acceptable options, the Commission was able to compile an analysis of initial surplus capacity and to reduce this, for the reasons identified in Exhibit 9, to potential disposable capacity.

**Exhibit 9. Aggregate Surplus Places in Schools**  
 Focusing the scope for rationalisation.

**Primary Schools**



**Secondary Schools**



54. For all mainland education authorities, the Commission was able to explore the potential for removing the identified 271,000 surplus places in both primary and secondary schools. (Grampian was not able to provide details concerning the potential to reduce its 19,000 surplus primary places). About 124,000 of these were to be found in schools where occupancy was greater than 60% and a further major factor constraining rationalisation was the insufficiency of alternative places in the local area, removing 79,000 surplus places. A surplus capacity of 10,000 places relates to isolated rural primary schools. About 16,000 places were deducted where amalgamation of schools is under way or is planned, or where surplus capacity is being reduced through altering buildings and relocating other elements of education provision. In a small number of cases, authorities followed a policy of retaining primary school capacity as part of wider initiatives to regenerate areas of social and economic decline.

55. As a result of this analysis, the Commission concluded that 22,000 places in primary schools, and 14,000 places in secondary schools, could be considered for rationalisation.

56. The Commission identified 106 primary schools and 13 secondary schools, together with three secondary departments in combined primary and secondary provision, where there are sufficient alternative places in the local area. These schools are in addition to those at the time of the study which were subject to consultation as part of authority proposals for closure or amalgamation.

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## 5. THE CASE FOR RATIONALISATION

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57. Value for money is not only, or even mainly, about cutting costs. It is concerned with achieving the most efficient and effective use of limited resources. The case for rationalisation must rest firstly upon the impact of falling school rolls on the quality of the educational experience in schools, and secondly upon the opportunity to redirect any savings to more productive use.

### 1. FOCUSING EDUCATIONAL OPPORTUNITIES

58. Authorities must identify and 'sell' to the local community the benefits that can flow from local rationalisation. Typically, these benefits could be

- ◆ re-investment of savings from rationalisation in the education service for:
  - broader, better planned curriculum;
  - improved facilities at receiving schools as a result of providing for increased rolls e.g. new computing room, new physical education facility.
- ◆ removal of temporary and/or sub-standard accommodation - the long term aim being to accommodate all pupils in adequate permanent buildings on single sites.
- ◆ demolition of science/technical annexes, with internal modification undertaken within the main building to replicate the specialist accommodation.
- ◆ achieving better management of school buildings by making alternative use of surplus capacity:
  - integration of special education needs within mainstream provision;
  - creation/expansion of facilities for nursery education;
  - provision of community education;
  - playgroup accommodation;
  - community use;
  - use by other departments of the authority - for example, libraries, and leisure and recreational services; and
  - use by authority services compatible with a school function - Careers Offices, Adviser Centre, Training Unit for Employment Schemes, Regional Psychological Services.
- ◆ adapting buildings to take account of demographic changes - rationalising accommodation within individual secondary schools - for example, eliminating blocks of accommodation, to reduce revenue costs, while at the same time providing improved teaching environments.
- ◆ construction of a new school which meets modern curricular needs, to replace older and poorer school building stock.
- ◆ disposing of part or whole of the school building, thereby raising valuable capital receipts.

## **2. MINIMUM SCHOOL SIZE**

### **Primary Schools**

59. All councils seek to provide primary schools which are accessible to local communities. In urban areas, councils have a preference for larger schools with all stages between P1 and P7 present in the school, and with either one or two (single stream or composite) classes at each stage. In rural areas, councils are generally committed to maintaining small primary schools, often as part of a wider social and economic development strategy.

60. The Commission found a consensus view amongst education advisers that there are no clear educational arguments for closing small primary schools. There are 129 primary schools on mainland Scotland where the roll is less than 20 pupils. These include 45 schools in the most remote areas where the roll is in single figures. Schools with rolls of less than 21 must have less than 3 pupils at certain year group stages and questions then arise in relation to the reduced opportunity for social interaction and peer group work for pupils in these circumstances. At least two authorities have a preference for ensuring that primary schools do not have fewer than three class teachers. This translates into a minimum roll of 48 pupils according to current Scottish Office Education Department staffing standards.

### **Secondary Schools**

61. Most secondary schools are located in or close to population centres. There is general agreement amongst professional advisers that secondary schools with rolls of less than 500 can offer only a restricted curriculum provision in comparison with larger schools. The Commission found a general preference for a maximum roll lying between 1,000 and 1,250 pupils, but there are examples of schools with larger rolls. In one authority, nine out of 19 secondary schools have a capacity in excess of 1,500 pupils. Policies must clearly reflect local circumstances and preferences, but where possible, a reasonable target would be secondary schools with continuing S1 intakes of no less than 150 pupils leading to total rolls of around 800 or more, thereby offering opportunities for breadth and choice in the curriculum.

### **Other Needs**

62. Authorities have a duty to provide for children with special educational needs. Since the Warnock Report in 1978, the general policy of all councils has been to integrate these pupils into main stream primary and secondary schools. There remain, however, instances where the needs of certain pupils are catered for in special schools.

63. Education authorities do not have a statutory responsibility for providing nursery education. There is a mixture of provision in separate schools and integrated facilities within primary schools. Three authorities have an objective to provide pre-school experience for all children, and a further four authorities have stated their desire to expand the provision of nursery education. The voluntary sector, and increasingly the private sector, are major providers in the pre-school sector. The intention of the Government to move towards a voucher system for pre-school

provision is likely to affect all providers, including local authorities. Since a constraint on expanding provision is often the difficulties experienced in finding accommodation, the Government's intention may have implications for managing the building resource, but the position remains unclear.

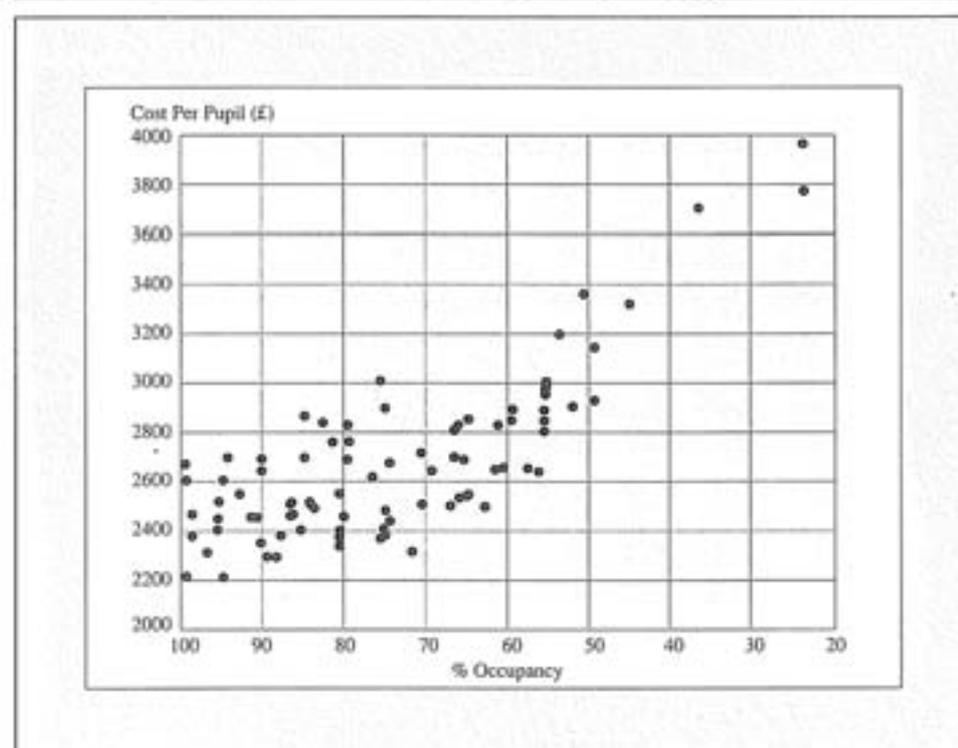
### 3. REDIRECTING RESOURCES

64. In Chapter 4, it was suggested that 106 primary schools and 13 secondary schools might be amalgamated or closed because there was sufficient alternative provision in local areas.

65. Occupancy has a direct impact on unit costs - the unavoidable arithmetic being that, for similar schools, pupil unit costs increase as occupancy rates decrease. Exhibit 10 shows the dramatic impact of lower occupancy rates on pupil unit costs.

#### Exhibit 10. Occupancy Rates and Pupil Unit Costs – Secondary Schools (capacity 1100 – 1400)

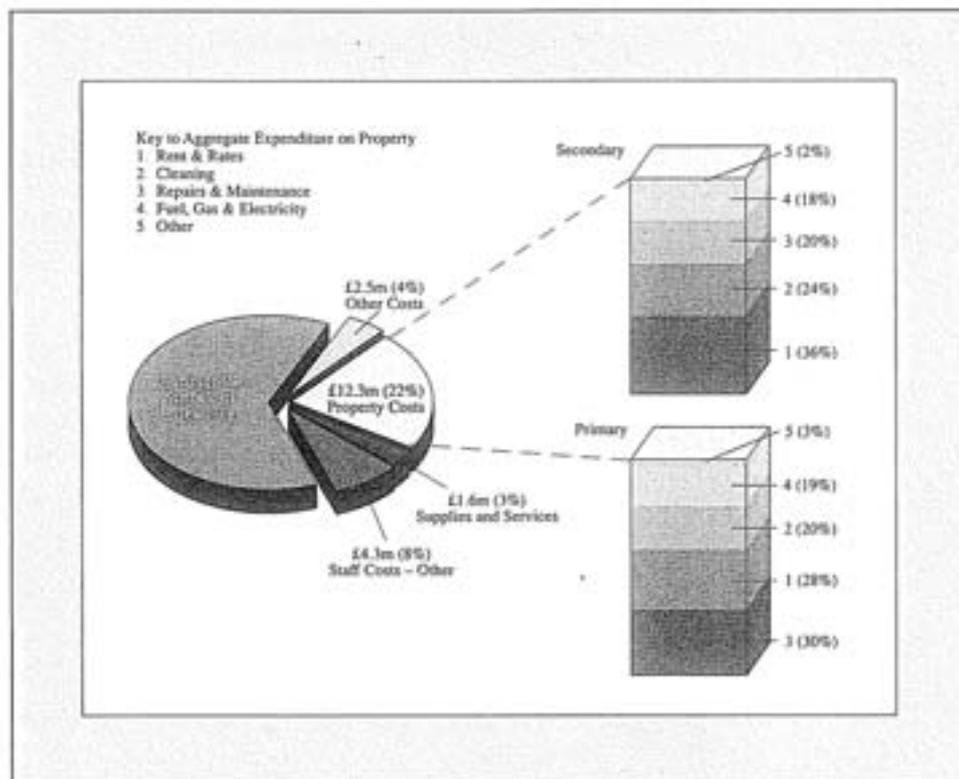
Lower occupancy levels lead to increased pupil unit costs.



66. The total annual revenue cost of schools which the Commission believes might be closed is about £55M. The cost of school buildings accounts for almost a quarter of this total (Exhibit 11).

## Exhibit 11. Aggregate Net Expenditure for Identified Schools

Total net expenditure of schools with disposable capacity is £55m a year.



67. Within the figure of £55M, there would be an immediate saving of £12M in property related costs, although the saving to the education department from the rates element does not represent a saving to the authority. The estimated saving in property costs does not include the substantial savings in outstanding property maintenance. For those schools identified for possible amalgamation or closure, the average outstanding maintenance requirement for a primary school is £150,000 and for a secondary school £350,000. The avoidance of such costs would produce a one-off saving totalling some £20M.

68. Teaching staff costs account for almost £35M (63%) of total expenditure in these schools. The amount of financial savings which could be achieved, and the period over which these savings could be realised, would differ depending on local circumstances. Additional teachers would be needed in schools receiving pupils displaced from their current accommodation. It is also common practice to provide a temporary enhancement of staffing in schools affected by reorganisation. Experience in Strathclyde has shown that the net savings in teaching staff costs estimated in consultation documents are achieved within two or three years after the closure of schools.

69. There would be some additional revenue costs in supporting the closure of schools. These involve increased travelling costs for certain pupils, and the possible need for extra non-teaching staff in receiving schools. It is also likely that there would be one-off costs associated with closures, such as securing and maintaining the empty buildings. Conversely, there would be opportunities for authorities to realise capital receipts as described in Chapter 3.

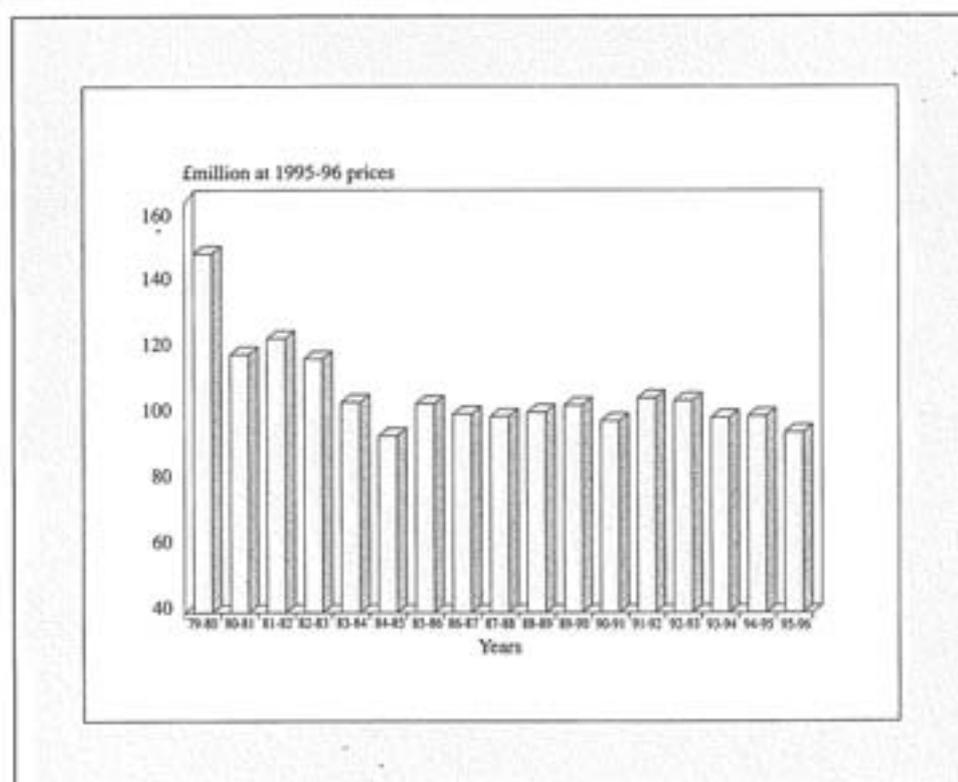
70. An indication of the likely savings identified by the Commission can, however, be given. There is a consensus among educational advisers that the closure of an under-occupied medium sized school in the primary sector releases ultimate full year savings of around £100,000 a year, on a permanent basis. In the secondary sector, the comparable school closure saving is around £750,000 a year. This suggests an aggregate saving of around £25M plus the avoidance of one-off maintenance upgrades.

71. In identifying an amount of £25M which might be available for re-investment in the quality of education provision, the Commission considers that it is presenting a minimum position.

#### 4. PRESSURES ON COUNCIL BUDGETS

72. Major expenditure on upgrading existing schools or building new accommodation is met from the capital programmes of education authorities. The size of an authority's capital programme is mainly determined by the capital consent allocation provided by the Government. In the early 1980s, capital consents fell in real terms by about 40%. This was the period when roles were falling most dramatically. Capital consents in recent years have generally remained around that lower level (Exhibit 12).

**Exhibit 12. Education Service Capital Consents – The Trend**  
Government allocations remain lower than the early 1980's.



73. Routine maintenance of buildings is mainly funded from revenue budgets. The management of school building maintenance requirements was not the principal focus of the Commission's study. Accordingly, the Commission did not look in detail at maintenance requirements or how this activity is managed. An overview was gained and this is reflected in the companion Management Guide.

74. However, there is evidence from Scottish education authorities, and the Audit Commission for England and Wales, that a significant school building maintenance backlog exists. In a report produced in 1988, the Audit Commission referred to the maintenance requirements of buildings erected between 1950 and the early 1970s as a 'time bomb ticking away'. There was a warning that maintenance bills would rise in future years. This concern is echoed in internal reports prepared by councils in Scotland (Box 6).

#### **Box 6: Maintenance Requirements Reported by Authorities**

'In addition to what is programmed there is also a need for further investment of £25 million to meet other primary school building needs, particularly from those built during or in the immediate post war period.....'

*from authority's Financial Plan Overview.*

'The Audit Commission for England and Wales has recommended that, to keep their buildings in a good state of repair, authorities should be spending about 1.8% of insured value per year. The value of schools and other buildings in the Committee's ownership is now about £360 million and the repairs funding target will be, on the Audit Commission recommendation, approximately £6.5 million. The education maintenance budget is just under £4 million or only a little over 60% of the recommended target. It is not surprising, therefore, that maintenance is inadequate and a source of dissatisfaction and complaint.'

*report by Director of Architectural Services.*

'The Department of Architectural and Related Services.....has carried out a detailed survey of the major maintenance requirements of educational buildings. ....there has been identified a number of basic needs maintenance projects which are such that if work is not started within the coming financial year, continued operational use of the premises which include 57 primary and 23 secondary schools cannot be guaranteed beyond 12 months.'

*report by Director of Education.*

75. Also, the condition of school buildings and the budgetary impact of the costs associated with their retention are central to any consideration of the optimum use of school building stock in times of increasing financial pressures and declining school rolls. This equation was succinctly expressed by one authority, as follows:

*Falling school rolls*                    =    *Why we must review our*  
*+ deteriorating buildings*                *current school provision.*  
*+ cash crisis*

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## 6. SECURING ACTION

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76. The response of councils to the problem of surplus capacity, by amalgamation and closure of schools, has been highly variable. Restructuring may have occurred as part of an overall strategy for managing surplus capacity or as a response to local situations involving individual schools. Some authorities have undertaken periodic reviews and the results have been used to guide the restructuring of provision.

77. Between 1981 and 1993, there was a net reduction of 145 primary and 32 secondary schools in mainland Scotland. Councils have also found alternative uses for surplus capacity, as described in Chapter 3.

78. But although councils have made significant progress, more remains to be done. The appendix to this report outlines an action plan. There are, however, a number of important issues which must be effectively addressed.

### 1. SCHOOLS AS A COMMUNITY RESOURCE

79. The process of rationalising schools must be set in the local political context. Not only do parents generally prefer their children to remain in local schools, but communities value highly their local schools in safeguarding the quality and vitality of local community life. Quite simply, neither parents nor the wider community wish to see the loss of a community resource. Local councillors may appreciate the educational and financial benefits of rationalisation, but they are also aware of the community role of schools and that support for proposals often arouses considerable opposition.

80. If proposals for rationalisation are to receive support, then councillors and local communities must be convinced of the advantages. The educational as well as the financial benefits must be clearly and convincingly presented, especially in consultation documents. The consultation process must be well planned and carried through.

81. In Strathclyde, the strategy for managing surplus capacity has reinforced the commitment to improved facilities in receiving schools by spending on average £0.5M on adaptations in receiving secondary schools.

82. The Management Guide which accompanies this report sets out in detail the planning process which might be followed.

## 2. COMMUNITY AND PARENTAL RIGHTS

83. An education authority must consult on any proposal to close or change the site of a school in conformity with regulations. The statutory basis for consultation is prescribed. Successful implementation, however, will only be achieved if the key features of effective consultation are observed (Box 7).

### Box 7: Key Features of an Effective Consultation Process

- Streamline the administration and consultation procedures.
- Produce well presented, comprehensive but concise, consultation documents.
- Where alternative restructuring proposals are possible, provide a number of detailed options in the consultation documents.
- Establish a sound and accurate basis for each proposal.
- Emphasise the educational and social advantages of the rationalisation proposals.
- Present the financial arguments for rationalisation in terms of securing best value for money from limited overall resources.
- Emphasise that savings will be available for re-investment in the education system.
- Adopt a genuine willingness to respond to issues as they emerge in consultation.

84. Consultation generally proceeds on the basis of a consultation document approved by the education committee. The Commission identified examples of well prepared, detailed and comprehensive consultation documents, although there is some variation across authorities in the scope and content of such documents. The Commission recommends the breadth of information exemplified in Box 8.

## Box 8: Consultation Documents – Commended Scope and Content

### **The Scope for Restructured Education Provision**

- Exact location of schools and a brief description of the area under consideration, including maps showing the delineated areas of affected schools (before and after consultation).
- Details of all the schools in the area likely to be affected by any closure, including:– age, occupancy, capacity, and condition of these schools.
- Factors affecting future accommodation needs: new housing, demolitions, – numbers of pre-school children, and nature and extent of usage.
- Roll projections - where the effect of placing requests on a school is significant, projections should be given with and without the effect of placing requests.

### **Policies and Objectives relating to Rationalisation Proposal**

- A statement of the educational objectives of the closure and its relationship to the council's policy on the reorganisation of educational provision, along with other reasons for closure.
- Council's deprivation strategy.
- Other relevant council policies, for example, the removal of hatted accommodation.

### **The Restructuring Proposals**

- The options available and timescale of proposals.
- Redeployment issues for teaching and non-teaching staff.
- Travel distances (including approximate time involved) - current and proposed.
- Potential traffic hazards for resolution and consultation with police.
- Secondary school transfer arrangements.
- Alternative arrangements for groups using the school in the event of closure.
- Future use of the property. State intention to declare surplus to requirements.

### **The Financial Implications**

#### **Potential Savings from Restructuring Provision**

- The ultimate level of revenue savings, per annum, provided that the authority does not retain the building. Identify areas of potential savings covering:
  - rates and property costs;
  - teaching and non-teaching staff costs;
  - charges by direct service departments e.g. cleaning, catering, ground maintenance.
- The amount of capital expenditure avoided on the major planned maintenance programme.
- Estimated capital receipts assuming that there are no title restrictions prevailing.

#### **Costs Involved in Restructuring Provision**

- Costs for boarding up(one-off), and/or security patrols(per week), and/or demolition(one-off).
- Capital costs in adapting buildings at receiving schools.
- Additional transport costs.
- Costs for the removal and transfer of equipment, furniture and fitments.

85. All councils exceeded the minimum statutory requirements for consultation, by issuing notifications inviting written representations, and holding public meetings. A wide range of interested parties were usually consulted including, for example, trade unions, elected representatives at local and national level, community councils and representatives of user groups.

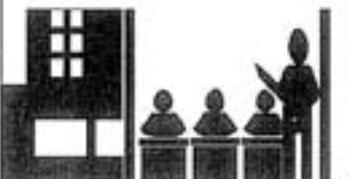
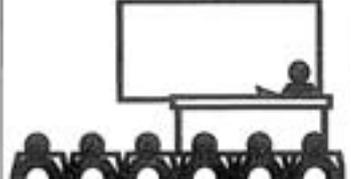
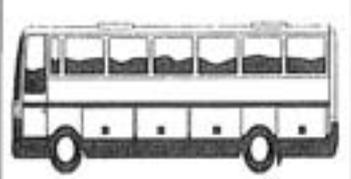
86. But the resistance likely to be found by any education authority seeking to rationalise schools provision in the local area should not be underestimated. Exhibit 13 presents an outline of a consultation exercise in which the education authority published four options for removing surplus places in secondary schools in the local area. The nature of the responses provided during consultation reflect the almost universal opposition which meets attempts by authorities to amalgamate or close schools. In addition to written submissions, the authority received four petitions, with an aggregate of 2,800 signatures, seeking the retention of all schools included in the consultation exercise. From around 150 written submissions, none of the four options proposed by the authority received one vote of support. Independent of other objections, at least one third of the responses sought the retention of the status quo.

87. Education authorities must also obtain the approval of the Secretary of State to close a school where primary pupils will have to attend a school five or more miles away, or in the case of secondary pupils, a school ten or more miles away. Under the Education (Scotland) Act 1981, authorities are also required to seek the Secretary of State's consent to any proposals relating to a denominational school which would mean that denominational education was no longer available to its pupils. A further obstacle in practice, has occasionally been the Self-Governing Schools etc. (Scotland) Act 1989. This Act makes provision for school boards to ballot parents on the issue of whether the school should apply for self-governing status. As a first step, the board must submit a legally valid petition for self-governing status, and this has the effect of precluding the education authority from reaching a decision to close the school.

88. On several occasions, schools attempting to avoid closure have applied for self-governing status. In cases where a majority of the parents voted in favour of the proposal, the Secretary of State did not approve the applications. However, regardless of the ballot result, the use of this legislation by groups opposed to closure has occasionally delayed reorganisation in authorities. In one case which attracted wide publicity, a final ruling on a point of legislative detail by the Law Lords in the Court of Session prevented Strathclyde Regional Council from addressing what the authority perceived as significant educational difficulties (Box 9). This led to a change in the legislation.

### Exhibit 13. The Consultation Experience

Responses can reflect almost universal opposition to school closure.

|  |  |
|--|--|
| <p><b>Proposal:</b><br/>As a response to over-provision in a local area with three secondary schools, the publication of four options involving closure of either one of two named schools.</p> <p><b>Consultation:</b><br/>In addition to the individuals and bodies defined by statute, the authority sent a covering letter and copy of the consultation document to headteachers and teaching and non-teaching staff in the schools; all Regional and District Councillors; teaching and non-teaching trades unions; and a large number of interested parties including MPs, a community council and, although the schools were non-denominational, the Roman Catholic Church. Public meetings were convened in each of the three schools.</p> |  |
| <p><b>Nature of Responses</b></p>  |  |
|   | <p>Parents unanimously agreed against all four options.<br/>Regret necessity to question existence of two successful schools.<br/>Regret that status quo was not an option.<br/>Favour maintenance of status quo.</p>  |
|    | <p>Dispute school capacity and roll forecast figures.<br/>Roll forecasts take no account of changing factors.<br/>All schools will be crowded by the year 2000.<br/>Building costs of reorganisation under-estimated.<br/>Proposals over-estimate savings.</p>               |
|   | <p>Effects of small roll on curriculum being overstated.<br/>Concern over increased size of classes.<br/>Larger classes could be detrimental to slow learners.<br/>Larger first and second year classes means that less pupils will be able to embark on higher courses.</p> |
|   | <p>Roll of school in wider community is critical.<br/>No attempt to evaluate contribution of school to community.<br/>Closure of the school would destroy the community.<br/>Concerned at the effects on the community of closure.</p>                                       |
|   | <p>Concern over travel and the safety of pupils.<br/>Concern over travelling after extra-curricular activities.<br/>Increased journey time for pupils.<br/>There are serious road safety implications.</p>   |
|   | <p>Envisaged inter-community rivalry between pupils.<br/>Concern over area rivalry.<br/>Concern about rivalry after merger, and possible bullying.<br/>Inter-area conflict a fact of life.</p>   |

## Box 9: Opting Out Provisions can Present an Obstacle to Restructuring Provision

### **December 1991**

After consultation on three options for closing a secondary school (A) in an area with significant surplus capacity, education committee supports the director's recommendation that a wider review is necessary.

### **September 1992**

Issue of second consultation document. Four options all propose closing the original school, plus two others (B and C).

*Submission of petition for self-governing status by school board at school B prevents action by the authority.*

*The views of parents and pupils are sought in a ballot on self-governing status.*

*A very low poll on the ballot means that a second ballot is required.*

### **April 1993**

*The parents reject self-governing status.*

Authority has insufficient time before the next school year to complete the building adaptations proposed.

Issue of third consultation document, with single option proposing the closure of school B. Two other secondaries (D and E) and 14 associated primaries included in the scope of the review.

### **June 1993**

After consultation, education committee approves recommendation to close school B.

*Submission of petition for self-governing status by school board at school D.*

*Court of Session grants interim interdict to prevent closure of school B until the result of the school D ballot is known (June 1993).*

### **July 1993**

Interim interdict recalled on application by the authority.

### **August 1993**

*Interdict reinstated.*

### **September 1993**

Interdict recalled.

### **October 1993**

*The Law Lords at Court of Session grant interim interdict to prevent closure of school B until ballot at school D is complete.*

The Law Lords decision was based on the interpretation that the plan to close school B was also a proposal 'as regards' school D. The implication of this decision is that the school boards of all schools referred to in the consultation document could make serial applications for self-governing status \*\*.

After a minimum period of two years, the same process could recommence.

\*\*An amendment to the Self-Governing Schools etc. (Scotland) Act 1989 included in the Local Government etc. (Scotland) Act 1994 now prevents this happening.

### **3. LOCAL GOVERNMENT REORGANISATION**

89. The replacement of the nine mainland education authorities by 29 new authorities is likely over the next year or so to delay action designed to remove surplus capacity. If amalgamation and closures were to take effect before the beginning of the 1996/97 school session, then education authorities would require to take decisions in principle to commence consultation, before the end of 1995. Opportunities are likely to be missed during this period.

90. It remains to be seen whether the 29 new councils will be able to match provision to pupil numbers in local areas. In urban areas, the creation of smaller education authorities will divide some local areas. The rationalisation of surplus places in those areas may have been addressed more readily by larger education authorities. Since the 1994 Local Government etc. (Scotland) Act is reducing the term of office of councillors from four to three years, there will be a smaller time period between elections for planning, consulting upon and implementing rationalisation.

91. On the other hand, new unitary councils will have the opportunity to strengthen the corporate approach to the management of school buildings. There could be new opportunities for libraries, leisure and recreation services to make use of school buildings, as well as opportunities to create new joint use facilities, possibly under the Private Finance Initiative.

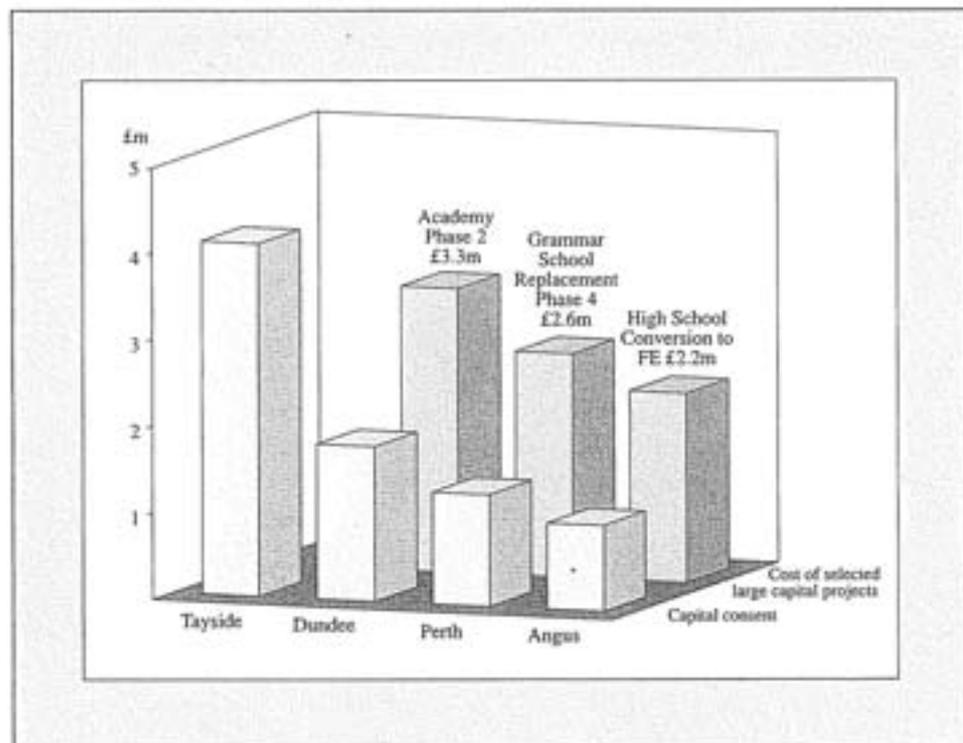
### **4. FINANCIAL REGIME**

92. The reorganisation of local government involves very important and complex issues concerning the financing of councils which lie beyond the scope of this study, but there will be significant implications for the education service.

93. There will be pressures on the Financial Plan system which is the basis of allocating capital consent from The Scottish Office and the planning of programmes within councils. Where the area of a large education authority is being divided into several new authorities, the smaller new councils will receive proportionately smaller allocations. Smaller councils are likely to have a much restricted ability to exercise strategic choice between major projects. Tayside Regional Council has calculated what is likely to happen if the three new unitary authorities in the Region each receive a proportionate share of the capital consent for education (Exhibit 14). In Dundee, for example, a capital allocation of some £2M would be inadequate to fund one phase of the major modernisation of a secondary school.

### Exhibit 14. Capital Consent of a Regional Council

The new councils may have restricted capacity to manage their capital programmes.



94. There will also be severe pressures on the revenue budgets of the new councils. There is concern that, under the current formula for determining the Grant Aided Expenditure for councils, some new authorities, especially the cities, could face significant resource shortfalls. This issue is being examined by the Working Party on Local Government Finance.

95. These financial pressures, both on the capital and revenue budgets, are likely to be particularly evident in relation to those new councils which are facing the greatest challenge of removing surplus capacity. In particular, they may find it difficult to finance improvements in receiving schools before other schools are amalgamated.

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## 7. THE NEXT STEPS

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96. The 29 new councils will inherit a situation which cannot be allowed to continue. Value for money in school education budgets, which will be under severe pressure, will only be achieved by reducing the cost of surplus places. Pressures on both capital and revenue budgets could be greatest in the urban authorities some of which will inherit significant disposable surplus capacity in secondary schools.

97. Parents and local communities generally do not welcome changes which involve the loss of local school provision. Experience across Scotland would suggest that three requirements face a new council which is addressing the management of change in school provision.

98. First, the council must be committed, both councillors and officers, to develop a strategy which has as its main objective the provision of the highest quality of educational opportunity and experience with the resources available.

99. Second, the council must develop good consultation procedures which communicate clearly and persuasively the benefits of change.

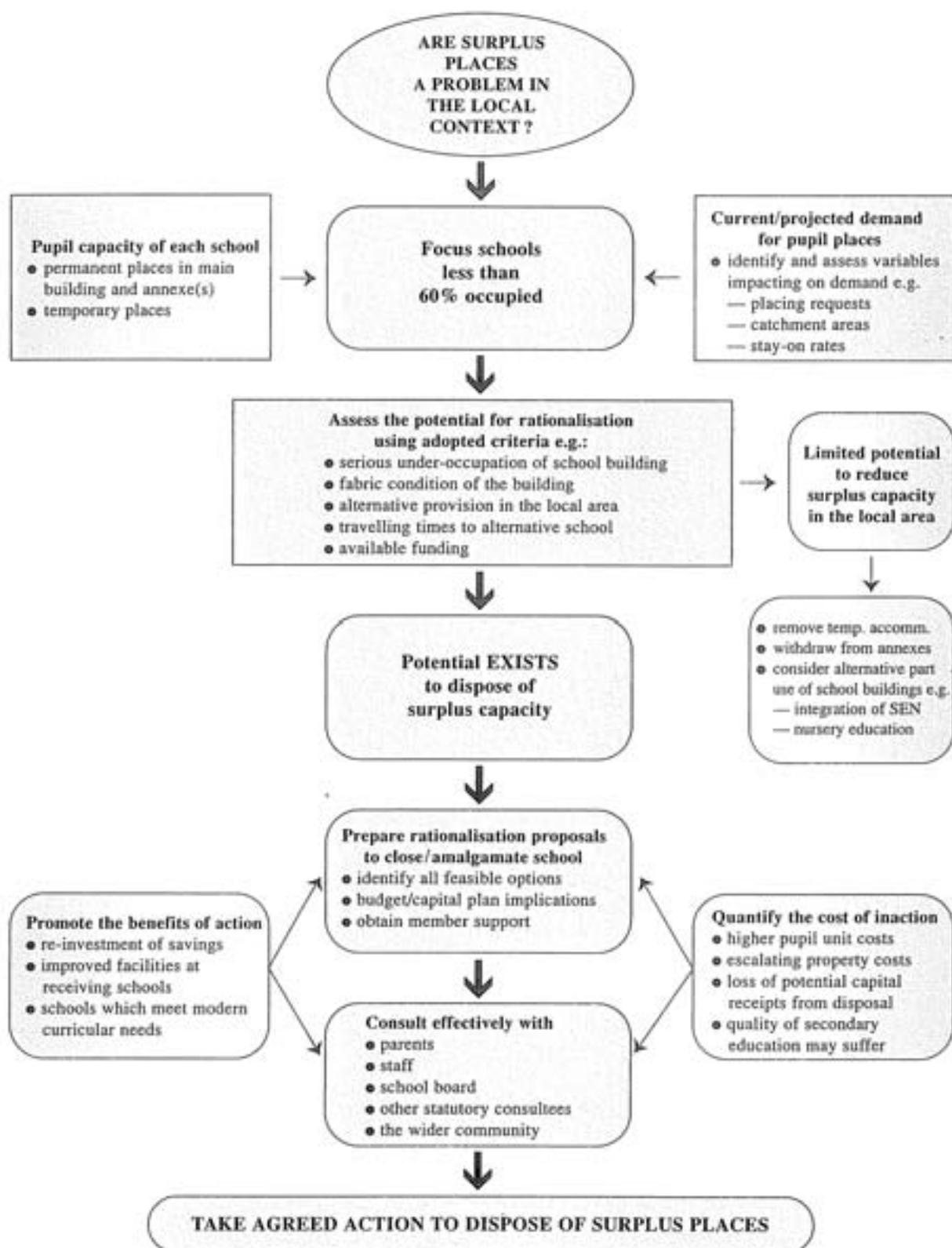
100. Third, the process of change itself, must be carefully planned and adequately resourced. It is especially important to ensure that receiving schools can offer from the first day a good educational environment for transferring pupils.

101. It is the Commission's view that there is an obligation upon the Government to support councils in this process. Not only is education the biggest service, but both capital expenditure (through the Financial Plan and capital allocation system) and revenue expenditure (through the grant system and capping arrangements) are under the overall control of The Scottish Office. It is self-evident that there is a common agenda, since the Secretary of State will not wish resources to be wasted in grossly under-occupied and sub-standard buildings.

102. The Commission invites the Secretary of State to consider whether more could be done to provide resources through the capital planning system which are targeted to improve and support receiving schools, as part of agreed local strategies. Whilst the current Financial Plan system does recognise that projects linked to rationalisation should have a priority, the planning cycle of the Financial Plan system does not sit well with the timetable usually faced by a council which is pursuing a proposal for rationalisation.

103. The Commission will continue its interest in this area. The Local Government etc. (Scotland) Act 1994 places a duty upon new councils to achieve economy, efficiency and effectiveness in their use of resources. The Commission will encourage councillors and senior managers to develop local strategies which will improve the quality and effectiveness of provision. This report, and the companion Guide, are intended to help this process, and the Commission will require external auditors to review progress with the management of the new councils over future years.

## ADDRESSING SURPLUS CAPACITY



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