

Key messages

Improving the school estate



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Key messages

Introduction

1. Ten years ago, many schools in Scotland were in a state of serious disrepair with major improvements needed. Education was a priority issue for central and local government and a programme of building renewal began in the late 1990s. The first new and refurbished schools from this programme opened in 2000 and 2001.

2. The School Estate Strategy was launched by the Scottish Executive and the Convention of Scottish Local Authorities (COSLA) in 2003.¹ Its aim is to raise and maintain the quality of the school estate over a period of at least ten to 15 years, leaving no schools in unsuitable condition for 21st century education.

3. The overall aim of our study was to evaluate the impact of the strategy on school buildings and what has been achieved to date. The objectives of the study were to address the following questions:

- What does the School Estate Strategy aim to achieve?
- How many schools have been rebuilt or refurbished?
- How much has this cost?
- How effective are the new and refurbished school buildings?
- How well are the Scottish Government and councils managing the improvements?

4. The study does not evaluate the merits of different funding routes for improvement works. Rather, it assesses what has been achieved with the investment made, regardless of its source.

5. In carrying out the study we collected data from all 32 councils and visited six of them to interview key officers and review documentation. We also undertook a building design quality survey at 18 new or refurbished schools, and conducted focus groups with pupils and a questionnaire survey among staff at ten of those schools. In addition we interviewed Scottish Government officials and other key stakeholders.

Key messages

1 The 2003 School Estate Strategy does not set out exactly what needs to be done with the school estate or how it will be achieved. The Scottish Executive allocated financial support to councils before reliable information was available on the condition of schools and before developing the strategy.

6. When the School Estate Strategy was launched in 2003 there was a lack of comprehensive and consistent information about the physical condition and fitness for purpose of existing schools.

7. While there was no doubt that many school buildings needed to be improved, the strategy contained limited detailed information on the scale and nature of the improvements that were needed and set few specific targets for achieving its aims.

8. Since 2003, the government and councils have been working together to develop a robust and consistent method for assessing the condition of school buildings. This has led to improvements in the data available and provides an opportunity to review the strategy, set specific targets and monitor progress against them.

2 Based on the Scottish Government's criteria, interim targets for improving 300 schools by 2006 have been met. However, if the strategy continues at current rates of progress it could take up to 20 years to remove all schools from poor or bad condition² and make them fit for 21st century education.

9. The initial target from the Scottish Executive in 1999 was to build or significantly renovate 100 schools by 2003. At that time there was no clear definition of what was meant by significant renovation. However, according to criteria developed by the Executive, this target has been met.

10. In 2002, ministers made a further commitment to build or substantially refurbish 200 schools by 2006 and a further 100 by 2009. According to the Executive's criteria, the 2006 target was met and the 2009 target is on course to be met (Exhibit 1).

11. In total, 219 newly built schools³ opened between 1999 and 2007. It is estimated that at least 160 more will be built as a result of Private Finance Initiative (PFI)⁴ contracts and traditionally funded projects already committed to by councils.

¹ *Building our Future: Scotland's School Estate*, Scottish Executive & COSLA, 2003.

² Condition of school buildings is graded into four categories from A to D: A – good condition: performing well and operating efficiently, B – satisfactory condition: performing adequately but showing minor deterioration, C – poor condition: major defects and/or not operating adequately, D – bad condition: life expired or at serious risk of imminent failure. *School Estate Statistics 2004*, Scottish Executive, 2005. D was redefined as 'bad condition: economic life expired and/or risk of failure', *The Condition Core Fact*, Scottish Executive, 2007.

³ Including 12 stand-alone nursery centres.

⁴ Often referred to as Public Private Partnership (PPP).

Exhibit 1

Interim targets on new and refurbished buildings have been met or are on course to be met, according to Scottish Government criteria

Target	Achieved?
To build or significantly renovate 100 schools by 2003 <i>(Source: Making it Work Together: Programme for Government, Scottish Executive, 1999)</i>	Yes, but depends on definition of 'significantly renovate'
To complete an additional 200 new or substantially refurbished schools by 2006 <i>(Source: Closing the Opportunity Gap: Scottish Budget for 2003-2006, Scottish Executive, 2002)</i>	Yes, but depends on definition of 'substantially refurbished'
To enable the renewal of 300 schools by 2009 (including the 200 schools above) <i>(Source: Building a Better Scotland: Infrastructure Investment Plan: Investing in the Future of Scotland, Scottish Executive, 2005)</i>	Current rate of building new schools alone suggests it will be achieved

Source: Audit Scotland

12. The School Estate Strategy outlines three key factors which should influence councils' decisions about improving their school buildings:

- Condition – physical condition of buildings.
- Sufficiency – providing school places to meet pupil demand.
- Suitability – how fit buildings are for their educational purpose.

13. Using indicative estimates of school condition, around 200 schools were lifted out of poor condition over a three-year period although around 1,000 remain in poor condition.⁵ At this rate of progress it could take up to 20 years to remove all schools from poor condition.

14. Some councils have used major building and refurbishment projects to address sufficiency by reviewing occupancy levels in their schools. For example, Glasgow City Council rationalised the number of its secondary schools from 38 to 29, resulting in significant improvements in its occupancy levels. Over 60 per

cent of Glasgow's secondary schools had an occupancy level of between 81 per cent and 100 per cent after the rationalisation, compared to only 25 per cent of schools having this level of occupancy before it.

15. Progress on improving the suitability of school buildings is not clear because councils take a variety of approaches to evaluating how suitable their schools are. The Scottish Government has initiated a project to review the different approaches with a view to developing a standard approach.

3 Investment worth £3.9 billion has been committed to improving schools in the last seven years and this is expected to increase to over £5.2 billion by April 2008. Limitations in the available data mean that the Scottish Government cannot accurately assess how much still needs to be spent to achieve the aims of the strategy.

16. Expenditure on the school estate has risen significantly in recent years. Councils and the Scottish Executive

spent, or committed, the equivalent of £3.9 billion on capital improvements to school buildings in the seven years from 2000/01 to 2006/07. This figure is expected to increase to over £5.2 billion by April 2008.

17. In simple terms, there are two main funding routes which councils can take when improving their school estate:

- 'Traditional' capital expenditure.
- Private Finance Initiative (PFI) contracts.

18. Councils have spent £1.56 billion on improving the school estate through 'traditional' capital spending, which includes money from borrowing, capital receipts, developer contributions, insurance claims and grants from the government's Schools Fund. Fewer than half (43 per cent) of the 219 new schools built and opened between 2000 and 2007 have been funded this way, although only three of the 47 new secondary schools used this route.

19. Improvements to the school estate worth £2.34 billion were committed through PFI contracts signed by April 2007. By April 2008, this is expected to reach 36 signed contracts for improvements worth over £3 billion. The features of a PFI contract are substantially different from traditional capital spending arrangements. A PFI provider supplies a package of services to a council including day-to-day services such as maintenance and repairs as well as the capital asset itself. The council pays an annual charge to the provider for the whole package over a typical 30-year term. At the end of the 30 years the council owns the buildings.

20. The government has supported both funding routes financially. The Schools Fund is an annual capital expenditure grant to all councils. It increased from £26.7 million per annum in 2000/01 to £151.35 million per annum in 2006/07. From 2008/09, grants specific to school

buildings will be incorporated into the general funding allocated to councils by central government.

21. Central government also funds up to 80 per cent of capital costs and up to 40 per cent of maintenance costs of PFI contracts. Funding allocated for this support commits the government to revenue costs of over £200 million per year until the 2030s, once all the PFI contracts in the current programme have been finalised.

22. The early financial commitments were made before the School Estate Strategy was launched and before the scale and detail of what was required was known.

23. However, there was wide consensus about the need for major investment in the school estate and final decisions about financial support for councils were made on the basis of each council's business case.

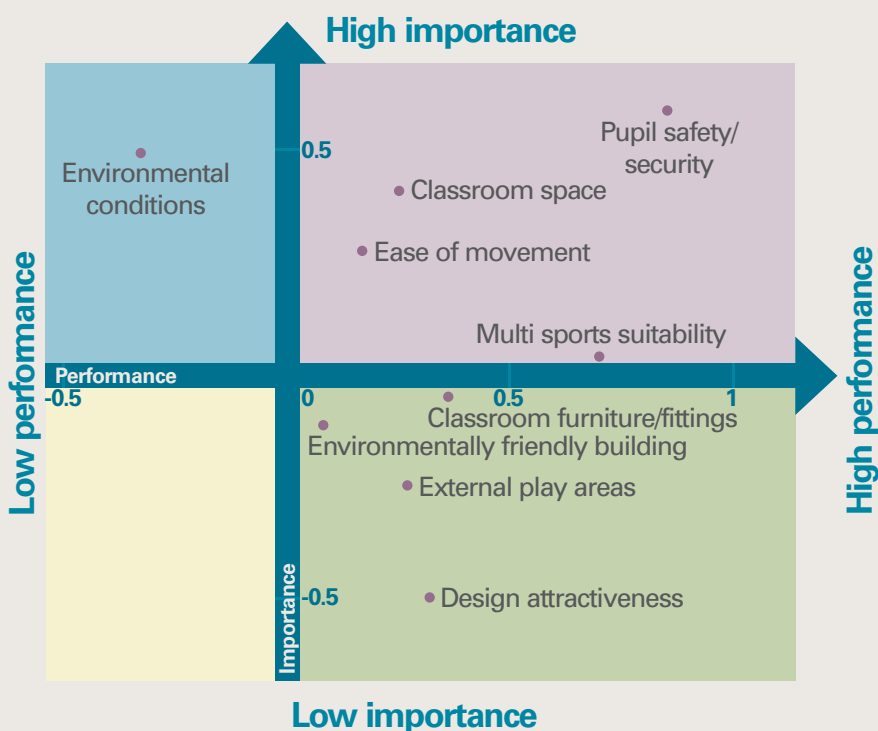
24. Levels of revenue support and constraints on capital spending made PFI contracts attractive to many councils. The Prudential Code, introduced in 2004, removed direct Scottish Government control over councils' capital spending. However, this route does not attract the same levels of government revenue support and so far only two councils have funded major projects explicitly through prudential borrowing.

25. PFI contract charges increase each year and councils have to meet this extra charge in full. Not all councils have effective plans in place to meet these increased costs, putting pressure on future budget planning as a result.

26. Information is not available to directly compare maintenance spending between PFI and non-PFI schools. However, many councils believe that maintenance standards are in practice higher in PFI-funded schools as these standards are specified within the agreed contract. If maintenance budgets for non-PFI schools are inadequate, the condition of the school buildings will deteriorate faster.

Exhibit 2

Staff are satisfied with most design aspects of new and refurbished schools, except for environmental conditions



Note: Importance and performance are shown on this chart as average scores across the sample. Importance and performance scores were measured on a scale of 2 (very important/performing very well) to -2 (not at all important/not performing at all well).

Source: School staff survey by George Street Research, Audit Scotland, 2007

4 Pupils and staff are generally satisfied with the design quality of new and refurbished schools. But when assessed against good practice standards the schools could be designed better, particularly refurbished schools.

27. Our study of 18 new and refurbished schools suggests that most new-build schools meet good practice standards for some design details, including safety and security, and furniture and fittings. However, they fall short of good practice standards in other design aspects.

28. Refurbished schools tend to fall below new-build standards in every design aspect. Although refurbishments are constrained by existing structures, many of the standards can be met through careful design. Without this, refurbishment can have a negative impact. In the case of environmental conditions

for example, installation of poorly designed replacement windows can reduce the levels of daylight and introduce difficulties with ventilation and summertime overheating.

29. Pupils and staff are generally satisfied with their new or refurbished accommodation although some express concern with certain aspects. Pupils and staff in primary schools tend to be more positive than those in secondary schools and, overall, they view new-build schools more favourably than refurbishments.

30. Staff consider pupil safety and security as their top priority for school design and feel that new and refurbished schools perform well in this regard.

31. Exhibit 2 shows how staff rate various aspects of their school's design.

5 The two areas of school design which require particular attention are environmental conditions, such as heating and ventilation, and factors to improve the environmental sustainability of buildings.

32. The Scottish Executive set out ten features of a well-designed school in guidance to councils in 2003. We found variation in the extent to which new and refurbished schools complied with these features.

33. Environmental conditions, such as heating and ventilation, and environmental sustainability of building design are the two main areas that require attention in future new-builds and refurbishments. This came through strongly both from the design assessments we conducted and from the views of staff and pupils.

34. Air quality and temperature are the main cause for concern at many of the sample schools. For example, we found examples of double glazing being fitted without the optimal number of opening windows, causing inadequate ventilation and poor temperature control.

35. Many staff and pupils feel that the temperature in working areas is not maintained at a comfortable level and is not easy to control. Overheating, especially in the summer, is a common problem.

36. There is no evidence from our sample of schools that environmental sustainability is a key factor in design. Environmental sustainability measures are generally only included where they do not increase costs significantly. But there are good examples of minor initiatives and early signs that this is being taken more seriously now.

37. Performance against the other features of well-designed schools is variable. These include site and space planning, flexibility of use, attractiveness of buildings and provision for community use.

6 School estate planning is driving improvements to buildings and helping councils and the Scottish Government plan and prioritise what is needed. However, the quality of long-term demand planning varies between councils and there are significant risks to the school estate if this is not improved.

38. Since the School Estate Strategy was launched in 2003, councils are required to produce a School Estate Management Plan (SEMP), based on a six-step process for designing, developing and implementing improvements. The SEMPs have helped councils prioritise what is needed to improve their estate and are helping the Scottish Government understand the nature and scale of the improvements needed at a national level. Many councils have used the SEMP process as a basis for developing their approach to managing all their assets beyond school buildings.

39. Planning for demand for future school places varies considerably between councils. Fewer than half of councils estimate the number of pupils they expect in their schools beyond the next ten years.

40. It is more difficult to plan for periods beyond 15 years and there is a greater risk of uncertainty around longer term predictions. However, the average planned lifetime for a new school is 50 years and any funding decisions should be based on reasonable assumptions that assets will be used for a substantial proportion of their life.

41. Councils that have completed more than one major schools improvement project learnt important lessons which helped them perform better in subsequent projects.

42. However, we found that councils generally do not do enough to share experiences and good practice with each other. There is scope for more shared approaches in improving the school estate. This could lead to efficiency savings through councils sharing staff and technical expertise as well as sharing design ideas and procurement experience.

Key recommendations

- The Scottish Government and councils should review the School Estate Strategy and set specific, measurable and meaningful targets to ensure that the aims of the strategy are clearly expressed and progress can be properly assessed.
- The Scottish Government should identify a financial strategy for achieving the aims of the School Estate Strategy. The amount of financial investment required should be estimated now and kept under review as information improves and progress towards targets continues. The financial strategy should allow for the long lead-in time required for major school-building projects.
- Councils should use Scottish Government guidance to make sure that future school design strikes a good balance for the comfort of everyone who uses the building.
- Environmental sustainability should be a key element of school design, not an added extra.
- The Scottish Government and councils should do more to identify and share good (and bad) practice in school design and estate management. This could lead to efficiency savings through shared approaches.
- Planning for future changes in pupil numbers is essential and all councils should estimate pupil rolls for at least ten years ahead. They must review these assessments at least annually in order to reflect potential short-term demographic changes.
- Councils should seek to transfer learning from experiences on school estate management to improve general asset management across their organisations as appropriate.

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