


# Edinburgh Schools Closure – some facts and figures



In the maelstrom of school closures and rumour and supposition it is perhaps a little difficult to identify the hard facts. We have looked for at least some factual evidence and the article which follows is a result of that. It is not intended to be all-encompassing, but we do hope that it adds to your knowledge of the current situation.

 The Edinburgh Evening News has a headline this morning to suggest that schools are going to be closed till the summer, but to our knowledge no named person at the City Chambers or Waverley Court has actually said those words.

When we interviewed Chief Executive Andrew Kerr on Tuesday he confirmed that he and his team were concentrating on getting children back to a place where they can be educated as quickly as possible. Whether or not that is their own school is not yet clear, but detailed structural surveys are underway to identify the schools where there are problems. No timetable has yet been identified.

The CEO indicated that the surveys conducted thus far appear to identify the same serious problem as that found at Oxbgangs Primary School involving header ties on walls.

Mr Kerr said to The Edinburgh Reporter : “We are concentrating clearly on making sure that we get all our young people in buildings suitable for their education, and we are concentrating on those who have exam requirements and those who have special needs.”

The Council Leader Andrew Burns was interviewed on Good Morning Scotland earlier today. He explained that while it

appears that all 17 schools are affected by similar faults, nobody will know the full extent until detailed reports are made available following the surveys which are currently being carried out.

Later today he said: "I'm delighted we have now been able to put in place arrangements for our primary, special school and majority of secondary pupils. Work is continuing to accommodate our S1, S2 and S3 pupils.

"The integration of pupils sharing schools has been going well and all our host staff and children have been welcoming the additional pupils and their teachers. I again want to pay credit to the Chief Executive and his team for their work on what has been a huge logistical challenge for the Council.

"Yesterday evening the Council received early indications that suggest evidence of faults across all 17 affected schools to a varying extent. At the moment it is too early to say what the impact will be as full survey results from Edinburgh Schools Partnership have not yet been received. Some faults may be easy to fix and may not present a major problem while others could be longer term.

"We will provide parents with further information on the impact of individual school surveys once the full reports are received and assessed.

"What is certain is that we won't take risks with the safety of our schools children and schools won't reopen until Edinburgh Schools Partnership can assure us of their safety. As part of the contract, Edinburgh Schools Partnership own, maintain and assure the safety of the affected buildings.

"We will publish further information on individual school surveys when these are formally received and of course provide an update to parents on their individual schools and the remediation works required."

## ***Alternative arrangements***

Some pupils were back at school from yesterday (Wednesday) with a raft of alternative arrangements put in place by the council team dealing with the matter with other dates to follow. The situation is changing by the hour and the council is [updating their website](#) with the detailed contingency arrangements.

The council is trying hard to ensure that pupils are being taught in a suitable place by their own teachers to minimise the effect of this disruption, and is providing free school meals and transport too. They expect all costs to be borne by Edinburgh Schools Partnership – and certainly ESP issued a statement to the effect that they will pay to resolve the building issues:

***A spokesperson for Edinburgh Schools Partnership said:***

***“While carrying out remedial works on Friday afternoon (8 April), a new issue came to light at two PPP1 schools – Oxbgangs and St Peter’s – relating to an absence of header ties in sections of the building.***

***“The standard of construction carried out by the building contractor is completely unacceptable and we are now undertaking full structural surveys on all PPP1 schools to determine whether this issue***

***is more widespread. For the safety of all pupils and staff, the schools will be closed while this work is underway.***

***“Edinburgh Schools Partnership will accept full financial responsibility for investigating and resolving these issues to ensure that each and every PPP1 school undergoes all necessary remedial work. We would like to apologise to parents and pupils for all of the uncertainty and inconvenience caused, and give our sincere assurances that we will fix these issues.”***

The Chief Executive Andrew Kerr said to The Edinburgh Reporter that he expects **all costs** to be borne by the consortium, but as is usual in these matters that will depend on the terms of the PFI contract which we have not seen.

The eventual outcome may very well require to be resolved in due course by alternative dispute resolution or even court action, but that is a long way off.

## **Private Finance Initiative**

So what about the Private Finance Initiative scheme which the City of Edinburgh Council and many other councils across Scotland finds themselves party to? What is it and how much is it actually costing? What are the facts and how can we find them?

Has the council actually stopped paying any charges meantime? It certainly looks that way from this statement issued by the

City of Edinburgh Council:

***“The Council’s focus rightly remains on getting our school children back into education as soon as possible and we making significant progress in putting contingency arrangements in place.***

***“We are in daily contact with Edinburgh Schools Partnership and their contractual obligations form part of those discussions.***

***“The Council will be applying all contractual terms which includes deductions for non-availability of buildings. ESP have already confirmed that they will accept full financial responsibility for investigating and resolving these construction issues to ensure that each and every affected school undergoes all necessary remedial work.”***

Edinburgh Schools Partnership is a limited liability company which has to file accounts in the same way as any other.

Their latest accounts to 31 March 2015 are available at Companies House and are embedded below for those expert number crunchers among you.

These show a profit of £1.8 million last year on a turnover of just over £11 million and £3.3 million profit in the previous year.

But there is also the question of the holding company ESP (Holdings) Ltd who have borrowings of just over £58 million. Their accounts show cash at bank of £12 million which would enable them to keep their bank happy enough without any ongoing income from the council.

Again we embed their latest accounts below.



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For an explanation of the PFI scheme in general [Audit Scotland](#) issued a guide in 2002. This is a paragraph from that:

***There are real benefits and to date PFI providers are delivering the new schools and associated service reliably and without significant cost changes for councils. There is evidence of clearer specification of service requirements, improved control over construction costs and timescales and innovative solutions stimulated by competition. Councils, teachers and pupils generally welcome the improved accommodation and level of service that has come on line so far. However there are also disbenefits, such as the reduction in future financial flexibility and the higher costs associated with the more rigorous PFI procurement.***

#### ***PFI – Full Business Case***

There is a copy of the draft Full Business Case produced by Audit Scotland about the PPP deals entered into by The City of Edinburgh Council dated 15 August 2006 available online [here](#).

The council had applied to the Scottish Office in 1998 for revenue funding for the PPP to build schools, and according to



the report by 2001 the final contract was to be agreed.

The redevelopment of Oaklands and Westlea schools was eventually removed from the contract as these were developed separately with Capability Scotland, and the other part of the plan which has not yet been implemented is the provision of a new primary school in South Edinburgh.

But 17 schools were built or refurbished just over 10 years ago, and it is these which are now providing the council with a logistical headache.

### **Tommy Sheridan**

But it has taken none other than politician Tommy Sheridan to make a Freedom of Information request to The City of Edinburgh Council to find out the specifics of these PPP1 contracts and the council answered that request yesterday.

***The former MSP and founder of the Solidarity political party asked three separate questions:***

***“How much has the council paid annually towards PFI/PPP contracts in each of the last 10 financial years 2004 – 05 to 2015 – 16?”***

***“How many times has legal advice been sought in relation to re-negotiating these contracts?”***

***“How much is still owed by the council towards those contracts?”***

From the answers given under FOI it has been confirmed that in relation to the PPP1 contracts which cover the 17 schools the council has paid £171,238,000 over the last 10 years.

Last year the council paid the highest annual figure yet when it paid £17.2 million to the Edinburgh Schools Partnership.

The original partners were Amey Ventures, Amey Buildings, Amey

Business Services, Miller Construction, Project Management International Ltd although Miller has since been bought over by Galliford Try. The Bank of Scotland was also part of the arrangement, although that is now Lloyds Bank plc. 7 other consortia were also in the running for this contract, but it was ESP who were shortlisted along with one other, and they eventually got the deal.

But the rather more interesting answer of how much is left to pay on this set of contracts is **£355,624,000** as at 31 March 2015. (In all, on all PFI contracts there is an outstanding sum of over £1 billion)

This grand total of **£526,862,000 over the 30 year life of the PPP1 contract** is much more than the **£360** million figure being widely quoted at the moment as the price tag for these 17 schools. (We ourselves have used that number).



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