



Report of the Director of People

External Funding Panel – 4 July 2018

Overview of the Approved Strategic Outline Programme for Band B of the 21st Century Schools Programme

Purpose:	To inform the External Funding Panel of the approved Strategic Outline Programme for Band B of the 21st Century Schools Programme, and the indicative profile of spend and timescales for delivery.
Policy Framework:	Capital Budget & Programme 2017/18- 2023/24 as reported to Cabinet on the 15 February 2018 and 21 June 2018 – School Organisation linked to the Welsh Education Strategic Plan QEd Programme Corporate Priorities; <ul style="list-style-type: none">• Safeguarding people from harm• Improving education and skills• Tackling poverty• Transformation and Future Council development
Consultation:	Education, Finance, Legal Services, Corporate Building and Property Services
Recommendation(s):	It is recommended that: 1) External Funding Panel notes the content of the programme and anticipated profile of spend and timescales for delivery.
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1.0 Introduction

- 1.1 The purpose of this paper is to provide the External Funding Panel with an overview of the Strategic Outline Programme (SOP) for Band B of the 21st Century Schools Programme submitted to Welsh Government (WG) in July 2017, as reported to Cabinet on the 20 July 2017; Quality in Education (QEd) – Emerging proposals and investment priorities for the next band of the 21st Century Schools Programme
- 1.2 The WG formally confirmed on the 7 December 2017 that the envelope for Band B of the Council's 21st Century Schools / QEd 2020 Programme was approved in principle with an estimated programme envelope cost of £149.7 million. This is subject to the approval of individual project business cases.

2.0 Investment priorities

- 2.1 The proposed capital investment priorities and funding strategy for the next band of the 21st Century Schools Programme were approved by Cabinet on the 20 July 2017 and include;

a) Transitional spending from Band A:

The delay in delivery of a new build for Gorseinon Primary School due to the village green application has resulted in an increase in the cost of the scheme and a potential need to include a small sum within Band B for retention payments.

b) Education other than at school (EOTAS) review:

New build Pupil Referral Unit to address significant condition and deficiencies in the existing accommodation, remove the current backlog maintenance, as well as rationalising the number of sites. It will also meet the basic needs of pupils.

c) Delivering commitments within the Welsh Education Strategic Plan (WESP):

Welsh-medium primary places – New build schools for YGG Tan-y-lan, and YGG Tirdeunaw (possibly co-located on the YGG Bryntawe site) to address basic need as well as condition and suitability issues, together with additional Welsh medium primary places to ease the pressure at YGG Pontybrenin in the short term, and through the Local Development Plan an opportunity to resolve the issues facing YGG Pontybrenin in the longer term.

Welsh-medium secondary places – Further enhancement and remodelling of existing accommodation at both secondary schools to meet demand until such time as a third Welsh-medium secondary school is required to be established.

d) English-medium secondary provision:

A continuing programme of replacement and remodelling works to address significant condition and suitability needs, particularly at Gowerton, Olchfa, Bishopston, and Bishop Gore.

The development of a major strategic LDP site in the Penderry area is likely to significantly impact demand in that locality although timescales are unknown at this time. Appropriate feasibility, design and other site preparatory works and site investigations will be required to facilitate the early delivery of enhanced educational provision within Band C.

e) English-medium primary provision:

A continuing programme of replacement and remodelling works to address significant condition and suitability needs, as well as supporting future sustainability, through the amalgamation of smaller neighbouring schools, prioritised to reflect the scale of investment funding available.

f) Aided Sector needs:

New build school for St Joseph's Cathedral School on an alternative site to address serious deficiencies in the current accommodation and facilities. Targeted enhancement and replacement of failing and inadequate accommodation at Bishop Vaughan, although this might need to be considered for Band C due to funding constraints. The Welsh Government would contribute 85%, with the remaining 15% representing an assumed contribution from the Diocese for these schemes to be deliverable. Delivery would be dependent on the necessary Diocesan contribution.

g) Special Schools Review:

A single enhanced new build school however, the complexity and affordability means that it would most likely be delivered towards the end of Band B, possibly with completion and occupation into Band C.

h) Wider Area Transformation:

There are likely to be changes in population and demand presented by other LDP strategic sites but this will not emerge until the sites are at least partially developed. The difficulty is to demonstrate deliverability without greater certainty regarding the timescales for such sites. Consequently, these would be priority areas within Band C.

- 2.2 These are set out in more detail in the Cabinet report which can be found at <https://democracy.swansea.gov.uk/documents/g7441/Public%20reports%20pack%20Thursday%2020-Jul-2017%2014.00%20Cabinet.pdf?T=10&LLL=0>

3.0 Progress and process

- 3.1 Each project within the programme will be subject to further approvals by WG upon receipt of an Outline Business Case (OBC) and then Full Business Case (FBC) from the Council. Many of the projects will also be

subject to a statutory consultation process, and catchment area reviews. Subject to the outcome of the above processes further reports will be brought to Cabinet seeking approval to commit each individual project to the Capital Programme before a contract is entered into with WG. These reports will include developed cost plans for each project following the further development of options appraisals and detailed design.

- 3.2 The total estimated cost of the Band B programme envelope is £141.7m (excluding the potential aided sector project which is assumed to require no Council contribution). Of this total, £91.3m is from traditional capital funding, and the remaining £50.4m is proposed to be delivered through revenue funding - Mutual Investment Model (MIM).
- 3.3 On the 6 April 2018, WG wrote to authorities, asking for additional / more detailed information with regard to;
 - profiling and prioritisation;
 - application of the cost and size standard (including rates for refurbishment); and
 - re-test for additional projects for the MIM element of the programme.
- 3.4 Whereas at the time of the SOP submission WG advised that the MIM funding criteria was that the project must be new build, WG explained in that letter that whatever the final procurement route, the MIM schemes will ultimately need to encourage market interest. Ideal facilities for MIM delivery are 100% new builds that are:
 - Secondary Schools larger than 800 places;
 - Primary schools larger than 420 places;
 - All through schools ; and
 - Further Education Colleges.
- 3.5 The latest WG view is that it is not value for money to put small or very complex schemes (such as Special Schools, PRUs and very small primary schools) through a MIM route. 'It is therefore, unfortunate that a number of schemes that have been put forward for MIM, via the SOPs, are now deemed unsuitable for delivery under this funding model'.
- 3.6 This means that two elements of the Council's SOP submission, the Special School and additional Welsh medium primary places through new build with enhanced facilities and capacity to address demand in the short term for places - possibly co-located on an existing site, would no longer be eligible.
- 3.7 The new 420 place (2 form entry (2FE)) school for St. Joseph's Cathedral Primary School would remain eligible, as could the new build for YGG Tirdeunaw. However the timescales for MIM delivery and the procurement process for the strategic partner which has not yet

commenced means that YGG Tirdeunaw could not be delivered within the proposed timescales via MIM.

- 3.8 The profile and data contained in the original Band B SOP submission, and subsequent Band B funding forecasts has therefore been reviewed to take account of the current progress, programme plan and in the case of the early projects, the individual project plans. It has also been revised to switch the MIM funding to English medium primary to enable YGG Tirdeunaw to be delivered through the traditional capital funding stream.
- 3.9 The options to substitute projects with the Special School and additional Welsh medium primary places have been explored and none are available to switch this significant amount of MIM to capital. The WG return therefore shows no change in this regard and officers will continue to press the need for this investment and for a WG resolution to the issue.

4.0 Early projects

- 4.1 Swansea Council has 6 Band B projects that are currently on track for construction phase completion and implementation by 2021;
- a) Gorseinon Primary School – completion of Band A project
 - b) Pupil Referral Unit - for which there is now an approved SOC / OBC and we anticipate submitting an FBC August 2018, with a start in site February 2019 and the new build being open to pupils in March 2020.
 - c) YGG Tan y lan – it is anticipated that the SOC / OBC will be submitted in autumn 2018, with a start on site Autumn 2019 and the new school build being open to pupils in January 2021. This is subject to a statutory consultation process which if approved by Cabinet at its meeting on the 21 June 2018*, will commence in September 2018.
 - d) YG Gwyr – it is anticipated that the SOC / OBC will be submitted in autumn 2018, with a start on site late 2019 and a phased implementation of additional capacity over 2020 and 2021. This does not require a statutory consultation.
 - e) YGG Tirdeunaw – it is anticipated that the SOC / OBC will be submitted in autumn 2018, with a start on site Autumn 2019 and the new school build being open to pupils in January 2021. This may be subject to a statutory consultation process which if approved by Cabinet at its meeting on the 21 June 2018, will commence in September 2018. The Band B proposal for YGG Tirdeunaw does not in itself require a statutory consultation, however we have submitted an application for funding through the recently announce Welsh medium capital grant for an additional 0.5 Form Entry which would then require a statutory consultation. The details of the WM Capital grant application are the subject of a separate report.

- f) Bishopston Comprehensive School – it is anticipated that the SOC / OBC will be submitted in autumn 2018, with a start on site late 2019 and construction completion in 2021. This does not require a statutory consultation.

* The report can be found at;

<https://democracy.swansea.gov.uk/documents/g7923/Public%20reports%20pack%20Thursday%2021-Jun-2018%2010.00%20Cabinet.pdf?T=10&LLL=0>

- 4.2 Pre-Construction phase costs have been approved for all of the above projects excluding YGG Tirdeunaw. Authority is being sought shortly for the pre-construction phase costs for YGG Tirdeunaw, and also some early pre-construction phase costs for YGG Bryntawe, which is intrinsically linked with YGG Tirdeunaw project, if it is to be co-located on the YGG Bryntawe site.

5.0 Equality and Engagement Implications

- 5.1 An Equality Impact Assessment (EIA) screening has been completed. Whilst there are no specific equality or engagement implications at this stage in the process, all projects that would be the result of this submission to Welsh Government would be subject to the EIA process (which incorporates the UNCRC) with the likelihood that a full EIA report would be required for each project.
- 5.2 The Council is subject to the Public Sector Equality Duty (Wales) and must, in the exercise of their functions, have due regard to the need to:
- Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Act.
 - Advance equality of opportunity between people who share a protected characteristic and those who do not.
 - Foster good relations between people who share a protected characteristic and those who do not.

Our Equality Impact Assessment process ensures that we have paid due regard to the above.

- 5.3 As part of this process we will also be considering the Well-being of Future Generations Act. The Act ensures that public bodies think more about the long term, work better with people and communities and each other, look to prevent problems and take a more joined-up approach.
- 5.4 All stakeholders will be fully engaged as each project is developed through the statutory consultations that will be required.
- 5.5 Community Impact Assessments have been prepared as per the School Organisation Code in preparation for Cabinet's decision to begin

statutory consultation on the proposals for YGG Tan-y-lan and YGG Tirdeunaw.

6.0 Financial Implications

- 6.1 Welsh Government funding for Band B of the 21st Century Schools Programme is being provided through £600m capital and £500m revenue funding for the whole of Wales. The revenue funding is being provided through a Mutual Investment Model (MIM), which is a form of Private Public Partnership (PPP). The MIM unlike traditional forms of PPP includes obliging long-term provisions to secure community benefits; create apprenticeships and training places for Welsh workers and for sustainable development, in which the private partner will be required to support delivery of the Well-being of Future Generations Act. The MIM also removes 'soft' services, such as cleaning and catering, from these contracts, which led to expensive, inflexible contracts and was a real bone of contention in the old PPP model.
- 6.2 For Band B the grant rate for capital projects remains at 50%. For Voluntary Aided schools it remains at 85%, however, unlike the current arrangements, the 85% will not be subsumed within the overall 50% grant rate for a Local Council. The grant rate for projects funded through the MIM is 75%.
- 6.3 The total estimated cost of the Band B programme envelope is £141.7m (excluding the potential aided sector project which is assumed to require no Council contribution). Of this total, £91.3m is from traditional capital funding, requiring (after allowance for realisable capital and other receipts) a net local funding requirement of £38.4m. The remaining £50.4m is proposed to be delivered through revenue funding (Mutual Investment Model), which would require no local capital funding contribution but incur an annual charge once the accommodation and facilities are completed. An equivalent local share of the capital cost would be £12.6m although the 25% local contribution would apply to the annual revenue charge.
- 6.4 The indicative spend profile and funding model is attached at Appendix A. This also reflects the £250k feasibility funding for the former Daniel James site, which it is unlikely the Council will be able to be offset against a project within the programme. It also indicates the early commitment in 2018/19 of sums against the envelope for the development of the first projects due for delivery notably, new build for YGG Tan y Lan and YGG Tirdeunaw, extension and remodelling at YG Gwyr and addressing condition and suitability needs in the first phase of the condition category C secondary school projects.
- 6.5 At the time of the preparation of the Capital Budget & Programme 2017/18- 2023/24 as reported to Cabinet on the 15 February 2018 part of the EOTAS project was proposed to be brought forward into the Band A funding, and that was then offset with the slippage of the new build for Gorseinon Primary School, which was then proposed to be part funded through Band A and part funded through Band B. However Welsh

Government have now asked that the spend profile for Band A be extended to accommodate the Gorseinon slippage and be brought forward for Band B to allow for the early EOTAS spend. The indicative spend profile and funding model 2017/18 - 2024/25, at Appendix A was therefore revised to reflect this.

- 6.6 As explained in paragraph 3.2 above, the MIM funding criteria have been revised so that it only includes;
- Secondary Schools larger than 800 places;
 - Primary schools larger than 420 places;
 - All through schools ; and
 - Further Education Colleges.
- 6.7 A total of up to four potential projects were identified as potential MIM projects, the most significant of which is the Special Schools Review. The profile and data contained in the original Band B SOP submission, and subsequent Band B funding forecasts has been reviewed to switch some of the MIM funding to English medium primary to enable YGG Tirdeunaw to be delivered through the capital funding stream. No change is currently shown to the funding of the other MIM projects as we await a solution from WG as to the delivery of the Special Schools and the additional Welsh medium primary places through new build with enhanced facilities and capacity to address demand in the short term for places.
- 6.8 Cost estimates are on a current-cost basis, with no allowance for construction inflationary pressures, where there is uncertainty regarding the timing of projects. However, optimism bias has been applied to each project in accordance with the lessons learned from delivery of Band A, and based on assessment of outstanding programme risks / unknowns.
- 6.9 The approval in principle of the Strategic Outline Programme for Band B does not commit the Council to the indicative funding contributions set out above since the final approval of any capital allocation from the Welsh Government is subject to the submission of further detailed business cases in respect of each specific project. Further reports will go to Cabinet for each project within the approved programme, which will include developed cost plans for each project following the further development of options appraisals and detailed design.
- 6.10 Every opportunity will be taken to realise capital receipts and developer contributions towards the required local capital contribution, however, there will remain a significant local funding requirement which will fall to additional prudential borrowing (estimated at £38.4m). There will also potentially be a direct revenue contribution through the Council's share of the annual charge in respect of any projects delivered through the MIM.
- 6.11 Shortfalls in the realisation of capital receipts or delays in disposal will add to unsupported borrowing at least in the short term. Even if progressed as fully assumed it also raises the expectation of significant future unsupported borrowing which will need to be programmed in and

fully factored into future revenue budgets and medium term revenue planning.

7.0 Legal Implications

- 7.1 The various proposals will necessitate the legal implications to be reviewed and updated on a regular basis. Education, Highways, planning property and contracts/procurement legal advice will need to be obtained as the proposals progress and more detail is given.
- 7.2 The establishment, alteration or discontinuance of maintained schools requires consultation and the publication of statutory notices in accordance with Chapter 2 and Schedule 2, of the School Standards and Organisation (Wales) Act 2013 (“the Act”) and the Welsh Government’s School Organisation Code (Circular 006/2013) (the Code). The Code provides statutory guidance a local Council must follow when seeking to making school organisation proposals to education provision within a local Council area.
- 7.3 Catchment areas form part of the Local Authority’s (LA’s) admission arrangements. Where a Local Authority (LA) propose to revise the catchment areas for an existing school the LA must publish and consult on those proposals in the same way as any other admission arrangements. The Local Authority must have regard to Section 89 of the School Standards and Framework Act 1998, the Education (Determination of Admission Arrangements) (Wales) Regulations 2006, and the Welsh Government’s Admissions Code (Circular 005/2013). These require Admission Authorities to consult and determine school admission arrangements annually. The Regulations set a timescale for the consultation and determination of admission arrangements.
- 7.4 Any offer of grant funding from the Welsh Government will be subject to terms and conditions which will be binding upon the Local Council.

Background Papers:

School Standards and Organisation (Wales) Act 2013;
The Welsh Government’s “School Organisation Code” Circular 006/201; School Standards and Framework Act 1998, the Education (Determination of Admission Arrangements) (Wales) Regulations 2006; Welsh Government’s Admissions Code (Circular 005/2013)
Report of the Cabinet Member for Children, Education & Life Long Learning, Cabinet - 20 July 2017, Quality in Education (QEd) – Emerging proposals and investment priorities for the next band of the 21st Century Schools Programme

Appendices:

Appendix A - Indicative spend profile and funding model 2017/18 - 2024/25
Appendix B – Funding Forecast
Appendix C – EFP1