



## Report of the Cabinet Member for Education & Learning

Cabinet Briefing - 21 September 2023

# Quality In Education (QEd) / The Sustainable Communities for Learning Strategic Outline Programme - Band B

<b>Purpose:</b>	To provide an update on the progression of Band B of the Sustainable Communities for Learning Strategic Outline Programme, the financial and inflationary pressures impacting the remainder of the programme and endorse an uplift to the programme envelope.
<b>Policy Framework:</b>	Abertawe 2023 QEd/Sustainable Communities for Learning Programme
<b>Consultation:</b>	Finance, Legal, Access to Services
<b>Recommendation(s):</b>	It is recommended that: <ol style="list-style-type: none"><li>1) The remaining capital investment priorities for Band B of the QEd / Sustainable Communities for Learning Programme are noted.</li><li>2) The local funding contribution is increased by £9m to £46.7m, based on a solely capital contribution.</li><li>3) That either a change request is submitted to Welsh Government seeking an uplift in the Band B programme envelope to £176m or depending upon the timing and progression of business cases, this will form part of the revised Strategic Outline Programme submission.</li></ol>
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## **1. Background and progress to date**

- 1.1 Welsh Government approved the Council's Strategic Outline Programme (SOP) for Band B in December 2017; the funding for Band B of the 21st Century Schools and Colleges Programme is being provided through £600m capital and £500m revenue funding for the whole of Wales.
- 1.2 The approval in principle of the SOP for Band B did not commit the Council to the funding contributions until the final approval of any capital allocation from the Welsh Government which is subject to the submission of further detailed business cases in respect of each specific scheme, and specific approvals in accordance with Financial Procedure Rules.
- 1.3 Since the initial approval there have been several changes within the programme. The Welsh Government capital grant intervention rate was set at 50% for Band B, but Welsh Government announced on 21 November 2018, that the Band B intervention rate for capital schemes would be increased to 65%, and for special schools and PRUs to 75%, and on 7 February 2019 that the intervention rate for Mutual Investment Model (MIM) schemes would increase from 75% to 81%. The intervention rate for voluntary aided schemes remained unchanged at 85%.
- 1.4 The Band B programme envelope is £149.5m (if the potential aided sector scheme is excluded this amounts to £141.3m). Of this total, £124m is being sought from traditional capital funding, requiring (after allowance for realisable capital and other receipts) a net local funding requirement of £34.5m from unsupported borrowing. The remaining £25.19m (or £16.975m if the potential aided sector scheme is excluded) was expected to be delivered through the Mutual Investment Model (MIM), 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 for the MIM scheme excluding the voluntary aided sector would be £3.225m although the 19% local contribution would apply to the annual revenue charge.
- 1.5 The programme included two authority and one voluntary aided scheme to be delivered under the MIM. In April, Welsh Government concluded its Education MIM Programme Review and the priority for support for the next schemes will be for Further Education (FE), as they are large scale schemes that are more likely to deliver better value for money using the MIM model, the MIM model aligns better with FE estate management, and is of greater benefit to colleges who do not have the same access as local authorities to long-term borrowing. Displaced priority schemes may switch to capital through either a variation or through submission of the new SOP. If authorities wish lower priority schemes to be considered for the MIM pipeline, then this may be done in the future. It is therefore proposed that the schemes previously identified to be delivered under MIM will be switched to capital.

- 1.6 The new builds for Education Other Than At School (EOTAS) at Cockett, known as Maes Derw, YGG Tan-y-lan and YGG Tirdeunaw, the extension to provide increased capacity for Ysgol Gyfun Gŵyr and replace sub-standard accommodation, and the extension, remodelling and refurbishment of Bishopston Comprehensive School, are all now completed and occupied by pupils.

## **2. The remainder of the Band B programme**

- 2.1 Welsh Government announced in November 2022 that the Sustainable Communities for Learning Programme will now transition away from fixed bands of funding to a more agile rolling programme. This will represent a nine-year capital programme, including an indicative funding forecast for the 9 years, in 3-year phases. At the latest, delivery partners must review and resubmit their Programme by March 2024, and it is anticipated that the remainder of Band B will form part of the first phase of the new rolling programme. A full report outlining the emerging proposals and investment priorities for the nine-year rolling Sustainable Communities for Learning Strategic Outline Programme will be presented to Cabinet in December 2023.

- 2.2 The next schemes which we are now developing as part of the remainder of Band B and expected to form part of the first phase of the nine-year rolling Sustainable Communities for Learning Strategic Outline Programme are:

- Part new build for Gowerton School, including replacing substandard demountables and addressing condition, suitability and accessibility.
- Part new build for Ysgol Gyfun Gymraeg Bryn Tawe to provide an additional 188 Welsh-medium secondary places, together with remodelled and refurbished areas to provide suitable teaching space in line with the curriculum analysis, reorganised spaces to provide improved faculty areas and suitable dining spaces. There is an approved Outline Business Case for this scheme, which will be delivered by way of a two-stage collaborative contract and is almost ready to go out to tender.
- A new special school build for pupils with Additional Learning Needs (ALN) for pupils with Profound and Multiple, and Moderate to Severe Learning Disabilities (PMLD, and M/SLD) and with Autistic Spectrum Disorder (ASD) that increases the number of planned places from 250 to 350. There is an approved Strategic Outline Business Case for this scheme, which will be delivered by way of a two-stage collaborative contract. This is subject to a statutory consultation process, and there is a separate report seeking approval to consult on amalgamating Ysgol Pen-y-Bryn and Ysgol Crug Glas into one special school in September 2025 and relocate to a new purpose-built school whilst increasing capacity from April 2028.

- In addition, work is progressing to consider options for the former Daniel James site. Given the current issues (increasing vandalism and anti-social behaviour) being encountered with the vacant building, and subject to an agreed way forward and approved business cases, efforts will be made to commence a scheme for this site, and demolition of the existing buildings as early as possible.

### **3. Financial pressures**

- 3.1 Swansea Council has been fortunate having already delivered a third of the Band B programme, as the significant inflation that has especially affected the construction industry, has impacted what can be delivered for the remainder of the Band B programme.
- 3.2 The Welsh Government cost and size standard published in June 2023 gave a rate of £3,559/m<sup>2</sup> as a basic benchmark cost in 2024 for a new build primary school, excluding fit out and abnormal costs; this compares to the published rate of £2,775/m<sup>2</sup> in 2019, which equates to an increase of £784/m<sup>2</sup> or 28.25%. The same benchmark rate for 2028 is £4,025/m<sup>2</sup>, which would equate to a forecast increase of 45% since 2019.
- 3.3 The switch to capital funding for the whole programme whilst likely to provide better value for money, means a change in the intervention rate for any MIM schemes from 81% to 65%.
- 3.4 In order to maintain the progression of the schemes planned as part of Band B and for delivery by 2028, this report is seeking an agreement in principle to increase the local capital funding contribution.
- 3.5 If this is agreed, then either a change request will be submitted to Welsh Government seeking an increase in the Band B programme envelope or depending upon the timing and progression of business cases, this will form part of the revised SOP submission.

### **4. Integrated Assessment Implications**

- 4.1 The Council is subject to the Equality Act (Public Sector Equality Duty and the socio-economic duty), the Well-being of Future Generations (Wales) Act 2015 and the Welsh Language (Wales) Measure, 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 Acts.
  - 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.
  - Deliver better outcomes for those people who experience socio-economic disadvantage.
  - Consider opportunities for people to use the Welsh language.
  - Treat the Welsh language no less favourably than English.

- Ensure that the needs of the present are met without compromising the ability of future generations to meet their own needs.
- 4.2 The Well-being of Future Generations (Wales) Act 2015 mandates that public bodies in Wales must carry out sustainable development. Sustainable development means the process of improving the economic, social, environmental and cultural well-being of Wales by taking action, in accordance with the sustainable development principle, aimed at achieving the 'well-being goals'.
- 4.3 Our Integrated Impact Assessment (IIA) process ensures we have paid due regard to the above. It also takes into account other key issues and priorities, such as poverty and social exclusion, community cohesion, carers, the United Nations Convention on the Rights of the Child (UNCRC) and Welsh language.
- 4.4 An IIA screening has been completed for the programme. The programme is expected to have a positive impact on school and wider communities. However, each scheme is / will be subject to an individual IIA and is / will be subject to full engagement and in some cases statutory consultation with stakeholder groups.

## 5. Financial Implications

- 5.1 The local funding contribution reported at Cabinet on 16 February 2023 Capital Budget & Programme 2022/23- 2027/28, was £37.7m including an equivalent local share of the capital cost for the MIM schemes of £3.225m.
- 5.2 This report is seeking approval in principle for that to be increased by £9m to £46.7m, based on a solely capital contribution. The additional £9m would be unsupported borrowing and form part of the £50m nominal headroom for borrowing deferred, which will be funded from reserves in the short term.
- 5.3 The impact of the increase in contribution, based on the current budget costs and variable intervention rates on the programme envelope is summarised in the table below:

	<b>Capital Budget &amp; Programme 2022/23- 2027/28 - Cabinet 16 February 2023</b>	<b>Proposed Band B funding envelope</b>	<b>Change</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>
Traditional capital funding	34.50	46.70	12.20
Equivalent local share of MIM capital cost	3.23	0.00	-3.23
<b>Total local funding requirement</b>	<b>37.73</b>	<b>46.70</b>	<b>8.98</b>
<b>Total Envelope</b>	<b>149.50</b>	<b>176.00</b>	<b>26.50</b>

- 5.4 If this is agreed, then either a change request will be submitted to Welsh Government seeking an increase in the Band B programme envelope or depending upon the timing and progression of business cases, this will form part of the revised SOP submission.
- 5.5 The increased local contribution, based on the current cost planning for the remaining priority Band B schemes and their respective variable intervention rates would result in a revised Band B programme envelope of £176m.
- 5.6 The submission of a change request to Welsh Government seeking an increase in the Band B programme envelope or updated SOP does not commit the authority to the indicative local funding contribution set out above since the final approval of any capital allocation from the Welsh Government will be subject to the submission of further detailed business cases in respect of each specific scheme. If the change request / SOP is approved, the authority will then have a revised Band B approved funding envelope within which it can deliver its Band B strategy, subject to further Welsh Government approvals. Further reports will come to Cabinet at each stage of the process, which will include developed cost plans for each scheme following feasibility and detailed design.

## **6. Legal Implications**

- 6.1 Any offer of grant funding from the Welsh Government will be subject to terms and conditions which will be binding upon the authority.
- 6.2 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).
- 6.3 The Code provides statutory guidance a local authority must follow when seeking to make school organisation proposals to education provision within a local authority area.

### **Background Papers:**

Cabinet 20 July 2017 Quality in Education (QEd) – Emerging proposals and investment priorities for the next band of the 21st Century Schools’ Programme.

Cabinet 16 February 2023 Capital Budget & Programme 2022/23- 2027/28.

### **Appendices:**

Appendix A Integrated Impact Assessment (IIA) Screening