

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

Purpose:	To consider and endorse the future proposals and investment priorities for Band B of the 21st Century Schools Programme for submission to the Welsh Government.
Policy Framework:	<ul style="list-style-type: none">• One Swansea Plan• QEd 2020 programme• Corporate Priority – Safeguarding vulnerable young people• Corporate Priority – Improving pupil attainment• Corporate Priority – Tackling poverty• Corporate Priority – Building sustainable communities
Consultation:	Education, Finance, Legal, Corporate Building and Property Services
Recommendation(s):	<p>It is recommended that Cabinet:</p> <ol style="list-style-type: none">1. Re-affirms the key aims and focus of the Strategic Outline Programme previously supported by the Welsh Government2. Endorses the proposed capital investment priorities for Band B of the 21st Century Schools Programme3. Endorses the proposed funding strategy to meet the Council's local contribution4. Notes the proposed commencement of statutory consultation, where appropriate, regarding the next priority proposals, which will be the subject of separate reports
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1.0 Background

- 1.1 The purpose of this paper is to consider and endorse the future proposals and investment priorities for Band B of the 21st Century Schools Programme, for submission to the Welsh Government.
- 1.2 In September 2010 Cabinet endorsed the Council's 21st Century Schools Strategic Outline Programme and the proposed capital investment priorities. The total investment included in the Council's Band A programme is £51,310,000, with 50% funding from the Welsh Government. The Council has now completed projects as part of that programme at Newton, Glyncollen, Burlais, Gowerton and Pentre'r Graig primary schools and YGG Lonlas, with works at YG Gwyr and Pentrehafod under construction. A separate report is due to be presented to Cabinet in relation to the proposals at Gorseinon Primary School.
- 1.3 Band A ends on the 31 March 2019 and Councils are required to submit their bids to Welsh Government for the next Band (B) of investment on the 31 July 2017. If approved, the delivery of the next phase of investment will commence on 1 April 2019 and must be completed by 31 March 2024.
- 1.4 The submission must include any changes to the strategy previous set out in Swansea's Strategic Outline Programme and the Council's future investment priorities, demonstrating how these link to local and national priorities such as the Wellbeing of Future Generations (Wales) Act, Welsh medium and Childcare strategies.
- 1.5 If approved each of the investment priorities will be subject to detailed business case development, further Welsh Government approvals, together with separate reports to Cabinet for decision. Some of the priorities will require statutory consultation and catchment area reviews. These will be the subject of separate Cabinet reports.
- 1.6 Welsh Government funding for Band B of the 21st Century Schools Programme will be provided through £600m capital and £500m revenue funding. The available funding is unlikely to fully support the anticipated scale of bids from local authorities. The revenue funding will be provided through a Mutual Investment Model, a form of private public partnership (PPP). The Mutual Investment Model unlike traditional forms of PPP includes long-term obligations 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.
- 1.7 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 Authority. The grant rate for projects funded through the Mutual Investment Model is 75%.
- 1.8 The report will consider the funding options, and the need to consider the Mutual Investment Model as an option for some projects if the Council wishes to maximise the opportunity to secure funding to meet its aspirations.

2.0 A Long Term, Evolving and Flexible Strategy

2.1 The Council's QEd / 21st Century Schools Band A Programme focused on;

- Learning environments for children and young people aged from 3 to 19 that will enable the successful implementation of strategies for school improvement and better educational outcomes;
- Greater economy through better use of resources to improve the efficiency and cost-effectiveness of the education estate and public service provision; and
- A sustainable education system with all schools meeting a 21st century schools standard, and reducing the recurrent costs and carbon footprint.

2.2 The priority investment schemes were identified through the following range of complementary objective criteria:

Standards (where there were specific concerns), risk, condition, specific suitability issues, landscape, basic need (where very clear shortfall in places such as Welsh Medium), sufficiency (surplus places), viability (size), sustainability (future demographic trends) and deliverability (how readily it could be achieved).

2.3 Major priority options identified through the extensive stakeholder engagement process have been delivered, and the remaining schemes in Band A are due for completion by 2018/19. The only delivery risk is in relation to the new build for Gorseinon Primary School, approved by Welsh Government and with planning approval, but delayed due to a village green application which has now been rejected following a public inquiry.

2.4 The robust basis of the Council's programme has been repeatedly scrutinised by the Welsh Government and subject to their ultimate approval. As with any plan it is not a static document, and indeed, the whole programme has required successive reviews in the light of the changing timescales and financial parameters for the programme. It has also continued to evolve in the light of changing demands (demographic trends and condition and business continuity issues), political priorities, capital resourcing, and fresh opportunities (such as the LDP).

2.5 The proposed submission to the Welsh Government reflects the natural development of the previously approved long term strategy, but reflects further consideration of changes in demands and priorities. The detail of specific schemes within the programme will be further developed in the light of the level of Welsh Government funding available and more detailed discussions with schools and their governing bodies at that time.

3.0 Outline of proposed submission

3.1 The investment needs reflect the challenges remaining across our schools, in spite of the considerable impact already of the schools investment programme which has seen, for example:

- Transformed learning environments supporting the positive educational standards across Swansea schools
 - A significant reduction in backlog structural maintenance (in excess of £50m) and removal of the worst structural condition needs previously identified
 - Significant additional Welsh-medium places to respond to the continuing growth in demand
 - The removal of significant surplus places to the extent that Swansea is well on track to more than meet national targets
- 3.2 The submission reflects a consistent objective assessment and prioritisation of condition, suitability and sustainability issues as well as areas of basic need for additional provision. Consideration has also been given to the deliverability of potential options, although the need for access to earlier funding to support appropriate feasibility and design works continues to be highlighted with the Welsh Government.
- 3.3 It also remains consistent with local policies, priorities and commitments, as well as the priorities and specific criteria set down by the Welsh Government for Band B as follows:
- 3.3.1 To provide an efficient and effective educational infrastructure that will meet current and future demand for places by 2024
- Ensuring the right size schools in the right location, with enough places to deliver Welsh and English medium education, whilst ensuring effective and efficient use of the educational estate
 - Reducing backlog maintenance costs by at least 50% whilst improving any category C or D condition buildings to A or B
- 3.3.2 To optimise the use of infrastructure and resources to deliver public services for our communities by 2024. This includes:
- Flexibility of assets with the aspiration that all facilities receiving investment commit to making assets available for community use if local demand exists
 - Co-located public services on site if local demand exists
- 3.4 The Council's submission will also need to demonstrate deliverability, particularly the nature of any statutory processes still to be undertaken and / or legal or land ownership complexities to be resolved, which might otherwise significantly delay, or place at risk, delivery of the schemes.
- 3.5 The Council is required to rank in order of priority the investment needs within its submission and the expectation is that this will fit with the aims and objectives of the Welsh Government. Consequently, the first challenge is to develop the strongest possible submission, consistent in both nature and ranking with the Welsh Government criteria, to gain in principle approval to the largest possible (and affordable) share of the available national funding for Band B.
- 3.6 The first two years of the Band B programme (2019-20 and 2020-21) align with potential national capital funding to support the implementation of the Welsh Government childcare offer. This funding could support new build, extension, renovation or refurbishment to deliver childcare

settings, and potentially support co-location of Nursery provision and childcare. The details of the grant are still to be provided by the Welsh Government, however, the childcare pilot will commence in September and patterns of demand will then be used to inform opportunities for co-location of Nursery and childcare provision in Band B proposals and considered as part of the detailed specific business cases.

3.7 The proposed submission includes;

3.7.1 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.

3.7.2 Education other than at school (EOTAS) review:

A separate report provides more detail on the developing proposals for enhanced accommodation and facilities as part of a new model of provision for pupils, as a clear local priority. This will address significant condition and deficiencies in the existing accommodation, removing the current backlog maintenance, as well as rationalising the number of sites. It will also meet the basic needs of pupils. Consultation processes have already been undertaken and feasibility and design work underway. Every opportunity will be explored to deliver these urgent needs at the earliest opportunity through access to funding prior to April 2019.

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

Welsh-medium primary places - There are growing pressures on places at a number of schools, particularly YGG Tan-y-lan, YGG Pontybrenin, and YGG Y Login Fach. An analysis of the addresses of pupils would suggest that most schools are broadly of an appropriate size to accommodate those pupils nearest to each school, however, the current lack of a permanent and less constrained site for YGG Tan-y-lan is effectively shifting pressure to YGG Tirdeunaw which should in practice be taking pressure from YGG Pontybrenin. As such, the broad issue of catchment review is a vitally important element of any future strategy to re-balance the demand and availability of places and ensure future sustainability, bringing provision closer to the areas of need. As well as enhanced facilities for YGG Tan-y-lan, additional provision is also required to ease the pressure at YGG Pontybrenin. There is also a strong case for the inclusion of enhanced accommodation and facilities for both YGG Pontybrenin and YGG Tirdeunaw on the basis of condition and suitability issues. The Local Development Plan provides an opportunity to resolve these issues facing YGG Pontybrenin.

Welsh-medium secondary places – The increasing demand for places within primary schools will feed through to secondary schools and add to the pressures already apparent. Further enhancement and remodelling of existing accommodation at both schools is required in the medium term, unless a third Welsh-medium secondary school is to be established. There is again an imbalance between the availability and demand for places so a catchment review is also required.

3.7.4 English-medium secondary provision:

Condition and Suitability - A continuing programme of replacement and remodelling works is required to address significant condition and suitability needs, particularly at Gowerton, Olchfa, Bishopston, and Bishop Gore. These needs are consistent with Welsh Government aims and objectives to reduce backlog maintenance and improve schools with condition category C and D accommodation, however, they will need to be phased and prioritised to reflect the areas of greatest need and the available capital investment.

Priority Area Transformation – the development of a major strategic LDP site is likely to significantly impact the need (and indeed case) for enhanced provision to serve the needs of the Penderry area although greater clarity is required regarding timescales. Access to funding for appropriate feasibility, design and other site preparatory works and site investigations would facilitate the early delivery of enhanced educational provision within Band C.

3.7.5 English-medium primary provision:

Condition and Suitability - Whilst Band A has delivered a real impact there are still a small number of schools located on inadequate and split sites, presenting potential health and safety issues surrounding movement between sites. There are also a number of primary schools with a clear need for investment to address poor accommodation, both in terms of category C condition rankings as well as poor suitability to support effective learning environments. These needs will again need to be prioritised to reflect the scale of investment funding available.

Sustainability - There are a number of potential opportunities to both enhance the quality of facilities available to pupils and address condition issues, as well as supporting future sustainability, through the amalgamation of smaller neighbouring schools, subject to the availability of the necessary scale of capital investment. Further work will be required to prioritise the opportunities.

3.7.6 Aided Sector needs:

There is a need for a new build school for St Joseph's Cathedral School on an alternative site to address serious deficiencies in the current accommodation and facilities. This could possibly be co-located with Bishop Vaughan on the current, or an alternative site, or indeed offer all age provision. Targeted enhancement and replacement of failing and inadequate accommodation - including entrance to address safeguarding issues, technology block, gym, sixth form and sports facilities is also a significant need, 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.

3.7.7 Special Schools Review:

There is a growing demand for specialist out of County provision where pupil needs cannot be met within Swansea. These places are costly and there is a strong case to consider enhanced Special school provision within Swansea through a fundamental review of the existing special

schools, building on the current feasibility and design work. This could form part of a developing continuum of provision to as far as possible meet the needs of all pupils within Swansea (complementing developments in Specialist Teaching Facilities and EOTAS). A single enhanced new build school could be considered for delivery through the Mutual Investment Model, 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.

3.7.8 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.

3.7.9 Indicative Band C and Band D priorities:

The Council's submission to the Welsh Government will also include an updated indication of the nature and scale of investment priorities for later funding Bands of the 21st Century Schools Programme. These will again be totally consistent with local priorities and objective assessment criteria. The scale of the funding accessed from the Welsh Government will determine the scale of the investment priorities that can be delivered through Band B with any unfunded priority needs slipping into Band C. Appendix A provides a broad overview of the longer term Quality in Education strategy and demonstrates the consistent and coherent focus of each strategic priority area across each of the 21st Century Schools Programme funding bands.

4.0 What happens next ?

The Strategic Outline Programmes submitted by the 31st July 2017 will be scrutinised by Welsh Government policy teams during August 2017 and then considered by Capital Panel and the Cabinet Secretary during September 2017. It is anticipated that local authorities will be notified of the outcome of these processes in October 2017.

5.0 Equality and Engagement Implications

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.

In addition, all stakeholders would be fully engaged as each project is developed and in a number of cases statutory consultations would be required.

6.0 Financial Implications

- 6.1 The total estimated capital cost of the proposed Band B submission is £141.6m (excluding the potential aided sector scheme which is assumed to require no Council contribution). Of this total, £90.5m is being sought

from traditional capital funding, requiring (after allowance for realisable capital and other receipts) a net local funding requirement of £33.3m. The remaining £51m could be delivered through the 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 £12.3m although the 25% local contribution would apply to the annual revenue charge.

- 6.2 Cost estimates are on a current-cost basis, with no allowance for construction inflationary pressures, where there is uncertainty regarding the timing of schemes. However, optimism bias has been applied to each scheme in accordance with the lessons learned from delivery of Band A, and based on assessment of outstanding programme risks / unknowns. If earlier access could be provided to Welsh Government funding towards feasibility and design works, the level of optimism bias could be significantly reduced. Such works would represent a positive investment for the Welsh Government where there is a clear commitment to deliver the scheme in some manner and, as such, the costs would ultimately be incurred to deliver such schemes.
- 6.3 The submission of an updated Strategic Outline Programme does not commit the Authority to the indicative funding contributions 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 Strategic Outline Programme is approved, the Authority will then have an 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.
- 6.4 Welsh Government funding for Band B of the 21st Century Schools Programme will be provided through £600m capital and £500m revenue funding. The revenue funding will be provided through a Mutual Investment Model, a form of private public partnership (PPP). The Mutual Investment Model 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. 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 Authority. The grant rate for projects funded through the Mutual Investment Model is 75%.
- 6.5 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 £33.3m should the full submission be approved by the Welsh Government). There will also potentially be a direct revenue contribution through the Council's share of the annual charge in respect of any schemes delivered through the Mutual Investment Model. Clearly, these sums will be lower if the Welsh Government is unable to support the submission in full due to the scale

of bids made across Wales as a whole. The capital funding being sought by the Council represents around 7.5% of the total available nationally for Band B.

- 6.6 The Council has identified three or four schemes which could be considered for funding through the Mutual Investment Model. The most significant by far relates to the Special Schools Review. This funding model might be appropriate for new build schemes where there are no land ownership or other legal complications. The Welsh Government hope to indicate schemes in September / October 2017 with the first tranche of delivery by 2012-22.
- 6.7 The proposed submission, even if curtailed in some way by the level of funding made available to the Council by the Welsh Government, raises expectations as to the scale of the future programme to be delivered and funded. The proposals include explicit assumptions in relation to capital receipts generally and also the potential impact of the LDP. Shortfalls in those 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
- 6.8 Some of the priorities will require statutory consultation, and catchment area reviews. These will be the subject of separate Cabinet reports.

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 authority must follow when seeking to making school organisation proposals to education provision within a local authority 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 Authority.

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)

Appendices:

Appendix A: An overview of the long term Quality in Education strategy.