



EDUCATION FOR LIFE SCRUTINY COMMITTEE – 26TH SEPTEMBER 2017

SUBJECT: 21ST CENTURY SCHOOLS BAND B PROPOSALS

REPORT BY: INTERIM CHIEF EXECUTIVE

1. PURPOSE OF REPORT

- 1.1 The purpose of this report is to consult Members on priorities contained within the Council's draft 21st Century Schools Band B Strategic Outline Programme (SOP) that required submission to Welsh Government (WG) by 31/07/17 and agree the establishment of a Cross Party Working Group whose remit will be to review and discuss the proposals in detail.
- 1.2 The findings of the Cross Party Working Group will be reported back to the next Scrutiny meeting.
- 1.3 The views of Members will be included in the report prior to its presentation to Cabinet and full Council.

2. SUMMARY

- 2.1 The WG 21st Century Schools Programme required all Local Authorities to submit Band B Strategic Outline Programmes (SOP) for consideration by 31/07/17.
- 2.2 Due to the tight timescale stipulated by WG it was not possible to obtain Member approval prior to the submission of the SOP. However the proposals were approved by the School Strategy Board and discussed in detail with Cabinet Member. It has been made clear to WG that the submission has yet to receive Member approval, and may be subject to change.
- 2.2 The Band B 21st Century Schools Programme is due to begin in April 2019 and last until March 2024. This comprises of £1.1 billion of both capital and revenue funding.
- 2.3 The aims of the investment programme, outlined by WG, are to:
 - Reduce the number of poor condition schools and colleges
 - Reduce surplus capacity and ensure we have the right size schools and colleges in the right location that:
 - Provide enough places to deliver Welsh and English Medium Education; and
 - Ensure the effective and efficient use of the Educational estate – encouraging the wider use of school buildings for Community facilities and usage.

- 2.4 In addition the Council's proposals have identified school using additional local priorities as outlined in detail within the body of this report.
- 2.5 The draft Strategic Outline Programme submitted to WG contained a bid for projects in the sum of £78 million of capital funding and up to £32 million of revenue (MIM) funding.
- 2.6 It is proposed that a Cross Party Working Group is established to brief members on the Council's priorities that have been identified in the Strategic Outline Programme submitted to WG and consult Members on the individual schools identified during this process.

3. LINKS TO STRATEGY

- 3.1 The SOP contributes to the Well-being Goals within the Well-being of Future Generations Act (Wales) 2016. In particular, as follows:
- **A prosperous Wales** – creating fit for purpose schools in order to support the development of a skilled and well educated population.
 - **A resilient Wales** – by developing an eco-friendly school environment to provide a better sustainable environment for future generations.
 - **A healthier Wales** – by providing community schools that can be used to provide health, physical and community services amongst pupils, parents and child care providers.
 - **A more equal Wales** – by ensuring our learners fulfil their potential irrespective of background.
 - **A Wales of cohesive communities** – by encouraging stakeholders to contribute to project planning and through a thorough and comprehensive consultation process.
 - **A Wales of vibrant culture and thriving Welsh language** – the programme is a key aspect of the Welsh Education Strategic Plan in ensuring there are sufficient Welsh Medium school places to support the challenging target of 1 million Welsh speakers in Wales by 2020.
 - **A globally responsible Wales** – by contributing to the continued improvement of the Economic, Social, Environment and Cultural Well-Being of the Borough.

4. THE REPORT

- 4.1 The 21st Century Schools Programme is regarded as a major, long term and strategic capital investment programme supporting large scale capital building projects across Wales with the aim of enhancing school buildings to meet 21st Century educational needs.
- 4.2 The Programme focuses resources on the right school, in the right place, from early years through to post-16, with funding jointly provided by WG and Local Authorities.
- 4.3 Through the 21st Century Schools Programme, WG, in collaboration with all Local Authorities across Wales, is aiming to deliver:
- Learning environments for children and young people in Wales aged from three to nineteen that will enable the successful implementation of strategies for school improvement and better educational outcomes
 - A sustainable education system through better use of resources to improve efficiency and cost effectiveness of the education estate, which enhances local public service provision; and
 - A 21st Century Schools Standard for all schools in Wales which reduces recurrent costs, energy consumption and carbon emissions.

- 4.4 Members will recall that the Council received funding for projects valued at £56.5 million under Band A of the 21st Century School Programme as outlined below:
- Y Gwyndy (Welsh Medium) – Primary & Secondary £20m
 - Secondary Rationalisation Phase 1 – Islwyn High £25.5m
 - Abertysswg/Pontlloftyn Primary - £8m.
 - Newbridge School extension and Cwmcarn High part demolition - £3m.
- 4.5 The second Band of the Programme, Band B has been launched by WG, which will run from 2019 to 2024 and comprise of £600million of capital funding and £500 million of revenue via a Mutual Investment Model.
- 4.6 The capital funding grant rate is 50%, i.e. WG fund 50% and the Council fund the remaining 50%.
- 4.6.1 The Building Bulletin (BB) 98 (Secondary) and Building Bulletin (BB) 99 (Primary) Regulations are a calculation of the recommended size of a school based on pupil numbers. The 21st Century schools Band B funding will be calculated by WG using the recommended size contained within this bulletin and an agreed rate per square metre (Appendix 1). This will ensure that funding is applied consistently across Wales.
- There are a number of different elements to this calculation including:
- Proposed standard price per square metre
 - Furniture fitting and equipment per pupil
 - ICT per pupil.
- 4.6.2 Using the above calculation a 315 pupil primary school (1.5 from entry i.e. 45 pupils per year group) is predicted to cost £5.493 million, with a Council contribution of £2.7465 million, broken down as follows:
- Build £4.933 million
 - ICT allocation £174,825
 - Furniture, Fittings and Equipment £384,615.
- 4.6.3 The above calculation does not give consideration to any “abnormal” costs, i.e. contamination, gradient and flood risk. Any additional costs would need to be evidenced and considered separately at the Business Case stage.
- 4.6.4 If any project exceeds the calculated value shown in Appendix 1, excluding approved abnormal costs, the grant would be capped at the threshold indicated.
- 4.7 The Mutual Investment Model (MIM) will enable WG to make an additional revenue investment with a maximum capital value of £500 million. This can be used for contracts whereby the successful contractor will **Design** and **Build** the new facilities and provide the **Finance** to do this. The successful contractor will also provide **Maintenance** and lifecycle services for the facilities in the long term (**DBFM**). This means that as well as providing new facilities, WG will be investing in the maintenance of the new asset, so it will remain in good condition for future generations.
- 4.7.1 The MIM revenue grant rate is 75%, i.e. WG fund 75% and the Council fund the remaining 25%.
- 4.7.2 WG have developed a MIM “Bidder Model” which shows an annual charge (25% of which was inflated by RPI for 25 years) depending upon the size of the school/college. The size of the school is determined using maximum area of BB98/99 dependant on pupil number and school type. This excludes all furniture, equipment and ICT.

- 4.7.3 Using this model a 315 pupil primary school (1.5 from entry, 45 pupil per year group) is predicted to cost the Council £137K per annum for 25 years, with a total outlay of £3.809 million.
- 4.7.4 The revenue funding payments for the MIM contracts will not start until the facilities are built and available for use and will be paid via annual charge, 25% of which is inflated by the Retail Price Index (RPI) for 25 years.
- 4.7.5 In addition to the annual outlay shown above the Council would also need to budget for the following items which sit outside this “annual charge”, this will attract a 50% grant rate:
- Pre contract signature costs, including procurement and specialist consultant costs
 - Land purchase
 - Legal searches
 - Survey cost including all specialist surveys for example, acoustics, environmental, ecological, ground condition
 - Outline planning costs
 - Authority project team costs.
- 4.7.6 As with the capital scheme outlined in 4.6 above there is a fixed rate applied to the purchase of furniture, equipment and ICT. This sum has not been included in the annual charge model and will attract a 50% grant rate.
- 4.8 The key aim of the Band B Programme is a reduction in the number of poor condition schools across Wales and ensuring that there are adequate school places to meet current and future demand. The condition of schools will also take into account the suitability for the delivery of Education, i.e. fit for purpose classrooms, halls etc. However WG have indicated that they may also take into account other factors such as flexibility of assets, efficiency of the education estate and deprivation when prioritising projects.
- 4.9 The school condition surveys, undertaken in 2014, classified schools in categories A to D for both condition and suitability. The surveys did not identify any condition category D schools in Caerphilly, however there are 53 category C schools, 16 of which were also category C for suitability. Any significant changes to school buildings since 2014, i.e. new builds have been taken into account within this categorisation.
- 4.10 The areas for priority were identified by the School Strategy Board using the WG investment criteria of condition and suitability, in addition to meeting the Council’s local pressures on school places predicted over the period of the grant.
- 4.11 In order to meet the WG deadline of 31/07/17 a draft Strategic Outline Programme (SOP) for Band B has been submitted. Due to the tight timescale stipulated by WG it was not possible to obtain Member approval prior to the submission of the SOP. However the proposals were approved by the School Strategy Board and discussed in detail with Cabinet Member. It has been made clear to WG that the submission has yet to receive Member approval. This submission contains a bid for a maximum “funding envelope” of £78 million of capital funding (50% to be met by the Council) and £32million of revenue funding via the MIM scheme. This bid will be assessed by WG against the proposals submitted by the 21 other Councils.
- 4.12 Albeit the timescales did not lend themselves to a full consultation process with Members, prior to the draft submission, it is proposed that a Cross Party Working Group, with full geographical representation, is established to review the initial proposals and report findings back to the next Scrutiny Committee.
- 4.13 Due to the tight timescales between the two Scrutiny meetings it is proposed that the Cross Party Working Group will meet for two three hour sessions during the weeks commencing 09/10/17 and 16/10/17. It is essential that there is a full geographical representation of Members on the group and that all Members are available for both sessions.

- 4.14 WG is intending to make a decision on the Strategic Outline Programmes in the Autumn term. Only then will the Council be clear as to what funding is available and what projects could be funded in this Band of 21st Century Schools funding.

5. WELL-BEING OF FUTURE GENERATIONS

- 5.1 This proposal contributes to the Well-being Goals as set out in Links to Strategy above. It is consistent with the five ways of working as defined within the sustainable development principle in the Act in that:
- **Long Term** - Forecasting of pupil numbers has been utilised to identify the demand for school places to ensure sufficient Educational places in our schools. This information has been used to prioritise schools within the SOP.
 - **Prevention** - Improving the quality of the Education estate generally will support pupils in their long term education and skills outcome in that they are more likely to succeed if their Educational experience is positive.
 - **Integration** - The 21st Century Schools Programme is subject to BREEAM and Community Benefits of individual proposals are assessed and monitored for their impact on the Welsh economy. The proposals are also part of a strategy to promote Welsh Language and Culture.
 - **Collaboration** – The 21st Century Schools Programme is collaboration between the Council and Welsh Government to improve the quality of the Education estate.
 - **Involvement** – Through the consultation process the Council will ensure that there is full engagement with all relevant stakeholders e.g. parents, pupils and the local community.

6. EQUALITIES IMPLICATIONS

- 6.1 All relevant Equality Impact Assessments for individual projects will be undertaken prior to moving to consultation stage and will be made available to any persons who wish to receive copies.

7. FINANCIAL IMPLICATIONS

- 7.1 The SOP will significantly reduce backlog maintenance costs, running costs, surplus places and revenue budgets.
- 7.2 The current bid, if approved, is for a maximum “funding envelope” of £78 million of capital funding (50% to be met by the Council) and £32million of revenue funding via the MIM scheme.
- 7.3 The capital funding budget is a traditional format which funded the first phase of the Band A Programme and is a straightforward process of joint funding any new projects.
- 7.4 It is envisaged that the Council’s match funding of the grant investment will take the form of a combination of:
- The use of general fund reserves
 - Treasury management savings
 - Capital receipts.
- 7.5 The MIM model, as outlined above, uses a “Bidder Model” to calculate the Council’s annual 25 year investment to the project. However there are additional capital costs in relation to those items highlighted in 4.7.5 above. The successful contractor will also provide maintenance and lifecycle services for the facilities in the long term.

- 7.6 It is important to stress that the model is not a Private Finance Initiative (PFI) agreement, as the only school services that will be provided under the MIM contract will be building maintenance. Other school contracts, such as catering, cleaning, grounds, ICT, etc., will be provided by providers determined by the Governing Body.

8. PERSONNEL IMPLICATIONS

- 8.1 This will be dependent on specific proposals and will be considered as part of the consultation process.

9. CONSULTATIONS

- 9.1 As detailed below. All comments received have been reflected in the report.

10. RECOMMENDATIONS

- 10.1 That Members note the content of the report and agree to the establishment of a Cross Party Working Group to discuss the proposals in more detail at individual school level.
- 10.2 That Members agree for the findings of the Cross Party Working Group to be reported back to the next Scrutiny Committee prior to the proposals being presented to Cabinet.

11. REASONS FOR THE RECOMMENDATIONS

- 11.1 To ensure the Council's Band B Proposals meet both WG and the Council's funding priorities.

12. STATUTORY POWER

- 12.1 School Organisation Code 2013 (Welsh Government)
School Standards & Organisation (Wales) Act 2013.

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Appendices:

Appendix 1 Building Bulletin Regulations 98/99

Size and Cost Standards for new build schools under the 21st Century Schools and Education Programme

1. Size

To ensure that funds are distributed fairly and that our schools offer a consistent standard across Wales, we advise that schools are designed according to the maximum of BB98 (secondary) and BB99 (primary).

Table 1 below provides the minimum and maximum size ranges specified within each bulletin.

Table 1

Primary Schools	Nursery (FTE)	Size of School	BB98/99 Max	M ² per pupil /Max
210		1 form entry	1,306	6.2
210	15	1 form entry with nursery	1,364	6.1
315		1.5 form entry	1,778	5.6
420		2 form entry	2,250	5.4
420	30	2 form entry with nursery	2,385	5.3
630		3 form entry	3,194	5.1
630	45	3 form entry with nursery	3,397	5.1
Secondary Schools	Sixth Form			
600	200	4 FE plus 200 sixth form	8,062	10.1
900	100	5 FE plus 100 sixth form	9,280	9.3
1050	150	7FE plus 150 sixth form	10,716	8.9
1350	150	9FE plus 150 sixth form	12,760	8.5
1500	200	10FE plus 200 sixth form	14,196	8.4
600	0	4 form entry (FE)	5,974	9.9
900	0	5 FE	8,019	8.9
1050	0	7FE	9,041	8.6
1350	0	9FE	11,085	8.2
1500	0	10FE	12,108	8.1

2. Cost

Once the size of school is established, standardised costs are to be applied to as many of the elements of the build as possible. This will result in a maximum value for a school that can be benchmarked and inflated year on year to provide a maximum funding envelope.

There are a number of different elements to this:

- Proposed standard price per m²
- Furniture, fitting and Equipment
- ICT

2.1 Cost per m²

Using construction price indices, the cost per m² will be fixed at £1,400 m² from 2016 and increased with inflation to £1,554 in 2019 (this includes both standardised and bespoke builds). Inflation will be calculated on an annual basis in April using the BCIS all-in tender index.

With regards to sub structure, externals and design costs, the cost for 2019 is £1,221, giving an all in construction cost of £2,500 in 2016 and £2,775 for the start of Band B in 2019.

The impact of application of this cost per m² when combined with the maximum of BB98/99 is as follows:

Table 2

Primary Schools	Nursery (FTE)	Size of School	BB98/99 Max	2016 £2,500 Per m2	2019 – Predicted £2,775 Per m2
210		1 form entry	1,306	3,265,000	3,624,150
210	15	1 form entry with nursery	1,364	3,410,000	3,785,100
315		1.5 form entry	1,778	4,445,000	4,933,950
420		2 form entry	2,250	5,625,000	6,243,750
420	30	2 form entry with nursery	2,385	5,962,500	6,618,375
630		3 form entry	3,194	7,985,000	8,863,350
630	45	3 form entry with nursery	3,397	8,492,500	9,426,675
Secondary Schools	Sixth Form				
600	200	4 FE plus 200 sixth form	8,062	20,155,000	22,372,050
900	100	5 FE plus 100 sixth form	9,280	23,200,000	25,752,000
1050	150	7FE plus 150 sixth form	10,716	26,790,000	29,736,900
1350	150	9FE plus 150 sixth form	12,760	31,900,000	35,409,000
1500	200	10FE plus 200 sixth form	14,196	35,490,000	39,393,900
600	0	4 form entry (FE)	5,974	14,935,000	16,577,850
900	0	5 FE	8,019	20,047,500	22,252,725
1050	0	7FE	9,041	22,602,500	25,088,775
1350	0	9FE	11,085	27,712,500	30,760,875
1500	0	10FE	12,108	30,270,000	33,599,700

In practice, where a project exceeds this value, the Welsh Government grant would be capped at the threshold indicated above.

This threshold applies to:

- Standard costs incurred – abnormal costs associated with gradient, contamination, flood etc. would be considered separately.
- Projects within the Programme that are still at Strategic Outline Case stage.

2.2 Furniture, Fittings and Equipment / Information Technology

Furniture, fittings and equipment typically includes the following:

- Tables and chairs;
- Science lab fit out;
- Domestic science fit out;
- School kitchens / canteens.

It excludes portable equipment such as Bunsen burners, test tubes, saucepans etc.

IT Equipment is expected to include fitting out the school to sockets and could include some basic classroom equipment, such as an interactive white board.

Current assumptions in respect of reasonable costs per pupil for IT and furniture, fittings and equipment are as follows:

	2016	2019
IT Per Pupil	£500	£555
Furniture, Fittings and Equipment Per Pupil	£1,100	£1,221

Table 3 below shows this in terms of cost per school.

Table 3

Primary Schools	Nursery (FTE)	Size of School	2016 £2,500 Per m2	2016 £1,600 FFE/IT Per Pupil	2016 Total	Predicted Costs		
						2019 £2,775 Per m2	2019 £1,776 FFE/IT Per Pupil	2019 Total
210		1 form entry	3,265,000	336,000	3,601,000	3,624,150	372,960	3,997,110
210	15	1 form entry with nursery	3,410,000	360,000	3,770,000	3,785,100	399,600	4,184,700
315		1.5 form entry	4,445,000	504,000	4,949,000	4,933,950	559,440	5,493,390
420		2 form entry	5,625,000	672,000	6,297,000	6,243,750	745,920	6,989,670
420	30	2 form entry with nursery	5,962,500	720,000	6,682,500	6,618,375	799,200	7,417,575
630		3 form entry	7,985,000	1,008,000	8,993,000	8,863,350	1,118,880	9,982,230
630	45	3 form entry with nursery	8,492,500	1,080,000	9,572,500	9,426,675	1,198,800	10,625,475
Secondary Schools	Sixth Form							
600	200	4 FE plus 200 sixth form	20,155,000	1,280,000	21,435,000	22,372,050	1,420,800	23,792,850
900	100	5 FE plus 100 sixth form	23,200,000	1,600,000	24,800,000	25,752,000	1,776,000	27,528,000
1050	150	7FE plus 150 sixth form	26,790,000	1,920,000	28,710,000	29,736,900	2,131,200	31,868,100
1350	150	9FE plus 150 sixth form	31,900,000	2,400,000	34,300,000	35,409,000	2,664,000	38,073,000
1500	200	10FE plus 200 sixth form	35,490,000	2,720,000	38,210,000	39,393,900	3,019,200	42,413,100
600	0	4 form entry (FE)	14,935,000	960,000	15,895,000	16,577,850	1,065,600	17,643,450
900	0	5 FE	20,047,500	1,440,000	21,487,500	22,252,725	1,598,400	23,851,125
1050	0	7FE	22,602,500	1,680,000	24,282,500	25,088,775	1,864,800	26,953,575
1350	0	9FE	27,712,500	2,160,000	29,872,500	30,760,875	2,397,600	33,158,475
1500	0	10FE	30,270,000	2,400,000	32,670,000	33,599,700	2,664,000	36,263,700

At present, further work is being carried out to establish what the minimum level of IT requirement is for a school. This will be based on considerations including the Digital Competence Framework. Until this piece of work is complete, we will use the existing methodology.