

## CABINET

<b>Date of Meeting</b>	Tuesday, 17 <sup>th</sup> March 2020
<b>Report Subject</b>	School Modernisation - 21 <sup>st</sup> Century Schools Capital Programme
<b>Cabinet Member</b>	Leader of the Council & Cabinet Member for Education
<b>Report Author</b>	Chief Officer (Education and Youth)
<b>Type of Report</b>	Strategic

### EXECUTIVE SUMMARY

This latest report on the 21<sup>st</sup> Century Schools Capital programme is designed to provide sufficient detail and rationale to Cabinet so that they can agree individual projects and/or area reviews in order to progress the Council's investment programme. The main projects for consideration in this report are the development of a new building for Ysgol Croes Atti in Flint and the development of a consultation strategy to develop a revised model of primary and secondary education in the Saltney/Broughton area.

The reports also seeks Cabinet approval to engage with the Welsh Government's (WG) Welsh Education Partnership Company (WEPco), otherwise known as a strategic partner for the Council's nominated Mutual Investment Model (MIM) project, when they become available in readiness for a proposed project to co-locate primary and secondary provision in the Mynydd Isa area.

### RECOMMENDATIONS

1	To proceed with statutory consultation through the School Organisation Code, for relocating Ysgol Croes Atti, Flint to a new site on the Croes Atti housing development.
2	To amend the Council's nominated MIM project to the proposed project for the Mynydd Isa area and by doing so allow officers to engage with WG's Strategic

	Partner for MIM, when they become available in Autumn 2020.
3	To consult through the School Organisation code on the proposal to amalgamate local authority maintained primary school provision in the Saltney area – Saltney Ferry Primary School and Saltney Wood Memorial Primary School.
4	To consult informally with key stakeholders in Saltney and Broughton with regard to developing a new offer of secondary education that is modern, high quality and attracts local pupils from across the local area, and is sustainable.

## **REPORT DETAILS**

<b>1.00</b>	<b>BACKGROUND</b>
1.01	In November 2019, Cabinet received a paper outlining the Council's strategic intent for the 21st Century Schools Band B investment programme which runs from 2019 to 2025.
1.02	At this time Cabinet provided a mandate for officers to approach Welsh Government with a view to increase the financial envelope for the programme from £85m to £103m. Initial discussions have taken place with WG and the national picture is that other Councils are in the same position. Welsh Government's position is that they cannot commit to individual requests currently but wish to remain flexible with Councils as they work through their individual programmes. Therefore, current advice is to continue dialogue as the Council progresses through its investment programme. Cabinet will receive further updates at the appropriate time.
1.03	As Cabinet are aware the Band B Programme 21st Century school investment has already commenced with projects at Connah's Quay High School (Phase 2) now completed and Queensferry Campus (Plas Derwen PPRU and Queensferry CP) currently in design development phase. These are included in the Council's agreed Medium Term Financial Strategy.
1.04	In terms of the onward investment programme, due to programming, statutory process (in some areas), financing (both nationally and Council) and critical path issues, it is now essential that other projects are considered and agreed by Cabinet in order that projects can be progressed in a timely manner within the Council's programme.
1.05	<b>Ysgol Croes Atti, Flint.</b>  This proposal is for Flintshire's first new build Welsh Medium primary school and is strategically linked to the Council's Welsh Education Strategic Plan (WESP). The proposal is to replace the existing provision at Ysgol Croes Atti, located on Chester Road, Flint, which has significant accommodation and site constraint issue, with a new school on a site available to the Council on the Croes Atti housing development.
1.06	The Council, through an agreement with the Annwyl Group have an option on

	land on which to construct a new school. The Council have formally confirmed with Annwyl Group its intention to take up the land offer as per this agreement and positive dialogue continues between both parties.
1.07	This agreement is time limited and the project is considered a priority within the programme in order to ensure construction commences prior to the agreement terminating.
1.08	As the proposed new school site is fractionally over the mileage criteria from the existing school, as stipulated within the School Organisation Code, the Council is required to formally consult through the Code for a “Regulated Alteration” of Ysgol Croes Atti, Flint. (i.e. moving the school).
1.09	Appendix 1, shows the anticipated timeline for consultation.
1.10	Should Cabinet agree to the regulated alterations to the school, following the consultation, a contractor will be engaged through a tender process. In terms of anticipated timescales, it is envisaged that design development to cost certainty and navigation through the WG business case process, would take in the region of 12 months. Thereafter, subject to WG business case approval and capital release, the anticipated construction of the proposed new school could take around 18 months.
1.11	<p><b>Mynydd Isa Area</b></p> <p>As Cabinet will be aware from the previous report, the prospect of a combined primary and secondary campus agreement on the Argoed school site is feasible.</p>
1.12	Following review, the proposed project at Mynydd Isa is considered the best fit for a Mutual Investment Model (MIM) funded project within the Council’s 21st Century school’s programme. The proposal is that from a funding perspective that the MIM funding model is switched from Saltney to Mynydd Isa. This does not impact of the Council’s desire to invest in education provision in the Saltney area. This switch has been tested with WG and they are comfortable with this proposal.
1.13	Whilst the Council currently only has one nominated MIM Project within its programme, there are other projects that would be eligible for MIM. Therefore, it would be prudent for the Cabinet to remain open-minded with regard to the prospect of adding additional projects via MIM, should it benefit delivery and funding of the Council’s programme.
1.14	<p>As a reminder to Cabinet, MIM is a new form of Public Private Partnership (PPP). It enables WG to deliver infrastructure projects beyond that set by present UK Government borrowing limits. If WG do not use MIM, £500 million pounds of investment in the education estate will not be available to councils within Wales and this would have implications on the Council’s proposed programme locally.</p> <p>A private sector contractor is appointed via a new WG framework and the contractor finances, constructs and provides a 25 year life-cycled building product. Responsibility for funding and constructing the building, and then repairing and maintaining the building for 25 years once built, remains with the</p>

	<p>contractor. This results in buildings funded by MIM being maintained at a consistently high level for 25 years.</p> <p>The Council pays an annual charge which is funded from revenue similar to a rental payment called the 'service payment'. Through this programme councils will receive intervention rate funding at 81% from WG for a period of 25 years, thereafter the building is handed over to the Council. The funding from WG will be received in the form of a specific grant.</p> <p>The capital works in MIM are managed and funded by the contractor so the Council won't borrow to fund the capital works and the associated risks are transferred to the contractor. Revenue payments will not start until the facilities have been built and available for use, and will be paid for via a monthly revenue charge over a period of 25-years (the Service Payment). The required accounting is that the asset remains on the LA balance sheet matched with the total liability to pay the unitary charge over 25 years.</p> <p>A MIM information paper, is noted for further reference as Appendix 2.</p>
1.15	<p>The proposed project in Mynydd Isa is ideally positioned as a candidate for a WG pathfinder project, having passed a WG checklist. Effectively this means that WG commissioned specialist teams would work alongside Council officers to progress the project up to the next stage of the MIM process. This would include all technical work, including necessary surveys, with the full cost of services and surveys at this stage being covered by WG. This places the Council in a prominent position at the forefront of this national investment programme and will enable the project to be positioned ready for engagement with the WEPco when they become available through WG procurement in Autumn 2020.</p>
1.16	<p>Whilst statutory consultation is not required in the Mynydd Isa area, consultation with key stakeholders will be required. The level and type of consultation will need to be agreed with Council Leadership and the governing bodies of the two schools.</p>
1.17	<p>Additionally, there is opportunity for the governing bodies of the primary and secondary school to consider whether a federated governance arrangement may best serve a proposed 3-16 campus.</p>
1.18	<p>Should Cabinet approve, the anticipated timelines are as follows:</p> <ul style="list-style-type: none"> <li>• Engagement with WG teams (pathfinder) March 2020- September 2020</li> <li>• WG appoint their Strategic Partner for MIM</li> <li>• From September 2020 (9-12months) - Engagement with WG's Strategic Partner – (Design development Cost certainty, WG business case process)</li> <li>• Construction Phase (circa 18 - 24 months)</li> </ul> <p>Likely school/s opening - September 2023 (ambitious) or September 2024 (possibly more realistic). To be confirmed as the project is worked through post engagement with WG technical teams and the WEPco.</p>

1.19	The Council's financial liabilities would commence in 2020/21 in the form of a stage 1 MIM appraisal, this cost would be shared with WG. At the time of writing exact figures are unknown, however, they are estimated to be a modest amount in the region of £100-£150K. Thereafter, annual contractual payments over the lifespan of MIM based on the Council's intervention rate (19% Council/81% WG) would commence post school construction/handover.
1.20	<b>Saltney/ Broughton Area</b>  In November 2019, Cabinet agreed to extend the review of secondary education provision in Saltney to include Broughton.
1.21	To better understand pupils, parents, carers and future prospective parent choices around secondary provision, it is proposed to undertake informal consultation with key stakeholders in the communities of Broughton and Saltney. This information will be brought back to a future Cabinet meeting to enable strategic decisions to be considered. This will run in conjunction with a statutory consultation on changes to the local primary school provision.
1.22	For primary school provision in the area, officers are satisfied that Broughton CP is a sustainable school in its own right.
1.23	However, for the primary provision in Saltney, an amalgamation of Saltney Ferry CP and Saltney Wood Memorial CP into an amalgamated primary school in a new building would be the preferred option. This would not only bring the existing community primary provision in Saltney up to 21st century school standard it would ensure that primary provision in the area is sustainable into the future.
1.24	This proposal would require formal consultation through the School Organisation Code and would follow the same anticipated timeline as the one noted in Appendix 1.

<b>2.00</b>	<b>RESOURCE IMPLICATIONS</b>
2.01	Decisions to commit to capital expenditure investing in assets to deliver high quality services efficiently have long term implications for future revenue budgets. Consideration must be given to schemes to ensure that they are affordable, sustainable and therefore prudent.
2.02	The Council's share of the capital costs at this stage in the approval process would need to be funded from long term debt. The only alternative source of funding would be capital receipts which may be forthcoming over the life of the programme but cannot be relied upon as any capital receipts generated would need to be considered in the context of the wider capital programme.
2.03	Regardless of the financial model chosen to invest in the school estate, whether it be traditional Capital or MIM, the funding of the schemes would be classed as long term debt. The debt would need to be repaid, along with associated interest costs through the Council's revenue budget over the life of the investment.  Traditional capital is funded by Prudential Borrowing to fund the capital works

	<p>which is managed by the Council. Interest is funded from revenue payable as soon as borrowing is incurred, and the borrowing is repaid (by the Minimum Revenue Provision) the year after the building becomes operational. The Council's MRP policy is to spread the charge over the life of the asset on an annuity basis, which results in an increasing charge over time to reflect the diminishing value of money over time.</p> <p>The capital works in MIM are managed and funded by the contractor so the Council will not borrow to fund the capital works and the associated risks are transferred to the contractor. Revenue payments will not start until the facilities have been built and available for use, and will be paid for via a monthly revenue charge over a period of 25-years (the Service Payment). The required accounting is that the asset remains on the Council's balance sheet, matched with the total liability to pay the unitary charge over 25 years.</p>																								
2.04	<p>The first half of the Band B programme which has already been agreed concentrates on projects at Connah's Quay High School (this has now completed), Queensferry Campus, Ysgol Croes Atti, Shotton and Brynford CP School and have been included in the Council's Medium Term Financial Strategy (MTFS).</p>																								
2.05	<p>The high level estimate of total costs of the Band B schemes being taken forward in this report are £63m, of which £32m is traditional capital funded - £21m WG, £11m from the Council, and £31m for MIM.</p> <p>The high level estimated associated debt revenue costs arising from the schemes proposed within this report for the Council are set out in the table below:</p> <table border="1" data-bbox="311 1187 1401 1355"> <thead> <tr> <th colspan="8"><b>MTFS - Total Profiled Estimated Revenue Pressures (£)</b></th> </tr> <tr> <th><b>2019/20</b></th> <th><b>2020/21</b></th> <th><b>2021/2022</b></th> <th><b>2022/23</b></th> <th><b>2023/24</b></th> <th><b>2024/25</b></th> <th><b>2025/26</b></th> <th><b>2026/27</b></th> </tr> </thead> <tbody> <tr> <td></td> <td><b>8,988</b></td> <td><b>46,212</b></td> <td><b>240,287</b></td> <td><b>1,055,539</b></td> <td><b>1,186,664</b></td> <td><b>1,194,246</b></td> <td><b>1,202,028</b></td> </tr> </tbody> </table>	<b>MTFS - Total Profiled Estimated Revenue Pressures (£)</b>								<b>2019/20</b>	<b>2020/21</b>	<b>2021/2022</b>	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>		<b>8,988</b>	<b>46,212</b>	<b>240,287</b>	<b>1,055,539</b>	<b>1,186,664</b>	<b>1,194,246</b>	<b>1,202,028</b>
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2.06	<p>In estimating the revenue costs associated with debt financing the following assumptions have been made:</p> <ul style="list-style-type: none"> <li>• The ability to borrow at 3 – 3.5% over the duration of the programme as currently forecast by the Council's Treasury Management Advisors which covers the period up until March 2022.</li> <li>• No inflation has been factored on future Capital costs</li> <li>• 10% of total capital costs are incurred during the pre-construction phase, and 90% during construction.</li> <li>• Service Payment for MIM based on an early funding model from WG which will need updating.</li> </ul>																								

<b>3.00</b>	<b>IMPACT ASSESSMENT AND RISK MANAGEMENT</b>
3.01	All projects are managed using a risk register. Risks are managed accordingly, and financial risks are managed through a project contingency. Any high level

	risk which cannot be managed within the projects/programme will be incorporated into the risk register for the Education and Youth Portfolio.												
3.02	Under the five delivery principles of the Well-being of Future Generations Act this report will have the following impacts: <table border="1"> <thead> <tr> <th>Ways of Working Principle</th> <th>Impact</th> </tr> </thead> <tbody> <tr> <td>Long-term</td> <td>Positive – assists in securing the future of schools in their local communities</td> </tr> <tr> <td>Prevention</td> <td>Positive – appropriate capital investment provide better facilities and elongates the life of the building/s</td> </tr> <tr> <td>Integration</td> <td>No Change</td> </tr> <tr> <td>Collaboration</td> <td>No change- effective collaboration is already in existence</td> </tr> <tr> <td>Involvement</td> <td>Positive – The proposed projects will help promote greater community integration/use/involvement.</td> </tr> </tbody> </table>	Ways of Working Principle	Impact	Long-term	Positive – assists in securing the future of schools in their local communities	Prevention	Positive – appropriate capital investment provide better facilities and elongates the life of the building/s	Integration	No Change	Collaboration	No change- effective collaboration is already in existence	Involvement	Positive – The proposed projects will help promote greater community integration/use/involvement.
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3.03	Against the seven well-being goals of the Act, the potential impact of the report and its recommendations would be evaluated as follows:- <table border="1"> <thead> <tr> <th>Well-being Principle</th> <th>Impact</th> </tr> </thead> <tbody> <tr> <td>Prosperous Wales</td> <td>Positive impact - Capital investment directly benefits local supply chain/economy. A percentage of local expenditure is a requirement of the grant funding.</td> </tr> <tr> <td>Resilient Wales</td> <td>Positive impact - Use of sustainable and recycled materials during construction, more energy efficient, potential reduction in carbon emissions.</td> </tr> <tr> <td>Healthier Wales</td> <td>Positive Impact – Improved physical infrastructure and facilities which positively impact on the wellbeing of the school and its community.</td> </tr> <tr> <td>More Equal Wales</td> <td>Neutral Impact – Equalities Impact Assessments are already embedded in school culture.</td> </tr> <tr> <td>Cohesive Wales</td> <td>Positive Impact – Potential that the school could become a community hub through its better accommodation offer.</td> </tr> </tbody> </table>	Well-being Principle	Impact	Prosperous Wales	Positive impact - Capital investment directly benefits local supply chain/economy. A percentage of local expenditure is a requirement of the grant funding.	Resilient Wales	Positive impact - Use of sustainable and recycled materials during construction, more energy efficient, potential reduction in carbon emissions.	Healthier Wales	Positive Impact – Improved physical infrastructure and facilities which positively impact on the wellbeing of the school and its community.	More Equal Wales	Neutral Impact – Equalities Impact Assessments are already embedded in school culture.	Cohesive Wales	Positive Impact – Potential that the school could become a community hub through its better accommodation offer.
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	Vibrant Wales	Positive Impact – Enables new facilities to improve, both curricular, extra-curricular and community use of school buildings.
	Globally Responsible Wales	Positive - Capital investment, delivers a more sustainable product, local spend and added benefits for apprenticeships, work experience in construction.

<b>4.00</b>	<b>CONSULTATIONS REQUIRED / CARRIED OUT</b>
4.01	Reports on the SOP for 21 <sup>st</sup> Century School have previously been to E&Y Overview and Scrutiny Committee and Cabinet.
4.02	Where a project or area require school organisational change, consultation will be carried out in accordance with the School Organisation Code.
4.03	Consultation will be required through the planning application process at the appropriate stage of development.

<b>5.00</b>	<b>APPENDICES</b>
5.01	Appendix 1 – Ysgol Croes Atti, Flint & Saltney Primary – Statutory Consultation timeline Appendix 2 – MIM information paper

<b>6.00</b>	<b>LIST OF ACCESSIBLE BACKGROUND DOCUMENTS</b>
6.01	November 2019, Cabinet report:  <a href="http://committeemeetings.flintshire.gov.uk/documents/s57369/21st%20Century%20Schools%20-%20Core%20Schools%20Capital%20Programme.pdf?LLL=0">http://committeemeetings.flintshire.gov.uk/documents/s57369/21st%20Century%20Schools%20-%20Core%20Schools%20Capital%20Programme.pdf?LLL=0</a>

<b>7.00</b>	<b>CONTACT OFFICER DETAILS</b>
7.01	<b>Contact Officer:</b> Damian Hughes <b>Telephone:</b> 01352 704135 <b>Email:</b> <a href="mailto:damian.hughes@flintshire.gov.uk">damian.hughes@flintshire.gov.uk</a>



8.00	GLOSSARY OF TERMS
8.01	<p data-bbox="304 199 1417 344"><b>21st Century Schools</b> - Is a collaboration between the Welsh Government (WG), the Welsh Local Government Association (WLGA) and local authorities. It is a major, long-term and strategic capital investment programme with the aim of creating a generation of 21st century schools in Wales.</p> <p data-bbox="304 383 1417 454"><b>Capital Funding</b> - Capital funding is usually linked to acquiring or improving a long-term asset such as equipment or buildings.</p> <p data-bbox="304 492 1417 674"><b>Revenue Funding</b> - Is linked to items that will be used within a year. Examples include salaries, heating, lighting, services and small items of equipment. Routine repairs are revenue expenditures and can include significant repairs that do not extend the life of the asset or do not improve the asset (the repairs merely return the asset to its previous condition).</p>