

## CABINET

<b>Date of Meeting</b>	Tuesday, 21 <sup>st</sup> September 2021
<b>Report Subject</b>	Mutual Investment Model (MIM) 21st Century Schools Welsh Education Partnership – Deed of Adherence
<b>Cabinet Member</b>	Leader of the Council & Cabinet Member for Education, and Deputy Leader of the Council (Governance) and Cabinet Member for Corporate Management and Assets
<b>Report Author</b>	Chief Officer (Education and Youth), and Chief Officer (Housing and Assets)
<b>Type of Report</b>	Operational

### EXECUTIVE SUMMARY

The purpose of this report is to explain the background and process of a proposed change, a “Deed of Adherence” to the existing agreed Strategic Partnering Agreement (SPA). The SPA facilitates the delivery of education and community facilities through the Welsh Government’s Mutual Investment Model (MIM) and to seek Cabinet approval to enter into the Deed of Adherence.

Subject to appropriate agreement from Continuing Participants (Welsh Councils and Further Education Institutes) the Deed of Adherence will be completed by Welsh Government later in 2021.

### RECOMMENDATIONS

1 *In noting the recommendation below it is worded quite specifically by Bevan Brittan the legal advisors to Welsh Government and WEPCo to ensure that all partners to that agreement have a regularised and formally agreed set of wording. This it to ensure consistency across the partnership, who will be submitting broadly similar reports to their respective organisations at or around the same time period:-*

That Cabinet approves the execution, delivery and performance of a supplemental agreement to the Welsh Education Partnership (WEP) Strategic Partnering Agreement (SPA) dated 30th September 2020 (the “Deed of Adherence”) in order that from the date of execution of the Deed

	of Adherence the Joining Participants are able to give effect to and be bound by the terms of the WEP Strategic Partnering Agreement dated 30th September 2020 as a party to it, to facilitate the delivery of a range of infrastructure services and the delivery of education and community facilities.
--	---

## **REPORT DETAILS**

<b>1.00</b>	<b>BACKGROUND</b>
1.01	The Welsh Government, together with Meridiam Investments, have formed the Welsh Education Partnership Company WEPCO Limited (“WEPCo”) and are delivering education and community facilities in Wales, under the Mutual Investment Model (MIM) of the 21st Century Schools Programme.
1.02	In July 2020, Cabinet resolved to enter into a Strategic Partnering Agreement (SPA) with WEPCo to facilitate the delivery of education and community facilities, which is the only platform through which MIM projects within Wales can be delivered.
1.03	The SPA was formed and completed in September 2020 and included Local Authorities and Further Education Institutes (known as participants) who had formally agreed through their governance arrangements to enter into this agreement.
1.04	Following completion of the SPA, other Welsh Local Authorities and Further Education Institutions now have a window within which they may enter into a short, simple supplemental agreement to the SPA, namely a “Deed of Adherence”. This enables them, from the date of execution, to agree with each other person who is, or who becomes a party to the SPA to be bound by the SPA (on the same terms and conditions) as “Joining Participants”.
1.05	As an existing party to the SPA (a “Continuing Participant”) the Council is required, with all other Continuing Participants, to approve and enter into the Deed of Adherence to enable the Joining Participants to become a party to and to be bound by the SPA. There is no requirement to re-execute the SPA.
1.06	Since completion, of the SPA, a further five Local Authorities/Further Education Institutions have expressed a wish to enter into the SPA to enable them to have the option to draw down services from WEPCo.
1.07	By agreeing and entering into the Deed of Adherence the Council as a Continuing Participant is allowing other Welsh Local Authorities and Further Education Institutions, (Joining Participants), the ability to become a party to the SPA and access Band B MIM revenue funding. There are no alternative delivery options for MIM funding.

1.08	The Deed of Adherence is a simple document, where a Joining Participant agrees with the Continuing Participants and WEPCo that with effect from the date of its execution, it is bound by the existing terms of the SPA. Subject to Cabinet agreement this document will be signed by the Chief Officer for Education and Youth as was the original SPA.
1.09	Completion of the Deed of Adherence will not change the terms and conditions of the SPA in any way, apart from adding more named parties to the list of Participants. Joining Participants will enjoy the same benefits from being party to the SPA as the Continuing Participants.
1.10	The addition of these new Participants has no effect on the working capital requirements or the risk profile of WEPCo as adherence of more parties to the SPA only gives the new LA and FEI entrants as Participants the opportunity to access the partnering services to develop up MIM or capital projects in the future.
1.11	Subject to agreement from Continuing Participants, Joining Participants will have the right to join the Strategic Partnering Board. This will have no effect on the operations of the Board other than there will be more Representatives on the Board.
1.12	The Council's current MIM 3-16 project in Mynydd Isa will remain unaffected by an agreement to enter into a Deed of Adherence.

<b>2.00</b>	<b>RESOURCE IMPLICATIONS</b>
2.01	There is no financial impact to the Council in agreeing to the Deed of Adherence as legal fees will be covered by the Welsh Government.
2.02	The Council's current nominated MIM project, the 3-16 campus project in Mynydd Isa, is unaffected by an agreement to enter into a Deed of Adherence.

<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 with the projects/programme will be incorporated into the risk register for the Education and Youth Portfolio.

<b>4.00</b>	<b>CONSULTATIONS REQUIRED/CARRIED OUT</b>
4.01	Agreement to a Deed of Adherence is a Cabinet function.

<b>5.00</b>	<b>APPENDICES</b>
5.01	Appendix 1 - Draft Deed of Adherence

<b>6.0</b>	<b>LIST OF ACCESSIBLE BACKGROUND DOCUMENTS</b>
6.01	<p>Link to Cabinet report, 4th July 2020:-</p> <p><a href="https://committeemeetings.flintshire.gov.uk/documents/s59963/21st%20Century%20Schools%20-%20Mutual%20Investment%20Model%20Update.pdf?LLL=0">https://committeemeetings.flintshire.gov.uk/documents/s59963/21st%20Century%20Schools%20-%20Mutual%20Investment%20Model%20Update.pdf?LLL=0</a></p>

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

<b>8.00</b>	<b>GLOSSARY OF TERMS</b>
8.01	<p><b>21st Century Schools</b> - Is a collaboration between the Welsh Government (WELSH GOVERNMENT), 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><b>Capital Funding</b> - Capital funding is usually linked to acquiring or improving a long-term asset such as equipment or buildings.</p> <p><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> <p><b>MIM – Mutual Investment Model</b> - MIM is a new form of Public Private Partnership (PPP). MIM is funded by revenue and is an alternative to traditional capital funding.</p> <p><b>WEPCo</b> – A private Sector Partner and subsidiary of the Development Bank of Wales (known as Welsh Government co) will be required to form WEPCo, which will deliver infrastructure services to Participant ( i.e. the Council) in Wales.</p>