

CYNGOR SIR POWYS COUNTY COUNCIL.

CABINET EXECUTIVE

19 June 2018

REPORT AUTHOR: County Councillor M Alexander, Portfolio Holder for Learning and Welsh Language
County Councillor A Davies, Portfolio Holder for Finance

SUBJECT: 21st C Schools Programme – Welshpool Primary Project and Ysgol Calon Cymru

REPORT FOR: Decision

1. Summary

1.1 This report requests Cabinet approval to

- increase the funding allocation for the Welshpool Primary Schools Project to £16,794,385, an increase of £3,816,591 to be split between Band A and Band B of the 21st C Schools Programme
- to utilise any unallocated funding in Band A to support capital investment in Ysgol Calon Cymru.

2. Background

2.1 The Council's major capital investment programme for schools is the 21st C Schools Programme, which is jointly funded by the Welsh Government and the Council. The Programme is split into two tranches of funding: Band A (2014 to 2019) and Band B (2019 – 2025). Band A supports projects that total £79,602,184, which was approved by the Cabinet and the Welsh Government in 2011, and Band B was approved by Cabinet on 7th November 2017 and has subsequently received approval in principle from the Welsh Government – the value of the Band B Programme is £113,924,276.

2.2 As part of Band A, Cabinet approved a major reconfiguration of primary education in Welshpool. The project has two stages:

Stage 1: Review of primary provision in Welshpool

This review resulted in the closure of four schools in September 2017:

- Ysgol Maesydre,
- Oldford N & I School,
- Gungrog N & I Infant School,
- Ardwyn N & I School

These are to be replaced by two new schools:

- Ysgol Gymraeg y Trallwng, operating from the former Ardwyn site;

- Welshpool Church in Wales Primary School, operating from the former sites of Ysgol Maesydre, Oldford and Gungrog.

Stage 2: Construction of two new school buildings

It was intended that the two schools would transfer to two new school buildings by September 2018:

- Ysgol Gymraeg y Trallwng, a 150 place school to be built on the former Ysgol Maesydre site (known now as the Howell Drive site of Welshpool CiW Primary School)
- Welshpool CiW Primary School, a 360 place school to be built on land at Welshpool High School, known as Salop Road.

- 2.3 Welsh Government funding was secured through the approval of a Full Business Case for the total project cost of £12,977,794, for the construction of the two new schools and a contractor, Dawnus Construction Ltd, was appointed via a competitive tendering process. In 2017/18, designs were developed and agreed with the two governing bodies and the Schools Service, and the next step in the process was to apply for planning permission.
- 2.4 It was intended that the construction process for both schools would take place concurrently. Once Welshpool CiW School's new building was ready, pupils would vacate the Howell Drive site and it was planned for the building to be demolished to complete the groundworks for the new Ysgol Gymraeg y Trallwng.
- 2.5 However, on 16 March 2018, the authority received notification that Cadw, the Welsh Government's historic environment service, had decided to list the former Ysgol Maesydre building. The following paragraphs are direct quotes from Cadw's letter of notification:

'Consequently, I have listed Ysgol Maesydre for its special architectural and historic interest. It is a well-designed late C19 county intermediate school by one of the leading architects of the period. It was constructed during an important phase of school development which allowed for regular provision for state secondary education for the first time. The 1889 Welsh Intermediate Education Act emphasised technical education and this school was provided with specific facilities for this purpose and it survives largely intact. However, it is not my intention to list the extensions of 1955 as they are not considered to be of special interest.

This decision has immediate effect and introduces a requirement for listed building consent to demolish the building or alter, or extend it in a way which affects its character as one of special architectural or historic interest. However, the listing is not a preservation order and many listed buildings are capable of being brought into modern day use. While works must be properly justified, that does not mean that adaptation is impossible.'

- 2.6 This decision has had a significant impact on the project and requires a change of approach. Whilst plans for the new Welshpool CiW Primary School were submitted for planning approval in order to make progress with one school, the authority carried out an options review to assess if there were alternative sites that could possibly accommodate Ysgol Gymraeg y Trallwng. However, this review concluded that there were no alternative options available. The

authority therefore instructed the contractor to develop new designs that included the listed building.

- 2.7 New designs have now been developed which include constructing a new block for the school but also remodelling the listed building. It is the authority's view that this design will provide Ysgol Gymraeg y Trallwng with an excellent learning environment whilst also protecting the historical aspects of the listed building. However, it will not be possible to build the two schools concurrently, as originally intended, because works on the listed building and the site cannot commence until pupils have vacated the building i.e. the new Welshpool CiW Primary School needs to be built first, then works can commence on the Howell Drive site. This adds a delay to the project, with the likelihood that the new building for Ysgol Gymraeg y Trallwng won't be ready for occupation until at least September 2020.
- 2.8 The re-design has resulted in an increase in estimated cost of the overall project to £16,794,385, which is an increase of **£3,816,591** from the funding agreed in the Full Business Case.
This is due to:
- Re-design costs and costs associated with remodelling a listed building;
 - Economies of scale no longer achievable due to the schools now being built sequentially rather than concurrently;
 - Further site investigation on the Salop Road site (the Welshpool CiW Primary School site) identified that the topsoil needs to be removed and re-filled, due to a historical use of the land.

3 Proposal

3.1 The Cabinet is asked to approve an overall increase in the funding for the Welshpool Schools Project to £16,794,385. The authority is confident that the new cost estimation offers the most economically advantageous route to delivery of this project. There is close management of the cost planning by HoWPS, who are administering the contract, and Dawnus, the main contractor. This provides good visibility of the supply chain costs and helps to manage the significant variations that have occurred since the project was tendered. The costs put forward are accurate and the visibility of the supply chain will allow HoWPS to work with the contractor to ensure the most economically advantageous sub-contract packages are utilised.

3.1 In order to manage this increase, it is proposed also that the Welshpool Schools Project is split into two separate projects:

- Welshpool CiW Primary School - £10,011,592, to be funded from Band A
- Ysgol Gymraeg y Trallwng - £6,154,143, to be funded from Band B.

3.3 This will result in Band A having an unallocated funding.

It is therefore proposed that any unallocated funding in Band A is utilised to support investment in Ysgol Calon Cymru, the authority's new school that is being established in September 2018 following the merger of Builth Wells and Llandrindod High Schools. There are significant condition and suitability issues on the Llandrindod site and the investment would enable the school and the

authority to support a major Schools Transformation project. The consultation document published in 2016 during the formal consultation stage states the following:

'Backlog maintenance costs within the current school stock is also a concern. The schools were recently re-surveyed by the Council's Property Service, which confirmed that the grades remained the same. The re-survey also confirmed that there has been significant deterioration in the condition of certain blocks.'

The following table shows the grades given to the condition, suitability, sustainability and compliance with disability legislation of each school building:

School	Condition	Suitability	Sustainability	DDA
Builth Wells High School	B	B	B	A
Llandrindod High School	C	B	C	C

Maintaining the current school building stock adds further financial pressures for the Council. The following table provides an estimate of current backlog maintenance costs, supplied by the Council's Property Service:

School	Estimated backlog maintenance costs
Builth Wells High School	£1,743,600
Llandrindod High School	£3,607,800

4 Options Considered / Available

4.1 Option 1: To keep with the original plan of building the two schools using the amended design and increase Band A funding envelope for the Welshpool Schools Project to £16,794,385

Benefits:

- This would allow the project to proceed as a single project with economies of scale benefits.

Risks:

- Cabinet and Council may not approve this increase of over £3m.
- Band A ends in March 2019 – however, work on Ysgol Gymraeg y Trallwng will not start until at least September 2019 and is therefore not eligible to be funded from Band A. There is a risk that the Welsh Government may not approve a carry forward beyond the Band A Phase if the project has not yet started and may not be able to proceed.
- If the Ysgol Gymraeg y Trallwng project is unable to proceed, then there is a significant reputational risk for the authority and there will be inequity in terms of primary provision in Welshpool, as English-

medium pupils will be taught in 21st C school facilities, whilst Welsh-medium pupils will have to remain in a poorer learning environment.

4.2 **Option 2:** To split the Welshpool Schools Project into two separate projects to be funded from Band A and Band B.

Benefits:

- This enables Welshpool CiW Primary School to proceed according to the current timescales, with pupils able to enjoy a new learning environment from September 2019, with a clear timeline for Ysgol Gymraeg y Trallwng.
- No increase in the Band A funding envelope is required
- This option also frees up funding in Band A (about £3M) to support investment in Ysgol Calon Cymru, therefore maximising benefits for pupils.
- The Band B programme can accommodate this additional project.

Risks:

- The Band B programme will be reduced by approximately £6m for utilisation on other schemes.

5 **Preferred Choice and Reasons**

5.1 The preferred choice is Option 2 as it enables both schools to be built whilst also supporting new investment in Ysgol Calon Cymru.

6 **Impact Assessment**

6.1 Is an impact assessment required? No

7 **Corporate Improvement Plan**

7.1 Learning and Skills is a key priority within the Corporate Improvement Plan, and the Council is committed to 'improving our schools infrastructure'.

8 Local Member(s)

Welshpool Members:

Ysgol Calon Cymru Members:

9 **Other Front Line Services**

9.1 Does the recommendation impact on other services run by the Council or on behalf of the Council? Yes

10 **Communications**

10.1 Have Communications seen a copy of this report? Yes

10.2 Have they made a comment? If Yes insert here.

11 **Support Services (Legal, Finance, Corporate Property, HR, ICT, Business Services)**

11.1 Legal

The recommendations can be supported from a legal point of view.

11.2 Finance:

Splitting up the project into two construction phases will enable at least one school to be built in the Band A phase and at a cost of £10m. This can be contained within the approved budget and also will free up some £3m of the £13m budget that has already been approved in Band A for this project, to be used on other projects.

The Welsh Medium School could then be included in the Band B programme with an allocation of £6m from the £113.9m that has been earmarked for Band B. There is the risk that the Welsh Government may recall their share of the £3.8m that will be freed up from this option, and/or may not approve of this option, however early indication from on-going discussions suggest that they are in support of this option. This means that the council will benefit from a reduction in borrowing of about £1.9m which is our share of £3.8m which will be freed up in Band A. There will also be the benefit of a reduced interest payment on borrowing.

However, in the unlikely event that the Welsh Government does not approve this option, this position could change drastically, requiring the Council to borrow an extra £3m to enable the Welsh Medium School to be built. Were this to happen, there will be implications for revenue in terms of borrowing cost.

There is also the added risk of cost escalation, depending on how well HOWPS manages this complex project within the approved budget. It will be crucial that they keep the cost down through the duration of the project to ensure that cost is kept within the margins of the allocated budget.

11.3 Corporate Property (if appropriate)

11.4 HR (if appropriate)

11.5 ICT (if appropriate)

11.6 Communications: The report is of public interest and requires use of news release and appropriate social media to publicise the decision.

12 Scrutiny

12.1 Has this report been scrutinised? Yes / No?

12.2 If Yes, what version or date of report has been scrutinised?

12.3 Please insert the comments.

12.4 What changes have been made since the date of Scrutiny and explain why Scrutiny recommendations have been accepted or rejected?

13 Statutory Officers

The Head of Financial Services (Deputy Section 151 Officer) comments: I note the comments provided by the Capital and Financial Planning Accountant.

Monitoring Officer: "I note the legal comments and have nothing to add to the report."

14 Members' Interests

The Monitoring Officer is not aware of any specific interests that may arise in relation to this report. If Members have an interest they should declare it at the start of the meeting and complete the relevant notification form.

Recommendation:	Reason for Recommendation:
That Cabinet approves an increase in the budget for Welshpool Schools Project to £16,794,385 to be split between Band A and Band B.	To enable the two schools to be built in Welshpool therefore improving the learning environment for pupils.
That Cabinet approves that any unallocated funding in Band A is invested in improvements at Ysgol Calon Cymru.	To improve facilities for pupils in a major Schools Transformation project.

Relevant Policy (ies):	Schools Organisation Policy 2018, Schools Asset Management Policy		
Within Policy:	Y	Within Budget:	Y

Relevant Local Member(s):	Welshpool members and Ysgol Calon Cymru catchment members
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Person(s) To Implement Decision:	Schools Transformation Team
Date By When Decision To Be Implemented:	immediately

Is a review of the impact of the decision required?	Y / N
If yes, date of review	
Person responsible for the review	
Date review to be presented to Portfolio Holder/ Cabinet for information or further action	

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Background Papers used to prepare Report:

