

## **Report for Learning & Leisure Scrutiny Committee - March 2012**

**Question: Powys CC schools appear to cost significantly more than schools built by other Welsh LA's For example, we have the announcement of a new primary school in Newtown costing over £30k/child while other LA's have a cost of less than £20k/child.**

### **Introduction**

At the outset of this report I can assure the reader that although in some cases Powys Schools appear to cost significantly more than other schools built in Wales, this is not the case.

There are a wide range of costs that need to be included in a final budget or cost that are beyond the basic construction contract. When other LA's publish costs, in many cases it is very unclear what is included or excluded in the cost. This report will explain these variations.

### **Powys CC School costs – base data for this report**

The committee has identified that an initial budget has been compiled for the proposed new Welsh Medium school in Newtown. The budget and costs have been prepared following an analysis of the schools currently being built in Ystradgynlais and the recently completed Trefonnen Church in Wales school, adjusted for inflation. Therefore, this budget provides a current benchmark for this report. The budget summary for the project is attached for information.

### **Commentary on Newtown school budget**

The headline that can be drawn from the budget is a total cost of £8.5m for a 300 pupil school with a resultant cost of £28.3k per pupil.

However, before making a comparison with other school costs the following points need to be noted:

- The budget is prepared at Concept stage. Therefore no design work or site investigations have been undertaken. We are aware that the site is adjacent to a redundant tip, so there may be ground contamination issues to deal with. The site may require extensive highway works to provide safe access and egress. Therefore, at this early stage in the project development a 20% contingency is included in the budget.
- Inflation. Budgets need to be forward looking and include costs based on the anticipated programme. The reader will note that the budget uses the

Question: Powys schools appear to cost significantly more than schools built by other Welsh LA's.

inflation indices produced by the industry body Building Cost Information Service (BCIS) who publish actual and projected inflation indices. The budget includes a projected 2.71% inflation increase from second quarter 2011 to the third quarter 2013.

- Building function. Referring to the budget the reader will note that in addition to providing a 300 place primary school, the education client requires inclusion of ALN, CYPP and early year's provision. This amounts to some additional 29% building area over that required for the 'basic' school provision of 300 pupils.
- Costs aside from construction. The reader will note that fees and other non construction costs are listed separately from construction costs.

Taking the above factors into consideration, the cost per pupil for the 300 place school can also be expressed as £14,800, (excluding fees, other non-construction costs, inflation, contingency and other building function areas).

There are many other variables in construction costs to be taken account of between schools and these are discussed later, however, the above analysis of the budget for the proposed new school in Newtown demonstrates how an apparent huge price difference can be reported for the same project.

### **Comparison of Newtown school budget with other LA school projects**

The following are examples of reported school costs in Wales with some comments for each project that need to be considered when using the headline cost as a benchmark. The comments are examples not an exhaustive list.

Reported at a recent Constructing Excellence Wales event by the Programme Director of the 21<sup>st</sup> Century Schools program that the recently completed Secondary School building at Archbishop McGrath Catholic School Bridgend for 750 pupils cost £21.4m including sports facilities.

The headline cost per pupil is £28,533

#### **Comment**

- To use this cost as a benchmark more understanding of the sports facilities included in this project is required Is it the provision of a school hall with dry side facilities as Powys are including in the new high school at Maesydderwen or something greater? The press release on the Bridgend County Borough Council web site states it incorporates community sports facilities and changing rooms. Are these additional facilities or facilities

Question: Powys schools appear to cost significantly more than schools built by other Welsh LA's.

that would be needed for the school anyway but made available out of hours to the community? The same website states the cost as £20m, less than that stated by the Program Director.

- Are the quoted 750 pupils taught in the new building or are other existing buildings retained on the site?
- Is the quoted cost inclusive of all costs including fees for example?

#### 21<sup>st</sup> Century Schools program example projects

Nant Celyn Primary School, Torfaen reported as a £7m 420 place school, commenced in July 2009

The headline cost per pupil is £16,666

#### Comment

- This cost per pupil is at a level that appears to be construction contract only although a little more than the Newtown budget.
- Four years of inflation need to be added to this cost to compare to the Newtown project
- Given the date of construction, does it include the recent requirement of a sprinkler system?
- It will be compliant with Building Regulations current in 2008/09. The 2010 amendments have increased M&E costs substantially; we are experiencing well over 10% increase.

Ysgol Bro Sion Cwllt Primary School, Ceredigion reported as a Contract value of £3.385m 135 place school, completed November 2009

The headline cost per pupil is £25,074

#### Comment

- This cost is stated as construction contract only and is therefore substantially more expensive than the Newtown budget other costs such

Question: Powys schools appear to cost significantly more than schools built by other Welsh LA's.

as fees and equipment need to be added to this cost to compare overall costs.

- Four years of inflation need to be added to this cost to compare to the Newtown project
- Given the date of construction, does it include the recent requirement of a sprinkler system?
- It will be compliant with Building Regulations current in 2008/09. The 2010 amendments have increased M&E costs substantially; we are experiencing well over 10% increase.

Ty Gwyn Special School, Cardiff reported as a £16m 150 place school, completed August 2010

The headline cost per pupil is £106,667

Comment

- What is included or excluded from this cost isn't clear; however as it is a special school a hydrotherapy pool is included.
- This project demonstrates that what is included in a school over the basic requirements can vary the headline pupil cost considerably.

### Conclusion

The way a project cost is reported varies and what is included or excluded from a project and/or costs can have a dramatic effect on the headline cost per pupil or cost per m2.

### **Setting budgets for Powys Schools**

An extensive list of costs has to be allowed for and considered besides the basic construction or contract cost. The attached list is not exhaustive, but is typical for a Powys project.

As can be seen from the examples above, using headline published costs for schools provides little basis for accurate cost benchmarking due to many variables.

Question: Powys schools appear to cost significantly more than schools built by other Welsh LA's.

To ensure our schools have been and are being constructed in line with industry costs, we use published data produced by the BCIS, updated to current costs using their inflation indices.

A recent exercise was undertaken during the preparation of the budget for the proposed new Welsh Medium school to compare the basic construction cost of the schools currently being built in Ystradgynlais and the recently completed Trefonnen Church in Wales school, (adjusted for inflation) with BCIS rates.

Powys construction costs are within the upper and lower cost parameters reported by BCIS.

### **Conclusion**

On face value published headline costs for schools built by other LA's can be less per pupil or per m2 when compared with cost per pupil calculated from total budget costs experienced by Powys

However, as discussed in this report it is evident that there are a large number of variables between any given school project and its site and the way final cost is reported.

Inflation costs and legislation changes all have an impact on cost and need to be taken into account when comparing against relatively recent schools built in the last five years.

Powys property services undertake benchmarking against industry published cost data and ensure that through our robust tendering process the Authority achieves best value in the procurement of its new schools to achieve time, cost and quality outcomes.

**Prepared by Powys County Council Property Services**

**March 2012**