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Cabinet

Meeting Venue
Hybrid meeting - Zoom - County Hall

Meeting date
Tuesday, 27 September 2022

Meeting time
10.00 am

For further information please contact
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County Hall
Llandrindod Wells
Powys
LD1 5LG

21/09/2022

Mae croeso i chi siarad yn Gymraeg neu yn Saesneg yn y cyfarfod.
Rhowch wybod pa iaith rydych am ei defnyddio erbyn hanner dydd, ddau ddiwrnod gwaith cyn y cyfarfod.
You are welcome to speak Welsh or English in the meeting.
Please inform us of which language you wish to use by noon, two working days before the meeting.

AGENDA

1.	APOLOGIES
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To receive apologies for absence.

2.	MINUTES
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To authorise the Chair to sign the minutes of the last meeting held on 27 July 2022 as a correct record.

(Pages 3 - 12)

3.	DECLARATIONS OF INTEREST
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To receive any declarations of interest from Members relating to items to be considered on the agenda.

4.	TRANSFORMING EDUCATION PROGRAMME - SENNYBRIDGE C.P. SCHOOL OUTLINE BUSINESS CASE (OBC)
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To consider a report by County Councillor Pete Roberts, Cabinet Member for a Learning Powys.

(Pages 13 - 100)

5.	FINANCIAL PLANNING UPDATE
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To consider a report by County Councillor David Thomas, Cabinet Member for Finance and Transformation.

(Pages 101 - 116)

6.	TREASURY MANAGEMENT QUARTER 1 REPORT
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To consider a report by County Councillor David Thomas, Cabinet Member for Finance and Transformation.

(Pages 117 - 134)

7.	DELEGATED DECISIONS TAKEN SINCE THE LAST MEETING
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To note the delegated decisions taken since the last meeting.

(Pages 135 - 136)

8.	FORWARD WORK PROGRAMME
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To consider the Cabinet forward work programme.

(Pages 137 - 138)

**MINUTES OF A MEETING OF THE CABINET HELD AT COUNTY HALL / TEAMS ON
TUESDAY, 26 JULY 2022**

PRESENT

County Councillor J Gibson-Watt (Chair)

County Councillors J Charlton, R Church, S Cox, S C Davies, M J Dorrance,
S McNicholas, P Roberts, D Selby and D A Thomas

In attendance: County Councillor Angela Davies

1.	APOLOGIES
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Apologies for absence were received from County Councillor J Berriman.

2.	MINUTES
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The Leader was authorised to sign the minutes of the meetings held on 28th June and 5th July 2022 as correct records.

3.	DECLARATIONS OF INTEREST
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There were no declarations of interest reported.

4.	QUARTER 1 PERFORMANCE REPORT
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Cabinet considered the performance report for quarter 1. Each service area had held a performance review meeting with their portfolio holders. Cabinet welcomed the proposed changes as it was important to have measurable outcomes that were kept under review.

RESOLVED

- 1. To note the contents of the report which presents an overview of performance for Quarter 1 (1 April – 30 June 2022) against the objectives and measures published in Vision 2025: Our Corporate Improvement Plan.**
- 2. That Cabinet approve the following amendments in relation to Supported Employment:**

Remove the current measure:

 - Number of Adults with a disability being supported to undertake employment.**

Replace with new measures:

 - The total number of adults with a disability currently in paid employment and supported by**
 - The total number of adults with a disability currently in paid employment and supported by**

3. That Cabinet approve the following amendments in relation to North Powys:

Remove the current measures:

- Improved accessibility to services and community infrastructure that meets the need of the population.
- Improved integration of services, partnership working, and confidence in leadership.
- Increased focus on prevention and health promotion.
- Increased emotional and behavioural support for families, children, and young people to build resilience and support transition into adulthood.
- Strengthen people's ability to manage their own health and well-being and make healthier choices.
- Increased independence and participation within communities.
- Improve the opportunity for people to access education, training, and learning opportunities.

Replace with new measures:

- Percentage of people who attended a Powys Together project or event who reported positive change as result of attending.
- Number of individuals empowered to access virtual and physical health tools and able to use the skills developed in the programme within 6 months of attending the Lasting Impact programme.

5.	STRATEGIC RISK REGISTER FOR QUARTER 1
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Cabinet considered the Strategic Risk Register for quarter 1. Cabinet was advised that HTR0016 shortage of bus and lorry drivers would remain on the HTR service risk register.

RESOLVED that Cabinet notes the current Strategic Risk Register and is satisfied with progress against mitigating actions for quarter 1, approves escalation of HO0034 (detailed under point 3.6) to the Strategic Risk Register and de-escalation of PPPP007 and HTR0016 (detailed under points 3.7 & 3.8) from the Strategic Risk Register.

6.	WELSH IN EDUCATION STRATEGIC PLAN 2022 - 2032
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Cabinet considered the Council's Welsh in Education Strategic Plan (WESP) for 2022-2032. The plan had been developed over a number of years largely by the previous administration with close co-operation with Scrutiny and other partners.

A revised version had been submitted to Welsh Government amended to reflect comments made on an earlier draft. Confirmation had been received the previous week that this version of the WESP had been approved and, therefore it would come into force on the 1st September 2022. An action plan would be prepared for the first 5 years by the end of the autumn term 2022. After the new

WESP came into force, local authorities would be required to submit a review report to the Welsh Government by no later than 31 July each year.

The Cabinet Member accepted comments made that it was disappointing to see that the proportion of young people learning through the medium of Welsh was lower than the proportion of Welsh speakers. He advised that the Cabinet was looking at new approaches on how to expand Welsh medium education outside of the traditional Welsh speaking areas.

RESOLVED to approve the updated Welsh in Education Strategic Plan for 2022-2032 as contained in Appendix A to the report.

7.	SCHOOL OUTTURN POSITIONS 31 MARCH 2022 AND BUDGET PLANS 2022-23
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Cabinet considered the outturn position on school reserve movements and balances at 31 March 2022, and the school budget plans for 2022-23 as approved by Governing Bodies and submitted to the authority on 1st May 2022.

At 31st March 2022 the total cumulative reserve for schools was in a surplus position of £8.6 million. The total position on schools' carried forward balances was a surplus of £8.9 million. This was a much-improved position compared to Schools' original budgets (May 2021) which had projected a total surplus balance of £1.4 million for 31 March 2022, an improvement of £7.5 million during the financial year. This was in part due to in excess of £5.9 million of additional grant funding received during the final quarter of 2021-22, of which £4.4 million was delegated directly to schools reducing their on-going costs. In line with Welsh Government advice, these surpluses would not be clawed back from schools but they would be asked to report back on how surpluses would be used.

Cumulative deficit balances in future years remained a concern and a significant risk to the authority, but schools were generally working well with Council officers to bring in-year budgets into balance and prevent the deficits increasing further. Meetings would be arranged with schools whose budgets were causing most concern.

8.	FINANCIAL FORECAST FOR THE YEAR ENDED 31ST MARCH 2023 (AS AT 30TH JUNE 2022)
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Cabinet considered the financial outturn report for the period ended 30 June 2022. Cabinet noted that of the cost reductions of £8.072 million approved as part of the Council's budget for this year some £3.428 million, 32% were unachieved and at risk of delivery in year. Services were being challenged as to why the position for some proposals has changed and would be required to consider mitigating action to ensure that they could deliver within the budget allocated.

Cabinet noted that the underspend achieved last year due to the additional funding received from Welsh Government was not likely to be repeated. With

additional pressures arising from Covid, the Ukrainian crisis and inflation the call on reserves was likely to increase through the year.

The greatest financial risk remained the ability to deliver a balanced budget over the medium and longer term. On current modelling a £14 million budget gap was projected up to 2027 and was likely to increase. The Medium Term Financial Strategy and the assumptions on which the Financial Resource Model was based was being reviewed and would be considered by Cabinet and Council in September.

The report also contained a number of requests for budget virements:

- £380,350 transferred from Childrens to Adults Social Care for the Out of Hours Service that is now going to be line managed by officers within Adults and recharged back to Childrens.
- £427,110 between the Schools Central budget to School Improvement budget within the Education Service.
- £120,000 removed from each of the expenditure and income budget previously set for Bailiffs invoices under Income and Awards.
- £192,916 from the County Council Election reserve to finance the costs of delivering the county elections in May 2022.

RESOLVED

1. **To note the current budget position and the projected full year forecast to the end of March 2023.**
2. **Service heads are required to develop their commentary at Appendix B to ensure that they set out how they will bring their budgets back in line and identify any mitigating actions that need to be agreed.**
3. **The grants set out in section 5.1 are noted**
4. **The virements set out in section 5.2 are approved, to comply with the virement rules for budget movements between £100,000 and £500,000 as set out in the financial regulations.**

9.	CAPITAL FORECAST 2022-23, AS AT 30TH JUNE 2022
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Cabinet noted that the revised programme at the 30th June 2022 was budgeted at £115.31 million following the successful award of additional grants and the reprofiling of budgets between financial years. Actual spend amounted to £11.22 million, representing 10% of the total budget.

The report contained a number of requests for virements:

- £0.14 million to fit out vehicles for the staff transferred back from HOWPS.
- £0.5 million to fund the renewal of the Catering Management and Cashless System to ensure there is continuity of service to learners,

families and schools and enhancements to the back-office support that the system provides to schools and the central Catering team.

- £0.14 million to fund significant material and resource price increases, especially steelwork and concrete required for the construction of Abermule Business Park.

RESOLVED

1. That the contents of the report are noted.
2. To approve the virements proposed in section 4, this is to comply with the virement rules for budget movements between £100,000 and £500,000 set out in the financial regulations.

10.	TRANSITION FROM IMPROVEMENT BOARDS
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Cabinet considered a proposal to stand down the Improvement Board for Education and Housing. It was felt that the Scrutiny Committees would provide the necessary assurance without the need for additional governance in the form of Improvement Boards for Education and Housing. It was proposed to retain the HTR Improvement Board for the time being as there had been a delay in obtaining the additional support required for this area. It was further suggested that Scrutiny Chairs were given the opportunity to attend the Transformation Delivery Board as observers. Attendance may inform the Scrutiny Chair's understanding of the Transformation Portfolio and influence items for the scrutiny work programme.

RESOLVED that

1. Improvement Boards for Education and Housing are stood down with immediate effect
2. Appropriate Scrutiny Committees include within their forward work programmes sufficient capacity to undertake effective scrutiny of the service performance and risk (or more broadly Corporate Health) at least quarterly
3. Scrutiny Committees submit their findings and any recommendations to the Cabinet at least quarterly
4. HTR Improvement Board continues and that a further review is undertaken in 6-12 months or earlier if deemed appropriate.

11.	REQUEST FOR ADDITIONAL FUNDING FOR EXTERNAL DOMICILIARY CARE PROVIDERS TO PAY FOR INCREASED MILEAGE RATES FOR CARE WORKERS
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Cabinet considered a proposal for additional funding for external domiciliary care providers to pay for increased mileage rates for care workers from 35p per mile

to 45p per mile in line with the rate paid to council domiciliary care workers. This would require a virement of £148,991 in the current financial year and would be considered as part of budget setting in future years. Contract monitoring spot checks would be undertaken to ensure that the increase was passed on to carers. Cabinet was advised that there had been no indication that the HMRC mileage rate was due to be increased.

RESOLVED

- 1. For Cabinet to agree that the mileage rates in the Powys Pledges for external domiciliary care providers will match the mileage rates paid to Powys County Council staff with effect from the 9th July 2022.**
- 2. For Cabinet to approve the proposed spend as discussed in point 4.2 of the report, to allow sufficient flexibility to meet peaks in expenditure. This is estimated to be maximum spend of £203,882 per annum or £148,991 pro rata from 9th July 2022 (to tie in with the start of the 4 weekly billing period). The additional funds will be passed onto the external domiciliary care providers, who in turn will pass onto their workforce according to the Powys Pledges.**
- 3. That a virement of up to £148,991 is approved and transferred from the Budget Management Reserve for the 2022/23 financial year. The ongoing cost for future years will be identified by the service in the Financial Resource Model (FRM) as part of budget setting for 2023-24 and future years.**
- 4. That a contract variation is sent to providers who can prove that they pay an increased mileage rate and this increases or decreases are in line with Local Authority rates.**
- 5. That officers review the appropriateness of maintaining the equity of travel expense rates between public sector and private sector care staff in July 2023 and throughout the twelve month period through routine contract monitoring. This review will consider the wider impact on recruitment and retention within the domiciliary care sector.**

12.	PROPOSAL TO INCREASE HACKNEY CARRIAGE LICENCE FARES
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Cabinet was advised that there had been no objections to the proposed increase to hackney carriage licence fares during the consultation and that therefore they had been introduced.

13.	SHARED PROSPERITY FUND: SUBMISSION OF A REGIONAL INVESTMENT PLAN FOR MID WALES
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Cabinet considered the submission of a Regional Investment Plan for Mid Wales to the UK Government to secure an indicative financial allocation of £27.4 million for Powys through the Shared Prosperity Fund.

The Regional Investment Plan for Mid Wales was a strategic document that set out high level ambitions and outcomes that the region sought to achieve and the interventions to prioritise. These high level ambitions could be refined and modified as the programme progresses.

A local partnership group would support delivery and in Mid Wales this was proposed to be two local groups for Ceredigion and Powys, reporting upwards into existing regional arrangements.

The report set out the proposed financial allocations between interventions of 40% to Communities and Place; 40% to Supporting Local Business and 20% to People and Skills. Ceredigion had agreed to the same allocations.

County Councillor Angela Davies, the Chair of the Economy, Residents and Communities Scrutiny Committee presented the Committee's comments. The Committee had made two recommendations, both of which had been accepted.

The Leader reported that he and the Leader of Ceredigion County Council, County Councillor Bryan Davies, had met Baroness Bloomfield, the UK Government Minister with responsibility at the Royal Welsh Show and had asked her that the Multiply programme include literacy as well as numeracy. She was unable to give a commitment until a new ministerial team was in place following the appointment of a new Prime Minister, but she did confirm that there was no threat to the funding.

RESOLVED

- 1. To note the UK Shared Prosperity Fund Prospectus, Allocations and Key Requirements to unlock funding from UK Government.**
- 2. To note the approach to consultation and engagement to inform the development of a Regional Investment Plan – and to approve the principles set out, to enable detailed plan drafting.**
- 3. To approve the indicative financial allocations of 40% to Communities and Place; 40% to Supporting Local Business and 20% to People and Skills.**
- 4. To delegate authority and authorise the Corporate Directors and Section 151 officer of both Authorities, in consultation with the Leaders of the Councils, to take the necessary decisions and actions required to finalise a**

related investment plan and accept the allocation of funds, as well as to implement and administer the scheme and all related plans in accordance with the requirements and priorities of the prospectus and fund.

- 5. To approve the split of capacity funding of £40k available to Mid Wales, 50/50 to each Local Authority – to reflect the joint working in developing the regional investment plan to date.**
- 6. To approve that Ceredigion County Council will be the lead (host) authority for the UK Shared Prosperity Fund.**

14. LUF0268 MONTGOMERY CANAL RESTORATION PROJECT

Cabinet considered a report on the status of the successful Levelling Up Funding award for the Montgomery Canal Restoration project and the next steps required to deliver the project. £13,937,565 had been awarded towards total project costs of £15,486,182.97. The Cabinet Member for a More Prosperous Powys took on board comments made by a colleague that Y Lanfa was a focal point for the canal and his wish to see it put to a use better suited to its historic connection with the canal. Officers also confirmed that carbon emissions would be monitored at every stage of the project.

RESOLVED to

- 1. Agree the draft Service Level Agreement with the Canal & River Trust set out in Appendix B to the report, to deliver the project.**
- 2. Authorise the Head of Legal & Democratic Services in consultation with the Director of Economy & Environment, the Head of Finance and Cabinet Member for a More Prosperous Powys, to make necessary adjustments to the draft SLA to ensure agreement with the Canal and River Trust and swift progress of the project.**
- 3. Authorise the Head of Legal and Democratic Services to sign the final SLA on behalf of the Council.**
- 4. Approve the Governance structure to oversee the delivery of the project as set out in Appendix C.**
- 5. Approve the delegation of powers to the 'Montgomery Canal Restoration Project Board' to oversee the delivery of the project with such delegation being 'restricted' to actions within the scope, costs and programme outlined in the Memorandum of Understanding, Application Bid, Project Management Update and associated bid documentation.**

6. **Approve the Terms of Reference for the Montgomery Canal Restoration Project Board as set out in Appendix D to the report.**

15. DELEGATED DECISIONS TAKEN SINCE THE LAST MEETING

Cabinet noted the delegated decisions taken since the last meeting.

16. FORWARD WORK PROGRAMME

Cabinet noted the forward work programme.

17. EXEMPT ITEMS

RESOLVED to exclude the public for the following item of business on the grounds that there would be disclosure to them of exempt information under category 3 of The Local Authorities (Access to Information) (Variation) (Wales) Order 2007).

18. LUF0269 BRECON & RADNORSHIRE STRATEGIC TOWN CENTRE INVESTMENT
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Cabinet considered a report on the status of the successful Levelling Up Funding award for the Brecon & Radnorshire Strategic Town Centre Investment and next steps. Funding up to the value of £6,953,537 had been awarded towards the purchase and refurbishment of a modern office unit in Brecon, the redevelopment of Theatr Brycheiniog and the acquisition of a site adjacent to the Automobile Palace in Llandrindod Wells for social housing.

RESOLVED

1. **To approve the Governance structure to oversee the delivery of the project, outlined in Appendix A to the report.**
2. **To approve the delegation of powers to the “Strategic Town Centre Investment Project Board” to oversee the delivery of the project. The delegation of powers being ‘restricted’ to the scope, costs and programme outlined in the Memorandum of Understanding, application bid, Project Management Update and associated bid documentation.**
3. **To authorise the Executive Director of Economy & Environment and the Monitoring Officer to make necessary adjustments to the agreement with Theatr Brycheiniog with the Cabinet member with Portfolio to ensure agreement with the theatre and swift progress of the project.**

**County Councillor J Gibson-Watt
(Chair)**

CYNGOR SIR POWYS COUNTY COUNCIL.

CABINET EXECUTIVE
27 September 2022

REPORT AUTHOR: County Councillor Pete Roberts

Portfolio Holder for a Learning Powys

REPORT TITLE: Transforming Education Programme - Sennybridge C.P.
School Outline Business Case (OBC)

REPORT FOR: Decision

1. Purpose

1.1 This report requests Cabinet approval for the following:

- To submit an Outline Business Case (OBC) to the Welsh Government's Sustainable Communities for Learning Programme (formerly the 21st Century Schools Programme) for investment to develop a new 150 place dual stream primary school to replace Sennybridge C.P. School's current building.

1.2 The cost of the preferred way forward is estimated to be £11,154,341 including Risk and Optimism Bias, which is acceptable at OBC stage, and will be refined as the business case process continues into the next stages.

Project Costs	
Capital Cost	£9,074,723
Optimism Bias	£1,353,640
Risk	£725,978
VAT (only to be included where non-recoverable by applicant)	N/A
Total Project Cost at OBC stage (inclusive of optimism bias and risk)	£11,154,341

1.3 The project will be funded jointly by Welsh Government and Powys County Council (PCC) as outlined below. Whilst it is the intention to mitigate the optimism bias and risk as far as possible, due to the current project stage and economic climate, these costs must remain in the project finances. The funding is allocated for this project in the Council's Band B 21st C Schools Programme.

Funding allocations	
Welsh Government contribution (65%)	£7,250,321.65
PCC (35%)	£3,904,019.35
Total capital cost	£11,154,341

1.4 The estimated cost at OBC stage is higher than the estimated cost of £10,254,582 that was included in the initial Strategic Outline Case (SOC) which was approved by Cabinet on 8th March 2022 and reflects the current market uncertainty. As the project continues through the design stages and through to full business case stage, greater cost certainty will be provided.

1.5 The report is supported by the following appendices:

- Appendix A – Sennybridge C.P. School OBC
- Appendix B – Site Design plans
- Appendix C – Proposed floor plans

2. Background

2.1 The Council has recently relaunched its Strategy for Transforming Education in Powys, which includes an intention to develop all-age schools in the 13 geographic localities in Powys, underpinned by a major capital investment programme.

2.2 In September 2020, Cabinet considered a Programme Business Case which identified a preferred way forward for the Brecon catchment. The Programme Business Case identified a preferred way forward which included providing a replacement school building for Sennybridge C.P. School.

2.3 A SOC was approved by Cabinet in March 2022 and Welsh Government has subsequently given approval in principle to continue with the business case process.

2.4 Sennybridge C.P. School is in the village of Sennybridge, which is in the community of Maescar which has a population of 965 residents. The school has a strategic location, sitting as an outlier on the Powys border, but within the Brecon catchment area. The school lies 9 miles (14 km) west of Brecon and is close to the border with Carmarthenshire. There are several building condition and accessibility issues at the school, which are outlined within the OBC.

3. The Outline Business Case (OBC)

3.1 The OBC has been developed in accordance with HM Treasury's Five Case Business Model. The five 'cases' are:

- Strategic Case (The Case for Change)
 - Economic Case (Options to address the issues raised in the case for change)
 - Commercial Case (Procurement routes)
 - Financial Case (high-level indicative costs)
 - Management Case (how the project will be managed)
- 3.2 Several options relating to the planned development in Sennybridge have been considered when developing the SOC, and these have been further evaluated in the OBC.

3.3 Following an appraisal of options against the identified Investment Objectives and Critical Success Factors, an Economic Appraisal of shortlisted options and a financial evaluation, the preferred option for Sennybridge C.P. School is as follows:

Option 5: New build 150 place 4-11 dual stream community primary school in Sennybridge on existing site, with an early years setting and a community room.

3.4 The following table provides a summary of the advantages and disadvantages of the preferred way forward:

Advantages	Disadvantages
<ul style="list-style-type: none"> • Replicates the existing school size. • Provides a future proofed school, based on current pupil/population forecasts; • Enables the curriculum to be delivered in a continuous and coherent way from the Foundation Stage through to the end of Key Stage 2; • Maintains early years and primary age provision in the local community; • Minimises disruption to Sennybridge pupils, parents and teachers; • Enables wider integration of the school within the community; • Continuation of Welsh Medium Education in the Sennybridge area; • Collocated early years childcare provision on the one site. 	<ul style="list-style-type: none"> • Larger capital investment required from an already over-stretched capital budget. • Substantial noise disruption to existing school setting during building work. • May require temporary relocation of School pupils during building work and associated costs of this.

<ul style="list-style-type: none"> • Delivers a new build school which extends the time horizon for the requirement for substantial future works into the long term. • Removes backlog maintenance of circa £1.032m. • Will enable energy efficiencies reducing the buildings carbon footprint and ongoing running costs. • Provision of appropriate number of school pupil places. • Addresses condition, suitability, and sustainability issues in current school. • Reaffirms the strategy to keep Primary schools in strategic locations. • New building will be condition A. • Meets BREEAM and environmental building standards, including Net Zero in use. • Potentially attractive to local community and stakeholders. • Appropriate facilities for teaching and learning for 21C curriculum. • Provides community focussed facilities. 	
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3.5 In November 2021, Welsh Government advised that new construction projects funded by its programmes would be required to achieve Net-Zero carbon in use (NZC) and achieve a reducing embodied energy target of 800kg CO₂/m². This building has been designed with Passivhaus, fabric-first principles by a contractor employed as design consultant during the Concept Design Development. By utilising Passivhaus principles, it is assumed that the implementation of Passivhaus fabric-first design will provide the lowest practical energy demand and will consequently require the lowest practical carbon offset. It is expected that the required offset will be achieved via on-site roof mounted PV panels and battery storage.

3.6 The schedule of accommodation for the new school building includes 5 classrooms, a catering kitchen, hall, small group room, interview room,

specialist room, headteacher’s office, staff room, reception/office, hygiene room, community room with direct access from the outside and to the main hall, a self-contained early years suite with dedicated entrance and direct access to a secure external area and a multi-use games area and grassed pitch.

4. Advice

4.1 The advice of officers is that the OBC should be submitted to Welsh Government for approval, to enable the Council to proceed with the project and progress to the next stage of the business case process.

4.2 The Welsh Government’s intervention rate for schools within Band B of the 21st Century Schools programme is 65%, which represents good value for money for the Council. Cabinet is advised that there is optimism bias and risk contingency within the estimated project costs, which is appropriate at an OBC stage. More detailed estimated costs will be confirmed at Full Business Case stage.

4.3 Indicative Timescales

Date	
07/2022	Complete RIBA 2
09/10 2022	OBC approvals
10/2022	Commence procurement for a Design and Build contractor
11/2023	Planning application
03/2024	FBC approvals
05/2024	Commence construction
09/2025	New school building open

5. Resource Implications

5.1 Estimated costs are as follows:

Project Costs	
Capital Cost	£9,074,723
Optimism Bias	£1,353,640

Risk	£725,978
VAT (only to be included where non-recoverable by applicant)	N/A
Total Project Cost (inclusive of optimism bias and risk)	£11,154,341
Welsh Government Contribution (65%)	£7,250,321
PCC Contribution (35%)	£3,904,019

- 5.2 The project can be accommodated within the current Sustainable Communities for Learning Programme funding envelope.
- 5.3 The Council's contribution towards this scheme will be funded from borrowing as no other funding has been identified. The cost to the Council's revenue budget because of this borrowing is estimated at £160,000 per year for 34 years. This is included in the Council's Financial Resources Model (FRM) but there are significant funding shortfalls in future years to close the budget gap.
- 5.4 The current Sustainable Communities for Learning grant conditions allow Welsh Government to claw back grant if the school has over 15% surplus capacity 5 years after occupation of the school. The capacity of the planned new building, at 150 places, is slightly higher than the current pupil numbers (120 according to Teacher Centre 21/09/22) so this remains a risk to this scheme.
- 5.5 The attached OBC identifies that, from the opening of the new school building in 2025, there will be a small increase in the recurring revenue cost of the school of approximately £13k per annum. This is due to the estimated additional cost of rates following a move to the new build. Any change to the formula funding provided will impact on the Council's revenue budget.
- 5.6 Even though there's a potential additional annual revenue cost to a new build school in Sennybridge in terms of rates, a new build with a high energy standard would remove the on-going maintenance costs associated with the current school, would reduce running costs due to the Passivhaus element, and would provide an improved learning environment for pupils and staff. This would also provide a long-term sustainable solution with a school which has a life of approximately 60 years, compared to the short-term fix that on-going maintenance would provide. The whole-life costs of continuing with the current schools estate in Powys (the Status Quo / "Do Minimum" option) were compared with the costs of a fully implemented transformation of schools over 60 years, including those of this project, with the result being more favourable in terms of a transformed schools estate.

- 5.7 Development and implementation of the recommendation would require involvement from several service areas, including staff from the Schools Service, Finance, Property, Highways, and ICT.
- 5.12 The Head of Finance (Section 151 Officer) notes that the costings set out to deliver the project will be subject to further refinement as the project continues through the design stages and through to full business case stage, when greater cost certainty will be provided. With continuing pressure from inflation, the cost of delivering this project together with the funding requirements will need to be reviewed again at that stage. Based on the costings to date the project can be accommodated within the current Sustainable Communities for Learning Programme funding envelope provided by Welsh Government, in order to meet the Councils funding contribution it is anticipated that this scheme will be funded from additional borrowing which will add a financial pressure of £160,000 per annum to the Councils revenue budget, this is recognised in the 5 year FRM but as stated these future budgets are not yet balanced and a significant gap remains. Alternative sources of funding such as capital receipts from the release of assets will also be considered to support the Councils Capital Programme.

6. Legal implications

- 6.1 The Head of Legal Services and Monitoring Officer) has commented as follows: *"I note the legal comment and have nothing to add to the report"*.

7. Comment from local member(s)

Cllr Edwin Roderick: *I support the capital investment into the replacement school at Sennybridge. The current facilities are poor and have deteriorated over the years. If no investment is made, we will see children choosing to attend other educational establishments. Sennybridge is a vibrant community that supports the school, it is in major need of facilities equipped to deliver a great teaching/learning environment. I'm eager for the project to progress as quickly as possible, given the rising cost of building materials and energy it makes sense to invest now.*

8. Impact Assessment

- 8.1 An initial impact assessment of the preferred way forward was completed at the Strategic Outline Stage. The impact assessment considers the project's impact on the Welsh Government's well-being

goals, as outlined in the Well-being of Future Generations Act. The assessment has been reviewed prior to the submission of the OBC

The summary of the impact assessment is as follows:

‘This impact assessment suggests that the impact would be positive. The development of a new building to replace the current Sennybridge Primary School building would address many issues related to the poor condition of the current building, ensuring that future pupils would be taught in facilities that are fit-for-purpose, improving their learner entitlement and experience. The new facilities would be fully DDA compliant, supporting learners with disabilities. Further opportunities for integration between the school and other services, to have a positive impact on the health and well-being of pupils attending the school and their families.’

Should Cabinet approve continuing with the preferred option, the impact assessment will be regularly updated throughout the process to take account of any feedback received.

9. Recommendation

9.1 It is recommended that Cabinet approves the following:

- To submit an Outline Business Case (OBC) to the Welsh Government’s Sustainable Communities for Learning Programme (formerly the 21st Century Schools Programme) for investment to develop a new 150 place dual stream primary school to replace Sennybridge C.P. School’s current building.

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Outline Business Case:

Sennybridge C.P School

August 2022

Version 0.6





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0. Document Control

0.1 Version Control

Version	Status	Date	Author	Update
0.1	Draft	08/06/2022	RG	First Draft
0.2	Draft	07/07/2022	LD	Revised draft
0.3	Draft	08/07/2022	ME	Client review and amendments
0.4	Draft	08/07/2022	LD	Completion of all identified changes
0.5	Draft	12/08/2022	LD	Updated economic case
0.6	Draft	22/08/2022	DR	Amendments

1 Executive Summary

1.1 Strategic Case

1.1.1 Introduction

The purpose of this Outline Business Case (OBC) is to present the case for investment in the Brecon catchment, a new 150 dual stream primary school in Sennybridge.

The cost of the preferred option **including optimism bias and early-stage risk** is estimated to be **£11,154,570**:

Project Costs	
Capital Cost	£9,074,723
Optimism Bias	£1,353,640
Risk	£725,978
VAT (only to be included where non-recoverable by applicant)	N/A
Total Project Cost at OBC stage (inclusive of optimism bias and risk)	£11,154,341

The project will be funded jointly by Welsh Government and Powys County Council (PCC) as outlined below – these figures don't include optimism bias and risk as it is assumed that optimism bias and risk will be fully mitigated and that the capital build cost is the actual cost upon which the intervention rate will apply.

Funding allocations	
Welsh Government contribution (65%)	£5,898,570
PCC (35%)	£3,176,153
Total capital cost	£9,074,723

The **case for change** is based on the following significant issues:

1. The condition of the buildings at Sennybridge is poor;
2. Building accessibility at the school is also poor;

On 14 April 2020 Council approved the new Strategy for Transforming Education in Powys 2020-30, replacing the legacy School Organisation Policy 2018. The new Strategy sought to address a number of significant concerns raised by Estyn on the progress of the Council's school reorganisation programme, acknowledging a historical lack of political decision making and a deep scepticism amongst the teaching profession regarding the Council's political commitment to schools and to the delivery of the improvements that are needed.

In directly addressing these issues the new strategy outlines:

- a summary of the challenges faced by the education sector in Powys;
- a new vision for education in Powys;
- a final set of guiding principles;
- strategic aims and objectives;
- a programme of activity;
- a summary of the legislative process;

New governance arrangements have also been introduced to support the delivery of the new strategy.

The strategy is supported by a new Strategic Outline Programme (SOP) for capital funding for school building projects to be phased over a ten year period. The capital funding required to enable the strategy to be delivered has been estimated at £350m.

1.1.2 Investment Objectives

The Investment Objectives underlying the case for change for this project are:

1. Provide a stimulating teaching and learning environment in state of the art, 21st Century facilities that will impact positively on the self-esteem and well-being of all pupils and deliver the new curriculum for Wales.
2. Remove non DDA compliant poor condition buildings, reduce backlog maintenance and provide environmentally sustainable schools incorporating zero net carbon principles which improve the building's efficiency and running costs.
3. Develop Community-focused schools that are the central point for multi-agency services to support children, young people, families and the community.
4. Provide Early Years facilities that meet the needs of all children and enable the effective delivery of the Curriculum for Wales
5. To meet and stimulate demand for Welsh-medium provision
6. To provide an optimal safeguarding environment.
7. Ensure that all pupils with SEN/ALN are placed in a provision that meets their needs, with the appropriate specialist teaching, support and facilities that enables every learner to meet their potential.

1.2 Economic Case

1.2.1 Options

Following an initial assessment of the of the scope of work required, a long list of options was developed for each project within the remit of the scope:

- Option 1 - Do nothing - Close the existing school and relocate pupils to nearest schools.
- Option 2 - Business as usual (BAU).
- Option 3 - Remodel the existing building and outside area.
- Option 4 - Build extension to the existing school.
- Option 5 - New Build school on existing site.
- Option 6 - New build School on alternative site.

Each of these options (for each project) were subjected to a review of advantages and disadvantages and an appraisal against the Investment Objectives and Critical Success Factors agreed by the Powys officers team.

During the appraisal, it was clear that Option 1 (Do Nothing) did not sufficiently meet the Investment Objectives or Critical Success Factors, but was carried forward as a baseline comparator, in line with the guidance in the HM Treasury Green Book.

As a result of this, the following options from each project were short-listed for Economic and Financial appraisal:

- Option 2: Do Nothing – Business as Usual.
- Option 5: New build 150 place 4-11 dual stream community Primary School in Sennybridge on existing site.
- Option 6: New build 150 place 4-11 dual stream community Primary School in Sennybridge on alternative site.

The short-listed options were assessed over a 60 year period (20 years in the case of Option 1, Do Nothing), to understand the Net Present Cost (NPC) and Equivalent Annual Cost (EAC) of each option.

As the assessment periods were not uniform, the Equivalent Annual Cost is deemed the main point of comparison between the options. The Economic Appraisal resulted in the following outcomes.

1.2.2 Net Present Cost

Discounted Cash flow (DCF) Summary Sheet		Inc. Optimism Bias		Excl. Optimism Bias	
Option No.	Option Name/Description	NPC (£m)	EAC (£m)	NPC (£m)	EAC (£m)

Option 2:	Do nothing – business as usual – (BAU)	10.0	0.68	10.0	0.68
Option 5:	New build 5 classroom school on the existing playground area of Sennybridge CP School to include Early Years facility and community room.	27.2	1.04	25.0	0.95
Option 6:	New build 5 classroom school on an alternative site within the area to include Early Years facility and community room.	27.8	1.06	25.4	0.97

DCF = Discounted Cash Flow

NPC = Net Present Cost

EAC = Equivalent Annual Cost

The options were economically appraised over different time periods, with Option 1 being appraised over 20 years, while Options 5 and 6 were appraised over 60 years. Once again, this is because Option 1 is essentially a 'Do Minimum' option where the lifespan of the asset is significantly less than the other options considered.

On that basis, the key comparator from the Economic Appraisal table is the Equivalent Annual Cost (EAC), which calculates the average annual (economic) cost to the Council. On that basis, Option 1 appears to be the best option economically, but was actually only carried forward as point of comparison and did not meet a critical mass of the Council's Investment Objectives and Critical Success Factors.

1.3 Commercial Case

The Council has good experience of working with contractor frameworks and has achieved positive outcomes using such frameworks. The Council has therefore concluded that the optimum procurement route will be to use the revised SEWSCAP framework that was re-launched in June 2019 (SEWSCAP 3). The benefits of utilising contractors from this existing Contractor Frameworks list are as follows:

1. Consultation and design development can be carried out inhouse by Powys Property Design Services. The design team will then remain actively involved throughout the duration of the project, fulfilling the intelligent client role once the project is passed over to the successful contractor, thus ensuring continuity of professional staff representing PCC during all stages of the project programme.
2. Compliant with EU procurement directives and the Public Contract Regulations (2014), offering a swift route to market and opportunities for early contractor involvement;
3. The framework is free to use, offering a variety of contracts, pricing models and the potential for further savings achieved via mini-competition;
4. The new SEWSCAP Property Construction Framework is divided into the following lots:

- Lot 1: Provision of Construction services to include new build, extensions and refurbishment under traditional or design and build with all associated works – (£250,000 to £1,500,000) - Powys County Council and other Potential Employers based or operating in Powys or operating nearby;
- Lot 2: Provision of Construction services to include new build, extensions and refurbishment under traditional or design and build with all associated works – (£250,000 to £1,500,000) - Torfaen County Borough Council, Blaenau Gwent County Borough Council, Monmouthshire County Council, Caerphilly County Borough Council or other Potential Employers based or operating near those areas;
- Lot 3: Provision of Construction services to include new build, extensions and refurbishment under traditional or design and build with all associated works – (£250,000 to £1,500,000) - Rhondda Cynon Taf County Borough Council, Merthyr Tydfil County Borough Council and Bridgend County Borough Council and any Participating Authorities based or operating near those areas
- Lot 4: Provision of Construction services to include new build, extensions and refurbishment under traditional or design and build with all associated works – (£250,000 to £1,500,000) - Vale of Glamorgan Council, The County Council of the City of Cardiff Council, Newport City Council or other Potential Employers based or operating near those areas;
- Lot 5: Provision of Construction services, extensions and refurbishment under traditional or design and build with all associated works – (£1,500,001 to £3,000,000) - Powys County Council and other Potential Employers based or operating in Powys or operating nearby to include new build
- Lot 6: Provision of Construction services to include new build, extensions and refurbishment under traditional or design and build with all associated works – (£1,500,001 to £3,000,000) - All Potential Employers
- Lot 7: Provision of Construction services to include new build, extensions and refurbishment under traditional or design and build with all associated works – (£3,000,001 to £5,000,000) - All Potential Employers
- Lot 8: Provision of Construction services to include new build, extensions and refurbishment under traditional or design and build with all associated works – (£5,000,001 to £10,000,000) - All Potential Employers
- Lot 9: Provision of Construction services to include new build, extensions and refurbishment under traditional or design and build with all associated works – (£10,000,001 to £25,000,000) - All Potential Employers
- Lot 10: Provision of Construction services to include new build, extensions and refurbishment under traditional or design and build with all associated works – (£25,000,001 to £100,000,000) – All Potential Employers

In this instance the Council proposes to use Lot 8 (£5M - £10M)

1.4 Financial Case

A balance sheet asset addition of £9,074,723 is made for the new build school. Short term additional funding is required of the full amount for years 0 through 3 (inclusive), excluding VAT, retained risks and optimism bias.

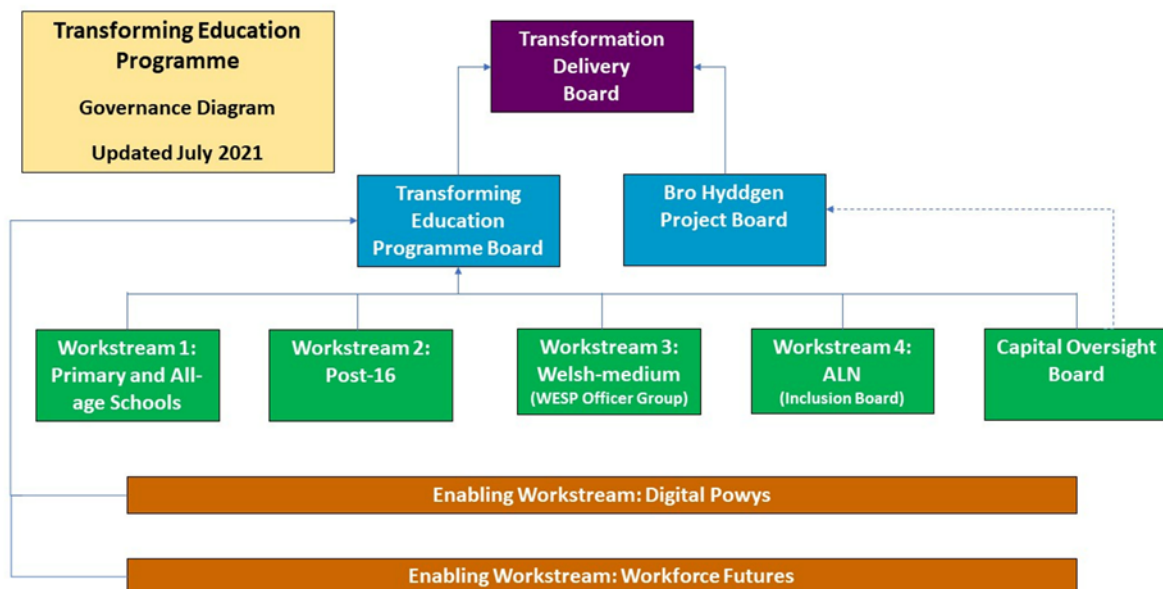
From the opening of the new school building in 2025 there will be a small increase in the recurring revenue cost of school, at approximately 13K per annum.

The Band B submission has been scrutinised and assessed by the Council’s Section 151 Officer for affordability in light of the 65% programme intervention rate. The Council will meet the 35% contribution required to support the project through prudential borrowing.

1.5 Management Case

This scheme is a constituent of Powys County Council’s Transforming Education Programme, and has been identified within that Programme as a priority. It will be managed in accordance with best practice in programme and project management principles – MSP and PRINCE2 to provide a systematic and effective delivery framework.

Overall corporate governance for the Transforming Education Programme (formerly known as the 21st Century Schools Transformation Programme) is in accordance with the governance arrangements for the Council’s Transformation Programmes, as outlined in the following diagram:



Outline Project Plan

Date	Actions (commencement)
09/10 2022	OBC approvals
10/2023	Commence Procurement for a Design & Build contractor
11/2023	Planning Application
01/2024	Planning Approval Contract Award
02/2024	RIBA 4 Completed
02/03 2024	FBC approvals
05/2024	Commence Construction
09/2025	New school building opens

2 Strategic Case

2.1 Strategic Fit

2.1.1 National Strategies

The proposals contained within this business case contribute to the following national and international strategies and policies:

- The Curriculum and Assessment (Wales) Act 2021.
- Additional Learning Needs (ALN) Code for Wales December 2018 and the Additional Learning Needs and Educational Tribunal (Wales) Act 2018.
- Wellbeing and Future Generations Act 2015.
- Sustainable Communities for Learning Programme.
- Skills framework for 3-19-year-olds in Wales 2008.
- One Wales: One planet, a new sustainable development scheme for Wales May 2009. Or any successor strategy.
- Net Zero Delivery Plan.
- Measuring the capacity of schools in Wales – Circular 021/2011.
- Welsh Medium Education Strategy 2010.
- A Living Language: A language for Living: Welsh Language Strategy 2012-17.
- Building a Brighter Future: Early Years and Childcare Plan 2013.

2.1.2 Local Strategies

- Strategy for Transforming Education in Powys, which sets out Powys' approach to developing school infrastructure and the planning of school places.
- Welsh in Education Strategic Plan 2022-32 sets out the council's priorities for developing Welsh-medium provision within Powys.
- A Strategy For Climate Change-net positive Powys 2021-2030 Net Zero Schools, which identifies that all new schools will be part of a new generation of energy efficient buildings.
- Powys Regeneration Strategy aims to deliver outcomes which will have a positive impact upon the physical, social, environmental, economic, and cultural attributes of the county; and
- Powys ICT Strategy which aims at delivering learners' entitlement to use technology to support their learning and to enable schools to become more innovative and effective in their teaching and learning

2.2 Case for Change

2.2.1 Investment Objectives

The Investment Objectives underlying the case for change for this project are:

1. Provide a stimulating teaching and learning environment in state of the art, 21st Century facilities that will impact positively on the self-esteem and well-being of all pupils and deliver the new curriculum for Wales.
2. Remove non DDA compliant poor condition buildings, reduce backlog maintenance and provide environmentally sustainable schools incorporating zero net carbon principles which improve the building's efficiency and running costs.
3. Develop Community-focused schools that are the central point for multi-agency services to support children, young people, families, and the community.
4. Provide Early Years facilities that meet the needs of all children and enable the effective delivery of the Curriculum for Wales
5. To meet and stimulate demand for Welsh-medium provision
6. To provide an optimal safeguarding environment.
7. Ensure that all pupils with SEN/ALN are placed in a provision that meets their needs, with the appropriate specialist teaching, support and facilities that enables every learner to meet their potential.

2.2.2 Targets and measures

The following table identifies the measures and targets that will be utilised to ensure that the identified investment objectives are SMART.

Table 1 – Measures and Targets

IO	Measure	Target
1.	<p>Improved motivation, engagement, attendance & extracurricular involvement as evidenced by:</p> <ul style="list-style-type: none"> a. School Self Evaluation b. School Improvement Plan c. Estyn inspection d. Local authority review 	<ul style="list-style-type: none"> • All aspects of pupil wellbeing (as detailed in Estyn guidance) to be awarded a judgement of at least Good by September 2026 • Local Authority core visits report improved engagement, motivation and pupil wellbeing by September 2026 • Attendance percentage rate to increase to 95% for the academic year 2025/2026 • To interview 10% of pupils and 5% of parents to evaluate the effectiveness of the school's policies and practices in promoting pupils' wellbeing seeking a 90% satisfaction rate (reference parental survey annexe 5 Estyn guidance)
2.	<ul style="list-style-type: none"> • Reduction in backlog maintenance and accessibility costs by £1.023M by September 2025 • New schools is DDA compliant upon opening in September 2025. • Carbon Net Zero - Carbon calculator • Reduction in energy use and carbon emissions 	<ul style="list-style-type: none"> • Zero backlog maintenance and accessibility costs. • School is DDA compliant. • School is Zero net carbon • Reduction in combined gas and electricity consumption to 32.8kwh/m2 by September 2025; • Reduction in CO2 emission to 25.5kg/m2 by September 2025 • Reduction in combined OIL and electricity consumption to 32.8kwh/m2 by September 2025; Reduction in CO2 emission to 25.5kg/m2 by September 2025
3.	<ul style="list-style-type: none"> • Amount of community usage of facilities • Number of multi-agency services available from the school 	<ul style="list-style-type: none"> • Minimum 40 hours per month community usage • Minimum of services that assist children, young people and the family available at the school
4.	<ul style="list-style-type: none"> • All children will benefit from facilities in the indoors and outdoors that meet the needs of 21st century learners 	<ul style="list-style-type: none"> • Awarded a judgement of at least Good by September 2025 • Available am and pm for extended child care (eg breakfast club, child care hours)

IO	Measure	Target
	<ul style="list-style-type: none"> Teaching and Learning – ‘improved breadth, balance and appropriateness of the curriculum’ (as detailed in Estyn guidance) 	
5.	<ul style="list-style-type: none"> Number / % of pupils taught through the medium of Welsh at the school 	<ul style="list-style-type: none"> Increase in the number / % of pupils taught through the medium of Welsh at the school
6.	<ul style="list-style-type: none"> Achieved through design from opening of new schools. 	<ul style="list-style-type: none"> Building design meets building bulletin requirements and has appropriately designed safeguarding arrangements
7.	<ul style="list-style-type: none"> Range of specialist teaching and support available to ALN learners Range of specialist facilities available to ALN learners 	<ul style="list-style-type: none"> ALN provision would be incorporated within the class setting small intervention room for withdrawal work and a wellbeing room.

2.2.3 Existing Arrangements

Sennybridge Community Primary School is located in the village of Sennybridge, which is in the community of Maescar which has a population of 965 usual residents. Maescar has a community council with eleven locally elected or co-opted community councillors.

The village of Sennybridge and the site of the existing school itself lie within the boundaries of the Brecon Beacons National Park Authority. The Brecon Beacons National Park covers an area of 1,344 km². The entire national park achieved the status of being designated an international dark sky reserve in February 2013, and is the destination for a large number of tourists throughout the year.

Sennybridge Community Primary School has a strategic location, sitting as an outlier on the Powys border, but within the Brecon catchment area. The school lies 9 miles (14 km) west of Brecon and is close to the border with Neath Port Talbot County Borough Council.

The main school building was built in 1939 and was designated until the 1980s as Defynnog Primary School. The school was originally constructed as a Secondary Modern school, with a wing of accommodation of one side of the hall for boys and the other wing for girls. Each wing had a separate entrance and toilet facilities. To the rear of the school an extension was constructed in the 1970s/80s. This has subsequently been adapted and now contains the Early years setting alongside an upper-level community gymnasium with a restricted height external store beneath. More recently the school constructed a small conservatory to the north of the KS1 accommodation. A separate canteen building was constructed to the south of the main school, this is believed to be contemporary to the main building.

Figure 1: Sennybridge and Brecon Locations

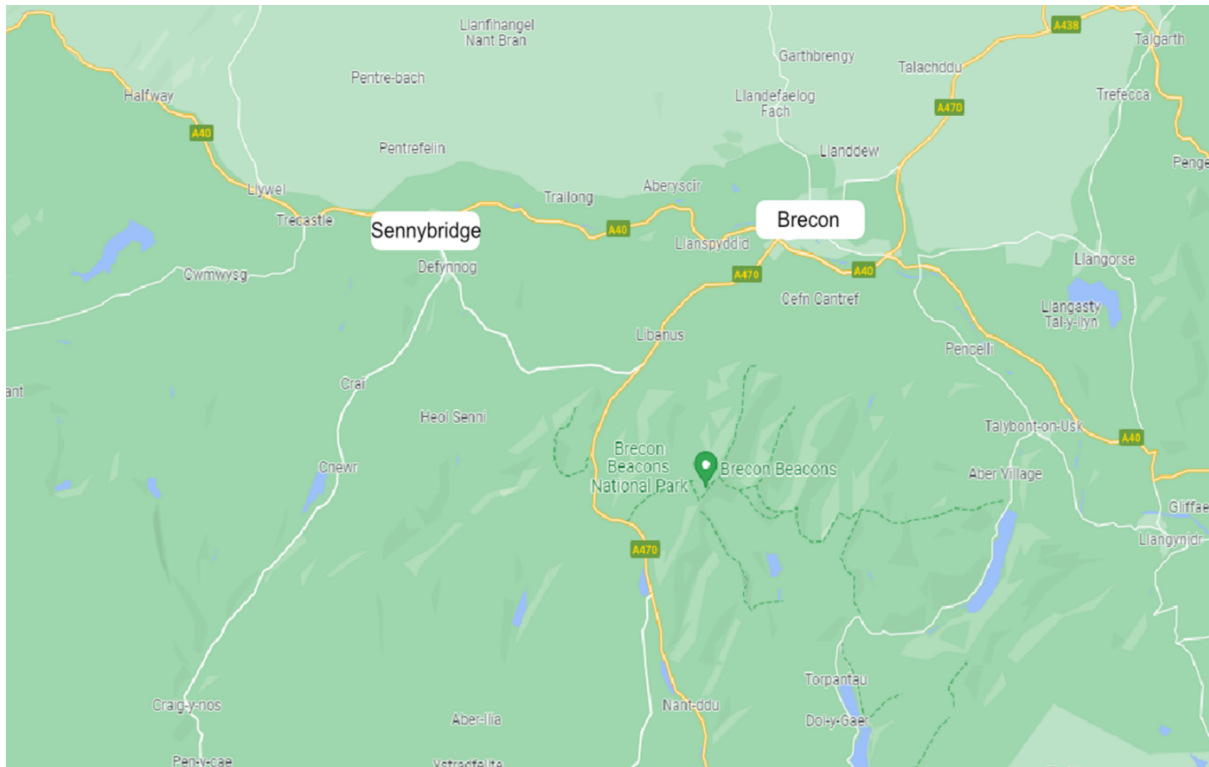


Figure 2: Sennybridge Primary School



Table 2 – Sennybridge Primary Summary Information

Language Category	Dual Stream
Age range	4-11
Total number of places in school	125
Number of pupils	135 (PLASC 21)
Level of surplus places	-10 (xx%)
Welsh Medium Pupils	46 (PLASC 21)
ALN/SEN Pupils	17.8% (All Stages / PLASC 21)
Free School Meals	6.7% (PLASC 21)
Pupils from ethnic minorities	3.7% (PLASC 21)
Number of Teachers	6.5 (PLASC 21)
Pupil Teacher Ratio	20.8 (PLASC 21)
National School Categorisation	Amber (2019)
	Sennybridge C.P. School was last inspected by Estyn in 2017. The school's current performance and prospects for improvement were rated Good.

Table 3 – Staff Numbers

Head	Deputy	ALNCo	Teacher & TLR	Teachers	LSAs	Office	Cleaning
1	1	1	1	5	8	1	2

Table 4 – Present & forecast pupil numbers

School	Jan 2022	Jan 2023	Jan 2024	Jan 2025	Jan 2026
Sennybridge Primary	135	124	120	126	127

Table 5 – Latest condition assessments (2016)

School	Condition	Suitability	Backlog
Sennybridge Primary	C	B/C	£1,023,132

2.2.4 Problems with the status quo – Sennybridge

Sennybridge County Primary school is currently slightly over-subscribed in numbers. The building is poor (condition C) and is not fully DDA compliant (suitability condition B/C). There is estimated backlog maintenance required of over £1M.

Substantial issues exist with the site, its access, egress and external layout. Access to the school from Defynnog Road is very narrow. It leads to a recently enlarged car park at the rear of the school but does not allow for passing places. Pedestrian access from the north is via steep and dilapidated steps adjacent to the cattle market. The surfacing of these steps is worn and uneven. Site safeguarding is a significant issue that has been raised in recent Estyn reports. Although the playing field has been fenced recently, the main school entrance is to the south of the building and visitors must cross the school playground to reach it. The entrance is not overlooked by an adjacent staff or administration room and the corresponding lack of supervision remains a significant impediment to the school's operation.

Assessment of the building shows that the current Sennybridge CP School has inadequate spaces for modern teaching. Overall the building itself is not too small, but its rooms are not the right size and they are not in the right place. Both of these issues are difficult to resolve. For example, increasing the size of a classroom by 10m² is disproportionately expensive and massively disruptive. All of the classrooms are either too large or too small. The arrangement of the school along a single corridor also restricts options for re-planning the building, which has resulted in a piecemeal series of modifications.

For Staff and Administration, the total space available is three quarters of the area recommended within BB99. The difficulties caused by this shortfall are compounded when there was an extension to the building, by the switching of the main entrance to the south of the building. The resultant layout meant that there is no adjacent office of staffroom offering easy supervision.

Substantial issues exist with many of the elements of the structure, most notably including:

- Flooring – The original terrazzo flooring and lower wall sections to the main school building have been overlaid with now dilapidated vinyl sheeting. The terrazzo itself is cracked and would require specialist repair if retained. Some areas of the school still feature the original woodblock or quarry tile flooring, which is now de-bonded and requiring replacement.
- Walls – External walls are uninsulated, and although they are in a generally sound condition the lack of insulation allows surface condensation and promotes mould growth within habitable rooms.
- Ceilings – Most classrooms have a reduced height suspended ceiling. Inspection has shown that the original cast iron heating panels remain in-situ. The hall ceiling is unimproved, and this contributes to the high reverberation time and poor acoustics.
- Roof Windows – Roof windows are generally original and dilapidated. There are several instances where high level clerestory windows remain as part of the building

fabric into rooms where a lower level suspended ceiling has been installed, meaning they no longer provide either light or ventilation to the rooms.

- Electrical Services - The amount of socket outlets distributed around the school is very limited. This leads to the use of extension leads that pose and trip hazard and fire risk. The school is long due a full rewire to bring up to modern standards and to comply with BS7671 electrical wiring regs.
- Heating - The heating system in the main school is generally in poor condition with varying heat emitters and poor controls. All pipework is aged and liable to failure. The system pipe work is in fair to poor condition and is also liable to failure.

2.3 Developments since completion of the SOC

On a meeting held the 8th of March 2022, Powys County Council made the confirmation that the cabinet will approve the submission of the Strategic Outline Case to Welsh Government. The proposal received full support from members of the council, stressing the need and desire to build a replacement school to meet the new ambition set out in the Powys Strategy for Transforming Education established the 20th of April 2020, which the school in its current condition would be unable to deliver upon. The Outline assessment summary highlighted they would address numerous issues relating to the poor condition of the building while ensuring that students are taught in fit for purpose facilities to improve their learner entitlement and experience; ultimately determining that the overall impact would be positive. The subsequent OBC document will be submitted to Welsh Government during July 2022.

2.4 Welsh Medium Education

Sennybridge C.P. School is a dual stream school, where pupils are either taught in their Welsh-medium stream or the English-medium stream. Current pupil numbers in the school's Welsh-medium stream are set out below.

Table 6: Current WM Pupils by Year

Year	Number of Welsh-medium pupils
Reception	9
Year 1	5
Year 2	10
Year 3	8
Year 4	8
Year 5	6
Year 6	10
TOTAL	56

This is 41.5% of pupils at the school. The school's Welsh-medium stream consists of two classes, one Foundation Phase class and one KS2 class.

The Welsh-medium provision at the school serves the village of Sennybridge and its surrounding areas, and is located approximately nine miles to the west of Brecon.

Welsh-medium primary provision is also available elsewhere in the catchment at Ysgol y Bannau, a Welsh-medium Primary School located on the outskirts of Brecon. The school has a current population of 117 and has a total capacity of 162 places.

Welsh-medium secondary provision is available in the catchment, at Brecon High School's Welsh-medium stream. In addition, some Welsh-medium pupils from the catchment, in particular those living in the Sennybridge area, transfer to Welsh-medium secondary provision which is located out of county, at Ysgol Gymraeg Ystalyfera Bro Dur which is located in Neath Port Talbot.

The Council has recently approved a new Welsh in Education Strategic Plan (WESP) for 2022-32, which recognises the important role the education system will play in order to increase the number of Welsh speakers in Powys and contribute towards the Welsh Government target to have a million Welsh speakers by 2050. The WESP sets out an ambitious target to increase the percentage of Year 1 pupils being taught through the medium of Welsh in Powys by 14 percentage points to 36%. To contribute to this target, the Council's aim is to see an increase in the pupils accessing Welsh-medium provision at Sennybridge C.P. School and across the Brecon catchment.

'We will improve access to Welsh-medium provision across all key stages' is also a Strategic Aim in the Council's Strategy for Transforming Education in Powys 2020-30. Under this aim, the Council sets out a Strategic Objective to 'Move schools along the language continuum'.

2.5 Childcare/Nursery Provision

There is currently maintained Welsh-medium and English-medium childcare/nursery provision at Sennybridge CP school.

Powys County Council is committed to providing suitable infrastructure to enable providers to provide the 30-hour childcare scheme. Whether or not there is a need to incorporate nursery /early years provision will be a key consideration in respect of any construction project, particularly so where this includes primary provision. As this scheme proceeds, the Council will take a holistic approach based on community needs to determine whether early years provision, including nursery provision, is required as part of the scheme.

A community use strategy is also developed as part of all construction schemes, and consideration will be given in the design stages as to the need for provision such as after school, breakfast and holiday clubs.

2.6 Active Travel

It is the council's view that active travel is essential to encourage staff, pupils and wider members of the community to walk and cycle to new facilities, meaning that more people can enjoy the benefits of active travel.

Any construction project taken forward based on this OBC will be developed in line with the Welsh Government Active Travel Wales Act (2013) and design guidance, with the aim of improving active travel links. The Transport Assessment undertaken at RIBA Stage 2 identified the following points in relation to different forms of active travel:

2.6.1 Walking accessibility

It is considered that journeys of up to 2km (approximately 25-minute walk) represent the preferred maximum acceptable walking distance (Guidelines for Providing Journeys on Foot, IHT, 2000). A 25-minute walk extends throughout Sennybridge neighbouring Defynnog is within a 25-minute walk, providing access to bus stops and various services, including shops, a post office and food and drink outlets. To the south of the proposed development and to the southern extent of Pentre'r-felin (north of the proposed development). It is important to note that some routes may not be appropriate walking routes for all users, for example, the A40, west of Sennybridge, where no footway is present.

The existing mode share identifies that 9.7% of pupils currently walk to school, with a slightly higher proportion at 13.9% identifying that this would be their preferred method of travelling to school. This would equate to 25 pupils at an occupancy level of 180 pupils.

2.6.2 Cycling accessibility:

A 5km cycle from the proposed development extends throughout Sennybridge and Defynnog to Trecastle in the west and Abercamlais in the east. It should be noted that the gradient of some of the routes may affect the preferred cycle distance of some users.

The existing mode share recorded no existing pupil or staff cycle trips, however. The travel surveys completed identified that 37 pupils would prefer to travel to school by bike or scooter. Of these, 26 pupils stated the reason they do not travel by these modes currently is because there is nowhere to leave their bike or scooter at school. It is therefore recommended that the proposed development provides a minimum of 16 cycle parking spaces, to encourage modal shift to more sustainable means of transport. Room should be allocated on site for an additional 10 spaces if needed and cycle parking usage should be monitored and capacity recorded, as part of the Travel Plan Monitoring Programme.

The BREEAM Guidance states that compliance with cycling for pupils can be based on the provision of adequate storage space for cycling equipment and changing in a suitable place; showers do not need to be provided for pupils.

The number of additional facilities for staff should be based on 1 locker per 10 staff and 1 shower per 100 staff. The proposed development will accommodate 180 pupils, an increase of 25.6% from the existing 134 pupils. If staffing levels were to increase in line with pupil

numbers, there would be an additional four members of staff. Therefore, for a total of 19 staff members, two lockers should be provided.

2.7 Community/Sports Facilities

There is a small community gym in Sennybridge CP. However, the closest Community/Sports Facilities are currently provided at Brecon Leisure Centre.

Community facilities are included within the new design, to include a community room and gym storage facilities. The gym equipment is privately owned and will be brought into the community room or the school hall for use by the community weekly. The outdoor sports facilities and forest school area at the new school building will also be available for community use.

2.8 Equalities, Impact Assessments and Children's Rights Assessments

PCC completed a full impact assessment (IA) for the scheme following the completion of the SOC. This IA incorporated assessment against a range of legislative requirements that support effective decision making, ensuring compliance with all relevant legislation. Key areas assessed by the IA include:

- Impact on Vision 2025;
- Impact on Welsh Governments well-being goals;
- Impact on the Councils sustainable development principles.

As part of the process of compiling the IA the governing body, staff, pupils, ALN team, Children Services and School Services were all consulted with.

This overall summary and judgement of the IA suggests that the impact of the proposals would be positive. The development of a new building to replace the current Sennybridge Primary School building would address many issues related to the poor condition of the current building, ensuring that future pupils would be taught in facilities that are fit-for-purpose, improving their learner entitlement and experience. The new facilities would be fully DDA compliant, supporting learners with disabilities. Further opportunities for integration between the school and other services, to have a positive impact on the health and well-being of pupils attending the school and their families.

2.9 Net Zero Carbon and the Environment

The Council is committed to ensuring that all projects are Net Zero Carbon with immediate effect. The Sennybridge school will align with the last WG direction Zero Carbon in use and <800kg CO²/m² principles. This includes the following elements:

- The school will be designed on a 'fabric-first' basis, and will maximise beneficial solar gain in order to reduce heating demand;

- The concept design will be assessed by Passivhaus designers to confirm that it is can be delivered as a certified Passivhaus building;
- Heating will be provided via Air Source Heat Pumps, which will benefit from future electrical grid de-carbonisation;
- A PV array will be installed on the large, south facing roof;
- There will be no carbon fuel source used on the site;
- The school will be designed around a timber frame to reduce the embodied carbon load.

2.10 Main Benefits

The main benefits associated with the strategic case are outlined below.

Table 7 – Main Benefits by Investment Objective

Investment Objectives	Benefit
<p>1. Provide a stimulating teaching and learning environment in state of the art, 21st Century facilities that will impact positively on the self-esteem and well-being of all pupils and deliver the new curriculum for Wales.</p>	<ul style="list-style-type: none"> • Improved motivation of students and teachers – less sickness absence and improved school attendance rates. • Improved pupil satisfaction and a reduction in the number of incidences of poor behaviour. • Opportunities for teachers to broaden their skill sets. • Delivery of the broadest curriculum. • Schools will be able to attract new teaching staff as a result of the breadth and depth of curriculum. • Improved reputation of the school. • Improved educational outcomes. • Increased numbers of learners who transfer into further and higher education. • Increased number of opportunities for young people to engage with technology.
<p>2. Remove non DDA compliant poor condition buildings, reduce backlog maintenance and provide environmentally sustainable schools incorporating zero net carbon principles which improve the building’s efficiency and running costs.</p>	<ul style="list-style-type: none"> • Reduced backlog maintenance and accessibility costs. • School campus become DDA compliant. • School campus becomes Zero net carbon contributor to the environment. • Reduced energy costs and usage.

Investment Objectives	Benefit
<p>3. Develop Community-focused schools that are the central point for multi-agency services to support children, young people, families and the community.</p>	<ul style="list-style-type: none"> • Opportunities for lifelong learning in the Sennybridge community. • Improved leisure opportunities and usage in the Sennybridge community • Improved financial viability of leisure offerings through increased take up and use of facilities.
<p>4. Provide Early Years facilities that meet the needs of all children and enable the effective delivery of the Curriculum for Wales</p>	<ul style="list-style-type: none"> • Increased availability of early years places in the Sennybridge area. • Full and effective delivery of the Curriculum for Wales.
<p>5. To meet and stimulate demand for Welsh-medium provision</p>	<ul style="list-style-type: none"> • An increase in the number / % of pupils studying through the medium of Welsh • More opportunities for Welsh speaking staff. • Bilingual training and employees. • Increased availability of suitably qualified Welsh speaking employees in the Sennybridge area. • Promotes bilingual ethos.
<p>6. To provide an optimal safeguarding environment.</p>	<ul style="list-style-type: none"> • Reduction in the number of safeguarding incidents in the Sennybridge area; • Better environment (by design) to provide safe space for children in the new schools.
<p>7. Ensure that all pupils with SEN/ALN are placed in a provision that meets their needs, with the appropriate specialist teaching, support and facilities that enables every learner to meet their potential.</p>	<ul style="list-style-type: none"> • Bespoke provision for SEN/ALN pupils. • Increased provision of specialist teaching support. • Improved facilities for SEN/ALN learners.

2.11 Main Risks

The main risks associated with the strategic case are outlined below.

Table 8 – Strategic Risks and Countermeasures

Main Risk	Counter Measures
Business and Political Risks	
1. An unexpected reduction in the level availability of capital or revenue funding leads to delays and reduction in the scope of the project.	1. No contractual commitments will be made until firm assurances have been given regarding the affordability and availability of funding.
2. The project requires political endorsement	2. The Council's Cabinet has given approval in principle to the project and will be kept informed as the project develops.
3. Pupil numbers fall in the short term, making it more difficult to make the case	3. Detailed (long term) strategic planning about Welsh & English Medium education in the area to underpin the business case.
Service Risks	
1. Legislative changes.	1. Plan flexibility into the options where possible.
2. WG policy changes	2. Plan flexibility into the options where possible.
External Environmental Risks	
1. Issues relating to planning permission or planning constraints	1. Early engagement with the Local Authority Planning Department on the proposed site and to identify any issues relating to planning permission or planning constraints.
2. Covid 19	2. Early engagement with contractors to establish an appropriate risk response

2.12 Project Constraints

The project is subject to the following constraints:

- Availability of capital funding from Welsh Government and Powys County Council for any new build required;
- Any planning consent which may be required for any new build required'
- Requirement to meet BREEAM Excellent standard;
- Requirement to meet zero net carbon standards (by Welsh Government)

- Need to minimise negative impact on current pupils.

2.13 Project Dependencies

The project dependencies are as follows:

- Political support at local and national level;
- Stakeholder support – parents, governors, community, diocesan education authority;
- Capital funding from Welsh Government and Powys County Council;
- Internal officer capacity;
- Capacity of other service areas to provide support;
- Planning permission and any other statutory consents that may be required.

3 Economic Case

3.1 Critical Success Factors

CSF1: Strategic Fit

- The option must satisfy all 5 investment objectives and business needs
- The option must optimise the benefits as presented in the Main Benefits Criteria
- The option must be aligned with and promote the national, regional and local strategies

CSF2: Potential Value for Money (VFM)

- The option must optimise the resources available for the delivery of learning
- The option must provide value for money in the delivery of learning

CSF3: Potential Achievability

- The option must be acceptable to learners, staff, governors and the wider community;
- The option must be politically acceptable at local, county and national level;
- The option must be achievable within current legislation;
- The options must be operationally achievable/physically achievable.

CSF4: Supply side Capacity and Capability

- The option must secure sufficient appropriate resources and expertise to be deployed within Powys to achieve the investment objectives.

CSF5: Potential Affordability

- The extent to which the option is affordable within the forecasted revenue of participating organisations;
- The extent to which the option is affordable within the forecasted capital finding of participating organisations.

3.2 Long List Options

The long list of options was generated by a cross departmental group of stakeholders at a workshop held on Wednesday 17th November 2021. The following individuals were present at this workshop:

- Marianne Evans – Senior Manager Education Services;
- Sarah Astley – Programme Manager;
- Diane Rees – Project Manager
- Eurig Towns – Service Manager for School Improvement;
- Mari Thomas – Finance Manager;
- Sharon Hughes – Senior Foundation Phase Advisor.

3.3 Scope Appraisal

3.3.1 Options

- **Do Nothing:** 125 place 4-11 dual stream Primary School
- **Minimum Scope:** 150 place 4-11 dual stream community Primary school
- **Intermediate Scope A:** 150 place 4-11 dual stream community Primary school, plus early years provision
- **Intermediate Scope B:** 180 place 4-11 dual stream community Primary school
- **Maximum Scope:** 180 place 4-11 dual stream community Primary school, plus early years provision

3.3.2 Advantages and Disadvantages

Table 9 – Scope advantages and disadvantages

Do Nothing: 125 place 4-11 dual stream Primary School	
Advantages	Disadvantages
<ul style="list-style-type: none"> • Replicates the existing school size; • Provides a future proofed school, based on current pupil/population forecasts; • Minimises disruption to Sennybridge pupils, parents and teachers; • Continuation of Welsh Medium Education in the Sennybridge area. 	<ul style="list-style-type: none"> • Does not address shortage of places at Sennybridge Primary school; • Does not maintain early years provision in the local community; • Does not enable wider integration of school within the community; • Does not create new opportunities for additional income streams for the schools; • Does not collocate early years childcare provision at the site. • Does not address backlog maintenance issues. • Does not address the poor condition of the current estate • Does not address the accessibility issues of the building.
Minimum Scope: 150 place 4-11 dual stream community Primary school.	
Advantages	Disadvantage
<ul style="list-style-type: none"> • Replicates the existing school size. • Provides a future proofed school, based on current pupil/population forecasts; • Enables the curriculum to be delivered in a continuous and coherent way from the 	<ul style="list-style-type: none"> • Does not collocate early years childcare provision at the site.

<p>Foundation Stage through to the end of Key Stage 2;</p> <ul style="list-style-type: none"> • Maintains early year and primary age provision in the local community. • Minimises disruption to Sennybridge pupils, parents and teachers; • Enables wider integration of the school within the community; • Continuation of Welsh Medium Education in the Sennybridge area. 	
<p>Minimum Scope: 150 place 4-11 dual stream community Primary school, plus early years provision</p>	
<p>Advantages</p>	<p>Disadvantages</p>
<ul style="list-style-type: none"> • Replicates the existing school size. • Provides a future proofed school, based on current pupil/population forecasts; • Enables the curriculum to be delivered in a continuous and coherent way from the Foundation Stage through to the end of Key Stage 2; • Maintains early year and primary age provision in the local community; • Minimises disruption to Sennybridge pupils, parents and teachers; • Enables wider integration of the school within the community; • Continuation of Welsh Medium Education in the Sennybridge area; • Collocated early years childcare provision on the one site. 	
<p>Intermediate Scope: 180 place 4-11 dual stream community Primary school</p>	
<p>Advantages</p>	<p>Disadvantages</p>
<ul style="list-style-type: none"> • Provides a future proofed school, with room for growth. • Minimises disruption to Sennybridge pupils, parents and teachers. • Continuation of Welsh Medium Education in the Sennybridge area 	<ul style="list-style-type: none"> • Introduces unnecessary surplus pupil places to the school. • Does not collocate early years childcare provision at the site.
<p>Maximum Scope: 180 place 4-11 dual stream Primary school, plus early years provision</p>	
<p>Advantages</p>	<p>Disadvantages</p>

- | | |
|--|--|
| <ul style="list-style-type: none">• Provides a future proofed school, with room for growth.• Enables the curriculum to be delivered in a continuous and coherent way from the Foundation Stage through to the end of Key Stage 2.• Maintains early years and primary age provision in the local community.• Minimises disruption to Sennybridge pupils, parents and teachers.• Enables wider integration of the school within the community.• Continuation of Welsh Medium Education in the Sennybridge area. | <ul style="list-style-type: none">• Introduces unnecessary surplus pupil places at the school. |
|--|--|

3.3.3 Conclusion

Table 10 – Scope appraisal summary

Reference to:	Do Nothing	Min	Int. A	Int. B	Max
Investment Objectives					
Provide a stimulating teaching and learning environment in state of the art, 21st Century facilities that will impact positively on the self-esteem and well-being of all pupils and deliver the new curriculum for Wales.	✓	✓	✓	✓	✓
Remove non DDA compliant poor condition buildings, reduce backlog maintenance and provide environmentally sustainable schools incorporating zero net carbon principles which improve the building's efficiency and running costs.	✓	✓	✓	✓	✓
Develop Community-focused schools that are the central point for multi-agency services to support children, young people, families and the community.	✗	✗	✓	✗	✓
Provide Early Years facilities that meet the needs of all children and enable the effective delivery of the Curriculum for Wales	✗	✗	✓	✗	✓
To provide Welsh-medium provision that is accessible and equitable in a dual stream school	✓	✓	✓	✓	✓
To provide an optimal safeguarding environment.	✓	✓	✓	✓	✓
Ensure that all pupils with SEN/ALN are placed in a provision that meets their needs, with the appropriate specialist teaching, support and facilities that enables every learner to meet their potential.	✓	✓	✓	✓	✓
Critical Success Factors					
Business Need	✗	✓	✓	✗	✗
Strategic Fit	✗	✓	✓	✗	✓
Potential VFM	✗	✓	✓	✗	✗
Benefits optimisation	?	✗	✓	✗	✗
Potential achievability	✓	✓	✓	✓	✓
Supply side capability	✓	✓	✓	✓	✓
Affordability	✓	✓	✓	✗	✗
Summary	Carry Forward	Discounted	Preferred	Discounted	Discounted

3.4 Service Solution Appraisal

3.4.1 Options

- Option 1 - Do nothing - Close the existing school and relocate pupils to nearest schools.
- Option 2 - Business as usual (BAU).
- Option 3 - Remodel the existing building and outside area.
- Option 4 - Build extension to the existing school.
- Option 5 - New Build school on existing site.
- Option 6 - New build School on alternative site.

3.4.2 Advantages and Disadvantages

Table 11 – Project B: Service solution advantages and disadvantages

Option 1 - Do nothing - Close the existing school and relocate pupils to nearest schools.	
Advantages	Disadvantages
<ul style="list-style-type: none"> • No capital spend required. • Enables alternative use of capital funding within the programme envelope. • Addresses current backlog maintenance issues of £1.023m. • Releases site for generation of a capital receipt. 	<ul style="list-style-type: none"> • Current school location provides education to a large rural catchment area. • Significant additional travel for pupils • Relocation to nearest schools not appropriate to the location of catchment of the school. • Insufficient capacity in other schools to accommodate pupils • Pupils may need to be educated in neighbouring county. • Loss of facilities to the community. • Would not promote access to Welsh-medium education for pupils living in Sennybridge • Interruption of Welsh Medium Education in Sennybridge. • Threat to the future viability of the Welsh Language in the Sennybridge area. • Statutory process would be required
Option 2 - Business as usual (BAU).	
Advantages	Disadvantages
<ul style="list-style-type: none"> • No additional capital funding needed. • No disruption to learners from large scale building works on adjacent site. • Continuity of education on Sennybridge School site. • Continuity of Welsh-medium education in Sennybridge 	<ul style="list-style-type: none"> • Inadequate school buildings continue in poor condition and sustainability • Does not meet the requirements for 21st C School • Financially unviable due to costs of repairs and maintenance • Unlikely to enhance current public perception of the school. • Would not provide additional capacity
Option 3 - Remodel the existing building and outside area.	

Advantages	Disadvantages
<ul style="list-style-type: none"> • Extends the life of the building. • Addresses immediate issues easily. • Reduces the probability of disruption to service delivery. • Less immediate drain on Council's capital resources. • Removes £1.032M backlog Maintenance liability. • Continuity of Welsh-medium education in Sennybridge 	<ul style="list-style-type: none"> • Inadequate school buildings continue with poor suitability and sustainability factors • Does not enhance current public perception of the condition of the facilities • Disruption to pupils • Does not improve the learning environment and does not provide a suitable environment • The works required at Sennybridge CP could severely impact the Major Improvement fund, which will decrease the amount of funding available for much needed improvements at other schools. • Would not provide additional capacity
Option 4 - Build extension to the existing school.	
Advantages	Disadvantages
<ul style="list-style-type: none"> • Less Capital cost required. • Would provide additional capacity • Continuity of Welsh-medium education in Sennybridge 	<ul style="list-style-type: none"> • Does not address the building condition of existing school. • Building works funded by Major Improvement fund will still be required in future. • Disruption to pupils, as extension would also require elements of demolition. • Financially unviable. • Capacity of school is not an issue.
Option 5 - New Build school on existing site.	
Advantages	Disadvantages
<ul style="list-style-type: none"> • Delivers a new build school which extends the time horizon for the requirement for substantial future works into the long term. • Removes backlog maintenance of circa £1.032m. • Will enable energy efficiencies reducing the buildings carbon footprint and ongoing running costs. • Provision of appropriate number of school pupil places. • Addresses condition, suitability and sustainability issues in current school. • Reaffirms the strategy to keep Primary schools in strategic locations. • New building will be condition A. • Meets BREEAM and environmental building standards. 	<ul style="list-style-type: none"> • Larger capital investment required from an already over-stretched capital budget. • Substantial noise disruption to existing school setting during building work. • May require temporary relocation of School pupils during building work and associated costs of this.

<ul style="list-style-type: none"> • Potentially attractive to local community and stakeholders. • Appropriate facilities for teaching and learning for 21C curriculum. • Provides community focussed facilities. • Continuity of Welsh-medium education in Sennybridge 	
<p>Option 6 - New Build school on alternative site.</p>	
<p>Advantages</p>	<p>Disadvantages</p>
<ul style="list-style-type: none"> • Delivers a new build school which extends the time horizon for the requirement for substantial future works into the long term. • Removes backlog maintenance of circa £1.032m. • Will enable energy efficiencies reducing the buildings carbon footprint and ongoing running costs. • Provision of appropriate number of school pupil places. • Addresses condition, suitability and sustainability issues in current school. • Reaffirms the strategy to keep Primary schools in strategic locations. • New building will be condition A. • Meets BREEAM and environmental building standards. • Appropriate facilities for teaching and learning for 21C curriculum. • Provides community focussed facilities. • No relocation of pupils required during construction period. • No noise disruption to pupils. • Continuity of Welsh-medium education in Sennybridge. 	<ul style="list-style-type: none"> • Larger capital investment required from an already over-stretched capital budget. • Additional capital required for land purchase of new site. • Availability of suitable and affordable land. • Potential alternative site has not yet been identified; • Depending on the location of the site delivery may have substantial implications on the cost of school transport.

3.4.3 Conclusion

Table 12 – Service Solution appraisal summary

Reference to:	1	2	3	4	5	6
Investment Objectives						
Provide a stimulating teaching and learning environment in state of the art, 21st Century facilities that will impact positively on the self-esteem and well-being of all pupils and deliver the new curriculum for Wales.	x	x	x	x	✓	✓
Remove non DDA compliant poor condition buildings, reduce backlog maintenance and provide environmentally sustainable schools incorporating zero net carbon principles which improve the building's efficiency and running costs.	x	x	?	?	✓	✓
Develop Community-focused schools that are the central point for multi-agency services to support children, young people, families and the community.	x	x	?	?	✓	✓
Provide Early Years facilities that meet the needs of all children and enable the effective delivery of the Curriculum for Wales	✓	✓	✓	✓	✓	✓
To provide Welsh-medium provision that is accessible and equitable in a dual stream school	x	✓	✓	✓	✓	✓
To provide an optimal safeguarding environment.	✓	✓	✓	✓	✓	✓
Ensure that all pupils with SEN/ALN are placed in a provision that meets their needs, with the appropriate specialist teaching, support and facilities that enables every learner to meet their potential.	x	✓	✓	✓	✓	✓
Critical Success Factors						
Business Need	x	x	?	?	✓	✓
Strategic Fit	x	x	✓	✓	✓	✓
Potential VFM	x	x	x	x	✓	✓
Benefits optimisation	x	x	x	x	✓	✓
Potential achievability	x	✓	✓	✓	✓	✓
Supply side capability	✓	✓	✓	✓	✓	✓
Affordability	✓	✓	✓	✓	✓	?
Summary	Discounted	Carry Forward	Discounted	Discounted	Preferred	Possible

3.5 Service Delivery Appraisal

3.5.1 Options

- Minimum – Local Authority delivery;
- Intermediate – Local Authority and Private Sector partner arrangements;
- Maximum – Private Sector partnership (PPP);

3.5.2 Advantages and Disadvantages

Table 13 – Service delivery advantages and disadvantages

Minimum: Local Authority	
Advantages	Disadvantages
<ul style="list-style-type: none"> • All requisite delivery structures are already in place; • Local Authority has extensive experience in delivering this service delivery model; • Cost effective model; • Strategic link to Councils School Transformation Programme; • Most expedient model for delivery; • Politically acceptable; • Limited risk due to specialist support within LA 	<ul style="list-style-type: none"> • May stifle innovation.
Intermediate: Local Authority and Private Sector Partner arrangements	
Advantages	Disadvantages
<ul style="list-style-type: none"> • All requisite delivery structures in place; • Local Authority has extensive experience in delivering this service delivery model; • Cost effective model; • Strategic link to Councils School Transformation Programme • Most expedient model for delivery; • Politically acceptable; • Limited risk due to specialist support within LA 	<ul style="list-style-type: none"> • Will prove more expensive for the Local Authority • Contractor may not be au fait with the workings and culture of Local Authority
Maximum: Private Sector partnership (PPP)	
Advantages	Disadvantages
<ul style="list-style-type: none"> • Private sector suppliers will provide specialisms and capacity that the Local Authority alone cannot provide • Services can be delivered relatively quickly 	<ul style="list-style-type: none"> • Private contractor is an unknown quantity • Contractor may not be au fait with the workings and culture of Local Authority • Any private sector partnership will be unlikely to include local contractors; • Profit element of partnership may impact on funds available for development

3.5.3 Conclusion

Table 14 – Service Delivery appraisal summary

Reference to:	LA	LA & PSP	PPP
Investment Objectives			
Provide a stimulating teaching and learning environment in state of the art, 21st Century facilities that will impact positively on the self-esteem and well-being of all pupils and deliver the new curriculum for Wales.	✓	✓	✓
Remove non DDA compliant poor condition buildings, reduce backlog maintenance and provide environmentally sustainable schools incorporating zero net carbon principles which improve the building's efficiency and running costs.	✓	✓	✓
Develop Community-focused schools that are the central point for multi-agency services to support children, young people, families and the community.	✓	✓	✓
Provide Early Years facilities that meet the needs of all children and enable the effective delivery of the Curriculum for Wales	✓	✓	✓
To provide Welsh-medium provision that is accessible and equitable in a dual stream school	✓	✓	✓
To provide an optimal safeguarding environment.	✓	✓	✓
Ensure that all pupils with SEN/ALN are placed in a provision that meets their needs, with the appropriate specialist teaching, support and facilities that enables every learner to meet their potential.	✓	✓	✓
Critical Success Factors			
Strategic Fit	✗	✓	✗
Potential VFM	?	✓	✗
Potential achievability	✗	✓	✓
Supply side capability	✗	✓	✓
Affordability	✗	✓	✗
Summary	Discounted	Preferred	Discounted

3.6 Implementation Appraisal

3.6.1 Options

- Minimum – New Schools open September 2025;
- Intermediate – New School opens Spring Term 2025;
- Maximum - New School opens September 2024;

3.6.2 Advantages and Disadvantages

Table 15 – Implementation advantages and disadvantages

Minimum: New School opens September 2025	
Advantages	Disadvantages
<ul style="list-style-type: none"> • Lack of disruption to education in the short term 	<ul style="list-style-type: none"> • Local community disruption due to extended period of works; • Delayed to accrual of scheme benefits • Immediate cohorts of learns miss out unnecessarily on 21st Century school facilities
Intermediate: New School opens Spring Term 2025	
Advantages	Disadvantages
<ul style="list-style-type: none"> • Immediate cohorts of learns enjoy 21st Century school facilities within a reasonable period of time • Minimises disruption to learners once school becomes operational; • Ensures Local Authority funding allocation is spent within Welsh Government timescales • Allows time for innovation in design but ensures completion within a reasonable time scale; • Minimises local community disruption. 	<ul style="list-style-type: none"> • Partial delay to accrual of scheme benefits
Maximum: New School opens September 2024	
Advantages	Disadvantages
<ul style="list-style-type: none"> • Immediate cohorts of learns enjoy 21st Century school facilities within a reasonable period of time • Minimises disruption to learners once school becomes operational; • Ensures Local Authority funding allocation is spent within Welsh Government timescales • Ensures completion in a timely manner; • Minimises local community disruption. 	<ul style="list-style-type: none"> • Potential for rushed design (lack of innovation); • Timescales may be unrealistic due to lead in time for sourcing materials • Requires additional bespoke resource for project in order to deliver upon demanding timescale.

3.6.3 Conclusion

Table 16 – Implementation appraisal summary

Reference to:	Sept 25	Spring 25	Sept 24
Investment Objectives			
Provide a stimulating teaching and learning environment in state of the art, 21st Century facilities that will impact positively on the self-esteem and well-being of all pupils and deliver the new curriculum for Wales.	✓	✓	✓
Remove non DDA compliant poor condition buildings, reduce backlog maintenance and provide environmentally sustainable schools incorporating zero net carbon principles which improve the building's efficiency and running costs.	✓	✓	✓
Develop Community-focused schools that are the central point for multi-agency services to support children, young people, families and the community.	✓	✓	✓
Provide Early Years facilities that meet the needs of all children and enable the effective delivery of the Curriculum for Wales	✓	✓	✓
To provide Welsh-medium provision that is accessible and equitable in a dual stream school	✓	✓	✓
To provide an optimal safeguarding environment.	✓	✓	✓
Ensure that all pupils with SEN/ALN are placed in a provision that meets their needs, with the appropriate specialist teaching, support and facilities that enables every learner to meet their potential.	✓	✓	✓
Critical Success Factors			
Strategic Fit	✓	✓	?
Potential VFM	✓	✓	✓
Potential achievability	✓	✓	x
Supply side capability	✓	✓	✓
Affordability	✓	✓	✓
Summary	Possible	Preferred	Discounted

3.7 Funding Appraisal

3.7.1 Options

- Minimum – Wholly Local Authority funded from capital programme;
- Intermediate - Mix of Local Authority borrowing and Welsh Government funding;
- Maximum - Wholly Welsh Government grant funded.
- Alternative – Mutual Investment Fund (MIM).

3.7.2 Advantages and Disadvantages

Table 17 – Funding advantages and disadvantages

Minimum: Wholly Local Authority funded from capital programme.	
Advantages	Disadvantages
<ul style="list-style-type: none"> • Wouldn't require any additional Local Authority borrowing; • Maximum control over scale and timescale of scheme. 	<ul style="list-style-type: none"> • Diverts capital from other community priorities such as Social Care and highways; • Cost prohibitive. • Affordability
Intermediate: Mix of Local Authority borrowing and Welsh Government funding.	
Advantages	Disadvantages
<ul style="list-style-type: none"> • Ensures affordability of scheme; • Provides certainty to Welsh Government i.e. the scheme fits strategically; • Allows for the direction of capital monies to other community priorities. 	<ul style="list-style-type: none"> • Repayment costs for Local Authority may impact on revenue budgets; • Welsh Government grant funding requirements may be onerous; • Application process may delay delivery.
Maximum: Wholly Welsh Government grant funded.	
Advantages	Disadvantages
<ul style="list-style-type: none"> • Enables major capital investment in other community priorities. 	<ul style="list-style-type: none"> • Welsh Government grant funding requirements may be prohibitive; • Application process may delay delivery. • May stifle innovation.
Alternative: Mutual Investment Model	
Advantages	Disadvantages
<ul style="list-style-type: none"> • No capital funding required up front; • Sponsorship from Welsh Government; • Cost certainty (capital and revenue); • Welsh Governments preferred model. 	<ul style="list-style-type: none"> • Development partners may not be interested; • Complex ownership and governance model; • Multifaceted governance may stifle innovation.

3.7.3 Conclusion

Table 18 – Funding appraisal summary

Reference to:	WG 100%	Mix	LA 100%	MIM
Investment Objectives				
Provide a stimulating teaching and learning environment in state of the art, 21st Century facilities that will impact positively on the self-esteem and well-being of all pupils and deliver the new curriculum for Wales.	✓	✓	✓	✓
Remove non DDA compliant poor condition buildings, reduce backlog maintenance and provide environmentally sustainable schools incorporating zero net carbon principles which improve the building's efficiency and running costs.	✓	✓	✓	✓
Develop Community-focused schools that are the central point for multi-agency services to support children, young people, families and the community.	✓	✓	✓	✓
Provide Early Years facilities that meet the needs of all children and enable the effective delivery of the Curriculum for Wales	✓	✓	✓	✓
To provide Welsh-medium provision that is accessible and equitable in a dual stream school	✓	✓	✓	✓
To provide an optimal safeguarding environment.	✓	✓	✓	✓
Ensure that all pupils with SEN/ALN are placed in a provision that meets their needs, with the appropriate specialist teaching, support and facilities that enables every learner to meet their potential.	✓	✓	✓	✓
Critical Success Factors				
Strategic Fit	✗	✓	✓	?
Potential VFM	✓	✓	✓	✓
Potential achievability	✓	✓	?	?
Supply side capability	?	✓	?	?
Affordability	✗	✓	✓	✓
Summary	Discounted	Preferred	Discounted	Possible



3.8 Summary of appraisals

Table 19 – Long List Summary

Scope appraisal	Do Nothing: 125 place 4-11 dual stream Primary School	Do Min: 150 place 4-11 dual stream Primary School	Intermediate A: 150 place 4-11 dual stream community Primary school, plus early years provision	Intermediate B: 180 place 4-11 dual stream community Primary school	Maximum: 180 place 4-11 dual stream community Primary school, plus early years provision	
Service solution	Do nothing - Close the existing school and relocate pupils to nearest schools.	Business as usual (BAU).	Remodel the existing building and outside area.	Build extension to the existing school.	New Build School on existing site	New Build school on new site
Service Delivery	Minimum: LA Delivery		Intermediate: LA and Private Sector Delivery		Maximum: Private Sector partnership (PPP)	
Implementation	Minimum: New School opens September 2025		Intermediate: New School opens Spring Term 2025		Maximum: New School opens September 2024	
Funding	Minimum: Wholly LA Funded	Intermediate: Mixed LA & WG Funded		Maximum: Wholly WG Funded		Alternative: Mutual Investment Fund

As a result of the appraisal exercise, and the comparison of each option with the Investment Objectives and Critical Success Factors, the following options have been short-listed for economic appraisal:

- Option 2: Do Nothing – Business as Usual.
- Option 5: New build 150 place 4-11 dual stream community Primary School with early years provision in Sennybridge on existing site.
- Option 6: New build 150 place 4-11 dual stream community Primary School with early years provision in Sennybridge on alternative site.

3.9 Economic Appraisal

The following tables summarise key results of the economic appraisals for each option. Values used for the economic analysis are expressed in base year terms. Options have been risk-adjusted to account for the 'risk retained' (in £s) by the organisation under each option.

3.9.1 Cost Components

Please note that the revenue / lifecycle cost totals shown in the tables above consist of the elements shown in the table below.

Table 20 – Cost Components

Option	Years	Cost Elements	Undiscounted Value (£'000)
Do Nothing	Years 0 – 19	Existing Revenue Cost	£546k (per annum)
	Years 0 – 19	Lifecycle Cost	£1,098m (term)
Option 5 & Option 6	Years 0 – 3	Existing Revenue Cost	£546k (per annum)
	Year 4	Transitional Revenue Cost	£554k (per annum)
	Year 5 – 59	New Revenue Cost	£559k (per annum)
	Years 0 – 59	Lifecycle Cost	£5,263 (term)

3.9.2 Net Present Cost Project

Table 21 – Economic Appraisal

Discounted Cash flow (DCF) Summary Sheet		Inc. Optimism Bias		Excl. Optimism Bias	
Option No.	Option Name/Description	NPC (£m)	EAC (£m)	NPC (£m)	EAC (£m)
Option 2:	Do nothing – business as usual	10.0	0.68	10.0	0.68
Option 5:	New build 5 classroom school on the grassed area of Sennybridge CP School to include Early Years facility and community room.	27.2	1.04	25.0	0.95
Option 6:	New build 5 classroom school on an alternative site within the area to include Early Years facility and community room.	27.8	1.06	25.4	0.97

DCF = Discounted Cash flow

NPC = Net Present Cost

EAC = Equivalent Annual Cost

Option 2 was appraised over 20 years, while options 5 and 6 were appraised over 60 years. This is because Option 2 is essentially 'Do Minimum' option, where the effective life of the asset is expected to be 20 years.

On that basis, the key comparator from the Economic Appraisal table is the Equivalent Annual Cost (EAC), which calculates the average annual (economic) cost to the Council. On that basis, **Option 5 is the preferred economic choice.**

3.9.3 Summary of Economic Ranking

Table 22 – Economic Summary

Option	Description	Undiscounted	NPV
Do Nothing	Do nothing – business as usual	£13,454,946	£10,049,050
Option 5	New build 5 classroom school on the grassed area of Sennybridge CP School to include Early Years facility and community room.	£50,159,681	£27,220,524
Option 6	New build 5 classroom school on an alternative site within the area to include Early Years facility and community room.	£50,691,798	£27,780,580

3.9.4 Monte Carlo Simulation

In order to make the scenario planning more robust (and less linear), we have completed a Monte Carlo Simulation in this business case. The simulation uses the following cost elements as variables: backlog maintenance/new build capital, old revenue cost, new revenue cost, lifecycle cost, capital receipts and new community lettings. Monte Carlo simulation uses random number generation to provide a set of predictive results. Charting these results can allow you to determine the probability of a particular result or set of results occurring.

Each variable went through 1000 iterations of number generation to produce a Normal or Gaussian distribution of the potential results obtainable. A normal distribution for the data was chosen as the results should conform to central tendency theorem, being clustered around the estimated value rather than being uniformly distributed between two points.

Once the variables for each option were simulated, the results were used as the input for 27 different potential 'What if' scenarios based along the three dimensions of capital, revenue and savings. The scenarios were used to demonstrate the sensitivity between the different variables, providing 27 (+1 base value) different potential outcomes for NPC per option. A list of the 27(+1) scenario's, and the 28 NPC potential results for each option is shown in Appendix B: Monte Carlo Simulation.

Finally, the mean and standard deviation values for the 28 scenarios were used as the input variables for a further 1000 iterations of the simulation to produce a final Normal distribution curve for each of the four shortlisted options. The results are demonstrated in the two charts below.

Figure 2: Options Distributions

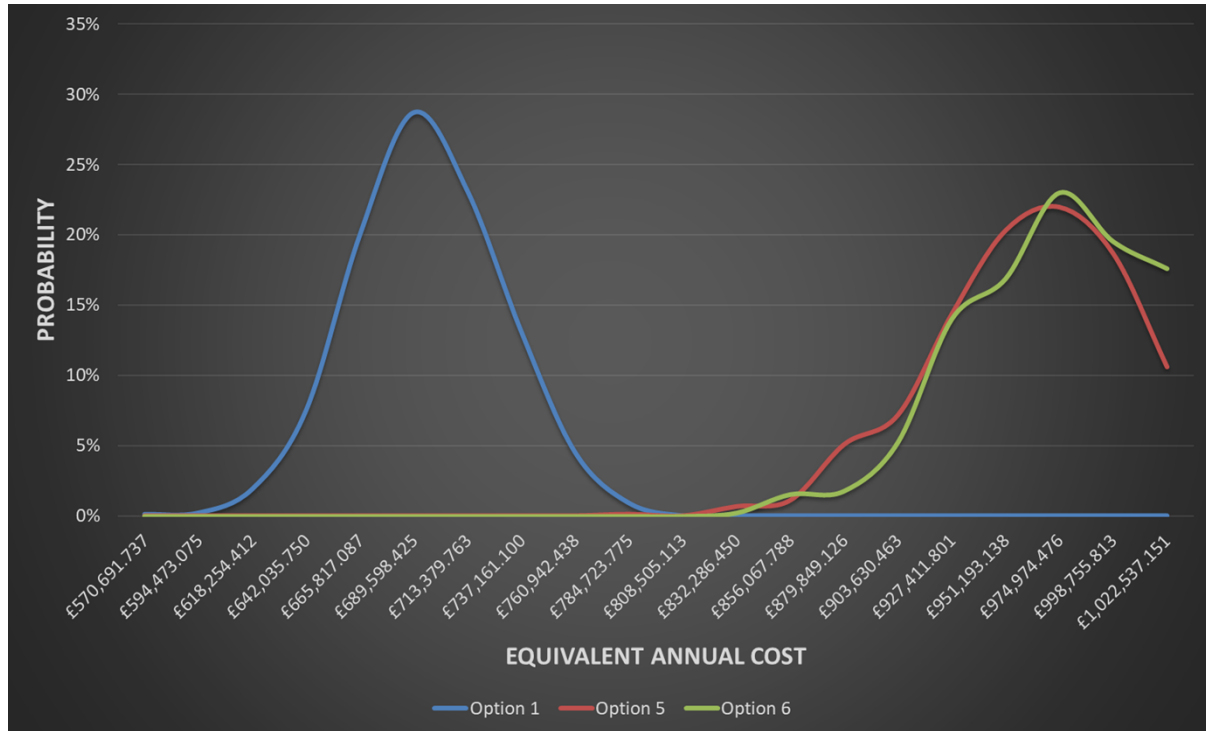


Figure 3: Cumulative Distributions

As can be seen from the first chart each option displays the typical bell shaped curve indicative of a Normal distribution. The probability of any value occurring within this distribution can be read off the chart. Both charts clearly indicate that option 1 (blue line) has the least expensive forecasted equivalent annual cost, while option 6 (green line) is the most expensive. The extreme difference between the BAU and ‘do something’ options is such that it would highly likely to be the least expensive option in almost any conceivable circumstance, with there only being a marginal overlap at the extreme tails of the probability distributions.

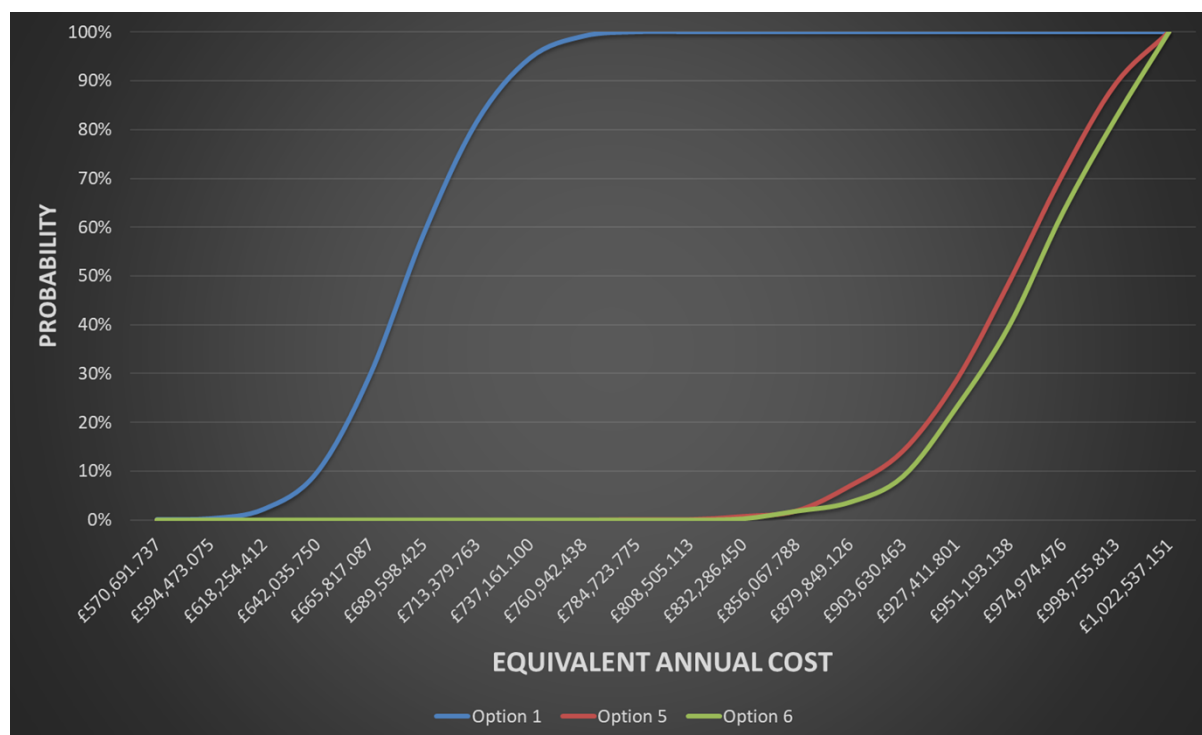


Table 23: Summary of Results

Rank Order	Total EAC	Scenario No.	Option No.	Revenue	Capital	Savings
1	£0.629	27	Option 1	Best Case Capital	Best Case Revenue	Expected Case Savings
2	£0.630	28	Option 1	Best Case Capital	Best Case Revenue	Best Case Savings
3	£0.630	26	Option 1	Best Case Capital	Best Case Revenue	Worst Case Savings
4	£0.646	18	Option 1	Expected Case Capital	Best Case Revenue	Expected Case Savings
5	£0.648	17	Option 1	Expected Case Capital	Best Case Revenue	Worst Case Savings
6	£0.649	19	Option 1	Expected Case Capital	Best Case Revenue	Best Case Savings
7	£0.662	9	Option 1	Worst Case Capital	Best Case Revenue	Expected Case Savings
8	£0.664	10	Option 1	Worst Case Capital	Best Case Revenue	Best Case Savings
9	£0.665	8	Option 1	Worst Case Capital	Best Case Revenue	Worst Case Savings
10	£0.666	23	Option 1	Best Case Capital	Expected Case Revenue	Worst Case Savings
11	£0.667	24	Option 1	Best Case Capital	Expected Case Revenue	Expected Case Savings
12	£0.667	25	Option 1	Best Case Capital	Expected Case Revenue	Best Case Savings
13	£0.682	15	Option 1	Expected Case Capital	Expected Case Revenue	Expected Case Savings
14	£0.683	1	Option 1	Base NPV	Base NPV	Base NPV
15	£0.683	14	Option 1	Expected Case Capital	Expected Case Revenue	Worst Case Savings
16	£0.684	16	Option 1	Expected Case Capital	Expected Case Revenue	Best Case Savings
17	£0.698	7	Option 1	Worst Case Capital	Expected Case Revenue	Best Case Savings

18	£0.700	5	Option 1	Worst Case Capital	Expected Case Revenue	Worst Case Savings
19	£0.700	6	Option 1	Worst Case Capital	Expected Case Revenue	Expected Case Savings
20	£0.702	20	Option 1	Best Case Capital	Worst Case Revenue	Worst Case Savings

Through ranking all the potential NPC results (28 x 3 options), it is possible to generate a total EAC score for each option. Each result was ranked from 1-84 with 84 points allocated for the lowest (least costly) potential NPC through to 1 for the highest (most costly) potential EAC. The scores were then cumulated for each option, with the highest score obtaining a final score of 100%, with the other options scoring a percentage of that. The final results are displayed within the table below:

Table 24: Summary of Overall Results:

Option No.	NPC	EAC
Option 1	£10,049,050	£683,152
Option 5	£27,220,524	£1,037,823
Option 6	£27,780,580	£1,059,176

Table 25: Summary of Overall Results:

Option No.	Score	Final Score
Option 1	1974	100.00%
Option 5	890	45.09%
Option 6	706	35.76%

3.10 Qualitative Benefits Appraisal

All of the benefits from the SOC were grouped into four categories, and the benefit groups were then weighted by the project team in order to provide an assessment against the five options.

Table 26 – Benefit Group examples

Benefit Groups	Example of Benefits (info in brackets = how achieved)	Weight
Standards and Breadth of Education	<ul style="list-style-type: none"> • More pupils with higher qualifications that can provide greater opportunities for future employment, training and education. • More opportunities for teachers' professional and personal development (e.g. through access to a wider range of teaching materials [state of the art ICT and emerging technologies] and accessing and sharing sector leading practice via Professional Learning Communities). • Employers will have young people with a greater range of employability skills. 	10%

Benefit Groups	Example of Benefits (info in brackets = how achieved)	Weight
Standards of Facilities and Estate	<ul style="list-style-type: none"> • Securing positive learning experiences. • Increased efficiency through school reorganisation and rationalisation. • Facilities which maximise the potential of both teachers and pupils. 	40%
Welfare of Children	<ul style="list-style-type: none"> • Improved safeguarding of children. • Less opportunities for children to be injured/hurt during their school lives. 	30%
Equality of opportunity	<ul style="list-style-type: none"> • Improved access to specialist ALN/SEN provision with the schools. 	20%

Each of the benefit groups were scored on a range of 0-10 for each option. These scores were agreed by the workshop participants to confirm that the scores were fair and reasonable.

Table 27 – Benefits Appraisal

Benefit Group	Weight	Maximum Score	Raw			Weighted		
			Option 2	Option 5	Option 6	Option 2	Option 5	Option 6
Standards of Education	10	10	7	9	9	70	90	90
Facilities and Estate	40	10	3	9	9	120	360	360
Welfare of Children	30	10	3	9	9	90	270	270
Equality of opportunity	20	10	3	9	9	60	180	180
Total	100	10	16	36	36	340	900	900
Rank			3	=1	=1	3	=1	=1

3.11 Risk Appraisal

The workshop assigned the risk scores shown in the following table on the basis of participants' judgment and assessment of previous procurements. The range of scales used to quantify risk followed the corporate risk assessment process. The likelihood and impact scores are summarised below:

Probability:

- Low = 1 - Not likely to occur or may happen once every 20 years.

- Medium = 2 - Possible or may happen within 10 years.
- High = 3 - Likely or may happen once a year.
- Very High = 4 - Certain or happens several times a year.

Impact:

- Low = 1.
- Medium = 2.
- High = 3.
- Catastrophic = 4.

The likelihood is multiplied by the impact score to provide a “risk score”. The main risks fall into three categories namely Service Risk (SR), Business Risk (BR) and External environmental risk (EER).

Table 28 – Risk Appraisal

No	Summary of Risk	Category	BAU	Option 5	Option 6
1.	The risk that there will be an undermining of customer’s/media’s perception of the organisation’s ability to fulfil its business requirements – for example, adverse publicity concerning an operational problem.	SR	2	2	2
2.	Continuity of 21st century funding not sustained by mainstream funding.	SR	2	3	3
3.	Newly redeveloped or built school may attract pupils from other schools or catchment areas.	EER	1	9	9
4.	Delay in WG approval of OBC.	SR/ EER	1	15	15
5.	Availability of Capital funding, both in terms of Capital allocation from WG and prudential borrowing.	SR	1	5	5
6.	Feasibility unproven - in terms of SIS/Ecology.	SR / EER	1	4	4
7.	Lack of stakeholder support for scheme.	SR	4	3	6
8.	Lack of adequate revenue funding stream.	SR	1	3	3
9.	Lack of timely decision making at Powys County Council.	SR	1	6	6
10.	Unsuccessful schools’ re-organisation and consultation process. Low level of public support for scheme.	EER	1	1	3
11.	Failure to develop and implement plan and processes to manage staff and learners prior, during and post commissioning of the new/ existing/alternative facilities.	SR	1	4	5
12.	For any number of unforeseen reasons, arising from risk and uncertainty, the construction costs increase beyond original cost estimates.	SR / EER	1	16	16

No	Summary of Risk	Category	BAU	Option 5	Option 6
13.	Failure to gain planning and environmental approvals or acquire land for new construction.	SR / EER	1	4	8
14.	Curriculum developed fails to engage learners - inadequate facilities to deliver broader curriculum.	SR	1	6	6
15.	Statutory consultation fails.	EER	0	0	0
16.	Health and Safety - e.g. Injuries/incidents during construction leading to delays/injury investigation/claims for compensation/prosecution.	SR	0	5	5
17.	The risk that design cannot deliver the services to the required quality of Educational Provision standards.	SR	0	1	1
18.	The risk that the construction of physical assets is not completed on time, to budget and to specification.	SR	1	6	12
19.	The risk that the quality/quantity of initial intelligence (for example, preliminary site investigation) will affect the likelihood of unforeseen problems occurring.	SR	1	6	9
20.	The risk arising in accommodation projects relating to the need to decant staff/clients from one site to another.	SR	0	0	0
21.	The risk that the nature of the project has a major impact on its adjacent area and there is a strong likelihood of objection from the public.	SR	0	1	1
22.	The risk that can arise from the contractual arrangements between two parties – for example, the capabilities of the contractor/ when a dispute occurs.	SR	1	2	4
23.	The risk that the quantum of service provided is less than that required under the contract.	SR	1	1	2
24.	The risk that the demand for a service does not match the levels planned, projected or assumed.	SR	1	2	4
25.	The risk that actual community usage of the service varies from the levels forecast as a benefit.	SR/ EER	0	2	4
26.	The risk that changes in technology result in services being provided using sub-optimal technical solutions.	SR / EER	0	2	2
27.	The risk relating to the uncertainty of the values of physical assets at the end of the contract period.	EER	0	1	1
28.	Profile of capital expenditure incorrect.	SR/ EER	0	0	0

No	Summary of Risk	Category	BAU	Option 5	Option 6
29.	The risk that project outcomes are sensitive to economic influences – for example, where actual inflation differs from assumed inflation rates.	EER	1	9	9
30.	The risk that policy & legislative change increases costs. This can be divided into secondary legislative risk (for example, changes to corporate taxes) and primary legislative risk (for example, specific changes which affect a particular project).	EER	1	3	3
31.	A change in political climate at WG level.	EER	1	1	1
32.	A change in political climate at County level.	EER	1	2	3
33.	Outcome of internal decision making (i.e. Decisions made against officer recommendations).	SR	1	4	6
34.	Loss of experienced staff.	SR	6	6	9
Total			35	135	167

3.12 Summary of Appraisals

Table 29 – Summary of Appraisals

Evaluation Results	Do Nothing	Option 5	Option 6
Economic appraisals	1	2	3
Benefits appraisal	3	1	2
Risk appraisal	1	2	3
Overall Ranking	=1	=1	=3

Taking into account the combined appraisals, Option 5 ranks as the preferred option.

4 Commercial Case

4.1 Procurement Method

4.1.1 Procurement Strategy

Three procurement strategy routes were considered in Powys County Council's 21st Century Schools Strategic Outline Programme Commercial Case. Considerations included the following:

- Public/Private partnerships (including via the Mutual Investment Model);
- Joint venture with the private sector;
- Conventional procurement routes utilising framework contractors.

Consideration of these procurement routes concluded that a Joint Venture with the private sector and the Public/Private Partnerships route were unfeasible in this instance of the following reasons:

- i. There was no commitment to further commercial opportunities of significant scale that could be offered to a separate private entity. This would reduce the commercial appeal of entering into a formal partnership or joint venture with Powys County Council.
- ii. Both Private/Public Partnerships and Joint Ventures are more complex and time consuming to set up and manage. Powys only has limited major construction projects to offer, therefore it is less likely that the fixed costs involved in setting up the partnerships would be recovered through down the line savings or savings achieved through quantities of scale.
- iii. Given the scale of development required within the Council's Band A and B 21st Century Schools Programme, it is felt that the additional costs incurred by the complexities of Public/Private partnerships or a Joint Venture with the private sector will not be justified by the potential benefits from entering into these arrangements.

The Council has good experience of working with contractor frameworks and has achieved positive outcomes using such frameworks. The Council has therefore concluded that the optimum procurement route will be to use the revised SEWSCAP framework that was re-launched in June 2019 (SEWSCAP 3). The benefits of utilising contractors from this existing Contractor Frameworks list are as follows:

5. Consultation and design development can be carried out by Powys Property Design Services. The design team will then remain actively involved throughout the duration of the project, fulfilling the intelligent client role once the project is passed over to the successful contractor, thus ensuring continuity of professional staff representing PCC during all stages of the project programme.
6. Compliant with EU procurement directives and the Public Contract Regulations (2014), offering a swift route to market and opportunities for early contractor involvement;

7. The framework is free to use, offering a variety of contracts, pricing models and the potential for further savings achieved via mini-competition;
8. The new SEWSCAP Property Construction Framework is divided into the following lots:
 - Lot 1: Provision of Construction services to include new build, extensions and refurbishment under traditional or design and build with all associated works – (£250,000 to £1,500,000) - Powys County Council and other Potential Employers based or operating in Powys or operating nearby;
 - Lot 2: Provision of Construction services to include new build, extensions and refurbishment under traditional or design and build with all associated works – (£250,000 to £1,500,000) - Torfaen County Borough Council, Blaenau Gwent County Borough Council, Monmouthshire County Council, Caerphilly County Borough Council or other Potential Employers based or operating near those areas;
 - Lot 3: Provision of Construction services to include new build, extensions and refurbishment under traditional or design and build with all associated works – (£250,000 to £1,500,000) - Rhondda Cynon Taf County Borough Council, Merthyr Tydfil County Borough Council and Bridgend County Borough Council and any Participating Authorities based or operating near those areas
 - Lot 4: Provision of Construction services to include new build, extensions and refurbishment under traditional or design and build with all associated works – (£250,000 to £1,500,000) - Vale of Glamorgan Council, The County Council of the City of Cardiff Council, Newport City Council or other Potential Employers based or operating near those areas;
 - Lot 5: Provision of Construction services, extensions and refurbishment under traditional or design and build with all associated works – (£1,500,001 to £3,000,000) - Powys County Council and other Potential Employers based or operating in Powys or operating nearby to include new build
 - Lot 6: Provision of Construction services to include new build, extensions and refurbishment under traditional or design and build with all associated works – (£1,500,001 to £3,000,000) - All Potential Employers
 - Lot 7: Provision of Construction services to include new build, extensions and refurbishment under traditional or design and build with all associated works – (£3,000,001 to £5,000,000) - All Potential Employers
 - Lot 8: Provision of Construction services to include new build, extensions and refurbishment under traditional or design and build with all associated works – (£5,000,001 to £10,000,000) - All Potential Employers
 - Lot 9: Provision of Construction services to include new build, extensions and refurbishment under traditional or design and build with all associated works – (£10,000,001 to £25,000,000) - All Potential Employers
 - Lot 10: Provision of Construction services to include new build, extensions and refurbishment under traditional or design and build with all associated works – (£25,000,001 to £100,000,000) – All Potential Employers

In this instance the Council propose to use Lot 8 (£5M - £10M).

The Core principles of the framework are the over-riding objectives guiding the Authority and the Contractor in the operation of this Framework Agreement, and in entering into and performing Call-Off Contracts. The Authority and the Contractor hereby agree:

- To work together and with the Potential Employers, Employers and their advisers in good faith and in a spirit of mutual trust and co-operation;
- To act in a co-operative and collaborative manner so as to achieve and advance the relevant Construction Project;
- To share information honestly and openly; and
- To highlight any difficulties at the earliest possible opportunity.

The Authority and the Contractor agree to work together in accordance with the terms of this Framework Agreement and in co-operation and collaboration with the Potential Employers, Employers and their advisers, to achieve the successful delivery of a series of Construction Projects and in particular, the Core Principles.

4.1.2 Award methodology

Within this framework two methods may be used by Participating Authorities to award contracts under the framework, as summarised below (Direct award applies to Lots 1-7 and 11 only):

1. Mini-tender – Contractors in the relevant Lots will be invited to tender against a range of quality and pricing criteria. This method will apply to all Lots.
2. Early Contractor Involvement mini-tender - Early Contractor Involvement allows the Employer to engage with a Contractor via a contract to carry out services such as initial design, feasibility and assisting in planning and business cases etc. This process known as a 2 stage design and build requires bidders to submit an overall price for the whole of the works including the design. This will form the basis for the ECI appointment and will be discussed and refined during ECI with the aim of agreeing prices or a contract sum within the price envelope prior to the start of the construction stage.

Under this mini tendering process, the framework contractors will be asked to price scheme specific Preliminaries and Design Costs including a capped Target Cost as a guide. All other costs would be in accordance with their (already tendered) framework submission. Under the NEC4 Professional Services Contract and NEC4 Engineering & Construction Contract – Option A: Priced Contract with Activity schedule. The interim valuations will be paid on actual invoiced costs for labour, plant, materials and sub-contractors plus overheads and profit with a gain/pain percentage share on completion.

The following broad principles are to be pursued, in the area of contractor incentivisation in order to help to implement smart procurement. Their implementation is subject only to

agreement on the manner of their application in specific negotiations, and further formal consultation on appropriate contract terms and conditions:

- Making best use of competition at prime and sub-contract level to meet requirements and achieving value for money.
- Making the best use of effective pricing mechanisms to reflect the circumstances of the procurement will be used to promote incentivisation of performance.
- The Council and Industry have common objectives in trying to ensure that incentives produce demonstrable value for money (VFM) benefits for Powys and sustained shareholder value for Industry.
- Risks and rewards should be shared between the Council and Industry in an equitable manner.
- Risk should be owned by those best placed to manage it.
- The prospect of longer term commercial relationships in return for good performance should be a major spur to good performance supported by incentivisation arrangements.
- The benefits of incentivisation arrangements should apply to the sub-contract supplier base and continue to be nurtured to achieve VFM.
- Gain-sharing opportunities should be actively explored and pursued wherever possible.
- Partnering arrangements for longer term contracts must include a framework for continuing incentivisation.
- Benchmarking of performance against recognised best in class processes and practises will aid assessment of achievement against incentivisation measures.
- Sanctions for unsatisfactory performance against the contract requirement need to be available and will be used where appropriate.
- Sharing of future contract savings in subsequent contracts.

The Core principles of the framework are the over-riding objectives guiding the Authority and the Contractor in the operation of this Framework Agreement, and in entering into and performing Call-Off Contracts. The Authority and the Contractor hereby agree:

- To work together and with the Potential Employers, Employers and their advisers in good faith and in a spirit of mutual trust and co-operation.
- To act in a co-operative and collaborative manner so as to achieve and advance the relevant Construction Project.
- To share information honestly and openly; and
- To highlight any difficulties at the earliest possible opportunity.

4.2 Required Services

4.2.1 The required service streams:

The required service streams for this programme business case include:

- A new 4-11 dual stream Primary school (150 capacity, plus early years) in Sennybridge.

4.2.2 The specification of required outputs:

- CO2 or energy arising from site activities as deemed required by the contractor to achieve BREEAM Excellent;
- CO2 or energy arising from transport to and from site as deemed required by the contractor to achieve BREEAM Excellent;
- Water consumption arising from site activities as deemed required by the contractor to achieve BREEAM Excellent;
- Air (dust) pollution arising from the site as deemed required by the contractor to achieve BREEAM Excellent;
- Water (ground and surface) pollution occurring on the site as deemed required by the contractor to achieve BREEAM Excellent;
- 80% of site timber is responsibly sourced and 100% is legally sourced;
- Net Zero Carbon building.

4.3 Potential for Risk Transfer.

Table 30 – Risk category

Risk Category	Potential allocation		
	Public	Private	Shared
Design risk			✓
Construction and development risk		✓	
Transition and implementation risk			✓
Availability and performance risk		✓	
Operating risk	✓		
Variability of revenue risks	✓		
Termination risks		✓	
Technology and obsolescence risks	✓		
Control risks	✓		
Residual value risks	✓		
Financing risks	✓		
Legislative risks			✓
Other project risks			✓

4.4 Project Bank Accounts (PBAs)

Details around the approach to PBAs will be developed as this proposal moves through the various approval gates. This will include details of:

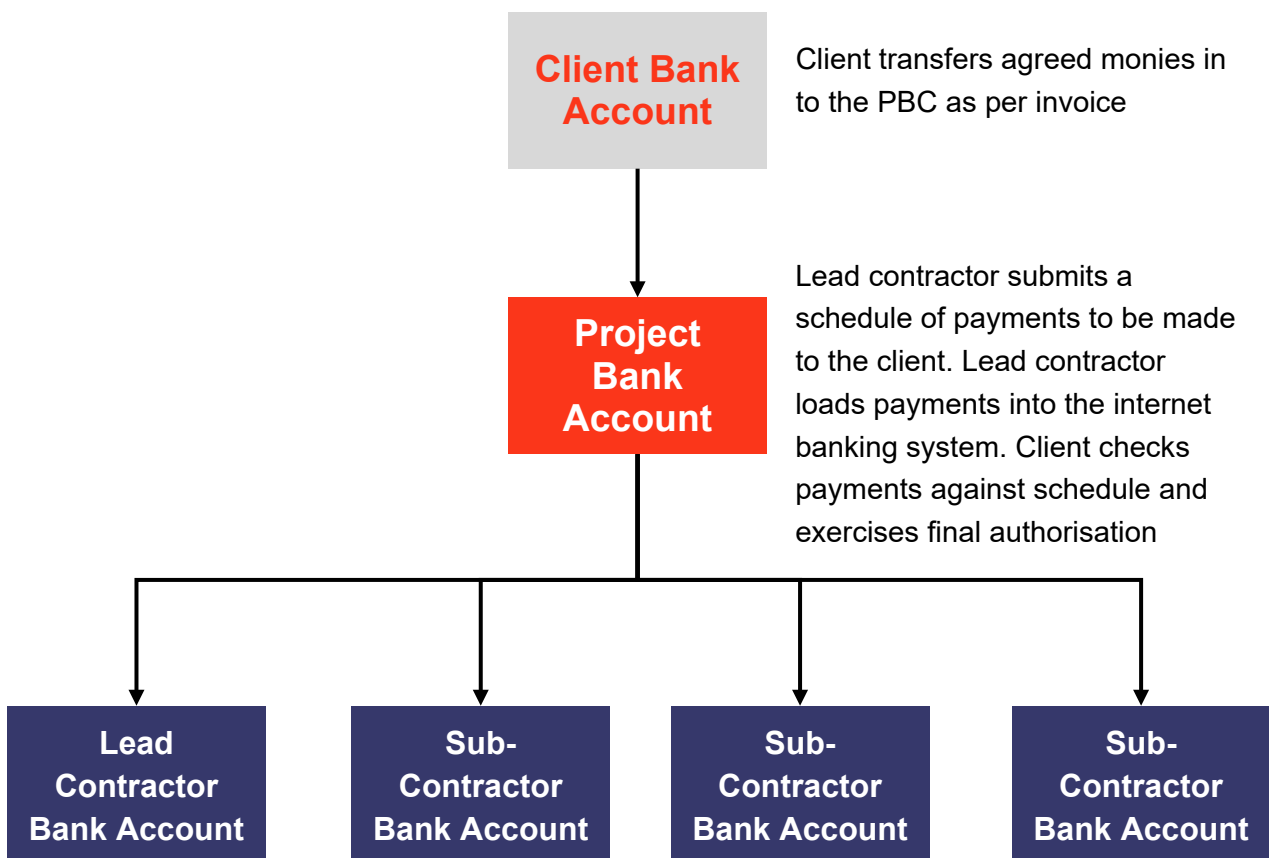
- Who will approve the PBA documentation and how? For example, who will approve and sign the Deeds of Trust, Deeds of Adherence / Joining Deed, Bank Mandate.
- Who will agree payments due to the lead contractor and each of their named suppliers and how?
- Who will be responsible for paying money into the PBA and authorising payments out?
- Who will agree why certain supply chain members may not be paid directly from the PBA and the criteria this will be based upon?

It is important that the benefits of PBAs are understood and prospective tenderers understand that they should communicate these benefits down the supply chain, to maximise sub-contractor sign up to the PBA.

To support this, a briefing pack and information sheet for tenderers outlining both the benefits and requirements of using a PBA.

Additionally, at tender stage, the procuring party will include clauses in the ITT documentation, referencing the use of PBAs. These clauses will include specific requirements on how the PBA will operate.

Figure 4: PBA money route



4.5 Community Benefits

4.5.1 Agreed schedule

The inclusion of community benefits/social requirements within contracts will ensure that wider social and economic issues are taken into account when tendering construction and development work. The Council particularly considers that the works afford an ideal opportunity to the contractor to enhance employment prospects and skills through the recruitment, training and retention of economically inactive people at a disadvantage in the labour market.

4.5.2 Delivery of agreed targets

Based on previous experience, for a project of this value, we anticipate that the successful contractor would:

- Deliver a Meet the Buyer Event to raise awareness of project to local supply chain;
- Use Sell2Wales to advertise opportunities;
- Complete 100% payments to sub-contractors within 23 days of receipt of invoice;
- Utilise and complete the Value Wales Measurement Tool;
- Provide weeks of employment (to be decided); training and/or work experience opportunities for unemployed people, those leaving and educational establishment or training provider; trainee's or apprentices;
- Employee apprentices on the project (numbers to be decided as the scheme develops);
- Conduct a number of pupil interactions;
- Spend a % of contract spend in Wales;
- Divert a % of waste from landfill; and
- Conduct a number of community initiatives throughout the duration of the project.

5 Financial Case

5.1 Project Summary Costs

Table 31 – Key metrics

Project Title and Location	New Build Primary school, Sennybridge
New Build % (Area)	1,444 sq. Metres
Refurbishment % (Area)	N/A
Extension % (Area)	N/A
Description of work & any unusual constraints	N/A
# Pupil Places	150
# SEN Places	0
Total # Places	150
# Storeys (including basement)	1
Delivered through Regional Framework?	Yes
Contract period in weeks	117 Weeks
Anticipated Community Benefits	Subject to the outcome of procurement
# Trainee and apprenticeship opportunities	Subject to the outcome of procurement
Use of local subcontractors as a % of total cost	Subject to the outcome of procurement

5.2 Breakdown of Capital Costs

Table 32 – Breakdown of capital costs

Project Costs	
Capital Cost	£9,074,723
Optimism Bias	£1,353,640
Risk	£725,978
VAT (only to be included where non-recoverable by applicant)	N/A
Total Project Cost (inclusive of optimism bias and risk)	£11,154,341
Total funded (It is assumed that optimism bias and risk will be fully mitigated and that the capital build cost is the actual cost upon which the intervention rate will apply.)	£5,898,570
Welsh Government Intervention Rate	65%

5.3 Cost Template

Table 33 – RIBA Stage Cost Breakdown

Summary Page	1	2	3	4	5	6	7
	Preparation and Brief	Concept Design	Spatial Coordination	Technical Design	Manufacturing & Construction	Handover	Use
Stage Total	£32,135.20	£176,138.73	£231,426.80	£227,833.07	£7,888,017.93	£277,431.16	£241,741.46
PDS / HoWPS Fees	£8,602.00	£88,357.00	£65,526.80	£33,733.07	£153,096.23	£17,299.01	£28,609.31
Other Consultant Fees	£13,100.00	£68,492.36	£5,900.00	£24,100.00	£5,900.00	£2,000.00	£0.00
Survey Costs	£10,433.20	£19,188.87	£0.00	£0.00	£0.00	£0.00	£0.00
Main Contract	£0.00	£0.00	£150,000.00	£150,000.00	£7,109,021.70	£208,132.15	£208,132.15
Other Orders	£0.00	£100.50	£10,000.00	£20,000.00	£620,000.00	£50,000.00	£5,000.00
Total Estimated Project Cost							£9,074,724.34

5.4 Cost Build Up

Table 34 – Cost build up (extract)

£'000s	Total Cost	Years (years 10-59 same as year 9 except lifecycle detailed below)									
		0	1	2	3	4	5	6	7	8	9
		2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
CAPITAL COSTS											
Initial Capital Costs	£9.075	£0.738	£3.603	£3.861	£0.873	£0.000	£0.000	£0.000	£0.000	£0.000	£0.000
Lifecycle Cost	£5.263	£0.000	£0.000	£0.000	£0.000	£0.000	£0.000	£0.000	£0.000	£0.075	£0.000
Capital Cost Total	£14.338	£0.738	£3.603	£3.861	£0.873	£0.000	£0.000	£0.000	£0.000	£0.075	£0.000
REVENUE COSTS											
Salaries/ Building Costs	£33.492	£0.546	£0.546	£0.546	£0.554	£0.559	£0.559	£0.559	£0.559	£0.559	£0.559
Revenue/Current Costs Total	£33.492	£0.546	£0.546	£0.546	£0.554	£0.559	£0.559	£0.559	£0.559	£0.559	£0.559
Total Costs	£50,160	£1.284	£4.149	£4.407	£1.427	£0.559	£0.559	£0.559	£0.559	£0.634	£0.559
BENEFITS											
Capital Receipts	£0.000	£0.000	£0.000	£0.000	£0.000	£0.000	£0.000	£0.000	£0.000	£0.000	£0.000
Benefits	£0.000	£0.000	£0.000	£0.000	£0.000	£0.000	£0.000	£0.000	£0.000	£0.000	£0.000
Benefits Total	£0.000	£0.000	£0.000	£0.000	£0.000	£0.000	£0.000	£0.000	£0.000	£0.000	£0.000
Cost Net Cash Savings	£47.830	£1.284	£4.149	£4.407	£1.427	£0.559	£0.559	£0.559	£0.559	£0.634	£0.559
Total	£47.830	£1.284	£4.149	£4.407	£1.427	£0.559	£0.559	£0.559	£0.559	£0.634	£0.559

Lifecycle profile:

Y13 – £110k, Y18 – £983k, Y23 – £391k, Y28 – £191k, Y33 – £723k, Y28 – £191k, Y33 – £723k, Y38 – £75k, Y43 – £1,432m, Y48 – £983k, Y53 – £226k, Y58 – £75k.

Full table is produced in the spreadsheet appended to the business case.

5.5 Impact on the Organisation's income and expenditure account

Table 35 – Impact on the organisation's income and expenditure account (extract)

£'000s	Total Cost	Years (years 8-60 same as year 7)									
		0	1	2	3	4	5	6	7	8	9
		2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2022/23
Preferred way forward:											
New Build Capital	9.075	£0.738	£3.603	£3.861	£0.873	0.000	0.000	0.000	0.000	0.000	0.000
Other Capital Costs (including lifecycle)	5.263	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.075	0.000
Revenue/Current Cost	33.492	0.546	0.546	0.546	0.554	0.559	0.559	0.559	0.559	0.559	0.559
Cash Releasing Benefits	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Total	47.830	1.284	4.149	£4.407	£1.427	£0.559	£0.559	£0.559	£0.559	£0.634	£0.559
Funded by:											
Existing Revenue	-32.772	-0.546	-0.546	-0.546	-0.546	-0.546	-0.546	-0.546	-0.546	-0.546	-0.546
Total Existing	-32.772	-0.546	-0.546	-0.546	-0.546	-0.546	-0.546	-0.546	-0.546	-0.546	-0.546
Additional Funding Required	15.058	0.738	3.603	3.861	0.881	0.013	0.013	0.013	0.013	0.013	0.013
Cumulative Funding		0.738	4.341	8.202	9.083	9.096	9.109	9.122	9.135	9.222	9.235

Full table is produced in the spreadsheet appended to the business case.

5.6 Overall Affordability and Balance Sheet Impact

A balance sheet asset addition of £9,074,723 is made for the new build school. Short term additional funding is required of the full £7,242,610 for years 0 through 3 (inclusive), excluding VAT, retained risks and optimism bias. From the opening of the new school building in 2025 there will be a small increase in the recurring revenue cost of school, at approximately 13K per annum.

The Band B submission has been scrutinised and assessed by the Council's Section 151 Officer for affordability in light of the 65% programme intervention rate. The Council will meet the 35% contribution required to support the project through prudential borrowing.

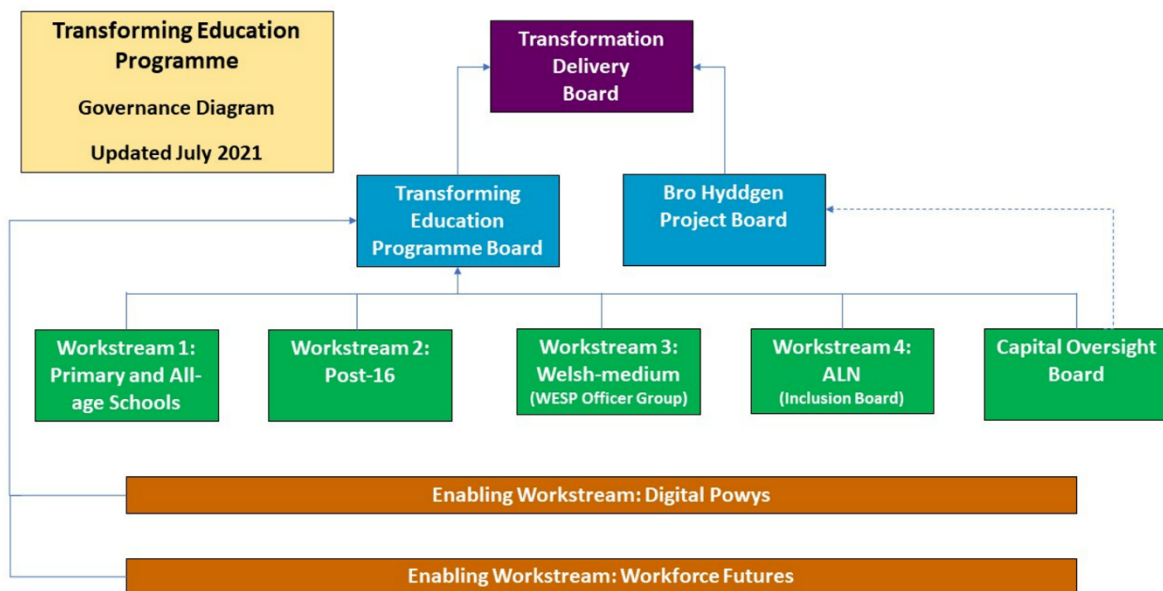
6 Management Case

6.1 Programme Management Arrangements

This scheme is a constituent of Powys County Council’s Transforming Education Programme, and has been identified within that Programme as a priority. It will be managed in accordance with best practice in programme and project management principles – MSP and PRINCE2 to provide a systematic and effective delivery framework.

Overall corporate governance for the Transforming Education Programme is in accordance with the governance arrangements for the Council’s Transformation Programmes.

Figure 5: Transforming Education Programme Governance



6.2 Project Management Arrangements

The reporting and governance arrangements for this project are as follows:

- Project Team, via the Client Lead, prepare monthly highlight reports to the Programme Manager and Service Manager.
- The Service Manager Transforming Education presents summary reports to the Transforming Education Programme Board and Schools Capital Oversight Board meetings on a monthly basis.
- On an exception basis only, the Project Team will report key strategic risks and issues to Programme Board for resolution.

6.2.1 Project Structure

The project will be managed in accordance with the general principles of MSP/PRINCE2 methodology.

The Project Team will remain actively involved throughout the duration of the project fulfilling the intelligent client role once the project is passed over to the successful contractor, thus ensuring continuity of professional staff representing Powys CC during all stages of the project programme.

Figure 6: Project Structure

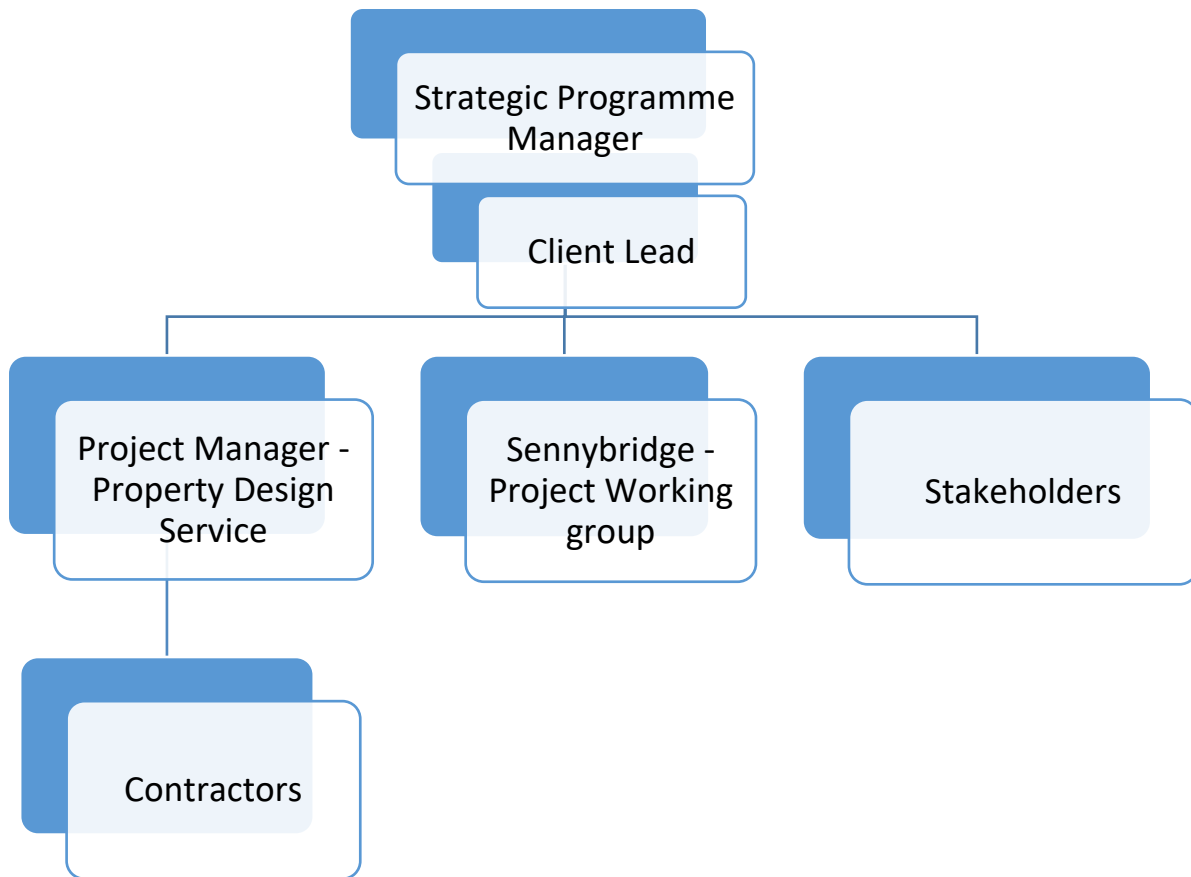


Table 36 – Project team

Name	Project Role
Melanie Price	Client Lead
Calvin Williams	Project Manager Property Design Service
Jim Swabey	Professional Lead, Property Design Service
Amy Jones	Finance Lead (Revenue)
Ashley Bennett	Head Teacher
James Chappelle	Finance Lead (Capital)
Gary Leatherland	Procurement Specialist
Lee Evans	Communications Team Manager

6.2.2 Outline Project Plan

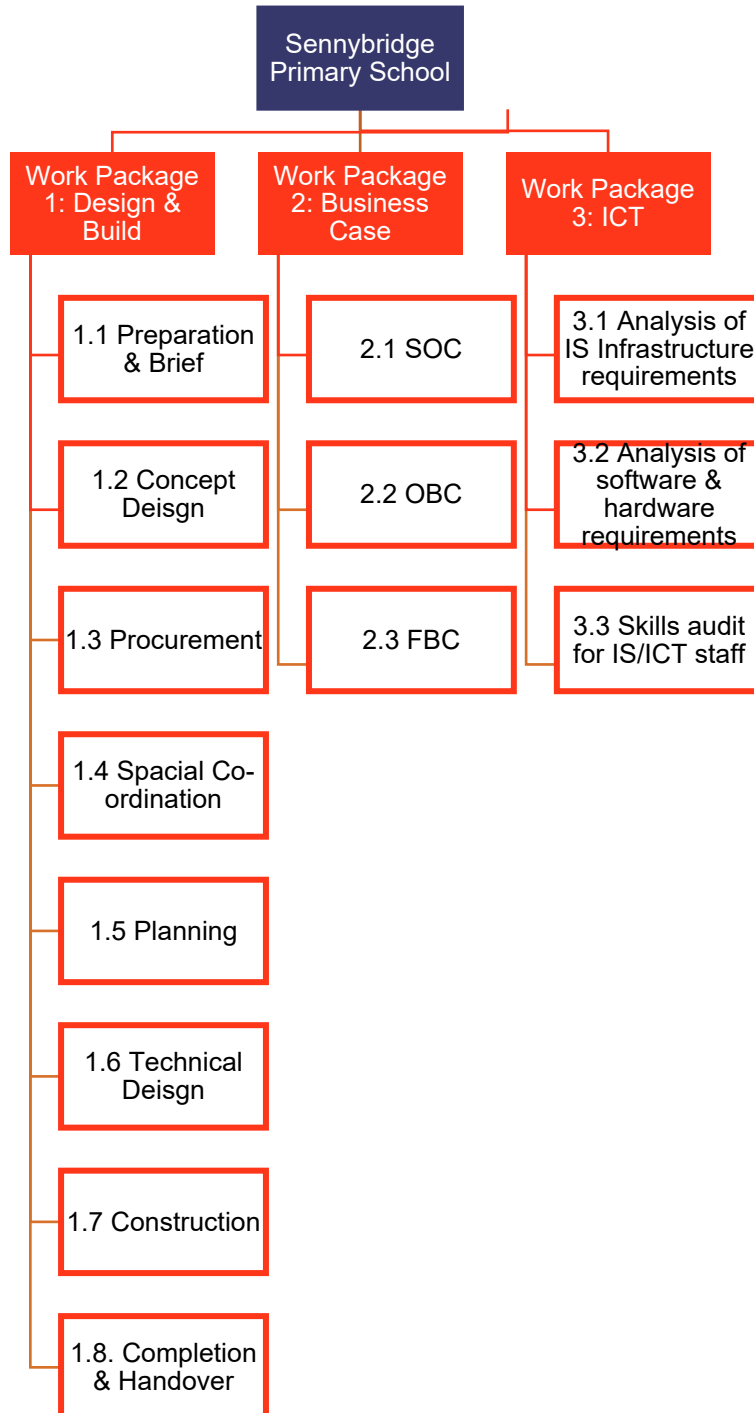
Table 37 – Outline project plan

Date	Actions (commencement)
09/10 2022	OBC approvals
10/2023	Commence Procurement for a Design & Build contractor
11/2023	Planning Application
01/2024	Planning Approval Contract Award
02/2024	RIBA 4 Completed
02/03 2024	FBC approvals
05/2024	Commence Construction

6.2.3 Project Deliverables

The following product breakdown structure depicts the structure of the project:

Figure 7: Product breakdown



6.2.4 Benefits Realisation

An example of the project benefits register is included in the table below. This table describes who is responsible for the delivery of specific benefits, how and when they will be delivered and the required counter measures, as required.

Table 38 – Proposed Benefits Realisation Plan Structure

Benefit	Owner	Target	Method of measurement	Responsibility for	Timing of measurement	Outcome

6.3 Risk Management

All project risks are managed via the Council’s JCAD risk management system.

JCAD is a ‘living document’ and reviewed and amended (where required) during Project Team meetings or risk workshops where the Team manage the identification, monitoring, updating, control and mitigation of project risks. The framework and plan of the risk register involves a rated table format. The risk is described and the date of its identification noted. An initial risk rating is made and the probability and impact of the risk evaluated, followed by a residual risk rating column. The effects and impact of risk can involve elements such as environment, time, quality, cost, resource, function or safety and regular meetings will be held to review all aspects. Within the format there will also be the facility for proposals to mitigate and manage, identifying the control strategy, risk owner and the current risk status.

The risks and issues identified within this project will be cross referenced with the risks/issues held by the Programme Board so that cross cutting issues can be mitigated safely.

The total risk score for each risk will be calculated by multiplying the probability score (between 1-4 with 4 being certain) and impact score (between 1-4 with 4 being project failure) and all risks scoring 16 and above will be referred to the Programme Board for decision. The risk tolerance line for the project is illustrated in the following table.

6.4 Change and Contract Management

The main aim here is to manage proposed changes to the culture, systems, processes and people working to establish the best option for the council. Change management is not about the provision of the best option but instead focuses on those actions that are necessary to make the best option a working success.

Managers responsible for the key areas will adopt appropriate project management disciplines to meet specific responsibilities. The individual activities may be projects in their own right or be work streams within the overall project.

Planning has been developed for all activities within this change management process through the identification of key outcomes and actions required to ensure successful delivery. Timescales for carrying out such actions, the resources required, and where required, the need for additional resources, have also been determined.

6.5 Gateway Reviews

The Council confirm that it is prepared to complete a Gateway review of the programme at Welsh Government convenience. Further Gateway reviews may then be undertaken during the remaining life of the programme.

6.6 Post Project Evaluation

The outline arrangements for Post Implementation Review (PIR) and Project Evaluation Review (PER) have been established in accordance with best practice and are as follows.

6.6.1 Post Implementation Review (PIR)

These reviews ascertain whether the anticipated benefits have been delivered and are timed to take place a year post construction, i.e. January 2026.

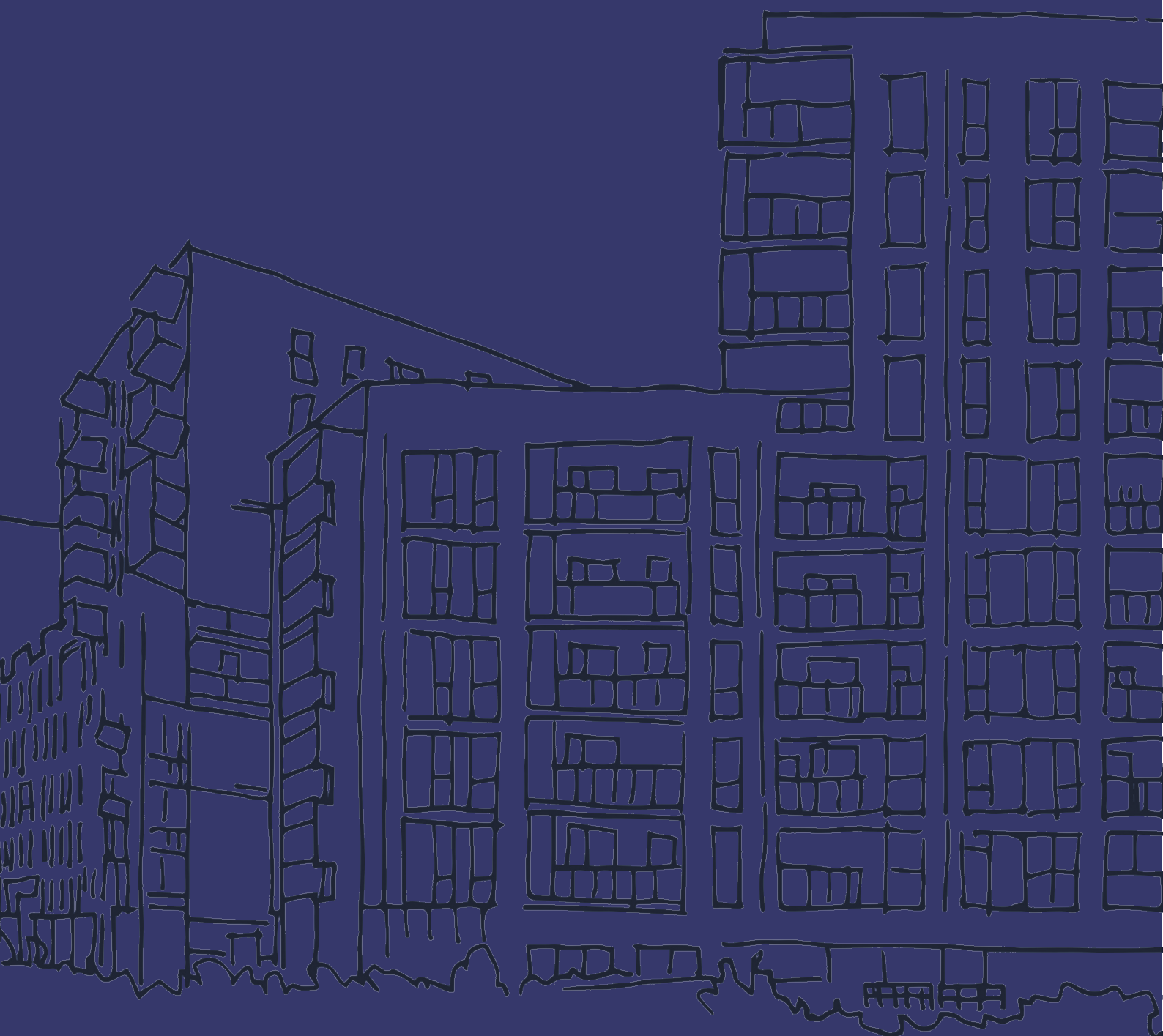
6.6.2 Project Evaluation Reviews (PERs)

PERs appraise how well the project was managed and delivered compared with expectations and are timed to take place one-year post construction, i.e. January 2026.

6.7 Contingency Plans

In the event of project failure, the existing schools will continue to operate until such time that the project can be righted.

People who perform, principles that deliver

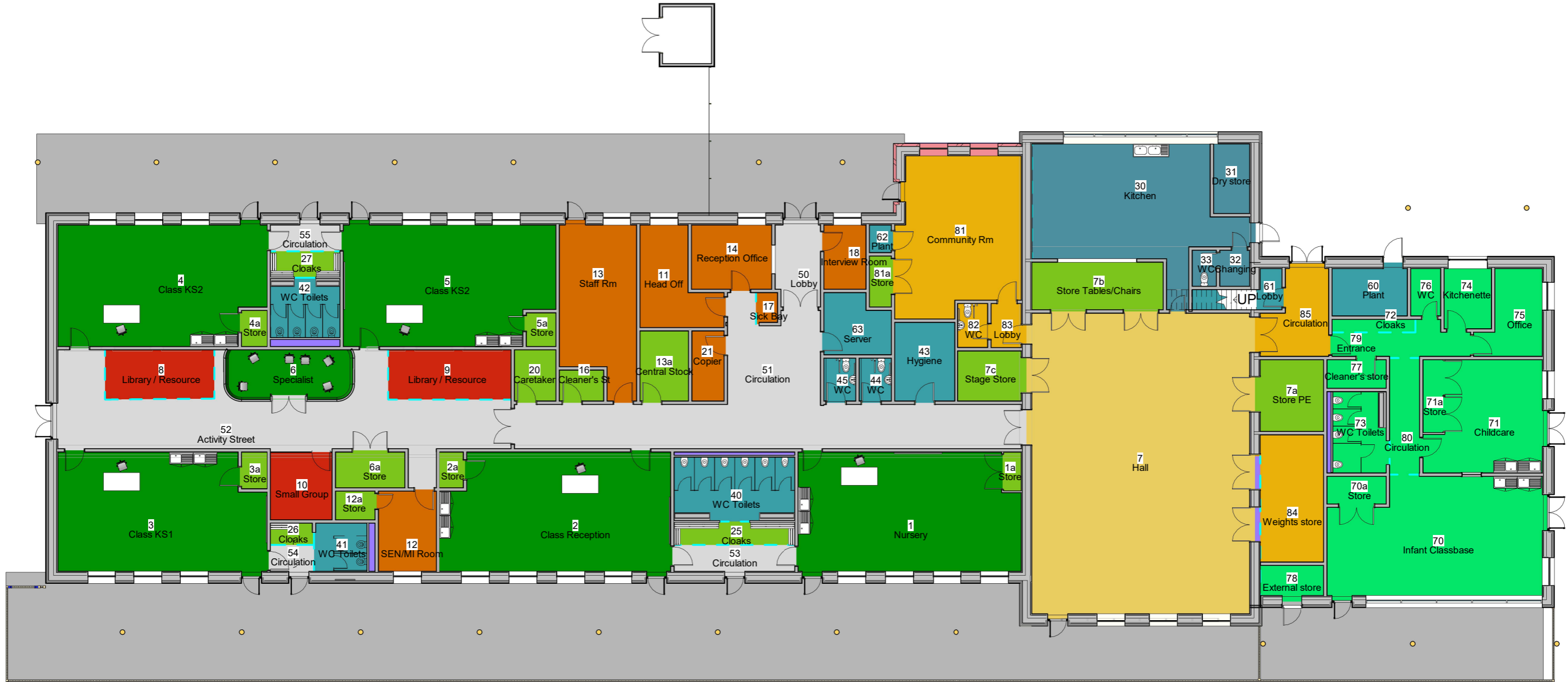


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CYNGOR SIR POWYS COUNTY COUNCIL

CABINET EXECUTIVE

27th September 2022

REPORT AUTHOR: County Councillor Cllr David Thomas
Portfolio Holder for Finance

REPORT TITLE: Financial Planning Update

REPORT FOR: Information and Decision

1. Purpose

- 1.1 To provide Cabinet with an update on the Economic Context and how this is impacting on the development of the Councils Budget and the Medium Term Financial Strategy.

2. Background

- 2.1 The Medium Term Financial Strategy (MTFS), which currently covers the period 2022 to 2027, has been developed as part of the overall strategic planning process alongside Vision 2025, the Council's Corporate Improvement Plan. The strategy captures the financial, regulatory and policy drivers affecting the council and sets the direction and approach. It also incorporates the plan for delivering a balanced budget for 2022/23, and indicative budgets for the following 4 years to March 2027.
- 2.2 The financial strategy is the link between the organisation's long term service objectives and its financial capacity. It seeks to ensure that the Council's strategic objectives can be achieved within the confines of the financial resources available.
- 2.3 The current MTFS was approved by Council on the 3rd March 2022. Much has changed since that time, both in terms of the changing financial environment and a change in the administration of the Council.
- 2.4 It is therefore appropriate for the MTFS to be reviewed and updated to reflect the impact of the current economic situation and how that will impact on our financial plans, together with the direction set by the new Cabinet. This is important as the strategy will direct the development of the Councils financial plans and budgets for the next 5 years.

3. Economic Context

- 3.1 The current economic context is challenging. In March 2022 the Office for Budget Responsibility (OBR) published its report "Economic and fiscal outlook" in March 2022. The report provided an analysis and forecast of the UK's public finances.
- 3.2 Two years since the start of the pandemic, their Economic and fiscal outlook (EFO) was presented against the backdrop of another unfolding global shock with the Russian invasion of Ukraine. The conflict has major repercussions for the global

economy, almost immediately gas and oil prices peaked over 200 and 50 per cent above their end-2021 levels respectively. Prices have since fallen back but remain well above historical averages.

- 3.3 As a net energy importer with a high degree of dependence on gas and oil to meet its energy needs, higher global energy prices will weigh heavily on a UK economy that has only just recovered its pre-pandemic level. Petrol prices are already up a fifth since their October forecast and household energy bills were set to jump by 54 per cent in April.
- 3.4 The July 2022 CPI inflation rate is 10.1%, contributory factors include high energy prices and disruption to supply chains linked to geopolitical issues including Russia's invasion of Ukraine, and COVID-19 lockdowns in China. In May, the Bank of England (BoE) forecast that CPI would reach a peak of 10% in the final quarter of 2022, following the next energy price cap increase in the autumn. However, by mid-June the Bank had updated its forecasts to reflect rates potentially surpassing 11%. More recently the expectation is now for CPI to peak at 13% in Q4 2022, and to stay elevated throughout much of 2023, before falling below the 2% target in two years.
- 3.5 Higher inflation will erode real incomes and consumption, cutting GDP growth this year, the latest figures indicate that the UK economy continues to contract. The UK is now projected to fall into a recession from Q4 2022, with output expected to fall every quarter from Q4 2022 to Q4 2023, after which growth is expected to be very weak by historical standards.
- 3.6 The labour market has remained tight, meaning that there are far more vacancies than there are applicants, with the International Labour Organisation unemployment rate at 3.8% for May and vacancies at historically high levels. As a result of this, underlying nominal wage growth is expected to be higher than in the last MPR over the first 18 months. The labour market is expected to loosen slowly in response to falling demand and unemployment is expected to rise from next year.
- 3.7 One of the tools available to the Bank of England to try to stabilise inflation is to increase interest rates. In June 2022, rates increase from 1% to 1.25%, their fifth consecutive rise and the highest rate in 13 years. The Bank has indicated that it will react "forcefully" to any signs that inflation is becoming persistent, and there is a general expectation of further interest rate increases as the year progresses. Interest rate increases will be kept under close review in terms of their potential impact on the cost of borrowing and future capital financing budgets.
- 3.8 The increase in global energy and tradeable good prices has led to a squeeze on real incomes. A range of evidence suggests that this is weighing on consumption; spending on goods fell in both May and June. An ONS survey reported that 60% of households were spending less on non-essentials, while almost 50% said they were using less fuel at home and spending less on food. The impact of higher prices is likely to be felt more by those on lower incomes, because items such as food and energy make up a larger proportion of their income.
- 3.9 The bank and borrowing rates were provided below from Link Group and Capital Economics a little while ago. Their future forecasts will be guided not only by economic data releases and clarifications from the Monetary Policy Committee over its monetary policies, but the on-going conflict between Russia and Ukraine,

including the manner in which the West and NATO respond through sanctions and/or military intervention. Currently, oil, gas, wheat and other mainstream commodities have risen significantly in price and central banks will have to balance whether they prioritise economic growth or try to counter supply-side shock induced inflation.

Bank Rate													
	NOW	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25
Link Group	1.00%	1.25%	1.50%	1.75%	2.00%	2.00%	2.00%	2.00%	2.00%	1.75%	1.75%	1.75%	1.75%
Capital Economics	1.00%	1.25%	1.75%	2.25%	2.50%	2.75%	3.00%	3.00%	3.00%	3.00%	2.75%	2.50%	-
5yr PWLB Rate													
	NOW	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25
Link Group	2.28%	2.50%	2.50%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.50%	2.50%	2.50%	2.50%
Capital Economics	2.28%	2.70%	3.10%	3.50%	3.60%	3.80%	3.60%	3.50%	3.30%	3.20%	3.10%	2.90%	-
10yr PWLB Rate													
	NOW	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25
Link Group	2.62%	2.80%	2.80%	2.90%	2.90%	2.90%	2.90%	2.90%	2.90%	2.80%	2.80%	2.80%	2.80%
Capital Economics	2.62%	2.90%	3.20%	3.60%	3.70%	3.80%	3.70%	3.60%	3.50%	3.30%	3.20%	3.10%	-
25yr PWLB Rate													
	NOW	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25
Link Group	2.88%	3.00%	3.10%	3.10%	3.20%	3.20%	3.20%	3.10%	3.10%	3.00%	3.00%	3.00%	3.00%
Capital Economics	2.88%	3.00%	3.30%	3.70%	3.80%	3.90%	3.80%	3.70%	3.60%	3.50%	3.40%	3.30%	-
50yr PWLB Rate													
	NOW	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25
Link Group	2.60%	2.70%	2.80%	2.80%	2.90%	2.90%	2.90%	2.80%	2.80%	2.70%	2.70%	2.70%	2.70%
Capital Economics	2.60%	2.80%	3.10%	3.60%	3.70%	3.80%	3.80%	3.70%	3.60%	3.50%	3.40%	3.30%	-

This is the latest update from Link for September and the rates have increased in 3 months.

Link Group Interest Rate View	09.08.22												
	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25
BANK RATE	2.25	2.50	2.75	2.75	2.75	2.50	2.50	2.25	2.25	2.25	2.25	2.25	2.00
3 month ave earnings	2.50	2.80	3.00	2.90	2.80	2.50	2.40	2.30	2.30	2.30	2.20	2.20	2.20
6 month ave earnings	2.90	3.10	3.10	3.00	2.90	2.80	2.70	2.60	2.50	2.50	2.40	2.30	2.30
12 month ave earnings	3.20	3.30	3.20	3.10	3.00	2.90	2.80	2.70	2.40	2.40	2.40	2.40	2.40
5 yr PWLB	2.80	3.00	3.10	3.10	3.00	3.00	2.90	2.90	2.80	2.80	2.80	2.70	2.70
10 yr PWLB	3.00	3.20	3.30	3.30	3.20	3.10	3.10	3.00	3.00	3.00	2.90	2.90	2.80
25 yr PWLB	3.40	3.50	3.50	3.50	3.50	3.40	3.40	3.30	3.30	3.20	3.20	3.20	3.10
50 yr PWLB	3.10	3.20	3.20	3.20	3.20	3.10	3.10	3.00	3.00	2.90	2.90	2.90	2.80

3.10 The economic context outlined above has significant implications for the Council's financial planning. These are summarised below and are key factors in framing the assumptions and cost drivers in 2023/24 and over the medium term.

Factor	Planning Implications
Inflation	Increase in costs across various categories of goods and service, Contractual arrangements driven by CPI/RPI, Impact on Pay Awards. Impact across Revenue and Capital.
Energy Crisis	Increasing energy costs across Council property, Schools, Leisure Centres, Offices, Street Lighting Fuel costs for vehicles and transport providers
Interest Rates	Cost of Borrowing and affordability of the Capital Programme
Economic Growth	Impact on future funding settlements for Local Government
Labour market	Shortage of staff leading to increasing costs for commissioned services and agency staff, real living wage

4. Understanding the impact

- 4.1 The Medium Term Financial Strategy approved by Council for the next five years and the assumptions contained within the strategy were based on the latest information available at that time. It does not include fixed funding, expenditure or activity projections, but sets out a five-year budget forecast for the resources that are likely to be available.
- 4.2 As set out in section 3 it is appropriate to update our strategy to reflect the changing economic climate and the additional financial burden that will now fall on the Council. This will increase the budget gap over the life of the plan which will need to be resolved by either generating additional income or reducing costs.
- 4.3 Our MTFFS assumed 2% inflation non pay uplifts with some external contract uplifts identified as pressures and funded to CPI or other contract terms, but with inflation currently at 10.1% and set to rise further we must revisit the assumptions currently used in the Strategy. The creation of a procurement cell to review and monitor price and supply concerns is proactively considering the factors and their impact. This work is informed by national forums and guidance including Crown Commercial Services, WLGA.
- 4.4 Initial feedback from the procurement cell is seeing issues arising around Transport, Domiciliary Care (travel costs), some food items, vehicles and vehicle parts, and construction costs all of which are being managed currently but with continuing pressure and a growing consensus that high and volatile markets are with us for the foreseeable future, this will certainly change.
- 4.5 Increasing costs will need to be reconsidered in our plans. Both in terms of the current financial year and future years. To put this into context a 1% rise on non pay elements of our budgets would cost an additional £1 million. Each of the factors below will be regularly reviewed as we continue to see volatility.
- Energy Costs and the additional autumn rises (355% gas and 173% increase)
 - Fuel (42% increase)
 - Food (10%)
 - Capital Scheme costs
 - Cost of Borrowing – see section 5
 - Inflationary impact on contractual obligations (10% CPI)
- 4.6 Employee Costs are set to increase significantly from the assumptions included previously, pay awards are still subject to negotiation, but Welsh Government have agreed that Teachers pay will increase by 5% next year, then 3.5% in 2024/25 The National Employers for local government services have made a final pay offer to the unions representing NJC 'Green Book' employees is an increase of £1,925 across all pay points, this will equate to an average increase of 7.25% this year, with increases ranging from 10.5% to 1.29% across the scale points.
- 4.7 Pension Costs – The impact of the global situation on the investments and liabilities of the Powys Pension Fund will be considered in the Valuation exercise which is being undertaken this year. A new contribution rate for the Council will be set from April 2023. Recognising this risk in our plans a reserve has been set aside to help mitigate an increase in the rate, currently set at 25.6% of pay. There has been no

indication suggesting a change to the Teacher Pension Scheme but the actuarial review for this scheme will potentially impact on 2024/25.

- 4.8 National Insurance - The Employers' National Insurance changes associated with the move to the Health Social Care Levy are factored into the Council's 2022/23 Budget. No further significant changes to National Insurance rates or thresholds are currently anticipated over the period to 2026/27 but this position will be kept under review.
- 4.9 The Council is a Real Living Wage (RLW) Employer and an advocate of RLW. In 2022 Welsh Government announced that they would provide financial support for Local Authorities, to support the payment of the Real Living Wage in the Care Sector and this has been implemented across Powys with a wider aspiration to become accredited for both its employees and those who provide services to the council. To implement this across providers and contracts would cost in excess of £1m and be a competing priority in the FRM.
- 4.10 We have updated the strategy to reflect these proposed increases and considered further increases for 2023/24 as inflation is unlikely to fall when negotiations for that year begin.
- 4.11 The Council purchases its energy via Crown Commercial Services (CCS). Energy commodity markets have experienced unprecedented price increases for both electricity and gas. Whilst pressures commenced last Autumn, they have been exacerbated by the impact of Russia's invasion of Ukraine. This has resulted in a worsening of energy price projections via CCS in recent months. Market prices have continued to rise even further over the last few weeks. While the prices for the forthcoming winter remain the most expensive, prices across the seasons have now moved up sharply. Gas prices have increased by a further 60% and electricity 15%.
- 4.12 Energy costs are expected to increase by more than £7.6 million in 2023/24 across schools, street lighting and the Council's other estate. The situation will require careful monitoring as prices are susceptible to further change, and there will be a need to proactively plan for mitigating actions, including review of energy usage.
- 4.13 The cost of living challenge is not only impacting on the goods and services the council procures but is also impacting on our local businesses and residents and this is likely to create additional pressure on the Council and its services.
- Increasing homelessness
 - Referrals to Social Services
 - Increasing levels of debt owed to the Council
 - Council Tax collections rates
 - Money Advice, Benefits support, Council Tax Reduction Scheme

5. Ongoing impact of the COVID Pandemic

- 5.1 The pandemic had a significant impact on the council and our financial position in previous financial years. The Welsh Government put in place a COVID-19 Hardship Fund to support Local Authorities with additional costs and income loss directly resulting from the pandemic. During the financial years 2020/21 and 2021/22, we received £32 million support from the fund. This direct funding to support the financial impact of the pandemic ceased on 31st March 2022 and we are now

managing these costs and lost income within our Revenue Budget from 2022/23. This year we have supported services with £1.7 million from the funding that we set aside thus far this year. We must clearly understand how the pandemic could continue to impact on our services, our costs and our levels of income into 2023/24 and beyond and factor this into our plans.

- 5.2 Individual Service areas have considered this as they refreshed their Integrated Business Plans over the summer, although embedded in business as usual the pandemic is still having an impact on service delivery and pressures of £3 million have been identified.

6 **Capital Programme**

- 6.1 The Capital and Treasury Management Strategies are fundamental to the effective delivery of the Council's priorities, although it is a separate document this strategy is a fundamental part of the MTFs. <https://powys.moderngov.co.uk/documents/s68534/Appendix F Capital Strategy and Treasury Management Strategy 2022-27.pdf>
- 6.2 The provision of the right asset in the right place at the right time will ensure the effective and efficient delivery of a comprehensive range of quality services. The table below summarises the overall capital expenditure plans (excluding GCRE) and how these plans are being financed. Any shortfall of funding resources results in a requirement to fund through borrowing, this figure is shown as the net financing need

	2022-23	2023-24	2024-25	2025-26	2026-27
Council Budget	83,294,824	67,547,042	51,632,857	32,423,080	19,963,550
<i>Funded by</i>					
Capital grants & other contributions	36,187,037	42,887,040	30,949,172	9,782,200	7,598,000
Capital Receipts	2,385,202	2,248,000	1,248,000	1,248,000	1,248,000
Revenue contributions	4,346,303	2,185,427	5,551,910	4,060,080	3,000,550
Net financing need (borrowing)	40,376,282	20,226,575	13,883,775	17,332,800	8,117,000
HRA Budget	31,195,428	33,122,793	33,433,631	23,643,101	21,751,788
<i>Funded by</i>					
Capital grants & other contributions	5,832,000	5,832,000	5,832,000	5,832,000	5,832,000
Capital Receipts	0	1,000,000	1,000,000	0	0
Revenue contributions	6,837,000	5,800,000	5,800,000	5,800,000	5,800,000
Net financing need (borrowing)	18,526,428	20,490,793	20,801,631	12,011,101	10,119,788

- 6.3 Paragraph 3.9 above sets out the projected inflation and borrowing rate increases that will affect the councils cost of borrowing in future years. The cost of borrowing is a revenue cost. The Council currently has a position whereby it utilises its cash reserves first rather than take out long term borrowing, to minimise the cost of borrowing. This financial year we will be required to utilise reserves to support the "Financial Budget Risks" identified through budget setting and this cash reduction alongside normal demands will result in additional borrowing.
- 6.4 The table below models the impact of the increased PWLB borrowing rates. Based on the current borrowing requirement for the next three years this equates to an additional £613k required in base revenue budgets. Over the next 50 years (assuming we borrow for 50 years PWLB) this will cost over £30 million. The modelling is similar for the HRA, three year costs of £366k, £18m over 50 years.

£	2022-23	2023-24	2024-25	Total
Council borrowing	40,376,282	20,226,575	13,883,775	74,486,632
PWLB borrowing rate (Dec 21 estimate)	2.00%	2.30%	2.50%	
Annual costs (Dec 21 estimate)	807,526	465,211	347,094	1,619,831
PWLB borrowing rate (Current estimate)	3.20%	2.80%	2.70%	
Annual costs (Current estimate)	1,292,041	566,344	374,862	2,233,247
Increase	484,515	101,133	27,768	613,416
Total Increase Over 50 years	24,225,769	5,056,644	1,388,377	30,670,790
HRA Borrowing	18,526,428	20,490,793	20,801,631	59,818,852
PWLB borrowing rate (Dec 21 estimate)	2.00%	2.30%	2.50%	
Annual costs (Dec 21 estimate)	370,529	471,288	520,041	1,361,858
PWLB borrowing rate (Current estimate)	3.20%	2.80%	2.70%	
Annual costs (Current estimate)	592,846	573,742	561,644	1,728,232
Increase	222,317	102,454	41,603	366,374
Total Increase Over 50 years	11,115,857	5,122,698	2,080,163	18,318,718

6.5 It is essential we utilise our capital appropriately and all bids follow the approval gateway. The Council has strengthened its scrutiny and challenge of the Capital Programme through the Schools Capital Oversight Board and more recently the Capital Oversight Board. These Boards seek assurance that projects are prudent, affordable and will deliver tangible benefits over the long term.

6.6 The Capital Programme will be reviewed and reconsidered during the Autumn to ensure that the revenue implications of capital expenditure is accurately reflected in the FRM and that the capital expenditure plans of the council remain affordable, prudent and sustainable.

7. Other Pressures

7.1 Service specific pressures are being reviewed by the Senior Leadership Team, these will consider demographic changes, specific contractual arrangements and legislative changes and will undoubtedly create additional pressure in our plans. Managing and mitigating these will be a key focus as the budget develops over the next few months.

8 Future Funding

8.1 The net revenue budget requirement is the amount of budget the Council requires to fulfil its functions. It is calculated taking the output of each of the service integrated business plans; these identify the resource requirements for each service to deliver their statutory functions, the Corporate Plan and service improvement objectives offset by budget reduction and additional income proposals.

8.2 The financing of the net budget comes from the Welsh Government settlement and Council Tax income. Assumptions for these elements are key in developing our plans.

Funding £'000	2022-23	2023-24
AEF (RSG & NNDR)	- 210,261	- 217,620
Council Tax	- 91,611	- 96,190
	- 301,872	- 313,810

- 8.3 Welsh Government have issued indicative allocations for the Revenue Support Grant for both 2023/24 and 2024/25 at 3.5% and 2.4% respectively, these were issued in March. These figures are indicative and dependent on current estimates of NDR income over the multi-year settlement period, and the funding provided to WG by the UK Government through the 2021 comprehensive spending review. 2% is assumed across the remaining years of the strategy.
- 8.4 Council Tax increase is currently modelled at 5% year on year increase. Cabinet have not yet discussed the level at which Council Tax will be set, the percentage used is for illustrative purposes only at this stage and is based on the figure originally included in the MTFs approved by Council March. In proposing the final level of increase for the 2023/24 budget, consideration will be given to the affordability for Powys residents, together with the ongoing need to meet increasing demand and inescapable cost pressures on vital local services.
- 8.5 Income from fees and charges makes a significant contribution (£74 million per annum) to the Council's budget and the Council's approach to income generation is set out the Council's Income Policy, fees and charges will be reviewed in line with this policy will be presented in the updated Fees and Charges Register, which will be presented with the budget papers annually for approval. The council's policy is based on the principle of full cost recovery and inflationary uplifts will be considered to ensure that the Council can continue to recover its costs for the services it provides.
- 8.6 In addition to the AEF, Councils also receive specific grants which are accompanied by specific terms and conditions as to how they can be used. We will receive around £55 million of grant funding next year. The indicative allocations provided are now likely to fall short in covering the costs expected due to the impact of inflation. As we finalise our budget for next year this will need to be discussed with the funding bodies and plans realigned accordingly.
- 8.7 As can be seen at paragraph 6.2, the Capital Strategy also relies heavily on grant funding to support the capital programme each year.

9. Revised Financial Resource Model and Budget Gap

- 9.1 The assumptions included in the original MTFs have all been reviewed in light of the circumstances described in the earlier sections of the report. The revised Financial Resource Model (FRM) is currently being challenged by the Senior Leadership Team before being included in the updated Medium Term Financial Strategy.
- 9.3 The assumptions will continue to be reviewed as the budget process progresses, and these will inevitably lead to further changes in our financial modelling. Council tax levels included are purely for modelling purposes at this stage, and have been maintained at levels modelled previously notwithstanding that the gap has increased.

- 9.4 Over the summer, the Senior Leadership Team have been asked to review their IBP's identifying service specific pressures but also proposing ways to reduce expenditure, increase income or make savings.
- 9.5 Where proposals can deliver earlier savings and where no policy decision is required and there is no impact on our residents, they will be implemented as soon as possible. This will maximise the possibility of securing full year savings in 2023/24 whilst also assisting in mitigating the pressure already being seen in the current financial year.
- 9.6 Over the next few months Cabinet will be setting the direction and developing the objectives that shape the Council over the next 5 years and when finalised the MTFS will need to be reviewed and updated to ensure that the financial plans for the council can deliver the new Corporate Improvement Plan within the confines of the financial resources available.

10. Strategy to bridge the gap

- 10.1 The MTFS sets out the approach and the principles that will be applied as our plans continue to be developed.
- 10.2 The following strategies will continue to be used to address the gap where feasible: -
- The transformation of service provision.
 - Improved efficiency and a "Right First Time" ethos.
 - Undertaking service reviews using the information to change
 - Identification of investment opportunities and income.
 - Capital Programme – reviewed, opportunity to invest.
 - Cross Cutting Themes.
 - Income generation/fees and charges.
 - Reconsider the levels of Council Tax increase.
 - Some service reductions – ceasing or reductions to levels of service.
 - The use of the Spend to Save reserve to support transformation.
 - The raising of capital receipts to support capital investment.
- 10.3 In the interests of financial resilience, reserves should not be relied upon as general budget funding. This is because:
- It creates a gap in the finances of the following year as reserves are cash sums.
 - Earmarked reserves are set aside for a particular purpose.
 - Reserves are an important part of financial resilience, providing a cash buffer.
 - Cash in reserves is not idle; it generates investment income in line with the Treasury Management Strategy and avoids the need for short-term borrowing.

11. Budget Position for 2022/23

- 11.1 Much of what has been mentioned in this report is already having a significant impact on the Council in the current financial year. At Quarter 1 it was reported that £3.8m was projected to be drawn from specific reserves set aside to deal with already identified pressures and the ongoing impact of the pandemic on services. In addition a further shortfall of £1million was also forecasted.

11.2 The recent pay award offers which are still being negotiated exceed the level of funding set aside by the council. With Teachers pay increasing by 5% from September 2022 and the current NJC offer projected at an average increase of 7.25% back dated to April 2022, this alone will add a further significant pressure of £4.9 million to this years budget. Together with further pressure from inflation and supply chain issues the Quarter 2 position will show a worsening picture with an increasing deficit putting increased pressure on the Councils reserves.

12. Financial Resilience

12.1 The Council must put financial resilience at the forefront of its financial activities and draws upon the support from Audit Wales who undertake regular pan Wales assessments on councils' financial sustainability.

12.2 The findings of the Powys Financial Sustainability review published in July 2021 set out three proposals for improvements –

- addressing the medium term budget gap,
- ensuring that the ambitious capital strategy is affordable, and
- continues to ensure that it monitors whether its budget planning processes are having the desired effect and helping to prevent significant overspends in key service areas.

12.3 The Council draws upon CIPFA's pillars of financial resilience and indicators of financial stress as a framework for improvement within its Finance Transformation plan. Symptoms of stress and pillars of resilience are shown in the diagram below:

CIPFA Pillars of Financial Resilience



12.4 Significant progress has been made to improve financial resilience and is evidenced in the Audit Wales review and documented as part of our Financial Management (FM) Code Assessment. This is a self-assessment that Powys has undertaken in 2021, which is designed to support good practice in financial management and assist local authorities in demonstrating their financial sustainability.

13. Financial Risks

13.1 At a time when the Council is facing unprecedented challenges, the effective management of risk is needed more than ever. The Risk management framework that we have in place ensures that we identify, consider and manage risks appropriately. There are a number of risks identified in terms of our financial planning and these are summarised as follows:-

Budget Delivery Risks

- Change Delivery Capacity
- Delivery of Cost Reductions
- Political Approval of Budget
- Economic Factors
- COVID

Funding Risks

- Variations to Settlement Assumptions
- Grants
- Income
- Debt management & recovery
- Treasury Management

Demand and Service pressure

The effective monitoring and managing of these risks supports our financial resilience and as our plans are finalised the risks will be assessed and provision to mitigate them will be considered through the continued use of the revenue risk budget and the level of reserves that we will maintain.

14. Reserves

14.1 The Council's Reserves Policy establishes a framework within which decisions are made regarding the level of reserves held by the Council and the purposes for which they will be maintained and used. This is a key component of the MTFs as a sound reserves policy is essential to underpin the financial sustainability of the Council.

14.2 The use of reserves and the levels at which they are maintained is determined on an annual basis as part of the Council's budget setting process following a risk based assessment. In the main reserves are held corporately rather than service based, except where specific reserves and their use have been agreed.

14.3 The Council faces a continuing financial challenge, and it is essential that a prudent reserve level is in place to ensure enough financial capacity is available. This cannot be stressed too highly given the level of cost reductions, the risk inherent in the budget and the significant challenge to balance the budget over the medium term.

15. Stakeholder Communication & Engagement

15.1 The aim of our Communications and Engagement Strategy is to :-

- Provide clear and honest information about the budget position and future challenges

- To raise awareness of the Corporate Plan and engage stakeholders to capture their views, to inform the Cabinet's and Full Council's decision-making process around budget setting
- To engage and consult, considering the Equalities Act 2010, and in accordance with the National Principles for Public Engagement in Wales e.g. timely, genuine, due regard etc.

15.2 Public Communication and Engagement - Over the past few years, the Council has sought to engage residents in the decision making process around setting a balanced budget using various approaches. The cost reductions subsequently agreed by the Cabinet and ratified by Full Council have then led to service managers needing to develop more detailed proposals which have, in the main, gone out for public consultation. This has created a further opportunity for affected residents to influence service delivery and have their say.

Appropriate methods of engaging with our residents are considered and implemented on an annual basis.

15.3 Engagement with Members - Members of the Council are engaged in the budget planning process from the outset through a series of budget seminars. These seminars look at the development of the budget proposals and all members have an opportunity to consider, challenge and input into the process. Financial assumptions and settlement information is shared with members and the impact on the budget modelled and considered. Members are provided with the Impact Assessments for each of the proposals and the feedback from the consultation exercises carried out.

The Finance Panel and Scrutiny Committees also play an effective role in the development of the MTFs through the scrutiny process.

Cabinet are committed to open and transparent engagement with all members of the Council. Working together at a local level is critical to ensure that the whole Council understands and participates in finding the solutions to navigate us through this challenging time.

16. Budget timetable

16.1 The draft Budget Timetable was published in July in line with the Council's constitution and is set out at Appendix B. The timetable allows for SLT / EMT and Cabinet to shape the draft budget, alongside engagement with Council and Scrutiny committees through the process. It is again anticipated that the draft and final settlements from Welsh Government will be delayed.

17. Resource Implications

The Head of Finance (Section 151 Officer) has provided the following comment:

17.1 This report identifies the factors and the implications that they have on the Council financial plans. It refreshes the Medium Term Financial Strategy updating the assumptions upon which it was originally based and sets the policy framework and direction in which the budget proposals will continue to be developed.

17.2 The current volatility dictates that we will keep the position under constant review and we will continue to update our assumptions and their impact on the FRM as required.

17.3 Discussions at a national level will be very important as we move through the Autumn and we will work closely with other Authorities and the WLGA to ensure that the impact the current economic position is having on the Council is fully understood, together with the implications this will have on our ability to deliver appropriate Council services to our residents.

18. Legal implications

The Head of Legal & Democratic Services (Monitoring Officer) as no comment with this report.

19. Data Protection

There are no data protection issues within this report.

20. Comment from local member(s)

This report relates to all service areas across the whole County.

21. Impact Assessment

No impact assessment required.

22. Recommendations

22.1 Cabinet acknowledge the changing environment in which our plans are being developed and agree with the revised assumptions that are being used to support the development of the MTFS; and that work will continue to update and refresh the MTFP as appropriate.

22.2 To agree the budget principles set out in the MTFS to bridge the budget gap over the next 5 years.

22.3 Agree that the Senior Leadership Team continues to work with the relevant Portfolio Cabinet Member(s) to identify potential savings to assist in addressing the indicative budget gap across the period of the Medium Term Financial Plan.

22.4 Delegate to the Chief Executive, in consultation with the Leader and Cabinet Member for Finance, the authority to implement any saving proposal in advance of 2023/24 where no policy recommendation is required.

22.5 This report is presented to Finance Panel for their scrutiny and feedback.

2023/24 BUDGET PLANNING TIMETABLE

Date	Meeting/ Responsibility	EMT, SLT and Cabinet Activities
May	SLT	Review outturn position at a detailed level
June	SLT	Template for VFM, cost drivers, outputs, benchmarking presented for Education
June	SLT	Template for VFM, cost drivers, outputs, benchmarking presented for Household Waste
22-Jun	SLT	Develop budget planning, timetable, MTFS
5th July	Cabinet	Review Outturn Reports
27th July	SLT	Develop budget planning, MTFS etc
July	Cabinet / EMT	MTFS modelling
July / Aug	Cabinet	Sign off updated MTFS - to Cabinet in Sept
July	Cabinet Seminar	Capital review and reserves
11th Aug	July	Budget planning work
31st Aug	SLT	IBP 1st draft - if feasible to link to CIP
Early Sept	Political Groups	S151 and political groups - updates on budgets
6th Sept	Cabinet / EMT / SLT	Budget update if needed
Sept	WG	Autumn spending review
Sept	Finance	Collate all savings and growth proposals in IBPs
Sept	Finance	Collate the capital proposals identified through the IBP - if any as we know bids can be submitted through the year
Sept	Scrutiny	Scrutiny engagement
Sept	Cabinet / EMT / SLT	Decide on public engagement re budgets and work up approach
Sept	Finance Panel	Budget consultation and budgets
October	IBP Service Panels	Various dates - Each Head has a panel challenge event in Oct
October	WG	Draft Settlement
October	Group Leaders	Alternative budgets timetable agreed
1st and 14th November	Cabinet / EMT / SLT	Budget workshop
November	Council	Budget seminar
November	SLT/Comms	Planning the budget consultation
November	Scrutiny	Scrutiny
November	Group Leaders	Budget Update
22-Nov	Cabinet	Set council tax base
Nov / Dec	Comms	Budget consultation with public goes live
Dec	Group Leaders	Budget Update
6th Dec	Cabinet / EMT / SLT	Budget workshop
Dec	SLT	Update on budget FRM
Dec	WG	Final settlement
Dec	Cabinet	Approve council tax base, update of FRM from final settlement
Dec	Comms	Consultation closure
Dec	Comms	Finalise consultation responses and feedback findings
20th Dec	Cabinet / EMT / SLT	Budget workshop
Dec	Group Leaders	Budget Update

Dec	Audit Committee	Update if needed on agenda
December	Finance	Prepare draft capital & TM strategy inc PIs and MRP
2023		
Jan	Head of Finance	Business rates consultation
Jan	Finance	Community council precepts finalised
Jan	Cabinet/EMT	Finalise draft budget - informal meetings
Jan	Group Leaders	Budget Update
Jan	Council	Budget workshop
Jan	Clerks	Publish cabinet agenda
Jan	Formal Cabinet	Approve draft budget (MTFS & FRM), reserve policy, capital strategy and Fees & Charges Register (income and charging schedule) and recommend to full council for approval
Jan	Finance Panel	Budget scrutiny
Jan	Political Groups	Preparation of Alternative Budget & discussions with HoS re Impact assessments
Jan	Group Leaders	Budget Update
Jan / Feb	Scrutiny's	Scrutiny of draft budget - ensure meeting long enough for robust scrutiny
Feb	Head of Finance	Discussion of alternative Budget with S 151 officer
Feb	Finance / Groups	Last date for submission of alternative budget with Final Impact assessments
Feb	Clerks	Issue Scrutiny Agenda for Alternative Budget (papers to follow)
Feb	Cabinet	Informal Cabinet to consider Scrutiny Comments on Cabinet Budget
Feb	Head of Finance	Last date for Alternative budgets to be approved by s151 officer
Feb	Clerks	Send Alternative Budget papers to Scrutiny if approved by s151 officer
Feb	Group Leaders	Budget Update
feb	Scrutiny	Scrutiny Of Alternative Budgets
Feb	Finance	Prepare Scrutiny Report for alternative budget
Feb	Cabinet	Cabinet consider Alternative Budget
Feb	Clerks	Publish Cabinet and any alternative Budgets
Feb	Council	Approve final budget (MTFS & FRM) and capital strategy, reserve policy and Fees & Charging Register (income & charging schedule).
03-Mar	Council	Council approve council tax
Mid March	Finance	Full budget included in the finance system
Mid March	Finance	Full budget set out in the budget book available on the website

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CYNGOR SIR POWYS COUNTY COUNCIL.

AUDIT COMMITTEE
29th July 2022CABINET EXECUTIVE
27th September 2022REPORT AUTHOR: County Councillor David Thomas
Portfolio Holder for Finance and Corporate
Transformation

REPORT TITLE: Treasury Management Quarter 1 Report

REPORT FOR: Information

1 Purpose

- 1.1 CIPFA's 2009 Treasury Management Bulletin suggested:
'In order to enshrine best practice, it is suggested that authorities report formally on treasury management activities at least twice a year and preferably quarterly.'

The CIPFA Code of Practice on Treasury Management emphasises a number of key areas including the following:

xi. Treasury management performance and policy setting should be subject to scrutiny prior to implementation.

- 1.2 In line with the above, this report is providing information on the activities for the quarter ending 30th June 2022.

2 Background

- 2.1 The Treasury Management Strategy approved by Full Council on 3rd March 2022 can be found here - [Council \(moderngov.co.uk\)](https://www.moderngov.co.uk)

3 Advice**3.1 Investments**

- 3.2 The Authority's investment priorities within the Strategy are.

- (a) the security of capital, then,
- (b) the liquidity of its investments then
- (c) the yield

- 3.3 The Authority aims to achieve the optimum return on its investments commensurate with proper levels of security and liquidity. The risk appetite has been low in order to give priority to security of investments. With interest rates

for investments remaining significantly lower than borrowing rates, the use of cash reserves as opposed to borrowing is prudent and cost-effective.

- 3.4 Short-term money market investment rates have continued to increase following the two increases to the Bank Rate in the last quarter. This has increased the interest rate on the deposit account with the councils' main bankers from 0.66% to 1.16%. This rate has been very competitive (higher than some 3 month fixed term deposits) while still allowing instant access to the funds. The bank has notified us that they are reducing this to 0.21% in September, so the treasury team are looking at suitable alternatives.
- 3.5 Investment returns on inter-authority lending are expected to remain low due to the relatively high levels of the surplus of cash held by other authorities. When looking at temporary investing, the Treasury team consider the bank fee to set up the arrangement, because of this cost some investments are not cost effective for very short periods of time. However, the Authority does not have sufficient certainty around its cashflow to lend for longer periods where the return is higher.
- 3.6 The Welsh Government repayable funding the council received in March 2021 towards the Global Centre of Rail Excellence (GCRE) is currently being held in the Council's deposit accounts until it is required for the project. This continues to generate interest which, under the terms of the agreement, this interest must be used towards this scheme and is not available for the Council to use.
- 3.7 The Authority had no other investments on 30th June 2022.

3.8 Credit Rating Changes

- 3.9 There have been no credit rating changes relevant to this Authority's position during the last quarter.

3.10 The Authority's Capital Position

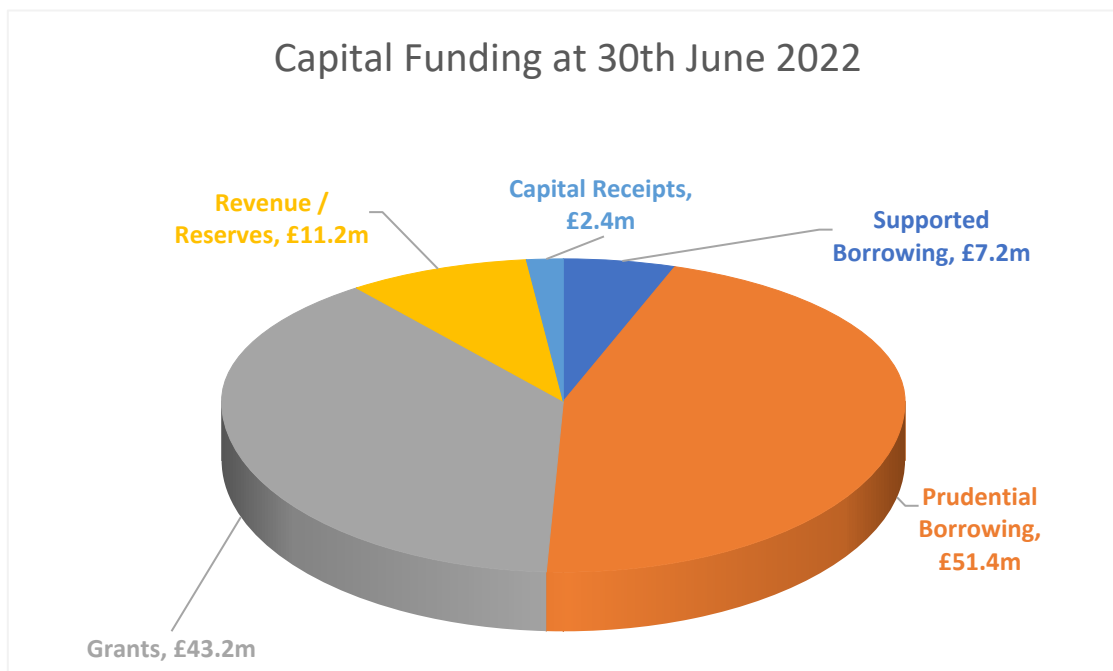
- 3.11 The 2022/23 Capital Programme was approved by Council on the 3rd March 2022. It included capital schemes totalling £133.88 million, of which £25.55 million related to the Housing Revenue Account (HRA). The revised programme at the 30th June 2022 is budgeted at £115.31 million following the successful award of additional grants and the reprofiling of budgets between financial years. Actual spend amounts to £11.22 million, representing 10% of the total budget. The £45.00 million that was included in the original programme for the Global Centre of Rail Excellence (GCRE) has at this stage been removed and will be reinstated when it is required.

3.12 Table 1 - Breakdown by service

Service	Original Budget	Virements Approved	Revised Budget	Actuals	Remaining Budget	
	£,000	£,000	£,000	£,000	£,000	%
Adult Services	712	139	851	(13)	864	102%
Childrens Services	0	1,111	1,111	283	828	75%
Education	27,868	3,641	31,509	1,256	30,253	96%
Highways Transport & Recycling	14,163	7,268	21,431	4,470	16,961	79%
Property, Planning & Public Protection	100	2,158	2,258	620	1,638	73%
Housing & Community Development	2,462	2,696	5,158	(887)	6,045	117%
Economy & Digital Services	9,974	4,236	14,210	806	13,404	94%
Finance	53,047	(45,525)	7,522	29	7,493	100%
Total Capital	108,326	(24,276)	84,050	6,564	77,486	92%
Housing Revenue Account	25,550	5,708	31,258	4,651	26,607	85%
TOTAL	133,876	(18,568)	115,308	11,215	104,093	90%

3.13 51% of the capital programme is currently funded through borrowing, the interest cost for this is charged to the revenue account. Finance will be working with the services to reprofile budgets at the earliest opportunity to ensure that only the minimum amount of borrowing is required.

3.14 Chart 1 – Capital Programme funding



3.15 Inflation is having a severe impact on the cost of schemes due to rising material and construction costs. It is unclear at this stage how this will impact the programme over the coming years. Services are aware of its impact and are mitigating these increases as far as possible but it is likely that either schemes will be reduced or paused. Any additional funding required is likely to be further

borrowing, this will increase costs on the revenue budget so this will need to be minimised.

- 3.14 The Council's underlying need to borrow for capital expenditure is termed the Capital Financing Requirement (CFR). This figure is a gauge of the Council's indebtedness. It represents the current year's unfinanced capital expenditure and prior years' net or unfinanced capital expenditure which has not yet been paid for by revenue or other resources.
- 3.15 Part of the Council's treasury activities is to address the funding requirements for this borrowing need. Depending on the capital expenditure programme, the finance team organises the Council's cash position to ensure that sufficient cash is available to meet the capital plans and cash flow requirements. This may be sourced through external borrowing or utilising temporary cash resources within the Council.
- 3.16 Net external borrowing (borrowings less investments) should not, except in the short term, exceed the total of CFR in the preceding year plus the estimates of any additional CFR for the current year and next two financial years. This allows some flexibility for limited early borrowing for future years.

3.17 Capital Financing Requirement (CFR)

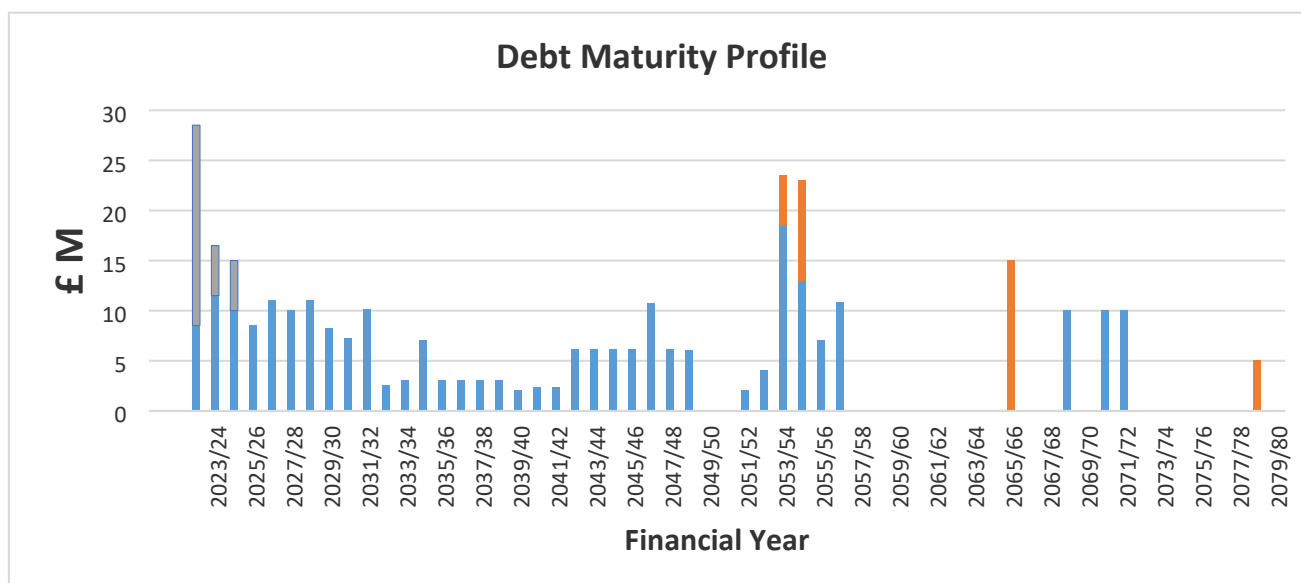
£'m	Total	HRA	Council Fund
Opening Balance – 1st April 2022			
Original Estimates ¹	430.33	106.83	323.50
Actual Balance	405.21	101.44	303.77
Closing Balance – 31st March 2023			
Original Estimates ¹	468.25	118.62	349.63
Quarter 1 Estimate	441.92	113.44	328.48

¹ Original estimate included in the Treasury Management Strategy approved by Full Council on 3rd March 2022 (excluding GCRE).

3.18 Borrowing / Re-scheduling

- 3.19 Effective management of the Authority's debt is essential to ensure that the impact of interest payable is minimised against our revenue accounts whilst maintaining prudent borrowing policies.
- 3.20 A prohibition is still in place to deny access to borrowing from the Public Works Loan Board (PWLB) for any local authority which had purchase of assets for yield in its three year capital programme. There are currently no schemes for yield in the Capital Programme. With the significant amounts of borrowing in the future Capital Programme, the inability to access PWLB borrowing will need to be a major consideration for any future purchases of assets for yield. The additional income these assets generate must be sufficient to cover the increased borrowing costs, as borrowing sources other than the PWLB are likely to be more expensive.

3.21 Debt Maturity Profile



Key Blue = PWLB; Grey = Inter Authority Borrowing; Orange = Market Loans

3.22 No external borrowing was required during the first quarter of 2022/23.

3.23 £0.54 million PWLB and £10 million of borrowing from other local authorities and has been repaid during the first quarter. A further £1.50 million PWLB and £10 million of borrowing from other local authorities is due to be repaid in the second quarter.

3.24 The staged repayment of the Nant Helen section 106 deposit is continuing as the backfilling works on the site progress. This is also reducing the cash position of the authority; this repayment will reduce the amount the council is under borrowed.

3.25 With the changes to the MRP policy and the delayed requirement to borrow, the revenue budget set aside to cover these costs is projected to be underutilised in this financial year, however as demonstrated in the tables later in the report, these costs are likely to increase year on year.

3.26 PWLB Loans Rescheduling

3.27 Debt rescheduling opportunities have been very limited in the current economic climate and following the various increases in the margins added to gilt yields which have impacted PWLB new borrowing rates since October 2010. No debt rescheduling has therefore been undertaken to date in the current financial year.

3.28 Financing Costs to Net Revenue Stream

3.29 This indicator identifies the trend in the cost of capital, (borrowing and other long term obligation costs net of investment income), against the Councils net

revenue budget (net revenue stream). The estimates of financing costs include current commitments and the proposals in the capital programme.

£'m	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate
From the approved Treasury Management and Capital Strategy 2022/23			
Financing Costs	11.29	12.17	12.85
Net Revenue Stream	302.33	314.29	324.37
%	3.7%	3.9%	4.0%
Quarter 1 estimates (before any over provision)			
Financing Costs	10.96	12.26	12.77
Net Revenue Stream	302.33	314.29	324.37
%	3.6%	3.9%	3.9%

3.30 The table above shows the capital financing costs and the change between those disclosed in the 2022/23 Treasury Management and Capital Strategy.

3.31 The decrease has been caused by two factors.

1. The reduced borrowing requirement to support the capital programme in 2021/22 and future years. This has been the result of reprofiling of budgets into future years and funding from Welsh Government being made available earlier than anticipated. This has allowed the council to defer the date that it expected to take out additional borrowing, reducing the current interest costs, however this borrowing will still be required in the future.
2. As outlined in the amendment of the 2022/23 Budget approved by Council on the 3rd March 2022, the additional funds provided by Welsh Government, Capital (£3.6m) and Revenue (£2.3m), together with the projected underspend on MRP for 2021/22 (£1.5m) has been used to fund existing Capital schemes.

3.32 Prudential Indicators

3.33 All Treasury Management Prudential Indicators were complied with in the quarter ending 30th June 2022.

3.34 Economic Background and Forecasts

3.35 The forecast of interest rates by the Authority's advisor at the 30th June 2022 are shown below. The rates have increased over the last few months but are expected to reduce slightly over the next few years. The current higher rates will increase the cost of borrowing should any borrowing be required before the end of the year.

Link Group Interest Rate View 21.06.22												
	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25
BANK RATE	1.75	2.25	2.75	2.75	2.75	2.75	2.50	2.50	2.25	2.25	2.25	2.25
3 month ave earnings	2.00	2.50	2.80	2.80	2.80	2.80	2.60	2.50	2.30	2.30	2.20	2.20
6 month ave earnings	2.50	2.80	3.00	3.00	2.90	2.90	2.80	2.70	2.60	2.50	2.40	2.30
12 month ave earnings	3.10	3.20	3.20	3.20	3.00	2.90	2.80	2.60	2.50	2.40	2.40	2.40
5 yr PWLB	3.20	3.30	3.30	3.30	3.30	3.20	3.10	3.00	3.00	3.00	2.90	2.90
10 yr PWLB	3.40	3.50	3.50	3.50	3.50	3.40	3.30	3.20	3.20	3.20	3.10	3.10
25 yr PWLB	3.70	3.70	3.70	3.70	3.70	3.70	3.60	3.50	3.50	3.40	3.40	3.30
50 yr PWLB	3.40	3.40	3.50	3.50	3.40	3.40	3.30	3.20	3.20	3.10	3.10	3.00

3.36 The economic background provided by our treasury advisers; Link Group at the 30th June 2022 is attached at Appendix A.

3.37 Sundry Debt

3.38 The prompt collection of debt and encouraging payment as soon as possible helps the Councils cashflow position, reducing the need for short term borrowing.

3.39 The following table outlines the Council's sundry debt at the 11th July 2022 of £15.13 million. This does not include Council Tax arrears.

Service	Current Debt (30 days or less)	Aged Debt (31 to 60 days)	Aged Debt (61 - 90 days)	Aged Debt (Over 90 days)
Adult Services	3,749,434	306,939	283,746	6,118,670
Children's Services	16,443	5,612	0	222,527
Corporate, Legal & Democratic Services	56,131	0	0	1,581
Digital Services	48,946	565	745	23,998
Finance	117,881	0	1,221	534,550
Highways, Transport & Recycling	191,633	50,170	71,544	704,623
Housing	11,888	107,700	320	237,990
Housing & Community Development	3,829	9,316	30,230	348,638
Leisure	12,264	18,362	313	39,189
Other	38,247	15,414	4,117	64,663
Property, Planning & Public Protection	226,690	75,693	23,248	643,858
Schools	49,374	59,733	0	309,776
Workforce and OD	116,103	82,243	29,966	66,968
Total	4,638,863	731,747	445,450	9,317,029²

² There is a further £1.05 million outstanding debt with the local health board that sits outside this figure.

3.40 The £4.64 million shown in the current debt column relates to invoices that are less than 30 days old and are classed as overdue 30 days after the invoice date.

3.41 The 2022/23 revenue budget includes £73.59 million of generated income. Based on the total debt it represents 21% of the annual generated income, if you exclude the current debt (less than 30 days old) this falls to 14%.

3.42 There is a significant level of aged debt (over 30 days old) and we will monitor this in future reports with the aim to improve this position. This will help the Councils cashflow and reduce the need to borrow.

3.43 VAT

3.44 The Technical Section of Finance act as the authority's VAT section. VAT can pose a risk to the authority hence this report includes VAT information.

3.45 The monthly VAT returns were submitted within the required deadlines during this quarter.

3.46 Key Performance Indicators - The VAT KPI's for 2022/23 are attached at Appendix B.

4. Resource Implications

a. N/A

5. Legal implications

5.1 N/A

6. Data Protection

6.1 N/A

7. Comment from local member(s)

7.1 N/A

8. Impact Assessment

8.1 N/A

9. Recommendation

9.1 This report has been provided for information and there are no decisions required. It is recommended that this report be accepted.

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Appendix A

1. Economics update – Provided by Link

- The second quarter of 2022 saw:
 - GDP fall by 0.1% m/m in March and by 0.3% m/m in April;
 - An easing rather than a collapse in the composite Purchasing Managers Index (PMI);
 - A further rise in Consumer Price Index (CPI) inflation to a new 40-year high of 9.1% in May;
 - The first signs that the weakening in economic activity is filtering into a slightly looser labour market;
 - Bank Rate rise to 1.25%, taking it to its highest level since the Global Financial Crisis;
 - Gilt yields caught up in the global surge in bond yields triggered by May's strong rise in US inflation;
 - Rising global bond yields and concerns over growth drive a global sell-off in equity markets.
- Following the 0.1% m/m fall in GDP in March and the 0.3% m/m contraction in April, the economy is now moving towards a recession (two quarters of falling output in a row). Indeed, GDP would need to rise by 0.4-0.5% m/m in both May and June to prevent the economy from contracting in Q2 as a whole. That said, without the joint wind down of the COVID-19 Test and Trace and vaccination programme, GDP would have risen by 0.2% m/m and 0.1% m/m in March and April respectively. That's hardly strong, but it suggests the underlying momentum is not quite as weak as the headline figures imply.
- There is not much evidence that higher inflation and higher interest rates have yet become a big drag on activity. Services output did fall by 0.3% m/m in April. But output in consumer-facing services, conversely, rose by a solid 2.3% m/m in April. And although the Office for National Statistics (ONS) said that some of the 1.0% m/m fall in manufacturing output was linked to the drag on activity from higher prices, it also said that some of the 0.4% m/m drop in construction output in April was a drop back after the boost in the wake of February's Storm Eunice.
- The fact that the composite PMI didn't fall in June also suggests that in Q2 (Apr – June) real GDP has softened rather than collapsed. The S&P Global/CIPS all-sector PMI for June was unchanged from its level of 53.1 in May, signalling tepid but positive growth. According to the Lloyd's barometer, business confidence in May also remained remarkably resilient.
- Despite the fall in the GfK composite measure of consumer confidence to a new record low of -41 in June, April's £1.4bn rise in consumer credit suggests households appear to have turned to credit to support their spending as the cost-of-living squeeze has intensified. Meanwhile, the household saving rate held steady at 6.8% in Q1 in line with its long-term average and we expect households to lower their saving rate further when the bigger falls in real incomes come in Q2 and Q3 to cushion the blow to spending.
- The Chancellor's latest fiscal support of £10.3bn (0.5% of GDP), which comprised £15.3bn of handouts to households, partly funded by a £5bn tax on the profits of oil and gas producers, will help support GDP in the second half of the year. And with the Prime Minister and the Chancellor desperately needing to boost their popularity, some tax cuts may be announced in the Autumn Budget.
- There has been early signs that the recent weakening in economic activity is filtering through into a slightly looser labour market. The unemployment rate edged up from 3.7% in the three months to March to 3.8%. The single-month data showed that employment fell by 254,000 in April and the unemployment rate rose from 3.5% to 4.2%. And the upward march in the number of job vacancies slowed, with the three-month average only rising from 1.296m in April to 1.300m in May. A seasonal adjustment of the single-month data implies that vacancies fell in May for the first time since COVID-19 was rife in December.
- At the same time, a 1.8% m/m fall back in average earnings in April meant that the 3myy rate of earnings eased from 7.0% in March to 6.8% in April. And a lot of the 0.5% m/m rise in earnings

excluding bonuses was probably due to the 6.6% rise in the National Living Wage on 1st April. The 3myy rate of earnings excluding bonuses stayed at 4.2%.

- That said, conditions in the labour market remain exceptionally tight. The unemployment rate is still close to its recent 47-year low, and there is the same number of unemployed people as job vacancies and at 6.8% in April, the 3myy rate of average earnings is at a 10-year high (although it is still falling in real terms) and is well above the 3.0-3.5% that is broadly consistent with the 2.0% inflation target (assuming that productivity growth is 1.0-1.5%).
- CPI inflation rose from 9.0% in April to a new 40-year high of 9.1% in May and it is not yet close to its peak. The increase in CPI inflation in May was mainly due to a further leap in food price inflation from 6.7% to a 13-year high of 8.5%. With the influence of increases in agricultural commodity prices yet to fully feed into prices on the supermarket shelves, we think that food price inflation will rise above 10% in September. And with two-thirds of the observation period for the Ofgem price cap having now passed, something like a 40% rise in utility prices is pretty much baked in the cake for October. The further rise in core producer price inflation, from 13.9% to 14.8%, suggests that core goods CPI inflation will probably rise to 14% before long. We think that will take CPI inflation to a peak of around 10.5% in October.
- The rise in services CPI inflation from 4.7% in April to 4.9% in May suggests that domestic price pressures are still strengthening.
- There now seems to be an even greater likelihood that second-round effects, whereby high inflation feeds back into higher price and wage expectations, keep inflation higher for longer. For some time, the Monetary Policy Committee (MPC) has placed a lot of weight on the results of the Bank of England's monthly Decision Maker Panel which asks businesses how they expect to change their prices and wages over the next year. May's survey revealed that businesses still expect to raise their selling prices by 6.0% and their wages by 4.8% over the next year. Meanwhile, XpertHR said that pay settlements across the economy stayed at a 30-year high of 4.0% in May. The government appears to be contemplating raising public sector pay by up to 5%. And the 7.1% pay rise granted to some railway workers sets a high bar for the negotiations that led to train strikes across large parts of the country in mid-June.
- The MPC has now increased interest rates five times in as many meetings and raised rates to their highest level since the Global Financial Crisis. Even so, coming after the Fed raised rates by 75 basis points (bps) in June and a handful of other central banks have recently raised rates by 50bps, the Bank of England's action is relatively dovish. The MPC's decision not to follow the Fed and raise rates by more makes some sense. The UK's status as a larger importer of commodities, which have jumped in price, means that households in the UK are now facing a much larger squeeze on their real incomes.
- But the MPC's new guidance is that if there are signs of "more persistent inflationary pressures" it will, "if necessary act forcefully in response". We expect the MPC to continue to raise rates in steps of 25bps rather than 50bps. We think the MPC will raise rates from 1.25% now to a peak of 2.75% next year. That's higher than the peak of 2.00% forecast by economists, but lower than the peak priced into the financial markets.
- Gilt yields have been caught up in the global surge in bond yields triggered by the surprisingly strong rise in CPI inflation in the US in May. The rises in two-year gilt yields (to a peak of 2.37% on 21st June) and 10-year yields (to a peak of 2.62%) took them to their highest level since 2008 and 2014 respectively. And in response to signs that central banks (particularly the US Fed) are going to raise interest rates faster to get on top of inflation, we now think that 10-year gilt yields will reach a peak of 2.70% (up from 2.39% currently) this year and into 2023.
- While the S&P 500 is 8.4% below its level a month ago, the FTSE 100 is 5.7% below it. Part of the sell-off has been driven by the rapid rise in global bond yields and the resulting downward pressure on equity valuations as well as concerns over economic growth.
- Finally, the pound has already weakened from \$1.37 and €1.21 earlier this year to \$1.21 and €1.16. A lot of these moves have been driven by concerns over the outlook for the global economy and the resulting poor performance of risky assets, which has increased the demand for the dollar relative to sterling. If interest rates rise faster and further in the US than in the UK, rate differentials and a worsening in risk appetite will push the pound even lower, from \$1.21 now to \$1.18 by the end of 2022. We don't expect the pound to fall by as much against the euro (from €1.16 to €1.14

next year). But once global inflation and global interest rates peak, the pound will probably benefit from the return of risk appetite. It may rise to \$1.25 by the end of 2023 and to \$1.30 by the end of 2024.

MPC meetings 5th May and 16th June 2022

- After the Bank of England became the first major western central bank to put interest rates up in this upswing in December, it has quickly followed up its first 0.15% rise by a further four 0.25% rises to 1.25%, in what is very likely to be a series of increases repeated throughout the rest of 2022 and into 2023.
- In May, the MPC voted 6-3 vote in favour of a 0.25% increase, but not only was this the first time in its 25-year history that the MPC had raised rates at four meetings in a row but also three members (Haskel, Mann and Saunders) wanted a 0.5% hike (up from none in March). However, GDP growth was forecast to drop to -0.25% in 2023 (+1.25% previously) and only +0.25% in 2024 (+1.00% previously). Anyone for a recession?
- Nonetheless, over Q2, it is clear central banks in the developed economies have placed the dampening down of inflation pressures front and centre of their primary objectives, even if it comes at the cost of sluggish growth or, indeed, recession (mild ideally but it is very difficult to micro-manage economic performance). The Monetary Policy Committee (MPC) is in step with this approach although, arguably, the UK economy is dragging its feet to a greater extent than that seen in the US.
- What are the key factors for consideration? First, the CPI measure of inflation is already at 9.1%, and the Bank of England anticipates it will peak near to 11% just before Christmas. With the cost-of-living squeeze in full swing by that juncture, and unemployment likely to be ticking upwards, we judge that the Bank will pause following its March 2023 meeting and judge it has done enough so long as inflation starts to fall, albeit at a slow pace. To that extent, we can envisage the MPC waiting a full year before loosening the reins and starting to cut Bank Rate in spring 2024. However, given the number of geopolitical factors that could push this forecast off track, we would caution against taking a strong view on how interest rate movements evolve and instead focus on optimising balance sheet management and the risk management of investment and debt portfolios.
- Regarding gilt yields, all developed economies have seen a considerable uplift in government bond yields across the whole curve since the start of 2022 and, in many ways, gilts have simply played catch-up of late. To that end, we have revised our PWLB forecasts upward and you will even see we have a 3.7% PWLB rate projected for the 25-year part of the curve in both 2022 and 2023. However, as headline inflation falls back, we project a slow reduction in gilt yields as investors acknowledge that price pressures are gradually coming under control.
- At the 16th June MPC meeting, part of the reason for the Committee only seeing a 0.25% hike as necessary is the prevailing weak economic data. The vote was again 6-3 (the same as in May) but the words were more hawkish with the Bank strengthening its forward guidance. It deleted the previous phrase that “some degree of further tightening...may still be appropriate” and replaced it with “the scale, pace and timing of any further increases in Bank Rate will reflect the Committee’s assessment of the economic outlook and inflationary pressures” and that “the Committee will be particularly alert to indications of more persistent inflationary pressures, and will, if necessary, act forcefully in response.”
- Whereas in May two members objected to the guidance that rates will rise further, it appears that all members are behind this new, stronger guidance. However, the growing evidence that firms’ price and wage expectations have become dislodged from the 2.0% target suggest that the Bank is between a rock and a hard place in navigating the appropriate monetary policy response. As always, the economic data will be key to anticipating whether our assumptions remain sound.

2. Interest rate forecasts

The Council has appointed Link Group as its treasury advisors and part of their service is to assist the Council to formulate a view on interest rates. The PWLB rate forecasts below are based on the Certainty Rate (the standard rate minus 20 bps) which has been accessible to most authorities since 1st November 2012.

The latest forecast on 21st June is compared below to the previous forecast (10th May). A comparison of these forecasts shows that PWLB rates have increased generally and show a speed up in the rate of increase in Bank Rate as inflation is now posing a greater risk. The increase in PWLB rates reflects a broad sell-off in sovereign bonds internationally as inflation concerns abound. To that end, the MPC has tightened short-term interest rates with a view to trying to slow the economy sufficiently to keep the secondary effects of inflation – as measured by wage rises – under control, but without pushing the economy into recession.

Our current and previous PWLB rate forecasts below are based on the Certainty Rate (the standard rate minus 20 bps) which has been accessible to most authorities since 1st November 2012.

Link Group Interest Rate View 21.06.22												
	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25
BANK RATE	1.75	2.25	2.75	2.75	2.75	2.75	2.50	2.50	2.25	2.25	2.25	2.25
3 month ave earnings	2.00	2.50	2.80	2.80	2.80	2.80	2.60	2.50	2.30	2.30	2.20	2.20
6 month ave earnings	2.50	2.80	3.00	3.00	2.90	2.90	2.80	2.70	2.60	2.50	2.40	2.30
12 month ave earnings	3.10	3.20	3.20	3.20	3.00	2.90	2.80	2.60	2.50	2.40	2.40	2.40
5 yr PWLB	3.20	3.30	3.30	3.30	3.30	3.20	3.10	3.00	3.00	3.00	2.90	2.90
10 yr PWLB	3.40	3.50	3.50	3.50	3.50	3.40	3.30	3.20	3.20	3.20	3.10	3.10
25 yr PWLB	3.70	3.70	3.70	3.70	3.70	3.70	3.60	3.50	3.50	3.40	3.40	3.30
50 yr PWLB	3.40	3.40	3.50	3.50	3.40	3.40	3.30	3.20	3.20	3.10	3.10	3.00

Link Group Interest Rate View 10.5.22													
	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25
BANK RATE	1.25	1.50	1.75	2.00	2.00	2.00	2.00	2.00	1.75	1.75	1.75	1.75	1.75
3 month ave earnings	1.20	1.50	1.70	2.00	2.00	2.00	2.00	2.00	1.70	1.70	1.70	1.70	1.70
6 month ave earnings	1.60	1.90	2.10	2.20	2.20	2.20	2.20	2.10	2.00	1.90	1.90	1.90	1.90
12 month ave earnings	2.00	2.20	2.30	2.40	2.40	2.30	2.30	2.20	2.20	2.10	2.10	2.10	2.10
5 yr PWLB	2.50	2.50	2.60	2.60	2.60	2.60	2.60	2.60	2.50	2.50	2.50	2.50	2.50
10 yr PWLB	2.80	2.80	2.90	2.90	2.90	2.90	2.90	2.90	2.80	2.80	2.80	2.80	2.80
25 yr PWLB	3.00	3.10	3.10	3.20	3.20	3.20	3.10	3.10	3.00	3.00	3.00	3.00	3.00
50 yr PWLB	2.70	2.80	2.80	2.90	2.90	2.90	2.80	2.80	2.70	2.70	2.70	2.70	2.70

- LIBOR and LIBID rates ceased at the end of 2021. In a continuation of our previous forecasts, our money market yield forecasts are based on expected average earnings by local authorities for 3 to 12 months.
- Our forecasts for average earnings are averages i.e., rates offered by individual banks may differ significantly from these averages, reflecting their different needs for borrowing short-term cash at any one point in time.

A SUMMARY OVERVIEW OF THE FUTURE PATH OF BANK RATE

- Our central forecast for interest rates was last updated on 21st June and reflected a view that the MPC will be keen to further demonstrate its anti-inflation credentials by delivering a 0.25% increase in Bank Rate in August, September, November, December, February and March i.e., the next six MPC meetings.
- The CPI measure of inflation is now forecast to rise to close to 11% in Q4 2022 and the MPC will be keen to stifle the prospect of average earnings data (6.8% y/y currently including bonuses) providing further upside risk to inflationary factors that are primarily being driven by supply-side shortages.
- When Bank Rate reached 1% in May, the MPC indicated (no earlier than August) that it will also consider the extent to which it implements Quantitative Tightening (QT), primarily the selling of gilt holdings. However, they are likely to take any such decision cautiously as they are already not refinancing maturing debt.
- Notwithstanding the MPC's clear desire to increase Bank Rate throughout 2022, negative real earnings, the 54% hike in the Ofgem energy price cap from April (to be followed by a potential 40%+ further increase from October), at the same time as employees (and employers) have incurred a 1.25% Health & Social Care Levy, growing commodity and food inflation plus council tax rises - all these factors will hit households' finances hard. However, lower income families will be hit disproportionately hard despite some limited assistance from the Chancellor to postpone the full impact of rising energy costs.
- Given the above outlook, it poses a question as to whether the MPC may shift into protecting economic growth if it flatlines or contracts through 2022. Accordingly, we remain tentative about whether the MPC will increase Bank Rate as far as the market is currently pricing in (3.25% in April 2023).
- In the upcoming months, our forecasts will be guided not only by economic data releases and clarifications from the MPC over its monetary policies, but the on-going conflict between Russia and Ukraine, including the manner in which the West and NATO respond through sanctions and/or military intervention. Currently, oil, gas, wheat and other mainstream commodities have risen significantly in price and central banks will have to balance whether they prioritise economic growth or try to counter supply-side shock induced inflation.
- On the positive side, consumers are estimated to be sitting on over £160bn of excess savings left over from the pandemic so that will cushion some of the impact of the above increases. However, most of those are held by more affluent people whereas lower income families already spend nearly all their income before these increases hit and have few financial reserves.

PWLB RATES

- The yield curve has steepened considerably through the quarter and PWLB 5 to 50 years Certainty Rates are, generally, in the range of 2.75% to 3.75%.
- We view the markets as having built in, already, nearly all the effects on gilt yields of the likely increases in Bank Rate and the poor inflation outlook (although we thought that in May and markets went much further than expected in respect of the gilt market sell-off).
- It is difficult to say currently what effect the Bank of England starting to sell gilts will have on gilt yields now that Bank Rate has gone to above 1%. Nothing will be decided before August, however, but the Bank is likely to act cautiously as it has already started on not refinancing maturing debt. A pure roll-off of the peak £875bn gilt portfolio by not refinancing bonds as they mature, would see holdings fall to about £415bn by 2031, which would be about equal to the Bank's pre-pandemic holding.
- Increases in US treasury yields over the next few months could add further upside pressure on gilt yields as they have done since the turn of the year.

The balance of risks to the UK economy: -

- The overall balance of risks to economic growth in the UK is to the downside.

Downside risks to current forecasts for UK gilt yields and PWLB rates include: -

- **Labour and supply shortages** prove more enduring and disruptive and depress economic activity (accepting that in the near-term this is also an upside risk to inflation and, thus, rising gilt yields).
- **The Bank of England** acts too quickly, or too far, over the next three years to raise Bank Rate and causes UK economic growth, and increases in inflation, to be weaker than we currently anticipate.
- **UK / EU trade arrangements** – if there was a major impact on trade flows and financial services due to complications or lack of co-operation in sorting out significant remaining issues.
- **Geopolitical risks**, for example in Ukraine/Russia, Iran, China, North Korea and Middle Eastern countries, which could lead to increasing safe-haven flows.

Upside risks to current forecasts for UK gilt yields and PWLB rates: -

- The **Bank of England is too slow** in its pace and strength of increases in Bank Rate and, therefore, allows inflationary pressures to build up too strongly within the UK economy, which then necessitates an even more rapid series of increases in Bank Rate faster than we currently expect.
- **The Government** acts too quickly to cut taxes and/or increases expenditure in the light of the cost-of-living squeeze.
- **The pound weakens on the back of UK/EU trade friction** resulting in investors pricing in a risk premium for holding UK sovereign debt.
- Longer term **US treasury yields** continue to rise strongly and pull gilt yields up higher than forecast.

Appendix B

VAT - Key Performance Indicators

Creditor Invoices

VAT return for	No of high value Creditor invoices checked	No of Creditor invoices highlighted as requiring "proper" document for VAT recovery	% of creditor invoices checked requiring "proper" document for VAT recovery
Apr-22	269	3	1.12%
May-22	294	8	2.72%
Jun-22	247	4	1.62%
Jul-22			
Aug-22			
Sep-22			
Oct-22			
Nov-22			
Dec-22			
Jan-23			
Feb-23			
Mar-23			

Income Management Entries

VAT return for	No of entries checked by formula per the ledger account code used	No of entries needing follow up check (but not necessarily incorrect).	% of entries needing follow up check
Apr-22	857	0	0.00%
May-22	955	2	0.21%
Jun-22	1,080	0	0.00%
Jul-22			
Aug-22			
Sep-22			
Oct-22			
Nov-22			
Dec-22			
Jan-23			
Feb-23			
Mar-23			

Debtor Invoices

VAT return for	No of Debtor invoices checked	No of checked debtor invoices with incorrect VAT code used	% of debtor invoices with incorrect VAT code
Apr-22	81	0	0.00%
May-22	73	0	0.00%
Jun-22	84	0	0.00%
Jul-22			
Aug-22			
Sep-22			
Oct-22			
Nov-22			
Dec-22			
Jan-23			
Feb-23			
Mar-23			

Note: Debtors VAT checking is carried out by Finance via a work process prior to the invoice being raised hence the improvement in errors compared to previous years

Purchase Cards

VAT return for	No of transactions for which paperwork requested for checking	Resolvable errors discovered	Value of VAT potentially claimable but recharged to budget due to non- response	No of transactions where VAT claimed incorrectly	% of transactions available to be checked where VAT was claimed incorrectly	Value of VAT incorrectly claimed hence recharged to budget
Apr-22	155	22	£2,668.91	14	9.03%	£380.22
May-22	142	14	£2,159.74	25	17.61%	£196.73
Jun-22	141	15	£2,048.25	18	12.77%	£1,005.40
Jul-22						
Aug-22						
Sep-22						
Oct-22						
Nov-22						
Dec-22						
Jan-23						
Feb-23						
Mar-23						

Chargebacks to service areas

The upload of appropriate documents to the Barclaycard purchase card system to enable vat recovery was made mandatory in September 2017 as a result of the lack of response from service areas/establishments to provide documents when requested. Where no document has been uploaded, any VAT amount input against the transaction is charged to the service area as there is no evidence to support the vat recovery.

Any other VAT errors that come to light as a result of the various checks are also charged to the relevant service areas.

Budget holders are able to see this clearly as chargebacks are coded to account code EX400600 and the activity code used alongside this gives the reason why this chargeback has occurred.

The total amount charged back to service areas in 2022/23 is £12,386 to date. The breakdown of this is as follows:

Potentially correctable errors

Reason	Amount £
Not a tax invoice	5,527
Powys County Council is not the named customer	0
No invoice uploaded to purchase card system	4,290
Invoice(s) do not match payment	755
No evidence to back recovery	0
No Signed Authenticated Receipt	0
Total	10,572

Other errors

Reason	Amount £
Non-domestic VAT	463
No tax on invoice	264
Supply not to Powys County Council	50
Over-accounting for VAT	991
Internal payments	46
Total	1,814

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21 July	Cabinet Member for a Learning Powys	Approved the appointment of school governors.
21 July	Cabinet Member for a Learning Powys	Approved an increase in the governing body of Arddleen CP School from 10 governors to 14 governors.
26 July	Cabinet Member for a Connected Powys	Delegated authority to the Head of Property, Planning and Public Protection to accept the best offer received for land at Maes Offa, Four Crosses in excess of the market guide.
2 August	Cabinet Member for a Greener Powys	Approved initiation of the Traffic Regulation Order consultation procedure in accordance with The Local Authorities' Traffic Orders (Procedure) (England and Wales) Regulations 1996 in respect of parking restrictions at C0193 Pont Melin Fach and if no substantive objections are received the proposal be implemented.
4 August	Cabinet Member for a Connected Powys Cabinet Member for a More Prosperous Powys	Approved the purchase of the freehold of the brownfield site adjacent to the Automobile Palace site.
19 August	Cabinet Member for a Connected Powys Cabinet Member for a Fairer Powys Cabinet Member for Finance and Corporate Transformation	Approved the recommendation in respect of Heart of Wales Property Services.
19 August	Cabinet Member for a Learning Powys	Approved the appointment of school governors.
19 August	Cabinet Member for a Fairer Powys	Approved the acquisition of a property for social housing.
26 August	Cabinet Member for a Connected Powys	Delegated authority to the Head of Property, Planning and Public Protection to accept the best offer received for 42 Broad Street Welshpool in excess of the asking price.
31 August	Cabinet Member for a More Prosperous Powys	Approved the removal of fines for overdue books with immediate effect so as to become a Fine Free Library Service and the continuation of charges for the replacement cost of books which are not returned within 6 months.
9 September	Cabinet Member for a Learning Powys	Approved the appointment of school governors.

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Cabinet / Delegated Decision Date	Title	Portfolio Holder	Lead	Decision Maker	Scrutiny
27/09/22	Quarter 1 Treasury Management Report	Councillor David Arnold Thomas	Jane Thomas	Cabinet	
27/09/22	Financial Planning Update	Councillor David Arnold Thomas	Jane Thomas	Cabinet	
27/09/22	Sennybridge Primary School Outline Business Case				
27/09/22	Case	Councillor Pete Roberts	Emma Palmer	Cabinet	
11/10/22	Ysgol Calon Cymru options	Councillor Pete Roberts	Emma Palmer	Cabinet	
11/10/22	Bro Hyddgen Outline Business Case	Councillor Pete Roberts	Emma Palmer	Cabinet	Learning & Skills Scrutiny 28 Sept
11/10/22	Adopted LDP Annual Monitoring Report	Councillor Jake Berriman	Peter Morris	Cabinet	
11/10/22	ECO-4	Councillor Matthew Dorrance	Nina Davies	Cabinet	ERC Scrutiny - date to be confirmed
11/10/22	Annual Information Governance Report	Councillor James Gibson-watt	Clive Pinney	Cabinet	ERC Scrutiny - Virtual
11/10/22	Asset Review	Councillor Jake Berriman	Gwilym Davies	Cabinet	
11/10/22	Children's Placements	Councillor Sandra Davies	Sharon Powell	Cabinet	
11/10/22	Annual Governance Statement assurance	Councillor James Gibson-watt	Emma Palmer	Cabinet	Governance & Audit 30 Sept
11/10/22	Direct Payments Service	Councillor Sian Cox	Rachel Evans	Cabinet	Health & Care 7 October
11/10/22	Renting Homes (Wales) Act 2016 - Tenancy Terms for New Tenants	Councillor Matthew Dorrance	Andy Thompson	Cabinet	
08/11/22	Revenue Outturn as at 30 September	Councillor David Arnold Thomas	Jane Thomas	Cabinet	
08/11/22	Capital Programme Update as at 30 September	Councillor David Arnold Thomas	Jane Thomas	Cabinet	
08/11/22	Ysgol Cribarth Language Category	Councillor Pete Roberts	Emma Palmer	Cabinet	

08/11/22 Shared Prosperity Fund	Councillor David Selby	Diane Reynolds	Cabinet	
22/11/22 Quarter 2 Strategic Risk Register	Councillor David Arnold Thomas	Jane Thomas	Cabinet	Health & Care Scrutiny 21 Oct; Learning & Skills Scrutiny 26 Oct; ECR Scrutiny 31 Oct
22/11/22 Council Tax Base	Councillor David Arnold Thomas	Jane Thomas	Cabinet	
22/11/22 Quarter 2 Performance Report	Councillor James Gibson- watt	Emma Palmer	Cabinet	Health & Care Scrutiny 21 Oct; Learning & Skills Scrutiny 26 Oct; ECR Scrutiny 31 Oct
22/11/22 Trauma Informed Approach - Children's Services	Councillor Sandra Davies	Sharon Powell	Cabinet	
13/12/22 Quarter 2 Treasury Management Report	Councillor David Arnold Thomas	Jane Thomas	Cabinet	
13/12/22 HRA Business Plan 2023-24	Councillor Matthew Dorrance	Nina Davies	Cabinet	
13/12/22 Rent Setting	Councillor Matthew Dorrance	Nina Davies	Cabinet	
13/12/22 Winter Routes	Councillor Jackie Charlton	Matt Perry	Cabinet	
17/01/23 Brynllwarch Final Business Case	Councillor Pete Roberts	Emma Palmer	Cabinet	