



Learning and Skills Scrutiny Committee Annual Report May 2018 – May 2019

This Annual Report covers a period where the committee that scrutinised learning and skills changed from the Learning, Skills and Economy Scrutiny Committee (which was set up as part of revised scrutiny arrangements commencing in May 2018) but changed on the 11th February 2019 to become the Learning and Skills Scrutiny Committee.

Chair's Forward

This has been a challenging year for Scrutiny with two structural changes to the committee with major changes to its area of responsibility in each of them. The most recent change allowing the committee to focus solely on education and skills issues is a welcome development and reflects the significant demands that the service has placed on the committee at times to the exclusion of other service areas. Again, the focus has again been on policy more than service delivery issues with major items on schools funding and provision of early years education. Overall, we have been pleased by the levels of commitment given to committee by officers and would complement their efficiency in either being able to respond immediately to questions or provide written responses to more technical issues in a timely fashion.

Looking to the future the committee are already in the process of initiation new working groups on Welsh language issues and expect in coming months to look at reviews on the impact of a number of recent policy decisions whilst also making time to consider the delivery of services against existing policy areas.

Membership

The membership of the Learning, Skills and Economy Scrutiny Committee comprised:

County Councillors: Pete Roberts (Chair) David Jones (Vice-Chair) Mark Barnes Graham Breeze Kelvyn Curry Bryn Davies Sandra Davies David Evans Les George E Michael Jones Gareth Jones Diane Jones-Poston	Parent Governor Representatives: Angela Davies Sara Davies Nigel Bufton (May 2017 – September 2018) Church Representative Margaret Evitts (Church in Wales) Vacancy: Church Representative (Catholic Church)
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Karen Laurie-Parry Iain Mackintosh (May 18 – Oct 18) Susan McNicholas Jeremy Pugh Lucy Roberts Edwin Roderick David Selby Gwynfor Thomas Roger Williams	
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County Councillors: Pete Roberts (Chair) David Jones Graham Breeze Bryn Davies Sandra Davies Karen Laurie-Parry Lucy Roberts Edwin Roderick Gwynfor Thomas	Parent Governor Representatives: Angela Davies (Vice-Chair) Sara Davies Graeme Robson (from January 2019) Church Representative Margaret Evitts (Church in Wales) Vacancy: Church Representative (Catholic Church)
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Meetings:

The Learning, Skills and Economy Scrutiny Committee met on the following dates undertaking work on a variety of areas:

18 June 2018

- Schools Funding Formula Review
 Scrutiny observations attached at Appendix A.
 Considered at Cabinet 10th July 2018
 Cabinet Response
- Schools Safeguarding Compliance – briefing
- Schools Service Workforce Strategic Plan - briefing

25 June 2018

- Welshpool Primary Schools and Ysgol Calon Cymru (referral from Cabinet)
 Scrutiny observations attached at Appendix B
 Considered at Cabinet on 18th July 2019
 Cabinet Response
- Education Improvement Plan (e-scrutiny)

13 August 2018

- County Farms
 Scrutiny observations attached at Appendix C.
 Considered at Cabinet on 28th November 2018
 Cabinet Response

22 August 2018

- Home to School Transport Policy
Scrutiny observations attached at Appendix D.
Considered at Cabinet on 18th September 2018
Cabinet Response
- Updates on ALN and Digital Learning received

29 August 2018

- Funding Formula Review – update received

14 September 2018

- School Asset Management Plan
Scrutiny observations attached at Appendix E
Considered at Cabinet on 9th October 2018
Cabinet Response
- School Budgets
Scrutiny observations attached at Appendix F
Considered at Cabinet on 21st September 2019
Cabinet response

14th Sept 2018 – working group

- Green Waste
Scrutiny observations attached at Appendix G
Considered at Cabinet on 9th October 2018
Cabinet response.

1 Oct 2018

- Provisional Learner outcomes – considered with additional information requested for when the final report came back to scrutiny in the New Year
- Estyn Inspection Outcomes – received.

17 Oct 2018

- HoWPS – the Director and Head of Service of the Heart of Wales Property Service attended for scrutiny of HoWPS performance. A series of recommendations were made in particular with regard to the contents of future annual reports to scrutiny.
- Review of pre-school provision – a briefing was provided and assurance sought that lessons have been learnt from the implementation of the change of age of school admission and that this will assist in making the necessary improvements going forward particularly in light of the move to 30 hours' free childcare

2 Nov 2018

CANCELLED (HAMP deferred on Cabinet work programme to April 2019)

9 Nov 2018 – working group

- School organisation – Briefing
- Post 16 Review - Briefing

21 Nov 2018

CANCELLED (Funding Formula Review scrutiny deferred to 13 Dec 2018)

13 Dec 2018

- ALN – Briefing
- Schools Funding Formula Review - Briefing

4 Jan 2019

- Schools Funding Formula Review
Scrutiny observations attached at Appendix H.
Considered at Cabinet on 15th January 2019
Cabinet response

11 Jan 2019 – working group

- School Improvement – Briefing

18 Jan 2019

- Library Standards
- Digraph

22 Jan 2019 – working group

- Post 16 Review – Briefing

Reports and Minutes from meetings of the Learning, Skills and Economy Scrutiny Committee can be accessed at powys.gov.uk

The Learning and Skills Scrutiny Committee met on the following dates undertaking work on a variety of areas:

11 Feb 2019

- School Balances - Monitoring
- Schools Major Improvements Programme
Scrutiny observations attached at Appendix I.
Considered at Cabinet on 26th March 2019
Cabinet response

3 Mar 2019

- School Standards, Attendance and Exclusions

26 March 2019

- Categorisation Powys, Categorisation ERW and proposed changes to accountability arrangements for Wales

Joint work

During this period no formal joint working with either the other scrutiny committee or Audit Committee however, on a number of occasions, representatives from the Audit Committee were invited to the Learning, Skills and Economy Scrutiny Committee

where it was felt that their expertise would assist. Examples of this include the scrutiny of County Farms, of the Schools Funding Formula Review and of the Welshpool Primary Schools and Ysgol Calon Cymru referral from Cabinet.

Any requirements for joint scrutiny with either representatives from the other scrutiny committees or from Audit Committee will now be directed by the Co-ordinating Committee.

ERW

Powys is one of six local authorities that work together on school improvement under the regional consortium ERW. ERW is run by a Joint Committee comprised of the Leaders or Education Portfolio Holders from the six authorities. An ERW Scrutiny Councillor Group meets twice yearly and rotates around the six authorities. For the period 2018-19 Councillors D Jones and S McNicholas have represented Powys at these meetings.

This group had expressed concern regarding the lack of progress in the reform of ERW and in January called the Lead Member and Interim Managing Director to seek assurance over these concerns. Assurance was given and the scrutiny group will continue to monitor and scrutinise the Joint Committee.

Learning, Skills and Economy Scrutiny Committee Scrutiny Observations to Cabinet on: School Funding Formula Review

The Learning, Skills and Economy Scrutiny Committee met on the 18th June 2018 and considered the Cabinet Report on the School Funding Formula Review

The Group made the following observations to Cabinet in respect of the School Funding Formula Review on 10th July 2018.

The Learning, Skills and Economy Scrutiny Committee noted that the School Funding Formula Review was due to come to Cabinet for the following decision:

<i>Recommendation:</i>	<i>Reason for Recommendation:</i>
<i>That Cabinet approves the overall design of a revised funding formula for schools</i>	<i>To inform the next stage of detailed formula development</i>
<i>That Cabinet delegates the decision to proceed with full consultation with all schools to the Portfolio Holders for Learning and Welsh Language and for Finance</i>	<i>To ensure the project timeline provides for adequate consultation and a clear recommendation for budget setting</i>

Scrutiny make the following observations:

- The Cabinet report is light in detail in a number of fundamental places. It is understood that Cabinet will receive a verbal update on the detail regarding Block 1 of the Formula which will be considered at a meeting of the Formula Review Group on 29th June 2018 (part 4.3 of the report). Further, work on other blocks will be undertaken during July and August. Without this detail it has been impossible for scrutiny to be undertaken of this document and therefore meaningful observations cannot be made. In particular scrutiny are unable to comment on the 'overall design of the revised funding formula' and believe that Cabinet will only be in possession of information regarding one of the blocks of

four at that meeting by way of a verbal update. This is not considered to be an appropriate level of oversight.

- The Cabinet report also acknowledges a risk 'that there is a mismatch between the cost of the education schools expect to offer and the funding that is available' (part 4.7 of the report) and that 'it is likely that a formula designed to adequately resource the current pattern of provision would require funding at a level that would exceed the current funding envelope' (part 6.4 of the report). This acknowledgement of risk is a position that scrutiny share particularly in light of the current deficit school budget projections that Cabinet recently received.
- Scrutiny remain to be convinced that the timeline proposed in relation to this review are achievable. This concern is made more acute in light of the fact that the majority of the remaining preparation time falls within the school holiday period.
- Scrutiny received an absolute commitment in their meeting that there would be a further opportunity for scrutiny of the School Funding Formula Review prior to the Formula being published for consultation.

Recommendations:

1. **That this paper be made available for scrutiny in early September prior to a decision being taken to proceed to full consultation with an opportunity available for scrutiny observations to be taken into account when this decision is made.**

Membership of the Learning, Skills and Economy Scrutiny Committee on 18th June 2018

County Councillors **P Roberts (Chair)**, M Barnes, G Breeze, K W Curry, B Davies, E Durrant, D O Evans, L George, D R Jones, E M Jones, G Jones, D Jones-Poston, K Laurie-Parry, I McIntosh, J Pugh, L Roberts, D Selby, R G Thomas and Parent Governor Representatives: N. Bufton, Mrs A Davies and Mrs S. Davies

**Learning, Skills and Economy Scrutiny Committee
Scrutiny Observations to Cabinet on: 21st Century Schools – Welshpool Primary
Schools and Ysgol Calon Cymru**

This matter was considered at Cabinet on 19th June 2018 where a Local Member asked a series of questions and Cabinet approved the following recommendation:

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

The Committee were tasked with examining the following areas:

- Why have the costs of the Welshpool Schools Project increased?
- What is the rationale for where and how the additional £3 million now available in Band A will be spent.

The Learning, Skills and Economy Scrutiny Committee together with the Chair and Vice-Chair of Audit Committee met on the 25th June 2018 and would like to thank the Portfolio Holders, Officers and Representatives from the Heart of Wales Property Service who provided the report and gave evidence at the meeting.

The Scrutiny Committee considered the following papers related to this matter:

- Cabinet Report of 19th June 2018
- Scrutiny Briefing
- Schools Service report to scrutiny

Additional commercially sensitive information was provided to the Chairs of Scrutiny and Audit after the meeting:

- Welshpool CiW Salop Road site – contamination costs and basis of tendering
- Detailed breakdown of cost increases

Background

This matter relates to the 21st Century Schools Programme which is a joint Welsh Government/Powys County Council programme of capital investment in schools. There are two phases to the programme: Band A (2014-2019) and Band B (2019-2025). Further details regarding the programmes are outlined in the Cabinet Report of 19th June 2018.

The Committee make the following observations to Cabinet in respect of the 21st Century Schools – Welshpool Primary Schools and Ysgol Calon Cymru on 10th July 2018.

Why have the costs for the Welshpool Schools Project increased?

The Welshpool Schools Project intends for the four schools closed in September 2017 and replaced by two new schools Ysgol Gymraeg y Trallwng (operating from the former Ardwyn site) and Welshpool Church in Wales Primary School (operating from the former sites of Ysgol Maesydre, Oldford and Gungrog) to move to the following locations:

- Ysgol Gymraeg y Trallwng to be built on the former Ysgol Maesydre site
- Welshpool CiW Primary School to be built on land at Welshpool High School

The Schools Service report to scrutiny notes that approval for the Welshpool Schools Project was secured with a total project cost of £12,977,794. Cabinet is now being asked to approve an increase in the costs of this project to £16,794,385. This is an increase of **£3,891,591** and will necessitate moving Ysgol Gymraeg y Trallwng from Band A to Band B of the 21st Century Schools Programme. This increase is due to:

- Re-design costs and costs associated with remodelling a listed building;
- Economies of scale no longer achievable due to schools now being built sequentially rather than concurrently
- Further investigation in to the Welshpool CiW Primary School site identified that the topsoil needs to be removed and re-filled due to a historical use of the land.

Information provided to the Chairs after the meeting revealed that the two schools for different reasons need to increase their budgets quite substantially:

- Welshpool Church in Wales (English Medium) school by £1,583,641, and
- Ysgol Gymreig y Tranllong (Welsh Medium) school by £1,480,243

On top of these figures there is a contingency and revenue stream cost of £750k. When reading the report to Cabinet these figures are not included and it reads as if the CADW listing was the main reason for the £3.8m increase. This is not the case as there is a substantial increase in the CIW school also.

Why have the costs risen in relation to Ysgol Gymraeg y Trallwng?

Scrutiny was advised that in November 2017 CADW contacted Powys County Council to advise that a request to List Ysgol Maesydre had been received and would be investigated. The authority entered into correspondence with CADW regarding the Listing and received the decision of CADW in March 2018. Whilst CADW had Listed the core buildings of Ysgol Maesydre as Grade 2 for its special and historic architectural interest, the 1950s extension was not included in the Listing as it did not meet the criteria.⁽¹⁾

Scrutiny was advised that when the authority were advised of the application to CADW actions were taken in case the Listing was successful. These actions included:

1. a full search of available land in the centre of Welshpool including land owned by the authority and land not owned by the authority which could either be purchased or subject to a land swap. No suitable land for a school was identified which was not in the floodplain.
2. Consideration of co-locating both the English Medium and Welsh Medium school on the site at Welshpool High School. This was rejected as the site was too constrained for both schools to be sited there.
3. The incorporation of the Listed Building into the design for the new Welsh Medium School.

Scrutiny was advised that the Authority have a legal duty to maintain the Listed Building which is in a poor state of repair and, in the event the Welsh Medium School was not built on the Ysgol Maesydre site, this duty to maintain the building would remain. The Authority is working closely on pre-planning matters with the Schools Service, Heart of Wales Property Services and the contractors producing new designs incorporating the Listed Building to use for administrative areas and pre-school provision.

It became apparent during the meeting that the individual who had applied to CADW for Ysgol Maesydre to be Listed had contacted the Schools Service during the consultation period for the Welshpool Schools Project. It was not clear during the meeting if this letter outlined an intention to apply for Listed Building status or included more general observations. The Schools Service did not feel that the consultee had the support of the community. Scrutiny are unable to comment on whether this letter gave indication of the potential for the building to be Listed at that stage and if so ,was sufficient regard given to any such letter, having not had sight of the letter.

Scrutiny was advised that the service had worked closely with CADW who would now be consultees as part of the planning process regarding the remodelling of the project to include Ysgol Maesydre. CADW would have firm views on the use of the land around Ysgol Maesydre and it would only be appropriate to locate the new build behind the existing building or there would be an adverse impact on the visual amenity of the Listed Building. CADW were supportive of sympathetic remodelling and would wish to see the building used.

Of particular concern is that it is understood that the increased costs at the Welsh Medium site are estimated figures which arise out of the Listing of Ysgol Maesydre the details of which are commercially sensitive. Scrutiny had sight of the project costs for Ysgol Gymraeg y Trallwng and expressed concern that the contingency had been set at 3.89%. It is understood that a usual contingency would be 5% and that it would be prudent, particularly in light of the Listed Building Status of this project, if this were raised to 5%.

Findings

- That the costs for this project have increased due to the Listing of Ysgol Maesydre part way through the Welshpool Schools Project.
- That the identified costings are estimates with the potential that these may increase
- Ysgol Maesydre had been poorly maintained and some additional costs relate to putting right neglected maintenance.
- That alternative options to site Ysgol Gymraeg y Trallwng on other land within Welshpool or co-location with the Welshpool CiW Primary School were investigated and rejected on the grounds that no suitable land within the Council's ownership or private ownership could be found. Co-location was also rejected due to site constraints.
- That remodelling costs have been kept to a minimum but are subject to planning consents and that the contingencies allowed for are considered to be insufficient.
- Attention is drawn to the Finance comment in the Cabinet report of 19th June 2018 which states:

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

This is of particular concern given HOWPS' acknowledgement that costs at this stage are estimates.

Why have the costs risen in relation to Welshpool CiW Primary School?

The Welshpool CiW Primary School is to be located on part of the playing fields of Welshpool High School. The Schools Service acknowledge that additional costs due to topsoil issues at this site were not identified until recently. The site is used by the High School and local junior football teams and site investigations were not undertaken until later to allow for users to continue to have access to the site for as long as possible. It became apparent in the meeting that costs for projects are prepared on the basis of a 'perfect site', which, in practice few sites are. The additional costs in relation to Radon gas should have been anticipated. It was not possible to ascertain during the meeting if the Contaminated Site Register had been consulted at an appropriate stage in the process, i.e. at the site selection stage. It was also understood that there is local knowledge regarding the historic use of this site which was not shared with the Project Team until the site investigations had revealed the contamination. In hindsight this is unfortunate. It was later confirmed that:

'The contract for the design and build of the two primary schools in Welshpool was tendered using the Sewscap2 Contractor Framework. This route to market is preferred by Welsh Government and was approved by them throughout the business case process.

To ensure that tendering contractors submit prices on a like for like basis they're invited to submit bids based on perfect site conditions. It's recognised that no site will be perfect and as such tendering contractors are required to submit a costed risk register to account for likely site-specific risks. Risk registers submitted at tender stage not only identify potential risk, but also the most appropriate risk owner. A scored assessment of the risk register is carried out by the tender evaluation team, and forms part of the contractors overall final score.

Actual ground conditions are identified once a contractor has been appointed and during the planning and detailed design stages of a project. Many other surveys and reports are also required at this stage to both inform the detailed design stage and ensure compliance with the Planning and Building Control regulations.'

However, the costs of dealing with the contamination will always have been present for this site and, had they been picked up earlier, this may have altered the outcome of the site selection process. If the site had remained the favoured option the costs of dealing with the contamination would have been included within the project costs for this new school.

It is understood that the increase in costs at the Church in Wales School is made up of £770k (the additional costs required for dealing with what has turned out to be an imperfect site). The remaining additional costs appear to relate to changes in specification from the client side. This is of concern for future 21st Century School Projects. When Cabinet are agreeing to commit to capital spend on such projects this should be with confidence that the full costs have been identified.

Findings

- That the Contaminated Site Register is checked to ensure that it is up to date and that it is consulted at the scoping and site selection stage for all future projects undertaken by the authority, including on land owned by the authority
- That communities and local authority Members/Officers are encouraged to use local knowledge and corporate memory to identify potential concerns during project planning in local communities
- A rigorous site selection model should be developed to ensure that environmental issues are considered at the appropriate stage

Why was Ysgol Calon Cymru prioritised for the newly available capital funding from Band A?

Funding from Band B includes a number of major projects which are beginning to be progressed but also includes a sum to undertake smaller scale upgrades to existing older schools. Ysgol Calon Cymru is a new school opening in September 2018 on two existing sites – Builth High School and Llandrindod High School. Llandrindod High School was assessed as Condition C in 2016 (as detailed in the Cabinet Report) and the scrutiny meeting was advised a more recent assessment shows it has deteriorated to Condition C/D and was the highest ranked school in terms of level of need (Schools Service report to Scrutiny). Scrutiny sought to ascertain if there were other Condition D schools which should have been considered alongside Ysgol Calon Cymru and were

advised that three primary schools were condition D and were in the Band B programme for consideration. It was confirmed that the improvements at Ysgol Calon Cymru would benefit the most pupils as this is a High School rather than a Primary School.

Findings

- The information provided to scrutiny confirms Ysgol Calon Cymru as the school with the highest need to benefit from being moved forward from Band B to utilise the available Band A funding.
- That there are three other primary schools with Condition D buildings. These schools need to be a priority under the 21st Century Schools Programme either under Band A if any funding is available once the necessary improvements at Ysgol Calon Cymru have been made, or in Band B.
- That whilst moving Ysgol Gymraeg y Trallwng from Band A to Band B will be finance neutral (there is sufficient funding within Band B to absorb the additional costs of the Welshpool Primary Schools Scheme) the impact of an increase in costs of the Welshpool Primary Schools will be an opportunity cost of less funding now available in Band B to upgrade other poor condition schools in Powys.

Other matters

Capacity

Whilst scrutinising the matter raised at Cabinet it became apparent that the project intends to provide school places for 510 pupils between the two new schools. The case for change to reorganise schools in Welshpool includes the statement 'excess surplus places with 434 currently available between four schools 92 (19%) of which are unfilled. Surplus capacity is planned at 30% (2016 figures) or alternatively it would need an increase of pupil numbers of nearly 45% for these schools to be full. This directly contradicts the case for change. Whilst it is accepted that new schools attract pupils and understood that up to 100 pupils from surrounding schools may 'repatriate' to Welshpool this does raise questions regarding the viability of surrounding schools which is outside the remit of this investigation but will need careful consideration by the Schools Service.

Audit have the following particular concerns:

The Church in Wales school is being built to accommodate 360 pupils which equates to £28k (plus contingency) per place. Ysgol Gymraeg y Trallwng is being built to accommodate 150 pupils which equates to £41k (plus contingency) per place. We were unable to accurately check the spend against similar builds across Wales and the UK and would recommend that this is done.

When we calculate the cost per place based on the present pupil numbers the Welsh school costs rise from £41k (plus contingency) per pupil to £77k (plus contingency) per pupil and the CIW school costs rise from £28k to £37k (plus contingency).

Finally Members note that the short time scale between referral to scrutiny and the meeting there was a delay in obtaining relevant financial information which made it difficult to explore all the issues fully. The conclusions reached by audit, in particular

regarding the per place cost of builds, projected pupil numbers and impact on other schools around the catchment require further consideration. Members are also concerned that adequate financial information was not made available or requested at the Cabinet meeting in order to fully understand the issue and are pleased that this matter was referred to scrutiny.

Recommendations:

- 1. That the contingency fund for each of the Welshpool Schools be increased to 5%.**
- 2. That the Contaminated Land Register and Radon maps are consulted at the scoping and site selection stage for all projects in which the Council is involved including those on land owned by the authority.**
- 3. That the money released by moving Ysgol Gymraeg y Trallwng to Band B is used to improve the Llandrindod site of Ysgol Calon Cymru and if any funds remain in Band A when this work has been completed then those primary schools with Condition D buildings are prioritised for improvements.**
- 4. That further work is undertaken on pupil numbers, appropriate levels of excess capacity when building new schools, cost per pupil of new builds and impact of new schools on surrounding schools to inform the Schools Transformation programme.**

Membership of the Learning, Skills and Economy Scrutiny Committee on 25th June 2018

County Councillors **P Roberts (Chair)**, M Barnes, G Breeze, K W Curry, B Davies, D O Evans, D R Jones, E M Jones, G Jones, D Jones-Poston, K Laurie-Parry, I McIntosh, S McNicholas, L Roberts, D Selby, R G Thomas and Parent Governor Representatives: Mrs A Davies and Mrs S. Davies and Church Representative M Evitts.

Invited representatives from Audit Committee:

County Councillor J Morris and Independent Member J Brautigam

References:

1. British Listed Buildings (<https://www.britishlistedbuildings.co.uk/300087750-ysgol-maesydre-welshpool#.WzJZVMuWzcu> accessed 26th June 2018)



Learning, Skills and Economy Scrutiny Committee Scrutiny Observations to Cabinet on: Review of County Farms Policy

The Learning, Skills and Economy Scrutiny Committee met on the 13th August 2018 and considered the following documents:

- Cabinet Report on the Review of Farms Policy v5
- County Farm Estate Delivery Plan 2018 (FEDP18)
- Answers to questions asked before Committee
- Extract from PCC Strategic Asset Management Plan 2017-2020 agreed at Cabinet 14th March 2018
- Outcome of Condition Survey of County Farm Estate considered at Cabinet on 1st November 2016
- Extract from Capital Strategy 2018-2023 agreed at County Council on 22nd Feb 2018

The Learning, Skills and Economy Scrutiny Committee thank the Portfolio Holder for County Farms Leader of the Council R Harris, Portfolio Holder for Finance, the Professional Lead – Strategic Property and Estate Manager for attending scrutiny and in particular commend the service for providing written answers to initial questions in time for inclusion with agenda papers.

Scrutiny undertook pre-Cabinet Scrutiny of the Review of Farms Policy which is due to come to Cabinet on 18th September 2018 for the following decision:

<i>Recommendation:</i>	<i>Reason for Recommendation:</i>
<i>The Farms Estate Development Plan 2018 in Appendix 2 to the report is adopted as the estate management plan for the County Farms Estate.</i>	<i>To maintain the Estate as a viable operational asset.</i>

Background information relating to this paper is attached at Appendix A.

Scrutiny make the following observations:

- The Cabinet Report puts forward the FEDP for adoption with a new vision 'to provide a good quality, efficient farm estate that encourages new entrants into the farming industry and enables progressions which support the Powys economy'. The Cabinet report includes the following statements:
 - 'it is considered appropriate that progressive rationalisation is maintained...'
 - 'whilst it is appropriate that the Estate disposes of certain surplus assets it should be remembered that a disposal may reduce the opportunities offered by the estate to new entrants to agriculture and furthermore, limit opportunities to grow revenue in future. It is important that the critical mass of the Estate is maintained if it is to continue to fulfil its prime objective as an operational asset and not simply to deliver Capital receipts'

One of the aims of the estate is to attract new entrants to farming. It appears that limited progress can be made in this respect with approximately one third of the holdings occupied by lifetime tenants. In addition, the FEDP states those on Farm Business Tenancies are able to occupy a starter farm and have options of lease renewal and progression for up to 40 years. This effectively means once a tenant has an estate farm they can potentially remain tenants on the estate for the whole of their working life. This part of the policy does not contribute to the aims of promoting opportunity for new entrants to agriculture. It is understood that the current policy gives an initial 8 years for a starter farm with opportunity to renew for a further 8 years after which the tenant would be required to move to a progression farm. This policy was introduced in 2012 and therefore the effect of this policy is not yet being felt.

The analysis undertaken at section 5 makes no mention of Brexit and the issues that are now being faced by the farming industry. This omission needs to be addressed in this section.

- Financial Management

This section of the FEDP is unclear. It mentions capital bids but is silent on the capital funds it requires to meet its landlord liabilities for repairs and maintenance and improvements (noted in the introduction as £4million in 2015). This section needs to be updated to reflect the current position regarding repairs and maintenance and improvement.

- Repairs and maintenance and improvements

Whilst there has been ongoing investment in the estate since 2001 to address the following liabilities:

Pollution Control
Investment following Amalgamation
Health and Safety
Tenants Compensation

and costs associated with rationalisation, liabilities continue to exist and, although stated in the report as £4million (2015 figures) scrutiny were advised that since 2015 £1million has been invested from the central capital strategy to address the liabilities. The £4million had been an estimate which, when investigated had risen to £4.5million. Outstanding liabilities stand at £3.8million.

- Contributions to central capital receipts

The Farms Estate is currently expected to contribute £1million of capital receipts to central funds (retaining 10% of capital receipts for use by the service). Welsh Government currently allow capital receipts to be used for revenue purposes related to transformational projects.

Scrutiny were provided with detail of capital receipts since 2010:

2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
£1,283,097	£1,999,083	£494,705	£742,500	£545,000	£1,447,600	£1,774,861	£553,938

and projected capital receipts to 2020/21

18/19	19/20	20/21	21/22
£1,312,950	£725,000	£745,000	£460,000

It is acknowledged that opportunity receipts (sales of land or property with added value due to for example planning consents) are not included in these projections as these are uncertain.

Attention is drawn to this decrease in projected capital receipts to 2021/22 and the impact this will have on Council finances going forward.

It appears that the service consider that the Estate has been rationalised to the extent that in general only core assets remain. This is contrary to section A of 'How we will do it' which outlines 'identify a core estate of farm units both at starter and progression level by reference to the following matrix of considerations'. This action is similar to the 2015 iteration of the policy which stated: 'Identify a core estate of farm units both at starter and progression level'. This is one of a number of actions which appear not to have been acted upon during the intervening years and is a fundamental part of administering the plan.

The section on Financial Management needs to be amended to show the detailed position regarding the repairs liability (noting the risk to the Council regarding outstanding liabilities)

Summary

The proposals submitted to Cabinet appear to offer little choice other than the status quo. It is not clear the extent to which the Estate is meeting the aims of 'providing a good quality and efficient farm estate that encourages new entrants into the farming industry and enables progression which support the Powys economy'. It is clear that with the backlog of maintenance and repairs, and improvements that are required the estate holdings are not all of good quality and this will impact on the level of rental income that can be achieved. The estate consists of one third of Agriculture Holding Act holdings which will only be able to be offered to new tenants at the end of the lifetime of existing tenants. This leaves some 84 farms available for starter/progression tenancies at present. The lettings policy allows for tenants to remain on the estate for 40 years which again does not support the promotion of farms to new entrants. The estate is required to provide £1million of capital receipts to central capital funds each year. The Strategic Asset Management Plan notes a declining contribution to central capital receipts in the immediate future and this issue needs to be given serious consideration given the severe financial situation the authority is facing.

Recommendations:

1. That Cabinet be given the opportunity to consider alternative proposals to the status quo.
2. That Cabinet make clear the contribution that County Farms are expected to make to the central capital receipts in the immediate and medium term
3. That Cabinet make clear how the landlord liabilities will be dealt with in a timely manner
4. That given the issues raised during pre-cabinet scrutiny the Finance Scrutiny Panel be tasked with undertaking the report agreed at Cabinet on 1st November 2016 (That a further report be drafted for Cabinet in January on the long term financing of the County Farms Estate)
5. That the Policy is revised to ensure that the objectives of supporting new entrants is achieved.

Membership of the Learning, Skills and Economy Scrutiny Committee on 13th August 2018

County Councillors **D R Jones (in the Chair)**, M Barnes, G Breeze, K W Curry, L George, E M Jones, D Jones-Poston, S McNicholas, L Roberts, P Roberts, E Roderick and D Selby.

Background

Powys County Council is a small-holding authority under the provisions of Part 3 of the Agriculture Act 1970 of which the general aim is:

*‘having regard to the general interests of agriculture and of good estate management, shall make it their general aim to provide opportunities for persons to be farmers on their own account by letting holdings to them’*¹

It holds the largest farm estate in Wales.

In 1999/2000 the Estate was reviewed by Bruton Knowles and a Farms Rationalisation Programme agreed which was reviewed in 2004 by Bruton Knowles reporting to Board in April 2005.²

Since 2000 the Estate has generated capital receipts of £16million³ through disposals as part of the rationalisation of the Estate and sale of non-core assets. It is the Estates Department view that the non-core Estate has largely been disposed of and predicts that capital receipts are set to fall in the near future. Opportunity sales are not included in these predictions.

Since 2009 the Council has required 90% of capital receipts to fund the central capital programme.⁴

At present there is an expectation that the Farms Estate will contribute £1million annually of capital receipts.

The Cabinet Report and FEDP under consideration states that in 2015 a condition survey of the Estate was undertaken which found that repairs of £4million were required.³ However, on the 1st November 2016 Cabinet had received a report on the outcome of the condition surveys of the Farms Estate which identified a backlog of works to be £7.65million.⁵ Cabinet were asked to consider that £500,000 /annum would be made available for urgent repairs and agreed that this would be taken into account when setting future Medium Term Financial Strategies.⁵

These points are explored in further detail below:

Size of the County Farms Estate

Source	Date	Size - acres	No of holdings
Bruton Knowles	1999	?	212
Bruton Knowles – Board Report	April 2005	11,910	188
Briefing to scrutiny	2013	11,218	151
Cabinet report	2018	11,250	140

Capital Receipts

Capital receipts since 2010/11 were provided to Scrutiny and are:

2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
£1,283,097	£1,999,083	£494,705	£742,500	£545,000	£1,447,600	£1,774,861	£553,938

Capital receipts provided to scrutiny are projected to be -

18/19	19/20	20/21	21/22
£1,312,950	£725,000	£745,000	£460,000

Originally the service retained 33% of capital receipts above £200,000 per annum (Agricultural Committee 1999) ⁶ but by 2001 the service were retaining 75% of receipts to address landlord liabilities in the following areas:

- Pollution Control
- Investment following Amalgamation
- Health and Safety
- Tenants Compensation

. (Agricultural Committee 2001) ⁷

In 2005 a review undertaken by Bruton Knowles was considered at Cabinet where it was agreed to '*adopt in principle Bruton Knowles' recommendations and to continue a programme of farm rationalisations based on the Model A+ prescribed in the Bruton Knowles Review 2005 and that the matter receive detailed consideration by the Corporate Property Panel*'. Model A+ was described in the report as:

'a slightly more aggressive approach to rationalisation than the current process. This scenario anticipates, over a ten-year period, some £14.295 million being released through sales of redundant property and land. A reduced number of tenants of combined with a reduced land holding will mean that rental income reduces to £806,261 annually. This model envisages the sale of isolated smallholdings, amounting to 309 acres, which cannot be amalgamated with other farms'

(Board Minutes 2005) ⁸

In 2006 pressure on Council finances led to the retention of capital receipts by the Estate dropping to 60% (Board minutes 2006) ⁹ and in January 2009 this was further reduced to 10% '*to provide a capital programme for the next 3 years*' (Board Minutes 2009) ¹⁰

At present retention of capital receipts by the Farms Estate remains at 10%.

The additional information provided to scrutiny notes a projected contribution to the Councils capital receipts for the next 3 years as:

18/19	19/20	20/21	21/22
£1,312,950	£725,000	£745,000	£460,000

Repairs

It appears the Estate has been maintained to a varying degree over the years and a significant level of repairs and maintenance, and improvements are outstanding. There has been investment funded from varying levels of retained capital receipts since 2000 and more recently capital investment of £500,000 for at least two years agreed by Cabinet. This appears to be making little inroad into the outstanding repairs and maintenance required.

Section 2 of the 2018 FEDP notes that urgent liabilities of £4million were identified in 2015 but 4.2 of the same report notes that the services will 'Develop a costed programme of works to tackle identified maintenance issue'. From this it appears that no action has been taken to address the 2015 maintenance liabilities despite the Cabinet providing £500,000 for at least 2 years to address this. It is understood that the 2015 figure rose to £4.5 million when further investigation of work required was undertaken and at this stage £3.8million of outstanding repairs and maintenance are required.

Revenue income

Revenue income is outlined in the reports provided to scrutiny as:

2016/17 £1,117,000 (before capital charges but including internal corporate charges of 575,000)

2017/18 £1,126,578 before capital charges but including internal corporate charges of £732,941)

Capital charges were confirmed as an accounting tool and in this case do not affect the revenue accounts.

References

1. Agricultural Act 1970 Part 3 Section 39
2. Board Minutes 5th April 2005
3. Cabinet report and FEDP provided to scrutiny 18 September 2018
4. Minutes of Board 13th January 2009
5. Minutes of Cabinet 1st November 2016.
6. Minutes of Agriculture Committee 21st September 1999
7. Minutes of Agricultural Committee 11th January 2001
8. Minutes of Board 5th April 2005
9. Board minutes 14th November 2006
10. Board Minutes 13th January 2009

Learning, Skills and Economy Scrutiny Committee Scrutiny Observations to Cabinet on: Home to School Transport

The Learning, Skills and Economy Scrutiny Committee met on the 22nd August 2018 and considered the following documents:

- Draft Cabinet Report on Home to School/College Transport Policy and Consultation Report v5
- Appendix A Consultation Summary Report
- Appendix B Home to School/College Transport Policy – consultation version
- Appendix C Home to School/College Transport Policy – post consultation version
- Appendix D Impact Assessment

The Learning, Skills and Economy Scrutiny Committee thank Senior Manager School Transformation, Principal Officer Admissions and Transport and Passenger Transport Operations Officer for attending scrutiny. It was unfortunate the Portfolio Holder was unable to attend as this meeting fell within the holiday period. However, in order to meet the deadlines for September Cabinet it was necessary to hold this meeting in August.

Scrutiny make the following observations:

It is clear that there is insufficient information contained within the report to make an informed decision on a number of areas. This is recognised within the recommendations and scrutiny welcome the acknowledgement that additional work is required before decisions can be taken regarding the issue of charging for Post 16 transport and how the transport policy can be used to support the aims contained within the Welsh in Education Strategic Plan.

However, there were a number of other omissions from the policy that make it difficult for scrutiny to be able to fully consider the Policy. These include:

- A lack of definition of 'Catchment School' within the policy (this is defined within the covering Cabinet report and noted as a Main Change but does not appear in the Policy)
- A lack of Catchment Maps attached to the policy which is an essential requirement for parents to understand where their child is eligible to attend school
- Transitional arrangements are not outlined and an implementation date should be included for clarity with details of transitional arrangements if these are to be arranged

Questioning on the point of Catchment School and Nearest School revealed that some postcodes will fall in two catchment areas. Whilst there maybe historical reasons for this and strong local feeling against changing the status quo, scrutiny query the appropriateness of offering a choice of schools to some pupils which is not replicated across the county on the basis of fairness. Scrutiny believe equality is paramount.

- A financial analysis was lacking which meant it is not possible to ascertain the impact of the changes that are intended to be made (for example regarding transport provision for ALN learners) or changes that could be made (for example regarding defining postcodes to be in a single catchment)

In respect of the further work to be undertaken with regard to charging for Post 16 transport it is recommended that a full investigation is undertaken covering both the financial aspects of any change and the impact this may have on encouraging retention of students in the county. This should be linked to consideration of the Offer that Powys is able to make to Post 16 pupils in comparison to other providers such as Hereford and Shrewsbury College as at present these are clearly able to attract Powys students who are willing to travel incurring both a financial and time cost.

The consultation process and responses are included but it is noted that the response was limited and not geographically valid. It appears that engagement has been undertaken with parents and pupils currently using this service but it appeared that consultation had not reached those parents and pupils who would be affected by the policy in the future.

Concern was expressed that the current contracting arrangements may not encourage contractors to invest in high quality vehicles which could result in safety concerns. This is outside the remit of the matter under discussion and would be appropriate for referral to the Audit Committee.

Recommendations

- **That the policy is amended to clarify the points raised in particular:**
 - **a full set of definitions**
 - **the provision of catchment maps**
 - **transitional arrangements**
- **That financial analysis is undertaken so that the impact of the changes that could be taken can be clearly understood**
- **That the impact of the proposed changes on current users is assessed**

- **That Learning Skills and Economy Scrutiny Committee be given the opportunity to scrutinise the further work proposed regarding Post 16 transport and the links between the Home to School Transport Policy and Welsh in Education Strategic Policy**
- **That the contractual arrangements for home to school transport be referred to Audit Committee for consideration**

Membership of the Learning, Skills and Economy Scrutiny Committee on 22nd August 2018

County Councillors **B Davies (in the Chair)**, G Breeze, K W Curry, S. Davies, D Evans, E M Jones, G Jones, D Jones-Poston, I McIntosh, S McNicholas, J Pugh, L Roberts, E Roderick, D Selby and G Thomas.

Parent Governor S Davies and Church Representative M Evitts

**Learning, Skills and Economy Scrutiny Committee
Scrutiny Observations to Cabinet on: Schools Asset Management Plan**

The Learning, Skills and Economy Scrutiny Committee met on the 14th September 2018 and considered the following documents:

- Cabinet Report on Schools Strategic Asset Management Plan for Schools (SSAMP) 2018-24
- Schools Strategic Asset Management Plan 2018 – 2024 v1 draft for comments
- Appendix A – Schools Building Condition, Suitability and Sufficiency data 2018
- Appendix B Certification requirements

The Learning, Skills and Economy Scrutiny Committee thank the Head of Learning, Senior Manager School Transformation and School Capital and Property Manager for attending scrutiny.

Scrutiny make the following observations:

A number of Members are Governors of the schools listed in Appendix A and questions were raised regarding the accuracy of the information as the capacity stated did not accord with their understanding of the capacity at their schools. It is understood that a review of capacity is currently being undertaken which should ensure that the capacity of every school is correct.

The report references Vision 2025 and the following two measures in the Vision relate to this Management Plan:

Reduction in the number of our school buildings with an overall condition standard of C or D from 132 to 120 by 2025

Reduce surplus places to 14% in primary (Baseline 16.7%) and 21% in secondary (Baseline 24%) by 2020

To be able to track these measures it is necessary to have the correct baseline data and confirmation is sought that the figures regarding capacity contained within the report are correct.

A number of years ago a piece of work was undertaken mapping the location of secondary pupils across the County and the schools that they attended. It does not appear that this type of information is used to ensure that investment in schools is appropriately targeted to those schools which will continue to be viable in the near to middle future. The authority should ensure that it is not targeting scant resources on schools which may be unviable in the near future.

It is accepted that safeguarding issues are prioritised but it was acknowledged that there was a shortage of funds set aside for small scale improvements.

The development of an overall maintenance plan for the estate will be undertaken by utilising the Schools Asset Database. It is acknowledged within the report that this is incomplete.

Concerns were expressed at the working relationship between the Heart of Wales Property Service and individual schools which would be issued with a new Service Level Agreement during the autumn term.

Scrutiny welcome the proposals set out within the Asset Management Plan to deal with Risk and would hope that by following the Risk Management Strategy it would be hoped that the problems that arose with the schools in Welshpool could be avoided.

Recommendations

- **That the capacity figures included in Appendix A of the report are checked for accuracy**
- **That the Schools Asset Management Plan reflects the viability of schools in the short to medium term to ensure that resources are spent most appropriately**
- **That funding is prioritised within that available for schools' maintenance for those matters which are of a safeguarding concern**
- **That the Schools Asset Database is promptly completed within a defined timeframe to be set out within the report**
- **That the scoring methodology referred to in section 4.2 of the report as approved by Cabinet in 2015 is attached as an Appendix to the 2018-2024 plan**
- **That the Schools Asset Database is kept up to date on an annual basis to ensure that there is confidence that the Major Improvements Plan and Maintenance Plan for the estate are targeting resources to those areas most in need**

Membership of the Learning, Skills and Economy Scrutiny Committee on 14th September 2018

County Councillors **P Roberts (in the Chair)**, G Breeze, K W Curry, B Davies, S. Davies, D Evans, L George, D R Jones, E M Jones, G Jones, D Jones-Poston, I McIntosh, J Pugh, E Roderick, D Selby, G Thomas and R Williams.

Parent Governor A Davies and S Davies and Church Representative M Evitts

APPENDIX F



Learning, Skills and Economy Scrutiny Committee Scrutiny Observations to Cabinet on: School Budgets

The Learning, Skills and Economy Scrutiny Committee met on the 14th September 2018 and considered the following documents:

- School Budget 2018-19 update as at 30th June 2018

The Learning, Skills and Economy Scrutiny Committee thank Head of Schools, Head of Financial Services and Finance Manager for attending scrutiny.

Scrutiny make the following observations:

School balances remain an area of considerable concern to scrutiny. It appears that despite much attention being given to this issue the deficit balances continue to worsen although this varies across the sector with Primary Schools making strenuous efforts to live within their means. These schools appear to be able to take the actions required within a timely manner to keep within their budgets although the projected decline in available reserves of primary schools for the year 2019/20 and the slide into an overall deficit position for 2020/21 is stark. It is acknowledged however that these projections do not take account of actions that primary schools will be taking to address this issue and it appears that the actions taken between 31 March 2018 and 30th June 2018 present an already improving picture.

The same cannot be said however for Secondary Schools which over the three months 31 March 2018 to 30th June 2018 have an already large deficit position of £3.8 million worsening by £161k to £3.96 million. However, not all Secondary Schools are contributing to this worsening position. The Report before Cabinet is not clear where

the worsening position is occurring but comparison to the report to Cabinet on School budgets on 19th June 2018 shows that the following schools:

Are in an improving position for this year:

- Ysgol Maesydderwen
- Welshpool High School
- Llanidloes High School

Are in a broadly static position:

- Ysgol Bro Hyddgen

Are in a worsening position for this year:

- Brecon High School – which continues to worsen
- Crickhowell High School – which continues to worsen

The position with regard to Brecon High School is of particular concern as scrutiny have previously been assured that action will be taken to address this. However, it is apparent that any action that has been taken has not been sufficient to even stabilise the position.

It is also of concern that there is no mention within the Report to 30th June 2018 of the predictions regarding Ysgol Calon Cymru. Whilst it is accepted that this report is dealing with those schools predicting a deficit in 2018/19 and Ysgol Calon Cymru is not in this position it is nevertheless the case that this newly opened school created by closing two schools which had predicted deficit balances of £573,675 (Builth High School) and £542,236 (Llandrindod High School), and which according to the current report in deficit in the region of £1.115 million (estimated) and will be written off. It is noted that delegation to Llandrindod High School was withdrawn on 19th July 2018 – the day before the last day of term. The Cabinet Report of 19th June 2018 predicted at that time that Ysgol Calon Cymru will be in deficit by over £500K by 2020/21. Scrutiny simply cannot understand how a new school can be created which is not financially viable within the first couple of years of operation.

With regard to Special Schools the report notes that two out of three schools are in a deficit position with the projected deficit increasing by £97k between 31st March 2018 and 30th June 2018.

The provision of absolute figures regarding deficit balances is noted but it would be of assistance to provide the deficit as a percentage of the total delegated budget for that school.

It is noted that this report gives figures to 30th June 2018 and schools have been given until 30th September 2018 to submit recovery plans. The position regarding school deficit budgets needs to be reported regularly to Cabinet.

It is acknowledged that a review is currently being undertaken into the Schools Funding Formula. This will not solve the deficit budget issue but will provide clarity on those schools which are failing to manage their budget where the budget provided can be evidenced to be appropriate for the size and type of school. Given how important

the Funding Formula Review is, it is important that this work is progressed at pace so that all parties can be confident that the budgets that are worked on are appropriate.

Recommendations

- **That those schools who are exercising financial prudence are commended and the work undertaken by the schools finance department to support these schools be acknowledged**
- **That the Portfolio Holder for Finance and the Portfolio Holder for Education acknowledge the risk that the position regarding schools deficit budgets brings to the authority and outline the action that they will take, in particular with regard to those schools in the secondary and special sector showing a worsening position, to reduce this risk and bring the schools delegated budgets back into a balanced position**
- **That consideration is given to how financial delegation is monitored for those schools which are known to potentially be or actually be in the position of closing to ensure that if it becomes apparent that financial management is not being followed then prompt action can be taken**
- **That a commitment is provided that, given the impact that the Funding Formula Review has on school budgets, this review will be worked on at pace and will be ready for implementation from April 2019.**
- **That a further report on the overall position regarding school budgets to be reported to Cabinet in November to include the impact of the recovery plans due for submission on 30th September 2018.**

Membership of the Learning, Skills and Economy Scrutiny Committee on 14th September 2018

County Councillors **P Roberts (in the Chair)**, G Breeze, K W Curry, B Davies, S. Davies, D Evans, L George, D R Jones, E M Jones, G Jones, D Jones-Poston, I McIntosh, J Pugh, E Roderick, D Selby, G Thomas and R Williams.

Parent Governor A Davies and S Davies and Church Representative M Evitts

Learning, Skills and Economy Scrutiny Committee Scrutiny Observations to Cabinet on: Green waste proposals

The Learning, Skills and Economy Scrutiny Committee met on the 14th September 2018 and considered the following documents:

- Draft Cabinet Report – Green Waste Kerbside Collection v1

The Learning, Skills and Economy Scrutiny Committee thank the Portfolio Holder Cllr P Davies, the Senior Manager Highways Technical and Senior Manager Compliance and Waste Strategy for attending scrutiny.

Scrutiny make the following observations:

It was clear that much work had been undertaken regarding green waste and that the changes that are proposed are working elsewhere.

Scrutiny welcome the proposed consultation which will provide a further opportunity for work to be undertaken on areas where questions remain and the group highlighted in particular the following areas:

- Payment for the service will need to be simple for users and the link between those who have paid for and those who receive the service should be seamless
- The sizes of bins, the regularity of collection, including during different seasons and the costs of different options including the cost of hire compared to purchase of collection vehicles will need further consideration
- The operation of the service within towns with communal area as opposed to private areas will need careful management and further research of how other authorities manage this is suggested

- The service should consider a trial of the proposals prior to full rollout
- It is essential that the proposals receive appropriate publicity to explain the overall benefits of changing to a paid for kerbside collection in conjunction with the removal of the green waste banks at the Community Recycling Centres.

Recommendations:

- **That the work identified in the observations is carried out during the consultation period**

Membership of the Highways Transformation Scrutiny Group on 14th September 2018
County Councillors **P Roberts (in the Chair)**, L George, D Jones, G Jones, I McIntosh,
J Pugh, D Selby and R Williams.



Learning, Skills and Economy Scrutiny Committee

Scrutiny Observations to Cabinet on the Schools Funding Formula Review

The Learning, Skills and Economy Scrutiny Committee met on 4th January 2019 and considered the following documents:

- Draft Cabinet Report v7.1 IBJT
- Appendix A1, A2 and A3
- Appendix B
- Appendix C

The Learning, Skills and Economy Scrutiny Committee thank the Portfolio Holders for Education and Finance, the Director of Education, Head of Financial Services, Finance Business Partner together with the Schools Finance Specialist and Chair of the Formula Review Group for attending scrutiny.

Observations:

The Cabinet Report is the culmination of a period of intensive work undertaking a fundamental review of the Funding Formula. This meeting represents the fourth time that the topic has come before scrutiny during the development process

Scrutiny welcome the production of a Schools Funding Formula which is clear and transparent.

Scrutiny confirm that it is their understanding that part of the work of the Formula Review Group has been to calculate what it costs to provide education in Powys schools taking into account the different types of schools that are found in the county (including very small schools, dual stream schools, split site schools etc).

It is disappointing, although understandable, that it has not been possible to design a formula which addresses all of the issues that arise and that other reviews (such as the ALN review) may result in a need to alter the formula. What is essential in this regard is that this formula is, unlike the previous formula, regularly maintained to take into account any changes proposed regarding education in Powys. This will ensure that transparency is maintained.

Scrutiny note that the aim of the Formula Review was to provide a fair method of distributing the amount of funding available for delegation to schools. Scrutiny also note that during discussions regarding school budgets the Portfolio Holder had acknowledged that 'the review would demonstrate whether or not schools were properly funded' ¹ (Scrutiny observations to Cabinet - School Budgets 10th July 2018)

Scrutiny queried the amount of protection which was afforded to small schools. It was confirmed that the level of support was such that it would provide an adequate level of funding to ensure the school can safely run. There are however questions regarding the lack of social experiences that small schools can provide. It is noted that the funding formula is not a mechanism for reorganising schools but school organisational change is one of the potential policy changes identified in Appendix B to produce a more efficient and effective service. In a time of reducing resources, the distribution of resource across schools in Powys should provide a fair level of funding to all pupils and Cabinet are asked to demonstrate that small schools are not receiving a disproportionate amount of funding to the detriment of medium and large schools. It is also noted that this formula can also be used to demonstrate the validity of any transformation models that are proposed in the future.

Scrutiny queried the calculation for premises costs and were advised that these had been calculated based on the spend during the previous year. Scrutiny have concerns that this is not a representative figure because, with the current financial climate, schools are likely to have diverted spend from premises to other areas of pressure which gives an inappropriately low level of spend that is now being built into the formula. The risk of using this methodology is that insufficient funding is available for premises which will result in a lack of maintenance and repair costing more in the longer term.

Scrutiny identified a lack of clarity regarding what the ALN allowance in Block 2 covers, being advised that items such as the increase capitation costs for ALN pupils and cover for Head teachers attending safeguarding meetings would be funded from this budget.

The ability of the funding formula to support an increase in the number of Welsh speakers in Powys was discussed. The formula is designed to distribute funding across the existing network of schools and activities designed to increase the number of Welsh speakers would properly be considered under the Welsh in Education Strategic Plan. The ability to support Welsh learners through immersion support was discussed. A grant funded immersion scheme at the beginning of secondary school was referenced. This had enabled pupils from English Medium primary schools to gain the level of Welsh language needed to study through the medium of Welsh in secondary school. This grant funding was no longer available and a view was expressed that to meet the objectives of increasing the number of Welsh speakers this funding should be included in formula. Officers and the Portfolio Holder were of the view that the low numbers in need of such support make it appropriate for it to be provided from central resource rather than delegated resource. This is an area that scrutiny would encourage the service to investigate further in the future.

There was some debate regarding the gap between what the Funding Formula Group were of the view should be available to enable the existing school estate to run on a core basis and the view of the Portfolio Holder and Officers. This reported gap of approximately £5.5million can be summarised as follows:

- A gap of £2.5-3million relating to whether the 2018 ISR (Individual School Range) is used (Officers calculations) or actual leadership costs. Governing Bodies are able to vary the rate at which staff are paid and in previous years,

when school rolls were higher, Governing Bodies set ISRs for their schools. As school rolls have fallen these ISRs have not always been adjusted to reflect this. Whilst Governing Bodies may choose to pay at the higher ISR level the Formula is only designed to fund at the current ISR level. The ISR is reviewed annually.

- The use of Higher Level Teaching Assistants instead of Teachers to cover PPA (Planning, Preparation and Assessment) time.
- The grading of Administrative staff at Level 4 instead of Level 5.

From an Officer/Portfolio Holder perspective the gap between core funding required and available funding is £0.98million.

Scrutiny note the difference of opinion as to what the gap between minimum provision and available funding is (ranging from £0.98k to circa £5.5million). Whilst scrutiny understand the rationale for using the capped 2018 ISR rate it is nevertheless the case that some schools are paying senior staff based on historic ISR rates and will need support to undertake a fundamental staffing review. The other two areas where differences arise are also areas where Governing Bodies have the discretion to fund at a higher rate but given that the formula provides core funding in practice there will be limited discretion available.

Scrutiny further note that the staffing level assessments are based on the corporate job evaluation process and that this cannot be altered due to its implications elsewhere within the authority.

A series of options to bridge this gap were set out at Appendix B of the Cabinet Report. Scrutiny were advised that options 1, 5 and 9 were favoured.

Option 1 – Reduce funding on capitation by 15%. The educational impact of reducing this budget was not confirmed at the meeting.

Option 5 – Reduce management time in Primary Schools from 0.3 to 0.2. Scrutiny are concerned that this would lead to additional pressures on Head teachers. The Director of Education advised that elsewhere in Wales the allowance for management time for Primary Head teachers was 0.1.

Option 9 – Increase KS4 option class size to 25. This was considered by the Portfolio Holder to have a marginal impact as it was a way of providing funding for options to each of the secondary schools and the way this money was spent for local decision. Schools choose how many pupils are required to make an option class viable and by taking £417k out of KS4 options in Powys will increase the number of pupils required to run an option class and consequently lead to a decrease in the number of options that are actually delivered each year by the school. Scrutiny draw the attention of Cabinet to the impact this reduction will have particularly on pupils in the coming academic year before schools have an opportunity to develop alternative delivery models for less popular subjects.

Scrutiny note that effectively there are not 9 options as Options 4,7 and 8 are either not an option, do not result in a reduction or increase costs. Option 6 is an alternative

to Option 5 and therefore Option 3 is the only true alternative which also has questions regarding its ability to deliver savings.

With regard to the proposal to pay PPA cover at HLTA (Higher Level Teaching Assistant) rate scrutiny express concern that scrutiny seek assurance that there are sufficient HLTAs trained in Powys to be able to undertake this work, and if this is not the case what plans would be put in place to address this. This information was not confirmed during the session.

It is noted that a number of schools (22) are identified as losing funding with 4 schools losing over £100k/year (3 secondary, 1 primary). Conversely, there are 70 schools set to gain funding with again 4 schools set to gain over £100k/year (2 secondary, 2 primary). Whilst there will be difficulties for those schools set to lose funding (and transition for these schools will need to be carefully supported) the rebalancing of the available funding is welcomed. However, scrutiny query that if by ‘bridging the gap’ the number of schools either gaining or losing funding will change and seek clarity on this point. The transition will need to ensure that those pupils who have started a two year course at Key Stage 4 are able to complete their studies in Year 11 but otherwise the curriculum redesign needs to commence from autumn 2019. Staffing redesign will need to be undertaken at pace and immediate support needs to be available from Finance, Human Resources and School Improvement teams to support schools to make the necessary changes.

Scrutiny consider that the recommendations outlined in report 7.11BJT lack clarity. The first recommendation is to implement the formula as set out in Appendix A (the ‘unbridged’ figure), the second recommendation amends it to bridge the gap and the third recommendation notes that implementation will be phased over two years. Clarity is needed particularly regarding the phasing of implementation. Additional costs will be incurred during this two year period whilst the second year of two year courses run and staffing reviews are undertaken. The report should identify how the additional costs during the implementation phase will be funded.

Whilst the intention of the Funding Formula Review is not to address deficit budgets attention is drawn to the high and increasing levels of school deficit budgets and that funding school budgets at a minimum level is not designed to allow for deficits to be paid back. Cabinet are asked how they intend to deal with existing school deficit budgets and how it will be ensured that from the date of implementation of the new funding formula all schools set balance budgets. However, Scrutiny would be remiss if it did not draw Cabinet’s attention to the fact that in bridging the gap between current budget and the calculated costs identified in the review there remains a significant risk that funding supplied to schools may still result in schools struggling to set balanced budgets. This is particularly likely to be true if the review group’s figure on the gap proves to be closer to the actual gap in funding.

Recommendations:

Scrutiny’s Recommendation	Accept (plus Action and timescale)	Partially Accept (plus Rationale and Action and timescale)	Reject (plus Rationale)
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<p>1. That the Cabinet report clearly articulates what is considered to be the minimum funding necessary to run Powys schools and where this differs from the recommendation from the Formula Review Group then an explanation be provided.</p>			
<p>2. That a review of the impact of the changes implemented be undertaken in the first year to identify if the changes have resulted in any negative consequences. This review to include but not be limited to:</p> <ul style="list-style-type: none"> • Impact of using previous year's figures for premises spend • Impact of paying HLTA rate for PPA cover • Impact of paying Admin staff at Grade 4 rather than Grade 5 			
<p>3. That a supporting document be prepared to highlight to schools the collaborative options that can be used to share expertise and save money</p>			
<p>4. That narrative be provided regarding what the ALN allowance (Block 2) covers</p>			
<p>5. That where figures such as school meals in secondary schools are included that these reflect the actual per meal rate paid by Welsh Government for the year to which the formula relates so that individual secondary schools are not subsidising free school meals for eligible pupils</p>			

<p>6. That Cabinet demonstrate that small schools are not receiving a disproportionate amount of funding to the detriment of medium and large schools</p>			
<p>7. That the Funding Formula be subject to annual review to reflect any education policy changes to ensure that the Funding Formula remains transparent and compliant with regulations, and that scrutiny have an opportunity to undertake pre-Cabinet scrutiny of any proposals to amend the Funding Formula</p>			
<p>8. That Cabinet advise how it is intended to tackle the problem of school deficit budgets which, with the implementation of the new funding formula, will leave no leeway to payback school deficits, and how it is intended to ensure that from the implementation of the new funding formula all schools set balanced budgets</p>			
<p>9. That the report outlines what funding will be provided to support the 2 year phased implementation</p>			
<p>10. Greater clarity is required in respect of the availability and source of funding to facilitate the transformational changes within school management and administrative structures</p>			

<p>11. That confirmation of the number of schools receiving less or more funding is based on the delegated funding of £70.48million rather than the £71.46million included in the report v7.1IBJT</p>			
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In accordance with Rule 7.27.2 the Cabinet is asked to provide a written response to the scrutiny report, including an action plan where appropriate, within 2 months i.e. by 15.03.19

Membership of the Learning, Skills and Economy Scrutiny Committee present on 4th January 2019:

County Councillors: P Roberts (Chair), D R Jones, G Breeze, K Curry, B Davies, S C Davies, D O Evans, L George, E M Jones, G Jones, K Laurie-Parry, S McNicholas, L Roberts, E Roderick, D Selby, G Thomas and R Williams

Parent Governor Representatives: A Davies and G Robson

Church Representative: M Evitts

Invited representatives from Audit Committee: County Councillor J Morris (Chair) and Independent Member J Brautigam (Vice-Chair)

References

1. Extract from Scrutiny observations to Cabinet - School Budgets 10th July 2018

At the meeting scrutiny Members heard from the Portfolio Holders for Schools and Finance that a Review of the Fair Funding Formula was nearing completion and would be brought to scrutiny and Cabinet in the near future. The Portfolio Holders appeared to be holding great store that the review would demonstrate the amount of money required to run a school providing the statutory breadth of education and that this would then demonstrate whether or not schools were being properly funded. This is a large piece of work and will help inform future school budget discussions. However, until this Review reports it is not possible to ascertain what impact it will have on the school budget position and therefore action needs to be taken now to ensure that school deficit budgets are recovered to a balanced position.



Learning and Skills Scrutiny Committee

Scrutiny Observations to Cabinet on the Schools Major Improvements Programme 2019 - 2020

The Learning and Skills Scrutiny Committee met on 11th February 2019 and considered the following documents:

- Schools Service Major Improvements Programme 2019 - 2020

The Learning, Skills and Economy Scrutiny Committee thank the Portfolio Holders for Education and Finance, the Head of Schools Services and the Schools Capital and Property Manager for attending scrutiny.

Observations:

Scrutiny welcome the opportunity to undertake pre-Cabinet scrutiny of the Schools Major Improvements Programme and note the allocation of £2million for capital improvements for the year 2019/20.

It is noted that the programme covers a range of improvements, refurbishments, DDA, Early Years and upgrading works. It was also noted that the programme may be amended to take into account in year urgent health and safety works that are needed. The links with the 21st Century Schools programme was explored and it was confirmed that schools who are due to receive feasibility studies under the 21st Century Schools programme would not be included for improvements under the School Improvement Programme.

Concern was expressed regarding the intention to reduce the funding in the Major Improvements programme in future years. It is acknowledged that the 21st Century Schools programme will result in the replacement of those schools in the worst condition with an overall improvement in the school estate.

A capital programme needs to invest sufficient funds to ensure that schools are appropriately maintained and do not deteriorate to the extent that significant investment is required. Research is suggested to ascertain what an appropriate level of investment would be to ensure good maintenance of the school's estate. This can then be assessed against what the authority can afford in this regard. Aligned to this is a question of how many school sites the authority can afford to support. At present there are 84 primary school sites, 13 high school sites and 3 special school sites*. Proposals are progressing to close one of two primary schools (Ysgol Banw or Ysgol Llanerfyl) and close four primary schools in Welshpool and open two new primary schools. This would reduce the number of primary school sites to 81. The Portfolio

Holder also indicated an intention to modernise primary provision in the Newtown area with the potential to reduce five primary school sites to two.

A previous recommendation from scrutiny on Fair Funding stated:

That Cabinet demonstrate that small schools are not receiving a disproportionate amount of funding to the detriment of medium and large schools

and this recommendation also applies to the distribution of the additional capital funds for distribution across the school estate.

It is noted that works undertaken for DDA requirements fall under this programme and the works undertaken have the benefit not only of allowing a young person to access education in their local community but that the alterations made remain and the school can continue to offer a higher level of accessibility. The planned reduction of capital funding for Schools Major Improvements may put at risk the ability of the authority to respond to DDA requirements or provide sufficient funds for repairs and maintenance. It is essential that neither of these areas of funding should be put at risk and scrutiny may wish to review this in their end of year report.

Scrutiny noted that a capital grant for feminine hygiene and toilet facilities of £32,226 had been allocated to one school. It was confirmed that only one scheme relating to toilets had fallen within the programme under the scoring system and therefore the funds had been allocated to this scheme. Scrutiny query how it is intended to ensure all schools have access to 'improved toilet facilities and feminine hygiene hardware in schools'.

Scrutiny noted that the restriction those schools who had subscribed to the Property Plus scheme run by HoWPS had experienced a full year of 'emergency only' service. This had limited their ability to undertake regular maintenance and scrutiny seek assurance that the maintenance backlog which had built up during this period has been addressed and is not contributing to larger problems in the future.

Scrutiny are concerned that this issue first highlighted in a scrutiny report relating to the performance review of the first year of the operation of HoWPS if repeated on a regular basis may lead to a reduction in the life expectancy of the school estate.

Scrutiny welcome the work that is being undertaken to assess the requirements for bringing all schools up to standard as part of the Schools Asset Management Plan. Scrutiny recognise that until this work is completed it is not possible to quantify the financial risk to the authority inherent with bringing the schools up to date of a position of full maintenance. We look forward to sight of this information in line with the recommendations that were made when this plan was scrutinised.

Recommendations:

Scrutiny's Recommendation	Accept (plus Action and timescale)	Partially Accept (plus Rationale and Action and timescale)	Reject (plus Rationale)
1. That a review of the level of expenditure in the capital programme and how it relates to the viability of schools is undertaken to ensure that scarce funding is not wasted			
2. That scrutiny monitor the ratio of DDA capital expenditure as a proportion of the capital budget and advise of any risk this expenditure may have on the wider capital programme			
3. That the service work with HoWPS to ensure that an appropriate level of routine maintenance and repairs are undertaken at all times.			
4. That scrutiny are provided with the completed Schools Asset Management Plan to include the financial costs of bringing each school including its grounds up to a position of full maintenance			

In accordance with Rule 7.27.2 the Cabinet is asked to provide a written response to the scrutiny report, including an action plan as soon as possible, but at the latest, within 2 months of the date of the meeting i.e. by 06.05.19.

Membership of the Learning and Skills Scrutiny Committee present on 11th February 2019:

County Councillors: P Roberts (Chair), G Breeze, B Davies, S C Davies, K Laurie-Parry, L Roberts, E Roderick and G Thomas

Parent Governor Representatives: A Davies, S Davies and G Robson

Church Representative: M Evitts

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