

CYNGOR SIR POWYS COUNTY COUNCIL.

**CABINET EXECUTIVE
Date: 29 September 2020**

**REPORT AUTHOR: County Councillor Phyl Davies
Portfolio Holder for Education and Property**

**REPORT TITLE: 21st Century Schools Programme – Ysgol Bro Hyddgen
Community Campus Project**

REPORT FOR: Decision

1. Purpose

1.1 This report seeks Cabinet approval to submit a revised Strategic Outline Case (SOC) and Outline Business Case (OBC) to Welsh Government's 21st Century Schools Programme for capital investment to replace the existing Ysgol Bro Hyddgen school estate in Machynlleth with an all-age community campus on the current secondary campus site. The revised SOC/OBC replaces the previous version which was approved by Welsh Government in 2017.

1.2 The new flagship community campus will include early years and education provision, along with brand new leisure and library facilities, replacing the existing Bro Ddyfi Leisure Centre and Machynlleth library. It is the Council's intention for the Bro Hyddgen Community Campus scheme to become the blueprint for the new Strategy for Transforming Education in Powys.

1.3 The project is included within the Council's Strategic Outline Programme (SOP) for Band B, which was approved by Welsh Government and Cabinet in July 2017, albeit at an initial projection of £23.2 million. The estimated required funding, including early stage risk contingency, is as follows:

Welsh Government contribution 65%	£31,362,739
PCC 35%	£16,887,629
Total	£48,250,369

1.4 It is appropriate to include early stage risk contingency of £5,475,219 at this early project stage. If optimism bias and risk does not materialise, the scheme envelope will reduce. Actual costs will be confirmed following the conclusion of the procurement process and at Full Business Case stage.

Appendix A: Strategic Outline Case and Outline Business Case which outlines the strategic case, the case for change, the economic, commercial, financial and management case.

Appendix B: Q & A Paper (Confidential Paper)

Appendix C: Integrated Impact Assessment

2. **Background**

2.1 On the 14th April 2020, a new Strategy for Transforming Education in Powys was approved by the Leader via a delegated decision.

2.2 The Strategy was developed following extensive engagement with a range of stakeholders during two separate periods between October 2019 and March 2020. The Strategy sets out a new vision education in Powys, which is as follows:

'All children and young people in Powys will experience a high quality, inspiring education to help develop the knowledge, skills and attributes that will enable them to become healthy, personally fulfilled, economically productive, socially responsible and globally engaged citizens of 21st century Wales.'

2.3 The new strategy also sets out a number of guiding principles which will underpin the transformation of education in Powys. These are as follows:

- *A world class rural education system that has learner entitlement at its core*
- *Schools that are fully inclusive, with a culture of deep collaboration in order to improve learner outcomes and experience*
- *A broad choice and high quality of provision for 14 – 19 year old learners, that includes both academic and vocational provision, meeting the needs of all learners, communities and the Powys economy*
- *Welsh-medium provision that is accessible and provides a full curriculum in Welsh from Meithrin to age 19 and beyond Provision for learners with Special Educational Needs (SEN)/Additional Learning Needs (ALN) that is accessible as near to home as is practicably possible, with the appropriate specialist teaching, support and facilities that enables every learner to meet their potential*
- *A digitally-rich schools sector that enables all learners and staff to enhance their teaching and learning experience*
- *Community-focused schools that are the central point for multi-agency services to support children, young people, families and the community*

- *Early years provision that is designed to meet the needs of all children, mindful of their particular circumstances, language requirements or any special or additional learning needs*
 - *Financially and environmentally sustainable schools*
 - *The highest priority is given to staff wellbeing and professional development*
- 2.4 The new strategy sets out a number of Strategic Aims and Objectives, to shape the Council's work to transform the Powys education system over the coming years. One of the Strategic Aims of the Strategy is to *'improve learner entitlement and experience'*. Within this aim, the Strategy sets out two Strategic Objectives, to *'Develop a network of all-age schools based around the 13 current secondary school locations'* and to *'Reconfigure and rationalise primary provision'*.
- 2.5 The strategy also includes an enabling action to implement *'a major capital investment programme that will ensure that schools in Powys have inspiring, environmentally sustainable buildings that can provide opportunities for wider community activity, including where possible childcare services, early years, ALN, multi-agency support and community and leisure facilities.'*
- 2.6 The Council's intention is to develop, within the 13 secondary school localities, an infrastructure of all-age schools. Initially, these may be multi-sited all-age schools, however, the ultimate aim is to develop new purpose-built schools that will not only provide state of the art facilities for teaching and learning, but also childcare and early years provision, community and leisure facilities, multi-agency areas that can provide support for learners and their families and SEN/ALN facilities of the highest quality.
- 2.7 However, prior to the development of the new Strategy, the transformation of education in the Machynlleth catchment area had started in 2012 with an area review which resulted in the establishment of Ysgol Bro Hyddgen in September 2014 as an all-age school across two campuses, merging the former Ysgol Bro Ddyfi and Ysgol Gynradd Machynlleth.
- 2.8 The second phase of the transformation was to develop a new build community campus, replacing the poor-quality buildings of the current campuses. This project was included in the Council's 21st C Schools Programme. The Council awarded a design and build contract to Dawnus Construction Ltd, and a combined SOC/OBC was approved by the Welsh Government in 2017 – the estimated cost at this stage was £23.2 million.
- 2.9 The scheme was at RIBA 4 full design stage, and the planning application had been submitted to the planning authority when, in March 2019, Dawnus entered administration. Construction had not yet started on site.

- 2.10 Following the collapse of Dawnus, officers took the opportunity to reconsider the design to see if it was feasible to include leisure and library provision, as well as early years and education provision.
- 2.11 In January 2020, a design team were directly employed by the Council to support the feasibility study, which concluded in May 2020. Discussions have included representatives from the school and Freedom Leisure, as well as officers from the Council and HoWPS. The information gathered during the feasibility study has informed the revised SOC/OBC.
- 2.12 To confirm that the preferred development site presents the best option for the school, community and for the Council, further investigations took place on an alternative site between January and June. These investigations confirmed that the existing secondary campus site presents the best value for money and quickest route to delivery.

3. The Case for Change

3.1 The case for change is based on the need to improve facilities for pupils and wider community, in a rural area of north Powys. The current school and leisure infrastructure are in very poor condition. The school also operates under operational constraints as a multi-sited school:

- Headteacher and senior leadership team must split their time between two campuses
- Due to the success of the amalgamation, specialist teachers teach the primary phase pupils, (science and P.E for example), but are often late to lessons due to the need to travel between lessons.
- Primary phased pupils cannot access specialist secondary site facilities due to the need to walk 1 mile to the site, and the need to cross the busy A487 trunk road.
- Due to the lack of car parking spaces at both sites, especially at the secondary site, cars often park on the netball court, which cause issues around safeguarding and delivering the curriculum.
- Secondary campus school is an old Victorian building which is not fit for purpose. Some classes need to be split for a maximum of 15 pupils due to the lack of classroom space.
- There is a lack of sporting facilities at both primary and secondary campuses, and the school pupils often need to cross the busy A487 to access leisure centre provision, which causes safeguarding and health and safety concerns.
- Due to the lack of facilities, pupils and the wider community often need to travel out of county to Ceredigion or 30 miles to Newtown to access facilities such as an all-weather pitch. This is especially challenging during winter months.
- The existing leisure centre was built in 1990 and has recently has to face partial closure due to significant issues with the roof of the building.

- The Bro Ddyfi leisure centre has a current book asset value of £3.66m but a recent completed conditions survey estimates backlog maintenance costs of £2.2m. Renovation of this asset is not considered the best value for money option.
- Although the current town library in Machynlleth is in a better condition when compared to the leisure centre. The conditions survey which was conducted in 2011 highlighted issues with the external fabric, however no maintenance has been undertaken on the building due to financial pressures on the Council. The driver for including library provision is the strategy in achieving a true community campus, which will provide services for the pupils and wider community; the library element will form the heart of the new provision.

3.2 The table below outlines the current building condition and backlog maintenance figures:

Building	Building Condition	Backlog Maintenance
Bro Hyddgen secondary campus	C/D	£4,133,313
Bro Hyddgen primary campus	C	£1,341,153
Bro Ddyfi Leisure Centre	N/a	£2,242,600
Machynlleth town library	B	£125,071
Total backlog maintenance costs:		£7,842,137

4. Overview of the project

4.1 The requested investment will deliver a brand new, purpose-built community campus project which will include a 620 place all-though school with early years facilities, and leisure and library provision. The new build will deliver the following:

- 620 place all-age school with dedicated early years provision, ensuring equitability of provision for rural areas in the north of Powys;
- The school building has been designed to support the school to deliver the new curriculum for Wales, and will meet Donaldson aspiration of the three-phase approach in teaching and learning;
- Specialist equipment, including ICT and conferencing facilities, to support teaching and learning outcomes which will help to ensure all learners maximise their potential. The ICT facilities will also be available for community use, which will encourage lifelong learning opportunities;
- A fully equipped early years provision with hygiene and outdoor learning and play facilities;

- School will be able to take full advantage of the all-through school teaching model, ensuring that all pupils are able to access specialist facilities and learning experiences;
- Dedicated outdoor learning areas, including a forest school area;
- A holistic integrated multi community service approach, with dedicated leisure facilities to include a swimming pool, gym, activity studio, community café, library, and a suite of meeting rooms. The meeting rooms will also be used for health interventions as prescribed by GP's;
- Sporting facilities will include a 3G pitch, MUGA (multi use games area), grass pitches;
- A flagship community focused project, with community groups being able to access the facilities out of school hours. Safeguarding will be ensured as the school will be able to lock down the teaching areas while enabling community access to the community zone.
- The building will aim to achieve full passivhaus and BREEAM Excellent accreditation, having a positive impact on the recently declared Climate Emergency, and contributes to the WG strategy 2019 strategy 'Prosperity for All: A Low Carbon Wales'. If approved and funding is secured, the Bro Hyddgen Community Campus project will be the first passivhaus campus in the UK.

4.2 The new community campus project in Machynlleth will be built on the current secondary school site. The existing secondary school site will be demolished to make room for a new car park and MUGA.

4.3 If approved, the number of Council assets in Machynlleth will be reduced:

Asset	Plans
Secondary campus buildings	To be demolished as part of project to make room for a new car park and MUGA
Primary campus building	Schools Service will declare surplus to requirements and other service areas will be approached to declare an interest
Canolfan Hyddgen	Retained and will be managed by the school
Bro Ddyfi leisure centre	Leisure Service will declare surplus to requirements – likely to be demolished
Existing town library	Library Service will declare surplus to requirements – likely to be sold

5. Advice

5.1 It is advised that the revised SOC/OBC is submitted to Welsh Government. The reasons for this are as follows:

- If approved by the Welsh Government, the Council can then commence the procurement process to appoint a Design and Build contractor and progress to full business case stage. The outline project plans are as follows:

Gain business case funding November 2020 approval	
Complete RIBA 4 designs for the campus element	April 2021
Procurement	May 2021
RIBA 5 – start on site	September 2021
School opens	September 2023

- Welsh Government intervention rate for Band B programme is 65%, which represents good value for money for the Council.

5.2 Cabinet should note the following risks:

- Additional land acquisition is required to meet Building Bulletin guidance. Negotiations with the landowner are progressing and cost estimates are included within the envelope;
- The overall funding envelope of £48m is an increase from the original cost of £23m, and therefore this will have an impact on the delivery of other schemes within Band B. To mitigate this, a revised Strategic Outline Programme will be submitted to Welsh Government for an increase to Band B;
- Risk that Welsh Government will not support the business case – discussions will continue with Welsh Government officers to address any issues they may have.
- Risk that Welsh Government will not fund the demolition and remedial works for the leisure centre – discussions will continue with Welsh Government officers.

5.3 It must be noted that the Council is currently working on developing a new model of post-16 education across the whole county. This may have implications on the age range of the school, but the scheme has been developed to be flexible should there be changes to post-16 education in the future.

6. Resource Implications

6.1 Financial Capital:

Powys CC will make the case for the Bro Hyddgen Community Campus project to be funded through the 21st Century Schools Band B Programme. The total cost associated with the project is **£48,250,369**. The Council is requesting that Welsh Government provide 65% of the total cost of the project, with Powys County Council responsible for the remaining 35%. If Welsh Government approve the project at this cost,

other projects within the Programme will be at risk – a request will be made to the Welsh Government to increase the Programme.

Capital funding from Powys County Council will be profiled provided as follows:

	Prior Years	2020/21	2021/22	2022/23	2023/24	Total
	£	£	£	£	£	£
Prudential Burrowing	1,203,886	575,210	3,540,394	8,020,780	3,547,359	16,887,629
Total PCC funding	1,203,886	575,210	3,540,394	8,020,780	3,547,359	16,887,629

As the overall funding envelope of £48 million is an increase from the original cost of £23 million, assuming Welsh Government fund 65% of the revised scheme the Council will need to fund an additional £8.75 million, the annual revenue debt servicing costs for this scheme will increase by an estimated £0.43 million. If Welsh Government do not agree to fund this increase the annual revenue debt servicing costs will increase by £1.23 million.

Other schemes within the programme will need to be reduced/removed to accommodate this project.

The following capital from Welsh Government is requested:

	Prior Years	2020/21	2021/22	2022/23	2023/24	Total
Total Welsh Government funding	0	1,068,248	6,575,017	14,895,733	8,823,742	31,362,740

If the Welsh Government do not agree to fund the demolition of the Sports Centre as part of the scheme, then the Council's contribution would increase by £0.78 million. The funding to support this is yet to be identified.

The current 21st Century Schools grant conditions allow Welsh Government to claw back grant if the new school has over 15% surplus capacity five years after occupation of the school. The capacity of this facility seems to be in excess of the current demand, so this remains a risk to this scheme.

Once the scheme is complete the library and leisure centre would be vacant and the sale of these is anticipated to generate a £0.17 million capital receipt.

6.2 Financial Revenue:

The amount of funding provided to schools is driven by the funding formula. Any change to the formula funding provided will impact on the Council's revenue budget. Based on the current formula, there would be an on-going requirement for additional revenue funding of £32k per annum from the inception of the new build school. In addition to this, it is anticipated that there will be a cost increase for rates payable of £86k. The total impact on the Council's revenue budget is therefore estimated to be £118k per annum.

It should be noted that there will be substantial financial benefits achievable through the introduction of passivhaus technologies and design standards as outlined in the economic case, as the energy costs incurred by the school and leisure providers will be reduced.

There is a further potential ongoing requirement to increase the management fee paid to Freedom Leisure as a result of additional requirements to manage the new 3G pitches, this has been estimated at approximately £6.6k per annum but is subject to further negotiation. These negotiations would need to take into account any potential savings that fall to Freedom Leisure from the passivhaus technologies and the potential for increased footfall / income opportunities from the new facilities.

6.3 Overall affordability and funding support

Powys County Council seeks support from Welsh Government to fund this scheme. The 21st Century Schools Band B Programme intervention rate is 65%, and Powys County Council are required to fund 35% of the costs. It is Powys County Council's intention to submit the SOC/OBC business case to Welsh Government to seek funding approval.

The Council sets its Prudential Indicators, under the Prudential Code, based on making prudent and affordable decisions and the 21st Century Schools' projects were included in these indicators. The annual cost for servicing the debt associated with this project is estimated at £844,000 based on the spend profile above and a 50-year life.

The new campus will be constructed on the existing Bro Hyddgen secondary school site playing fields. The old buildings will be demolished to make room for a new car park and MUGA. The demolition costs are included within the funding envelope and are eligible 21st Century Schools Programme expenditure.

6.5 Procurement:

"The project will be procured under the new SEWSCAP3 framework. Appropriate bonds and collateral warranties will be obtained, and contract signed prior to commencement. The contractor will also be

required to secure a Project Bank Account as a condition of the contract”.

6.6 **The Head of Finance (Section 151 Officer) notes** the content of the report, the funding of this project can be accommodated within the existing Capital Programme under Band B of the 21st Century School Programme, but will put other projects currently included in Band B at risk. The revenue funding to support the Schools funding formula is considered as part of the Council Budget process and the individual allocation to the new school will be recalculated at the point of opening. Confirmation of the funding will be considered at Full Business Case submission.

6.7 **Corporate Property comments:**

Corporate Property note the proposals within the Report and will continue to support with regards land negotiations and other resources as required. Any properties that become surplus as a consequence will be dealt with under the Corporate Asset Policy.’

Project delivery will require specialist PCC staff resourcing from various departments, including Corporate property, ICT, Schools Service, Finance and Catering and Cleaning.

7. **Legal implications**

Legal: If funding is secured to deliver the Bro Hyddgen Community Campus project, the Freedom Leisure contract for Machynlleth will need to be re-negotiated.

The Head of Legal and Democratic Services (Monitoring Officer) has commented as follows: “I note the legal comment and have nothing to add to the report”.

8. **Data Protection**

Data Protection Officer comments: “This proposal does not involve the processing of personal data at this stage. However, when the project progresses to construction and transitioning, then data protection legislation must be complied with.”

9. **Comment from local member(s)**

Councillor Michael Williams: “Wonderful, wonderful news for the town and wider community, ensuring vital services: education, leisure and culture well into the future. It has my total support.”

10. **Integrated Impact Assessment**

The Bro Hyddgen Community Campus project presents the Council with an opportunity to establish and build a transformational community campus project, with facilities fit for the 21st Century. The project seeks to deliver a brand-new campus which includes education and recreation provision for all members of the community, from cradle to older age. The project will secure community library and leisure provision in the rural town of Machynlleth for generations to come.

The impact assessment consistently scores 'very good' in meeting Council priorities, the Wellbeing of Future Generations goals, and meets the Council's key guiding principles. The project will promote health and wellbeing by establishing state of the art sports and fitness facilities and will put equal emphasis on physical and mental wellbeing. The project is also ground-breaking in supporting Welsh Government's carbon neutral agenda, with the building aiming to achieve both BREEAM Excellent and Passivhaus accreditation. If the project secures funding to proceed, this will be the first Passivhaus community campus project in the world.

The biggest risk to this project is the requirement to secure significant investment to deliver from both PCC and Welsh Government via the 21st Century Schools Programme, which is 65% funded by WG and 25% PCC.

11. Recommendation

- 11.1 To approve the submission of the combined Strategic Outline Case (SOC) and Outline Business Case (OBC) to Welsh Government's 21st Century Schools Programme for capital investment to replace the existing Ysgol Bro Hyddgen school estate in Machynlleth with an all-age community campus on the current secondary campus site. The new flagship community campus will include early years and education provision, along with leisure and library facilities. The revised SOC/OBC replaces the previous version which was approved by Welsh Government in 2017.
- 11.2 To approve the purchase of additional land to develop a grass pitch to meet Building Bulletin guidance.

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