

CYNGOR SIR POWYS COUNTY COUNCIL

CABINET EXECUTIVE

Date 12 January 2021

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

**REPORT TITLE: 21st Century Schools Programme – Ysgol Gymraeg y
Trallwng**

REPORT FOR: Decision

1. Purpose

1.1 This report seeks Cabinet's approval:

- To increase the Council's funding allocation for the Ysgol Gymraeg y Trallwng building project by £1,358,514 to reflect the additional costs incurred due to the re-design of the scheme following collapse of Dawnus Construction Ltd. And the Cadw listing of the old Ysgol Maesydre building.
- To submit the revised project cost information to Welsh Government's 21st Century Schools Programme.

1.2 The project is to provide a new 150 place primary school for Ysgol Gymraeg y Trallwng on the recently vacated Howell Drive site of Welshpool CiW Primary School (formerly known as Ysgol Maesydre). The project is included within the Council's Strategic Outline Programme (SOP) for Band A of the 21st C Schools Programme, which was approved by Welsh Government and Cabinet in 2011, and the requested increase can be funded from within the Band A funding envelope following a re-profiling of projects.

1.3 The required funding to deliver this scheme is as follows:

| | |
|-----------------------------------|-------------------|
| Tendered Costs | £8,888,356 |
| Risk Contingency 2.5% | £222,210 |
| Total | £9,110,566 |
| Welsh Government contribution 50% | £4,555,283 |
| PCC 50% | £4,555,283 |

- 1.4 The financial information is based on actual costs following the successful conclusion of a tendering process to appoint the main contractor to deliver the project. Construction risk contingency is included within the costs, however it is appropriate to include an additional risk contingency of £222,210 due to the Grade II listed status of the retained building as the full extent of risk will not be known until work commences on site.

2 Background

2.1 The transformation of schools in Welshpool town has been underway for a number of years and there have been a number of challenges that have affected timescales and costs. The following outlines the key challenges and milestones:

- i) **17th January 2017:** Cabinet approved the following proposals for the transformation of education in Welshpool:
 - *To establish a new English-medium Church-in-Wales (voluntary controlled) primary school that will operate initially on the current sites of Ysgol Maesydre, Gungrog and Oldford Schools, until it transfers in 2018/19 to a new school building that will be built on land at Welshpool High School;*
 - *To establish a new Welsh-medium community primary school that will operate initially from the current site of Ardwyn School, until it transfers in 2018/19 to a new school building that will be built on the current site of Ysgol Maesydre.*
- ii) **December 2017:** Welsh Government approved the Full Business Case (FBC) for £13.7m to build two new schools. The financial information contained within the FBC was based on estimated costs following the appointment of Dawnus Construction Ltd.
- iii) **19th June 2018,** Cabinet agreed to increase the overall budget for the Welshpool project to £16,794,385. The increase was as a result of Cadw listing the former Ysgol Maesydre school, and therefore the scope of the project needed to be changed significantly which had an impact on both costs and timescales. The original intention was that both schools would be built concurrently generating efficiencies in both construction and costs. It was planned that the new school for Ysgol Gymraeg y Trallwng would be built on the playing fields of the former Ysgol Maesydre, followed by demolition of the building once it was unoccupied. However, the redesign includes remodelling of the listed parts of the building and a change to the overall design, meaning that it would no longer be possible to commence construction on Ysgol Gymraeg y Trallwng until the site was unoccupied i.e. when Welshpool CiW Primary School opens in January 2021.

- iv) At the same time, Cabinet also agreed to split the project into two separate schemes. £6.7m has been profiled within the Council's capital programme for the Ysgol Gymraeg y Trallwng project.
- v) **13th March 2019**, Dawnus Construction Ltd. was placed into administration with the immediate impact being on Welshpool CiW Primary School, which was approximately 50% complete at the time, with an intended opening date of September 2019. The Ysgol Gymraeg y Trallwng project was at RIBA Stage 4 and construction had not yet started.
- vi) **January 2020**, a Portfolio Holder Delegated Decision was made to secure the continued service of the main architectural design consultants and main mechanical and engineering consultants that were originally commissioned by Dawnus to provide the continued design consultancy support for the completion of RIBA 4 stage designs for the Ysgol Gymraeg y Trallwng scheme. Since securing the services of the main architectural design consultants and the mechanical and engineering consultants, the delivery team within PCC and HoWPS have been finalising the new designs, which now include a new build block and a remodelling of the listed part of the school.
- vii) **July 2020** a planning application was submitted to PCC and Welsh Government for listed building consent and approval was granted by PCC on 3rd December 2020.
- viii) **September 2020** PCC issued a tender package to procure a main construction contractor to deliver the scheme. The winning contractor will be issued with an award letter imminently and the information will be made public following the conclusion of the legal processes.
- ix) **5th January 2021** Welshpool CiW Primary School officially opens to staff for the first time. Due to the interdependencies between the two projects, the former Ysgol Maesydre building will now be unoccupied and the Ysgol Gymraeg y Trallwng construction project will be able to proceed.

2.2 The cost increase is outlined below:

| | June 2018 | January 2021 |
|--------------------|----------------------------------|---------------------------------|
| | £ | £ |
| Costs | 6,154,143 | 8,888,356 |
| Contingency | 239,396 (3.89%) | 222,210 (2.5%) |
| Total costs | 6,393,539 | 9,110,566 |
| Difference | | 2,717,027 |

2.3 The reasons for the increase of £2,717,027 are as follows:

- The June 2018 figures were based on estimates and not actual costs – a final contract sum was never agreed with Dawnus Construction Ltd;
- The tender exercise that resulted in the appointment of Dawnus Construction Ltd was based on the building of two new schools, and not a scheme that included a remodelling of a listed building;
- The contingency estimates included in June 2018 were advised by Dawnus as being appropriate the time;
- Since Dawnus went into administration, additional costs have been incurred due to recovery costs and having to re-tender the scheme;
- The contingency in the new cost plan is also more realistic and reflective of actuals and inflation costs;
- The revised cost information is inclusive of 8% construction contingency due to the Grade II listed element of the building;
- Historical project costs have been included in the revised costs;
- Some early purchasing of ICT and site remedial works are included in the revised cost information.

3. Advice

3.1 It is advised that Cabinet approves the increase in the Council's funding allocation for Ysgol Gymraeg y Trallwng by £1,358,514 and to submit the revised project cost information to Welsh Government's 21st Century Schools Programme. This will enable the project to proceed to construction stage.

3.2 The cost information is based on actuals following the successful conclusion of the procurement exercise to contract with a main contractor to deliver the new school building. However, given the listed status of the retained element of the building, and because the building has been occupied up until December 2020, some intrusive surveys including asbestos surveys have not yet been completed; it is therefore appropriate to include a risk contingency of 2.5% as the full extent of works will not be known until the work commences on site.

3.3 The Council has profiled £6.698m for this project within the capital programme that was approved by Cabinet and Council in February 2020. However, the increase in funding does not impact on the overall 21st C Schools funding envelope as other schemes have been re-scoped as part of the new Strategy for Transforming Education.

3.4 Once the new building is operational, the former Ysgol Gymraeg y Trallwng building (Ardwyn) will remain within the Schools Service portfolio of assets whilst alternative use is investigated. If the asset becomes surplus to Schools Service requirements, the process will follow the Corporate Asset Policy in declaring assets surplus.

4. Resource Implications

4.1 The total cost associated with the project is **£9,110,566**. The Council is requesting that Welsh Government provide 50% of the total cost of the project, with Powys County Council responsible for the remaining 50%. Capital funding from Powys County Council will be profiled provided as follows:

| | 2020/21 & Prior Years | 2021/22 | 2022/23 | Total |
|---------------------------------|--------------------------------------|----------------|----------------|------------------|
| | £ | £ | £ | |
| Prudential Burrowing | 230,092 | 4,262,841 | 62,350 | 4,555,283 |
| Total PCC funding | 230,092 | 4,262,841 | 62,350 | 4,555,283 |

4.2 The following capital from Welsh Government is requested:

| | 2020/21 & Prior Years | 2021/22 | 2022/23 | Total |
|---|--------------------------------------|----------------|----------------|------------------|
| Total Welsh Government funding | 0 | 4,492,933 | 62,349 | 4,555,283 |

4.3 The current grant conditions allow Welsh Government to claw back grant if the new school has over 15% surplus capacity. This capacity of this facility seems to be in excess of the current demand so this remains a risk to this scheme, however the strategy is to build sufficient capacity within the new building to allow growth in Welsh-medium primary education in the North of Powys.

4.4 Financial Revenue:

There is also an ongoing requirement for revenue funding of £19,693 per annum from the inception of the new build school because of the funding formula calculation. In addition to this, it is anticipated that there will be a cost increase for rates payable of around £34,930.

4.5 Impact on balance sheet

Once the construction of this school is completed it will result in balance sheet asset addition of £9,110,566.

4.6 Overall affordability and funding support

Powys County Council seeks support from Welsh Government to fund this scheme. The 21st C Schools Band A Programme intervention rate is 50% with Powys CC are required to fund the remaining 50% of the

costs. The increase outlined above is within the current Band A funding envelope.

The Council sets its Prudential Indicators, under the Prudential Code, based on making prudent and affordable decisions and the 21st Schools' project were included in these indicators. The annual cost for the project is estimated at £177,040 based on the spend profile above and a 50-year life. This is already included in the council's budget plans.

4.7 The new campus will be constructed on the former Ysgol Maesydre school building. Once the new building is operational, the former Ysgol Gyrmaeg y Trallwng building will remain within the Schools Service portfolio of assets until alternative use is investigated. If the asset will become surplus to requirements, the process will follow the Corporate Asset Policy.

4.8 **Procurement:**

Appropriate bonds and collateral warranties will be obtained, and contract signed prior to work commencing on site. The contractor will also be required to secure a Project Bank Account as a condition of the contract.

4.6 The Head of Finance (Section 151 Officer) notes the content of the report and the reasons for the increase in cost. The proposal is supported by funding from the Band A 21st Century Schools Programme with the Council's contribution included in the Capital Programme.

5 Legal implications

5.1 Legal : The recommendation can be supported from a legal point of view

5.2 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".

6 Data Protection

6.1 Data Protection Officer comments: when vacating the existing building, the school and Schools service will need to be compliant with GDPR.

7 Comment from local member(s)

7.1 No comments received.

8 Integrated Impact Assessment

8.1 The Impact Assessment for the transformation of education in Welshpool was carried out in 2016 as part of the consultation process.

9. Recommendation

9.1 It is recommended that Cabinet approves the following:

- To increase the Council's funding allocation for the Ysgol Gymraeg y Trallwng building project by £1,358,514 to reflect the additional costs incurred due to the re-design of the scheme following collapse of Dawnus Construction Ltd. And the Cadw listing of the old Ysgol Maesydre building.
- To submit the revised project cost information to Welsh Government's 21st Century Schools Programme.

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