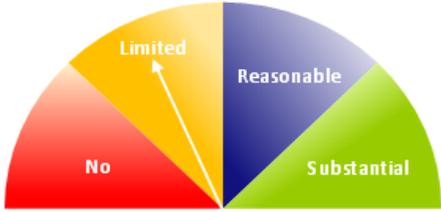


Ysgol Calon Cymru – Evaluation of the Merger Proposal

Final Report

Issue Date: 14th January 2022

Executive Summary

Assurance Opinion	Agreed Action Summary	Risk Reviewed										
 <p>Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.</p>	<table border="1"> <thead> <tr> <th>Priority</th> <th>Number</th> </tr> </thead> <tbody> <tr> <td>Priority 1</td> <td>1</td> </tr> <tr> <td>Priority 2</td> <td>0</td> </tr> <tr> <td>Priority 3</td> <td>0</td> </tr> <tr> <td>Total</td> <td>1</td> </tr> </tbody> </table>	Priority	Number	Priority 1	1	Priority 2	0	Priority 3	0	Total	1	<p>Project outcomes are not achieved within timescales or budget, leading to risk of non-delivery of key functions, financial loss and reputational damage.</p> <div style="background-color: red; color: white; text-align: center; padding: 10px; font-weight: bold; font-size: 1.2em;">High</div>
	Priority	Number										
	Priority 1	1										
	Priority 2	0										
	Priority 3	0										
Total	1											

Introduction

On the 28th February 2017, Cabinet confirmed their decision to close Builth Wells High School and Llandrindod High School on 31st August 2018, and to establish a new dual-stream 11-18 secondary school that will operate across the current sites of the two school from 1st September 2018. This report reviews aspects of the decision-making process. It should be noted that the Council has adopted a new programme and project methodology approach since the decision was made.

Key Findings

	<p>Frameworks</p> <p>The Council used a prescribed framework for setting out the merger proposal and has since developed and instigated new project management frameworks.</p>
	<p>Proposal -Project Needs and Objectives</p> <p>The Council clearly laid out its reasons for a merger between Llandrindod and Builth Wells High Schools. The business case identified the objectives of the merger and subjectively defined what the Council hoped to achieve. However, it was difficult to determine if the merger proposal was successful because the Council did not constitute what success looked like in tangible terms. The proposal provided a strategic fit but didn't necessarily provide a compelling case.</p>
	<p>Proposal – Options Appraisal</p> <p>The Council undertook a relatively simplistic options appraisal, but it was based mostly on subjective factors and the reasoning behind the results was not particularly transparent or supported. It was unclear how the options impacted on learners and the value to the wider society. It is indicative that the need to switch to an interim measure of an unfavoured option whilst undertaking further appraisal suggests that the business case submitted was immature and needed further diligence.</p>

	<p>The proposal for an interim dual site / dual school option came into the decision-making process after the previous preferred options were discounted. As a result of timescales, the information supporting that proposal and impact of the schools appears must less rigorous than previously undertaken for a preferred option. The Council made the decision, but it failed to outline a pathway about how Ysgol Calon Cymru would deliver both educational and financial improvements. This plan should have been developed before the decision was made to determine its likelihood of success rather than expecting an interim governing body to find the detailed solutions. Working more closely and collaboratively may have resulted in a more widely accepted and successful solution.</p>
	<p>Financial Implications</p> <p>The financial analysis was too simplistic with a lack of evidence to support the financial viability of the options. This may have been a knock-on effect of the underdeveloped business proposal.</p> <p>The risk of the changing financial position regarding the allocation of funding to schools was not significantly considered and mitigated especially around the delivery of option 2. The decision-making process took 12 months, but the business case was not updated. The impact on the school's ability to deliver an unaltered curriculum with diminished funding and to make efficiencies and saving was specifically considered.</p> <p>There is a significant difference between the future budget projections in the proposal and the actual figures which indicates that there are either issues with the budget setting, overly optimistic financial assumption, or a lack of control over spending. Ultimately the cost of implementing option 2 dual stream /dual site was more costly than projected.</p>
	<p>Decision</p> <p>The Council rejected the preferred option because further feasibility study work was required. As an interim measure the Council switched to an option that was rejected as part of the initial analysis because it did not meet the objectives. There was limited information provided to Members on how the Dual site/ dual stream interim arrangement would be delivered and the potential impact it would have on the learners of those schools affected.</p>
	<p>Governance</p> <p>The Council followed the constitutional rules in considering the merger proposal and making the decision. However, the Council did not have effective scrutiny arrangements in place to review school proposals.</p> <p>The decision-making process took over a year to determine that the Council needed to put in place an interim measure whilst more feasibility work was commissioned. It would have been a much more agile and efficient process if the feasibility and diligence work had been undertaken prior to making the initial merger proposals.</p>
	<p>Planning the Delivery of the Proposal</p> <p>Whilst the outline principles of the merger were agreed by the Council, there was much less certainty around the delivery pathway during the decision process i.e., how those principles were going to be delivered in practice. Reliance was primarily placed on the interim governing body to be able to develop and deliver the solution with the support of HR, Finance and Challenge Advisors.</p>

	<p>In addition, there was uncertainty on the funding pathway in the merger proposal that didn't consider the impact of funding formula changes which took place shortly after the decision. There also appears to be a conflict between the improvement of standards and the reduction in proposed funding available.</p>
	<p><u>Delivery of the proposal objectives</u> The Council have not achieved their desired strategic objectives on educational and financial standards from the merger proposal.</p>
	<p><u>School Financial Management</u> Whilst the school have oversight over the financial position, Ysgol Calon Cymru is projected to be significantly overspent going forward. The school have been unable to deliver the agreed decision within the boundaries of Powys' budgetary constraints. The root cause of this was a lack of clarity and uncertainty around the delivery of proposal. Whilst the business case identified the outline objectives, it lacked detail around the educational and financial delivery. Future proposals should ensure that the budget is aligned to the expectations of the proposal.</p> <p>Large and swinging variances between throughout the year for the initial budget, in-year budget and year-end expenditure indicates there are flaws in the budgetary setting process. Whilst the auditors could not pin-point the root cause of the wide variances, possible factors could be one or a combination of the uncertainty of the funding, uncertain curriculum delivery, changing staffing structures, uncertainty around additional funding/ grants and an inconsistent methodology in budget setting. Increased collaboration and having agreed budget setting principles would improve transparency and agreement of the financial constraints.</p>

Background

In January 2015, Powys County Council's Cabinet agreed to commence a Secondary School Reorganisation Programme, to develop a sustainable model of delivery for the future. The Programme had two key objectives:

- Reconfiguration of secondary and post-16 education to create a sustainable infrastructure of schools and Sixth Forms across Powys, enabling a broader range of subjects to be provided from each school site, whilst minimising the need for inter-school travel and transport.
- Reconfiguration of Welsh-medium education with the aim of establishing at least one Bilingual Category 2A Secondary School (known as a Welsh-medium school) in the county, and the consolidation of other Welsh-medium streams into larger units. This will enable schools to provide the appropriate offer and progression routes for Welsh-medium learners.

The Council review of their delivery of secondary education was carried out in accordance with the requirements of the Welsh Government's School Organisation Code 2013. The Code sets out the policy context, general principles and factors that should be considered by those bringing forward proposals to reconfigure school provision and by those responsible for determining the proposals.

This review was presented in the form of a business case, with the following brief:

- To outline the case for change in secondary provision in both South and Mid Powys areas.
- To determine the advantages and disadvantages of different delivery models for both areas.
- To provide a detailed assessment of the financial viability of any new delivery models.

- To make recommendations about the future configuration of secondary education in both areas.

At the time of the proposed merger, both schools were in special measures. Estyn determined both schools' current performance was unsatisfactory and the prospects for improvement were unsatisfactory.

Audit Objective

The objective of the audit was to assess the effectiveness of the management and governance arrangements in place for the creation of Ysgol Calon Cymru, with a focus on the initial proposal and costing structure.

Scope

The scope of the audit changed considerably during February 2021 when additional work relating to the original merger of Builth Wells and Llandrindod High schools was requested. Audit were initially tasked with undertaking a review of budget management within Ysgol Calon Cymru due to the last deficit that the school were operating in.

The audit work included a review of:

- Financial projections prepared for Consultation and Cabinet decision were an accurate reflection of the budget principles and school funding formula at the time.
- The financial model and subsequent budgets that were supplied to the interim panel of governors accurately reflect the educational needs and staffing requirements for the school.
- The governing body have not diverged from the original plans as laid out in the merger process in respect to staffing and hierarchical structures.
- All financial control measures as outlined in the merger proposals been delivered in the school structure and budget.
- Scrutiny and Audit Committee had visibility and were involved in the merger decision and any subsequent monitoring.
- PCC Finance and Education departments along with Portfolio holders regularly monitored the merger and its subsequent position financially and educationally.

A review of documentation made available for audit purposes, including minutes, and supporting documentation presented to the Cabinet, project boards etc. was carried out, reliance for audit purposes has at times been placed on official documents such as Council minutes to confirm the existence of a record, rather than first-hand examination by the Audit team.

Detailed Findings

1. Project Objectives

1.1 Have the objectives of the merger been clearly defined and analysed and decisions made on a solid foundation



Framework

The objectives of the merger were based on official guidance issued by the Welsh Government – School Organisation Code which is made under Sections 38 and 39 of the School Standards and Organisation (Wales) Act 2013 (“the 2013 Act”). This document lays out the rules and requirements when Local Authorities are producing a school organisation proposal.

The Council’s project management framework was in its infancy in 2016/17 when the proposals were formed for the merger decision. It is recognised that the Council have implement a robust 5 case business model that starts with an outline and develops to a detailed case with gated decision-making steps between each stage.

Audit
Opinion

The Council had a mandated framework to support the decision-making process and has since developed its own robust framework that is in operation.



Need for Change

The framework identifies the main areas that need to be considered before any proposals are formally developed. Shown below is the Council’s response taken from the Business case that was submitted to the Cabinet Feb 2016:

Areas for Consideration	Summary of Business Case Rationale
Quality and standards in education	Estyn placed both Builth and Llandrindod High Schools in Special measures and determined their performances were unsatisfactory.
Need for places and the impact on accessibility of schools	Pupil numbers in Llandrindod and Builth Wells were predicted to be on the decline.
Resourcing of education and other financial implications	Figures from the Business Case in 2016, stated that the accounts with a 3-year projection were presented which showed Builth were predicting to have a cumulative surplus of £27,185 in 2018/19 and Llandrindod would have a cumulative deficit of -£312,260 2018/19.
Specific factors in the consideration of proposals for the change of language medium	Need to increase the provision of Welsh Stream teaching.

Audit
Opinion

The Council have indicated that they meet the areas for consideration to comply with the legislation. Within the 2016 business case, the Council describes the reasons why the change was necessary from the implementation of the proposal.



The Objectives of the Change

Powys County Council published a review of Secondary Schools in Mid and South Powys – Business Case which was presented to the Cabinet on 23rd February 2016. The document contained all the information they had collated to present the proposal to the relevant parties. The document itself was well-structured.

The Business Case identified the following investment objectives of the change:

1. To significantly improve the learning outcomes for learners across the ability range
2. To maximise the curriculum benefits at Key Stages 3 and 4 for learners who study through the medium of Welsh or English.
3. To provide post-16 provision that improves access to, and participation in, both academic and vocational courses and which meets the requirements of the Learning & Skills Measure, whilst minimising the need for additional travel during the school day.
4. To reduce surplus places in schools
5. To provide robust linguistic continuity of Welsh medium provision across all key phases of education
6. To achieve efficiencies through economies of scale, reduced management, premises and running costs, whilst maximising the percentage of the budget spent on teaching and learning.

Audit
Opinion

Powys County Council have identified what they hope to achieve by this decision and produced a document that has clearly outlined the objectives of the proposal. The evidence to support whether the outcomes would meet these objectives is discussed below. This document was presented for consideration in February 2016.

2. Delivery Models

2.1 Delivery Models are clearly defined and analysed, and decisions made on a solid foundation



Potential Solutions – Analysis of Delivery Models

Within Section 6 of the proposal document, the following analysis of the options for Builth and Llandrindod were reported:

- **Option 1:** Status Quo: Maintain Builth Wells and Llandrindod High Schools as separate schools
- **Option 2:** Establish a dual-stream Category 2B/C Secondary School operating across two sites
- **Option 3:** Establish a dual-stream Category 2B/C Secondary School in the Builth Wells area
- **Option 4:** Establish a dual-stream Category 2B/C Secondary School in Llandrindod Wells area
- **Option 5:** Establish a new Bilingual Category 2A school in the Builth Wells. Llandrindod High School would continue to provide English medium education.
- **Option A:** Post-16 provision delivered via a school Sixth Form model
- **Option B:** Post-16 provision delivered via a Further Education Based model

Note: A detailed explanation of these options can be found in Appendix 4.

Scoring Criteria	Option 1	Option 2	Option 3	Option 4	Option 5	Option A	Option B
To significantly improve the learning outcomes for learners across the ability range;	Y	Y	Y	Y	Y	Y	Y
To maximise the curriculum benefits at Key Stage 3 and Key Stage 4 for learners who study through the medium of Welsh or English	Y	Y	YY	N	Y	Y	N
To provide post-16 provision that improves access to, and participation in, both academic and vocational courses and which meets the requirements of the Learning & Skills Measure, whilst minimising the need for additional travel during the school day.	N	N	Y	Y	Y	Y	YY
To reduce surplus places in schools.	N	N	YY	YY	Y	Y	N
To provide robust linguistic continuity of Welsh-medium provision across all key phases of education	Y	Y	Y	N	YY	YY	N
To achieve efficiencies through economies of scale, reduced management, premises and running costs, whilst maximising the percentage of the budget available for teaching and learning.	N	Y	YY	YY	Y	Y	Y
Strategic Fit	N	N	Y	N	YY	Y	Y
Potential VFM	N	N	Y	Y	Y	Y	
Benefits optimisation	N	N	Y	Y	YY	Y	Y
Potential achievability	Y	Y	?	Y	Y	Y	Y
Potential supply side capacity and capability	Y	Y	Y	Y	Y	Y	Y
Affordability	Y	Y	Y	Y	Y	Y	Y
Score	6	7	14	11	14	13	9

The highest score possible was 24, all options that scored higher than 12 were considered as a feasible option. From the analysis above the Council assessed options 3,4 and 5 as acceptable. However, it was stated that options 1 and 2 were also considered for comparative purposes although they have been discounted as not meeting enough of the investment objectives and CSFs.

There is no explanation provided as to how the options met the criteria that they were tested against, nor why some scored two points whilst others one. This initial analysis of the potential options does not include enough evidence to support the scoring in the evaluation framework.

	<p>In section 6.4 the shortlisted options were to be discussed in terms of their strengths, weaknesses, opportunities, and threats (SWOT). Although these tables gave the readers further information about the possible options there was no analysis at the end to display whether these tables were used or not. The tables themselves lack evidence to back up the statements that were included within them.</p> <p>Section 6.5 displayed the financial appraisal which will be discussed in the Finance section of this report.</p>
<p>Audit Opinion</p>	<p>Although all options have been explored there is a lack of evidence to corroborate the council’s analysis of each option. This initial analysis does not appear to be detailed enough to form the basis of a sound qualified judgement; the decision made should have been an evidence-based appraisal for such a significant decision. It may be that the analysis was based on underlying evidence, but because it is not specifically referenced or provided, then Members involved in the decision-making process cannot effectively gain assurance or challenge the analysis. There needs to be further transparency and defined structure in how the detailed analysis was undertaken.</p>
	<p><u>Potential Solutions – Final Analysis and Decision</u></p> <p>Following the financial appraisal of the options it was decided that option 3 was the most suitable and that although option 5 scored lowest on the financial appraisal, due to its scores on the option appraisal it merited further consideration. The Business Case then lists statements of the advantages for both options before coming to the following conclusion:</p> <p><i>“In conclusion, there is strong case that Option 5 should be the preferred option, based on a stronger strategic fit with associated educational and linguistic benefits. However, given the current and future financial challenges faced by the Authority, Option 3 is the preferred option based on economic reasons. Further work is required to ascertain the capital costs linked to this option.”</i></p> <p>The key factors in the Welsh Government’s School Organisation Code and the opportunities for improvement are listed as well as the key risks for the preferred option (3). The factors and risks are not discussed in detail for any other option. However draft impact assessments for Equality, Welsh Language assessment and Community impact were submitted to the Council for consideration within the meeting on the 23rd February 2016, which considered the final recommendation. This recommended options 3 and 2 which were:</p> <p><i>“To establish a new-build single-sited dual-stream Category 2B/C 11-18 Secondary School in the locality of Builth Wells, replacing Builth Wells High School and Llandrindod High School.</i></p> <p><i>It is also recommended that, given the current constraints on the current Builth Wells High School site, the new school is established on a new site in the Builth Wells area. However, further feasibility work is required to understand the overall capital cost of this option. It is also not possible to identify a timescale for this recommendation until further feasibility is carried out. Therefore, as an interim recommendation until the full extent of the feasibility work is known, it is proposed:</i></p> <p><i>To establish a new dual-stream Category 2B/C 11 – 18 Secondary School on two sites, operating from the current sites of Builth Wells High School and Llandrindod High School, from September 2017. This would require formal statutory procedures, including consultation, to close both schools.”</i></p> <p>On the 27th of September 2016 the Consultation report for the decision was discussed following an eight-week consultation period which ended on the 23rd May 2016.</p>

	<p>It is stated within the minutes of the meeting that “...<i>The Portfolio Holder did not feel that this recommendation addressed the issues facing the schools and therefore he was proposing the closure of Builth Wells and Llandrindod High Schools on the 31st August 2018 and to establish a new dual-sited dual-stream 11 - 18 school that will operate on the current campuses of Builth Wells and Llandrindod High Schools with effect from 1st September 2018.</i>”</p> <p>This reasoning behind the change in option is confusing, as within the proposal, Option 2 (establish a new dual-sited dual-stream 11 - 18 school) was rejected as not meeting the councils’ objectives in the first analysis.</p> <p>The response from Estyn regarding the proposal was that “<i>it is Estyn’s opinion that it is not possible to establish whether standards will be at least maintained by the proposal</i>”. The Meeting Minutes from the Cabinet meeting on the 28th of February 2017 responded to Estyn’s comments about standards:</p> <p style="padding-left: 40px;"><i>“ ... In reply to comments about Estyn’s response that it was not possible to establish whether standards would be at least maintained by the proposal, Cabinet was reminded that both schools were currently in special measures. The proposals offered the opportunity of improved leadership at all levels, leading to improved teaching, improved mentoring and coaching opportunities for staff and economies of scale leading to greater investment in teaching and learning all of which would help improve standards”</i></p> <p>On the 28th February 2017 an Objection report was submitted and discussed by the Cabinet. The minutes stated that “<i>Cabinet did not feel that there was anything in the responses received that was new or would lead to them to changing their view that the two schools should merge.</i>”</p>
<p>Audit Opinion</p>	<p>The Council started off with 7 options and through the process of elimination until they selected the preferred option 3. However, due to feasibility and time constraints they decided to implement an interim option (Option 2). Although there is evidence that the Council followed and analysed all the options, there is a lack of information regarding the interim measure. The selected interim measure was rejected earlier in the selection process as it did not meet the objectives for change, although it was discussed as part of the financial appraisal.</p> <p>There is no evidence to suggest that this interim measure would address the issues that the schools faced, except for merging the two schools. However, despite not being fully appraised of the impact option 2 would have on the ability to meet the prescribed objectives, the Council made a decision based on limited information.</p> <p>There was a lack of analysis on how to implement the changes to ensure that the objectives were met. The Consultation Responses Report suggests that there would be a heavy reliance on the new governing body to make all the decisions regarding the curriculum and budget, thus by implication suggesting that the Council may have not yet made the decision on how to implement the available options.</p> <p>There is no evidence to demonstrate that educational standards and the improvements in outcomes for learners would occur with this decision. Statements that education will be improved by undertaking the option have been included but the basis of the statements have not. The response to Estyn’s concerns suggests that the improved leadership, teaching and opportunities for staff are part of the reason that standards would be improved. The response to Estyn also commented that “<i>economies of scale leading to greater investment in teaching and learning all of which would help improve standards</i>”, however there was no explanation of how the Council would ensure that this would occur.</p>

3. Finance

3.1 Financial projections prepared for Consultation and Cabinet decision were an accurate reflection of the budget principles and school funding formula at the time



Initial Budget Projections

The initial proposal from February 2016 stated the figures below as the current budget situation for the two schools at the time (15/16). It was confirmed in the Consultation Responses report submitted to the Council in September 2016 that the budget figures below were received directly from the schools (point 5.53 Appendix 5).

Builth Wells High School	2015/16	2016/17	2017/18	2018/19
Projected Surplus/(Deficit)	1,022	24,878	48,621	11,159
B/Fwd	(58,495)	(57,473)	(32,596)	16,026
Cumulative Surplus/(deficit) at 31/03	(57,473)	(32,596)	16,026	27,185

Llandrindod Wells High School	2015/16	2016/17	2017/18	2018/19
Surplus/(Deficit)	(156,668)	(130,414)	(136,065)	(160,551)
B/Fwd	271,437	114,769	(15,645)	(151,709)
Cumulative Surplus/(deficit) at 31/03	114,769	(15,645)	(151,709)	(312,260)

The Final accounts were vastly different to the figures that were initially predicted in 2016. It was noted that the final deficits for both schools rose significantly in the final year. The final accounts of the two schools 2018 stated the following:

School	Amount	Balance
Llandrindod High School	£ 594,502	Deficit
Builth Wells High School	£ 779,706	Deficit
Total	£ 1,374,208	Deficit

The initial projections taken from the proposal document would have been valid at the time that it was presented to the Council (Feb 2016). There was no evidence within the following Council/Cabinet meetings on the new school of any further updated figures being discussed. However, all School budgets were routinely reported to cabinet, but not specially on the merger proposal.

Financial Appraisal - Potential Delivery Models

The table below is displaying the financial information available within the appraisal.

Component of cost	Option 1 Status Quo: Maintain Builth and Llandrindod HS as separate schools	Option 2 Establish a Cat 2B/C dual-stream Secondary School operating across two sites	Option 3 Establish a Cat 2B/C dual-stream Secondary School in the Builth area	Option 4 Establish a Cat 2B/C dual-stream Secondary School in the Llandrindod area	Option 5 Establish a new bilingual category 2A school in Builth. Llandrindod HS would continue to provide English-medium education
Builth HS	£2,346,315	£2,346,315	£2,346,315	£2,346,315	£2,346,315
Llandrindod HS	£2,327,878	£2,327,878	£2,327,878	£2,327,878	£2,327,878
Dual site Secondary Merger saving	£0	(£133,181)	£0	£0	£0
Single site Secondary Merger saving	£0	£0	(£404,926)	(£404,926)	
2x Single Language School additional costs	£0	£0	£0	£0	£17,845
Existing travel costs	£552,207	£552,207	£552,207	£552,207	£522,207
New travel costs	£0	£0	£238,366	£306,318	£267,318
Net cost to PCC	£5,226,400	£5,093,219	£5,059,219	£5,127,792	£5,511,563
Net reduction from current	£0	£133,181	£166,560	£98,608	(£285,163)
Rank	4	2	1	3	5

For each of the five options, the budgetary costs calculated were based on the Fair Funding Formula that was relevant at the time. However, the figures within the table remain constant regardless. No consideration has been given for the known upcoming changes to the formula and the impact that would have on the budget.

There are savings highlighted which are predominantly based on whether the schools are on two sites or one. There is no explanation within the proposal of where the travel costs came from or how they were calculated. It was identified during the audit that these costs were provided by the transport team and were for the home to school transport costs.

Large maintenance backlog costs for each of the schools which were highlighted earlier in the proposal 2016 are also not mentioned within the financial table.

The table below displays the estimated backlog of costs for the schools.

School	Estimated backlog maintenance costs
Builth Wells High School	£1,743,600
Llandrindod Wells High School	£3,607,800
Total	£5,351,400

The Consultation responses report point 6.1.3 states “In terms of annual repairs and maintenance, the Authority provides schools with an annual revenue stream through the Fair Funding Formula to carry out repairs and maintenance, and statutory testing requirements. As this forms part of the

delegated budget, the school can choose how much of this funding it wishes to use for repairs and maintenance”. Although the Proposal points out the maintenance costs there are no remedies for the solution pointed out.

It is repeatedly suggested within the Consultation Responses report that the decisions of implementing the budget “would be the responsibility of the governing body to budget and plan for the use of the resource.” This opinion suggests that the main decision on how the budget would be used had not yet been decided and would be left for the schools to choose.

The response submitted by Estyn in 2017 commented that “...the proposer does not consider the impact that the reduction in overall funding to a single school will have on the school’s ability to deliver its curriculum,”.

Actual Costs

The table below displays the accounts for both school before and after the merger. It displays the affect that the change in the funding formula had on the two schools. There is no suggestion within the proposal to suggest whether it would have been possible to undertake the merger within the cost restraints.

The following table was provided by the Governor in charge of Finance at the school. * Audit are unsure if this marked figure is correct.

Category	BWHS 2017-18	LDHS 2017-18	Combined 2017-18	BWHS 2018-19	LDHS 2018-19	YCC 2018- 19 Budget	Combined 2018-19	YCC 2019- 20 Budget	YCC 2020- 21 Budget
Total Staffing costs	2,440,226	2,377,455	4,817,681	870,903	1,025,040	2,557,413	4,453,356	4,439,939	4,568,583
Total Premises Costs	207,396	192,459	399,855		57,265	388,892	446,157	390,947	397,537
Other Costs	418,466	289,210	707,676	208,140	143,594	243,093	594,827	438,540	444,815
Total Expenditure	3,066,088	2,859,124	5,925,212	1,079,043	1,225,899	3,189,398	5,494,340	5,269,426	5,410,935
Total Income	(215,027)	(154,539)	(369,566)	(32,954)	(220,983)	(429,049)	(90,218) *	(157,563)	(159,108)
Net Expenditure	<u>2,851,061</u>	<u>2,704,585</u>	<u>5,555,646</u>	<u>1,046,089</u>	<u>1,004,916</u>	<u>2,760,349</u>	<u>4,811,354</u>	<u>5,111,863</u>	<u>5,251,827</u>

The following figures were taken from the outturn report presented to the Learning and Skills committee on the 6th July 2020.

Cumulative balance @ 1st April 2018	2018-19 In year Original planned under/(over) (Cabinet)	2018-19 CF actual cumulative balance @ 31st March 2019	2019-20 In year Original planned under/(over) (Cabinet)	2019-20 actual In Year under/(over) @ 31st March 2020	2019-20 CF actual cumulative balance @ 31st March 2020
£0	£52,616	£137,954	£ (581,553)	£ (269,256)	£ (131,302)

The following figures were provided by the Finance team and clearly displays the discrepancies between the actual and the planned budget spends.

Year	Final Delegated formula funding	Budget agreed by school at start of Year		Updated budget forecast provided by school during year CFWD YE forecast			Actual position at Year end	
		CFWD position for Yend	In year Forecast for Yend	Sept	Nov	Feb	Close in year	Final close CFWD
18/19	2,727,258 (half year)	54,690	54,690				137,954	137,954
19/20	4,880,120	(443,599)	(581,553)	(249,272)	(177,698)	(152,661)	(269,256)	(131,302)
20/21	5,345,475	(673,409)	(542,107)	(405,022)	(411,560)	(403,966)	(59,476)	(190,778)

Audit Opinion

All the Short-listed options are displayed within the Financial Analysis table, however there is not enough information within the report to provide a clear picture of the financial differences between the options available. The following issues with the financial appraisal were identified:

- Travel costs are vague and do not have any detail attached to them.
- It is unclear if Inter School transport costs were considered as part of the additional travel costs.
- No consideration for the maintenance costs/ or costs for building new schools
- No evidence that the curriculum and resourcing of it was assessed or costed.
- No clear difference between the costing of overheads.
- No consideration of the risks for pending changes to Fair Funding Formula

The council financial projections were up to date in the originally proposal, however due to the time taken to assess the proposals, the projected finances should have been updated throughout the decision-making process to allow them accurate visibility of the current state of the finances at the time. In addition, the large discrepancy between the projected budget and the actual budgets indicates that there was either issues with the budget setting, overly optimistic principles, or an uncontrolled spending culture.

The financial appraisal was not detailed enough to fully consider the impact of the decision. Further detailed explanations/ breakdowns should have been included within the document to ensure that cabinet had sufficient information to make an informed decision on each of the options, and whether they would be a viable option to achieve their objectives.

The responses within the Consultation Responses Report indicate that the Council didn't consider in full how to implement the option they identified and were planning to leave the responsibility for main decision to the school temporary governing body. However, fortnightly meetings were held between the Temporary governing body, Schools Services and the Finance Team to support the creation of the new School. The Council outlined the skeleton of the interim proposal however, the fleshing out the delivery of the operational proposal came too late within the process which is not indicative of a collaborative approach.

The Council made an interim decision in 2018, to open a dual site school. Although this decision would have been discussed as part of the proposal it was rejected on the basis that it did not meet the initial criteria. Although this option ranked second in the financial analysis, it is unclear whether all the costs were included within the financial appraisal.

The Ysgol Calon Cymru was expected to deliver improvements in educational standards within the existing curriculum requirements, but with no indications of the risks of any potential impending cut in funding. In reality, the difference between the actual cost of the combined schools and the budget allocated was significant and was overly simplistic given the nature of the task. This may be reflective of an underdeveloped plan by the Local Authority both academically and financially for the transition to the interim measure of a dual site/dual stream school.

4. Governance

4.1 Decisions by the Council were visibly documented, evidenced and subject to challenge.



Decision Making Timeline

Date of Meeting	Type of Meeting	Meeting Description/ Outcomes	Key Points
23 rd February 2016	Cabinet Meeting	<ol style="list-style-type: none"> To receive the SORP's recommendation in respect of Builth Wells High School and Llandrindod High Schools. To approve the commencement of formal consultation with stakeholders in accordance with Welsh Government's School Organisation Code on the closure of Builth Wells High School and Llandrindod High School on the 31st August 2017, and to establish a new dual-stream 11 - 18 secondary school that will operate across the current sites of the two schools from 1st September 2017. 	<p>Appendix Documents: Business Case, Draft Equality Impact Assessments, Draft Community Impact Assessment, Feedback from Llandrindod High School, Draft Welsh Language Impact Assessment</p> <ul style="list-style-type: none"> Interim recommendation proposed of new dual stream school operated on two sites from Sept 2018 Agreed to go out to formal consultation on the interim option <p>Portfolio holder for Education reasoned "current structure was not financially sustainable nor was it delivering the best educational outcomes for pupils."</p> <p>There would be an estimated annual saving of £133,181 and not £166,560 as quoted in the report. Extra costs for school transport were queried and councillors were advised these had been projected at £238k per annum.</p>
8 th September 2016	Council Meeting	<p>The proposal was passed by 32 votes to 9 with 3 abstentions.</p> <p>RECOMMENDED to the Cabinet that the proposals for Builth Wells High School and Llandrindod High</p>	

		school be abandoned for a period of up to 2 years to allow the leadership teams of both schools to work together on joint proposals to raise standards.	
27 th September 2016	Cabinet Meeting	To consider the Consultation Report and Responses Report. <ul style="list-style-type: none"> To publish a statutory notice for <ul style="list-style-type: none"> the closure of Builth Wells and Llandrindod High Schools on the 31st August 2018; and to establish a new dual-sited dual-stream 11 – 18 school that will operate on the current campuses of Builth Wells and Llandrindod High Schools with effect from 1st September 2018. 	Appendix Documents: Consultation Report/ Consultation Response/ Impact Assessment Builth wells High School/ Response from Estyn “As a result, it is Estyn’s opinion that it is not possible to establish whether standards will be at least maintained by the proposal.”
28 th February 2017	Cabinet Meeting	To confirm the decision of Cabinet made on 27 th September 2016 to close Builth Wells High School and Llandrindod High School on 31 st August 2018, and to establish a new dual-stream 11 – 18 secondary school that will operate across the current sites of the two schools from 1 st September 2018.	Objection report was presented: Cabinet was advised that a total of 1788 objections had been received during the statutory objection period, including 78 individual written responses and 1695 responses that were a copy of a single objection template signed by individual objectors. It was confirmed that there were no responses received in support of the proposal. Cabinet did not feel that there was anything in the responses received that was new or would lead to them to changing their view that the two schools should merge.

There was evidence that the budget was discussed as part of an overview of all school deficits, however there were no formal records of scrutiny regarding implementing the interim option.

In 2016, Scrutiny did not get involved in school reorganisation proposals at all and the proposals were sent to Full Council for a comment, which the Cabinet were to take into account when reaching its decision. It was only when this process was stopped in around 2019 that Scrutiny started to get involved with any proposals. All new proposals would be looked at by the Learning and skills Scrutiny Committee.

Audit Opinion **The process of decision making took over a year from the initial proposals. During that period there was potential change around relevant factors, e.g., the school funding formula and a lack of detail around the delivery of option 2 (dual school/ dual site) that should have been considered in the decision-making process to ensure the original objectives were being met. This decision-making process could have been more agile.**

There were relevant opportunities for any objections to be raised or queries to be presented and was in line with the Council's constitutional rules. The report was considered by Council for comment which was included in the cabinet report of the 27th September 2016.

The Council followed the decision-making protocols at the time, but the absence of an effective scrutiny function lessened the constructive challenge to the proposal.

5. Delivery of the Proposal

5.1 Implementing the Proposal- Funding and Budgets



The Business Case presented to Cabinet in February 2016 states that “the financial situation facing schools in Powys is of serious concern to the Authority” and that “In order to manage this challenging financial situation, schools will have to consider ways of protecting curriculum delivery, which could include reducing the number of staff or increasing class sizes. Ultimately, this will impact on the schools’ ability to deliver the curriculum.”

Throughout the proposal process, the governing bodies were actively involved and repeatedly voiced their concerns that the proposed budget allocated to Ysgol Calon Cymru was inadequate. This continued when the temporary governing body was created to facilitate the merger.

This temporary Governing Body was created in 2017 to be responsible for the decisions on how the school would operate. It is clear from the beginning that there is a difference in priority between the Council and the School as it was commented on the minutes from July 2017 that “*the principal of the new school should be to design a SLT, staffing structure and curriculum that was the best that it could be for the young people with the finances being looked at after.*” This statement matches the objectives to raise standards, however it is was not clear how the Governing Body would deliver the objective of “*achieving efficiencies through economies of scale, reduced management, premises and running costs*”.

On the 11th January 2018 the temporary Governors approved a staffing structure and “*were informed that the staffing structure had been costed and that the budget did balance*”. However later in this meeting “*The chair of governors assured the governing body that there had been rigorous discussions with regards to the school budget and that the budget for 2018/19 showed an in-year surplus of £30,767. The following two years budgets showed an in-year deficit*”. It was stated in these minutes that “*Following a rigorous and robust discussion a vote was taken and it was RESOLVED that the budget for 2018/2019 was ratified with the proviso that the governing body would work with the Local Authority to ensure that balanced budgets were set for 2019/2020 and 2020/2021.*”

On the 8th March 2018 the minutes from the temporary Governing Body displayed multiple increases in staffing positions (ALN Managers, Science Technician, ICT Posts, Handymen) but stated that the 2018/19 would still have a surplus of £46,905 after these changes. The savings within the budget were said to be achieved through the Welsh Medium & PDG allocations, it was also commented that the EIG allocation had not yet been received. It was noted that the school was budgeting using the average teacher costs, and that the final costs may vary depending on appointments.

On the 12th February 2019 it was reported to the Governors “*... that the current in year deficit was looking at being over half a million and, that in the second year the school were looking at a deficit of over eight hundred thousand.*” However, three months later on 14th May 2019 “*Governors were informed that a large amount of money had been received towards the end of the financial year and that the school budget for 2019/20 was in a credit position*”. The school forecasted position submitted to finance in 18/19 displayed a £116k deficit however the actual outturn for the end of the year was £137, 954.

	<p>The temporary Governing body's financial concerns were acknowledged in a letter received from Powys County Council and discussed in the full governing body meeting held on 17th December 2020, where it was stated that the deficit budget could not be licensed, but they accepted that the school were doing all they could to reduce it.</p> <p>A notice of concern about the budget was sent to the school on the 18th June 2019. Within the School responses to this letter on the 4th July 2019 the school stated that they were working with the authority to consider ways to reduce the budget. <i>"As you are well aware, as part of that engagement we requested that Powys review our curriculum, staffing and pupil numbers to identify any savings that could be made while still allowing the school to operate safely and to offer the curriculum required by law. This was undertaken by two members of the School Challenge Advisory team and identified possible savings in the region of £150,000 over 3 years. We are seeking to implement these savings..."</i></p> <p>The original proposal was to reduce the leadership team, having a joint team that would allow the school to have a more inclusive and effective. In January 2019 the Governors received a letter of resignation from the appointed headteacher at the time. In April 2019 it was proposed that the two deputy headteachers take over and look after their respective schools. In January 2020, a headteacher and executive headteacher were employed by the school, with the headteacher taking over as the permanent head in March 2021.</p> <p>Within the proposal document the finances displayed no extra transport costs for this option. Within the Consultation Responses Report it is indicated that the teachers will be transferred between the sites and that the governing body would be <i>"...responsible for how it structures the school timetable and would have to ensure that any travelling between sites does not adversely impact teaching and learning."</i> Following the opening of the school it was established that the students would be travelling between locations. This is a deviation from the original plan and would have increased the costs to the school.</p>
<p>Audit Opinion</p>	<p>There was uncertainty over the budget for Ysgol Calon Cymru. The fluctuating of the budget displays that the cost for merging schools was not as simplistic as combining the original budgets less some leadership costs. This naturally resulted in a short-term focus on delivery in the first year, as there was less certainty of the funding in the longer term. Uncertainty of budget may be a significant factor in the variances of the predicted deficit balance at the end of the year.</p> <p>A new funding formula had a significant impact in the reduction of budgets for secondary schools across Powys. Whilst this impact was universal, it was expressed by the Governing Body that the formula did not cater for the uniqueness of the dual site, dual stream proposal at Ysgol Calon Cymru. However, the Finance team explained that the formula considers Ysgol Calon Cymru as 3 school (Llandrindod, Builth, and the Welsh Stream) which it is funded for alongside the dual stream elements.</p> <p>Whilst there were only minimal cost savings identified in the merger proposal, the funding for the first year of the Ysgol Calon Cymru was reduced by 97K from before the merger. The net expenditure for the first year (£4.81 M) was 744K less than the combined expenditure of the individual schools (£5.55M) prior to the merger. Therefore, it is foreseeable that the governing body initially found delivering the new school proposals difficult within the initial budget constraints.</p> <p>Whilst the Local Education Authority and the Interim Governing Body shared the common goal of raising educational standards, it is less clear whether they had a similar level of focus of delivering financial savings and efficiencies. Throughout the decision-making process, the Council did not indicate the need to make financial savings other than the rationalisation of the Senior Leadership Team.</p>

Fortnightly meetings were held between the temporary Governing Body, School Services, HR, the Finance team, and the challenge advisors to support the governors during the implementation of the proposal. However, the responsibility for making decisions about the running of the school was primarily left to the School Governing Body. There was not enough analysis during the proposal to fully consider the impact and implementation of the changes. This left the school with limited direction on how to implement the merger. Areas such as travel between sites has not been resolved at an early stage.

During the process there has been a lack of continuity due to a large turnover of key members of staff within the new school. This has an impact due to the lack of clarity and understanding of the whole concept. The teaching model did not change significantly enough to produce any savings, but it was unclear to the school how the proposal expected the curriculum to be maintained without cutting establishment costs. It could be considered that the objectives of reducing budgets whilst increasing academic standards are somewhat conflicting.

5.2 Have the proposed objectives been delivered?



Below are extracts from the latest proposal which gives an indication in the direction of travel on some of the key areas:

Financial Pressures

Extracts from the new Ysgol Calon Cymru Strategic Outline Case that was presented to cabinet in September 2020 which stated
"... The school had a deficit of £131k as at 31 March 2020 and is forecasting that this will increase to over £650k by the end of this financial year. There is a risk to the authority's budget if the school is unable to bring its budget back to a balanced position."

Standards

An Extract from the new Ysgol Calon Cymru Strategic Outline Case that was presented to cabinet in September 2020 which stated
"... The current arrangement does not meet the strategic aim of the Council to improve learner entitlement and experience. The current operating model is neither educationally effective, financially efficient nor sustainable."

Audit
Opinion

The objectives of the merger proposal were clearly laid out in accordance with the framework. However, the move to an interim proposal makes it unclear whether the Council were still trying to meet those original objectives. No further objectives were identified therefore it is difficult to determine whether the merger proposal had been successful.

Also, it is difficult to determine if a proposal has been successful unless it quantifies what success would look like. Without these specific indicators, the Auditors have looked at more general information contained in the latest proposal and determined that the strategic educational and financial standards had not been achieved.

5.3 Does the School have effective financial management arrangements in place?



Financial – Present Situation

Despite all the pressures and uncertainty surrounding the merger, Calon Cymru 1st Year closing balance was £137,954 surplus. It was commented in a meeting with the Chair of Governors that “the time constraints meant that the Governing Body at the time were advised to just accept the first-year budget, to enable the school to open on time. Concerns were raised by them that the future budget would not be sufficient to run the school. One of the reasons for the surplus was an allocation one-off additional funding.” The auditors have not been able to collaborate this position with the Council.

The figures reported the 2019/20 Projected Balances were:

Actual Outturn 2018/19	In Year Position 2019/20	Carry Forward Position 2019/20	In Year Position 2020/21	Carry Forward Position 2020/21	In Year Position 2021/22	Carry Forward Position 2021/22	In Year Position 2022/23	Carry Forward Position 2022/23
£137,954	(£394,058)	(£256,104)	(£444,500)	(£700,604)	(£638,442)	(£1,339,046)	(£916,943)	(£2,255,989)

Since the inception of Ysgol Calon Cymru, the school and Governors have held regular meetings with Schools Finance and their Challenge advisor to try and reduce their budget deficit. This is backed up by a strong representation from the Governors and their Finance Committee who regularly meet and challenge the accounts when needed.

The school have stated that no further reduction in the number of staff is possible, unless there is a change to the curriculum on offer and class reconfiguration resulting in bigger class sizes. Supply teacher costs remain high as there is a difficulty in recruiting on a permanent basis, there has also been an issue with long term staff sickness.

The school commented that one of the contributing factors to the deficit was the difference between average teacher costs and the actual teacher costs which are much higher because of a longstanding workforce. It was felt by the Council’s finance team that the reason was due to “the number of FTEs they actually had compared to the number they are funded for not the cost.” Detailed costs provided by both parties can be found in Appendix 3. A review of these figures displays that they did not fully align with each other. The principles used for creating the budget should be the same for both parties and all schools within Powys.

The school raised concerns with the Audit team surrounding the ALN funding of the school. It was seen that there was a significant drop in ALN funding outside of the formula between 2018/19 and 2019/20. It was explained by the Finance team that a the ALN funding was included within the funding formula, if the school then needed more funding on top of what they were allocated via the formula. It was the school’s responsibility to contact the ALN Team to request it. This process would involve a review of the children’s needs before any additional funding would have been allocated.

Years	ALN funding awarded outside the funding formula (£)
2018-19	171,045
2019-20	6,978
2020-21	17,500

The table below shows the actuals for the 2020/21 year and the projected figure up to the 2023/24 year.

2020-21 Actual Outturn Cumulative c/fwd 31/03/21	2021-22 Original Funding allocations	2021-22 Budgeted In year under/(over) spend	2021/22 Projected Cumulative c/fwd 31/03/22	2022-23 Projected In year under/(over) spend	2022/23 Projected Cumulative c/fwd 31/03/23	2023-24 Projected In year under/(over) spend	2023/24 Projected Cumulative c/fwd 31/3/24
(£173,451)	£5,185,663	(£307,458)	(£480,909)	(£442,937)	(£923,846)	(£369,166)	(£1,293,012)

The school has failed to remain within their allocated budget. As of the end of the 20/21 financial year, the cumulated deficit had risen to £173,451 and is projected to be a deficit of just under £1.3m by the end of 23/24 financial year. The school funding was increased by £494K between 19/20 and 20/21, however despite this the deficit is continuing to rise.

It should be noted that there is a significant difference in the projected deficits from the 2019/20 accounts to the 2020/21 ones. The original projections predicted a deficit of £2.25m by the end of 2022/23 which has now been reduced to £923,000 deficit for the same period in the new figures.

Audit
Opinion

Ysgol Calon Cymru had a £173, 451 deficit at the end of 2020/21. It is projected that this deficit will rapidly rise to just under £1.3 M by March 2024. The school has failed to deliver a balanced budget since the merger.

Both schools were struggling to control the budgets before the merger with a total combined deficit of £ 1,374,208. The school are still struggling to deliver educational services within the budget allocated by the Council within the current structure. However, it is unclear whether this is due to unknown quantities associated with the merger of the schools, budget management, the school structure or the curriculum.

The school have good understanding of the budget position but are unclear how it can be reduced whilst increasing educational standards and maintaining curriculum delivery. The school and its Governors are working closely with the Schools Finance Team and their Challenge Advisors to try and recover some of the deficit, but this has not been possible to date as no viable solution to bridge the gap between the funding available and the curriculum delivery has been found. The recent change in the Fair Funding Formula has alleviated some of the strain but has not fixed the issues in their entirety.

The fluctuation of the projected budget deficits from one year to the next highlights the lack of clarity regarding the costs of running a dual-stream Secondary School operating across two sites. It was commented by the Finance team that the forecasted positions also fluctuated greatly in the years prior to the merger. Further information around the information used to set the budget shows a difference in the figures and approach taken that is causing unease between the parties. The root cause is a lack of adopted consistent principles that all parties should follow when building a school budget. Greater collaboration between the Council and the School would help to address some of the disquiet on budget setting and financial management.

It is the responsibility of the Council to challenge the validity and legitimacy of the forecasts they receive, however it was stated that forecast submittals for this current year were limited. In order to find a solution all areas of the Council should work with the governing body to find a solution, rather than working in silos.

Issue	Agreed Actions	Responsible Officer
The Council did not have mechanisms in place to ensure that work programmes are effectively, considered, approved and monitored	<p>The Council has now fully adopted the HM Treasury's 5 Case Business Model for all its transformational projects.</p> <p>A new Programme Governance has been established. Reports are scrutinised extensively before being presented to Cabinet, and the full information is provided to Cabinet about the impact on learners etc. Detailed impact assessments are undertaken at every step of the process.</p> <p>See appendix 2 for details.</p>	
	<p>Priority 1</p> <p><i>SWAP Ref:</i></p>	<p>Timescale</p> <p>Complete</p>

Powys County Council
Response to SWAP report on Ysgol Calon Cymru
Date: 10/01/22

Response to key findings:

1. Frameworks

Since Powys County Council's Cabinet approved the proposal to establish Ysgol Calon Cymru, it has subsequently developed a new Strategy for Transforming Education in Powys 2020-2030, replacing the previous policy. The Strategy was developed following extensive stakeholder engagement which led to Cabinet agreeing a robust Case for Change in terms of the education sector in Powys. The new Strategy has been supported by the development of a robust governance framework.

2. Proposal – Project Needs and Objectives

The Council accepts the view that the 'proposal provided a strategic fit but didn't necessarily provide a compelling case'. The business case, whilst following the HM Treasury's 5 Case Business Model to an extent, would have benefitted from further development of a SMART benefit section which would have enabled further clarification of the benefits of the proposal. The Council has now fully adopted the HM Treasury's 5 Case Business Model for all its transformational projects.

3. Proposal – Options Appraisal

The Council accepts the view that the options appraisal was relatively simplistic – however, it was based on the HM Treasury's Guidance for a 'Strategic Outline Case' and was developed in accordance with that guidance, with the full involvement of a range of specialist officers from within the local authority. Initial options appraisals are subjective by their very nature. However, the Council has now directly employed external specialists in HM Treasury 5 Case Business Model to support with all its Transforming Education Projects. These specialists are also providing training to the Council's own internal staff to develop their knowledge and skills in this area.

The Council accepts the challenge that it should have developed a more detailed pathway before proceeding with the proposal. This was the Council's first experience of a merger between two secondary schools, and the relatively inexperienced officers had only experienced the merger of a primary and secondary school previously. Since the establishment of Ysgol Calon Cymru, the team have carried out the mergers of several schools and now have a level of experience that wasn't there at the time. It is apparent from subsequent mergers that a deeper level of collaboration with the schools involved at the earliest stage possible helped to achieve the required outcome. This is the approach that the Council is now adopting.

4. Financial Implications

The Council accepts that its financial analysis of the Ysgol Calon Cymru was too simplistic with this proposal. The financial analysis with the overall school's transformation programme is now far more mature, robust and provides a longer-term approach. The Council has recently undertaken a whole life modelling approach to the overall programme, over 60 years, to understand the financial impact versus the status quo.

5. Decision

Since the approval of the new Strategy for Transforming Education, a new Programme Governance has been established. Reports are scrutinised extensively before being presented to Cabinet, and the full information is provided to Cabinet about the impact on learners etc. Detailed impact assessments are undertaken at every step of the process.

6. Governance

A new Programme Governance has been established, with the CEO chairing the Transforming Education Programme Board. Numerous workstreams have been established to focus on delivering the Strategic Aims of the Strategy. Robust risk and financial management methodology is a key part of the Programme. Officers have been upskilled in business case development, risk and financial management. Assurance has been received from Welsh Government in this area. A Welsh Government Gateway Review 0 of 21st Century Schools Programme in Powys was conducted in 2021. The Delivery Confidence Assessment rating was Amber Green. It should be noted that the 'Gateway Assurance methodology is widely used across the United Kingdom's public sector's Programmes and Projects. The methodology uses a Delivery Confidence Assessment (RAG rating) that independent Review Teams use to determine the successful delivery of a Programme or Project at key milestones within their lifecycles. Around 10% of all Programmes and Projects (circa years 2020/2021) receive an Amber/Green outcome. In 2020, only 8% of Programmes and Projects across Welsh Government and wider Welsh public sector received an outcome of Amber/Green.'

Welsh Government, 2021

7. Implementation of the Proposal

The Council accepts that it needs to ensure that it has a clear delivery pathway when mergers of this type are proposed. Since Ysgol Calon Cymru was proposed, officers have developed significant experience in mergers of all types and there are now clear project management methodologies in place to ensure that best practice is implemented.

8. Delivery of the proposal objectives

Whilst the Council accepts that it has not yet achieved its desired strategic objectives on educational or financial standards, it must be understood that the school was only established in September 2018, following a period when the previous two schools – Llandrindod High School and Builth Wells High School – were in Estyn monitoring. Ysgol Calon Cymru also experienced the loss of its headteacher within a year and has been supported by executive and interim leadership arrangements until the appointment of a permanent headteacher in 2021.

The Council has recognised that the model of delivery at Ysgol Calon Cymru is not the most effective or efficient. Cabinet has approved a new direction for the school, and the Council is now formally engaging with the local communities about the most appropriate way forward.

Teacher costs provided by the School

2019/20	BUDGET			Actual Costs
	£'s	FTE	Av Salary	
FFF	£3,308,821	66.5	£49,767	
Budget	£3,680,993	63.4	£58,042	£3,492,478
Supply Agency	£236,500	4.1		£279,444
Total Budget	£3,917,493	67.5		£3,771,922
Excess	£608,672	1		£463,101
<i>Excess given Avg Salary</i>	£550,178			£418,597
<i>Excess given FTE</i>	£58,494			£44,504

2020/21	BUDGET			Actual Costs
	£'s	FTE	Av Salary	
FFF	£3,802,089	66.5	£57,810	
Budget	£4,057,471	67	£59,763	£3,937,888
Supply Agency	£123,000	2		£187,089
Total Budget	£4,180,471	69	£59,763	£4,124,977
Excess	£378,382	2.6		£322,888
<i>Excess given Avg Salary</i>	£222,242			£189,648
<i>Excess given FTE</i>	£156,140			£133,240

2021/22	BUDGET			Actual Costs
	£'s	FTE	Av Salary	
FFF	£3,602,746	62.3	£57,810	£3,602,746
Budget	£3,945,134	66	£59,763	£3,945,134
Supply Agency	£140,000	2.3		£140,000
Total Budget	£4,085,134	68.4	£59,763	£4,085,134
Excess	£482,388	6		£482,388
<i>Excess given Avg Salary</i>	£121,693			£121,693
<i>Excess given FTE</i>	£360,695			£360,695

Teacher costs provided by the Finance Team

	2019-20	2020-21	2021-22
Average Teacher cost for Secondary sector used for funding	49,767	55,142	55,506
Pre 16 Teacher funding	2,736,186	3,056,062	2,871,153
PRE 16 FTE's funded	54.98	55.42	51.73
Pre 16 TLR funding	-	160,353	159,165
Post 16 Lump sum (this funding covers course costs and exam fee funding as well as teacher costs)	572,635	605,182	584,843
Teachers' Pension Grant	124,594	-	-
Teachers Pay Award Grant	36,772	9,579	-
Protected Teachers funding		72,732	30,479
Total Teacher related funding	3,470,187	3,903,908	3,645,640
Budgeted teacher cost (provided by School inc Agency and Temp) from latest forecast received in year	3,701,348	4,180,471	4,005,214
Budgeted FTE (provided by School) inc Post 16	65.36	not provided	68.01
Total Budgeted cost From school	3,701,348	4,180,471	4,005,214
Actual cost of Teachers Year end (exc grant funded staff)	3,471,550	3,905,869	3,938,697
Actual Cost Temp Teachers	91,820	71,912	68,255
Actual cost Agency Staff	182,363	88,468	95,691
Total Actual/ Forecasted cost	3,745,733	4,066,249	4,102,643

Forecasted cost provided for Actual cost 21-22 from school but includes grant funded staff as not split out
Funding Streams
Cost Analysis

Potential Solutions – Identification of Delivery Models

The scope of the appraisal states that the “The method by which these delivery models could be implemented can include amalgamation, closure or federation, however, these are not considered on their own merit within this report, as they are the means of achieving the solution rather than the solution itself”.

Seven Options were identified:

Options	Descriptions
Option 1: Status Quo: Maintain Builth Wells and Llandrindod High Schools as separate schools	Both schools would continue to operate as separate entities from the current sites.
Option 2: Establish a dual-stream Category 2B/C Secondary School operating across two sites	Both Schools would close, and a new school would be established. Operating across two sites, with one governing body, headteacher and senior leadership team. Key Stage 3 and Key Stage 4 provision would be delivered from both sites and there would be no expectation of additional travel for pupils in these key stages.
Option 3: Establish a dual-stream Category 2B/C Secondary School in the Builth Wells area	Both Schools would close, and a new school established. Operating from Builth Wells, with one governing body, headteacher and senior leadership team. The school would need to be remodelled or built on a new site due to capacity issues.
Option 4: Establish a dual-stream Category 2B/C Secondary School in Llandrindod Wells area	Both Schools would close, and a new school established. Operating from Llandrindod, with one governing body, headteacher and senior leadership team.
Option 5: Establish a new Bilingual Category 2A school in the Builth Wells. Llandrindod High School would continue to provide English medium education.	The schools would be two separate entities, with their own governing bodies and headteachers.
Option A: Post-16 provision delivered via a school Sixth Form model	Schools are 11 - 18
Option B: Post-16 provision delivered via a Further Education Based model	Schools are 11 – 16

Cabinet Meeting 23rd Feb 2016

key extracts from the official minutes of the meeting stated that (<https://powys.moderngov.co.uk/mgAi.aspx?ID=1801>) :

... Cabinet considered the School Organisation Review Panel's recommendations to establish a new build single-sited dual stream 11-18 Secondary School in the locality of Builth Wells, replacing Builth Wells High School and Llandrindod High School. This would involve a significant capital investment by the Council, therefore an interim recommendation was proposed, to establish a new dual-stream 11 – 18 secondary school that will operate from the current sites of Llandrindod High School and Builth Wells High School from September 2017. This would involve the closure of both Builth Wells High School and Llandrindod High School. Cabinet was asked to consider going out to formal consultation on these proposals.

... The Portfolio Holder for Education outlined the reasons for the recommendations. He argued that the current structure was not financially sustainable nor was it delivering the best educational outcomes for pupils. He pointed out that there were 763 fewer secondary school pupils in the county than there were 4 years ago, and the numbers were not expected to increase. He also noted that there would be an estimated annual saving of £133,181 and not £166,560 as quoted in the report. The proposal gave the chance to establish a state of the art school backed by Welsh Government funding. The Leader and Portfolio Holder for Education explained that any questions raised during the debate that could not be answered in the meeting would be addressed during the course of the consultation.

... County Councillor GM Jones, Chair of the Place Scrutiny Committee, asked about the extra costs for school transport and was advised these had been projected at £238k per annum.

RESOLVED	Reason for Decision:
<ol style="list-style-type: none"> 1. To receive the SORP's recommendation in respect of Builth Wells High School and Llandrindod High Schools. 2. To approve the commencement of formal consultation with stakeholders in accordance with Welsh Government's School Organisation Code on <ul style="list-style-type: none"> · The closure of Builth Wells High School and Llandrindod High School on the 31st August 2017, and to establish a new dual-stream 11 - 18 secondary school that will operate across the current sites of the two schools from 1st September 2017. 	To ensure the future sustainability of secondary education in Mid Powys

Council Meeting - 8th Sept 2016

key extracts from the official minutes of the meeting stated that (<https://powys.moderngov.co.uk/mgAi.aspx?ID=4635>) :

... The Portfolio Holder for Education advised that following consultation he was not proposing to change the recommendation to Cabinet to close Builth Wells High School and Llandrindod High School and to establish a new dual stream 11-18 secondary school that will operate across the current sites of the two schools from 1st September 2017.

... County Councillor Gary Price asked if the Portfolio Holder felt the current leadership of the schools were weak. The Portfolio Holder said he did not but that merging the leadership teams would help improve outcomes for learners.

... Councillor Price noted the comments from Estyn in the consultation analysis that the proposals failed to demonstrate how they would improve standards. The Portfolio Holder replied that past experience showed that outcomes had improved. Councillor Price noted that £17m capital had been allocated for the scheme and he argued that it would be more beneficial to use the money to address the backlog of £3.5m works at both schools. Councillor Price pointed to a number of errors in the consultation analysis.

... County Councillor John Morris asked what the costs would be to the Council if the two schools closed and was advised that Builth Wells High School had a deficit of £103,000 and Llandrindod High School a surplus of £65,900.

The proposal was passed by 32 votes to 9 with 3 abstentions.

RECOMMENDED to the Cabinet that the proposals for Builth Wells High School and Llandrindod High school be abandoned for a period of up to 2 years to allow the leadership teams of both schools to work together on joint proposals to raise standards.

Cabinet Meeting - 27 Sept 2016

key extracts from the official minutes of the meeting stated that (<https://powys.moderngov.co.uk/mgAi.aspx?ID=4810>) :

... The Portfolio Holder for Education outlined the consultation process. He referred to the debate at Council on 8th September and to the recommendation passed at that meeting that the proposals for Builth Wells High School and Llandrindod High school be abandoned for a period of up to 2 years to allow the leadership teams of both schools to work together on joint proposals to raise standards. The Portfolio Holder did not feel that this recommendation addressed the issues facing the schools and therefore he was proposing the closure of Builth Wells and Llandrindod High Schools on the 31st August 2018 and to establish a new dual-sited dual-stream 11 - 18 school that will operate on the current campuses of Builth Wells and Llandrindod High Schools with effect from 1st September 2018. This was one year later than originally consulted on to give the new governing body time to put staffing structures in place. He felt that the establishment of a new school on two sites was the best way of addressing issues facing the schools.

... The Cabinet confirmed that they had read the report and appendices. Cabinet members spoke about the need to improve standards and to improve the offer to pupils, so they did not leave the county particularly for 6th form education

RESOLVED	Reason for Decision:
<ul style="list-style-type: none"> · To consider the Consultation Report and Responses Report. · To publish a statutory notice for <ul style="list-style-type: none"> • the closure of Builth Wells and Llandrindod High Schools on the 31st August 2018; and • to establish a new dual-sited dual-stream 11 - 18 school that will operate on the current campuses of Builth Wells and Llandrindod High Schools with effect from 1st September 2018; 	<ul style="list-style-type: none"> · To understand the issues raised during consultation. · To establish a sustainable model of secondary education, which can deliver high-quality education. · To provide sufficient time to establish the new school.

Cabinet Meeting - 28 Feb 2017

key extracts from the official minutes of the meeting stated that (<https://powys.moderngov.co.uk/mgAi.aspx?ID=6517>):

... Cabinet considered responses received to the consultation on proposals to close Builth Wells High School and Llandrindod High School on 31st August 2018, and to establish a new dual-stream 11 – 18 secondary school that would operate across the current sites of the two schools from 1st September 2018. Cabinet was advised that a total of 1788 objections had been received during the statutory objection period, including 78 individual written responses and 1695 responses that were a copy of a single objection template signed by individual objectors. It was confirmed that there were no responses received in support of the proposal.

... In reply to comments about Estyn’s response that it was not possible to establish whether standards would be at least maintained by the proposal, Cabinet was reminded that both schools were currently in special measures. The proposals offered the opportunity of improved leadership at all levels, leading to improved teaching, improved mentoring and coaching opportunities for staff and economies of scale leading to greater investment in teaching and learning all of which would help improve standards.

Cabinet did not feel that there was anything in the responses received that was new or would lead to them to changing their view that the two schools should merge

RESOLVED	Reason for Decision
To confirm the decision of Cabinet made on 27 th September 2016 to close Builth Wells High School and Llandrindod High School on 31 st August 2018, and to establish a new dual-stream 11 – 18 secondary school that will operate across the current sites of the two schools from 1 st September 2018.	To establish a sustainable model of secondary education in Mid Powys that would be able to deliver high-quality education.

Cabinet Meeting 29th September 2020

key extracts from the official minutes of the meeting stated that (<https://powys.moderngov.co.uk/mgAi.aspx?ID=24307>):

... Cabinet was asked to give approval for the following:

a) To submit a Strategic Outline Case (SOC) to the Welsh Government's 21st Century Schools Programme for investment to develop:

- New facilities for 925 pupils aged 11 – 18 in Llandrindod Wells, replacing the existing poor accommodation at the current Llandrindod campus – to be built on the current Llandrindod Campus;
- New or remodelled facilities at Builth Wells to accommodate 450 pupils aged 4-18 along with early years facilities – to be built on the current Builth Wells Campus;
- Community facilities will be included but these have not yet been defined;
- It is the intention that the Llandrindod Wells campus would deliver English-medium provision and that the Builth Wells campus would deliver Welsh-medium provision.

b) To bring back a further report to Cabinet by November 2020 outlining the school reorganisation proposals required to achieve the changes outlined above. Full consultation would be undertaken before any final decisions are made.

The cost was estimated to be £61.0 million.

... The deficit position of Ysgol Calon Cymru showed that there were not enough resources to sustain two English medium schools in such close proximity. This preferred option would allow properly funded English medium education in Llandrindod Wells and Welsh medium education in Builth Wells.

RESOLVED to approve:

1. To submit a Strategic Outline Case (SOC) to the Welsh Government's 21st Century Schools Programme for investment to develop:

- New facilities for 925 pupils aged 11 – 18 in Llandrindod Wells, replacing the existing poor accommodation at the current Llandrindod campus – to be built on the current Llandrindod Campus;
- New or remodelled facilities at Builth Wells to accommodate 450 pupils aged 4-18 along with early years facilities – to be built on the current Builth Wells Campus;
- Community facilities will be included but these have not yet been defined;
- It is the intention that the Llandrindod Wells campus would deliver English-medium provision and that the Builth Wells campus would deliver Welsh-medium provision.

2. That officers bring back a further report to Cabinet by November 2020 outlining the detailed implementation steps, including consultation, required to achieve the new facilities

Consultation Responses - Report August 2016

1.2 The benefits of the Proposal are as follows:

1) **Improved leadership at all levels:** When streamlining the leadership structure following the joining of two schools into one split site secondary school, the newly appointed governing body are able to place the strongest leaders in each position within the new leadership structure. This means we can have the strongest governors, senior leaders, subject leaders and pastoral leaders – those who have the best track record of securing high outcomes and delivering the highest level of care - leading school improvement across the two sites. The joining of two schools represents an opportunity for a step change improvement in the quality of leadership.

2) **Improved leadership leads to improved teaching:** Professor David Reynolds has stated: 'we know that effective leadership of a school from the Headteacher and through to other 'middle leadership' positions is important in its own right and important in generating...high quality classroom teaching' (WG PDG guidance 2013-15). Leadership and teaching quality are linked. The research is clear, by securing a step change improvement in leadership, we are able to secure a step change7 improvement in teaching quality.

3) **Improved coaching and mentoring support opportunities for staff:** It is essential that time is allocated to enable the best teaching staff in different subject areas to travel between sites (or communicate regularly via video conferencing arrangements) in order to provide mentoring/coaching/resources for their colleagues on the other campus. This ongoing mentoring support and training can have a considerable impact on teaching quality. One there is a world of difference between the potential impact of loose school-to-school collaboration between separate schools, and the level of collaboration and support in a single school with split sites. The extent to which leaders are willing to invest finite time into engaging in mentoring, coaching and training of staff on the second campus of a single school is considerably higher if leaders are going to be held to account for standards and provision on both sites.

4) **Economies of scale leads to greater investment in teaching and learning:** By having a single leader of each curriculum area across the two school sites and a more streamlined senior leadership structure, savings can be generated over time. The new leadership team would be able to invest these savings in whatever way they believe would make the greatest impact on standards.

3.2.1 The costings included within the Consultation Document include provision for additional funding in respect of a school operating over a split-site. If this Proposal are implemented, it would be the responsibility of the governing body to budget and plan for the use of the resource

3.4.2 The current Proposal is different to the Proposal for John Beddoes and Newtown High School – the Proposal was to expand the capacity of Newtown High School to include the campus of John Beddoes, making it a split-site school.

A split-site allowance of £20,495 is given to Newtown High School in this current year, and the governing body and Headteacher are responsible for how to use that allowance to support any travel costs.

The costings included within the Consultation Document include provision for additional funding in respect of a school operating over a split-site. If this Proposal are implemented, it would be the responsibility of the governing body to budget and plan for the use of the resource.

5.1.7 The estimated savings are based on the financial savings the Authority would make from funding 1 school instead of 2 schools. Redundancy costs have not been factored into the financial assessment.

5.5.3 *The budget plans overleaf have been received directly from the four schools over the course of the last year. They indicate that two of the four schools are already forecasting a significant deficit over the next three years. The Authority is currently compiling the final budget allocations for 2016/17 whilst also providing updated indicative funding for the next three year. Once this information has been provided, schools will update their budget plans accordingly.'*

8.3.3 *The situation at John Beddoes was different because this was the expansion of one school (Newtown High School) to include another (John Beddoes), not the closure of 2 schools and the opening of a new school.*

12.1.2 *The Consultation Document clearly states:*

'The proposal is the first stage of potential wider plans for secondary education in the area. The second stage, which aims to establish the New School on a single site in the locality of Builth Wells, requires further work to understand the overall capital cost and feasibility.'