

**CYNGOR SIR POWYS COUNTY COUNCIL.**

**CABINET EXECUTIVE**

**7<sup>th</sup> May 2024**

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Portfolio Holder for a Learning Powys**

**REPORT TITLE: Sustainable Communities for Learning – Strategic  
Outline Programme 2024**

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**REPORT FOR: Decision**

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**1. Purpose**

1.1 The purpose of this report is to request Cabinet approval to submit a new Strategic Outline Programme (SOP) to the Welsh Government's Sustainable Communities for Learning's nine-year rolling programme.

- Appendix A: Strategic Outline Programme

**2. Background**

2.1 The Sustainable Communities for Learning is a joint initiative between the Welsh Government, the Welsh Local Government Association, Councils and Further Education Colleges. It is a major long-term and strategic capital investment programme with the aim of creating a generation of 21<sup>st</sup> century schools and colleges in Wales

2.2 Previously known as the 21<sup>st</sup> Century Schools and Colleges Programme, there have been two bands of funding – Band A which started in 2014 and Band B which started in 2019. These bands were based on fixed delivery periods of 5 years with the delivery partner having a fixed 'funding envelope' based on the total cost of the relevant SOP.

2.3 Lessons learned from Band A, and the transition into Band B, have highlighted both the complexity and protracted nature associated with the delivery of a number of projects through the current 'fixed' programme timelines. This approach poses challenges for both the Welsh Government and delivery partners in the management of the programme and, to that end, the rolling programme of investment is being implemented to improve efficiency and delivery for both partners and the Welsh Government

2.4 The nine-year rolling programme is based upon the following:

<b>Years</b>	<b>Expectation</b>
Years 1,2,3	Projects expected to reach full business case within the 3 years
Years 4,5,6	Projects being developed and going through statutory consultation
Years 7,8,9	Pipeline projects

If appropriate, Band B projects can be included at the beginning of the nine-year capital programme.

- 2.5 Delivery partners are required to review their rolling programme at least every 3 years, by which time it is expected that years 1, 2 and 3 would comprise those projects that formed years 4, 5 and 6 of the previous revision, subject to those projects remaining a priority for the delivery partner with a further 3 years of pipeline projects added to the nine-year plan. This will focus on a three-year investment plan and draft budgets, alongside the Wales Infrastructure Investment Strategy.
- 2.6 A key difference between the rolling programme and its predecessor is that delivery partners won't be issued with a 'funding envelope'. Instead, an 'in-principle' agreement of the project pipeline will be approved, recognising the fluctuating nature of the current market. However, the intervention rates remain the same as for Band B:
- Community, voluntary controlled and foundation schools 65%
  - Voluntary aided schools of religious character 85%
  - Special schools and pupil referral units (PRUs) 75%
  - Mutual Investment Model (revenue-funded element) 81%
  - Mutual Investment Model (associated capital cost) 65%
  - Extra over-costs of net zero carbon (NZC) (Band B) 100%
- 2.7 The Investment Objectives for the Programme can be found in detail in on the following link [Sustainable Communities for Learning rolling programme | GOV.WALES](#) but are summarised below:
- *Transforming learning environments and learner experience*
  - *Meeting demand for school places*
  - *Improving condition and suitability of the education estate*
  - *Developing sustainable learning environments*
  - *Supporting the community*

## Powys County Council's Strategic Outline Programme

- 2.8 The SOP, which can be found at Appendix A, includes a strategic case, economic case, commercial case, management case and financial case. It is aligned with the Council's ambition to develop a more sustainable Powys within a challenging financial climate. This means reviewing **what** services are provided by the Council and **how** they are provided to meet current needs and best outcomes, whilst ensuring that there are innovative solutions to provide the best services adapted for future generations. It will also play a key part in the successful delivery of the Council's Transforming Education Strategy 2022-32 which will contribute to the overall vision for a sustainable Powys.
- 2.11 The Strategy sets out a number of Strategic Aims and Objectives to shape the Council's work to transform the Powys education system over the coming years. The Strategic Aims are:
1. *To improve learner entitlement and experience, including rationalising primary schools and developing all-age schools*
  2. *To improve learner entitlement and experienced at post-16*
  3. *To improve access to Welsh-medium education*
  4. *To improve ALN provision*
- 2.13 The Strategy also includes an enabling action to implement 'a major capital investment programme that will ensure that schools in Powys have inspiring, environmentally sustainable buildings that can provide opportunities for wider community activity, including where possible childcare services, early years, ALN, multi-agency support and community and leisure facilities.'. As the Council looks to shape a new future for service delivery, schools will form a critical part of the Sustainable Powys initiative and therefore the Strategy will be revised to ensure clear alignment, specifically in relation to secondary and post-16 provision.
- 2.14 Since the Strategy was approved, it has provided a clear and transparent framework for taking forward the Transforming Education Programme. A Work Programme for Wave 2 (2022-2027) has been published and is currently being implemented. The projects within the SOP reflect the Wave 2 Work Programme.
- 2.15 The SOP also reflects how it aligns with key strategic policy drivers including the Welsh in Education Strategic Plan; Economic regeneration and Town Centre First; Active Travel; Sustainability and Decarbonisation; School Organisation; Community Access and Additional Learning Needs.
- 2.16 The Economic Case section of the SOP outlines the potential scope of the programme, the Council's investment objectives and critical

success factors, and the potential options available. The investment objectives for the Programme are:

- To improve learner entitlement and experience by providing modern and environmentally sustainable learning environments that enable the delivery of the Curriculum for Wales
- To meet the aspirations of the Council's Welsh in Education Strategic Plan
- To optimise the use of resources across the Council by rationalising the schools' estate and improving the condition of schools
- To develop community focused schools that enable the effective and efficient delivery of public services and multi-agency support for children, families and the wider community

2.17 The Critical Success Factors that are part of the evaluation process include the following:

- Strategic Fit
- Potential Value for Money
- Potential Affordability
- Potential Achievability
- Supply-side/Capacity to deliver

2.18 3 options have been included ranging from the Do Minimum, Intermediate and Maximum options and are based on the Wave 2 Transforming Education Work Programme. These include:

- **Option 1:** Do Minimum – Deliver projects currently in design stage and any school with condition D categorisation
- **Option 2:** As Option 1 with the addition of projects that will deliver the aspirations of the WESP
- **Option 3:** As Option 2 plus support for further reorganisation of primary, secondary and post-16 provision as required, in line with the outcomes of Wave 2 and 3 of the Transforming Education Programme

2.19 Following the option appraisal, the preferred option was Option 3. It scored the highest overall against the investment objectives and critical success factors, particularly because of its strategic fit in delivering a Sustainable Powys, the Transforming Education Strategy and the WESP. It also allows a more flexible approach to investment rather than being constrained to specific projects.

- Option 1 scored the lowest overall due to not maximising the investment objectives, however this option is more affordable as it is currently profiled within the capital programme.

### 3. Advice

3.1 It is advised that Cabinet approves the Strategic Outline Programme for submission to Welsh Government.

- 3.2 This will ensure the continuation of the current projects and will also support the implementation of the Council's Wave 2 Programme. Given that the Rolling Programme is based on a flexible approach, it may be possible to bring forward further projects in future, depending on affordability and achievability at the time.
- 3.3 Projects within the Programme will deliver the outcomes of the Transforming Education Strategy: it will address some of the schools with the worst condition ratings, support pupils with ALN, enable the rationalisation of schools, support the delivery of the WESP, develop community focused schools and transform the schools estate to a more environmentally sustainable model.
- 3.4 If the Programme is not implemented, then the Council would need to fund an on-going maintenance programme for ageing and deteriorating school buildings whilst also having to ensure that these schools meet net zero targets. The total backlog maintenance figure for the schools in Option 3 is just below £25,000,000.
- 3.5 It would also not be possible to maximise all the benefits of the Transforming Education Strategy.

#### **4. Resource Implications**

- 4.1 The estimated total capital cost of the preferred option is £300,000,000. The costs are based on the latest estimated costs of the current projects that are currently in design stage. This provides a basis for estimated costs for the projects not yet commissioned, based on size of school. Once feasibility projects are undertaken on these schools the project costs will be revised. Allowances for inflation have not been included in the proposal at this stage.
- 4.2 It is anticipated that the capital investment will be a mixture of construction of new buildings and/or remodelling of the existing structures. The option chosen for each site will be dependent on the condition and construction type of the existing buildings, their suitability for education provision going forwards and the disruption that would be caused to the schools if alternative teaching space is required while the existing buildings are remodelled.
- 4.3 All individual projects will need to have robust business cases based on the HM Treasury's 5 Case Business Model. These require a:
- Strategic Outline Case
  - Outline Business Case
  - Full Business Case
- 4.4 The '5 cases' consider the strategic, economic, commercial, financial and management elements of a project, and the business cases are developed through an iterative process. Within the economic case, a number of options are evaluated to ensure that the option chosen has

the best outcomes for pupils and provides value for money to the Council. Cabinet and Welsh Government are required to approve each Case before a project can move on to the next Case. Welsh Government funding is only released if a Full Business Case is approved.

4.5 The financing for the Programme is as follows:

	<b>Years 1 to 3</b>	<b>Years 4 to 6</b>	<b>Years 7 to 9</b>	<b>Years 10 to 12</b>	<b>Total</b>
<b>Investment</b>	<b>109,009,588</b>	<b>89,451,439</b>	<b>72,038,973</b>	<b>29,500,000</b>	<b>300,000,000</b>
WG Funding	73,931,888	55,413,215	46,925,332	21,475,000	197,745,435
PCC Funding	35,077,700	34,038,224	25,038,641	6,300,000	100,454,565
Church Funding	0	0	75,000	1,725,000	1,800,000

4.6 Cabinet will need to consider the appropriate sources to fund the council's contributions required as outlined above. Schemes in years 1 to 3 are already included in the Council's capital programme with the councils funding being a mix of capital receipts and borrowing.

4.7 The funding for the remaining years (years 4 onwards) has yet to be finalised. Any substantial increase in borrowing to fund the future schemes will have a detrimental impact on the Council's revenue budget which is currently under extreme pressure. Further work is required to identify affordable funding for the Council's contribution, but significant investment is required to maintain the existing school buildings in a usable condition.

4.8 If the Council was to fund its contribution of just over £100 million entirely through borrowing, this would increase the borrowing costs charges to the Council's revenue budget by an estimated £4.80 million once all the schemes have been completed.

4.9 The authority would like to explore the option of the Mutual Investment Model, however, to be prudent, the funding is based on the Capital Investment Model.

4.10 Each school will be reviewed to determine if the community use has an impact on the authority's partial exemption. However, it is assumed that there will be no VAT implications for the proposals.

4.11 The Head of Finance (Section 151 Officer) comment: The level of investment needed to fund the Council's contribution to these schemes is significant and with the projected constraints on public sector finances over the medium term the Council must have due regard to the Prudential Code for Capital Finance in Local Authorities to ensure that our Capital Investment Plans are affordable, prudent and sustainable. The Code ensures that through the Councils Asset Management Plans,

Capital and Treasury Management Strategy and the Medium Term Financial Plan, we carefully consider the totality of our capital expenditure and investment decisions. In arriving at a decision on how best we fund our Capital Programme we will consider all the resources available to us, the range of possible options, the prioritisation of our resources and how these contribute to the provision of services.

- 4.12 The detail of how the schemes can be financed will be developed through later stages of the Business Cases and will be subject to further approval as that progresses. On this basis the recommendation can be supported.

## **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 support the recommendation”.

## **6. Climate Change & Nature Implications**

- 6.1 This Programme will deliver schools that are net zero in operation and will also reduce the number of schools that would need to be retro-fitted to meet net-zero. However, it is recognised that the reorganisation of schools would require additional transport and that there would be a negative impact on the environment. Therefore, it is essential that the projects include a commitment to improving biodiversity to offset this. The Council’s Property Design Team work alongside appointed ecologists from each project’s inception to identify areas for biodiversity improvement. Alterations are made during construction contracts against 5-year action plans, and changes are assessed via the BREEAM methodology in order to help achieve ‘Excellent’ accreditation, which is the target on new school buildings.

## **7. Data Protection**

N/A

## **8. Comment from local member(s)**

N/A

## **9. Integrated Impact Assessment**

Individual impact assessments will be undertaken when individual proposals and business cases are presented to Cabinet.

## 10. Recommendation

It is recommended that the Strategic Outline Programme is approved for submission to Welsh Government

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