

CYNGOR SIR POWYS COUNTY COUNCIL.

CABINET EXECUTIVE

14th January 2025

**REPORT AUTHOR: County Councillor Pete Roberts
Portfolio Holder for a Learning Powys**

REPORT TITLE: Brynlywarch Hall School – Full Business Case (FBC)

REPORT FOR: Decision

1. Purpose

1.1 This report seeks Cabinet approval for the following:

- To submit the Full Business Case (FBC), as set out in Appendix A, to the Welsh Government’s Sustainable Communities for Learning Programme for capital investment to build a replacement school building for Brynlywarch Hall School.

1.2 The Brynlywarch project is included in the Council’s revised Strategic Outline Programme (SOP) which was approved by Cabinet in May 2024 and Welsh Government in July 2024, which underpins the Council’s Strategy for Transforming Education in Powys.

1.3 The cost is £12,731,737. The project will be jointly funded by Welsh Government and Powys County Council, as follows:

Funding allocations	
Welsh Government contribution (75%)	£9,548,803
PCC (25%)	£3,182,934
Total capital cost	£12,731,737

1.4 A combined Strategic Outline Case/Outline Business Case (SOC / OBC) for the Brynlywarch project was considered and approved by Cabinet on the 28th July 2020 and Welsh Government in September 2020. The estimated cost at that stage was £9,158,164, therefore it must be noted that the actual cost at FBC stage has increased. However, this is based on the outcome of a competitive tender and reflects industry prices.

1.5 The report is supported by the following appendices:

- Appendix A – Brynlywarch Hall School FBC
- Appendix B – Impact Assessment

2. Sustainable Powys

2.1 Public Services across the UK are under considerable pressure as demand and costs rise, far outstripping the funding that is and will be available to them over the medium term. These growing financial and workforce pressures are having an impact on the ability of public services to meet the needs of their population. Our financial modelling estimated a budget gap of £39 million over the next 5 years.

2.2 In response to this challenge the Council recognises the need to transform the type and volume of services that we can offer to put the organisation on a more sustainable footing. We cannot continue to deliver services in the same way we have done so for decades. To achieve this fundamental transformation, a significant programme of change will be delivered to achieve a Sustainable Powys which is financially, socially, and environmentally sustainable. We must become more connected to the population we serve.

2.3 Sustainable Powys is based on a set of principles:

- Being open minded and seeking innovative solutions, using all the expertise available
- Delivering best possible outcomes through transformation to provide better quality services
- Using evidence – better understand need and model future demand, if we aren't getting results, we should change
- A continual process of learning and adapting to meet existing and long-term needs sustainably
- Engaging early with people in agreeing, designing and delivering approaches so we listen, understand, reflect and feedback
- Addressing the fundamental question: why do we do what we do?
- A strategic whole system approach, with partners, communities and the people of Powys
- Delivering outcomes that are affordable or no cost

2.4 This is supported by a Place-Based Planning model based on the following principles:

- We will provide a hub in each of the four core areas - anything else will only be provided if there is an approved business case to support it
- We will utilise schools and other community assets wherever we can for community-based solutions and services
- Travel times can be up to 1 hour to your nearest hub (even if you are a child)
- Provision must be digitally supported
- Public and Community transport must align each locality to the hub

- 2.5 Delivering a Sustainable Powys will ensure that we can maintain a balanced budget, support each other, and protect the environment and nature of Powys. We will make better use of collective and reduced assets across the county, break down silos between services and maximise coordination with external providers and partners. In achieving this we will have to make some difficult decisions as to how we prioritise our budget, supporting the needs of those that are most vulnerable in our County. This will be driven by focusing on the services that we are obliged to deliver in the most effective and efficient way, building a stronger, fairer, and greener future by fostering well-connected, economically resilient communities, ensuring fair access to services, tackling poverty and inequality and supporting the wellbeing of the people of Powys.
- 2.6 The Council's **Transforming Education in Powys Strategy 2022-32** is instrumental to the delivery of Sustainable Powys. It 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. Strategic Aim 4 seeks to improve the provision of Additional Learning Needs pupils and is underpinned by an ambitious capital programme to improve the condition of schools across the county.

3. Background

- 3.1 Brynlywarch Hall School is a special school located near the village of Kerry in North Powys. The school provides education for pupils from 8 to 19 years old that have a range of significant Behavioural, Emotional and Social Difficulties (BESD). It currently has 77 pupils on roll at Brynlywarch, with an additional 8 on roll at its satellite site Bryn Bach in Ystradgynlais. Pupil numbers have increased over the years, indicating an increase in demand.
- 3.2 The project was originally included in the Council's 21st C Schools Programme (Band B) due to the poor condition and suitability of the school buildings to support the delivery of the specialist provision required.
- 3.3 Following approval of the combined SOC/OBC, a tendering exercise was carried out under the SEWSCAP3 Construction Framework for a two stage design and build contractor to work with the Council on the project. This tender was awarded to ISG Construction Ltd in May 2022.
- 3.4 ISG Construction Ltd's design team developed outline proposals and submitted a full planning application. Construction drawings and specifications were then produced, but at the end of the design phase, the estimated project costs had increased significantly to over £15m. At that stage, it was decided not to progress with the construction phase until further market testing had been carried out. The contract with ISG Construction Ltd was terminated and the company has since gone into administration.

- 3.5 Planning permission was granted on the 6th March 2024. Following completion of the planning process, a new tendering process was carried out earlier this year and a new contractor has been selected. Notice of intention to award has been issued, subject to approval of the FBC.
- 3.6 The tendered price offered by the selected contractor is approximately £4m less than the final offer from ISG Construction Ltd.

Full Business Case

- 3.7 The FBC has been developed in accordance with HM Treasury's Five Case Business Model. The 5 Case Model is a framework for efficiently utilising public resources and making informed decisions. It encompasses five different perspectives or "cases" that should be considered and evaluated together, rather than in isolation, to ensure a well-rounded and thorough analysis. These five 'cases' are:
- Strategic Case (The Case for Change)
 - Economic Case (Options to address the issues raised in the case for change)
 - Commercial Case (Procurement routes)
 - Financial Case (high-level indicative costs)
 - Management Case (how the project will be managed)
- 3.8 The FBC is submitted following procurement, but prior to contract signature. The main purpose of the FBC is to evidence that the most economically advantageous offer which matches the strategic case or preferred option is being procured and that it is affordable and deliverable. In addition, the FBC explains the fundamentals of the negotiated deal and demonstrates that the required outputs can be successfully achieved.

The Case for Change

- 3.9 The Case for Change is based on the need to improve facilities for pupils at Brynlllywarch Hall School.
- 3.10 The school is in very poor condition and has significant site constraints. The site includes a Grade II Listed Hall surrounded by 9 buildings, which include 1950s classroom blocks, residential blocks and mobiles provided in 2004. More recently, further temporary accommodation has been provided to enable the school to vacate parts of the Mansion House.
- 3.11 Specific issues relating to the overall condition of the school buildings include the following:

- Flat roof/valleys on the main building are in very poor condition causing damp internally;
- Pitched roof on new teaching block to the rear of the main building is leaking in various locations causing internal damp issues;
- There are a number of small holes within the courtyard buildings, one of which is above the plant room which needs attention;
- Much of the guttering is failing which is causing the timber soffits and fascia boards to rot and has resulted in water ingress. Moss build up on many of the roofs also needs to be removed;
- The second floor staircases within the main building are very steep, one of which is used as a fire escape. There is an external staircase which was previously used as a fire escape however it is in very poor condition and needs replacing;
- Water ingress has caused many of the ceilings to become damp and paint is flaking off;
- There is an issue with rising damp within the 6th form block which is causing water to spread throughout the building;
- The two detached houses on site are both very damp and would benefit from further investigation by a damp specialist;
- While the majority of the external walls are in good condition, many of them need re decorating especially within the courtyard area;
- Several of the Crittal windows are coming to the end of their serviceable life and need replacing;
- The gable end of the 6th form block has signs of movement however it was not apparent from ground level the extent of the movement;
- Listed metalwork needs maintenance as paint is flaking off and sharp there are sharp edges where parts have been knocked off;
- Asbestos is present within the plant room which has been locked and no access is available;
- The roof light above one of the stairs gives easy access to the roof and will need either blocking up or locking; and
- The bay window on the main building needs structural maintenance as scaffold has been in place for years and no work has been completed.

3.12 Alongside the poor physical condition of the buildings, the site's suitability for teaching is also problematic and is not considered suitable for teaching pupils with significant emotional and behavioural needs. The impact on the ability of staff to teach effectively includes:

- Heating is erratic and difficult to control i.e. too hot in summer;
- Lesson time is lost due to transition between buildings. Behaviour is also an issue due to transition around the site;
- Inappropriate doors and windows e.g. fragile glass, windows too big;
- Classrooms are too small to meet the needs of pupils when teaching larger class sizes;

- Visual distractions due to the orientation and construction of the building, e.g. large windows to look out of, fireplaces in classrooms;
- Classrooms do not lend themselves to being a nurturing environment, e.g. classrooms are damp, mouldy and often smelly;
- Staff struggle to deliver engaging lessons due to the restrictive facilities
- There are no specialist PE facilities and this is essential to engage pupils with BESD;
- There is a lack of appropriate storage
- Staff spend a great deal of time dealing with behaviour due to the layout of the site, and this takes time away from supporting learning.

3.13 The current site layout has an impact on safeguarding, including the following:

- As the site is open it is very difficult to keep pupils within boundaries;
- Classrooms have more than one exit making it easy for pupils to leave without permission;
- The design and period of the building enables easy access to roofs and fire escapes;
- Transitions between lessons difficult to manage and keep pupils separated e.g. KS2 and KS5 sometimes share the same space which is inappropriate;
- Existing toilets and changing facilities not adequate for pupils;
- Security of doors to out of bounds areas are not sturdy enough;
- Stairs and bannisters unsafe and enables pupils' risky behaviours;
- Pupils are spread out all over the building and this prevents the pastoral team from being fully effective and on hand when needed;
- Large objects in the classrooms mean that supporting pupils when in crisis can be difficult e.g. radiators, pipes and general layout of rooms;
- There is a lack of CCTV in all areas of the school including classrooms; and
- Poor lines of sight that make pupil supervision difficult.

Planned replacement school

3.14 The requested investment will deliver a new school building for Brynlywarch Hall School, located on the school's current site. It has been designed in accordance with the requirements of Building Bulletin 104 for Special Schools which recommends a smaller ratio of pupils within class bases than for mainstream schools.

	Proposed Area (m ²)	Minimum no. of pupils that can be accommodated
Basic Teaching Classrooms (7)	284m ²	56 pupils
Sixth Form Area	57m ²	8 pupils

Specialist Areas: Music (including mixing room)	43m ²	4 pupils
Specialist Areas: Food Technology	43m ²	5 pupils
Specialist Areas: D&T (inc. store/teacher prep)	85m ²	4 pupils
Specialist Areas: Rebound Room	32m ²	
Dedicated Community Space	51m ²	(if needed for teaching, 8 pupils)
Main Hall (Can also be used by Community)	165m ²	
Remaining Space	893m ²	(this includes a conference room and a small meeting room, plus staff accommodation)
Total Main Building GIFA	1653m²	
External Store, Cycle Store & Materials Store	46m ²	
External Workshops	62m ²	6 pupils
External Animal Unit	52m ²	6 pupils
Overall premises including externals	1812m²	

3.15 The external grounds have also been designed to support learning, via landscaping design and inclusion of external buildings for tool storage and practical activities.

3.16 In November 2021, Welsh Government advised that new construction projects funded by its programmes would be required to achieve net zero carbon in operation and a reducing embodied energy target of 800kg CO₂/m², reducing to 600kg CO₂/m² from 2025. Dispensation has been agreed with Welsh Government that, due to the design period aligning to the previous requirement, a target of 800 kg CO₂/m² will apply to this scheme. This may attract additional Welsh Government grant, slightly reducing the Council's contribution shown in 1.3. This amount will be confirmed once the grant letter is received from Welsh Government.

3.17 The headline approach will be to adopt a fabric first approach. In this way the core, base energy load will be reduced to the lowest practicable level. This low energy demand allows heating with electrical air source heat pumps, ensuring that carbon fuel heating will not be required for the project. There will be an electrical demand to operate the building, but this can be offset with a modest photovoltaic array, incorporating battery storage. The combination of low energy demand with on-site renewables and on-site storage will ensure that the building can be delivered as net zero carbon in operation using proven technologies.

4. Advice

- 4.1 The advice of officers is to submit the FBC to Welsh Government for approval.
- 4.2 Actual costs are now confirmed and are as follows:

Funding allocations	
Welsh Government contribution (75%)	£9,548,803
PCC (25%)	£3,182,934
Total capital cost	£12,731,737

- 4.3 The Welsh Government’s intervention rate for Special Schools as part of the Sustainable Communities for Learning Programme is 75%, which represents good value for money for the Council.
- 4.4 If the FBC is approved by Cabinet and Welsh Government, it is expected that construction would commence in the spring of 2025, with the new building to open to pupils in 2026. This will enable the benefits identified in the FBC to be realised for pupils and staff.
- 4.5 A comparison of the cost of this replacement school with a refurbishment indicates that the new build replacement school is better value for money. Welsh Government provide a national standard benchmark for ‘heavy refurbishment’ which is £3,019 per square meter. It is not expected that this cost would be achievable for this site and that the actual cost per square meter would be higher. This benchmark cost does not include furniture, fittings and equipment (FFE) and the IT equipment, which is calculated separately.
- 4.6 Based on the existing area of the school along with the benchmark refurbishment estimates, the FFE and IT cost and professional fees, refurbishment is estimated to cost at least £12.6 million for the existing buildings. The fact that the building is listed would also increase the costs over those quoted above. It should be noted that this would not fully address the poor layout of the school, it does not include the cost of decanting pupils whilst refurbishment works are carried out and it is doubtful that it would be possible to fully achieve Net-Zero carbon in use once refurbished.

5. Resource Implications

- 5.1 Project costs are as follows:

Project Costs	
Welsh Government contribution (75%)	£9,548,803
PCC (25%)	£3,182,934
Total capital cost	£12,731,737

- 5.2 The project can be accommodated within the current Sustainable Communities for Learning Programme funding envelope.

- 5.3 This scheme is included in the capital programme but at the previous estimated cost of £9,158,164 (the Council's contribution was £2,289,541). Due to the increased scheme cost, the Council's contribution has increased by £893,393 to £3,182,934.
- 5.4 The Council's contribution towards this scheme will be funded from borrowing as no other funding has been identified at this stage. The cost is estimated at £175,000 per year for 34 years. As the Council contribution has increased, this will create an additional pressure on the Council's revenue budget. This will need to be included in the relevant year of the Council's Financial Resources Model (FRM), increasing the already significant funding shortfalls in future years.
- 5.5 This amount could be reduced if capital receipts are available to utilise instead of borrowing or if savings from other school transformation projects are invested directly to support the school's capital programme.
- 5.6 There is an estimated revenue saving of £69,000 per annum through the delegated funding formula. This includes estimates for statutory testing using other new schools as a basis. Any change to the formula funding provided will impact on the Council's revenue budget.
- 5.7 The development would also deliver the following benefits:
- removal of repairs and maintenance costs associated with the current school, with a backlog maintenance estimated at £3,877,790, which the Council would need to fund in its entirety;
 - a school that meets the Welsh Government's targets for net zero carbon in operation;
 - an improved learning environment; and
 - a long-term sustainable solution with a school which has a life expectancy of approximately 60 years, compared to the short-term fix that on-going maintenance would provide.
- 5.8 However, it is anticipated that utility costs could increase by £10k - £15k per annum when the new school is built. This is due to the fact that recently built new schools have seen an increase in running costs due to their reliance on modern technology in construction and technology in education delivery.
- 5.9 Development and implementation of the recommendation would require involvement from several service areas, including staff from the Schools Service, Finance, Property, Highways, and ICT.
- 5.10 The Director of Corporate Services (Section 151 Officer) has commented as follows:

If borrowing is required to support the project the financing of this cost has to be found from the Councils revenue budget.

Interest rates for borrowing remain at around 5 to 6% and although projected to fall the cost to the Councils revenue budget to support borrowing is rising year on year. New capital schemes further increase these costs and we have to be mindful of the affordability of our capital plans in the context of the overall budget position and the impact of commitments made now on our future sustainability.

Although the scheme is captured within the current Sustainable Communities for Learning Programme funding envelope as part of the Capital Strategy with construction costs anticipated in the 2025/26 and 2026/27 financial years, the council is not currently able to present a balanced budget position beyond 2025/26 within its financial plans. This will have to be addressed to enable the Council to fulfil its commitment to this project. It is on this basis that the recommendation can be supported.

6. Legal implications

- 6.1 Legal: The recommendations can be supported from a legal point of view
- 6.2 The Head of Legal and Democratic Services (Monitoring Officer) has commented as follows: I note the legal comment and support the recommendations.

7. Climate Change & Nature Implications

- 7.1 This report proposes a replacement school for Brynllwarch Hall School.
- 7.2 The replacement school is designed to low energy standards and to achieve the Welsh Government's net zero carbon in operation requirements which would ensure a much more energy-efficient building compared with the school's current building.

8. Data Protection

- 8.1 N/A

9. Comment from local member(s)

- 9.1 To follow.

10. Impact Assessment

- 10.1 An impact assessment relating to Brynllwarch Hall School's new building is attached as Appendix B. The summary of the impact assessment is as follows:

'This impact assessment suggests that the impact would be positive. The development of a new building to replace the current Brynlywarch Hall School buildings would address many issues related to the poor condition of the current building, ensuring that the vulnerable learners attending this school in the future would be taught in an energy efficient building that is fit-for-purpose, improving their learner entitlement and experience. The new facilities would be fully DDA compliant, supporting learners with disabilities. Further opportunities would be provided for integration between the school and other services, including the local community, to have a positive impact on the health and well-being of pupils and staff at the school.'

11. Recommendation

- 11.1 To submit the Full Business Case, as set out in Appendix A, to the Welsh Government's Sustainable Communities for Learning Programme for capital investment to build a replacement school for Brynlywarch Hall School.

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