

CABINET

Date of Meeting	Tuesday, 24 th September 2019
Report Subject	21 st Century Schools and Core Schools Capital Programme
Cabinet Member	Leader of the Council & Cabinet Member for Education Cabinet Member for Corporate Management and Assets
Report Author	Chief Officer (Education and Youth) Chief Officer (Housing and Assets)
Type of Report	Strategic

EXECUTIVE SUMMARY

The report provides the background to proposed capital investment schemes at Ysgol Brynford and Ysgol Croes Atti (Shotton site).

The report provides reconciliation with the Council's Medium Term Financial Strategy (MTFS) as key decisions are required from Cabinet in order for these schemes to progress within the School Modernisation Programme.

RECOMMENDATIONS

1	<p>To consider the contents of the report and approve the following:</p> <ol style="list-style-type: none"> 1. The projects at Ysgol Brynford and Ysgol Croes Atti, Shotton be included in the Capital Programme with costs apportioned over 2019/20 and 2020/2021 funded by prudential borrowing and WG grant. The associated revenue costs will be built into the MTFS from 2020/21 onwards.
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REPORT DETAILS

1.00	BACKGROUND
1.01	<p>Previous Cabinet decisions and new funding streams from Welsh Government (WG) have resulted in changes to the planned investment programme. These changes and amended proposals seek to maximise external investment opportunities. In doing so, the changes need to be reflected in the Council's Medium Term Financial Strategy.</p>
1.02	<p>Projects already approved in the Band B Programme</p> <p>In November 2018, LAs received positive news from WG regarding the intervention rates for the onward investment programme. The new intervention rates are as follows:</p> <ul style="list-style-type: none"> • Capital – Schools : 65% WG / 35% LA • Capital – PRU / ALN Schools : 75% WG / 25% LA • MIM – 81% WG / 19% LA (through revenue budgets of both organisations).
1.03	<p>The Band B Programme has already started with projects at Connah's Quay High School (Phase 2) and Queensferry Campus (Plas Derwen PPRU and Queensferry CP) being approved by Cabinet and Council. In addition, there are two school construction projects, agreed through the Council's capital programme, Ysgol Glan Aber Bagillt (part funded by WG Infant's class size grant) and Ysgol Castell Alun, Hope (partially funded by windfall WG Repair & Maintenance Grant 19/20).</p>
1.04	<p>Medium Term Financial Strategy to 2022/23</p> <p>The revenue costs associated with the aforementioned capital projects are reflected in the Council's current MTFS which runs to 2022/23.</p>
1.05	<p>Consideration needs to be given to included two smaller value projects within the current MTFS as part of the ongoing School Modernisation strategy. Social Services have secured a significant amount of funding from the WG Childcare Grant for various projects throughout the County, two of which are strategically linked to two proposed Education projects - one at Ysgol Croes Atti (Shotton site) and the other at Ysgol Brynford. However, the grant is time limited and needs to be spent by 2021. It would make economic sense to consider the amalgamation of funding streams to streamline these projects and reduce tender and preliminary costs and disruption to the schools. However, this would require bringing forward expenditure into the current MTFS.</p>
1.06	<p>Ysgol Croes Atti Shotton</p> <p>Following the Welsh Medium (WM) grant success for Ysgol Glanrafon, Mold (£3m) WG caveated that the funding originally earmarked for the Mold area WM review (£750k) in the Council's Strategic Outline Programme (SOP) be retained and recycled to the proposed Ysgol Croes Atti, Shotton project.</p>

	Investment in both the Ysgol Croes Atti sites (Flint and Shotton) supports the Council's Welsh Education Strategic Plan (WESP) and enables continued support and potential growth for Welsh Medium provision.
1.07	Through the WG Childcare Grant the Council has been successful in securing additional grants for Ysgol Croes Atti, Shotton Site (£375k) and Ysgol Brynford (£500k) and these grants are 100% funded by WG. However this grant has to be expended by the end of the 2020/21 financial year.
1.08	At the Ysgol Croes Atti (Shotton Site) there is the opportunity of a £1.125m total investment. There is provisionally £750k allocated within the 21 st programme (calculated at the new intervention rate of 65% WG / 35% FCC). This would result in the Council's liability on this project being £262,500. WG were asked formally to consider bridging this from the WG Welsh Medium grant but unfortunately WG have confirmed this is not currently possible, therefore, the Council's liability remains as noted above.
1.09	<p><u>Ysgol Brynford</u></p> <p>In June 2018, Cabinet determined not to proceed with the proposed statutory amalgamation of the two schools (Brynford CP and Lixwm CP). At this meeting Cabinet confirmed its desire to support capital investment in Brynford CP. The original options appraisal identified an approximate investment of £1.3m investment in order to bring the building up to the appropriate standard. £500k has been secured through the WG Childcare Grant leaving a £800k funding shortfall to address suitability issues at the school. As the feasibility study was conducted in 2016 it is necessary to include a 30% inflationary rise to bring the total to £1.040m, providing a total investment of £1.540m</p>
1.10	<p>For best value, consideration should be given to amalgamating the funding to form one project. This is led by a deadline of spend on the Childcare Grant of 2020/21. Should the projects be joined, construction would be required in 20/21 and Flintshire's liability for this project would be estimated at £988,000 in 20/21 with 5% or £52,000 in 21/22.</p> <p>The estimated revenue costs associated with these two capital schemes are outlined in the resource implications section of the report below.</p>

2.00	RESOURCE IMPLICATIONS
2.01	Decisions to commit to capital expenditure investing in assets to deliver high quality services efficiently have long term implications for future revenue budgets. Consideration must be given to schemes to ensure that they are affordable, sustainable and therefore prudent.
2.02	The current MTFS runs until 2022/23. The working budget deficit for the 3 year period 2020/21 – 2022/23 was reported to Cabinet April 2019 along with the high level strategy being developed to address the deficit. Debt costs relating to ongoing Band B schemes are referenced in earlier reports to Cabinet.

2.03	<p>The estimated associated debt revenue costs arising from the schemes proposed within this report are set out in the table below:</p> <table><tr><th></th><th colspan="8">MTFS – Total Profiled Estimated Revenue Pressures (£)</th></tr><tr><th>Year</th><th>19/20</th><th>20/21</th><th>21/22</th><th>22/23</th><th>23/24</th><th>24/25</th><th>25/26</th><th>26/27</th></tr><tr><td>Ysgol Brynford</td><td>3,120</td><td>31,200</td><td>43,496</td><td>43,742</td><td>43,993</td><td>44,249</td><td>44,150</td><td>44,776</td></tr><tr><td>Ysgol Croes Atti (Shotton)</td><td>788</td><td>7,875</td><td>10,979</td><td>11,041</td><td>11,104</td><td>11,169</td><td>11,234</td><td>11,302</td></tr><tr><td>TOTAL</td><td>3,908</td><td>39,075</td><td>54,475</td><td>54,783</td><td>55,097</td><td>55,418</td><td>55,384</td><td>56,078</td></tr></table>		MTFS – Total Profiled Estimated Revenue Pressures (£)								Year	19/20	20/21	21/22	22/23	23/24	24/25	25/26	26/27	Ysgol Brynford	3,120	31,200	43,496	43,742	43,993	44,249	44,150	44,776	Ysgol Croes Atti (Shotton)	788	7,875	10,979	11,041	11,104	11,169	11,234	11,302	TOTAL	3,908	39,075	54,475	54,783	55,097	55,418	55,384	56,078
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2.04	<p>Investment in both proposed schemes at Ysgol Brynford and Ysgol Croes Atti (Shotton) would result in a total investment £2,655,000, of which £1,362,500 would come from external WG funding.</p>																																													
2.05	<p>For Capital schemes revenue costs are incurred once the project commences. Borrowing is undertaken to fund the capital scheme and interest becomes payable on the borrowing funded from revenue.</p> <p>The repayment of borrowing is an accounting charge to the revenue account called the Minimum Revenue Provision (MRP). The Council's MRP policy is to spread the charge over the life of the asset on an annuity basis, which results in an increasing charge over time to reflect the diminishing value of money over time. Charges begin the year after assets become operational.</p>																																													
2.06	<p>In estimating the revenue costs associated with debt financing the following assumptions have been made:</p> <ul style="list-style-type: none">• The ability to borrow at 3% over the duration of the programme as currently forecast by the Council's Treasury Management Advisors which covers the period up until March 2022.• No inflation has been factored on future Capital costs• 10% of total capital costs are incurred during the pre-construction phase, and 90% during construction.																																													

3.00	CONSULTATIONS REQUIRED / CARRIED OUT
3.01	The Programme reports to two operational boards, the Education and Youth Programme Board and Capital Asset Programme Board.
3.02	Consultation will be required through the Planning application process.

4.00	IMPACT ASSESSMENT AND RISK MANAGEMENT
4.01	All projects are managed using a risk register, risks are managed accordingly, and financial risk are managed through a project contingency. Any high level risk which cannot be managed with the projects/programme will be

	incorporated into the risk register for the Education and Youth Portfolio.	
4.02	Under the five delivery principles of the Well-being of Future Generations Act this report will have the following impacts:	
	Ways of Working Principle	Impact
	Long-term	Positive – assists in securing the future of schools in their local communities
	Prevention	Positive – appropriate capital investment provide better facilities and elongates the life of the building/s
	Integration	Positive – the provision of wrap around care, links to other WG initiatives, which promotes well-being.
	Collaboration	No change- Effective collaboration is already in existence
	Involvement	Positive – The proposed projects will help promote greater community integration/use/involvement.
4.03	Against the seven well-being goals of the Act, the potential impact of the report and its recommendations would be evaluated as follows:-	
	Well-being Principle	Impact
	Prosperous Wales	Positive impact - Capital investment directly benefits local supply chain/economy. A percentage of local expenditure is a requirement of grant.
	Resilient Wales	Positive impact - Use of sustainable and recycled materials during construction, potential reduction in Carbon Reduction Commitment.
	Healthier Wales	Positive Impact - The proposed new facilities will support links with the Healthy Schools Scheme and facilitate adequate provision for school breakfast clubs.
	More Equal Wales	Neutral Impact – Equalities Impact Assessments are already embedded in school culture
	Cohesive Wales	Positive Impact - Through the development of wrap around facilities in local communities.
	Vibrant Wales	Positive Impact – Enables new facilities to improve, both curricular,

		extra-curricular and community use of school buildings.
	Globally Responsible Wales	Positive - Capital investment, delivers a more sustainable product, local spend and added benefits for apprenticeships, work experience in construction.

5.00	APPENDICES
5.01	Appendix 1 – Summary of Project Benefits

6.00	LIST OF ACCESSIBLE BACKGROUND DOCUMENTS
6.01	N/A Contact Officer: Damian Hughes Telephone: 01352 704135 Email: damian.hughes@flintshire.gov.uk

7.00	GLOSSARY OF TERMS
	<p>21st Century Schools - Is a collaboration between the Welsh Government (WG), the Welsh Local Government Association (WLGA) and local authorities. It is a major, long-term and strategic capital investment programme with the aim of creating a generation of 21st century schools in Wales.</p> <p>Capital Funding - Capital funding is usually linked to acquiring or improving a long-term asset such as equipment or buildings.</p> <p>Revenue Funding - Is linked to items that will be used within a year. Examples include salaries, heating, lighting, services and small items of equipment. Routine repairs are revenue expenditures and can include significant repairs that do not extend the life of the asset or do not improve the asset (the repairs merely return the asset to its previous condition).</p> <p>The WG Childcare Grant - The WG objective is to provide 30 hours of government-funded early education and childcare for up to 48 weeks of the year to all three and four year olds of eligible working parents. The 30 hours will be made up of the existing minimum 10 hours of Foundation Phase and up to 20 hours of childcare with a registered provider. A key policy driver for the Welsh Government is that the 30 hours offer is as clear and easy as possible for working parents to understand and children to access.</p>