

BY SUBMITTING THIS REPORT TO THE CABINET OFFICE, I, NICK BATCHELAR, DIRECTOR EDUCATION AM CONFIRMING THAT THE RELEVANT CABINET MEMBER(S) ARE BRIEFED ON THIS REPORT

**CARDIFF COUNCIL
CYNGOR CAERDYDD**

CABINET MEETING: 19 MARCH 2020

SCHOOL ORGANISATION PROGRAMME UPDATE REPORT

EDUCATION, EMPLOYMENT & SKILLS (COUNCILLOR SARAH MERRY)

AGENDA ITEM: 3

Reason for this Report

1. To update Cabinet on progress in developing the Council's education estate in Cardiff, including the delivery of new provision under the 21st Century Schools programme and as part of the Local Development Plan (LDP), and the enhanced asset maintenance programme in relation to the existing estate.

Background

2. In recent years there has been significant investment in the development of the education estate in Cardiff, both prior to, and then as part of, the Band A phase of the Welsh Government 21st Century Schools Programme. Cardiff has benefitted greatly from the initial Band A phase of the 21st Century Schools programme, which invested circa £164 million to expand the number of both English and Welsh medium places between 2014 and 2019. Band A delivered two new high schools: Eastern High in collaboration with Cardiff & Vale College and Cardiff West Community High School, as well as six primary schools.
3. This Band A investment resulted in significant education improvement in the schools involved, with the proportion of Estyn rated Green schools in the programme rising from 34.78% to 70.3%. However at the end of the Band A phase significant challenges remained as a result of the continuing growth in the school age population, and the poor condition of many of the existing school buildings.

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4. At its meeting on 12 October 2017, the Cabinet received a report on the development of the education estate in Cardiff. The report set out the Council's proposed vision for its Band B 21st Century School strategy to address the most acute sufficiency and condition issues in Cardiff. All properties across the school estate were given a rating from A to D for the following issues, with D being the worst category:
 - Sufficiency of places available;
 - Condition of the school buildings;
 - Suitability of the environment for teaching.
5. To address the eight form of entry sufficiency requirement that was estimated to be required, schemes affecting five English medium schools were proposed. In addition, priority schemes for Band B included an approach to the development of provision for learners with Additional Learning Needs (ALN) through the development and expansion of provision in Cardiff schools. At its meeting on 14 December 2017 Cabinet approved the prioritised schemes under Band B of the 21st Century Schools Programme.
6. The opportunities presented through Band B were further supplemented as a result of the Cabinet decision in its meeting in February 2018 to allocate an additional £25million to education asset renewal, of which circa £6million would be used to implement plans to ensure the suitability of existing provision to meet Additional Learning Needs. Combined with the existing £3 million each year, this brought together a total of £40million over a 5-year period to be invested in improving the condition and suitability of the school estate.
7. At its meeting on 12 July 2018 the Cabinet approved proposals relating to capacity and governance of the Council's school estate development programme. To ensure sufficient capacity in relation to a programme of this size and scale it authorised the establishment of the Post of Programme Director, School Organisation, fixed-term for three years. Changes to governance of the programme were also introduced, to ensure effective cross-council coordination via a client/ contract type relationship between the Education Directorate and other relevant parts of the Council, consistent with the Corporate Landlord approach to managing the Council estate.

School estate developments delivered (2014 to 2019)

Band A

8. The £164m 21st Century Schools Band A programme saw the expansion of primary and secondary provision across the city. The secondary schools in Band A, Cardiff West Community High School (CWCH) and Eastern High School, were two large scale investments that transformed education in each end of the southern arc, serving some of the most

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disadvantaged areas of the city. There were also significant investments made in Welsh medium education through the establishment of Ysgol Hamadryad, the relocation and expansion of Ysgol Glan Morfa, as well as a new English Medium primary school at Howardian.

9. Delivery of Band A has called on an extensive range of skills and specialist expertise, both within and across the Council, and, through procured services, from specialist contractors and providers. The schemes have delivered significant community interest benefits, and are undoubtedly making a positive impact on improving the city infrastructure. The Council won the 2019 Education Buildings Wales Client of the Year award in relation to the development of Cardiff West Community High School.
10. Significant education improvement is evident in the Band A schools that received investment. Achievements include the proportion of Estyn rated Green schools in the programme rising from 34.78% in 2014 to 70.3% in 2019 and a decrease in the proportion of Red and Amber schools, from 39% in 2014 to 7.4% in 2019. Parental perception of schools has also changed positively: for example at Eastern High its intake grew from 122 in 2014 to 240 in 2018.
11. The Council also developed a strategic approach to the procurement of primary schools through a value for money batch procurement of three schools: Howardian Primary School, Ysgol Hamadryad and Ysgol Glan Morfa. The batched approach included the use of two-stage tendering process in a batch, whereby a group of primary schools were procured together through one exercise with one contractor appointed to deliver. Standardised design was used to enable costs savings in delivery whilst still allowing for tailoring of design to suit the needs of each particular school and its locality.

Condition of the Education estate

12. Cardiff has a very large education estate, with over 128 school properties. Many sites comprise of multiple blocks, constructed during different decades and large areas of the estate were in urgent need of upgrade. As a result of the poor condition the Council was required to temporarily close parts of Cantonion High School in 2016, and Willows High School, Michaelston College and Fitzalan High School in 2017, to undertake urgent upgrade work.
13. The Council was also facing sufficiency issues in relation to additional learning needs (ALN). It was acknowledged in October 2017 that by 2022 an additional 220 places for pupils with autism spectrum conditions and complex learning needs, and approximately 70 additional places for pupils with behaviour emotional and social needs, would be required in order to meet growing demand.

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14. In response, and ahead of the inception of Band B, several ALN developments have been delivered, such as extensions of Ty Gwyn, and the expansion of places in other Specialist Resource Bases (SRBs) located in mainstream schools, particularly for pupils with autism spectrum conditions.
15. As a result of the estate deterioration and the increased ALN demand, in February 2018 the Council committed to allocate an additional £25million to education asset renewal, of which circa £6million was allocated to be used to implement plans to ensure the suitability of existing provision to meet Additional Learning Needs. Combined with the existing £3 million each year, this brought together a total of £40million over a 5-year period to be invested in improving the condition and suitability of the school estate.

Current position

Band B

16. Progress has been made on the 21st Century Schools Band B programme at St Mary the Virgin CIW Primary School, Fitzalan High School and the linked schemes for Woodlands School, Riverbank School and Cantonian High School.
17. In 2019 Welsh Government announced a change of funding rates for Band B schemes, from 50%/ 50% to 65%/ 35% Welsh Government/ Council. The Council has also in principle agreed to deliver Willows High School and Cathays High School through mutual investment model (MIM).
18. MIM is a national scheme that has been developed to borrow funds via the private sector to design and build the school, and maintain the building fabric over a 25 year period. Welsh Government is procuring a private sector partner to fund the projects and provide partnering services.
19. Whilst Cardiff Council will not directly manage the procurement and design process, it will be an important stakeholder to ensure projects meet the local needs. The Council will be a contracting party for the delivery of the building and hard facilities management. The Council will be responsible for payment of the relevant proportion of the monthly unitary charge (debt repayments). The funding split for the project is 81% Welsh Government and 19% Cardiff Council.

The Local Development Plan (LDP)

20. The LDP adopted by Cardiff in January 2016, maps the infrastructure required to facilitate and sustain the city's growth up to 2026. The LDP includes a number of strategic housing sites, including sizeable sites in

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the north and west of the city, which will generate significant increases in the demand for school places over the next 10 years and beyond.

21. This will be achieved from planning obligations (land and finance) requested from developers to provide for this additional demand with the sites and the programme support required to deliver the new schools. It is anticipated that by 2026 the LDP developments will have generated a further ten 2-form entry primary schools as well as two more 10-form entry secondary schools.
22. Progress has been made on the first two projects; the new 2FE primary school at Plasdwr and 1FE primary school at St Edeyrn's. In January 2020 Cabinet approved the dual stream school in the Plasdwr development to proceed to determination and St Edeyrn's was determined.
23. The original Strategy Planning Guidance did not allow the Council to request funding for nursery education places, provision of loose furniture, fittings and ICT. Whilst some of these requirements will be planned within the scope of the schemes, a shortfall is anticipated between the financial obligation secured by way of a s106 agreement, and the budget required to construct and fully furnish/resource the school if agreed to proceed. This shortfall will require the identification and prioritisation of a funding contribution through alternative sources in order to deliver a fully equipped school site. Whilst a funding solution has been identified for the first two schemes, further consideration needs to be given to any funding shortfalls in relation to future schemes.

Educational context

24. In 2016 the Council launched Cardiff 2020 to provide a strong framework for educational improvement and strengthened partnership working across the city. The Council subsequently updated its vision and strategy for Education through Cardiff 2030, launched in November 2019.
25. The vision outlined in Cardiff 2030 is for "All children and young people in Cardiff experience high quality education and develop the knowledge, skills and attributes that enable them to become personally successful, economically productive and globally engaged citizens."
26. The strategy seeks to build on Cardiff 2020 and to develop a revised approach to education in the capital city of Wales in light of the rapidly changing educational, environmental and economic context of the city. It highlights the need to embrace and exploit fully the principles of the new Curriculum for Wales 2022 through innovation and re-imagining schools and schooling.

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27. The climate emergency has clear implications for the future development of education in Cardiff. New school buildings, some of which will stand for generations, must be environmentally responsible, resource efficient, and built with full life-cycle awareness of their energy and carbon impact.
28. Cardiff will also need to adapt to the demographic changes that are affecting the city. The 21st Century School Band B investment programme was submitted in July 2017 based on projections with peak Reception intakes in 2015-16 and 2016-17. As a result, it was proposed to increased capacity in English-medium community secondary schools by 7.1FE. In addition, the adopted LDP set out the delivery of c40,000 new homes across several strategic sites in Cardiff, requiring 8 primary schools and 2 secondary schools.
29. The most recent dataset for Cardiff received in 2019 has reiterated the demand for places at Year 7 will continue to grow until the September 2023, however beyond this point there is now an established a downward trend city-wide and across the nation. This is consistent with the recently released (October 2019) ONS information and indicates a fall in the birth rate of c9% across the city for the cohorts born in the academic years 2016/17 and 2017/18. These children would enter Reception in 2021-22. A further update in 2019 substantiates this reduction, with projected intakes of c3,700 pupils in both 2021-22 and 2022-23. The revised pupil projection position will be considered as projects progress.
30. In conjunction with the change in birth rates, there is an evident increase in demand for provision for pupils with Additional Learning Needs (ALN). The 21st Century School Band B investment programme proposed an increase of ALN places. The demand is continuing to rise, particularly in secondary phase and data is currently under review.
31. Another key driver for the city in the next 10 years will be the requirement to develop uptake of Welsh medium education. The Welsh Government's Cymraeg 2050 strategy (2017) sets out a vision of reaching one million Welsh speakers by 2050. The aim of the strategy is for 40 per cent of children in Wales, in each year group, to be educated in Welsh-medium education and speak Welsh fluently. The remaining 60 per cent of children must also be able to speak Welsh.
32. Welsh Government has recently proposed extending the implementation period of Councils' Welsh in Education Strategic Plans to 10 years from 3 years. This aligns with the timescales, themes and goals of Cardiff 2030. In January 2020 the Cabinet approved a new dual stream school in the Plasdwr development to proceed to determination. The school includes 1FE of Welsh medium and 1FE of English medium with significant use of Welsh (up to 50%). The model is based on success in the Basque region of Spain and can be considered when developing new schools in the future.

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Asset Renewal

33. The Council has continued to commit to an increased programme of asset renewals, including from 2018/19 an additional £25m over 5 years. The asset improvement governance, resources and planning has been scaled up to deliver the expected programme. There has been an underspend of budgets since 2018/ 19, partially due to unexpected grant provided by Welsh Government in 2018/19 and 2019/20, but it is expected that the programme will deliver against the budetary commitments by 2021/22.

ICT

34. Welsh Government announced in July 2019 the availability of circa £4.5m grant associated with the national EdTech Project, which forms part of the Hwb Programme. As part of this programme of work the Council has audited every school to assess the condition of the estate, is in the process of revising the Council's ICT Strategy and placed orders for ICT infrastructure and equipment. The Council is also considering options to develop a sustainable lifecycle model to replace the ICT when required and also revised supporting arrangements.

SOP capacity and governance

35. Cabinet approved in July 2018 revised approaches to governance and the increase of capacity to allow the programme to be up-scaled at the start of Band B. Strengthened governance of the programme has been introduced to ensure delivery of a programme of this size and scale, to secure value for money and to discharge the statutory health and safety responsibilities of the Council. Capacity has been provided, primarily through the Programme Director position which has embedded well. Opportunities are under consideration to upscale the programme as appropriate.

Capital receipts

36. The Council's disposal target remains achievable. As the SOP Band B has evolved, the initial disposal sites and potential capital receipts envisaged have been adjusted to reflect the revised delivery of the 21st Century Schools programme. In light of recent programme revisions, the exact quantum and timing of individual capital receipts is subject to some uncertainty.

Issues

37. The programme faces a number of risks and challenges over the next 10 years. To support the city's response to climate challenges the development of the schools estate will look to deliver carbon neutral investment, with a renewed focus on the role that schools play in a more sustainable spatial strategy for Cardiff. The opportunities of such an

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approach will need to be balanced against the resources that are available.

38. There will be ongoing changes to population projections, and the rate of growth of the city overall. While the exit of the UK from the European Union will undoubtedly impact on patterns of population movement in Cardiff, it is currently unclear precisely how these will impact on education provision.
39. It should be acknowledged that the programme still operates in a time of austerity for local authorities and therefore value for money and affordability are important drivers. The Council will need to ensure effective procurement delivers value for money and significant community interest benefit in a programme of this size, and that monitoring and control of programme spend is consistently robust.
40. The scale and size of the programme will continue to present risks if there is insufficient capacity and insufficiently robust governance to manage and mitigate such risks. Uncertainty in tenure of the senior officer oversight and direction of the programme which is delivered through the role of Programme Director would present a significant risk to the Council. Consolidation of the post of Programme Director, School Organisation Programme, would be a cost effective and prudent response to such risk for the Council.

Reasons for Recommendations

41. To provide a programme update and identify the lessons learnt from 21st Century Schools Band A.
42. To update the Cabinet on progress against the implementation Band B and early LDP schemes to date.
43. To identify the risks and issues for the programme in light of current context.

Financial Implications

44. This report provides an update on the current position in relation to the School Organisation Programme and other related programmes. The specific financial implications relating to ongoing or future schemes have been, or will be, outlined in the relevant Cabinet reports. Therefore, these financial implications will provide an overview of the current financial position of the programme and any significant risks that need consideration.
45. In terms of the 21st Century Schools Programme, there are a number of funding sources for the Council's contribution towards the £284m capital programme. This will largely be sourced from external borrowing, the repayment of which will be funded via the SOP Revenue Reserve. In

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addition, the programme will be supplemented with £25m of funding via capital receipts. There is a significant risk regarding capital receipts in terms of both the value and timing of receipts being delivered. Any delay in the realisation, or reduction in value, of receipts will have a negative financial impact upon the programme, as additional borrowing will need to be undertaken which, in turn, will increase the pressure upon the SOP Revenue Reserve. A further risk is that the overall cost of individual schemes will increase, either because of a change in scope, unforeseen cost or the general impact of inflation. This would place strain upon the overall affordability of the programme and will require a review and reprioritisation of schemes to take place, should the original programme not remain affordable. Of particular importance going forward is to monitor the impact of the climate change considerations and the impact that sustainability requirements may have upon the scope of schemes.

46. As mentioned in the main body of the report, the intention is for two schemes to be delivered via the WG's Mutual Investment Model (MIM). Whilst the Council will not be required to provide the capital towards these schemes, it is important to note that the capital cost of the schemes must be contained within the overall £284m envelope. Should cost increases in these schemes be evident, compared with initial estimates, it may require other schemes to be deferred from the Band B Programme to a later phase of 21st Century Schools or withdrawn entirely. A further consideration where MIM is concerned, is the requirement for the Council to fund 19% of the ongoing revenue cost of the scheme once the new schools have been constructed and 100% of the hard facilities management costs. This will need to be funded from the SOP Revenue Reserve and will need to be factored into financial planning for the 25-year life of the lease arrangement, incorporating any inflationary cost increases that may be applied to it.
47. As already referenced, the main source of revenue funding for the SOP Programme is the SOP Revenue Reserve. This reserve funds the programme management costs, repayment of borrowing and will fund the Council's contribution towards the MIM unitary payments. The funding for the reserve comes from base budgets held within the Education directorate, which have been built up over a number of years from revenue release savings and planned contributions from the delegated school budget. One particular cost that is funded from the SOP Revenue Reserve is the Programme Director post, which this report recommends is made permanent. The current SOP Financial Model reflects an ongoing commitment in relation to this post and is currently affordable. Therefore, the revenue funding required for this post is available.
48. As well as the School Organisation Programme, this reports references a number of other initiatives which give rise to financial implications. The first is the Local Development Plan and the new schools that will be delivered as part of this programme. The main financial consideration in relation to this is the potential funding gap, between agreed Section 106

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contributions and estimated cost, which may emerge on certain schemes. In addition, certain costs, such as ICT, were not within the scope of Section 106 contributions. For the first schemes scheduled to be delivered, it will be necessary to absorb any additional costs within the SOP Financial Model, to be funded via the SOP Revenue Reserve. This situation will need to be monitored as other schemes progress. In terms of the Asset Renewal programme, the report refers to the additional funding that has been made available over a five-year period. The main risk in relation to this is the capacity to spend significant amounts of funding in each year. This risk has crystallised in recent years, where large amounts of slippage have resulted, partly due to additional WG grant that has been received. It is critical, going forward, that the correct programme management is in place to ensure that the necessary works are undertaken and this allocation is utilised in full and in a timely manner. The report also makes reference to the WG EdTech project and, whilst the project will be grant funded initially, there is a requirement for local authorities to put a long term sustainable funding solution in place. This will require the local authority to evaluate existing levels of ICT spend, including that within the delegated school budget, and extract the necessary funding to support the ongoing programme of ICT works.

Legal Implications

49. Cabinet may delegate the function referred to in the recommendations in accordance with Part 4 Section 4A of the Council's constitution.

HR Implications

RECOMMENDATIONS

The Cabinet is recommended to:

Note the progress made in developing the school estate in Cardiff SENIOR RESPONSIBLE OFFICER	NICK BATCHELAR Director of Education & Lifelong Learning
	25 February 2020