

CYNGOR SIR POWYS COUNTY COUNCIL.

**CABINET EXECUTIVE
27 September 2022**

REPORT AUTHOR: County Councillor Pete Roberts

Portfolio Holder for a Learning Powys

**REPORT TITLE: Transforming Education Programme - Sennybridge C.P.
School Outline Business Case (OBC)**

REPORT FOR: Decision

1. Purpose

1.1 This report requests Cabinet approval for the following:

- To submit an Outline Business Case (OBC) to the Welsh Government's Sustainable Communities for Learning Programme (formerly the 21st Century Schools Programme) for investment to develop a new 150 place dual stream primary school to replace Sennybridge C.P. School's current building.

1.2 The cost of the preferred way forward is estimated to be £11,154,341 including Risk and Optimism Bias, which is acceptable at OBC stage, and will be refined as the business case process continues into the next stages.

Project Costs	
Capital Cost	£9,074,723
Optimism Bias	£1,353,640
Risk	£725,978
VAT (only to be included where non-recoverable by applicant)	N/A
Total Project Cost at OBC stage (inclusive of optimism bias and risk)	£11,154,341

1.3 The project will be funded jointly by Welsh Government and Powys County Council (PCC) as outlined below. Whilst it is the intention to mitigate the optimism bias and risk as far as possible, due to the current project stage and economic climate, these costs must remain in the project finances. The funding is allocated for this project in the Council's Band B 21st C Schools Programme.

Funding allocations	
Welsh Government contribution (65%)	£7,250,321.65
PCC (35%)	£3,904,019.35
Total capital cost	£11,154,341

1.4 The estimated cost at OBC stage is higher than the estimated cost of £10,254,582 that was included in the initial Strategic Outline Case (SOC) which was approved by Cabinet on 8th March 2022 and reflects the current market uncertainty. As the project continues through the design stages and through to full business case stage, greater cost certainty will be provided.

1.5 The report is supported by the following appendices:

- Appendix A – Sennybridge C.P. School OBC
- Appendix B – Site Design plans
- Appendix C – Proposed floor plans

2. Background

2.1 The Council has recently relaunched its Strategy for Transforming Education in Powys, which includes an intention to develop all-age schools in the 13 geographic localities in Powys, underpinned by a major capital investment programme.

2.2 In September 2020, Cabinet considered a Programme Business Case which identified a preferred way forward for the Brecon catchment. The Programme Business Case identified a preferred way forward which included providing a replacement school building for Sennybridge C.P. School.

2.3 A SOC was approved by Cabinet in March 2022 and Welsh Government has subsequently given approval in principle to continue with the business case process.

2.4 Sennybridge C.P. School is in the village of Sennybridge, which is in the community of Maescar which has a population of 965 residents. The school has a strategic location, sitting as an outlier on the Powys border, but within the Brecon catchment area. The school lies 9 miles (14 km) west of Brecon and is close to the border with Carmarthenshire. There are several building condition and accessibility issues at the school, which are outlined within the OBC.

3. The Outline Business Case (OBC)

3.1 The OBC has been developed in accordance with HM Treasury's Five Case Business Model. The 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)
- 3.2 Several options relating to the planned development in Sennybridge have been considered when developing the SOC, and these have been further evaluated in the OBC.

3.3 Following an appraisal of options against the identified Investment Objectives and Critical Success Factors, an Economic Appraisal of shortlisted options and a financial evaluation, the preferred option for Sennybridge C.P. School is as follows:

Option 5: New build 150 place 4-11 dual stream community primary school in Sennybridge on existing site, with an early years setting and a community room.

3.4 The following table provides a summary of the advantages and disadvantages of the preferred way forward:

Advantages	Disadvantages
<ul style="list-style-type: none"> • Replicates the existing school size. • Provides a future proofed school, based on current pupil/population forecasts; • Enables the curriculum to be delivered in a continuous and coherent way from the Foundation Stage through to the end of Key Stage 2; • Maintains early years and primary age provision in the local community; • Minimises disruption to Sennybridge pupils, parents and teachers; • Enables wider integration of the school within the community; • Continuation of Welsh Medium Education in the Sennybridge area; • Collocated early years childcare provision on the one site. 	<ul style="list-style-type: none"> • Larger capital investment required from an already over-stretched capital budget. • Substantial noise disruption to existing school setting during building work. • May require temporary relocation of School pupils during building work and associated costs of this.

<ul style="list-style-type: none"> • Delivers a new build school which extends the time horizon for the requirement for substantial future works into the long term. • Removes backlog maintenance of circa £1.032m. • Will enable energy efficiencies reducing the buildings carbon footprint and ongoing running costs. • Provision of appropriate number of school pupil places. • Addresses condition, suitability, and sustainability issues in current school. • Reaffirms the strategy to keep Primary schools in strategic locations. • New building will be condition A. • Meets BREEAM and environmental building standards, including Net Zero in use. • Potentially attractive to local community and stakeholders. • Appropriate facilities for teaching and learning for 21C curriculum. • Provides community focussed facilities. 	
---	--

3.5 In November 2021, Welsh Government advised that new construction projects funded by its programmes would be required to achieve Net-Zero carbon in use (NZC) and achieve a reducing embodied energy target of 800kg CO₂/m². This building has been designed with Passivhaus, fabric-first principles by a contractor employed as design consultant during the Concept Design Development. By utilising Passivhaus principles, it is assumed that the implementation of Passivhaus fabric-first design will provide the lowest practical energy demand and will consequently require the lowest practical carbon offset. It is expected that the required offset will be achieved via on-site roof mounted PV panels and battery storage.

3.6 The schedule of accommodation for the new school building includes 5 classrooms, a catering kitchen, hall, small group room, interview room,

specialist room, headteacher's office, staff room, reception/office, hygiene room, community room with direct access from the outside and to the main hall, a self-contained early years suite with dedicated entrance and direct access to a secure external area and a multi-use games area and grassed pitch.

4. Advice

4.1 The advice of officers is that the OBC should be submitted to Welsh Government for approval, to enable the Council to proceed with the project and progress to the next stage of the business case process.

4.2 The Welsh Government's intervention rate for schools within Band B of the 21st Century Schools programme is 65%, which represents good value for money for the Council. Cabinet is advised that there is optimism bias and risk contingency within the estimated project costs, which is appropriate at an OBC stage. More detailed estimated costs will be confirmed at Full Business Case stage.

4.3 **Indicative Timescales**

Date	
07/2022	Complete RIBA 2
09/10 2022	OBC approvals
10/2022	Commence procurement for a Design and Build contractor
11/2023	Planning application
03/2024	FBC approvals
05/2024	Commence construction
09/2025	New school building open

5. Resource Implications

5.1 Estimated costs are as follows:

Project Costs	
Capital Cost	£9,074,723
Optimism Bias	£1,353,640

Risk	£725,978
VAT (only to be included where non-recoverable by applicant)	N/A
Total Project Cost (inclusive of optimism bias and risk)	£11,154,341
Welsh Government Contribution (65%)	£7,250,321
PCC Contribution (35%)	£3,904,019

- 5.2 The project can be accommodated within the current Sustainable Communities for Learning Programme funding envelope.
- 5.3 The Council's contribution towards this scheme will be funded from borrowing as no other funding has been identified. The cost to the Council's revenue budget because of this borrowing is estimated at £160,000 per year for 34 years. This is included in the Council's Financial Resources Model (FRM) but there are significant funding shortfalls in future years to close the budget gap.
- 5.4 The current Sustainable Communities for Learning grant conditions allow Welsh Government to claw back grant if the school has over 15% surplus capacity 5 years after occupation of the school. The capacity of the planned new building, at 150 places, is slightly higher than the current pupil numbers (120 according to Teacher Centre 21/09/22) so this remains a risk to this scheme.
- 5.5 The attached OBC identifies that, from the opening of the new school building in 2025, there will be a small increase in the recurring revenue cost of the school of approximately £13k per annum. This is due to the estimated additional cost of rates following a move to the new build. Any change to the formula funding provided will impact on the Council's revenue budget.
- 5.6 Even though there's a potential additional annual revenue cost to a new build school in Sennybridge in terms of rates, a new build with a high energy standard would remove the on-going maintenance costs associated with the current school, would reduce running costs due to the Passivhaus element, and would provide an improved learning environment for pupils and staff. This would also provide a long-term sustainable solution with a school which has a life of approximately 60 years, compared to the short-term fix that on-going maintenance would provide. The whole-life costs of continuing with the current schools estate in Powys (the Status Quo / "Do Minimum" option) were compared with the costs of a fully implemented transformation of schools over 60 years, including those of this project, with the result being more favourable in terms of a transformed schools estate.

- 5.7 Development and implementation of the recommendation would require involvement from several service areas, including staff from the Schools Service, Finance, Property, Highways, and ICT.
- 5.12 The Head of Finance (Section 151 Officer) notes that the costings set out to deliver the project will be subject to further refinement as the project continues through the design stages and through to full business case stage, when greater cost certainty will be provided. With continuing pressure from inflation, the cost of delivering this project together with the funding requirements will need to be reviewed again at that stage. Based on the costings to date the project can be accommodated within the current Sustainable Communities for Learning Programme funding envelope provided by Welsh Government, in order to meet the Councils funding contribution it is anticipated that this scheme will be funded from additional borrowing which will add a financial pressure of £160,000 per annum to the Councils revenue budget, this is recognised in the 5 year FRM but as stated these future budgets are not yet balanced and a significant gap remains. Alternative sources of funding such as capital receipts from the release of assets will also be considered to support the Councils Capital Programme.

6. Legal implications

- 6.1 The Head of Legal Services and Monitoring Officer) has commented as follows: *"I note the legal comment and have nothing to add to the report"*.

7. Comment from local member(s)

Cllr Edwin Roderick: I support the capital investment into the replacement school at Sennybridge. The current facilities are poor and have deteriorated over the years. If no investment is made, we will see children choosing to attend other educational establishments. Sennybridge is a vibrant community that supports the school, it is in major need of facilities equipped to deliver a great teaching/learning environment. I'm eager for the project to progress as quickly as possible, given the rising cost of building materials and energy it makes sense to invest now.

8. Impact Assessment

- 8.1 An initial impact assessment of the preferred way forward was completed at the Strategic Outline Stage. The impact assessment considers the project's impact on the Welsh Government's well-being

goals, as outlined in the Well-being of Future Generations Act. The assessment has been reviewed prior to the submission of the OBC

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 Sennybridge Primary School building would address many issues related to the poor condition of the current building, ensuring that future pupils would be taught in facilities that are fit-for-purpose, improving their learner entitlement and experience. The new facilities would be fully DDA compliant, supporting learners with disabilities. Further opportunities for integration between the school and other services, to have a positive impact on the health and well-being of pupils attending the school and their families.’

Should Cabinet approve continuing with the preferred option, the impact assessment will be regularly updated throughout the process to take account of any feedback received.

9. Recommendation

9.1 It is recommended that Cabinet approves the following:

- To submit an Outline Business Case (OBC) to the Welsh Government’s Sustainable Communities for Learning Programme (formerly the 21st Century Schools Programme) for investment to develop a new 150 place dual stream primary school to replace Sennybridge C.P. School’s current building.

Contact Officer: Marianne Evans
Tel: 07870 658481
Email: marianne.evans@powys.gov.uk

Head of Service: Georgie Bevan
Corporate Director: Lynette Lovell/Emma Palmer