

**Learning, Skills and Economy Scrutiny Committee
Scrutiny Observations to Cabinet on: 21st Century Schools – Welshpool Primary
Schools and Ysgol Calon Cymru**

This matter was considered at Cabinet on 19th June 2018 where a Local Member asked a series of questions and Cabinet approved the following recommendation:

| <i>RESOLVED that, subject to the views of Scrutiny</i> | <i>Reason for Decision:</i> |
|--|---|
| <i>Cabinet approves an increase in the budget for Welshpool Schools Project to £16,794,385 to be split between Band A and Band B.</i> | <i>To enable the two schools to be built in Welshpool therefore improving the learning environment for pupils.</i> |
| <i>Cabinet approves that any unallocated funding in Band A is invested in improvements at Ysgol Calon Cymru.</i> | <i>To improve facilities for pupils in a major Schools Transformation project.</i> |

The Committee were tasked with examining the following areas:

- Why have the costs of the Welshpool Schools Project increased?
- What is the rationale for where and how the additional £3 million now available in Band A will be spent.

The Learning, Skills and Economy Scrutiny Committee together with the Chair and Vice-Chair of Audit Committee met on the 25th June 2018 and would like to thank the Portfolio Holders, Officers and Representatives from the Heart of Wales Property Service who provided the report and gave evidence at the meeting.

The Scrutiny Committee considered the following papers related to this matter:

- Cabinet Report of 19th June 2018
- Scrutiny Briefing
- Schools Service report to scrutiny

Additional commercially sensitive information was provided to the Chairs of Scrutiny and Audit after the meeting:

- Welshpool CiW Salop Road site – contamination costs and basis of tendering
- Detailed breakdown of cost increases

Background

This matter relates to the 21st Century Schools Programme which is a joint Welsh Government/Powys County Council programme of capital investment in schools. There are two phases to the programme: Band A (2014-2019) and Band B (2019-2025). Further details regarding the programmes are outlined in the Cabinet Report of 19th June 2018.

The Committee make the following observations to Cabinet in respect of the 21st Century Schools – Welshpool Primary Schools and Ysgol Calon Cymru on 10th July 2018.

Why have the costs for the Welshpool Schools Project increased?

The Welshpool Schools Project intends for the four schools closed in September 2017 and replaced by two new schools Ysgol Gymraeg y Trallwng (operating from the former Ardwyn site) and Welshpool Church in Wales Primary School (operating from the former sites of Ysgol Maesydre, Oldford and Gungrog) to move to the following locations:

- Ysgol Gymraeg y Trallwng to be built on the former Ysgol Maesydre site
- Welshpool CiW Primary School to be built on land at Welshpool High School

The Schools Service report to scrutiny notes that approval for the Welshpool Schools Project was secured with a total project cost of £12,977,794. Cabinet is now being asked to approve an increase in the costs of this project to £16,794,385. This is an increase of **£3,891,591** and will necessitate moving Ysgol Gymraeg y Trallwng from Band A to Band B of the 21st Century Schools Programme. This increase is due to:

- Re-design costs and costs associated with remodelling a listed building;
- Economies of scale no longer achievable due to schools now being built sequentially rather than concurrently
- Further investigation in to the Welshpool CiW Primary School site identified that the topsoil needs to be removed and re-filled due to a historical use of the land.

Information provided to the Chairs after the meeting revealed that the two schools for different reasons need to increase their budgets quite substantially:

- Welshpool Church in Wales (English Medium) school by £1,583,641, and
- Ysgol Gymreig y Tranllong (Welsh Medium) school by £1,480,243

On top of these figures there is a contingency and revenue stream cost of £750k. When reading the report to Cabinet these figures are not included and it reads as if the CADW listing was the main reason for the £3.8m increase. This is not the case as there is a substantial increase in the CIW school also.

Why have the costs risen in relation to Ysgol Gymraeg y Trallwng?

Scrutiny was advised that in November 2017 CADW contacted Powys County Council to advise that a request to List Ysgol Maesydre had been received and would be investigated. The authority entered into correspondence with CADW regarding the Listing and received the decision of CADW in March 2018. Whilst CADW had Listed the core buildings of Ysgol Maesydre as Grade 2 for its special and historic architectural interest, the 1950s extension was not included in the Listing as it did not meet the criteria.⁽¹⁾

Scrutiny was advised that when the authority were advised of the application to CADW actions were taken in case the Listing was successful. These actions included:

1. a full search of available land in the centre of Welshpool including land owned by the authority and land not owned by the authority which could either be purchased or subject to a land swap. No suitable land for a school was identified which was not in the floodplain.
2. Consideration of co-locating both the English Medium and Welsh Medium school on the site at Welshpool High School. This was rejected as the site was too constrained for both schools to be sited there.
3. The incorporation of the Listed Building into the design for the new Welsh Medium School.

Scrutiny was advised that the Authority have a legal duty to maintain the Listed Building which is in a poor state of repair and, in the event the Welsh Medium School was not built on the Ysgol Maesydre site, this duty to maintain the building would remain. The Authority is working closely on pre-planning matters with the Schools Service, Heart of Wales Property Services and the contractors producing new designs incorporating the Listed Building to use for administrative areas and pre-school provision.

It became apparent during the meeting that the individual who had applied to CADW for Ysgol Maesydre to be Listed had contacted the Schools Service during the consultation period for the Welshpool Schools Project. It was not clear during the meeting if this letter outlined an intention to apply for Listed Building status or included more general observations. The Schools Service did not feel that the consultee had the support of the community. Scrutiny are unable to comment on whether this letter gave indication of the potential for the building to be Listed at that stage and if so, was sufficient regard given to any such letter, having not had sight of the letter.

Scrutiny was advised that the service had worked closely with CADW who would now be consultees as part of the planning process regarding the remodelling of the project to include Ysgol Maesydre. CADW would have firm views on the use of the land around Ysgol Maesydre and it would only be appropriate to locate the new build behind the existing building or there would be an adverse impact on the visual amenity of the Listed Building. CADW were supportive of sympathetic remodelling and would wish to see the building used.

Of particular concern is that it is understood that the increased costs at the Welsh Medium site are estimated figures which arise out of the Listing of Ysgol Maesydre the details of which are commercially sensitive. Scrutiny had sight of the project costs for Ysgol Gymraeg y Trallwng and expressed concern that the contingency had been set at 3.89%. It is understood that a usual contingency would be 5% and that it would be prudent, particularly in light of the Listed Building Status of this project, if this were raised to 5%.

Findings

- That the costs for this project have increased due to the Listing of Ysgol Maesydre part way through the Welshpool Schools Project.
- That the identified costings are estimates with the potential that these may increase

- Ysgol Maesydre had been poorly maintained and some additional costs relate to putting right neglected maintenance.
- That alternative options to site Ysgol Gymraeg y Trallwng on other land within Welshpool or co-location with the Welshpool CiW Primary School were investigated and rejected on the grounds that no suitable land within the Council's ownership or private ownership could be found. Co-location was also rejected due to site constraints.
- That remodelling costs have been kept to a minimum but are subject to planning consents and that the contingencies allowed for are considered to be insufficient.
- Attention is drawn to the Finance comment in the Cabinet report of 19th June 2018 which states:

There is also the added risk of cost escalation, depending on how well HOWPS manages this complex project within the approved budget. It will be crucial that they keep the cost down through the duration of the project to ensure that cost is kept within the margins of the allocated budget.

This is of particular concern given HOWPS' acknowledgement that costs at this stage are estimates.

Why have the costs risen in relation to Welshpool CiW Primary School?

The Welshpool CiW Primary School is to be located on part of the playing fields of Welshpool High School. The Schools Service acknowledge that additional costs due to topsoil issues at this site were not identified until recently. The site is used by the High School and local junior football teams and site investigations were not undertaken until later to allow for users to continue to have access to the site for as long as possible. It became apparent in the meeting that costs for projects are prepared on the basis of a 'perfect site', which, in practice few sites are. The additional costs in relation to Radon gas should have been anticipated. It was not possible to ascertain during the meeting if the Contaminated Site Register had been consulted at an appropriate stage in the process, i.e. at the site selection stage. It was also understood that there is local knowledge regarding the historic use of this site which was not shared with the Project Team until the site investigations had revealed the contamination. In hindsight this is unfortunate. It was later confirmed that:

'The contract for the design and build of the two primary schools in Welshpool was tendered using the Sewscap2 Contractor Framework. This route to market is preferred by Welsh Government and was approved by them throughout the business case process.

To ensure that tendering contractors submit prices on a like for like basis they're invited to submit bids based on perfect site conditions. It's recognised that no site will be perfect and as such tendering contractors are required to submit a costed risk register to account for likely site-specific risks. Risk registers submitted at tender stage not only identify potential risk, but also the most appropriate risk owner. A scored assessment of the risk register is carried out by the tender evaluation team, and forms part of the contractors overall final score.

Actual ground conditions are identified once a contractor has been appointed and during the planning and detailed design stages of a project. Many other surveys and reports are also required at this stage to both inform the detailed design stage and ensure compliance with the Planning and Building Control regulations.'

However, the costs of dealing with the contamination will always have been present for this site and, had they been picked up earlier, this may have altered the outcome of the site selection process. If the site had remained the favoured option the costs of

dealing with the contamination would have been included within the project costs for this new school.

It is understood that the increase in costs at the Church in Wales School is made up of £770k (the additional costs required for dealing with what has turned out to be an imperfect site). The remaining additional costs appear to relate to changes in specification from the client side. This is of concern for future 21st Century School Projects. When Cabinet are agreeing to commit to capital spend on such projects this should be with confidence that the full costs have been identified.

Findings

- That the Contaminated Site Register is checked to ensure that it is up to date and that it is consulted at the scoping and site selection stage for all future projects undertaken by the authority, including on land owned by the authority
- That communities and local authority Members/Officers are encouraged to use local knowledge and corporate memory to identify potential concerns during project planning in local communities
- A rigorous site selection model should be developed to ensure that environmental issues are considered at the appropriate stage

Why was Ysgol Calon Cymru prioritised for the newly available capital funding from Band A?

Funding from Band B includes a number of major projects which are beginning to be progressed but also includes a sum to undertake smaller scale upgrades to existing older schools. Ysgol Calon Cymru is a new school opening in September 2018 on two existing sites – Builth High School and Llandrindod High School. Llandrindod High School was assessed as Condition C in 2016 (as detailed in the Cabinet Report) and the scrutiny meeting was advised a more recent assessment shows it has deteriorated to Condition C/D and was the highest ranked school in terms of level of need (Schools Service report to Scrutiny). Scrutiny sought to ascertain if there were other Condition D schools which should have been considered alongside Ysgol Calon Cymru and were advised that three primary schools were condition D and were in the Band B programme for consideration. It was confirmed that the improvements at Ysgol Calon Cymru would benefit the most pupils as this is a High School rather than a Primary School.

Findings

- The information provided to scrutiny confirms Ysgol Calon Cymru as the school with the highest need to benefit from being moved forward from Band B to utilise the available Band A funding.
- That there are three other primary schools with Condition D buildings. These schools need to be a priority under the 21st Century Schools Programme either under Band A if any funding is available once the necessary improvements at Ysgol Calon Cymru have been made, or in Band B.
- That whilst moving Ysgol Gymraeg y Trallwng from Band A to Band B will be finance neutral (there is sufficient funding within Band B to absorb the additional costs of the Welshpool Primary Schools Scheme) the impact of an increase in costs of the Welshpool Primary Schools will be an opportunity cost of less funding now available in Band B to upgrade other poor condition schools in Powys.

Other matters

Capacity

Whilst scrutinising the matter raised at Cabinet it became apparent that the project intends to provide school places for 510 pupils between the two new schools. The case for change to reorganise schools in Welshpool includes the statement 'excess surplus places with 434 currently available between four schools 92 (19%) of which are unfilled. Surplus capacity is planned at 30% (2016 figures) or alternatively it would need an increase of pupil numbers of nearly 45% for these schools to be full. This directly contradicts the case for change. Whilst it is accepted that new schools attract pupils and understood that up to 100 pupils from surrounding schools may 'repatriate' to Welshpool this does raise questions regarding the viability of surrounding schools which is outside the remit of this investigation but will need careful consideration by the Schools Service.

Audit have the following particular concerns:

The Church in Wales school is being built to accommodate 360 pupils which equates to £28k (plus contingency) per place. Ysgol Gymraeg y Trallwng is being built to accommodate 150 pupils which equates to £41k (plus contingency) per place. We were unable to accurately check the spend against similar builds across Wales and the UK and would recommend that this is done.

When we calculate the cost per place based on the present pupil numbers the Welsh school costs rise from £41k (plus contingency) per pupil to £77k (plus contingency) per pupil and the CIW school costs rise from £28k to £37k (plus contingency).

Finally Members note that the short time scale between referral to scrutiny and the meeting there was a delay in obtaining relevant financial information which made it difficult to explore all the issues fully. The conclusions reached by audit, in particular regarding the per place cost of builds, projected pupil numbers and impact on other schools around the catchment require further consideration. Members are also concerned that adequate financial information was not made available or requested at the Cabinet meeting in order to fully understand the issue and are pleased that this matter was referred to scrutiny.

Recommendations:

- 1. That the contingency fund for each of the Welshpool Schools be increased to 5%.**
- 2. That the Contaminated Land Register and Radon maps are consulted at the scoping and site selection stage for all projects in which the Council is involved including those on land owned by the authority.**
- 3. That the money released by moving Ysgol Gymraeg y Trallwng to Band B is used to improve the Llandrindod site of Ysgol Calon Cymru and if any funds remain in Band A when this work has been completed then those primary schools with Condition D buildings are prioritised for improvements.**
- 4. That further work is undertaken on pupil numbers, appropriate levels of excess capacity when building new schools, cost per pupil of new builds and impact of new schools on surrounding schools to inform the Schools Transformation programme.**

Membership of the Learning, Skills and Economy Scrutiny Committee on 25th June 2018

County Councillors **P Roberts (Chair)**, M Barnes, G Breeze, K W Curry, B Davies, D O Evans, D R Jones, E M Jones, G Jones, D Jones-Poston, K Laurie-Parry, I McIntosh, S McNicholas, L Roberts, D Selby, R G Thomas and Parent Governor Representatives: Mrs A Davies and Mrs S. Davies and Church Representative M Evitts.

Invited representatives from Audit Committee:

County Councillor J Morris and Independent Member J Brautigam

References:

1. British Listed Buildings (<https://www.britishlistedbuildings.co.uk/300087750-ysgol-maesydre-welshpool#.WzJZVMuWzcu> accessed 26th June 2018)