



RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL

MUNICIPAL YEAR 2019 – 2020

COUNCIL

31st JULY 2019

**FINANCING OF THE 21ST CENTURY SCHOOLS CAPITAL PROGRAMME USING
PRUDENTIAL BORROWING**

REPORT OF THE DIRECTOR OF FINANCE & DIGITAL SERVICES

Author: Barrie Davies, Director of Finance & Digital Services, (01443) 424026

1.0 PURPOSE OF REPORT

1.1 The purpose of this report is to seek Council approval:

- For a capital investment of £9.743M for a new school for Hirwaun Primary School;
- To finance building the new school through the Welsh Government's (WG) 21st Century Schools Band B grant and to fund the Council's contribution from Council borrowing using its powers under the Prudential Code.

2.0 RECOMMENDATIONS

It is recommended that Members:

- 2.1 Agree to the inclusion in the capital programme of a new Hirwaun Primary School at a total cost of £9.743M.
- 2.2 Agree that the net capital cost to the Council of £3.410M is funded through borrowing, using the Council's powers under the Prudential Code, with the annual revenue cost of £0.133M being met from savings from this and other previous school reorganisations.

3.0 BACKGROUND

- 3.1 Members will recall that at the meeting of the Cabinet on 9th April 2019 approval was given to implement the proposals to create a new school for Hirwaun Primary School by September 2021.

4.0 FINANCIAL DETAILS

- 4.1 The proposal to create a new Hirwaun Primary School will cost an estimated £9.743M in capital investment. The proposal also includes changing the category of Penderyn Community Primary School from dual language to a Welsh medium school. Any annual revenue savings as a result of these changes will be added to the already accrued revenue savings from previous school reorganisations.
- 4.2 The Council has successfully secured WG 21st Century Schools Band B grant to fund 65% of the eligible capital expenditure. The total eligible cost of the scheme is £9.743M, which, in line with WG's revised approach to awarding funding, excludes project risk estimated at £0.502M.
- 4.3 The project budget will be closely managed throughout the programme and should any unforeseen expenditure arise, which would have been covered by the project risk budget, this will be discussed with WG with a view to securing additional grant funding.
- 4.4 The total grant award is £6.333M and the Council's borrowing requirement is £3.410M. The annual revenue cost to repay this borrowing is £0.133M per year for 40 years. This can be funded from revenue savings accrued from previous 21st Century Schools schemes and other school reorganisations that have already been implemented.

5.0 EQUALITY AND DIVERSITY IMPLICATIONS

- 5.1 The equality and diversity implications have been considered and reported as part of the proposals to improve the Education provision and there are no implications as a result of the recommendations in this report.

6.0 CONSULTATION

- 6.1 The necessary consultation process has been undertaken and reported as part of the proposals to improve the Education provision and there are no consultation requirements as a result of the recommendations in this report.

7.0 FINANCIAL IMPLICATION(S)

- 7.1 The financial implications are set out in the report; in summary this is to invest £9.743M of capital expenditure to create a new Hirwaun Primary School. This will be funded by WG 21st Century Schools Band B grant of £6.333M and £3.410M of borrowing to fund the Council's contribution. The repayment of this borrowing will cost £0.133M annually for 40 years, which will be funded from revenue savings already accrued.

8.0 LEGAL IMPLICATIONS OR LEGISLATION CONSIDERED

8.1 The legal implications have been considered and reported as part of the proposals to improve the Education provision.

8.2 The Council has the necessary powers to borrow money to fund expenditure under the Prudential Code.

9.0 LINKS TO CORPORATE AND NATIONAL PRIORITIES AND THE WELL-BEING OF FUTURE GENERATIONS ACT

9.1 The Council’s Corporate Plan commits to “Continue to invest in improving school buildings, to ensure the County Borough’s pupils have the learning environment fit for the 21st Century.” The financing of this commitment will enable the Council to contribute to all 7 well-being goals within the Future Generation (Wales) Act 2015.

10.0 CONCLUSIONS

10.1 The investment in a new Hirwaun Primary School can be financed by Welsh Government 21st Century Schools Band B grant and by borrowing for the Council’s contribution by the use of powers available under the Prudential Code.

LOCAL GOVERNMENT ACT 1972
AS AMENDED BY
THE LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985
RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL
COUNCIL 31st JULY 2019

REPORT OF THE DIRECTOR OF FINANCE & DIGITAL SERVICES

**Item: FINANCING OF THE 21ST CENTURY SCHOOLS CAPITAL PROGRAMME
USING PRUDENTIAL BORROWING**

Background Papers

Cabinet 9th April 2019:

[21ST CENTURY SCHOOLS PROGRAMME - PROPOSALS TO IMPROVE EDUCATION
PROVISION IN CYNON VALLEY](#)

Cabinet 20th September 2018:

[21ST CENTURY SCHOOLS PROGRAMME - PROPOSALS TO IMPROVE EDUCATION
PROVISION IN CYNON VALLEY](#)

Officer to contact: Barrie Davies, Director of Finance & Digital Services (01443) 424026
