



RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL

CABINET

17th NOVEMBER 2020

**21ST CENTURY SCHOOLS CAPITAL PROGRAMME –
YSGOL GYNRADD GYMRAEG ABERDAR**

**REPORT OF THE DIRECTOR OF FINANCE AND DIGITAL SERVICES IN DISCUSSION
WITH THE LEADER OF THE COUNCIL, CLLR A MORGAN**

Author: Barrie Davies (01443 424026)

1. PURPOSE OF THE REPORT

- 1.1 The purpose of the report is to provide an update regarding financing of the proposals to increase the capacity of Ysgol Gynradd Gymraeg Aberdar (YGG Aberdar) to meet the demand for Welsh medium school places

2. RECOMMENDATIONS

It is recommended that Cabinet:

- 2.1 Note the updated position on the outcome of the submission of a financial business case to Welsh Government;
- 2.2 Review and agree the updated total costs and funding package;
- 2.3 Review, and if acceptable propose that the attached Prudential Borrowing report at Appendix A is presented to Council on 25th November 2020.

3. REASONS FOR RECOMMENDATIONS

- 3.1 To complete the funding package for YGG Aberdar enabling works to commence.

4. BACKGROUND

- 4.1 Members will recall that at the meeting of the Cabinet on 20th September 2018 approval was given to develop and submit a 21st Century Schools Programme financial business case to the Welsh Government to increase the capacity of Ysgol Gynradd Gymraeg Aberdar to meet the demand for Welsh medium school places.

- 4.2 The proposal has been through all the relevant business case stages in Welsh Government and an award of funding was received on 4th November 2020.
- 4.3 The total estimated cost presented to Cabinet in September 2018 was £3.3M to provide an additional 60 primary school places. Since September 2018 the total cost has increased to £4.5M as the project now also incorporates a new childcare facility as per Delegated Decision report on 29th May 2018 and report to Cabinet on 9th April 2019.
- 4.4 The funding package has also changed. In September 2018 the WG 21st Century Schools Band B grant intervention rate was 50%, which therefore required the Council to fund 50% of the cost. The WG intervention rate has now increased to 65% and the Council's funding requirement has decreased to 35%. The following table illustrates the changes in costs and funding:

Costs	Original Estimate £M	Revised Estimate £M
Additional 60 primary school places	3.300	3.690
Childcare facility	Not included	0.810
Total	3.300	4.500
Funding	Original Estimate £M	Confirmed (WG) £M
WG 21 st Century Schools Band B	(50%) 1.650	(65% of £3.690) 2.399
RCT Council Borrowing	(50%) 1.650	(35% of £3.690) 1.291
WG Childcare Grant	0	0.810
Total	3.300	4.500

5. EQUALITY AND DIVERSITY IMPLICATIONS

- 5.1 An Equality Impact Assessment is not needed because the contents of this report relate solely to the appended report.

6. CONSULTATION

- 6.1 Details regarding consultation are included in the appended report.

7. FINANCIAL IMPLICATION(S)

- 7.1 The impact of the change in total cost and change in WG 21st Century Schools Band B grant intervention rate has reduced the Council's borrowing requirement from £1.650M to £1.291M. Details of the borrowing calculation and funding of the annual revenue cost are included in the appended report.

8. LEGAL IMPLICATIONS OR LEGISLATION CONSIDERED

- 8.1 There are no legal implications as a result of the recommendations set out in the

report.

9. LINKS TO THE 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."

9.2 The financing of this commitment will enable the delivery of proposals that will contribute to all 7 well-being goals within the Future Generation (Wales) Act 2015 and due regard has been made to the Five Ways of Working, as contained within the Wellbeing of Future Generations (Wales) Act 2015. This is well documented in the Business Case submitted to the Welsh Government

10 CONCLUSIONS

10.1 The investment in a new extension at YGG Aberdar can be financed by Welsh Government's 21st Century Schools Band B grant, Welsh Government's Childcare Grant, and by borrowing for the Council's contribution by the use of powers available under the Prudential Code.



Appendix A

RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL

MUNICIPAL YEAR 2020 – 2021

COUNCIL

25th NOVEMBER 2020

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 £4.500M for an extension at Ysgol Gynradd Gymraeg Aberdar incorporating 4 classrooms and establishing a new Meithrin;
- To finance the project through the Welsh Government's (WG) 21st Century Schools Band B grant; Welsh Government's Childcare 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 extension at Ysgol Gynradd Gymraeg Aberdar at a total cost of £4.500M.
- 2.2 Agree that the net capital cost to the Council of £1.291M is funded through borrowing, using the Council's powers under the Prudential Code, with the annual revenue cost of £0.052M being met from savings from previous school reorganisations.

3.0 BACKGROUND

3.1 Members will recall that at the meeting of the Cabinet on 20th September 2018

approval was given to develop and submit a 21st Century Schools Programme financial business case to the Welsh Government to increase the capacity of Ysgol Gynradd Gymraeg Aberdar to meet the demand for Welsh medium school places.

3.2 An update was reported to Cabinet on 17th November 2020 outlining that the proposal has been through all the relevant business case stages in Welsh Government and an award of funding was received on 4th November 2020.

3.3 Cabinet reviewed the updated costs and funding package and agreed that this report is presented to Council to approve the borrowing for the Council's contribution.

4.0 FINANCIAL DETAILS

4.1 The proposal to build an extension at Ysgol Gynradd Gymraeg Aberdar will cost an estimated £4.500M in capital investment.

4.2 The Council has successfully secured WG Childcare grant of £0.810M, with 21st Century Schools Band B grant to fund 65% of the remaining eligible capital expenditure.

4.3 The total grant award is £2.399M and the Council's borrowing requirement is £1.291M. The annual revenue cost to repay this borrowing is £0.052M 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 A formal school organisation consultation on the proposals to extend YGG Aberdar was not required, as the increase in capacity is below the threshold at which a statutory consultation is necessary. 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 £4.500M of capital expenditure to build a new extension at Ysgol Gynradd Gymraeg Aberdar. This will be funded by WG 21st Century Schools Band B grant of £2.399M, WG Childcare Grant £0.810M and £1.291M of borrowing to fund the Council's contribution. The repayment of this borrowing will cost £0.052M 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.”
- 9.2 The financing of this commitment will enable the delivery of proposals that will contribute to all 7 well-being goals within the Future Generation (Wales) Act 2015 and due regard has been made to the Five Ways of Working, as contained within the Wellbeing of Future Generations (Wales) Act 2015. This is well documented in the Business Case submitted to the Welsh Government

10.0 CONCLUSIONS

- 10.1 The investment in a new extension at Ysgol Gynradd Gymraeg Aberdar can be financed by Welsh Government’s 21st Century Schools Band B grant, Welsh Government’s Childcare 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 25th NOVEMBER 2020

REPORT OF THE DIRECTOR OF FINANCE & DIGITAL SERVICES

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

Background Papers

Delegated Decision 29th May 2018

[Increasing Welsh Medium Provision - Welsh Government Capital Grant](#)

Cabinet 20th September 2018:

[21st Century Schools Programme - Proposal to Improve Education Provision in Cynon Valley](#)

Cabinet 9th April 2019:

[Planning for Welsh Medium Education Places](#)

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