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Mr Darren Millar AM
Chair, Public Accounts Committee
National Assembly for Wales
Cardiff Bay
Cardiff CF99 1NA

Dear Darren

ASSEMBLY GOVERNMENT RESPONSE TO THE PUBLIC ACCOUNTS COMMITTEE'S REPORT ON CAPITAL INVESTMENT IN SCHOOLS

The Assembly Government wrote to you on 27 January with its response to the recommendations set out in the Committee's December 2010 report on Capital Investment in Schools. I set out below my advice on the Assembly Government's response.

The Assembly Government states that it has accepted all seven of the Committee's recommendations. Its response includes a timescale to address the recommendations, and a commitment to report on progress to the Committee in, or soon after, July 2011.

The Assembly Government's proposed actions are being implemented over the period of a year, beginning last December. Key actions include:

- all 22 local authorities submitted their Strategic Outline Programmes by December 2010;
- the Assembly Government is to assess these Strategic Outline Programmes by the end of July 2011; and
- once their Strategic Outline Programmes have been approved, local authorities are to develop outline and full business cases for individual projects, using the tools, guidance and strategies that the Assembly Government will put in place by December 2011.

Even though the Assembly Government states that it has accepted all the Committee's recommendations, it is not always clear from the response whether the proposed actions, when implemented, will be adequate in addressing the recommendations in full, particularly recommendations numbered 2, 3, 4 and 5. The timescale for some of the proposed actions is also longer than I had anticipated, given the evidence we heard at the Committee on 21 October 2010.

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Recommendation 2 in the Committee's report sought assurance that '*the Strategic Outline Programmes will be tested against the detailed standards which underpin the Welsh Assembly Government's high level definition of fitness for purpose*'. The Assembly Government's response states that the Strategic Outline Programmes will be assessed against 'five high-level investment objectives', and that assessment against the detailed standards which underpin the Welsh Assembly Government's high level definition of fitness for purpose will not be made until local authorities have (subsequently) submitted outline and full business cases.

The Assembly Government's response also implies that those authorities that have their Strategic Outline Programmes approved in July 2011 will have to wait until December, when 'detailed tools, guidance and strategies' will be in place, before beginning to develop outline and full business cases.

Recommendation 3 requires the Assembly Government to '*establish the cost of bringing schools in each authority up to the agreed "fit for purpose" standard'.* The Assembly Government plans to do this by July 2011, based on its assessment of the 22 Strategic Outline Programmes. However, the detailed standards underpinning the high-level definition of fitness for purpose will not be ready until December 2011. Accordingly, the Strategic Outline Programmes may not form a very reliable basis for estimating the total cost of the 21st Century Schools programme.

The Assembly Government's response to **Recommendation 4** states that the programme (to bring schools in each authority up to the agreed 'fit for purpose' standard) will initially be delivered in a series of four three-year phases, without giving an indication of when the programme will be delivered in full. The response is also silent on the expected Assembly Government's contribution to costs, perhaps reflecting an understandable degree of uncertainty as to the level of capital that will be available over the next 12 years and beyond.

The response to **Recommendation 5** refers to existing guidance about the planning of school places and how school capacity should be measured. This guidance is, in my view, adequate in terms of supporting local authorities to manage the mechanics of school reorganisation and to ensure that they comply with the associated statutory requirements. But the guidance does not provide local authorities with a clear policy steer that, for example, drives them to reduce surplus capacity or, alternatively, presumes against school closures under certain circumstances. This area is, of course, politically sensitive at both local and national levels, but the Committee may feel that local authorities might benefit from a stronger central government steer in order to take the necessary, but often difficult, decisions.

In conclusion, despite the Assembly Government's stated acceptance of all the Committee's recommendations, the extent to which the proposed actions will be effective in implementing the recommendations will not be clear for some time. The Assembly Government has committed to report on progress to the Committee in, or soon after, July 2011, after it has completed its assessment of the 22 Strategic Outline Programmes. I propose that I should provide the Committee with further advice at this stage, based on my analysis of the Assembly Government's progress report, and of progress more broadly. My advice will include consideration of whether any further action by the Committee is merited.

HUW VAUGHAN THOMAS
AUDITOR GENERAL FOR WALES