

**Public Accounts Committee
PAC(4) 16-13 – Paper 3**

Update to the Report of the National Assembly for Wales Public Accounts Committee on Capital Investment in Schools

| PAC Report Recommendations | Current Position |
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| <p>1 We recommend that the Welsh Assembly Government provide assurance that the post-occupancy evaluation will relate to the objectives set at the initiation of each capital investment project</p> | <p>The transitional capital programme that was put in place ahead of the 21st Century Schools Programme will come to an end in 2014-15 paving the way for the new school investment programme. This new programme will provide a more strategic and focussed approach to capital investment in schools.</p> <p>Lessons learnt from the transitional programme, regarding the impact that capital investment can potentially make, has shaped the Post-Occupancy Assessment Framework that has been established in readiness for the start of the programme.</p> <p>This framework includes a Post Occupancy Evaluation (POE) assessment which will provide a “customer evaluation” of the investments made. This is currently being piloted against a number of capital projects that have either been completed or are due to be completed by 2014-15, through the current transition programme. This assessment will then be rolled out as part of the 21st Century Schools Programme POE framework.</p> <p>Applications for Welsh Government funding to support the schools programme are now being made through business case submissions by applying the HM Treasury’s Five Case Model. In making their cases for investment, on a project basis, local authorities are required to detail the Investment Objectives, including benefits anticipated, as a consequence of the investment along with clear measures and targets.</p> <p>A key strand of this work is to measure and monitor those benefits for the</p> |

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| | | <p>community, in particular benefits that: support building stronger communities; reduce social exclusion and poverty; and encourage the development of the economy along the creation of training and employment opportunities. In this vein the programme requires the inclusion of social clauses that deliver:</p> <ul style="list-style-type: none"> • training and employment opportunities; • supply chain opportunities for SME's; and • contributions to the both community and education. <p>The post-occupancy evaluation framework will incorporate the reporting on these measured benefits in the short, medium and long term following completion of each investment. Submission of post-occupancy evaluation reports is a condition of grant funding of the programme and will in summary require the submission of the following:</p> <ul style="list-style-type: none"> • Review of performance against objectives; • Analysis of actual outputs against target outputs; • Analysis of actual benefits against intended benefits; • Actual start and end dates (including explanation for any variances from those anticipated); • Strengths and weaknesses of the methodologies and processes employed; • Future potential development opportunities; and • Overall evaluation of the Project including customer evaluation. <p>These post-occupancy reports will be used to inform future investment decisions ensuring that there is continuous drive to improve the programme in terms of its efficiency, economy and effectiveness.</p> |
| 2 | We recommend that the Welsh Government provide us with a date by which the tools, guidance and | All local authorities have submitted their Strategic Outline Programmes which is the first stage of the business case submission process. The schools programme is seen to be more than a build programme and on this basis the strategic |

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| <p>strategies underpinning the high-level definition of fitness for purpose will be in place. We seek assurances 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.</p> | <p>programmes were assessed against the following high level criteria summarised below:</p> <ul style="list-style-type: none"> • School Improvement Strategy; • Transformation of approaches to teaching and learning (including the use of ICT); • Organisation strategy across 3-19 age range; • Sustainability and CO2 reduction; and • Integration of public services, co-location of services and community benefits. <p>The Minister for Education and Skills, in July 2011, in response to the capital cuts (which will amount to reduction of 40 per cent in capital funding across the current funding period) announced that local authorities would be given the opportunity to review the timing and content of their planned investments in their programme submissions. All local authorities were then required to review and resubmit their programmes against sharper criteria of prioritisation which included; cost effectiveness of delivery; rationalisation of the school estate (including the reduction of surplus places); the building condition of schools; and alignment to all-age transformation.</p> <p>A further assessment of these programmes was then undertaken which led to the Minister for Education and Skills announcing a deliverable programme amounting to some £1.4 billion of investment in schools which resulted in all 22 local authorities receiving approval of their first wave of investment.</p> <p>In their business case submissions local authorities are required to submit continued evidence that the investments support the overarching aims of the programme; including the five high level criteria which will ensure delivery of new schools to a fit for purpose standard.</p> |
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| 3 | We recommend that the Welsh Assembly Government establish the cost of bringing schools in each authority up to the agreed “fit for purpose standard”. | The Strategic Outline Programmes submitted by the local authorities set out the scale of ambition of the overall programme which was estimated to be £4.9 billion in July 2011. The first wave of investment is estimated to be £1.4 billion and will seek to address those schools primarily prioritised by local authorities to be in the worst condition and with the greatest surplus capacity as well as enabling Welsh Medium and Faith Based education provision. This investment will bring those schools up to a standard that will enable delivery of education in the 21 st Century. |
| 4 | We recommend that the Welsh Government provides indication of expected timescales for bringing schools in each authority up to the agreed “fit for purpose standard; and the expected Welsh Assembly Government contribution to meeting the cost of this standard. | <p>The 21st Century Schools programme is to be delivered in a series of four phases. The original plan was to deliver each phase over a period of three years. In response to the significant cuts to the capital budget this expectation of three year cycles has had to be revised to assure delivery.</p> <p>The first wave of £1.4 billion investment, announced in December 2011, was based on a timetable of seven years. In light of the work being undertaken by the Local Government Borrowing Initiative we will seek to now reduce this timetable down by 2 years, to 5 years. The Welsh Government will meet 50% of the costs in delivering this first wave of investment.</p> <p>The Department of Education and Skills in working in collaboration with local authorities is bringing forward and supporting projects earlier than the revised programme start date of 2014-15. The Department will continue to seek to accelerate delivery on a project basis where budget capacity is available. Work will continue with the Finance Minister on the issue of securing additional capital funds; including the development of alternative sources of funding as outlined in the Welsh Infrastructure Investment Plan.</p> |
| 5 | We recommend that the Welsh Assembly Government provide clear policy guidance on the issue of | In 2009 the then Welsh Assembly Government issued circular 021/2009 School Organisation Proposals, this set out the policy context and general principles for reviewing the provision of school places. |

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| | <p>surplus places to ensure that local authorities act coherently across Wales to address the issue.</p> | <p>One of the key criteria for the reprioritisation of the local authorities' Strategic Outline Programmes, in 2011, was the reduction of surplus places. The programme will continue to challenge and oversee this reduction in surplus capacity through the assessment and challenge of local authority business case submissions. In addition to the work of the capital programme the Minister for Education and Skills has also set targets to all local authorities where there is surplus capacity. These targets are monitored annually with the exception of 10 local authorities who are monitored quarterly.</p> <p>The School Standards and Organisation (Wales) Act 2013 has also reformed the statutory process for school organisation so that decisions are taken at the local level, wherever possible. This will come in to effect from October 2013. This piece of legislation will enable decisions that were previously required to be referred to the Minister for Education and Skills around school organisation which sometimes caused significant delay will be determined by local authorities. The Act requires the introduction of a new statutory Code to deal with consultation and other procedures and is modelled on best practice.</p> |
| 6 | <p>We recommend that the Welsh Assembly Government, in association with the WLGA, encourage collaboration between local authorities to develop their ability to deliver the programme on a long-term basis with a reduced need for central support.</p> | <p>The Central Programme Team support initially provided at the WLGA has now been withdrawn. Local authorities have also worked collaboratively to establish regional frameworks to enable delivery of projects in their programmes. Three of the four frameworks are already in place with the fourth framework timetabled to be in place by October this year, prior to the start of the new schools investment programme. Continued collaboration at this level across the Welsh public sector is key to the success of this programme and is essential to ensure we deliver the strategic projects and programmes that will have the greatest impact on the Welsh economy.</p> <p>Furthermore, one of the key aspects under Programme and Project Management Best Practice that is being applied to the programme are Gateway Reviews and</p> |

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| | | Health Checks. Part of this review and checking process is to assess that that the appropriate capacity and capability is in place in local authorities to ensure they are able to deliver their schools programme. These reviews will form a mandatory element to securing investment from Welsh Government and will be applied through the life of the programme. |
| 7 | We recommend that the Welsh Assembly Government makes adequate consideration of whole lifecycle maintenance a precondition so that no application can be approved without it. | As referenced in the response to recommendation 1, local authorities are required to submit business cases in line with HM Treasury 5 Case format. As set out in the previous response local authorities are required to detail their proposals for whole lifecycle maintenance in their business case submissions. Lifecycle costing and maintenance is now a key criterion for assessing the business cases. |

| Auditor General for Wales Recommendations | | Current Position |
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| 1 | We recommend that the Assembly Government should: <ul style="list-style-type: none"> a. develop a framework for evaluating the impact of major school building projects that includes a prescribed core set of evaluation questions; b. require local authorities to apply the evaluation framework and to report to the Assembly Government the impact of each major | <p>(a) The assessment of the Strategic Outline Programmes were assessed against a core set of prescribed evaluation questions; including five high-level criteria. All business case submissions are also assessed against an evaluation framework as outlined by the HM Treasury 5 Case Model.</p> <p>(b) Welsh Government requires local authorities to evidence the need for investment and the benefits to be achieved as a consequence of the investment. This framework has been developed as part of the transitional programme and will be implemented in the 21st Century Schools Programme. It is a condition of funding that local authorities submit a final project report detailing the impact the investment has made in terms of benefits. The closing report is required to include:</p> <ul style="list-style-type: none"> • Review of performance against objectives; |

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| | <p>school building project funded wholly or partly by grant; and</p> <p>c. analyse the evaluation data received from local authorities to assess the overall impact of grant funding at a national level and to plan future grant allocations.</p> | <ul style="list-style-type: none"> • Analysis of actual outputs against target outputs; • Analysis of actual benefits against intended benefits; • Actual start and end dates (including explanation for any variances from those anticipated); • Strengths and weaknesses of the methodologies and processes employed; • Future potential development opportunities; and • Overall evaluation of the Project including customer evaluation where appropriate. <p>(c) Lessons learnt from this transitional programme regarding the impact that capital investment can make has shaped the Post-Occupancy Assessment Framework that has been established in readiness for the start of this new schools investment programme, as outlined in the response the first PAC recommendation. These closing reports will be used to monitor the success of the programme both at local authority and national level and will be used to inform future investment decisions ensuring that there is a continuous drive to improve the programme in terms of its efficiency, economy and effectiveness.</p> |
| 2 | <p>We recommend that the Assembly Government and the WLGA should:</p> <p>a. establish clearer suitability criteria for school buildings and facilities, drawing, where applicable, on existing advice and guidance; and</p> <p>b. develop proposals to review the criteria in the light of changing legislation or major changes to the curriculum.</p> | <p>(a) A 21st Century Schools Information document published in May 2010 outlined the development of the long-term investment programme approach and provided the guidance and assessment criteria to assist local authorities in submitting their Strategic Outline Programmes (SOPs).</p> <p>The document provided the definitions of criteria for prioritisation and the high level investment of;</p> <ul style="list-style-type: none"> • School Improvement Strategy; • Transformation of approaches to teaching and learning, incl. use of ICT; • Organisation strategy across 3-19 age range; • Sustainability and CO2 reduction; and |

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| | | <ul style="list-style-type: none"> • Integrated public services, co-location of services and community benefits. <p>All local authorities submitted their Strategic Outline Programmes. These were assessed against the high level criteria, as set out. The standards, along with guidance notes and case studies of best practice, which draws on existing advice, is provided on the 21st Century Schools website. These standards and best practice guidance are sufficiently flexible to enable local needs and circumstances to be addressed as investments are made.</p> <p>(b) Local authorities will be required to review their Strategic Outline Programme and tailor their business case submissions on a project basis to accommodate any changes in legislation and/or major changes to the curriculum. The most recent example of this is the new School Standards and Organisation (Wales) Act 2013 which has reformed the statutory process for school organisation. This new legislation will be required to be reflected in business case submissions alongside any enhancement to delivery timescales and school organisation as a result.</p> |
| 3 | <p>We recommend that, having set clear standards for the quality of school buildings, the Assembly Government should establish the cost of reaching those standards in each local authority, determine its contribution to meeting those costs and set a clear timetable for the delivery of the resulting programme of capital investment.</p> | <p>As outlined in the response above to the fourth PAC recommendation through the submission of the local authorities Strategic Outline Programmes in December 2010, the scale of aspiration was significant with programmes of investment totalling some £4.9bn; historically this information was not been available on this scale.</p> <p>Following the local authorities' revised submissions in November 2011, the Minister for Education and Skills announced in December 2011 the approval of all 22 local authority outline programmes. These proposals total £1.4 billion of investment and are based on a 50 per cent intervention rate by Welsh Government, on a timetable of seven years. In light of the work being undertaken by the Local Government Borrowing Initiative we will seek to now reduce this timetable down by 2 years, to 5 years</p> |

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| 4 | <p>We recommend that, in targeting its funding under the 21st Century Schools programme, the Assembly Government should ensure the appropriate weighting is given to local authorities proposals for school building projects that take full account of opportunities to rationalise the schools estate in the light of current or projected imbalances between the number of pupils on the roll and the number of school places.</p> | <p>One of the key criteria for the reprioritisation of the local authorities' Strategic Outline Programmes in 2011 was the reduction of surplus places. Local authorities were asked to prioritise those projects in their programmes that had significant surplus capacity alongside other priorities such as poor condition of buildings and the need of all-age transformation of education, welsh medium and faith based provision The programme will continue to challenge each local authority on the issue of capacity through the submission process requiring evidence of the strategic planning of school places on a sector basis at each iteration in the business case lifecycle. As outlined above in response to the fifth PAC recommendation the Minister for Education and Skills has also set targets to all local authorities regarding surplus capacity. These targets are monitored annually with the exception of 10 local authorities who are monitored quarterly.</p> |
| 5 | <p>We recommend that, in allocating capital funds for school building projects , the Assembly Government should not disadvantage any authority solely on the grounds that it lacks the capacity or skills to manage its proposed programme of capital investment. Where capacity or skills is identified as an issue, the Assembly Government and WLGA should support the authorities concerned to collaborate with other local authorities, or to develop partnerships with other</p> | <p>Local authorities have worked collaboratively to establish regional frameworks to enable delivery of projects in their programmes. Three of the four frameworks are already in place with the fourth framework timetabled to be in place by October this year prior to the official start date of the programme. Collaboration across the Welsh public sector is essential to ensure we deliver the strategic projects and programmes that will have the greatest impact on the Welsh economy.</p> <p>Furthermore, one of the key aspects under Programme and Project Management Best Practice that is being applied to the programme is Gateway Reviews and Health Checks. Part of this process seeks assurance that the appropriate capacity and capability will be in place in local authorities and that they are able to deliver their schools programme. Through the programme, gateway reviews will form a mandatory element to securing investment. Where gaps are identified in these gateway reviews Welsh Government will seek to support the local authorities in</p> |

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| | organisations that have the capacity or relevant skills. | putting in place the appropriate level of resources and expertise to ensure delivery of their programmes. Best practice is also shared between local authorities and partnerships are being formed to develop and provide cross boundary solutions to the provision of education through the 21 st Century Schools Programme. |
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