Evidence to the Finance Committee on Public Private Partnerships

December 2007

WLGA • CLILC

INTRODUCTION

1. The Welsh Local Government Association (WLGA) represents the 22 local authorities in Wales, and the three national park authorities, the three fire and rescue authorities, and four police authorities are associate members.

2. It seeks to provide representation to local authorities within an emerging policy framework that satisfies the key priorities of our members and delivers a broad range of services that add value to Welsh Local Government and the communities they serve.

PURPOSE

3. The purpose of this report is to provide evidence to the National Assembly for Wales Finance Committee as part of its inquiry into the use of Public-Private Partnerships (PPPs) (including Private Finance Initiative (PFI) schemes).

4. In its call for evidence, the Committee states that it wishes to examine the ways in which private sector money can be used to promote public sector projects in Wales and has agreed the following terms of reference for the inquiry:

   To examine the scope for drawing on private finance for public sector projects with particular reference to:

   - a *the potential benefits, costs and risks that may be involved*
   - b *any policy changes (whether to remove barriers or apply controls) that may be needed to realise the optimum outcome; and*
   - c *practical guidance to enable the public sector to strike the most advantageous arrangements within the agreed policy framework.*

BACKGROUND

What are Public Private Partnerships?

5. Any collaboration between public bodies, such as local authorities or central government, and private companies tends to be referred to as a public private partnership (PPP).

6. The term PPP covers a wide range of arrangements where the private sector delivers some element of a public project. These can range from relatively short term management contracts to joint ventures and partial privatisations. It is a term that is essentially contested since many government ministers prefer to refer to PFI schemes using the more generic and less politically charged term "public-private partnership" or PPP. The term PPP describes any private sector involvement in public services including the transfer of council homes to housing associations using private loans, and contracting out services like rubbish collection or hospital cleaning to a private companies.

7. The majority of PPPs tend to share a number of common characteristics[1]:

- the contracting between the public and private sectors for the delivery of services, often involving infrastructure development and management;
- the sharing and allocation of risks to the party which is best able to manage them, thereby minimising the potential costs of such risks;
- the utilisation of private sector management and experience along with the capability to raise external finance;
- a payment structure which is typically based on outputs, often for the availability of services or the infrastructure;
- the ability to allow public sector bodies to spread payments for large projects over their useful life, usually over 20 to 30 years rather than having to fund potentially high upfront capital costs under a traditional procurement structure;
- it is a common characteristic of PPP that the public sector specifies the outputs required from the investment, but the responsibility for, and many risks associated with, delivering those outputs is transferred to the private sector partner;
- PPPs can be associated with the encouragement of innovation as the private sector partner is given flexibility over the design of the assets and operational procedures;

8. PPPs have been promoted on the arguments that they can contribute to improvements in public services through delivering better value for money and better

[1] Extract from “Managing the funding gap – Highways and transport”, WLGA / PricewaterhouseCoopers LLP, July 2006

management of capital spend. With the ambitions for public service reform over the past decade and longer it has been claimed that, within the resources available, PPPs would allow government to provide more public services, more quickly and to a higher standard. The previous Prime Minister in particular was a great champion of this approach arguing that "we need to break decisively with the tradition of monolithic, centrally driven public services. We need to mobilise the small battalions and give them freedom to innovate and change. I want local managers and professionals to be entrepreneurs." (Tony Blair, 2001).

9. The competitive choice element of this was, of course rejected by the Assembly in terms of the emergence of a concept of "clear red water" and an explicit statement by the First Minister in the "Making the Connections" document published in October 2004 which rejected this approach. It was here that Rhodri Morgan AM argued for more collaborative public policy and stated that -

> "*Whereas competitive models appear at first sight to offer the public service user more choice, in practice it is the management team who are empowered by it. They either prosper or wither, according to how much custom their business unit generates. Such models exclude the empowerment of the public service user in the design of the delivery system. There is a perfectly respectable case to be argued for this model, but not for Wales*".

What is the Private Finance Initiative?

10. The Private Finance Initiative (PFI) should be considered as one specific variant of the range of relationships known as Public Private Partnerships.

11. Traditionally, governments and local authorities have paid, up-front, the full capital cost of roads, schools, prisons and hospitals when they procure their construction; but, of course, they often spread the impact of that cost by borrowing the sums required. It has traditionally been a feature of public finance accounting that both the up-front construction cost and the revenue repayments on associated borrowing count as public expenditure and are subject to Treasury public expenditure controls

12. It has been a feature of PFI that the private sector provides the finance for the construction of the asset and then rents this back to the public sector. Under current rules of public finance accounting the initial capital cost under a PFI does not count as public expenditure although, of course, the future revenue consequences do.

13. In principle, PFI entails the transferring of the risks associated with public service projects to the private sector in part or in full. Where a private sector contractor is judged best able to deal with risk, such as construction risk, then these responsibilities should, in a PFI contract be transferred to the private sector contractor. Where the private sector is deemed less able to manage the project's risks, such as whether demand will be high enough, then at least some of the responsibility will remain within the public sector.

14. Under the PFI, the public sector does not own an asset, such as a hospital or school but pays the PFI contractor a stream of committed revenue payments for the use of the facilities over the contract period. Once the contract has expired, ownership of the asset either remains with the private sector contractor, or is returned to the public sector, depending on the terms of the original contract.

15. One of the more contentious aspects of PFI contracts has been the arrangements made for services which may be regarded as ancillary to the capital project. Particularly in the early days of PFI it was held that the viability of the project required the transfer of responsibility for services such as cleaning, catering, the ownership of playing fields and public access to community facilities. It was argued that the potential profit associated with ancillary services was a necessary compensation for the risk transfer around construction. Recently the experience has been more varied with the private sector beginning to associate the ancillary services with risk and seeking to separate the construction and its maintenance from ancillary services.

PPP and PFI in the Context of Capital Investment within Welsh Local Government

16. In addition to PPP and PFI, local authorities have several options available for financing their capital investment plans directly. These include:

External Support

- Capital grants from the Welsh Assembly Government, other UK Government departments, and European Community Structural Funds amongst others;

- Supported Borrowing, where the revenue costs of the borrowing, such as interest payments, are supported through an element of the revenue support grant (RSG)[2];

- The Major Repairs Allowance provided by the Welsh Assembly Government to fund capital investment in Council Housing stock;

Internal Support

- Unsupported Borrowing, where the local authority takes the decision to borrow more than is supported through the RSG[2] and divert revenue funding for this purpose. More often than not local authorities fund the costs of this additional borrowing from income generated by the scheme or revenue savings realised through its implementation;

- Use of capital receipts, where the local authority decides to utilise receipts received on the sale of other assets in order to finance the construction of a new asset.

- Direct funding of capital expenditure from revenue funding.

17. Since 1997-98, the total capital expenditure of Welsh local authorities amounts to £7,150.6 million. This does not include the total capital value of PFI schemes in Wales, which amounts to £265 million, as the authorities do not incur capital expenditure with these schemes. Appendix 2 details the expenditure by year and by method of financing. Therefore in Wales over this period PFI schemes account for just 3.6% of local government capital expenditure in Wales.

18. Only two bidding rounds for PFI schemes which attract PFI credits have been available for Welsh local authorities to apply for, in 1997 and 1999. The Welsh Assembly Government took the decision not to continue with the provision of PFI credits. One of the main reasons for this was that the system was perceived not to be equitable across Wales. This was a demand driven funding source which distributed an amount which was top-sliced from RSG and distributed between those authorities whose bids had been approved. In essence a PFI credit provided the recipient local authority with a 'free good' with the revenue consequence being paid for by all other local authorities through the top-slice of the RSG. This was much appreciated by the individual local authority but was a matter of concern to local authorities collectively. The Welsh Assembly Government would also have noted the rapidly accumulating annual impact

[2] The concepts of Supported Borrowing and Unsupported, or Prudential, Borrowing were introduced in April 2004, on the introduction of the Prudential System for Capital Accounting, further information on this is provided in Appendix 1.

on the RSG. It is significant that in this year's financial settlement for English local authorities the large impact of PFI revenue consequences has caused much dissension over the value of the settlement.

19. The withdrawal of PFI credits has wrongly led to the view that Wales became closed for business in terms of PPP and PFI. Public private partnerships have continued to be a vehicle that local authorities have utilised in ensuring the availability of capital infrastructure. Any review of waste management, information systems, highways management, social care, for instance, would identify a wide range of productive relationships with the private sector that range along a continuum from the most detached procurement to a close and continuing partnership.

20. Appendix 3 provides more detailed examples of PFI schemes in Wales. The key point about this proving that local authorities have used PFI in a very pragmatic way "as the only show in town" in capital investment terms. This does not mean however that PFI is either greatly loved or favoured as a way forward for capital investment in Wales.

Potential Benefits, Costs and Risks

21. In order to explore the potential benefits, costs and risks of PPP and PFI schemes, the WLGA held a workshop with local government officers who had experience of PPP and PFI schemes. The findings and conclusions below are based on this round table discussion.

Funding and Ownership

22. Local Government has long taken a pragmatic view of the role of the private sector in capital investment. Where it can be shown that the private sector can add to the design, delivery, maintenance and development of capital assets then their contribution should be encouraged and fully developed through partnership and procurement. However, it can never be over-stressed that private finance is not free finance. There are costs to capital investment which can in a variety of different ways be spread over the life time of the asset. What local government needs is sufficient funding to meet those costs and sufficient flexibility to develop its own relationships with the private sector without funding that unduly incentivises any one form of relationship over another.

23. The availability of the PFI credits was undoubtedly a large factor in influencing authorities to pragmatically take up PFI schemes in the earlier bidding rounds. For

most authorities it was the only way in which to fund their proposed scheme. Many of the assets constructed would not exist, certainly not in their current form, had it not been for the PFI funding. Nevertheless there is no loud demand for a return to the arrangements of 1997 and 1999. We should not simply return to the inequity and the inflexibility of those arrangements. That is not to say that there may be no role for specific supported borrowing that guarantees provision for the revenue consequences of specific projects. For instance, there is at present a shared aim of procuring large scale waste management facilities through collaborative procurement between local authorities. Supported borrowing which provided for the future revenue consequences of such procurement could provide the necessary incentive for local authorities to work together and ensure that the infrastructure is provided.

24. In evaluating different forms of procurement and partnership, including PFI, for specific projects, care needs to be taken to develop methods of whole life costing which provide fair and open comparisons. If there is a difference in the rates of interest charged for different means of accessing capital funds these can then be built into the comparisons. If there is sufficient flexibility in the funding routes available to local authorities there can be scope for useful innovation. For instance a joint venture arrangement may allow a project to benefit from private sector expertise but also from the ability of a local authority to gain lower rates of interest.

25. There is recognition that capital assets need proper and continuous maintenance and that traditional procurement has too often been associated with inadequate asset management plans and insufficient maintenance of assets. This must be corrected as we develop full-life costings of management plans for capital projects. On the other hand in a PFI arrangement there may be an incentive for the contractor to over-specify maintenance requirements.

26. Care needs to be taken in a PFI contract to ensure that the final ownership of the asset resides in the most appropriate place. At the end of the contract, ownership of the asset either remains with the private sector or transfers to the public sector. Where ownership remains with the private sector, there is a risk that the private sector would realise the asset at the end of the contract and the public sector is deprived of that asset. Alternatively the public sector may judge that its need for the asset is time limited and may rationally negotiate for the residual asset to lie with the private sector.

Transfer of Risk

27. One of the main reasons for entering into a PPP or PFI arrangement is to transfer the risks associated with a project to the private sector. If this works properly, then if a contractor mismanages the project then any problems that arise from this sits with the contractor rather than the public sector. If a scheme over-runs, then the additional costs involved will again fall on the contractor. Essentially, if a private sector contractor gets the contract set up correctly, they will make a profit and if not, they bear the cost. One significant example of this occurred where a project ran into difficulties resulting in a cost and time overrun which amounted to an estimated £20 million which would have fallen on the public sector had it not been for the PFI scheme. It could be said that there is a greater responsibility on the contractor to get things right.

28. Another benefit that can be achieved is where an authority has identified an area where delivery could be significantly improved, and contracts with the private sector to provide that in a better, more cost effective way. An example of this is where Powys County Council entered into a contract with BUPA for the provision of residential care for the elderly. 12 homes that belonged to the Council were leased to BUPA on a long-term lease, with the Council retaining the freehold. BUPA committed to bring the homes up to the current care standards, a capital investment that the Council could not afford. In return the Council committed to purchase bed spaces from BUPA, which reduced over time (95% initially reducing to approximately 45% currently).

29. Where a scheme involves a long term service contract, for example the provision of facilities management services over 25 years, the partner responsible for this takes on the risk of the assumptions that were built into the contract price on pay levels, changes in service standards, changes in legislation etc. over that period. However, there may be occasions when the transfer of risk is more apparent or real. If a contractor consistently under-prices or mismanages contracts the result may be liquidation in which case the risk of holding an asset which may or may not be fit for purpose transfers back to the local authority. This may be affecting the willingness of both sectors to participate in such schemes. In England, the public accounts committee have noted that there are fewer serious bids for recent PFI deals. One of the main difficulties experienced has been pricing the risk transfer at the right level.

Greater Discipline

30. One of the things that entering into PPP and PFI schemes has brought to the public sector is the necessity to have the right skills and good practices in place in a range of areas.

Procurement

31. Local authorities have always been both major providers and major procurers of services. It is important that the different skill sets for these two roles are both fully developed. As we innovate with ever more varied forms of partnership with the private sector it is important that local authorities develop and have access to the relevant skills and expertise. There is scope for further developing shared support to local authorities in developing and applying this expertise. Partnerships UK and the 4Ps have been established to provide support and we must ensure that their contribution is received in Wales as much as elsewhere and that any ‘closer to home’ support which is necessary is also developed.

Contract enforcement and monitoring

32. Good contract monitoring and enforcement is key to the success of a PPP or PFI scheme. There is variable experience in Wales regarding the cost of ensuring contract compliance. The view in some schemes is that the transfer of responsibility for the asset management private sector has released local authority management resources for other tasks. The contrary experience is that the management resources devoted to ensuring contract compliance are greater than those necessary for the traditional direct asset management.

Developing Partnerships

33. Any worthwhile partnership needs up-front investment in its development and agreeing its terms. However the experience of how much time and effort has been devoted to establishing PFI schemes has too often provided a disincentive to both the public and private sectors. In Wales, the preparation time has varied between 2 and 9 years. The private sector fears that its preparatory expenditure is always at risk and local authorities fear that the private sector partner is able to walk away from negotiations at any time until the contract is signed. We must find smarter, more reliable but still contestable ways of developing and maintaining partnerships.

Waste Management

34. The availability of private sector bidders is a particular issue in this field. Within the waste management sector itself capacity tends to be confined to eight major national companies, who may be able to resource three or four of these bids simultaneously.

With the number of schemes out there it is becoming clear that bidders are cherry-picking contracts.

35. There are also specific issues with regard to the transfer of risk. The private sector partner has no or limited control over the following factors:

- Planning law;
- Environmental legislation;
- Waste volume and composition;
- Waste collection and delivery.

36. The difficulties such issues present has been demonstrated recently in Wales, where the proposals for new limits on Energy from Waste have resulted in negotiations on the procurement of a number of Waste Management facility projects stalling until further clarity is available as the changes in targets could affect the viability of the facilities in question.

Conclusions

37. Public Private Partnerships and Private Finance do not create new money or free money for public services. They may be numerous reasons for involving the private sector in the development and maintenance of public assets and public services particularly when judged on a case-by-case basis. Not least of these are that the private sector can bring experience and expertise which can radically improve the public service. We are concerned that in some quarters there is a perception that Wales and its distinctive stance on public policy means that we “are closed for business”. This would be damaging to the Welsh economy and indeed the WLGA is working with private sector companies to examine new models of social enterprise which may provide pointers to the future. The community mutual models of stock transfer in Wales will provide real case studies in this respect.

38. Yet experience thus far of the development of schemes such as PFI suggest that the construction of such deals have been incredibly complex, expensive in terms of legal/consultancy costs and often lack transperancy once concluded around the scale of public liabilities. For example in 2006 the PFI commitment helped push up public sector net debt to 36.7% of national income, up from 35.3% in the previous year.

39. It may be because of such factors and because of the associtied high revenue costs that the "One Wales" agreement rules out the use of PFI in terms of health. Similarly the dislike of public sector unions for such schemes are well known. However we call on the Assembly to clarify its intentions particularly in terms of whether or not PFI plays any part in the thinking surrounding the establishment of a Strategic Capital Investment board? Blank refusal to set a clear policy line on this creates confusion and ambiguity.

40. For the WLGA at least we note that the head of the Wales Audit Office, Mr Jeremy Coleman once described the value for money test used to justify PFI projects as "pseudo-scientific mumbo jumbo". Similarly the statement of the 'Commission on Public Private Partnerships' sets out a massive dilemma for us all, namely that –

> *"The economic arguments for PPP and in particular PFI have been confused from the start. Two rationales have been offered: one serious, one spurious. The potentially serious argument is that in the right circumstances PPPs can offer significant value-for-money gains and generate improvements in service quality. The spurious argument is that using private finance to pay for capital investment allows government to undertake more projects than would otherwise be the case. All PFI projects are publicly funded and incur future liabilities for the exchequer."*
> (Building Better Partnerships, The Report of the Commission on Public Private Partnerships, p.4, IPPR, 2001)

41. Taking this point, if the Welsh Assembly Government wishes to increase further the level of expenditure on capital in the Welsh public service there is no alternative to it allocating more of its budget to the financing of capital projects. The Assembly Government can increase the capital expenditure of local authorities in two ways:
    - By increasing capital grants
    - By increasing the revenue support that it offers through the 'Supported Borrowing' element of the Revenue Support Grant and thus allowing increased prudential borrowing by local authorities.

42. Increased revenue for supported borrowing is the basis upon which local authorities can develop their partnerships with the private sector in support of good quality

capital projects, confident in the knowledge that the revenue consequences of such partnerships can be met.

43. There may be no advantage in the re-introduction to PFI credits which could not also be gained through an equivalent amount of money being added to the supported borrowing element of the RSG and this would have the additional advantages of equity and flexibility.

44. Welsh local government is keen to continue developing its capacity to work in partnerships with the private sector, partnerships which serve the public interest, but we are clear that these partnerships are not an alternative to public funding.

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Appendix 1

The Prudential System

1. The prudential system came into force on 1st April 2004. Under the new system, local authorities were given greater freedoms with regard to the financing of their capital investment plans. The previous system of credit approvals which set a limit on the borrowing a local authority could undertake was replaced by the concept of supported borrowing and prudential, or unsupported, borrowing.

2. Essentially, the Assembly Government supports, through the revenue support grant (RSG) a certain level of borrowing. Local authorities are free to borrow any amount above or below the level indicated by the support they receive, up to their own set limits provided they comply with CIPFA's Prudential Code i.e. that their plans are prudent and affordable. There are various indicators that local authorities must calculate which demonstrate this.

3. Local authorities can choose to borrow less than is supported through the RSG and divert some of this revenue support to the revenue costs of other service areas. Alternatively, local authorities can choose to borrow more than is supported through the RSG, diverting revenue funding from other service areas to the servicing of debt.

Appendix 2

Local Authority Financing of Capital Expenditure

Table 3: Financing of local authority capital expenditure[a]

	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
External support										
General capital funding / grant[b]	285.2	254.7	232.2	302.2	334.1	355.3	365.3			
Capital grant[c]	228.5	228.2	208.3	182.2	171.6	185.2	239.7	341.0	481.8	469.6
Supported borrowing								176.3	161.7	180.6
Major Repairs Allowance								95.6	108.1	105.2
Sub-total external support	513.7	482.9	440.5	484.4	505.7	540.5	605.0	612.9	751.6	755.4
Internal financing										
Unsupported borrowing								30.5	62.5	97.2
Use of capital receipts	59.8	37.8	53.1	26.0	39.8	48.3	79.8	151.2	95.5	134.2
Capital expenditure charged to revenue	41.7	43.1	37.0	35.8	49.8	50.0	56.3	65.7	72.7	90.2
Sub-total internal financing	101.5	80.9	90.1	61.8	89.6	98.3	136.1	247.4	230.7	321.6
Total financing	615.2	563.8	530.6	546.2	595.3	638.8	741.1	860.3	982.3	1,077.0

a Up to 2003-04, figures are on a cash basis, figures from 2004-05 onwards are on an accruals basis.

b Up to 2003-04, consists of credit approvals / general capital funding and supplementary credit approvals.

c Includes capital grants from the Welsh Assembly Government, other UK Government Departments, European Structural Funds (including ERDF) and grants and contributions from other sources.

Appendix 3

Local Authority PFI schemes

Denbighshire County Council: Council Offices

1. This project was approved during the first PFI bidding round in 1997. It was a Design, Build, Finance and Operate (DBFO) scheme to provide new office accommodation for the Council.

2. The accommodation in use at the time was a mixture of historic but deteriorating architecture and old prefabricated areas. There were also health and safety and disabled facilities issues.

3. The project had a capital value £12.1 million and a contract term of 25 years. It will allow for serviced accommodation for up to 300 office staff, with facilities for Elected Members and will house the Register of Births, Marriages and Deaths. The scheme also allows for the relocation of voluntary bodies, such as the Citizens Advice Bureaux, from their existing location to the Ruthin Town Hall complex.

Newport City Council: Newport Southern Distributor Road

4. With a capital value £57.1 million, this scheme was the largest local government PFI project approved in 1997 and the first local authority DBFO road scheme in Wales under procurement. The project involves upgrading 9.3km of dual carriageway from junction 28 of the M4 (Tredegar Park) in the west to junction 24 of the M4 in the east. It also includes the construction of a 370m-long river-bridge crossing over the River Usk.

5. As a significant project Partnerships UK assisted with the procurement process. The Council reached contract closure on 29 March 2002 and the road opened in December 2004. The contract term is 40 years.

Pembrokeshire County Council: Pembroke Dock Primary School

6. This scheme was a pathfinder project announced for support in 1997. The project is a two phase DBFO scheme. The first phase consisted of the provision of a new primary school in Bush Street, Pembroke Dock for 500 three to eleven year old children. It includes information technology, playing fields, nursery provision and a special needs unit.

7. The second phase is for the provision of a Public Service Information Point and office accommodation, which was built on the old school site after the new school was completed. Members of the public will be able to access a one-stop-shop information technology centre.

8. The capital value of the scheme was £8 million and the contract term was 30 years. Contract closure was on 2 June 2000 with occupation of the school taking place in September 2001. The information point was operational in September 2002.

Caerphilly County Borough Council: Sirhowy Enterprise Way Road Scheme

9. This project was approved as part of the second round of PFI bids in 1999. The capital value is £34.3 million and the contract term is 30 years.

10. The aims are to provide principal access to the Oakdale Business Park and improve the A4048/A472 strategic highway network in the Sirhowy Valley by the provision of a new single carriageway road with two cross-valley links. The total length of the road and links is 4.7km.

11. The objectives were to achieve the full potential of the Oakdale Business Park, improve economic development and regeneration, provide access to strategic routes, improve access to existing industrial sites, revitalise urban centres, improve local residential amenities and enhance community regeneration.

Caerphilly County Borough Council: Ysgol Gyfun Cwm Rhymni & Lewis Boys School

12. The PFI project provides for two fully serviced DBFO schools as complete replacements for Ysgol Gyfun Cwm Rhymni (YGCR) and Lewis Boys through a single contract. The capital value of the project was £25 million and the contract term is for 30 years.

13. Both schools were in poor repair located on split sites, some located in residential streets. This raised problems with staff and pupils having to walk between sites posing safety issues, teaching time lost and school buses negotiating narrow streets.

14. YGCR, the only designated Welsh medium secondary school in the authority was approved for pathfinder status in 1997. A new school for up to 1,500 pupils aged 11-18 has been built on a greenfield site (37 acres) at Fleur de Lis. During the 1999 bidding round for PFI credits an amended version of the project was approved which

allowed Lewis Boys School to be built and serviced as part of a joint scheme. The school has been redeveloped on the upper school site (27 acres) at Pengam to accommodate 1,100 pupils also aged 11-18. A full range of sports facilities has been provided on each site.

15. The facilities management services included in the contract are cleaning and waste management, caretaking, security, building maintenance, grounds maintenance, utilities management, catering ICT infrastructure, furniture and equipment. Around 50 employees have transferred to the new service provider. Contract closure was on 6 April 2001 and the schools came into operation in September 2002.

Ceredigion County Council: Ysgol Gyfun Penweddig

16. Ysgol Gyfun Penweddig was one of the 6 successful pathfinder projects announced for support in 1997 by the then Welsh Office. The project was to design, build, finance and operate (DBFO) a new replacement bilingual secondary school for Ysgol Gyfun Penweddig, Aberystwyth to accommodate 780 pupils. The capital value was £12 million and the contract term was 30 years.

17. The new school has been built in the centre of a large educational and leisure campus, including a primary school and leisure centre. The new multi-purpose hall is available for a variety of community activities and linked externally to Plas-crug Leisure Centre allowing maximum use of all facilities. The main hall seats 300 and includes a stage and professional sound and lighting equipment. It will be available for drama and music performances, lectures, presentations and similar events.

18. The school was officially opened in December 2000.

Conwy County Council: Schools Project

19. One of the schemes approved for support in 1999, this project comprises a new build and refurbishment of 3 secondary schools. The capital value of the scheme is £40.7 million and the contract term is 25 years.

20. Ysgol Aberconwy, Conwy is a refurbishment and extension of existing accommodation for up to 1,300 pupils, together with a new all-weather synthetic sports pitch and sports hall. Ysgol Dyffryn Conwy, Llanrwst is currently on a split site and the project entails new build accommodation, refurbishment and relocation for 866 pupils. Ysgol John Bright, Llandudno is a new build on a new site to accommodate 1,500 pupils. The proposed site for Ysgol John Bright is a brownfield site, currently occupied by a

Liquid Petroleum Gas (LPG) Storage Depot and a Council Depot, together with a large open space formerly a landfill site. The development of this site has required the relocation of the LPG site and the Council Depot. Remedial works are required to the site.

21. The new and upgraded schools should meet the main concerns over general lack of accommodation, security, sporting facilities, disabled access, and community facilities. The release of land and buildings from old sites will help reduce the overall costs of the scheme and consideration is being given to alternative uses of these sites for tourism, leisure and economic development/regeneration purposes. The remainder of the site could be used for office accommodation and workshops. The former site of Ysgol John Bright has been sold to the supermarket chain Asda for redevelopment.

Rhondda Cynon Taff County Borough Council: Rhondda Cynon Taf Schools and Lifelong Learning Centre

22. This project involves the provision and management of a 305-place primary school, a 1,250-place secondary school, a 60-place day nursery and a lifelong learning centre, which will include a public library, on a single site at Garth Olwg in Church Village, Pontypridd, South Wales. The project will integrate Ysgol Gyfun Rhydfelen and Ysgol Gynradd Gymraeg Garth Olwg Welsh-Medium Community Schools

23. The capital value of the project is £27.2 million and the contract term is 25 years.

Bridgend County Borough Council: Maesteg Secondary School

24. This project, with a capital value of £24 million and contract term of 26.75 years will provide a new 1200-place secondary school on the Maesteg Washery site to replace the existing split-site comprehensive school. The existing upper school site of Maesteg Comprehensive School at Llangynwyd will then be utilised to provide a 750-place Welsh-medium secondary school. The new school is to be built on reclaimed land (previously a derelict coal washing site). A £10 million contract for works to stabilise mineworkings and treat/remove contamination was completed in November 2004.

Wrexham County Council: Waste Facility

25. This scheme has a capital value of £23.65 million and a contract term of 27 years. The contract will include the construction of a Materials Recovery Facility (MRF) where kerbside and bring site recyclables will be sorted, baled and prepared for sale to recycling reprocessors. A state of the art enclosed composting facility is also proposed which will allow compostable waste streams to be recycled. The proportion of residual

waste that is not recycled will be sent for treatment in appropriate facilities off-site. The contract also allows for proposals for residual waste treatment to be reviewed periodically to ensure more local solutions are available. The new facility will bring huge benefits to Wrexham residents as kitchen waste and cardboard which is normally put in to the general household bin will be placed in the green bin for composting once the new facility is operational which is expected to be in 2009.