



Tracey Burke

Cyfarwyddwr Cyffredinol / Director General

Y Grŵp Addysg a Gwasanaethau Cyhoeddus
Education and Public Services Group

8 June 2018

Dear Mr Ramsay,

Re: Auditor General for Wales Report: 21st Century Schools and Education Programme

Ahead of the meeting of the Public Accounts Committee scheduled for 25 June, I am pleased to enclose a paper as requested covering the areas of specific interest as outlined by the Committee.

Additionally, I have provided two annexes which I thought the Committee might find helpful. Annex A provides an update on the actions undertaken in response to the specific recommendations in the Auditor General's Report. Annex B provides the latest data tables mapping the programme delivery to date.

Yours sincerely

Tracey Burke
Director General, Education and Public Services



Parc Cathays • Cathays Park
Caerdydd • Cardiff
CF10 3NQ

Ffôn • Tel 0300 0258047
tracey.burke@gov.wales
Gwefan • website:
www.wales.gov.uk

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We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.

WRITTEN EVIDENCE TO THE PUBLIC ACCOUNTS COMMITTEE

21st CENTURY SCHOOLS AND EDUCATION PROGRAMME

1. Introduction

This paper provides background and evidence in relation to the specific areas of interest highlighted by the Committee for the scrutiny session on the 25th June 2018. Additional to that, we have provided two annexes. Annex A provides an update on the actions undertaken in response to the specific recommendations in the Auditor General's Report. Annex B provides the latest data tables mapping the programme delivery to date.

2. Programme Update

The Programme has recently reached an important milestone, with the completion of 100 projects in its first wave of investment. Band A of the Programme runs over the period 2014–19 and will see £1.4 billion invested in educational infrastructure in Wales. It was set a target of 150 schools and colleges to be rebuilt or refurbished. To date, 163 schemes have been approved to proceed. Of these, 100 are complete, 55 under construction and a further eight approved projects are pending construction.

Band B of the Programme will begin in April 2019 and will invest a further £2.3 billion including £500 million of funding that will be provided via the Mutual Investment Model (MIM). This next wave seeks to improve on the work undertaken in Band A and prior to that the transitional phase of the Programme, learning lessons in terms of driving greater value for money, adherence to standardised cost parameters; and the sharing of good practice and expertise across the Programme.

3. Areas of Focus for the Committee

The Committee has indicated that it would like to focus on the following:

- a) Gaps where the Welsh Government was not clear in setting out its expectations, especially around wider benefits, and concerns that some of the new buildings are not achieving the environmental standards expected of them;
- b) The arrangements the Welsh Government intends to put in place to ensure it shares in any profits from the MIM;
- c) A potential conflict between encouraging better value for money through standardising elements to new builds and the risk that centralisation undermines the collaborative ethos that has characterised the programme to date;
- d) Key decisions around the MIM and the proportion of costs that will be met by the Welsh Government; and
- e) Managing the risks of a new type of funding and ensuring that the good collaborative working between Welsh Government and local government continues.

a) Gaps where the Welsh Government was not clear in setting out its expectations, especially around wider benefits, and concerns that some of the new buildings are not achieving the environmental standards expected of them

The high-level aims for Band B of the Programme are to:

- Reduce the number of poor condition schools and colleges; and
- Ensure that we have the right size schools and colleges, in the right location that provide enough places to deliver Welsh and English medium education; and ensure the effective and efficient use of the educational estate.

In addition to setting out our high-level aims for the Programme, we have been working with partners to be clear on what we expect projects to deliver in terms of:

- Building efficiency – new build projects must achieve a Building Research Establishment Environmental Assessment (BREEAM) overall rating of ‘excellent’ and an EPC energy efficiency rating of A, by incorporating suitable design features to improve energy efficiency within the building;
- Level of recycled materials used – a level of recycled and reused content in the products and materials selected that must be at least 15% of the total value of the materials used;
- Fire safety – that fire sprinklers are installed or, if fire sprinklers are not being installed (this may be the case in minor refurbishments and/or minor extensions), Fire Safety Risk Assessments have been carried out by an appropriately qualified person who can confirm that arrangements are appropriate; and
- Community benefits – benchmark targets are set for the achievement of wider community benefits, such as numbers of jobs created and the percentage of locally sourced materials.

We have been planning Band B alongside our partners for some time. Local authorities and further education institutions submitted their Strategic Outline Plans in July 2017 and these were approved in principle, subject to satisfactory business cases, in December 2017.

To help our partners in achieving the environmental standards expected, a Best Practice Guide has been prepared by Constructing Excellence in Wales in consultation with the construction industry. In Band B, we will continue this work on improving environmental standards during the construction phase. Local authorities and further education institutions must then seek to continue to achieve environmental standards once the building is in operation and occupied.

A post-occupancy review has also been developed that captures a range of information, including the anticipated energy use in a new or refurbished building, and the actual use upon occupation to ensure that savings are being made in line with expectations. The post occupancy review has been piloted with a number of schools, with an expectation of wider roll out by July 2018.

b) The MIM and the arrangements the Welsh Government intends to put in place to ensure it shares in any profits from the MIM

The Mutual Investment Model (MIM) will offer a capital equivalent of £500 million of additional investment towards improving the education estate in Wales as part of the Band B investment.

The model has been developed by the Welsh Government to finance major capital projects. It retains the best elements of the Scottish non-profit distributing model, while ensuring that investment is classified to the private sector, and is consequently additional to investment funded from capital budgets.

Traditional capital investment sees the private sector design and build public infrastructure. MIM schemes will see the private sector design, build, finance and maintain public infrastructure. MIM schemes will enable the Welsh Government to deliver much-needed assets sooner than would otherwise be the case; and the requirement to maintain these assets will ensure that at the end of the contract period assets remain in a fit state for use and do not need replacing prematurely.

Private partners will need to deliver stretching community benefits, to commit to the Welsh Government's ethical employment code and build to very high levels of environmental sustainability.

The MIM will not be used to finance soft services, such as cleaning and catering. It also removes equipment, which can be funded more efficiently from public capital. Hard facilities management will be provided by the private sector, ensuring that public infrastructure is maintained to a high standard over the life of the contract and at the point of hand-back to the public sector. The MIM sets out a requirement to review efficiency, effectiveness and performance every two years.

The MIM can be procured and delivered through a number of different possible routes. For example, one route being considered for the delivery of MIM education schemes in Wales is through the appointment of two Private Sector Delivery Partners (PSDPs) broadly across two halves of the country. The successful PSDP for each region will enter into a Shareholders Agreement with local authorities and further education institutions (the Participants) to establish a Welsh Education Partnership (WEP). The PSDP and the Participants will both be party to a Regional Partnering Agreement which will govern the arrangements for the delivery of partnering services by the relevant Welsh Education Partner (WEP) to the Participants. The partnering services are services to design and develop schemes up to a point where schemes can reach contract signature with the relevant Participant. Such a route would be consistent with the co-construction element of the capital side of the programme allowing individual local authorities to develop their schemes with the WEP at their own pace. A decision on the preferred procurement route has not yet been made.

MIM schemes will see private partners build and maintain new school and further education college buildings. In return, the Welsh Government and its partners will pay a fee to the private partner, which will cover the cost of construction, maintenance and financing the project over 25 years. The public sector will hold equity in the Project Company to the extent that the required classification is retained.

The Welsh Government will take up to 20% of the risk capital required to finance MIM schemes. Should schemes be profitable, this will see the Welsh Government earn a commensurate return.

Should it prove commercially sound to re-finance MIM schemes following construction, the Welsh Government would earn an automatic return of one-third of the financial benefit. Added to this would be a proportion of the remaining two-thirds in line with its shareholding. A public interest director will be appointed by the Welsh Government to manage this shareholding and to promote the public interest. Decisions on how the Welsh Government will manage this return have not yet been taken.

c) A potential conflict between encouraging better value for money through standardising elements to new builds and the risk that centralisation undermines the collaborative ethos that has characterised the programme to date

Two key strengths of the Programme to date have been the collaborative nature of the working partnership between all of the parties involved and the flexibility of approach in terms of enabling local authorities and further education institutions to manage their Programmes at a pace and manner that is best suited to their local issues and needs. We are, of course, very keen to ensure that we build on these strengths as we head into delivery of Band B.

One of the key reasons why we are seriously considering the option to deliver the MIM element of Band B via Strategic Partnering is because we and our partners in local authorities and further education institutions believe it is the option that is most consistent with the co-construction and partnership approach that has delivered so effectively for our capital-funded Programme.

d) The proportion of costs that will be met by the Welsh Government

The local authority Strategic Outline Programmes submitted in July 2017 included plans for the Voluntary Aided schools within their area and officials have been meeting regularly with colleagues in the Diocesan authorities to keep them informed of progress as the planning for Band B has progressed. The Cabinet Secretary for Education has agreed an intervention rate of 85% for voluntary aided school projects, funded either via capital or MIM.

The grant intervention rate for local authority and further education capital funded projects in Band B will remain at 50%. The rate for their MIM projects will be 75%.

e) Managing the risks of a new type of funding and ensuring that the good collaborative working between Welsh Government and local government continues

Major risks to the success of MIM education schemes include: the ability to attract the right calibre of expertise to provide the requisite resource at the centre; the negative perception that this type of scheme might attract based on historic private finance models; and concern about affordability of the ongoing revenue contributions over the 25 years.

It is acknowledged that there is little Public Private Partnership expertise at local authority / further education institution level to deliver MIM type schemes. As the Welsh Government is funding 75% of the MIM schemes we are considering the option of an expert central MIM Programme Team to lead and manage the procurement process and then offer support to local authorities / further education institutions to develop and deliver each individual MIM scheme. Having a central expert function would ensure that there is consistency in approach to the design and delivery of these schemes and also the commercial arrangements. In addition, the ongoing contract management of these types of projects is crucial to ensure that the public purse is achieving value for its investment. This approach draws on best practice from across England, Scotland and Ireland.

Addressing negative perceptions based on historic private finance models has entailed the MIM Programme Team working with the Innovative Finance team in the Welsh Treasury Department to gather evidence of best practice and to make recommendations for ongoing contract management of MIM projects to ensure that value is driven from the contract.

Concerns over the ongoing affordability of these schemes to local authorities and further education institutions are being addressed by the MIM Programme Team. They are modelling the monthly payment to demonstrate to partners what the projected revenue impact will be so that local authorities and further education institutions can make an informed decision as to their potential exposure.

Recommendation One

Overall, our view is that the governance arrangements for overseeing and approving projects are sound. However we found that the final advice put to Ministers, on which to base their funding decisions, did not adequately reflect outstanding risks and concerns with the projects.

The Welsh Government has subsequently updated its approach but there is scope to go further. The Welsh Government should ensure that Ministerial briefings on which funding decisions are taken set out the actions taken in response to any concerns or conditions identified by the Capital Investment Panel

Response: Accept

Completion Date: Complete

Financial Implications: £nil

Action was taken immediately following the audit. The process to resolve queries arising from our Business Case assessment has been strengthened to ensure that we record all responses from our assessors. In cases where there are risks to be considered, these are highlighted in the submission to the Cabinet Secretary.

Recommendation Two

Going forwards, the Welsh Government is likely to make some substantial changes to the way the programme is funded and managed. The Welsh Government will need to finalise updated governance arrangements for Band B of the programme that take appropriate account of:

- **the complexities of making use of revenue funding, learning from the experience of other parts of the UK; and**
- **any shift in the balance of funding between partners.**

Response: Accept

Completion Date: March 2019

Financial Implications: £nil

The 21st Century Schools and Education Programme has robust governance arrangements in place, which takes into account both capital and revenue funding streams. Arrangements are in place to oversee the development of the Band B Programme. A Band B Panel has been established, which is comprised of senior Welsh Government officials. The Band B Panel currently meets on a monthly basis and monitors risks, programme development and progress in respect to development of the Mutual Investment Model. The functions of the Band B Panel and Band A Capital Investment Panel will merge from September 2018. A Programme Director for the Mutual Investment Model element of Band B with extensive experience has been appointed.

The Mutual Investment Model has been developed taking into account learning from Scotland, England and Ireland. Officials continue to speak regularly with the Department for Education, Scottish Futures Trust and the European PPP Expertise Centre (EPEC).

Funding for the Capital element of the Band B Programme remains at 50% Welsh Government and 50% from our partners. Funding for the Mutual Investment Model will be 75% from the Welsh Government and 25% from our partners. Funding for Voluntary Aided school projects will be 85% Welsh Government for both types of scheme.

Recommendation Three

The Welsh Government is currently consulting with councils and further education colleges about the funding for Band B and, in particular, if there is appetite to participate in the Mutual Investment Model. Recognising this ongoing work, the Welsh Government should set out its plans for funding Band B of the programme as soon as possible, taking into account:

- **the volume and cost of the remedial work required to bring all schools in Wales, including voluntary-aided schools, up to a good or satisfactory standard; and**
- **the capacity of councils, further education colleges and the diocese to fund further capital or revenue based investment in schools.**

Response: Accept

Completion Date: Complete

Financial Implications: £nil

We have been consulting regularly with our delivery partners in order to ensure that they understand our plans and objectives for Band B. We have also consulted widely on our intention that there will be a higher level of rigour applied to the delivery of schemes under Band B and that actual outturn will be measured to drive value for money.

Strategic Outline Programme documents were submitted in July 2017, in which local authorities and further education institutions were asked to indicate their project plans and whether they wished to promote any projects through the Mutual Investment Model.

The Strategic Outline Programmes indicate both demand for investment and the affordability of the projects listed. These plans indicated an investment demand of c£2.3 billion, including over £500 million indicative investment through the Mutual Investment Model.

Based on our learning over the last six months, we have recently asked our partners to revisit the type of schemes that have been put forward for MIM. This has been based on experience and best practice to ensure the optimal value outturn for the MIM schemes. The MIM schemes will need to go through the Business Case process and there will need to be a sign off from the Innovative Finance Team before Financial Close of each scheme. This process will be clearly documented.

The investment need and affordability of schemes are further tested as all projects that are taken forward within the Programme are supported by robust business cases. These look at both the demand for the investment and affordability of the project.

Recommendation Four

A national condition survey in 2010 helped to provide a clear baseline on the condition and suitability of the school estate, although there has been little public reporting of the data or the progress of the programme nationally. Since then, councils have updated their data annually. A sample survey was also carried out in 2016 to assess consistency of data. Given the proportion of schools that were judged to be incorrectly categorised, we recommend that the Welsh Government:

- a. urgently issue updated guidance on classifying schools, setting out any common issues and errors identified in the sample review;**
- b. require councils to update their assessment of every school, based on the updated guidance.**
- c. carry out another review of a sample of the data to check that councils are applying the categories correctly and consistently; and**
- d. report publicly on progress to improve the condition and suitability of the school estate alongside achievement of wider benefits.**

Response: a) b) d) Accept, c) Accept in Principle

Completion Date: August 2018

Financial Implications: £nil

- a) Complete. Guidance on the methodology used during our sample survey was issued to local authorities and further education institutions in 2017.
- b) Our delivery partners were advised last year to adopt the revised methodology, and that this would be mandatory from 2018/19. We have issued the Condition Survey request for local authorities for 2018/19 and included the Guidance and reconfirmed that this is mandatory. Further education institutions have requested a training session on the new methodology, and this has been arranged for the 21 June. The request for their Condition Survey will be issued after this date.
- c) 2018/19 will be the first year that all of our partners use the revised approach for their condition survey. Once data has been received and analysed, further action will be considered, including whether a further sample survey is necessary to test the data.
- d) To ensure greater transparency in reporting, we continually update the 21st Century Schools website to report programme progress in respect of school estate improvement and wider programme benefits. We are currently collating information in respect of the progress of the Band A Programme for

publication. This will include our progress against plans to improve the condition of over 150 schools and colleges across Wales.

To do this we are currently collating information for those projects approved and completed under Band A funding which, when completed, will be published on the website to show investment throughout Wales. We also plan to expand our project portfolio online to include photographs of recently completed projects. We are also updating other information and guidance on our website, including:

- the Band B announcement and changes to our programme governance and applications process
- new publicity guidance
- updated business case guidance
- revised accessibility guidance.

We are currently finalising our community benefits and sustainability guidance with a view to making this information available online shortly.

We are also currently reviewing our asbestos management in schools guidance with key stakeholders, with the aim of publishing this revised information in the summer.

Recommendation Five

The programme has prioritised the reduction of surplus places and has been one of several factors contributing to a fall in surplus places, although most councils are still above target, especially for secondary school places. For Band B, the Welsh Government is prioritising building condition more than surplus places. The Welsh Government should continue to work with councils to:

- a. ensure that the programme continues to contribute to a reduction in surplus places despite the shift in priorities, especially in those council areas where a growth in the secondary age population is not expected.**
- b. ensure that building programmes for Band B appropriately reflect local demand for Welsh-medium education and the Welsh Government's intentions to substantially increase the numbers of pupils learning through the medium of Welsh;**
- c. engage with Diocesan authorities to assess the likely demand for faith schools across Wales; and**
- d. identify cost effective and timely approaches for councils that face acute pressure for new places.**

Response: Accept

Completion Date: Completed

Financial Implications: £nil

- a) The high-level aims of the Band B Programme are to:
 1. Reduce the number of poor condition schools and colleges; and
 2. Ensure that we have the right size schools and colleges, in the right location that:

- i. Provide enough places to deliver Welsh and English medium education; and
- ii. Ensure the effective and efficient use of the educational estate.

Ensuring that we have the right size schools and colleges allows our partners to promote projects that address both too few and too many places to ensure that local needs can be reflected. We have regular engagement with those local authorities which are facing pressure for places to understand the need for investment. Welsh Government policy officials who deal with provision of school places, assess business cases for investment and ensure that surplus places are addressed through this process.

Band B Programme proposals include projects that both address surplus capacity and sufficiency of places.

- b) Provision of Welsh medium places to meet demand remains a key aim within the Programme and we are working positively with our partners to deliver that. Our updated business case guidance (which has been recently published) makes it clear that there will be a presumption that each individual project within the Programme will contribute to the Welsh Government's commitment to one million Welsh speakers by 2050. It will be a requirement for business cases to explain how the project will do this or explain why this would not be appropriate and note the evidence base to support that position. This aspect will then be scrutinised as part of the business case assessment process.

Based on local authorities' Strategic Outline Plans for Band B, around £460 million has been earmarked for Welsh medium schools (this includes dual stream and bilingual schools). In addition, a further £30 million budget has been made available from 2018-19 to support growth in Welsh language education. This funding is being targeted at capital-funded projects, which will increase the numbers of learners accessing Welsh medium education. Any projects supported will be additional to those Welsh medium projects already proposed by local authorities for Band B. The application forms were issued in March with a deadline for submission of 01 June.

- c) The Strategic Outline Programme documents submitted in July indicate church school projects with a capital investment value of c£180 million, comprised approximately 70% Voluntary Aided and 30% Voluntary Controlled schools. Our current understanding is that in most cases, the drivers for investment in Church Schools in Band B are based on the condition and efficiency of the estate, rather than on pressure for additional places. We are also working with Diocesan authorities in respect of Church schools to understand any further demand for investment in the sector. The funding mechanism employed for church schools has been revised so that the 85% allocation given to church schools does not form part of the 50% authority allocation. It is hoped that this will ease pressure on the sector who deliver their projects collaboratively with authority partners. We meet regularly with our Diocesan partners in order to understand the needs of the sector.

- d) We work closely with all of our partners and part of this work involves identification of where pressure for places may occur. This work will be ongoing as the Band B Programme develops and throughout its delivery.

Recommendation Six

Some of the completed new school buildings are not achieving the Welsh Government's energy efficiency and sustainability targets for the programme. We recommend that the Welsh Government strengthens its work with councils to:

- a. **liaise with industry experts to understand the gap between expected and achieved energy efficiency performance and how it can be remedied and reduced in future projects.**
- b. **challenge business cases that rely on significant savings from energy efficiency technology in the whole life cost assessment robustly; and**
- c. **encourage schools to assess their energy use when the building is first occupied and then annually to ensure that they are benefitting from the anticipated recurring savings in energy costs.**

Response: Accept

Completion Date: July 2018

Financial Implications: £nil

- a) Work has been carried out to address this recommendation. A Best Practice Guide has been prepared and was presented to partners at three seminar events held in May 2017. The Guide was prepared by Constructing Excellence in Wales in consultation with the construction industry. Our Business Case Guidance has required further amendments to take into account recent developments. It was published in May 2018.
- b) All business cases received are scrutinised by an economist during the assessment process to ensure robust challenge of the value for money of projects and includes consideration of whole-life costing and identification of potential cost reductions as a result of the build. Our economists have run three Economic Case Training events for our delivery partners, which improved their understanding of the requirements for Business Cases to clearly demonstrate value for money.
- c) A post-occupancy review has been developed that captures a range of information, including the anticipated energy use in a new or refurbished building, and the actual use upon occupation to ensure that savings are being made in line with expectations. Our post occupancy review has been piloted with a number of schools, with an expectation of wider roll out by July 2018.

Recommendation Seven

Analysis of the costs of completed Band A projects shows significant variation in the total costs as well as in ICT and fixtures, fitting and equipment costs. New schools have exceeded the maximum industry area standards by 7-10%. Some projects are using an approach known as Building Information Modelling in the design and construction phases that has been shown to achieve time and cost savings as well as improving quality. The Welsh Government should build on work already carried out to:

- a. reach agreement with councils, other partners and industry representatives on the options for bringing greater standardisation to the projects including floor area and elements of the build;**
- b. require the use of Building Information Modelling in projects within the programme; and**
- c. provide more detailed guidance about the level of IT and fixtures, fittings and equipment that can be funded from the programme to ensure consistency between projects.**

Response: Accept

Completion Date: March 2019

Financial Implications: £nil

- a) Agreement has been reached with local authority partners on the standard size and cost for new schools that will be funded by Welsh Government within the Programme. This standard is based on the sizes prescribed by BB98 and BB99. The cost per square metre includes all above ground work, plus sub structure, design costs and external works. This work is being extended to identify a standard cost for further education, which sees more variation in the types of accommodation needed to deliver both academic and vocational learning.
- b) We agree to include the requirement for Building Information Modelling and the Band B Programme will be developed on that basis. The position is currently being considered at a Welsh Government-wide level and we are part of the cross-portfolio team which is taking this forward.
- c) We have provided guidance around the maximum investment per pupil that can be funded from the Programme for fixtures, fittings, equipment and IT. The reason that we have applied a cost per pupil, rather than a specification is that this is a matter of policy for local authorities / further education institutions. In addition, as IT is a fast moving area, it is likely that any such guidance would become quickly outdated.

Recommendation Eight

There is evidence that the regional procurement frameworks are not operating as intended, with some duplication and councils not adopting good practice in procurement methods. The Welsh Government should:

- a. ensure that councils adopt accepted good practice in the approach to construction with a presumption in favour of design and build (excepting projects funded through the Mutual Investment Model);**
- b. improve communication with industry on the likely timing and scale of work under the frameworks;**
- c. understand and address the reasons why some councils are conducting pre-tender exercises despite contractors already having gone through the same process to get on the frameworks; and**
- d. engage stakeholders, including councils and the construction industry, in developing and finalising the procurement framework in light of changes for Band B.**

Response: Accept

Completion Date: March 2019

Financial Implications: £nil

- a) The Welsh Government has adopted space and cost standards that will encourage local authority best practice. We are happy to encourage a design and build approach, however recognise that this will not be appropriate for all authorities.
- b) Industry engagement took place in October 2017, which included information of the likely timing and scale of Mutual Investment Model works. We are also working closely with partners to understand their timescales for investment in their capital-funded Programmes, which will inform the planned investment pipeline for the regional frameworks, which managed and delivered by local authorities.
- c) There are a number of reasons why some authorities may wish to undertake pre-tender exercises. The most common of these occurs when the authority wishes to batch a number of schemes to procure together. When this approach is used, a pre-tender exercise ensures that there are no procurement challenges should this route be sought. We continue to work with our partners to understand the different procurement routes available within the existing frameworks and will work with the Frameworks to understand whether any changes are necessary to allow for batching to take place without this additional step.
- d) The 21st Century Schools and Education Programme promotes the use of the three regional frameworks for the delivery of capital projects. Officials work closely with the lead local authorities who manage the frameworks and engage with all stakeholders involved with the delivery of school buildings. We will continue to work with our partners to ensure that the procurement

frameworks are appropriate for our Band B Programme. This will involve seeking evidence from authorities and from the Frameworks in place.

Recommendation Nine

The Welsh Government has now established more clearly than in the past what benefits it wants to achieve through the programme. It has established a discrete set of targets for local supply chain, apprenticeships and training and STEM engagement with schools.

It is also clear that a future priority will be to make more community use of the school buildings. To increase the wider benefits flowing from investment in the programme, the Welsh Government should:

- a. ensure that its targets for projects remain stretching over time;**
- b. promote good practice in achieving community benefits, for example through regularly updated the 21st Century Schools website, regional networks and industry events; and**
- c. review how the identified barriers to increasing community use of school buildings can be addressed in Band B of the programme.**

Response: Accept

Completion Date: March 2019

Financial Implications: £nil

- a) We agree that targets should remain stretching and these will be reviewed over time.
- b) To facilitate sharing of best practice, the Welsh Government held three seminars in May 2017 in partnership with Constructing Excellence in Wales to update partners on a number of subjects, including community benefits. The seminars also included opportunities to network and share best practice. We will continue to work with stakeholders to promote a consistent approach and our website is being updated to publish additional materials relating to good practice and updated guidance. A further three seminars have been arranged for June 2018 to reinforce messages around community benefits, community use of assets, and targets.
- c) Increased community access to school buildings is a priority identified in Band B, with an Investment Objective to improve flexibility of assets. Propositions for Band B projects are being developed and we will continue to work with partners to ensure that cultural and practical barriers to increasing use of assets are overcome. This might involve a range of actions including designing schools to provide separate access for the community, and introducing claw back clauses into contracts so that if additional funding is provided for community space, it is subject to claw back should it not be used for this purpose.

A Task and Finish Group has been established with cross-portfolio and cross-sector membership. The purpose of the group is to clarify funding arrangements for community learning centres and community hubs, which is an integral part of wider community use of our schools and colleges; identify and overcome barriers to progress; and disseminate best practice. Outputs of the group will be updated guidance, which includes help to overcome barriers; and identification and delivery of a number of pilot projects to test our approach.

Recommendation Ten

The Welsh Government has put in place arrangements for technical support to the programme. It has strengthened the capacity of its own team through recruitment of experts in public-private finance. It is also setting up framework contracts to provide technical support to councils. Given the technical changes to the programme under Band B, the Welsh Government should, at the end of 2018, fully review whether the arrangements are working to:

- a. provide the Welsh Government with the technical expertise it needs to manage and oversee the programme; and**
- b. provide councils with the technical support they need to plan and deliver the programme locally.**

Response: Accept

Completion: December 2018

Financial Implications: £nil

- a. We are building capacity and expertise within the Welsh Government's 21st Century Schools and Education Programme Team. A MIM Programme Director and Finance Lead have been appointed; along with construction expertise seconded from Vale of Glamorgan local authority. The capacity of the team will continue to be strengthened as the process of drafting the technical specification and procurement documents progresses. We have also been advised that technical frameworks are in place in the Welsh Government that will enable additional technical support for the capital programme to be obtained when required.
- b. We have appointed technical advisers to the MIM programme. They will be providing the required expertise and technical support to deliver the MIM schemes at programme and local level. Work is being carried out on how the technical advisers will work with individual local authorities and further education institutions to ensure that the correct level of technical support is given to develop and deliver the MIM schemes.

Annex B

Tables provided at the time of the Wales Audit Office report have been updated to reflect the current position of the Programme as at the end of May 2018.

Council	Number planned projects	Agreed cost programme (£ millions)	Number approved projects	Number completed projects
Isle of Anglesey	5	33.7	3	2
Blaenau Gwent	4	20.3	4	2
Bridgend	6	43.0	6	4
Caerphilly	6	56.5	5	3
Cardiff	24	164.1	24	18
Carmarthenshire	16	87.4	11	6
Ceredigion	5	40.0	4	2
Conwy	4	19.4	4	3
Denbighshire	8	92.3	8	5
Flintshire	4	64.2	4	2
Gwynedd	7	51.5	6	5
Merthyr Tydfil	2	19.0	1	1
Monmouthshire	3	93.4	3	2
Neath Port Talbot	6	123.1	6	2
Newport	6	51.8	6	3
Pembrokeshire	10	121.5	9	5
Powys	7	79.5	5	2
Rhondda Cynon Taf	11	160.9	11	3
Swansea	11	51.3	9	7
Torfaen	9	86.1	9	5
Vale of Glamorgan	8	31.9	8	7
Wrexham	9	22.3	8	6
Total schools	171	1513.1	154	95
Further education	9	105.9	9	5
Total programme	180	1618.9	163	100

Council	Primary	Secondary	Post-16	Special school or pupil referral unit	Not known /unallocated	Total council programme
Anglesey	31.5				2.3	33.7
Blaenau Gwent	18.0	2.3				20.3
Bridgend	27.8	10.8		4.4		43.0
Caerphilly	27.2	28.5			0.8	56.5
Cardiff	84.6	79.5				164.1
Carmarthenshire	56.2	29.2		2.0		87.4
Ceredigion	5.3	34.7				40.0
Conwy	17.1	2.3				19.4
Denbighshire	24.4	67.9				92.3
Flintshire	6.7	27.9	29.6			64.2
Gwynedd	23.9	14.6		13.0		51.5
Merthyr Tydfil	7.0	12.0				19.0
Monmouthshire	4.6	88.8				93.4
Neath Port Talbot	55.2	67.9				123.1
Newport	4.8	32.0		14.0	0.9	51.8
Pembrokeshire	36.4	81.2	4.0			121.5
Powys	34.8	44.8				79.5
Rhondda Cynon Taf	25.7	135.2				160.9
Swansea	26.5	24.8				51.3
Torfaen	30.1	36.0	20.0			86.1
Vale of Glamorgan	10.9	0.3	20.7			31.9
Wrexham	19.8	2.5				22.3
Total national programme	578.3	823.0	74.3	33.4	4.0	1,513.1