



**RHONDDA CYNON TAF COUNCIL**

**RECORD OF DECISIONS OF THE EXECUTIVE**

**DECISION MADE BY: Cabinet    DATE DECISION MADE: 20 July, 2021**

**Cabinet Members Present:**

Councillor A Morgan (Chair), Councillor M Webber (Deputy Chair),  
Councillor R Bevan, Councillor A Crimmings, Councillor M Norris,  
Councillor R Lewis, Councillor C Leyshon and Councillor G Hopkins

**Apologies for Absence:**

Councillor J Rosser

***Agenda Item : 7***

**SUBJECT: 21ST CENTURY SCHOOLS AND COLLEGES PROGRAMME - MUTUAL  
INVESTMENT MODEL (MIM) - UPDATE**

**1. DECISION MADE:**

**Agreed –**

1. To note the information contained within the report.
2. To note the costs incurred to date and indicative costs going forward.
3. To approve the submission of an Outline Business Case to Welsh Government for consideration in July / August 2021.
4. To approve progression to Stage 2 of the MIM process with Welsh Government and the private sector partner.
5. To note that formal approval to proceed to deliver the Pathfinder Project, and to enter into associated legal documentation to facilitate the same including a Project Agreement, would require further approval of the Cabinet.

**2. REASON FOR THE DECISION BEING MADE:**

The need to progress the MIM pathfinder projects to the next stage in accordance with the Approval Process for New Projects as set out in Schedule 5 of the Strategic Partnering Agreement for the delivery of new school buildings and to keep on track with the timescales outlined in the indicative programme.

**3. LINKS TO CORPORATE PRIORITIES/FUTURE GENERATIONS - SUSTAINABLE DEVELOPMENT:**

The report links mainly to the Corporate priority of Prosperity – Creating the opportunity for people and businesses to be innovative, entrepreneurial and fulfil their potential and prosper and ensuring the Council have good schools, so all children have access to a great education.

Due regard has been made to all seven well-being goals and the Five Ways of Working, as contained within the Wellbeing of Future Generations (Wales) Act 2015, as outlined within the report.

**4. CONSULTATION UNDERTAKEN PRIOR TO DECISION BEING MADE:**

Headteachers of the three schools have been involved in the initial design phases and local elected members and chairs of governing bodies have been informed of surveys being undertaken on the school sites. As the project progresses into Stage 2 and the design develops, there will be full engagement with the schools, governing bodies and local elected members and relevant consultations with the wider community will be undertaken as part of the planning application process.

**5. PREVIOUS CONSIDERATION BY A COMMITTEE OF THE COUNCIL:**

Overview & Scrutiny Committee - [16<sup>th</sup> July](#),

The comments of the Overview & Scrutiny Committee were presented to Cabinet prior to the meeting and are appended to this Decision Notice for information.

**6. PERSONAL INTERESTS DECLARED:**

None

**7. DISPENSATION TO SPEAK (AS GRANTED BY STANDARDS COMMITTEE):**

N/A

**8. (a) IS THE DECISION SUBJECT TO CALL-IN BY THE OVERVIEW AND SCRUTINY COMMITTEE:**

Yes

**Note:** This decision will not come into force and may not be implemented until the expiry of 3 clear working days after its publication to enable it to be the subject to the Call-In Procedure in Rule 17.1 of the Overview and Scrutiny Procedure Rules.

**The closing date for Call-In is 5pm on the 23 July 2021**

**8.(b) IF NO, REASONS WHY IN THE OPINION OF THE DECISION-MAKER THE DECISION IS EXEMPT OR NON APPLICABLE:**

- I. COUNCIL / SCRUTINY FUNCTION (CALL IN IS THEREFORE NON APPLICABLE):-  
Reason: N/A
  
- II. URGENT DECISION:-  
Reason N/A

**8.(c) IF DEEMED URGENT - SIGNATURE OF PRESIDING OFFICER OR DEPUTY PRESIDING OFFICER OR HEAD OF PAID SERVICE CONFIRMING AGREEMENT THAT THE PROPOSED DECISION IS REASONABLE IN ALL THE CIRCUMSTANCES FOR IT BEING TREATED AS A MATTER OF URGENCY, IN ACCORDANCE WITH THE OVERVIEW AND SCRUTINY PROCEDURE RULE 17.2:**

.....  
(PRESIDING OFFICER)

.....  
(Dated)

**FOR OFFICE USE ONLY**

**PUBLICATION**

Publication on the Councils Website:- **Tuesday, 20 July 2021**

**APPROVED FOR PUBLICATION: ✓**

**Comments and feedback from Overview & Scrutiny Committee, 16<sup>th</sup> July 2021 on the 21<sup>st</sup> Century Schools and Colleges Programme – Mutual Investment Model (MIM) prior to consideration by Cabinet.**

The Overview and Scrutiny Committee received the report of the Director of Education & Inclusion Services in respect of the 21<sup>st</sup> Century Schools and Colleges Programme – Mutual Investment Model (MIM). A request had previously been made for this matter to be added to the forward work programme of the Overview & Scrutiny Committee and for it to be brought before Committee at the appropriate time.

Members noted that at this stage the report was seeking approval for the submission of an Outline Business Case to Welsh Government for consideration in July / August 2021 and progression to stage two of the of the MIM process with Welsh Government and the private sector partner. Following an overview of the report a number of Members sought clarification on the difference between the previous PFI initiative which was a fully inclusive services package and included all facilities management services for a 25 year period, for example cleaning; grounds maintenance; furniture; and ICT to name just a few. Whereas with the current MIM only building maintenance is provided for the 25-year period. MIM also has more robust arrangements in place at Welsh Government level, such as a specific Project Director for MIM, a Strategic Partnership Board with representation from all Local Authorities (Andrea Richards and Dave Powell represent RCT), standardised contracts developed by Welsh Government for all Local Authorities and an 81% intervention rate.

Members were keen to identify whether the scheme would proceed if the bid is unsuccessful and asked whether in that case, the local authority has alternative arrangements in place such as a more traditional model of funding.

Members noted that the capital funding for part of the 21<sup>st</sup> Century Schools and Education Programme, Band B has been committed to the Greater Pontypridd Schools and the whole programme for capital has been allocated. They were advised that MIM, as the only option available to the Local Authority, is advantageous, affordable and enables the local authority and Welsh Government to provide more 21<sup>st</sup> Century Schools as it is source of additional funding. Members were advised that RCT is one of two Local Authorities selected by Welsh Government to progress with a MIM Schools Pathfinder Project. As a Pathfinder Project and a Net Zero Carbon pilot project, Welsh Government are funding 100% of the additional survey costs and the Net Zero Carbon technical work.

Members raised the following queries with regards to the MIM model itself:

- How do the indicative costs compare to other schools that are traditionally financed?
- The transfer of risk to the private sector- if the companies go into liquidation, who picks up the financial costs and how would the contract be maintained?

Members were advised that in the event of the contractors going into liquidation, any additional costs would be picked up by the Special Purpose Vehicle Company (SPV) – the company established to deliver this project with whom the local authority would have a contract. The local authority has no direct contact with the contractors, they are contracted and managed by the SPV who have sole responsibility and contractual obligations with the contractors.

Referring to the indicative costs, the capital costs for the local authority (based on current estimated figures) is £21.9m. The amount payable by the local authority subject to indexation over the 25 years, based on current cost estimates provided is approximately £11.4 million for 3 brand new, fully maintained (building maintenance) schools for 25 years. This compares favourably with a capital model where each school could cost approximately £8million to £10million (depending on the size of the school). The 81% intervention rate represents a huge advantage for the local authority and is helping deliver more schools.

Committee was advised that as part of the contract there is an 'independent tester' role, a joint appointment between the company and the local authority who will ensure the appropriate checks are undertaken throughout the construction and handover period. There are also mechanical and technical management checks and processes in place. The Council's Corporate Estates Department has been involved with the process and will continue to be involved in the process, with the local authority having the ability to undertake regular inspections of the works.

A query was raised regarding the financial implications, that funding is subject to '*approval by Cabinet and by the Welsh Government following the submission of the relevant Business Cases and the receipt of finalised detailed costs*' and the possibility that Welsh Government may not approve the business case. Committee was advised that the local authority must submit business cases to Welsh Government for review and approval following the Treasury's five case business model process – this is a detailed and robust process and the financial implications and the payment schedule will be presented to Cabinet for approval once final project costs become available

A statement was made in respect of the Equality Impact Assessment within the section 'What evidence has been used to support this view?' It was suggested that the responses did not represent solid and tangible evidence in the form of data or reference to studies to support the assertions made.

With regards to the Welsh Language Impact Assessments attached to the report at Appendix 2, where it states that '*The aim has been to embed positive habits and attitudes towards the Welsh language through purposeful planning within schools and to promote the informal use of the Welsh language amongst learners inside and outside school*' a query was raised as to the extent to which the proposal brings the local authority closer to delivering the targets outlined in the Welsh in Education Strategic Plan (WESP) which support the aim of Welsh Government's Cymraeg 2050.

Committee noted that the Council is building capacity as part of the 21<sup>st</sup> Century Schools Programme in YG Rhydywaun and YGG Aberdar and where there is a recognised need for Welsh Medium Education. Schools encourage the use of the Welsh Language across the curriculum which is steeped in the Welsh language and through play and break times and is promoting Welsh medium education and additional opportunities to learn Welsh and/or develop skills and learning through the medium of Welsh. The message that schools are community schools and will be fully integrated and can be used to promote the Welsh Language was enforced. The Council's draft WESP provides details for the next 10 years of the Council's commitment to improve the use of the Welsh language in all schools and provide opportunities for learners to use Welsh in different contexts in all schools (Outcome 5).

In conclusion, it was confirmed that at the end of the 25-year term, there will be a thorough handback procedure overseen by an independent surveyor (and involving the Council's technical experts within Corporate Estates) who will undertake a detailed assessment of the buildings to identify any issues and address any project costs / rectification works required as part of the contractual agreement prior to the building being handed back to the local authority.

**RESOLVED to:**

1. Acknowledge the information in the report of the Director of Education & Inclusion Services, its appendices and the information provided during the meeting;
2. Request that the comments of the Overview & Scrutiny Committee are circulated for Cabinet's consideration in advance of its meeting on the 20<sup>th</sup> July 2021;
3. Identify that there will be a further report coming forward for consideration by the Cabinet at a future date detailing the financial implications and the payment schedules of the MIM.