

RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL

SPECIAL CABINET MEETING

18TH NOVEMBER 2009

REPORT OF THE DIRECTOR OF EDUCATION AND LIFELONG LEARNING

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STRATEGIC OUTLINE CASE TO TRANSFORM EDUCATION & TRAINING IN RHONDDA CYNON TAF

1. PURPOSE OF THE REPORT

The purpose of this report is to set out the draft Strategic Outline Case to be submitted to the Welsh Assembly Government in response to the requirements of their Transforming Education and Training Provision Policy.

2. RECOMMENDATIONS

It is recommended that Members:

- 2.1 Note the information in the Report, in particular the Strategic Case for Change;
- 2.2 Consider the four short listed options for change;
- 2.3 Consider whether Option's 3 & 4 should be taken forward for further consideration in developing an Outline Business Case. The Outline Business Case is the next stage, which identifies a preferred option and prepares detailed plans of the proposed investment;
- 2.4 Authorise the Director of Education and Lifelong Learning to submit the Strategic Outline Case to the Assembly.

3 BACKGROUND

- 3.1 Cabinet will be aware of the background to this report through previous presentations, reports and policy documents describing Welsh Assembly Government's aims to improve learner outcomes, reduce economic inactivity and improve skill levels of those in employment. In short, the Assembly Government has pledged to transform learning provision and delivery, in particular for post 16 students. The aim is to secure a workforce that is sufficiently skilled to access future high level employment opportunities.
- 3.2 In July 2008, the Welsh Assembly Government set out the Learning and Skills Measure that seeks to provide a legislative requirement for the Welsh Assembly 14-19 Learning Pathways and it seeks to support the development of young people by creating an entitlement for learners aged between 14 and 19 years old to access a wider and more innovative range of curriculum choice. By offering a wider range of opportunities, which will engage and stimulate learners, the Assembly is aiming to

encourage greater participation, achievement and attainment, helping young people to realise their potential.

3.3 To deliver on the Measure, the Assembly published “Transforming Education and Training provision in Wales” that requires the 22 Welsh Councils and 25 further education institutions to put forward a range of geographical options to deliver the Measure.

3.4 This Strategic Outline Case sets out the geographic options that will enable Rhondda Cynon Taf to deliver the Measure.

4 THE STRATEGIC OUTLINE CASE

4.1 Set out in Appendix 1, are the first two sections of the Strategic Outline Case: the Introduction to the Strategic Outline Case and the Executive Summary.

4.2 The Executive Summary presents the case for change and the benefits that will arise from the investment required to make that change. To make the required changes the Strategic Outline Case considers four options:

- **Option 1 – Do nothing** - Continue with the existing arrangements of nineteen 11-18 secondary schools and five 14-19 consortia with the College
- **Option 2 – Do minimum** – The rationalisation of existing sixth form provision, with a limited number of schools having sixth forms, with the remaining secondary schools becoming 11-16 or 3-16 schools wherever possible. The College would continue to provide the vocational provision.
- **Option 3 – An intermediate option** – Two separate bi-lingual centres would be created in each former district area, one focusing on academic provision and one focusing on vocational provision. All the secondary schools would be 11-16 schools or 3-16 wherever possible.
- **Option 4 – A maximum option** - Establish a full bilingual tertiary provision, replacing existing sixth forms and the full time vocational provision at the College, located on one site in each of the three former districts. All the secondary schools would be 11-16 schools or 3-16 wherever possible.

4.3 The Strategic Outline Case considers that Option 4 is the preferred option and Option 3 will be taken forward for further consideration. A full economic appraisal will be undertaken of these two options at the next stage of the Assembly’s process for Transforming Education & Training in Wales, the Outline Business Case. The Outline Business Case will be prepared in January to March 2010, subject to Assembly approval of Rhondda Cynon Taf’s Strategic Outline Case.

4.4 In developing the Strategic Outline Case, the assumption has been made that secondary school reorganisation and the removal of at least 3,000 surplus places will be inextricably linked to the post 16 proposals set out in Appendix 1 to this report. One cannot be successfully achieved without the other. If the Transformational proposals and secondary school reorganisation are separate it will create a greater number of surplus places, more inefficiencies, further duplication and a poorer education for the pupils.

4.5 The delivery of Option 4 will take between 10-15 years to deliver and require an investment of £285 million. This investment includes the building of 3 new secondary schools to replace schools currently housed in poor facilities. If the Assembly has sufficient funds to support the Strategic Outline Case, the first stage of Option 4 will occur in 2013.

5 CONCLUSION

5.1 The Proposals set out in this report will deliver significant benefits to learners, residents and employers in Rhondda Cynon Taf, subject to the development of a robust, achievable business plan. This includes:

- The development of new educational facilities for the whole community, with potential for other Council services to be located on the sites;
- An increase in learner opportunities with access to new relevant vocational options.
- Greater institutional effectiveness by simplifying the governance, planning and delivery arrangements between the Council, schools and Coleg Morgannwg in order to improve:
 - Basic skills levels;
 - Increasing 14-19 participation and achievement;
 - Increases in learner outcomes;
 - Access to more level 2 and 3 qualifications;
 - Progression routes.
- Improved school and College engagement with business and employers; this improved relationship with employers will significantly increase work experience and apprenticeships.
- The new Tertiary Campuses in Aberdare, Nantgarw and Llwynypia will enable greater sharing of learning and staff between the schools, College and business – a genuine partnership in which the schools, College and businesses better understand each other's needs and the constantly moving environment both inhabit.
- The better use of public resources, removing surplus places.

5.2 The Proposals submitted to the Assembly are ambitious, they are focused on widening opportunities for learners and improving educational achievement of all learners and given the commitment from Coleg Morgannwg and the Council can be successfully delivered.

**STRATEGIC OUTLINE CASE TO TRANSFORM
EDUCATION & TRAINING IN
RHONDDA CYNON TAF**

**A PARTNERSHIP BETWEEN COLEG MORGANNWG AND
RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL**

Strictly Private and Confidential

Transforming Education and Training

Rhondda Cynon Taf – Strategic Outline Case

Proposers: Rhondda Cynon Taf County Borough Council and Coleg Morgannwg.

Geographic Area: This Strategic Outline Case covers the three geographical areas of Cynon Valley, Taf Ely and the Rhondda. The Strategic Outline Programme is focused on the provision of post 16 education delivered through both the English and Welsh Languages.

Participating Stakeholders and Providers:

The participating organisations comprise, Rhondda Cynon Taf County Borough Council and Coleg Morgannwg, Aberdare Boys School, Aberdare Girls School, Blaengwawr Comprehensive School, Mountain Ash Comprehensive School, St John The Baptist CiW Comprehensive School, Bryncelynnog Comprehensive School, Cardinal Newman RC Comprehensive School, Hawthorn High School, Pontypridd High School, Y Pant Comprehensive School, Ferndale Community School, Porth County Community School, Tonypandy Community School, Tonyrefail Comprehensive School, Treorchy Comprehensive School, YG Y Cymer, YG Garth Olwg, YG Llanhari, YG Rhydywaun.

I Introduction

Project Purpose

- 1.1 The Project Purpose is to establish the Strategic Outline Case (SOC) for reconfiguring post 16 education and training to improve outcomes for learners in Rhondda Cynon Taf. This Strategic Outline Case (SOC) sets out the case for reconfiguring post-16 education and training in Rhondda Cynon Taf and provides decision makers and key partners with an early indication of the proposed way forward (not the preferred option). Rhondda Cynon Taf County Borough Council and Coleg Morgannwg are sponsoring this SOC.
- 1.2 This Strategic Outline Case is the second stage of Rhondda Cynon Taf's response to meeting the requirements of the Assembly's Learning and Skills Measure and Transforming Education and Training provision in Wales. It also seeks to bring forward proposals for secondary school reorganisation, raising standards of achievement and reducing a significant number of surplus places.

The Purpose of this Document

- 1.3 It is important to clarify for the reader of this Strategic Outline Case what its purpose is. The SOC is the first phase of developing a business case for investment and change (the Treasury 5 Case Business Model). The business case is not simply a vehicle for gaining approval for a scheme. It is an approach that enables decision makers and other interested parties ascertain whether a scheme:
 - Is supported by a robust case for change that provides strategic synergy – the “strategic case”;
 - Optimises value for money – the “economic case”;
 - Is commercially viable – the “commercial case”;
 - Is financially affordable – the “financial case”; and
 - Is achievable – the “management case”.
- 1.4 The development of the business case takes place over time, and sequentially in relation to the above five components. At each iteration, further detail is provided, resulting in, firstly, the Strategic Outline Case, which is this document, followed by the Outline Business Case and finally the Final Business Case.
- 1.5 The Strategic Outline Case (SOC) is intended to scope the Project. The purpose of the SOC is to:
 - Confirm the strategic context of the investment in the Project;
 - Make a robust case for change; and
 - Provide decision makers and key partners with an early indication of the proposed way forward (not the preferred option).
- 1.6 The next stage, the Outline Business Case, undertakes the detailed planning phase of the proposed investment in the Project and to identify a preferred option, which demonstrably optimises value for money.

1.7 **IMPORTANT FOR ALL READERS OF THIS SOC** - The Project set out in this SOC and the reorganisation of secondary education in Rhondda Cynon Taf are inextricably linked. One cannot be successfully achieved without completing the other. This SOC does not:

- Identify potential secondary schools for closure or those for redevelopment;
- Identify potential primary schools that could be merged and rebuilt on secondary school sites creating 3-16 schools.

1.8 This will be explored in detail during the Outline Business Case.

The Format of this Document

1.9 This SOC has been developed based on the 5 Case Model SOC template for Business Cases in NHS Wales developed by Joe Flanagan, Director, Investment Policy & Appraisal Group, Welsh Assembly Government (WAG) and in accordance with the best practice guidance in HM Treasury Green Book. Reference has also been made to the “Complete Guide to the Business Case Production Process Using the 5 Case Model for SOCs, OBCs & FBCs” also developed by Joe Flanagan.

1.10 This document comprises:

- **Introduction** – this section;
- **Executive Summary** – a summary of this overall document;
- **Strategic Case** – an assessment of the strategic fit of the proposals from both a national and local perspective and the case for change;
- **Economic Case** – the backbone of the document, which demonstrates that the Council’s and Coleg Morgannwg’s choice for investment best meets the existing and future needs of the Service and maximises value for money;
- **Commercial Case** – an assessment of the governance implications, procurement approaches and risk management;
- **Financial Case** – the financial implications of the proposals set out in the Economic case;
- **Management Case** – the structures and arrangements required to take forward the Project to the next stage.

II Executive Summary

Introduction

- 2.1 This Strategic Outline Case (SOC) sets out the case for reconfiguring post-16 education and training in Rhondda Cynon Taf and provides decision makers and key partners with an early indication of the proposed way forward (not the preferred option).
- 2.2 This SOC has been prepared using the agreed standards and format for Business Cases, as set out in the Welsh SOC template and in accordance with the best practice guidance in HM Treasury Green Book.

Strategic Case

The Strategic Context

- 2.3 The Assembly has recognised for a number of years that:
- There are too many small sixth forms and, in a few areas, too many secondary schools. In addition, there is a large number of further education and work-based training providers in Wales and rationalisation would strengthen strategic management, improve efficiency and better meet current and future demand for relevant high quality education and training delivery;
 - The current delivery of education and training provision is inefficient in terms of the upkeep of excess school buildings; unnecessary 16-19 duplication of provision between schools and between schools and colleges; restricted choice for many learners; too many small post-16 classes in schools; and in some cases surplus places 11-16. This leads to valuable education and training funds being directed towards additional staff costs and infrastructure investment when they would be better directed at the learners and the learner experience;
 - The small class sizes found in many sixth forms leads to limited student interactions, which diminishes the effectiveness of learning. Where providers are collaborating to reduce inefficiencies and improve effectiveness, learner opportunities and student interactions increase.
- 2.4 The achievement of better value for money, including the potential for efficiency savings through support for more effective learning provision, is one of the Assembly's key objectives. The challenge is clearly to deliver more value to individuals, communities, businesses and the wider economy from the resource available to support post-16 education and training.
- 2.5 In January 2005, DCELLS (at the time ELWa) launched its strategic Geographic Pathfinder initiative. The objective of this initiative was to review the current structure of funded 16-19 education and training, evaluate options for change and recommend a preferred option for implementation in six selected areas of Wales. Rhondda Cynon Taf was one of three Pathfinders in South East Wales.
- 2.6 The conclusion reached by the Pathfinder initiative was that, whilst the tertiary option has been assessed as providing the most favourable basis for rapid transformation, it recommended that Rhondda Cynon Taf adopt the option of the

existing consortia partnerships each developing into a strong, confederated consortium. The rationale underlying this decision was based on the history of significant commitment to consortia working within the County Borough, and the lack of support for a tertiary option from the Council at this stage. It was stressed by DCELLS, in making this recommendation, work will need to begin immediately to plan the transition from the current provision structure to confederated consortia.

- 2.7 However, should any of the confederated consortia be unable to meet the challenge of the Learning Pathways agenda for the 2010-2015 targets, it may become necessary to consider the tertiary option.
- 2.8 Currently collaboration across the County Borough is at various stages of development. Collaborative outcomes and benefits to learners are variable. Coleg Morgannwg and a few work-based providers widen the curriculum offer, but these partnerships are more frequent in the pre-16 phase.
- 2.9 Irrespective of the Assembly's post-16 Transformational Agenda, there is a pressing need to change the educational structure at all age groups across the County Borough:
- Despite the cluster arrangements there are gaps, overlap and duplication in provision. Other than for the traditional sixth form academic subject areas, class sizes are often small and inefficient. Choice is often dependent upon learner postal code. There is no post 16 options entitlement for Rhondda Cynon Taf;
 - The educational achievement and success at Key Stage 4 & 5 and the levels of participation in learning in Rhondda Cynon Taf are below Welsh averages and among the lowest in Wales. A step change is required to raise the number of young people participating in education post 16 and improve the quality of learning outcomes by raising attainment, retention and progression. Only by doing this will Rhondda Cynon Taf be able to positively contribute to achieving the targets set out by the Welsh Assembly Government (WAG) and their ambitions for Wales as set out in key policy documents including One Wales, Skills That Work for Wales (2007) and Transforming Education and Training in Wales (2008).
 - Since the Pathfinder Review in 2005, Rhondda Cynon Taf has seen falling pupil numbers, which will continue over the next 10 years. The falling numbers are making small school sixth forms uneconomic and are threatening the continuation of subjects with small group sizes. Falling learner numbers create an imperative for post-16 learning to become more efficiently and effectively delivered in order to maximise choice, protect the continuation of "minority" subjects and reverse current and future forecast funding deficits.
 - Seven of the nineteen secondary schools are estimated to be in a deficit budget position in 2009/10, with three further schools projected to have deficit budgets in 2010/11. The level of surplus places in the secondary schools is currently 4,000 and will increase to 5,000 by 2013. By 2014, 9 schools will have less than 800 pupils, and have sixth forms less than 150, the number at which Estyn considers is viable.

- More people commute out of Rhondda Cynon Taf than any other local authority in Wales. 40% of the working population (38,000 people) of Rhondda Cynon Taf work outside the boundaries of the County Borough, predominantly in Cardiff. To secure these jobs, the population of Rhondda Cynon Taf has to compete against others from across South East Wales. However, the skill levels of the working population of Rhondda Cynon Taf is lower than the Welsh average with 16.1% of the population of the County Borough having no qualifications. It is important that the changes made to the post-16 education provision provide the population of Rhondda Cynon Taf with the future skills needs that are required in South East Wales. To do so, will support the economic regeneration of the area, equip people with the skills required for quality employment and attract businesses into the area through the creation of an appropriately skilled workforce.

The Case for Change

Investment Objectives

- 2.10 The case for change is based on six investment objectives set by Coleg Morgannwg and the Council's Education Directorate senior management teams. Each objective has been informed by detailed analysis of data relating to the current situation. Targets have been set for a step change in improvement within the context of WAG targets and recognising Rhondda Cynon Taf's current levels of educational achievement, success and participation.
- 2.11 The investment objectives are:
- **Standards and Achievement** – to raise standards of success and achievement and increase progression to Higher Education and employment.
 - **Choice** – to improve the breadth and depth of curriculum creating greater choice for all young people to choose learning pathways that best enable them to mix and match vocational, academic and occupational qualifications and experience.
 - **Participation** – to increase participation rates.
 - **Equality and parity of esteem of provision** – to ensure every learner in the County Borough is able to access the curriculum of choice whatever language or faith.
 - **Ability to respond to future learners, community and business needs** – To re-skill and up-skill, the population of Rhondda Cynon Taf as the commercial environment changes, to allow people to compete effectively in the job market.
 - **Financial viability and effectiveness** – to provide a cost effective and efficient model for delivery, removing unnecessary duplication, aligning capacity with demand (in light of demographic change), generating economies of scale and expanding economies of scope. This will result in the removal of surplus places, the reduction in the number of small sixth form classes, and the duplication of provision between providers.

Strategic Outline Case to Transform Education in Rhondda Cynon Taf

2.12 The table below sets out a summary of the investment objectives for the scheme, the existing arrangements in relation to that investment objective and the business need (case for change).

Investment Objective	Measure and Target Outcomes
Investment Objective 1	Standards and Achievement – to raise standards of success and achievement and increase progression to Higher Education and employment
Existing Arrangement	<p>Key Stage 5:</p> <ul style="list-style-type: none"> • % of 17 year old pupils entering 2 A Levels or equivalent and achieved Level 3 is 93% compared to a Welsh average of 94.2% (9 of the 19 schools exceeded Welsh average) • Average wider points score for pupils aged 17 is 541.9, the second worst in Wales, compared to Welsh average of 630.9, (4 of the 19 schools exceeded Welsh average) • % of pupils achieving 2+ A/AS level or equivalent at grades A-C was 60.1%, the worst in Wales, compared to Welsh average of 68.7% (5 of the 19 schools exceeded Welsh average) • % completion rate for Coleg Morgannwg for 2006/07 was 84% compared to the Welsh average of 87%; • % attainment rate for Coleg Morgannwg for 2006/07 was 76% compared to a sector average of 76%; • % of Year 13 pupils who progress to Higher Education as a percentage of their Year 11 cohort is 23.1% compared to a Wales average of 32.0%
Future targets and outcomes	<p>The business need is to improve %'s of achievement and success of learners. The targets are to:</p> <ul style="list-style-type: none"> • Raise completion, achievement and success levels at Level 3 to and above national comparators; • Improve A-C grades at A Level to and above Welsh averages • Raise completion, achievement and success levels at Entry Level to Level 3 • Achieve better PPR grades (need to set specific targets for next 3 years) • Achieve higher grades in Estyn Inspection (need to set specific targets for next 3 years) • The % of 14-16 achieving Level 1 threshold from 84% to 87% • The % 14-16 achieving Level 2 threshold from 53% to 58% • The Level 2 wider point score to be raised from 340 to 360 points • The % 16-19 yr olds achieving Level 3 threshold from 93% to 95% • The Level 3 average points score to be raised from 542 to 631 points • To increase % of 16-19 yr olds achieving Level 2, 5 A* - C from 60.1% to 69% • To increase the % completion rate for Coleg Morgannwg from 84% to the Welsh average of 87%; • To increase the % attainment rate for Coleg Morgannwg from 76% to 80%; • To improve student progression of 18 year olds into HE from 23.1% in 2008 to 32%.
Investment Objective 2	Choice – to improve the breadth and depth of curriculum creating greater choice for all young people to choose learning pathways that best enable them to mix and match vocational, academic and occupational qualifications and experience

Strategic Outline Case to Transform Education in Rhondda Cynon Taf

Investment Objective	Measure and Target Outcomes
Existing Arrangement	<ul style="list-style-type: none"> • Small group sizes in some schools threatening continuation of a range of academic and vocational subjects. • Mixed success across the 5 post 16 consortia in offering and providing the minimum recommended number of pathways (30). • NEETS in 2008 at 6.1%.
Future targets and outcomes	<p>The aim is to provide a full and wide range of learning pathways across all levels and in all sector subject areas in Rhondda Cynon Taf and that the curriculum meets the WAG transformational agenda. The specific targets are:</p> <ul style="list-style-type: none"> • A curriculum plan which has a range and depth of provision, which meets evidenced need, including access to high quality programmes via modern technologies; • To meet and exceed minimum requirements set out in obligations under the Learning and Skills Measure, which includes an entitlement to access to a minimum of 30 courses for post 16 learners. • Protection of minority “at risk” subjects through amalgamation of low number courses from school sixth forms into the tertiary colleges. • To increase number and range of vocational courses on offer at the tertiary colleges or in partnership with others, through the medium of English and Welsh. • Development of more employment and learning opportunities especially for young people who are Not in Education, Employment or Training (NEETs), the economically inactive and low skilled target groups; • Demonstrable links with associated community services and facilities, such as health care, leisure, and the arts; • Appropriate joint arrangements in place with neighbouring local authorities and FE Colleges for Coleg Morgannwg to specialise in post 16 Welsh language provision.
Investment Objective 3	Participation – to increase participation rates
Existing Arrangement	<ul style="list-style-type: none"> • Participation in education in 2008 (Further Education (FE) and school sixth forms) is 78.9% and participation in Work Based Learning (WBL) and training is 8.3%; • Standard Participation Rate (SPR) Post 16 learners for RCT in 2006-07 was 87, ranked 18th of the 22 local authority areas in Wales. • NEETS in 2008 at 6.1%.
Future targets and outcomes	<p>The targets are:</p> <ul style="list-style-type: none"> • To increase the engagement of 16 to 18-year-olds. The aim is for 85% to return to full-time education by 2015. • Reduction of 16-18 NEETS to less than 3% from 6.1% by 2015. • Improve Standard Participation Rate from 87 to 100 for 16-19 yr old learners by 2016.
Investment Objective 4	Equality and parity of esteem of provision – to ensure every learner in the County Borough is able to access the curriculum of choice whatever language or faith
Existing Arrangement	<ul style="list-style-type: none"> • No vocational post 16 provision available through the medium of Welsh available other than a small number of options provided by Welsh language sixth forms. • Lack of parity of esteem between vocational and academic subjects leading to polarisation of choice. • Few pupils with special educational needs leave school at 19 having

Strategic Outline Case to Transform Education in Rhondda Cynon Taf

Investment Objective	Measure and Target Outcomes
	secured places in education or employment.
Future targets and outcomes	<ul style="list-style-type: none"> • Improved equality of access to education and training programmes for learners wherever they live; • A Welsh language curriculum plan, which has a range and depth of provision that meets evidenced need and the Learning and Skills Measure. • A suitable curriculum and pathways for pupils with special educational needs.
Investment Objective 5	Ability to respond to future learners, community and business needs – To re-skill and up-skill, the population of Rhondda Cynon Taf as the commercial environment changes to allow people to compete effectively in the job market.
Existing Arrangement	<ul style="list-style-type: none"> • % of working age adults with no qualifications is 16.1% compared to 14.9% all Wales 2007 • % of working age adults with NQF level 2 or equivalent is 62.8% compared to 68.5% all Wales % • % of working age adults with NQF level 3 or equivalent is 41% compared to 47.1% All Wales • % of working age adults with NQF level 4 (or above) or equivalent is 22.3% compared to 27.2% All Wales% • % of working age adults unemployed is 6.3% compared to 5.5% all Wales% • % of working age adults economically inactive is 40.7% compared to 40.9% all Wales%
Future targets and outcomes	<ul style="list-style-type: none"> • The business need is to increase the number of people in the area who have higher level skills. This will prove attractive and necessary for increased inward investment and give learners the maximum opportunity to take up improved job offers. Targets for this include: • Reduce the % of working age adults with no qualifications to 14.9% by Year 2016 • Increase % of working age adults with NQF level 2 or equivalent to 68.5% by Year 2016 to move towards WAG milestone target • Increase % of working age adults with NQF level 3 or equivalent to 47.1% by Year 2016 • Increase % of working age adults with NQF level 4 or equivalent to 27.2% by Year 2016 • Reduction in unemployment levels over a 5-10 year period from 2014 to at or below the Welsh average • Continue to reduce economically inactive % and maintain below the Welsh average. • Incremental increases in WBL places available, improved take up and successful outcomes. • Improved employer perceptions through annual employer surveys to be undertaken by Coleg Morgannwg.
Investment Objective 6	Financial viability and effectiveness – to provide a cost effective and efficient model for delivery, removing unnecessary duplication, aligning capacity with demand (in light of demographic change), generating economies of scale and expanding economies of scope. This will result in the removal of surplus places, a reduction in the number of small sixth form classes, and the duplication of provision between providers.
Existing Arrangement	<ul style="list-style-type: none"> • Small group sizes therefore inefficient delivery. • Small sixth forms provide a lack of student choice. • Deficits projected in 7 schools in 2009/10, 10 schools in 2010/11. • School and College buildings requiring investment into the future

Investment Objective	Measure and Target Outcomes
	<ul style="list-style-type: none"> • High running costs of building infrastructure, with a large maintenance backlog. • Poor utilisation of buildings. • Over 4,000 surplus places in secondary schools in 2009. • Over 5,000 surplus places in secondary schools by 2013.
Future targets and outcomes	<p>The outcome we require is to ensure more cost effective and efficient delivery of learning to enable more to be delivered in the future to more learners and of a higher quality. Targets to achieve this include:</p> <ul style="list-style-type: none"> • Reduction of unnecessary overlap and duplication of provision; • Investment in provision that meets demand and will provide a learning environment that is fully fit for purpose; • Improvements in the use of recurrent funding; • The use of ICT learning platforms, to improve efficiency and effectiveness of delivery, and use technology that is scalable, compatible and capable of supporting future collaborations; • Improved space utilisation; • Improved financial health of secondary schools, with no school in a deficit position; • A reduction in the surplus places by 3,000 places by 2016; • A reduction in the number of buildings that need to be maintained and improved condition of those that are retained.

Scope

2.13 The scope of this Project considers the following four options. An explanation as why these four options was chosen is set out in paragraph 2.19:

- **Option 1** – do nothing. Continue with the existing arrangements of nineteen 11-18 secondary schools and five 14-19 consortia with the College;
- **Option 2** - The rationalisation of existing sixth forms, with a limited number of schools having sixth forms, and the remaining secondary schools becoming 11-16 or 3-16 schools wherever possible. The College would continue to provide the vocational provision;
- **Option 3** – Two separate bilingual centres would be created in each former district area, one focusing on academic provision and one focusing on vocational provision. All the secondary schools would be 11-16 schools or 3-16 wherever possible.
- **Option 4** – a bilingual tertiary provision, replacing existing sixth forms and the full time vocational provision at the College, located on one site in each of the three former districts. All the secondary schools would be 11-16 schools or 3-16 wherever possible.

Benefits criteria

2.14 Six benefit criteria have been identified as being key to the options emerging from the defined scope. These benefit criteria are:

- Improved Choice
- Improved quality – standards and achievement

- Increased participation
- Access and equality
- Efficiency
- Meeting future skills needs (for learners, employers and the community)

Main Risks and Mitigations

- 2.15 The main risks associated with the project have been identified and likelihood and impact assessment made for each risk. Countermeasures have been developed and people responsible for managing those risks have been identified in an initial risk management plan.

Constraints and dependencies

- 2.16 The main constraint is the significant capital funding that would be required to develop 3 tertiary campuses, one in Taf Ely, one in the Cynon Valley and one in the Rhondda.
- 2.17 The main dependency is the need to tackle the reorganisation of the County Borough's secondary schools. To remove over 3,000 surplus places will require a number of school closures across all three areas of Rhondda Cynon Taf. If we proceed with the tertiary model without reorganising secondary schools, the remaining 11-16 schools system in Rhondda Cynon Taf would be more expensive, more inefficient and considerably less effective, limiting 11-16 learner's choices and outcomes.
- 2.18 The statutory consultation and WAG decision-making processes on school closures will take at least 12 months, with objections to the proposals. Given the political difficulties this can cause at both local and Assembly level, it is unlikely that the consultation processes would commence without confirmation that the required funding is in place for the tertiary college developments.

The Economic Case

- 2.19 Rather than draw up a long list of options we have started from the detailed appraisal undertaken by the Geographical Pathfinder in 2005. Pathfinder considered three potential options (Options 1-3b):
- **Option 1** proposed accelerated development of the current consortia to deliver a specified number of learning options;
 - **Option 2** proposed that the current consortia develop formal binding partnerships to provide a full option menu for all learners. This would involve links with training providers as well as school with school and school with College;
 - **Option 3a** proposes the development of holistic provision within each consortium to deliver the full range of academic/vocational/skill-based learning, through a tertiary college.
 - **Option 3b** proposes the development of confederated provision within each consortium to deliver the full range of academic/vocational/skill-based learning, through the existing FE provision and a new a sixth form centre.

- 2.20 The Pathfinder recommendation was to pursue Option 2. Currently, collaboration in RCT is at various stages of development. Collaborative outcomes and benefits to learners are variable. Coleg Morgannwg and a few work-based providers occasionally enrich the network clusters, but these partnerships are more frequent in the pre-16 phase. Despite the cluster, arrangements there are clearly gaps in provision and overlap and duplication. Other than for the traditional sixth form academic subject areas, class sizes are often small and inefficient in the school sector. Choice is often dependent upon learner postal code. There is no post 16 options entitlement for Rhondda Cynon Taf.
- 2.21 Based on discussions with the Council's Cabinet, the option of different solutions between the three former districts, or five 14-19 consortia would not be supported. The elected Members emphasised the importance of equality and equity of access and parity of esteem. Therefore, the four options set out below are applied respectively as one solution for the whole of the County Borough.

The short listed options

- 2.22 The four short listed options are:

Option 1 – Do nothing - Continue with the existing arrangements of nineteen 11-18 secondary schools and five 14-19 consortia with the College

Option 2 – Do minimum – The rationalisation of existing sixth form provision, with a limited number of schools having sixth forms, with the remaining secondary schools becoming 11-16 or 3-16 schools wherever possible. The College would continue to provide the vocational provision.

Option 3 – An intermediate option – Two separate bi-lingual centres would be created in each former district area, one focusing on academic provision and one focusing on vocational provision. All the secondary schools would be 11-16 schools or 3-16 wherever possible.

Option 4 – A maximum option - Establish a full bilingual tertiary provision, replacing existing sixth forms and the full time vocational provision at the College, located on one site in each of the three former districts. All the secondary schools would be 11-16 schools or 3-16 wherever possible.

- 2.23 The key advantages and disadvantages of each delivery model were appraised prior to a full evaluation.

Critical Success Factors

- 2.24 Five Critical success Factors (CSFs) were used alongside the investment objectives to evaluate the shortlisted options.
- **Business Needs** - The solution must satisfy the existing and future needs of learners, employers and the community.
 - **Strategic fit** - The solution must provide a holistic fit and synergy with other key elements of the National, Regional and Local Strategies including One Wales, Skills That Work for Wales and Transforming Education and Training in Wales.

That is it must support the requirement to provide improved services for learners aged 16-18 and 19+.

- **Benefits Optimisation** - The option must provide the best solution to ensure that future demand and provision of service can be delivered to meet the required performance standards, that is, increased levels of participation and improved levels of attainment for learners aged 16-18.
- **Achievability** - The option must provide the best solution to reorganise to deliver services, which will be acceptable to both staff and learners and in the right timeframe.
- **Affordability** - The organisation's ability to fund the required level of expenditure - the capital and revenue consequences associated with the proposed investment.

2.25 All four options were then assessed against the Investment Objectives and Critical Success Factors. For completeness and relevance the Options were also measured against the Transformation Criteria in DCELLS Transforming Education and Training in Wales document.

Key Findings

2.26 **Option 1 – Do nothing - continue with existing secondary schools and consortia** - This option has been discounted. The Council, College and Schools agree that the status quo is not acceptable from an educational and economic viewpoint. However, this option has been taken forward in order to provide a baseline against which the other options can be assessed.

2.27 **Option 2 - Rationalise existing sixth form provision, with a limited number of schools having sixth forms, with the remaining secondary schools 11-16** - This option would begin to deliver a partial reconfiguration of post 16 learning but would not meet the criteria set for the transformation of learning and ensure parity of esteem between academic and vocational provision. Furthermore, it may have a significant adverse impact on pre 16 provision, creating a perceived two-tier provision.

2.28 **Option 3 - Two separate bilingual centres in each district area, one academic, one vocational. All secondary schools 11-16** - This option would deliver a change in delivery of learning and provide at least one if not two new build projects across the County Borough, which would represent the raised aspirations and vision for learning in the future. It would not embody the principles of parity of esteem between vocational and academic learning nor be as capable of taking forward the transformation agenda of DCELLS as the preferred option. It is likely to be more expensive in terms of revenue costs as facilities and some support structures and services would need to be replicated. However, it is more likely to receive support from schools with sixth forms and could be a key step in the transition to single site tertiary if capital funding is limited. This option is possible but not preferred and will be taken forward for further consideration.

2.29 **Option 4 - Full bilingual tertiary provision one site, in each of the three districts. All secondary schools 11-16** - This option meets the majority of the investment objectives, critical success factors and transformational criteria. It would be the strongest option capable of raising aspirations of learners in Rhondda Cynon Taf, providing them with first class facilities in which to learn with access to

a wide range of pathways that would better equip them for HE or the workplace. It would do this in a more efficient and effective way than all other options of delivery and would maximise the opportunity for Rhondda Cynon Taf to achieve the step change in performance its learners deserve.

2.30 Together with the Base Case (Option 1), Options 3 & 4 are the two options that have been chosen to be taken forward for further consideration.

Indicative Capital, Income & Revenue Costs of Short listed Options

2.31 Coleg Morgannwg and the Council have not made detailed projections of the revenue budget implications of the above options. A full economic appraisal of the short listed options will be undertaken in the Outline Business Case (OBC). Such an appraisal will, in due course, form part of the OBC, which will be carried out in accordance with the Welsh Assembly Government guidance.

2.32 The capital investment required for the short listed options will be as follows:

2.33 **Option 1 – Do nothing - continue with existing secondary schools and consortia (total cost - £263m)**

- In the immediate short term, this SOC assumes that there are no capital costs associated with a “do nothing” option, it is likely that there will be substantial costs incurred in the medium term of £263m, which the full economic appraisal of each option will cover in due course.
- As a minimum, there will be four strands to capital expenditure under this option as follows:
 - The development of the existing FE College at Nantgarw to relocate the Rhydfelin Campus onto one site - £30m;
 - A major refurbishment of the existing FE Colleges at Aberdare and Llwynypia to extend their lifespan - £60m;
 - The capital costs required to build a new secondary school for Aberdare, extend some secondary schools and close others as part of a secondary school reorganisation to remove at least 3,000 surplus places - £83m; and
 - The remaining secondary schools in Rhondda Cynon Taf require a programme of new build and/or refurbishment - £90m.

2.34 **Option 3 - Two separate bilingual centres in each district area, one academic, one vocational. All secondary schools 11-16 (total cost £280m).**

- This option will involve the development of the existing FE College at Nantgarw to relocate the Rhydfelin Campus onto one site - £30m;
- A major refurbishment of the existing FE Colleges at Aberdare and Llwynypia to extend their lifespan £60m;
- At least one new build sixth form college, and the closure and refurbishment of two secondary schools to create sixth form colleges - £60m;

- The capital costs required to build a new secondary school for Aberdare, extend some secondary schools, relocate and close others as part of a secondary school reorganisation to remove at least 3,000 surplus places - £40m; and
- The remaining secondary schools in Rhondda Cynon Taf require a programme of new build and/or refurbishment £90m.

2.35 Option 4 - Full bilingual tertiary provision in each of the three districts (total cost - £285m)

- This option will involve the development of the existing FE College at Nantgarw to relocate the Rhydfelin Campus onto one site and to house all post 16 students from Taf Ely secondary schools;
- The development of a new tertiary facility at Aberdare, which will include a new 11-16 secondary school on the same site and other community facilities;
- The development of a new tertiary facility at Llwynypia;
- The capital costs required to relocate and close secondary schools removing at least 3,000 surplus places; and
- The remaining secondary schools in Rhondda Cynon Taf require a programme of new build and/or refurbishment.

Revenue income and costs

2.36 Detailed projections of the revenue implications of the above options have not yet been made, but these will be prepared as part of the economic appraisal to be carried out within the Outline Business Case. The key drivers impacting on revenue projections are seen to be income streams particularly with falling school rolls predicted into the future; staffing costs; and falling maintenance costs due to new build for Option 4.

2.37 A fundamental element of options 3 & 4 is reorganising the secondary schools, substantially reducing surplus places, ensuring the schools that remain are of a size to ensure they can offer the wide range of pre 16 curriculum options and are financially viable, representing value for money. The potential school closures under Options 3 & 4 will realise annual revenue savings for the pre 16 provision of in excess of £4.2m that can be reinvested in raising standards of achievement in the remaining secondary schools. This reinvestment, based on 2014 pupil numbers, would equate to an additional £330 per pupil per annum. Alternatively, these savings could be used to finance capital investment.

The Commercial Case

2.38 The procurement for the preferred option (Option 4) outlined in the Economic Case is for the provision of:

- a new build extension to Coleg Morgannwg's facilities at Nantgarw;
- a new tertiary college and 11-16 secondary school in Aberdare, with community arts and leisure facilities;
- A new tertiary college at Llwynypia.

2.39 Procurement will be undertaken by Coleg Morgannwg and/or the Council depending on which organisation takes a lead on the three schemes that make up

the Project. This will be through an OJEU competitive process and in line with Coleg Morgannwg's or the Council's Financial Procedures.

- 2.40 Independent contractors will be sought to deliver the new tertiary colleges while current delivery of learning and support services remains with the providers. However, the Council and College have not discounted procuring this project through PFI. This will be one of the options considered with the Assembly in developing the Outline Business Case.

Risk Transfer

- 2.41 The general principle is that risks should be passed to "the party best able to manage them", subject to value for money (VFM). An assessment has been made of how the associated risks might be apportioned between the contractor and Coleg Morgannwg/Council.

Implementation timescales

- 2.42 The suggested implementation timescales are very speculative at present and will need to be considered in detail by the Council, Coleg Morgannwg and DCELLS due to the size of the Project and the need to ensure the timescales for secondary school reorganisation are politically and financially viable.
- 2.43 Key milestones in the draft timetable anticipate that an Outline Business Case will be prepared and submitted in July 2010 and a Full Business Case for one or two of the new tertiary campuses by November 2010. Statutory consultation on school closures will be completed and decisions confirmed by WAG by September 2011 and construction on-site is scheduled to begin in December 2011 with at least one tertiary campus becoming operational by September 2013.

The Financial Case

- 2.44 The Council and College have calculated the indicative capital costs to implement Option 4 – a full bilingual tertiary provision in each of the three districts – of £285m, which also includes the building of 3 new secondary schools to facilitate the removal of 3,000 surplus places. These indicative capital costs are a best estimate due to the complexities and uncertainties on proposed sites and the potential for other associated community facilities such as leisure and cultural to be integrated within the proposal.
- 2.45 The Council and the College assume the Project will be publicly funded through a combination of sources, although if PFI (or an equivalent) is available it would be seriously considered. The SOC has considered these funding sources. Whilst the capital cost of the preferred option, of £285m, is significant, if the expenditure is incurred over a 10-15 year period the Project becomes more affordable from a cash-flow perspective.

Impact on the respective Organisation's Income & Expenditure Account

- 2.46 Detailed projections of the revenue implications of Option 4 have not yet been made but it is the intention for these to be completed as part of the economic

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appraisal to be carried out within the Outline Business Case (OBC). An overview of the impact on the income and expenditure accounts is set out below.

	Council	Schools	FE College
Income	<ul style="list-style-type: none"> The post-16 income received from DCELLS will decrease by £11.7m, based on 2009/10 estimates. This is passed directly to schools; The 11-16 income from WAG, received through the Revenue Support Grant will fall as pupil numbers continue to fall. 	<ul style="list-style-type: none"> The post-16 income received from DCELLS will decrease by £11.7m, based on 2009/10 estimates; The 11-16 income received from the Council, in total, will fall as pupils numbers fall. However, by reducing the number of secondary schools, the remaining schools will have a greater number of pupils and therefore a greater income, as per the LMS funding formula. 	<ul style="list-style-type: none"> The post-16 income received from DCELLS will increase by at least £11.7m, based on 2009/10 estimates. In reality, the improved facilities will increase the number of learners, and greater commercial use of the premises and therefore income will increase;
Expenditure	<ul style="list-style-type: none"> By reducing the number of secondary schools, the remaining schools will return to a budget surplus. The risk that school deficits will be written off to the Council's Income & Expenditure account in the future will be mitigated; Closing secondary schools will result in less jobs. The Council incurs the redundancy costs for teachers and other staff employed by the schools. The home to school transport costs will increase with less secondary schools and travel to 3 tertiary colleges. The proposals will substantially reduce the maintenance backlog of buildings and reduce energy and water costs. 	<ul style="list-style-type: none"> Overall across the remaining secondary schools, the total expenditure on senior teacher staff and ancillary workers will decrease. Of the schools that remain, the schools will be larger, and have greater expenditure. This greater expenditure will be at least matched by the additional income received under the LMS funding formula; The proposals will substantially reduce the maintenance backlog of buildings and reduce energy and water costs. 	<ul style="list-style-type: none"> With a substantial increase in pupil numbers, the costs of teaching and other associated costs will rise. This increase in costs will be at least matched by the additional income received from the increase in learners. The proposals will increase the footprint of the buildings and the associated energy, water and repair costs will rise. This increase in costs will be covered by the increase in pupil numbers and from economies of scale generated by having a critical mass of 4,500 students. The maintenance backlog of the existing College buildings will be eliminated.

Impact on the Balance Sheet

2.47 It is normal accounting practice for the asset to be capitalised at cost including appropriate interest and overheads, and for grants to be credited to a deferred income account on the balance sheet. Income would then be released from this account as a credit to offset the annual depreciation charge. Work on the impact of

the Project on the College/Council balance sheet will be undertaken during the OBC.

The Management Case

Project Management Arrangements

- 2.48 To date the Strategic Outline Programme and the development of the Strategic Outline Case has been a joint development between Rhondda Cynon Taf County Borough Council and Coleg Morgannwg with regular consultation with secondary headteachers and the Directors of Education of the Roman Catholic Diocese and the Church in Wales Diocese.
- 2.49 The next stage is to formalise these arrangements into a clear project management structure with clear roles and responsibilities and clarity on who are all the key stakeholders in this Project that should be kept informed and consulted upon as it develops
- 2.50 It is proposed that Coleg Morgannwg would take the Project Lead on the development of the Nantgarw and Llwynypia Campus developments and Rhondda Cynon Taf County Borough Council would lead on the Aberdare Campus development. The Aberdare Campus will include a new secondary school integrated with the tertiary college. All three projects will be overseen by the Project Board.
- 2.51 The Project Board has yet to be established and will be in place for the Outline Business Case (OBC).
- 2.52 The majority of all tasks of project managing the Project will be managed in-house by Council and College staff. Nevertheless specialist professional and technical advisers will be employed for those activities where the necessary skills and experience are not otherwise available to the Project Team. The transfer of skills and knowledge from specialist advisers to the project team will be achieved wherever possible and appropriate.