

Financial Appraisal Report – Schools Capital Life Cycle Programme 2021/22

Report to Cabinet

Date Issued: 30th July 2021

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1 Executive Summary

Introduction

Education Skills & Employment, Children’s Services are seeking approval to allocate £1.5m of Schools Condition funding for repair and maintenance of the authority’s school buildings.

It is the council’s responsibility to maintain its school building stock in good order to ensure that schools remain operational and provide the statutory requirement for teaching.

Strategic Finance has been asked to carry out an appraisal of the funding application, which has been evaluated against HM Treasury Green Book guidance. The appraisal process recorded a score of 68%, with some areas of risk identified.

Project Objectives

- To support cyclical maintenance/replacement and improvements to schools across the borough
- To support the Council’s Vision 2030, where Sandwell “children benefit from a high-quality education throughout their school careers...”

Project Details

The School’s Capital Life Cycle Replacement Programme 2021/22 will deliver cyclical repairs and maintenance at 36 primary schools, along with three larger scale heating and boiler replacements at Rood End, Ryders Green and Uplands Manor Primary Schools.

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Scope and objectives of financial appraisal

The purpose of financial appraisals is to consider the guidance provided by HM Treasury in evaluating business case proposals and assessing the potential risk to the Council in achieving its objectives. The following components and risks are assessed:

HM Treasury Green Book	Potential Risks
<u>Strategic Case</u> Objective, need, demand and reasonableness	Insufficient justification for project/will not meet strategic objectives
<u>Economic case</u> Option analysis and risk	Poor use of council resources & excessive risk to Council
<u>Commercial Case</u> Legal and statutory implications	Project may contravene legal/statutory regulations
<u>Financial Case</u> Affordability	Proposals are not affordable or realistic
<u>Management Case</u> Governance, project management, monitoring and evaluation	Non-delivery of project and outputs
Limitations to scope of appraisal	Information provided by Project Officer

LEVEL OF ASSURANCE GAINED FROM FINANCIAL APPRAISAL

Limited (0%-65%)	Satisfactory (66%-80%)	Substantial (81%-100%)
There is a high risk of objectives not being met due to insufficient assurance within the project proposals. There is limited evidence to confirm that the risks to the Council could be adequately mitigated.	There is adequate assurance that objectives could be met, but further actions are required to adequately mitigate the risk to the Council.	There is good assurance that objectives will be met, with little risk to council resources.

Overall Conclusion

The appraisal scored 68% and provides **satisfactory assurance** over the adequacy of the proposals.

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Financial appraisals will identify the following levels of issues:

Fundamental

Action is imperative to ensure that the objectives of the project are met

Significant

Action is required to avoid exposure to significant risks in achieving objectives

Merits Attention

Action is advised to enhance operational efficiency

Summary of key issues identified

- The financial appraisal has identified NO 'fundamental' issues
- The financial appraisal has identified 1 'significant' issues
- The financial appraisal has identified 4 'merits attention' issues

2 Issues Arising

Action is required to avoid exposure to significant risks in achieving objectives
Significant

2.1 Economic Case – Option Analysis

It is advised that spend from the Schools Repair Account for cyclical maintenance is prioritised on the basis of individual school needs. Whilst evidence of the process for assessing schools condition against pre-determined criteria was provided, limited information was provided on the condition of all LEA school buildings.

Implication:

That maintenance/repair work on schools may not be correctly prioritised.

Recommended Action:

- Ensure that records are maintained to demonstrate the priority need of all schools.

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2.2 Economic Case – Risks – Whilst general risks to schools' capital projects were identified by Building Services, a corporate risk register had not been produced and specific risks for individual projects were not recognised.

Implication:

Risks to the projects may not be identified and mitigated sufficiently, resulting in non-delivery of the objectives and financial implications to the Council.

Recommended Action:

- That corporate risk registers are produced for all projects to ensure all risks are identified and can be adequately mitigated.

2.3 Management Case – Project Plan – Project programmes have been provided to support the proposed works at Rood End, Ryders Green and Uplands Manor Primary Schools. However, whilst estimated timescales were provided for the works at the remaining schools, no detailed programmes were available.

Implication:

The projects cannot be adequately monitored to ensure timely completion of the schemes within proposed timescales.

Recommended Action:

- That project programmes are produced for each scheme to ensure that effective project monitoring can be undertaken to aid the timely delivery of the programme.

2.4 Management Case – Project Evaluation of Outcomes – No specific outcomes have been included within the appraisal application.

Implication:

It may not be possible to undertake effective programme evaluation without pre-determined outcomes to monitor against.

Recommended Action:

- Ensure post project evaluation include specific outcomes, along with benchmarking of final costs to ensure value for money.

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2.5 Management Case – Reporting of Project Evaluation

It is advised that post project evaluation is undertaken and reported to the Project Manager, but it is not clear whether any higher-level reporting is undertaken.

Implication:

Results of projects and their timeliness in adhering to project timescales may not be reported to a senior level to understand what improvements are required for future projects.

Recommended Action:

- That project evaluation information is reported at an appropriate level for accountability and to ensure future improvements in programme implementation.

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