

# Ysgol Newydd Dyffryn (3-16)



# Combined Strategic Outline Case and Outline Business Case

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# 1. Executive Summary

The purpose of this combined Strategic Outline Case (SOC) and Outline Business Case (OBC is to present the case for investment of a project that seeks to establish a new 3-16 School in Port Talbot on the site of the existing Dyffryn Upper School

The project has been included in the Council's Revised Strategic Outline Programme that was returned to Welsh Government in January 2016 as part of the 21st Century Schools Programme and is integral to delivering the Council's long term Strategic School Improvement Programme (SSIP).

In March 2009, the Council approved an approach to school improvement based on a strategic programme for change underpinned by a clear set of principles which prioritised areas requiring priority actions on the basis of:

- Underperforming schools causing significant concern;
- · Schools with significant building maintenance issues;
- Additional Learning Needs efficiency savings;
- · Pupils with high risk behaviours;
- Opportunities to implement change;
- Welsh medium provision; and
- Temporary classrooms.

The overarching aim of the Council's SSIP is to enable the Authority to respond to changing circumstances that impact upon its ability to meet its duty in securing efficient Primary and Secondary education, to promote high standards and the fulfilment of every child's potential.

Welsh Government has asked the Council to identify, subject to Economic and Financial viability, options around a new build development of both an 11-16 school (1,200 places) and 3-16 school (1,455 places). This business case identifies the cost (and relative economic outcomes) of both options:

- The cost of the preferred 3-16 option is estimated to be £
- The cost of the 11-16 option is estimated to be £



# 2. Strategic Case

## 2.1 Strategic Fit

#### 2.1.1 National Strategies

The proposals contained within this business case contribute to the following national and international strategies and policies:

- United Nations Convention on the Rights of the Child;
- The Learning Country: Vision into Action 2008;
- Skills framework for 3-19 year olds in Wales 2008;
- One Wales: One planet, a new sustainable development scheme for Wales May 2009 or ant successor strategy;
- Learner Travel Operational Guidance April 2009;
- A Curriculum for all Learners 2010;
- Measuring the capacity of schools in Wales Circular 021/2011;
- Welsh-medium Education Strategy;
- Improving Schools National Implementation Plan 2012-15;
- A Living Language: A language for Living: Welsh Language Strategy 2012-17;
- Building a Brighter Future: Early Years and Childcare Plan 2013;
- School Standards and Organisation (Wales) Act 2013;
- School Organisation Code 2013;
- School Organisation: Consultation with Children and Young People Guidance Document 2013;

#### 2.1.2 Local Strategies

- Single Integrated Plan 2013-2023;
- Local Development Plan;
- Forward Financial Plan 2014-18;
- Corporate Improvement Plan "Rising to the Challenge" 2013-16;
- Property Asset Management Plan 2011-16;
- Inclusion Strategy 2011-14;
- Welsh in Education Strategic Plan (2014-17);
- Strategic Performance Improvement Plan "Becoming Excellent" 2013-16.



# 2.2 Case for Change

#### 2.2.1 Investment Objectives

The Investment Objectives underlying the case for change for this project are:

- 1. To provide a stimulating all through teaching and learning environment in state of the art, 21<sup>st</sup> Century facilities that will impact positively on the self-esteem and well-being of all pupils.
- 2. To improve the learning outcomes for all pupils across the ability range.
- 3. To reduce the number of surplus places in Neath Port Talbot schools.
- **4.** To achieve efficiencies (economic and environmental) through economies of scale and single management arrangements.
- **5.** To ensure the school is a fully integrated community school providing access to its learning resources.

The following table identifies the measures and targets that will be utilised to ensure that the identified investment objectives are SMART.

Ю	Measure	Target
1.	i. Improved motivation, engagement, attendance & extracurricular involvement as evidenced by:  a. School Self Evaluation b. School Improvement Plan c. Estyn inspection outcomes a. Local authority review	<ul> <li>All aspects of pupil wellbeing (as detailed in Estyn guidance) to be awarded a judgement of at least Good by March 2020</li> <li>Local Authority core visits report improved engagement, motivation and pupil wellbeing by September 2019</li> <li>Attendance percentage rate to increase to 95% for the academic year 2018/2019</li> <li>To interview 10% of pupils and 5% of parents to evaluate the effectiveness of the school's policies and practices in promoting pupils' wellbeing seeking a 90% satisfaction rate (reference parental survey annexe 5 Estyn guidance)</li> </ul>
2.	<ul> <li>i. Improved learning outcomes, as measured by relevant data sources;</li> <li>a. Estyn inspection outcomes</li> <li>b. Local Authority Review</li> <li>c. Individual pupil and school targets</li> </ul>	<ul> <li>To attain level 1 or 2 for Performance and Standards in the National Categorisation system</li> <li>Local Authority to report that Current performance is at least Good by September 2019</li> <li>Estyn to report Key Question 1 (How good are outcomes?) to be at least Good by March 2020</li> </ul>
	a. Pupil Voice /School Council feedback  ii. Improved numbers of teachers demonstrating	<ul> <li>Pupil tracking data and core family data indicates that pupil outcomes have improved, and are at least in line with similar schools across Wales</li> <li>To attain a Green or Yellow status for capacity to self-improve in relation to leadership and teaching and learning under the National School Categorisation system</li> </ul>



Measure	Target
excellent or good quality teaching	<ul> <li>Lesson observations reported to be at least Good by Local Authority during monitoring visits by September 2019</li> <li>Estyn to report teaching to be at least Good by March 2020</li> </ul>
iii. Improved range and quality of learning opportunities and curriculum provision.	<ul> <li>To attain a Green or Yellow status for capacity to self-improve in relation to leadership and teaching and learning under the National School Categorisation system</li> <li>Lesson observations reported to be at least Good by Local Authority during monitoring visits by September 2019</li> </ul>
	Estyn to report teaching to be at least Good by March 2020
i. Reduction in surplus pupil places resulting in effective and efficient use of educational resources (as a result of the new build 3-16 school).	Reduce surplus places in the Port Talbot Secondary Sector by circa 600 places by September 2020
i. More efficient and effective management (structure) of schools.	Reduction in total revenue costs of 9% by September 2018
ii. Reduced backlog maintenance and accessibility costs.	Reduction in backlog maintenance and accessibility costs of £7.4m by September 2018
iii. Reduction in energy use and carbon emissions.	<ul> <li>Reduction in energy usage by 10% and carbon emissions by 10% by September 2019</li> </ul>
i. Provide extended school days including community use of resources.	<ul> <li>Increase the average daily uptake of Breakfast Club to 10% of eligible pupils by September 2019</li> <li>Increase the current Community use of School resources by 75% by September 2019 (e.g. playing fields, meeting / workshop rooms, family learning facilities)</li> </ul>
	excellent or good quality teaching  iii. Improved range and quality of learning opportunities and curriculum provision.  i. Reduction in surplus pupil places resulting in effective and efficient use of educational resources (as a result of the new build 3-16 school).  i. More efficient and effective management (structure) of schools.  ii. Reduced backlog maintenance and accessibility costs.  iii. Reduction in energy use and carbon emissions.  i. Provide extended school days including community use of



#### 2.2.2 Existing Arrangements

The schools identified as within scope for this project are as follows:

- Dyffryn Upper School
- Dyffryn Lower School
- School
- Other Secondary Sector schools in the Port Talbot area

This project is strategically linked to the streamlining of Primary and Secondary provision in the Port Talbot area of the County Borough.

The map below demonstrates the principal locations in relation to each other:



The current staffing compliment for the identified school is as follows:

School	Head Teacher	Dep. Head Teacher	Ass. Head Teacher	Teachers	Totals
Dyffryn Comprehensive	1	1	1	42	45
	I				
Totals					



The present and forecasted pupil numbers at each of the schools is as follows:

School	Sep 2016	Sep 2017	Sep 2018	Sep 2019	Sep 2020
Dyffryn Comprehensive	826	834	886	927	932
Total					

The number of surplus places identified at each school is as follows:

	Total number of places	Number of surplus places (Jan 2016)	Total surplus capacity (Jan 2016)
Dyffryn Comprehensive	1,056	226	21.4%
Totals			

The latest condition assessments categorised the schools as follows:

	Condition	Suitability	Sustainability
Dyffryn Upper school	С	В	С
Dyffryn Lower school	D	В	С
	I	I	

#### 2.2.3 Investment Required

The proposed size of the new school will cater for 1200 Secondary pupils, 210 Primary pupils and a 45 place Nursery.

The new build 21<sup>st</sup> century School will create significant teaching and learning benefits for pupils, staff and the community. New build schools have been shown to have a positive effect on standards and pupils wellbeing and can improve many aspects of curriculum delivery.

The leadership and governance of the existing schools will work toward facilitating a smooth transition and the pupils, via pupil voice will be encouraged to participate fully in this process.

All existing school and community facilities and activities are to be retained and enhanced within the scope of the new build.

The project will improve provision for partners and services currently linked to the schools by providing 21<sup>st</sup> Century state of the art learning environment.

The co-location of the school and college readily facilitates joint working relationships particularly in the area of 14-19 learning pathways.



Current learner outcomes along with projections of measureable improvements to these figures are set out below for each phase of learning;

	2014	2015	Pred. 2019
FP (FPOI)			
KS2 (CSI)			
KS3 (CSI)	76%	72%	78%
KS4 (Lev2, inc. E &M)	51%	47%	55%



## 2.2.4 Main Benefits

The main benefits associated with the strategic case are outlined below.

Ю	Stakeholder	Main Benefits Criteria by Stakeholder Group
Higher number of positive learning role models		<ul> <li>Improved attendance</li> <li>Securing positive learning experiences</li> <li>Improved learning outcomes</li> <li>Improved engagement with the learning process</li> <li>Improved access to learning materials (physical, academic and emotional)</li> <li>Higher number of positive learning role models</li> <li>Equality of opportunity to access excellent teaching and learning</li> </ul>
		<ul> <li>Non Quantifiable Benefits</li> <li>Inspired learning</li> <li>Better promotion of key skills</li> <li>Creating independent learners</li> <li>Improved self-esteem and well-being</li> <li>Raising aspirations</li> <li>Continuity in pastoral care i.e. seamless progression from primary to secondary schools.</li> </ul>
	Staff	<ul> <li>Quantifiable Benefits</li> <li>Access to a wider range of teaching materials (state of the art ICT and other emerging technologies)</li> <li>Greater opportunities to use a wider range of different learning / teaching styles</li> <li>Increased opportunities for continuous professional development</li> <li>Non Quantifiable Benefits</li> <li>Access to and sharing of sector leading practice via Professional Learning Communities</li> <li>Greater job security</li> <li>More opportunities to facilitate distributed leadership and increased responsibilities</li> </ul>
	Employers	Quantifiable Benefits     Improved levels of recruitment, quality and retention of staff     Reduced sickness levels of staff



Ю	Stakeholder	Main Benefits Criteria by Stakeholder Group		
		Non Quantifiable Benefits  Reputational improvement for the County Borough Council  Assured business continuity  More effective staffing structures – management and support		
	Wider Community	Quantifiable Benefits     Access to learning, sporting and cultural opportunities     Reduction in anti-social behaviour and disaffection		
		Non Quantifiable Benefits  Securing provision  Improved community links and facilities ensuring community cohesion  Catalyst for community regeneration  Improved community self-esteem and wellbeing		
2.	Learners	<ul> <li>Quantifiable Benefits</li> <li>Enhanced life chances and employment opportunities</li> <li>Opportunities to benefit from a wider range of learning opportunities</li> <li>Opportunities to benefit from a range of key and other learning skills</li> <li>Raise attainment levels for all pupils and young people including literacy and numeracy competency</li> <li>Improve school attendance</li> <li>Non Quantifiable Benefits</li> <li>Ability to positively contribute to society and the wider community</li> </ul>		
	Staff	<ul> <li>Quantifiable Benefits</li> <li>Increased job satisfaction</li> <li>Greater opportunities to use a wider range of different learning / teaching styles</li> <li>Increased opportunities for continuous professional development</li> <li>Non Quantifiable Benefits</li> <li>Professional support and challenge</li> <li>Accessing and sharing sector leading practice via Professional Learning Communities</li> <li>Improved professional credibility and integrity</li> </ul>		
	Employers	<ul> <li>Quantifiable Benefits</li> <li>Improved levels of recruitment, quality and retention of staff</li> <li>Reduced sickness levels of staff</li> <li>Sustainable staffing structures - management and support</li> </ul>		



Ю	Stakeholder	Main Benefits Criteria by Stakeholder Group		
		Non Quantifiable Benefits  Reputational improvement for the County Borough Council  Assured business continuity  Improved opportunities to attract and retain high quality staff		
	Wider Community	Quantifiable Benefits     Community regeneration and sustainability     Reduction in anti-social behaviour and disaffection     Improved community and social health		
		Non Quantifiable Benefits     Pupils contributing more positively to society     Improved community cohesion     Enhanced local and national reputation of the wider community     Opportunities to create an up-skilled local workforce     Improved community links and facilities ensuring community cohesion     Improved community confidence and sense of belonging		
3.	Learners	Quantifiable Benefits     More funding available due to redistribution of resources     Wider curricular and non-curricular opportunities      Non Quantifiable Benefits     Greater potential for social interaction through increased number of peer groups and role models		
	Staff	<ul> <li>Quantifiable Benefits</li> <li>Sustainability and retention of staff</li> <li>Greater staff expertise and specialisms</li> <li>Greater opportunities to use a wider range of different learning / teaching styles</li> <li>Increased opportunities for continuous professional development</li> <li>Non Quantifiable Benefits</li> <li>Maintaining long-term job opportunities</li> <li>More opportunities to facilitate distributed leadership and increased responsibilities</li> <li>Greater opportunity for flexible working practices e.g. team teaching</li> </ul>		
	Employers	<ul> <li>Improved professional credibility and integrity</li> <li>Quantifiable Benefits</li> <li>Ability to distribute funds more equitably</li> <li>Securing long-term opportunities for employment in County Borough</li> </ul>		



Ю	Stakeholder	Main Benefits Criteria by Stakeholder Group				
		Non Quantifiable Benefits     Future-proofing of communities     Sustaining local business community     Improved financial management reputation and confidence that public funds are being used efficiently     Sustainable staffing structures - management and support				
	Wider Community	Quantifiable Benefits     Securing long-term opportunities for employment in the community     Community regeneration and sustainability     Reduction in anti-social behaviour and disaffection     Improved community cohesion				
		<ul> <li>Non Quantifiable Benefits</li> <li>Confidence in public funds being used efficiently</li> <li>Future-proofing of communities</li> <li>Sustaining local business community</li> <li>Enhanced local and national reputation of the wider community</li> <li>Improved community links and facilities ensuring community cohesion</li> <li>Improved community pride and sense of belonging</li> </ul>				
4.	Learners	<ul> <li>Quantifiable Benefits</li> <li>More funding due to redistribution of resources</li> <li>Greater learning opportunities to improve pupils' key skills</li> <li>Wider range of curricular and non-curricular opportunities</li> <li>Non Quantifiable Benefits</li> <li>Greater potential for social interaction through increased number of peer groups and role models</li> <li>Greater understanding of the importance of sustainable development and environmental issues</li> </ul>				
	Staff	Quantifiable Benefits     Sustainability and retention of staff     Greater staff expertise and specialisms     Increased opportunities for continuous professional development     Greater opportunities to use a wider range of different learning / teaching styles     Greater understanding of sustainable development and environmental issues in new schools				



Ю	Stakeholder	Main Benefits Criteria by Stakeholder Group			
		Non Quantifiable Benefits     Maintaining long-term job opportunities     More opportunities to facilitate distributed leadership and increased			
		responsibilities  Greater opportunity for flexible working practices e.g. team teaching  Improved professional credibility and integrity			
	Employers	Cash Releasing Benefits  Reduction in advertising costs for teaching staff  Income from community use of facilities			
		<ul> <li>Quantifiable Benefits</li> <li>Ability to distribute funds more equitably</li> <li>Securing long-term opportunities for employment in the community</li> <li>Sustaining local business community</li> <li>Greater potential to reinvest revenue and capital</li> <li>Greater ability to target specific need</li> <li>Greater ability to share resources</li> <li>Greater consistency in managing employment issues</li> <li>Improved borrowing capacity (prudential borrowing)</li> </ul> Non Quantifiable Benefits <ul> <li>Improved financial management reputation and confidence that public funds are being used efficiently</li> </ul>			
	Wider Community	<ul> <li>Future-proofing of communities</li> <li>Quantifiable Benefits</li> <li>Securing long-term opportunities for employment in the community</li> <li>Community regeneration and sustainability</li> </ul>			
		Non Quantifiable Benefits     Improved financial management reputation and confidence that public funds are being used efficiently     Future-proofing of communities     Sustaining local business community     Enhanced local and national reputation of wider the community     Improved community links and facilities ensuring community cohesion     Improved community pride and sense of belonging			



Ю	Stakeholder	Main Benefits Criteria by Stakeholder Group				
5.	Learners	Quantifiable Benefits     Improved attendance     Securing positive learning experiences for pupils and families     Improved learning outcomes for pupils and families     Improved access to learning materials (physical, academic and emotional)     Higher number of positive learning and adult role models     Equality of opportunity to access excellent teaching and learning experience.				
		Non Quantifiable Benefits  Better promotion of key skills  Local pride – greater sense of involvement and ownership  Ability to shape local community – pupil/community voice  Community school, owned by the community for the community  Raised aspirations across the community				
	Staff	Quantifiable Benefits     Access to a wider range of teaching materials (state of the art ICT and other emerging technologies)     Increased opportunities for continuous professional development     Improved understanding of community needs and aspirations				
		<ul> <li>Non Quantifiable Benefits</li> <li>Greater engagement with the local community</li> <li>More opportunities to facilitate distributed leadership and increased responsibilities</li> <li>Ability to have an impact on community self-confidence and pride</li> <li>Accessing and sharing sector leading practice via Professional Learning Communities</li> <li>Improved reputation or standing within the wider community</li> </ul>				
	Employers	Cash Releasing Benefits  Revenue savings released maintain Council's eligibility for capital (prudential) borrowing  Income from community use of enhanced facilities  Quantifiable Benefits  More efficient use of premises / estate  Improved levels of recruitment, quality and retention of staff  Reduced sickness levels of staff				



Ю	Stakeholder	Main Benefits Criteria by Stakeholder Group				
		Non Quantifiable Benefits  Opportunities to create an up-skilled workforce  Assured business continuity  Development of community spirit and identity				
	Wider Community	Quantifiable Benefits     Community regeneration and sustainability     Securing long-term opportunities for learning / training in the community     Localised access to learning, sporting and cultural opportunities				
		<ul> <li>Non Quantifiable Benefits</li> <li>Development of community spirit and identity</li> <li>Use of the wider community as a learning resource</li> <li>Enhanced local and national reputation of wider the community</li> </ul>				

#### 2.2.5 Main Risks

The main risks associated with the strategic case are outlined below.

Main Risk		Counter Measures			
Bu	siness and Political Risks				
Availability of Capital funding, both in terms of Capital allocation from WG and funding by NPT Council		In addition to the WG provision of funding, need to ensure that other routes of funding are realistic:  Existing recurrent and capital budgets;  Prudential and institutional borrowing (where possible and appropriate);  Use of third party funding streams  Potential submissions to Welsh Government funding streams.			
2.	Acceptability of selected location of new school by WG	Consultation and regular communication to address concerns			
3.	An unsatisfactory consultation process and postponement/curtailment	Develop communication strategy to lead public opinion throughout public consultation process.			
Service Risks					
4.	Legislative changes.	Plan flexibility into the options where possible.			
5.	WG policy changes	Plan flexibility into the options where possible.			
External Environmental Risks					
• •		Ensure that all requests are in line with existing WG policy.			



Main Risk	Counter Measures		
Delay in WG approval of Business Cases delays delivery of proposals.	Submit Business Cases as early as possible to ensure timely approval of the plan.		

#### 2.2.6 Project Constraints

The project is subject to the following constraints:

- WG policy;
- County Borough Council policy;
- Building restrictions, e.g. environmental issues;
- Building control;
- BREEAM Excellent;
- Staffing and HR issues in the schools;
- Catchment areas issues and nearest school may affect schooling patterns;
- Availability of capital funding (Grant Funding and borrowing capacity).

#### 2.2.7 Project Dependencies

The project dependencies are as follows:

- WG agreement to vary SOP and realign available funding envelope;
- Availability of funding to conduct feasibility work;
- Completion of acceptable feasibility work that can move project forward;
- Changes to educational and curricular policies; and
- Availability of land.



# 3. Economic Case

#### 3.1 Critical Success Factors

The Critical Success Factors (CSFs) are as follows:

#### **CSF1: Business Needs**

- The option must satisfy all of the Investment Objectives and associated business needs determined for the initiative.
- The option must also optimise compliance with these objectives throughout any phased implementation.
- The option must be the best fit with the demands for skills of the business and commercial communities within the area.

#### **CSF2: Strategic Fit**

- The option must fit within and promote National and Regional strategies presented in Business Strategies.
- The option must complement the transformation plans that Neath Port Talbot Council have developed for schools.
- The option must be the best fit with the strategies of the business and commercial communities within the area
- The option must fit with the Community Strategies for the area.

#### **CSF3: Potential Value for Money (VFM)**

- The option must maximise return on the required investment (benefits optimisation) in terms of economy, efficiency and effectiveness.
- The option must minimise associated risks.

#### **CSF4: Benefits Optimisation**

- Achieves an integrated service provision around pupils, families, parents/ carers, and schools/learning settings.
- Sustainable model(s) of learning provision within the Port Talbot area which meets the needs and aspirations of all children and young people.
- Educational attainment levels raised to the targets expressed for Investment Objectives.
- Operating costs for delivering learning are optimised.

#### **CSF5: Potential Achievability**

- The option needs to be accepted by learners, staff, employees and the wider community.
- There must be the management capacity, skills and vision to deliver the transformation, or must be aware of the need to recruit assistance.
- Innovative governance and management arrangements need to be deployed.



Effective and efficient collaborative working for the longer term.

#### **CSF6: Supply side Capacity and Capability**

 Sufficient established and reputable construction firms bid for work to ensure both competition and value for money in new building delivery.

#### **CSF7: Potential Affordability**

- The required capital investment can be met from grants available from the Welsh Government, realisations from land and property sales and from prudential borrowing.
- The financial and non-financial benefits must more than repay the investment.

## 3.2 Long List Options

The long list of options was generated by a cross departmental group of stakeholders on at a workshop held on 15 April 2016. The following individuals were present at this workshop:

- Richard Gordon, Strategic Schools Improvement Programme Manager
- Roger Bowen, Programme Management Coordinator, Education Estates;
- Clive Barnard, Architectural Design and Project Management Manager
- Jonathan Morris, Project Director, Architectural, Building Surveying and Building Structures;
- Huw Jones, Chief Accountant (Exchequer).

Each option was evaluated against the agreed investment objectives and critical success factors in order to determine whether they were to be discounted or carried forward to the short list for further consideration.



# 3.3 Scope Appraisal

# 3.3.1 Options

- Do Nothing maintain current primary and secondary education provision at the three existing sites
- Do Minimum provide a 21<sup>st</sup> Century Schools standard 11-16 secondary school
- Intermediate provide a 21st Century Schools standard 3-16 all through school
- Maximum provide increased capacity in a 21<sup>st</sup> Century Schools standard 3-16 all through school

#### 3.3.2 Advantages and Disadvantages

Do Nothing: maintain current primary and secondary education provision at the three existing sites					
Advantages	Disadvantages				
<ul> <li>No additional investment required</li> <li>Potentially, sufficient capacity exists within the across the three existing sites</li> <li>Enables alternative use of capital funding within the programme envelope.</li> </ul>	<ul> <li>Does not align with strategic objectives of the Local Authority.</li> <li>Does not remove a Condition D Grade building</li> <li>Does not create the conditions for improved pupil outcomes</li> <li>Does not enable transformational change</li> </ul>				
Do Minimum: provide a 21st Century Schools s	standard 11-16 secondary school				
Advantages	Disadvantages				
<ul> <li>Provides enhanced facilities for all secondary learners;</li> <li>Enables financial efficiencies on lifecycle cost (scheme dependent);</li> <li>Provides financial efficiencies (single site operation)</li> <li>Enables some transformational change in the secondary sector.</li> </ul>	<ul> <li>Is not wholly transformational</li> <li>Primary sector pupils not benefitting from a 21<sup>st</sup> Century Schools environment</li> <li>Revenue savings not maximised through single leadership</li> <li>Missed opportunity to realise a seamless curriculum from FP to KS4</li> </ul>				
Intermediate: provide a 21st Century Schools s	tandard 3-16 all through school				
Advantages	Disadvantages				
<ul> <li>Provides opportunity to realise a seamless curriculum from FP to KS4 as recommended in the Donaldson Review</li> <li>Enables transformational change;</li> <li>Creates best practice sharing opportunities across Primary and Secondary provision;</li> <li>Enables enhanced continuity of educational provision;</li> </ul>	<ul> <li>Short terms disruption while new Leadership and governance becomes established</li> <li>Staff uncertainty</li> </ul>				



- Maximises opportunities for financial efficiencies;
- Provides enhanced facilities for a wider cohort of learners;
- Opportunity for consistent policies
- Greater opportunities for career development for school staff;
- Likely to provide value for money

# Maximum provide increased capacity in a 21st Century Schools standard 3-16 all through school

Advantages	Disadvantages			
<ul> <li>Provides opportunity to realise a seamless curriculum from FP to KS4 as recommended in the Donaldson Review</li> </ul>	<ul> <li>Short terms disruption while new Leadership and governance becomes established</li> </ul>			
Enables transformational change;	Staff uncertainty			
<ul> <li>Creates best practice sharing opportunities across Primary and Secondary provision;</li> </ul>	<ul> <li>Does not align with strategic objectives of the Local Authority;</li> </ul>			
<ul> <li>Enables enhanced continuity of educational provision;</li> </ul>	<ul> <li>Not necessarily fit as the right school in the right place</li> </ul>			
Maximises opportunities for financial efficiencies;	<ul> <li>Unaffordable</li> </ul>			
<ul> <li>Provides enhanced facilities for a wider cohort of learners;</li> </ul>				
Opportunity for consistent policies				
<ul> <li>Greater opportunities for career development for school staff;</li> </ul>				



# 3.3.3 Conclusion

Reference to:	Do Nothing	Do Minimum	Intermediate Scope	Maximum Scope	
Investment Objectives		'			
1. Modern fit for purpose facilities	×	✓	✓	✓	
2. Improve learning outcomes	×	✓	✓	✓	
3. Reduce surplus places	×	✓	✓	×	
4. Achieve efficiencies	×	✓	✓	✓	
5. Community cohesion	×	✓	✓	×	
Critical Success Factors	'	'			
Business Need	✓	✓	✓	×	
Strategic Fit	×	✓	✓	*	
Potential VFM	×	*	✓	✓	
Benefits optimisation	×	✓	✓	✓	
Potential achievability	✓	✓	✓	*	
Supply side capability	✓	✓	✓	*	
Affordability	✓	✓	✓	*	
Summary	Discounted	Possible	Preferred	Discounted	



## 3.4 Service Solution Appraisal

#### 3.4.1 Options

- Do Minimum Refurbish existing sites
- Intermediate Move Dyffryn Lower School to Dyffryn Upper School, demolish existing buildings and build new school;
- Intermediate Move Dyffryn Upper School to Dyffryn Lower School, demolish existing buildings and build new school;
- Maximum Move Dyffryn Lower School to Dyffryn Upper School and include
   , demolish existing buildings and build new school;
- Maximum Move Dyffryn Upper School to Dyffryn Lower School and include
   , demolish existing buildings and build new school;
- Alternative Move Dyffryn Lower School, Dyffryn Upper School and to a new site.

#### 3.4.2 Advantages and Disadvantages

Do Minimum: Refurbish existing sites				
Advantages	Disadvantages			
<ul> <li>No disruption to pupil pathway;</li> <li>No capital spend required immediately;</li> <li>Enables alternative use of capital funding within the programme envelope.</li> </ul>	<ul> <li>Will not address condition of existing asset;</li> <li>Will not generate any lifecycle efficiencies;</li> <li>Current layouts are inappropriate;</li> <li>Will not optimise the learning skills measure;</li> <li>Will result in significant investment required in medium term;</li> </ul>			
Intermediate: Move Dyffryn Lower School to buildings and build new school;	o Dyffryn Upper School, demolish existing			
Advantages	Disadvantages			
<ul> <li>Rebuilt premises will have a positive impact on teaching and learning experiences and educational outcomes;</li> <li>Carbon efficient building;</li> <li>Optimised utility costs;</li> <li>Reduced lifecycle costs;</li> <li>Will optimise the learning skills measure;</li> <li>New facilities will prove attractive to potential learners and employees</li> </ul>	<ul> <li>Large capital investment required;</li> <li>Local transport impact during construction period.</li> </ul>			
Intermediate: Move Dyffryn Upper School to buildings and build new school;	Dyffryn Lower School, demolish existing			
Advantages	Disadvantages			
Rebuilt premises will have a positive impact on teaching and learning experiences and educational outcomes;	Large capital investment required;			



- Carbon efficient building;
- Optimised utility costs;
- · Reduced lifecycle costs;
- Will optimise the learning skills measure;
- New facilities will prove attractive to potential learners and employees
- Sites size constrains the size of the build and will not be able to accommodate the required number of school places;
- Planning permission may not be granted due to the location of the site on a flood plain.
- Local transport impact during construction period.

#### Maximum: Move Dyffryn Lower School to Dyffryn Upper School and include demolish existing buildings and build new school

#### **Advantages Disadvantages** · Rebuilt premises will have a positive impact Large capital investment required; on teaching and learning experiences and Current SOP programme does not provide educational outcomes; sufficient capital to proceed; Carbon efficient building; Local transport impact during construction Optimised utility costs; period. Reduced lifecycle costs; Will optimise the learning skills measure; New facilities will prove attractive to potential learners and employees

#### Maximum: Move Dyffryn Upper School to Dyffryn Lower School and include demolish existing buildings and build new school

#### **Disadvantages Advantages** Rebuilt premises will have a positive impact Large capital investment required; on teaching and learning experiences and • Current SOP programme does not provide educational outcomes; sufficient capital to proceed: Carbon efficient building; Sites size constrains the size of the build and will not be able to accommodate the required Optimised utility costs; number of school places; · Reduced lifecycle costs; Planning permission may not be granted due Will optimise the learning skills measure; to the location of the site on a flood plain. New facilities will prove attractive to potential Local transport impact during construction learners and employees period.

# Alternative Mayo Duffmin Lawer Cohool Duffmin Llinea Cohool and

	site.					
Advantages		Disadvantages				
•	Rebuilt premises will have a positive impact on teaching and learning experiences and educational outcomes;	<ul> <li>Large capital investment required;</li> <li>Local transport impact during construction period.</li> </ul>				
•	Carbon efficient building; Optimised utility costs; Reduced lifecycle costs;	<ul> <li>Leaves a current asset unused;</li> <li>Additional cost to undertake a sequential site study;</li> </ul>				
•	Will optimise the learning skills measure; New facilities will prove attractive to potential learners and employees.	Potential suitable alternative site may not be available				



# 3.4.3 Conclusion

Reference to:	Do Minimum	Intermediat e Scope	Intermediat e Scope	Maximu m Scope	Maximu m Scope	Alternativ e Scope
Investment Objectives		'				
Modern fit for purpose facilities	×	<b>✓</b>	*	<b>✓</b>	*	<b>✓</b>
2. Improve learning outcomes	×	✓	*	✓	×	✓
3. Reduce surplus places	×	✓	✓	✓	✓	✓
4. Achieve efficiencies	×	✓	✓	✓	✓	✓
5. Community cohesion	×	✓	✓	✓	✓	✓
Critical Success Factors		'				
Business Need	✓	✓	✓	✓	✓	*
Strategic Fit	×	<b>✓</b>	✓	✓	✓	×
Potential VFM	×	<b>✓</b>	*	✓	×	×
Benefits optimisation	×	✓	✓	✓	✓	?
Potential achievability	✓	✓	*	✓	×	×
Supply side capability	✓	✓	✓	✓	✓	✓
Affordability	✓	✓	✓	?	?	?
Summary	Carry forwa rd	Possible	Discounted	Preferred	Discounted	Discounted



# 3.5 Service Delivery Appraisal

# **3.5.1 Options**

- Do Nothing/Intermediate Local Authority delivery
- Do Minimum Strategic partnership with neighbouring local authority
- Max –third sector led school

# 3.5.2 Advantages and Disadvantages

Do Nothing/Intermediate: Local Authority delivery of education				
Advantages	Disadvantages			
All requisite delivery structures are already in place;	May stifle innovation;			
<ul> <li>Local Authority has extensive experience in delivering this service delivery model;</li> </ul>				
Cost effective model;				
Strategic link to Councils Strategic Schools Improvement Programme (SSIP);				
Most expedient model for delivery;				
Politically acceptable;				
Limited risk due to specialist support within Local Authority.				
Do Minimum: Strategic partnership with neighb	oouring local authority			
Advantages	Disadvantages			
No capital cost;	High ongoing revenue commitments;			
Enables alternative use of capital funding	<ul> <li>Complexity of cross border working;</li> </ul>			
within the programme envelope.	Political complexity;			
	Does not fit with Councils SSIP;			
	<ul> <li>Increased travel to learn time and excessive transport costs;</li> </ul>			
Maximum: Voluntary sector led delivery of sch	ool			
Advantages	Disadvantages			
<ul> <li>Removes revenue commitment from Local Authority;</li> <li>Reduces capital commitment and ongoing backlog maintenance requirements;</li> </ul>	<ul> <li>Risk to business continuity;</li> <li>Availability of a suitable partner to deliver;</li> <li>Doesn't fit strategically with SSIP.</li> <li>No statutory framework within Wales to facilitate</li> </ul>			



# 3.5.3 Conclusion

Reference to:	Option 1: Do Minimum	Option 2: Intermediate Scope	Option 3: Maximum Scope
Investment Objectives			
Modern fit for purpose facilities	✓	?	?
2. Improve learning outcomes	✓	?	?
3. Reduce surplus places	✓	✓	✓
4. Achieve efficiencies	✓	✓	✓
5. Community cohesion	✓	×	✓
Critical Success Factors	'		
Business Need	✓	✓	✓
Strategic Fit	✓	×	×
Potential VFM	✓	*	✓
Benefits optimisation	✓	×	✓
Potential achievability	✓	*	?
Supply side capability	✓	?	×
Affordability	✓	×	?
Summary	Preferred	Discounted	Discounted



# 3.6 Implementation Appraisal

# 3.6.1 Options

- Do Minimum Phased build Sept 2017-2020
- Intermediate Full build completed by 2018
- Maximum Full build completed by Sept 2017

# 3.6.2 Advantages and Disadvantages

Do Minimum: Phased build over the period 201	7–20
Advantages	Disadvantages
Starts to use an otherwise obsolete asset imminently     Limits wasted revenue expenditure on empty facilities (e.g. utilities)	<ul> <li>May pose health and safety risks due to ongoing site works;</li> <li>Local community disruption due to extended period of works;</li> <li>May pose problems with the planning process;</li> <li>Increased site management costs;</li> <li>Does not guarantee band A allocation is spent on time.</li> </ul>
Intermediate: Full build completed by Septemb	er 2018
Advantages	Disadvantages
<ul> <li>Ensures all building work is complete before school becomes operational;</li> <li>Minimises disruption to learners once school becomes operational;</li> <li>Removes health and safety risks;</li> <li>Minimises site management costs;</li> <li>Ensures Local Authority funding allocation is spent within Welsh Government timescales</li> <li>Allows time for innovation in design;</li> <li>Local Authority has a breath of experience in this approach;</li> <li>Minimises local community disruption.</li> </ul>	Delay of one year on realising revenue efficiencies.
Maximum: Full build completed by September	2017
Advantages	Disadvantages
<ul> <li>Ensures all building work is complete before school becomes operational;</li> <li>Minimises disruption to learners once school becomes operational;</li> <li>Removes health and safety risks;</li> <li>Minimises site management costs;</li> <li>Ensures Local Authority funding allocation is spent within Welsh Government timescales</li> <li>Allows time for innovation in design;</li> </ul>	<ul> <li>Potential for rushed design (lack of innovation);</li> <li>Timescales may be unrealistic due to lead in time for sourcing materials</li> <li>Requires additional bespoke resource for project in order to deliver upon demanding timescale.</li> </ul>



- Local Authority has a breath of experience in this approach;
- Minimises local community disruption.
- Starts to use an otherwise obsolete asset imminently

#### 3.6.3 Conclusion

Reference to:	Do Minimum	Intermediate Scope	Maximum Scope
Investment Objectives			'
Modern fit for purpose facilities	✓	✓	✓
2. Improve bilingual learning	✓	✓	✓
3. Reduce surplus places	✓	✓	✓
4. Achieve efficiencies	✓	✓	✓
5. Community cohesion	*	✓	✓
Critical Success Factors			
Business Need	✓	✓	✓
Strategic Fit	✓	✓	✓
Potential VFM	✓	✓	<b>✓</b>
Benefits optimisation	*	✓	✓
Potential achievability	✓	✓	*
Supply side capability	✓	✓	×
Affordability	✓	✓	<b>√</b>
Summary	Discounted	Preferred	Discounted



# 3.7 Funding Appraisal

# **3.7.1 Options**

- 4. Do Minimum Wholly Local Authority funded from capital programme;
- 5. Intermediate Mix of Local Authority borrowing and Welsh Government funding;
- 6. Maximum Wholly Welsh Government grant funded.

# 3.7.2 Advantages and Disadvantages

Do Minimum: Wholly Local Authority funded from capital programme				
Advantages	Disadvantages			
<ul> <li>Wouldn't require any additional Local Authority borrowing;</li> <li>Maximum control over scale and timescale of scheme.</li> </ul>	<ul> <li>Diverts capital from other community priorities such as Social Care and highways;</li> <li>Cost prohibitive.</li> <li>Affordability</li> </ul>			
Intermediate: Mix of Local Authority borrowing	and Welsh Government funding			
Advantages	Disadvantages			
<ul> <li>Ensures affordability of scheme;</li> <li>Provides certainty to Welsh Government i.e. the scheme fits strategically;</li> <li>Allows for the direction of capital monies to other community priorities.</li> </ul>	<ul> <li>Repayment costs for Local Authority may impact on revenue budgets;</li> <li>Welsh Government grant funding requirements may be onerous;</li> <li>Application process may delay delivery.</li> </ul>			
Maximum: Wholly Welsh Government grant fur	nded			
Advantages	Disadvantages			
Enables major capital investment in other community priorities.	<ul> <li>Welsh Government grant funding requirements may be prohibitive;</li> <li>Application process may delay delivery.</li> <li>May stifle innovation.</li> </ul>			

#### 3.7.3 Conclusion

Reference to:	Do Minimum	Intermediate Scope	Maximum Scope
Investment Objectives			
Modern fit for purpose facilities	✓	✓	✓
2. Improve learning outcomes	<b>√</b>	✓	✓
3. Reduce surplus places	✓	✓	✓
4. Achieve efficiencies	✓	✓	✓



Reference to:	Do Minimum Intermediate Scope		Maximum Scope
5. Community cohesion	✓	✓	✓
Critical Success Factors			
Business Need	✓	✓	✓
Strategic Fit	*	✓	✓
Potential VFM	✓	✓	✓
Benefits optimisation	✓	✓	✓
Potential achievability	✓	✓	×
Supply side capability	✓	✓	✓
Affordability	*	✓	✓
Summary	Discounted	Preferred	Possible

#### 3.8 Short List

In accordance with the long list appraisal undertaken above the short list comprises the following options:

#### Scope:

- Do Minimum provide a 21<sup>st</sup> Century Schools standard 11-16 secondary school
- o Intermediate provide a 21st Century Schools standard 3-16 all through school

#### Service Solution:

- Option 1: Do Minimum Refurbish school buildings and complete all backlog maintenance;
- Option 2: Intermediate: Move Dyffryn Lower School to Dyffryn Upper School, demolish existing buildings and build new school;
- Option 3: Maximum: Move Dyffryn Lower School to Dyffryn Upper School and include demonstration, demolish existing buildings and build new school;
- Service Delivery: Do Nothing/Intermediate Local Authority delivery;
- Implementation: Intermediate Full build completed by September 2018;
- **Funding:** Intermediate Mix of Local Authority borrowing and Welsh Government funding;

Option 1, while not meeting several of the critical success factors or investment objectives has been brought forward for economic appraisal in line with HM Treasury Greenbook requirements.



# 3.9 Economic Appraisal

#### 3.9.2 Net Present Cost

The detailed economic appraisals for each option are attached in Appendix A Economic and Financial Analysis. The short-listed options have been risk-adjusted to account for the 'risk retained' (in £s) by the organisation under each option.

The following tables summarises the key results of the economic appraisals for each option.

Option 1: Do Minimum – Refurbish school buildings and complete all backlog maintenance;			
	Undiscounted (£'000s)	Net Present Cost (£'000s)	
Opening Value	£1.800	£1.800	
Backlog Maintenance			
Lifecycle Costs			
Revenue/Current Cost	£277.188	£153.604	
Risk Retained			
Optimism Bias			
Total costs			
Less: cash releasing benefits	-£0.140	-£0.078	
Costs net cash savings			
Total			



Option 2: Intermediate: Move Dyffryn Lower School to Dyffryn Upper School, demolish existing buildings and build new school;

	Undiscounted (£'000s)	Net Present Cost (£'000s)
Opening Value	£1.800	£1.800
Construction Capital		
Lifecycle Costs		
Revenue/Current Cost	£251.376	£140.012
Risk Retained		
Optimism Bias		
Total costs		
Less: cash releasing benefits	-£12.338	-£6.525
Costs net cash savings		
Total		

Option 3: Maximum: Move Dyffryn Lower School to Dyffryn Upper School and include , demolish existing buildings and build new school;				
	Undiscounted (£'000s)	Net Present Cost (£'000s)		
Opening Value	£1.800	£1.800		
Construction Capital				
Lifecycle Costs				
Revenue/Current Cost	£242.053	£134.865		
Risk Retained				
Optimism Bias				
Total costs				
Less: cash releasing benefits	-£14.828	-£7.835		
Costs net cash savings				
Total				



Pease note that the revenue / lifecycle cost totals shown in the tables above consist of the elements shown in the table below.

Option	Years	Cost Elements	Undiscounted Value
Option 1	Years 0 – 39	Staffing Revenue Costs	£5,567,733
Option 1	Years 0 – 39	Other Revenue Costs	£1,362,656
	Years 0 – 1	Staffing Revenue Costs	£5,567,733
	Years 0 – 1	Other Revenue Costs	£1,362,656
Option 2	Year 2	Staffing Revenue Costs	£5,504,171
Option 2	Year 2	Other Revenue Costs	£1,047,491
	Years 3 – 39	Staffing Revenue Costs	£5,436,218
	Years 3 – 39	Other Revenue Costs	£807,762
	Years 0 – 1	Staffing Revenue Costs	£5,567,733
	Years 0 – 1	Other Revenue Costs	£1,362,656
Ontion 2	Year 2	Staffing Revenue Costs	£5,302,029
Option 3	Year 2	Other Revenue Costs	£1,046,833
	Years 3 – 39	Staffing Revenue Costs	£5,275,651
	Years 3 - 39	Other Revenue Costs	£732,051

# 3.9.3 Economic Ranking

Option	Description	Standard Cost	NPC	Cash benefit	Cost net cash savings
1	Do Minimum	3	3	3	3
2	Intermediate	2	2	2	2
3	Maximum	1	1	1	1



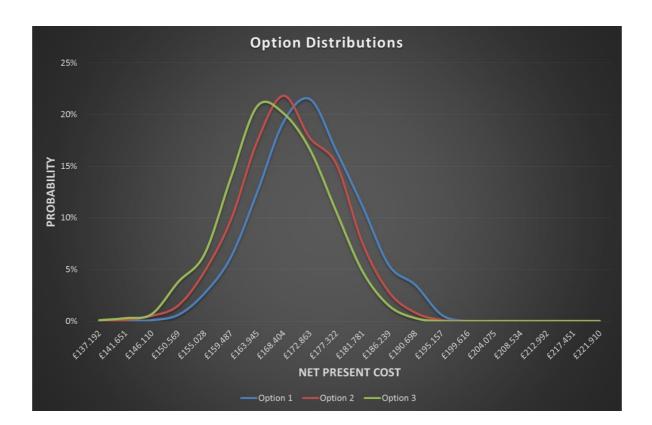
#### 3.9.4 Monte Carlo Simulation

The Monte Carlo simulation produced the following results over 1000 simulations (full results table presented on page 36):

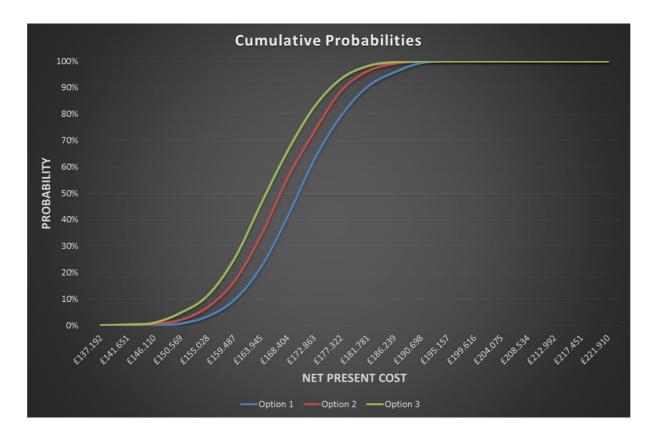
Option No.	Score	Final Score
Option 1	993	72.80%
Option 2	1213	88.93%
Option 3	1364	100.00%

The results indicate that there is a:

- 46.14% probability that the net present cost of option 3 will fall between £160 to £170 million;
- 44.74% probability that the net present cost of option 2 will fall between £160 to £170 million; and a
- 37.26% probability that the net present cost of option 1 will fall between £160 to £170 million;







Rank Order Table for all Scenario Results							
Rank Order	Total NPV	Scenario No.	Option No.	Revenue	Capital	Savings	Points
1	£150.070	84	Option 3	Best Case Capital	Best Case Revenue	Best Case Savings	84
2	£151.390	83	Option 3	Best Case Capital	Best Case Revenue	Expected Case Savings	83
3	£152.560	82	Option 3	Best Case Capital	Best Case Revenue	Worst Case Savings	82
4	£153.280	56	Option 2	Best Case Capital	Best Case Revenue	Best Case Savings	81
5	£153.800	55	Option 2	Best Case Capital	Best Case Revenue	Expected Case Savings	80
6	£154.470	54	Option 2	Best Case Capital	Best Case Revenue	Worst Case Savings	79
7	£155.560	75	Option 3	Expected Case Capital	Best Case Revenue	Best Case Savings	78
8	£156.320	74	Option 3	Expected Case Capital	Best Case Revenue	Expected Case Savings	77
9	£157.350	47	Option 2	Expected Case Capital	Best Case Revenue	Best Case Savings	76
10	£157.580	73	Option 3	Expected Case Capital	Best Case Revenue	Worst Case Savings	75
11	£157.750	46	Option 2	Expected Case Capital	Best Case Revenue	Expected Case Savings	74
12	£157.840	27	Option 1	Best Case Capital	Best Case Revenue	Expected Case Savings	73
13	£158.580	28	Option 1	Best Case Capital	Best Case Revenue	Best Case Savings	72
14	£158.750	26	Option 1	Best Case Capital	Best Case Revenue	Worst Case Savings	71
15	£159.130	81	Option 3	Best Case Capital	Expected Case Revenue	Best Case Savings	70
16	£159.290	45	Option 2	Expected Case Capital	Best Case Revenue	Worst Case Savings	69
17	£159.950	19	Option 1	Expected Case Capital	Best Case Revenue	Best Case Savings	68
18	£160.090	17	Option 1	Expected Case Capital	Best Case Revenue	Worst Case Savings	67
19	£160.230	80	Option 3	Best Case Capital	Expected Case Revenue	Expected Case Savings	66
20	£160.570	66	Option 3	Worst Case Capital	Best Case Revenue	Best Case Savings	65
21	£160.760	65	Option 3	Worst Case Capital	Best Case Revenue	Expected Case Savings	64



	Rank Order Table for all Scenario Results							
22	£161.270	18	Option 1	Expected Case Capital	Best Case Revenue	Expected Case Savings	63	
23	£161.300	79	Option 3	Best Case Capital	Expected Case Revenue	Worst Case Savings	62	
24	£161.530	38	Option 2	Worst Case Capital	Best Case Revenue	Best Case Savings	61	
25	£161.760	10	Option 1	Worst Case Capital	Best Case Revenue	Best Case Savings	60	
26	£162.150	53	Option 2	Best Case Capital	Expected Case Revenue	Best Case Savings	59	
27	£162.390	9	Option 1	Worst Case Capital	Best Case Revenue	Expected Case Savings	58	
28	£162.520	37	Option 2	Worst Case Capital	Best Case Revenue	Expected Case Savings	57	
29	£162.580	64	Option 3	Worst Case Capital	Best Case Revenue	Worst Case Savings	56	
30	£162.960	8	Option 1	Worst Case Capital	Best Case Revenue	Worst Case Savings	55	
31	£163.130	52	Option 2	Best Case Capital	Expected Case Revenue	Expected Case Savings	54	
32	£163.470	36	Option 2	Worst Case Capital	Best Case Revenue	Worst Case Savings	53	
33	£163.470	36	Option 2	Worst Case Capital	Best Case Revenue	Worst Case Savings	52	
34	£164.050	72	Option 3	Expected Case Capital	Expected Case Revenue	Best Case Savings	51	
35	£165.100	71	Option 3	Expected Case Capital	Expected Case Revenue	Expected Case Savings	50	
36	£165.110	57	Option 3	Base NPV	Base NPV	Base NPV	49	
37	£166.420	44	Option 2	Expected Case Capital	Expected Case Revenue	Best Case Savings	48	
38	£166.460	70	Option 3	Expected Case Capital	Expected Case Revenue	Worst Case Savings	47	
39	£167.120	29	Option 2	Base NPV	Base NPV	Base NPV	46	
40	£167.180	43	Option 2	Expected Case Capital	Expected Case Revenue	Expected Case Savings	45	
41	£168.100	42	Option 2	Expected Case Capital	Expected Case Revenue	Worst Case Savings	44	
42	£168.220	25	Option 1	Best Case Capital	Expected Case Revenue	Best Case Savings	43	
43	£168.280	23	Option 1	Best Case Capital	Expected Case Revenue	Worst Case Savings	42	
44	£168.280	23	Option 1	Best Case Capital	Expected Case Revenue	Worst Case Savings	41	
45	£168.320	78	Option 3	Best Case Capital	Worst Case Revenue	Best Case Savings	40	
46	£168.530	77	Option 3	Best Case Capital	Worst Case Revenue	Expected Case Savings	39	
47	£168.660	63	Option 3	Worst Case Capital	Expected Case Revenue	Best Case Savings	38	
48	£169.660	76	Option 3	Best Case Capital	Worst Case Revenue	Worst Case Savings	37	
49	£170.110	62	Option 3	Worst Case Capital	Expected Case Revenue	Expected Case Savings	36	
50	£170.380	1	Option 1	Base NPV	Base NPV	Base NPV	35	
51	£170.420	14	Option 1	Expected Case Capital	Expected Case Revenue	Worst Case Savings	34	
52	£170.460	16	Option 1	Expected Case Capital	Expected Case Revenue	Best Case Savings	33	
53	£170.490	15	Option 1	Expected Case Capital	Expected Case Revenue	Expected Case Savings	32	
54	£170.550	35	Option 2	Worst Case Capital	Expected Case Revenue	Best Case Savings	31	
55	£170.890	61	Option 3	Worst Case Capital	Expected Case Revenue	Worst Case Savings	30	
56	£171.360	34	Option 2	Worst Case Capital	Expected Case Revenue	Expected Case Savings	29	
57	£171.370	50	Option 2	Best Case Capital	Worst Case Revenue	Best Case Savings	28	
58	£172.160	33	Option 2	Worst Case Capital	Expected Case Revenue	Worst Case Savings	27	
59	£172.230	49	Option 2	Best Case Capital	Worst Case Revenue	Expected Case Savings	26	
60	£172.400	7	Option 1	Worst Case Capital	Expected Case Revenue	Best Case Savings	25	
61	£172.440	5	Option 1	Worst Case Capital	Expected Case Revenue	Worst Case Savings	24	
62	£172.460	6	Option 1	Worst Case Capital	Expected Case Revenue	Expected Case Savings	23	
63	£172.860	48	Option 2	Best Case Capital	Worst Case Revenue	Worst Case Savings	22	
64	£172.880	69	Option 3	Expected Case Capital	Worst Case Revenue	Best Case Savings	21	
65	£173.890	68	Option 3	Expected Case Capital	Worst Case Revenue	Expected Case Savings	20	



	Rank Order Table for all Scenario Results							
66	£174.300	67	Option 3	Expected Case Capital	Worst Case Revenue	Worst Case Savings	19	
67	£175.210	41	Option 2	Expected Case Capital	Worst Case Revenue	Best Case Savings	18	
68	£176.410	40	Option 2	Expected Case Capital	Worst Case Revenue	Expected Case Savings	17	
69	£177.000	39	Option 2	Expected Case Capital	Worst Case Revenue	Worst Case Savings	16	
70	£177.050	60	Option 3	Worst Case Capital	Worst Case Revenue	Best Case Savings	15	
71	£177.970	21	Option 1	Best Case Capital	Worst Case Revenue	Expected Case Savings	14	
72	£178.250	22	Option 1	Best Case Capital	Worst Case Revenue	Best Case Savings	13	
73	£178.250	22	Option 1	Best Case Capital	Worst Case Revenue	Best Case Savings	12	
74	£179.020	20	Option 1	Best Case Capital	Worst Case Revenue	Worst Case Savings	11	
75	£179.260	58	Option 3	Worst Case Capital	Worst Case Revenue	Worst Case Savings	10	
76	£179.310	32	Option 2	Worst Case Capital	Worst Case Revenue	Best Case Savings	9	
77	£179.900	31	Option 2	Worst Case Capital	Worst Case Revenue	Expected Case Savings	8	
78	£180.160	11	Option 1	Expected Case Capital	Worst Case Revenue	Worst Case Savings	7	
79	£180.170	13	Option 1	Expected Case Capital	Worst Case Revenue	Best Case Savings	6	
80	£180.960	12	Option 1	Expected Case Capital	Worst Case Revenue	Expected Case Savings	5	
81	£181.410	30	Option 2	Worst Case Capital	Worst Case Revenue	Worst Case Savings	4	
82	£182.300	4	Option 1	Worst Case Capital	Worst Case Revenue	Best Case Savings	3	
83	£182.450	3	Option 1	Worst Case Capital	Worst Case Revenue	Expected Case Savings	2	
84	£182.910	2	Option 1	Worst Case Capital	Worst Case Revenue	Worst Case Savings	1	

# 3.10 Qualitative Benefits Appraisal

All of the benefits from the OBC were grouped into four categories, and the benefit groups were then weighted by the project team in order to provide an assessment against the three options.

Benefit Groups	Example of Benefits	Weight
Standards of Education	more pupile man ing. or quamications that can provide	
	<ul> <li>More opportunities for teachers' professional and personal development (e.g. through access to a wider range of teaching materials [state of the art ICT and emerging technologies] and accessing and sharing sector leading practice via Professional Learning Communities).</li> </ul>	
	Employers will have young people with a greater range of employability skills.	
Geography	<ul> <li>Location of the school.</li> <li>Ease of travel for learners.</li> <li>Avoidance of pupil drift.</li> <li>Community enhancement.</li> </ul>	33%



Benefit Groups	Example of Benefits	Weight
Estate and Facilities	<ul> <li>Securing positive learning experiences.</li> <li>Increased efficiency through school reorganisation and rationalisation.</li> <li>Facilities which maximise the potential of both teachers and pupils.</li> </ul>	33%

Each of the benefit groups were scored on a range of 0-10 for each option. These scores were agreed by the workshop participants to confirm that the scores were fair and reasonable.

		Score	workshop Scores			Weighted Scores		
Benefit Group	Weight	Maximum Sc	Option 1	Option 2	Option 3	Option 1	Option 2	Option 3
Standards of Education	34	10	5	7	9	170	238	306
Geography	33	10	8	8	8	264	264	264
Estate and facilities	33	10	2	5	9	66	165	297
Total			15	20	26	500	667	867
Rank			3	2	1	3	2	1



### 3.11 Risk Appraisal

The workshop assigned the risk scores shown in the following table on the basis of participants' judgment and assessment of previous procurements. The range of scales used to quantify risk followed the corporate risk assessment process. The likelihood and impact scores are summarised below:

#### Probability:

- Low = 1 Not likely to occur or may happen once every 20 years;
- Medium = 2 Possible or may happen within 10 years;
- High = 3 Likely or may happen once a year;
- Very High = 4 Certain or happens several times a year.

#### Impact:

- Low = 1;
- Medium = 2;
- High = 3;
- Catastrophic = 4.

The likelihood is multiplied by the impact score to provide a "risk score". The main risks fall into three categories namely Service Risk (SR), Business Risk (BR) and External environmental risk (EER).

No	Summary of Risk	Risk cat.	Option 1	Option 2	Option 3
1.	The risk that there will be an undermining of customer's/media's perception of the organisation's ability to fulfil its business requirements – for example, adverse publicity concerning an operational problem	SR	28	14	7
2.	Continuity of 21st century funding not sustained by mainstream funding	SR	14	14	7
3.	Newly redeveloped or built school may attract pupils from other schools or catchment areas	EER	5	15	15
4.	Delay in WG approval of OBC	SR/ EER	8	16	18
5.	Availability of Capital funding, both in terms of Capital allocation from WG and self-funding/funding from Neath Port Talbot county Council.	SR	21	16	16
6.	Feasibility unproven - in terms of SIS/Ecology	SR / EER	5	12	12
7.	Lack of stakeholder support for scheme	SR	20	14	7
8.	Lack of adequate revenue funding stream	SR	12	14	14



No	Summary of Risk	Risk cat.	Option 1	Option 2	Option 3
9.	Lack of timely decision making at Neath Port Talbot CC	SR	8	16	16
10.	Unsuccessful schools re-organisation and consultation process. Low level of public support for scheme.	EER	20	9	8
11.	Failure to develop and implement plan and processes to manage staff and learners prior, during and post commissioning of the new/ existing/alternative facilities	SR	21	7	7
12.	For any number of unforeseen reasons, arising from risk and uncertainty, the construction costs increase beyond original cost estimates	SR / EER	18	14	21
13.	Failure to gain planning and environmental approvals or acquire land for new construction	SR / EER	7	27	27
14.	Curriculum developed fails to engage learners - inadequate facilities to deliver broader curriculum	SR	28	14	7
15.	Statutory consultation fails	EER	8	8	9
16.	Health and Safety - e.g. Injuries/incidents during construction leading to delays/injury investigation/claims for compensation/prosecution	SR	12	6	6
17.	The risk that design cannot deliver the services to the required quality of Educational Provision standards.	SR	35	7	7
18.	The risk that the construction of physical assets is not completed on time, to budget and to specification	SR	32	8	8
19.	The risk that the quality/quantity of initial intelligence (for example, preliminary site investigation) will impact on the likelihood of unforeseen problems occurring.	SR	21	7	7
20.	The risk arising in accommodation projects relating to the need to decant staff/clients from one site to another	SR	28	5	5
21.	The risk that the nature of the project has a major impact on its adjacent area and there is a strong likelihood of objection from the general public.	SR	8	21	21
22.	The risk that can arise from the contractual arrangements between two parties – for example, the capabilities of the contractor/ when a dispute occurs	SR	14	12	12
23.	The risk that the quantum of service provided is less than that required under the contract	SR	24	5	5
24.	The risk that the demand for a service does not match the levels planned, projected or assumed	SR	10	15	15
25.	The risk that actual community usage of the service varies from the levels forecast as a benefit.	SR/ EER	10	10	10



No	Summary of Risk	Risk cat.	Option 1	Option 2	Option 3
26.	The risk that changes in technology result in services being provided using sub-optimal technical solutions	SR / EER	28	14	14
27.	The risk relating to the uncertainty of the values of physical assets at the end of the contract period	EER	15	5	5
28.	Profile of capital expenditure incorrect	SR/ EER	20	10	10
29.	The risk that project outcomes are sensitive to economic influences – for example, where actual inflation differs from assumed inflation rates	EER	10	10	10
30.	The risk that policy & legislative change increases costs. This can be divided into secondary legislative risk (for example, changes to corporate taxes) and primary legislative risk (for example, specific changes which affect a particular project)	EER	8	7	7
31.	A change in political climate at WG level	EER	10	16	16
32.	A change in political climate at County level	EER	8	8	8
33.	Outcome of internal decision making (i.e. Decisions made against officer recommendations)	SR	18	18	9
34.	Loss of experienced staff	SR	28	14	14
Tota	al		562	408	380
Ran	k		3	2	1

# 3.12 The Preferred Option

<b>Evaluation Results</b>	Option 1	Option 2	Option 3
Economic appraisals	3	2	1
Benefits appraisal	3	2	1
Risk appraisal	3	2	1
Overall Ranking	3	2	1



## 4 Commercial Case

#### 4.1 Procurement Method

Neath Port Talbot County Borough Council will be using Carmarthenshire County Council's established Contractors framework. This framework was re-let on 2<sup>nd</sup> February 2016 and applications were assessed for the framework, which has been set up for a duration of four years. This framework, now with a regional bias, will cover all potential requirements arising from this initiative.

This collaborative approach has already seen a regional ground investigation contract being agreed and a final "memorandum of understanding" has been established whereby any new projects that cannot be undertaken within the resources of Authorities' existing design teams will be circulated within the four regional Authorities for "first call", before considering engaging external resources. This will ensure that internal capacity can be maximised, thus reducing the costs associated with procuring additional external support. This approach will also enhance the experience of in-house staff and strengthen the collaboration between the member authorities.

The framework allocation followed the OGC guidelines (EU rules and regulations) and used the OJEU notice board where relevant. The NEC 3 Engineering and Construction Contract Form of Building Contract (Option C - Target Contract with Activity schedule) was used to set up the Frameworks. The aim of the frameworks is to provide high quality construction, related design and project management services to meet the Council's requirements whilst taking account of the principles of the 'Best Value' process and of 'Re-Thinking Construction'. The objectives are as follows:

- To provide and sustain an open, co-operative and business like culture between the parties;
- To integrate public and private sector skills in delivering services;
- To have access to additional resources and expertise;
- To retain and promote core in-house skills:
- To promote continuous improvement;
- To create development opportunities for employees of both private and public sectors.

This form of contract will also ensure that contractors are incentivised to provide the best value for money, through the inclusion of an element of gain share.

Governance arrangements and a plan for future actions have been established. These initially focussed on the development of a regional procurement approach to support the delivery of schemes already announced in the bids, but are now focussing heavily on schemes within Band A of the 21st Century Schools Programme. Proposed bandings have been agreed for the different tiers of value and in this instance and these are presented within the table below:



Lot Description	0-£1 M	£1M- £3.M	£3.5M- £7.5M	£7.5M- £15M	Over £15 M	Number of Contractors Per Lot
Carmarthenshire	Lot 1					6
Ceredigion	Lot 2					6
Neath Port Talbot	Lot 3					6
Pembrokeshire	Lot 4					6
Swansea	Lot 5					6
East		Lot 6				8
West		Lot 7				8
East			Lot 8			8
West			Lot 9			8
East				Lot 10		8
West				Lot 11		8
ALL					Lot 12	6
Total						84

The Principal Participating Authorities of the Framework (please note there are a number of other Public Bodies and Organisations that have noted an option to utilise the Framework for their construction projects) are

- Neath Port Talbot County Borough Council
- Carmarthenshire County Council
- Pembrokeshire County Council
- City & County of Swansea
- Ceredigion Council

The East lots are applicable to Neath Port Talbot County Borough Council and City & County of Swansea. The West lots are applicable to Carmarthenshire County Council, Pembrokeshire County Council and Ceredigion Council.

In line with the above framework and the assessed value of the scheme the Council will use: Lot 12 – Regional Framework serving all four Counties for Construction Works exceeding £15 million in Value – involving 6 appointed Contractors. There will be a mini tendering exercise to award the contract for construction services and evaluation will be based upon a set price/quality criteria established prior to issue of tenders' documentation and included within the Employers Requirements.

The authority will benefit from drawing on expertise from a SWWRPF by:

- Achieving reduced costs through the economies of scale;
- Accessing lessons learned from previous projects and recognition that best practice(s) will be shared between the member authorities;



- Reducing the amount of time taken to procure external support which will have a beneficial impact on the overall programme time scales and milestones;
- Accessing local firms and the added benefits of geographic and local economic knowledge.

The adopted Evaluation Template was populated with the evaluation criteria as detailed in the Invitation to Tender and the Team was fully briefed on the scoring methodology. The average score for each of the scoring elements was then inputted into a scoring matrix which took account of the weighting for each element with the highest weighting being attributed to health and safety, and risk. The financial submission was added to the quality of the proposal, which then gave the most economically advantageous tenders based on a quality / price ratio of 20% framework management (quality), 40% quality and 40% price.

### 4.2 Required Services

The Council has established innovation in the design of the several aspects to the preferred option, including BREEAM Excellence and sector leading ICT and is working towards achieving the former alongside specialist BREEAM advisers. There has been (and continues to be) a full consultation exercise with the Head-teachers and Governors of all schools, with a view to identifying innovative ways of meeting service requirements. Statutory Consultation will take place during the autumn term of 2016.

Full details of the outputs and performance measures have not yet been fully developed and will not be completed until later in the development cycle

#### 4.3 Potential for Risk Transfer

The potential for risk transfer has been assessed and is planned to be managed through the procurement of the contract utilising a Design and Build Contract.

It is planned that early contractor involvement will assist in bringing the project in within budget. Early contractor involvement will allow the contractor to have significant input into the detailed design and product specification, which should contribute to reducing the risk of abortive works at detailed design stage.

A comprehensive and robust Employers Requirements Document (ERD) will transfer much of the risk generally incurred at construction stage over the to the Contractor, as the contractor's will employ their own architects to submit the planning application and provide them with a full package of production information.

It is proposed that the ERD will provide as much detailed information about the site that is practically possible. The ERD will provide the bidding contractors with a full topographical survey (including and statutory services) and detailed geotechnical surveys at tender stage, thus reducing and transferring the risk of any potential claim for delay due to ground conditions at construction stage.

One of the greatest risks to a client utilizing a Design and Build contract is the changing of the brief. It is proposed that through thorough preparation and consultation, a design brief, developed floor plan, and comprehensive set room data sheets, should result in minimal



changes, thus reducing the risk to Neath Port Talbot County Borough Council. However, it should be noted that as with all projects, changes to the brief can occur at any stage.

Risk Category	Po	Potential allocation				
	Public	Private	Shared			
Design risk		<b>√</b>				
Construction and development risk		<b>√</b>				
Transition and implementation risk			<b>√</b>			
Availability and performance risk		✓				
Operating risk	✓					
Variability of revenue risks	✓					
Termination risks		✓				
Technology and obsolescence risks	✓					
Control risks	✓					
Residual value risks	✓					
Financing risks	✓					
Legislative risks			<b>√</b>			
Other project risks			✓			

### 4.4 Community Benefits

#### 4.4.1 Agreed Schedule

The inclusion of community benefits/social requirements within contracts will ensure that wider social and economic issues are taken into account when tendering construction and development work. The Council particularly considers that the works afford an ideal opportunity to the contractor to enhance employment prospects and skills through the recruitment, training and retention of economically inactive people at a disadvantage in the labour market.



### 4.4.2 Delivery of agreed targets

Based on previous experience, for a project of this value, we would expect the successful contractor to:

- Deliver a Meet the Buyer Event to raise awareness of project to local supply chain;
- Spend at least 70% of contract value on businesses in Wales;
- Provide at least 20 employment; training and/or work experience opportunities for unemployed people.
- Achieve at least 150 apprenticeship training weeks.



# **5** Financial Case

# **5.1 Project Summary Costs**

## **5.1.1 Key Metrics**

Project Title and Location	Ysgol Newydd Dyffryn (on the site of the existing Dyffryn Upper Secondary School)
New Build % (Area)	100%
Refurbishment % (Area)	0%
Extension % (Area)	0%
Description of work & any unusual constraints	New Build school
# Pupil Places	1,200 (11-16) 1,455 (3-16)
# SEN Places	N/A
Total # Places	1,200 (11-16) 1,455 (3-16)
# Storeys (including basement)	Multi Storey
Delivered through Regional Framework?	Yes (South West Wales Regional Contractors Framework)
Contract period in weeks	104 weeks
GFA (M2)	9,890 Metres Squared (11-16) 11,328 Metres Squared (3-16).  NB Welsh Government agreed to include both 11-16 and 3-16 options for consideration on the basis of Economic and Financial viability.
Anticipated Community Benefits	Yes - see section 4.4 above
# Trainee and apprenticeship opportunities	Yes - see section 4.4 above
Use of local subcontractors as a % of total cost	70% of spend to business in Wales

## **5.1.2 Breakdown of Capital Costs**

<b>Project Costs and Welsh Government Contribution</b>		
	11-16 Option	3-16 Option
Capital Cost		
Optimism Bias		
VAT (only to be included where non-recoverable by applicant)	£0	£0
Total Project Cost (inclusive of optimism bias and risk)		
Welsh Government Contribution (It is assumed that optimism bias will be fully mitigated, or at a maximum of 2% of project cost by FBC stage)		
Welsh Government Contribution	63%	61%



# 5.1.3 Cost Template Option 2 (11-16)

	2016/17	2017/18	2018/19	2019/20	Total	£M2	£ per pupil
Preliminary Items							
Site Investigation/Feasibility							
Land Acquisition							
Sub Total							
Substructures Total							
Frame							
Upper floors							
Roof							
Stairs							
External walls							
External windows & doors							
Internal walls and partitions							
Internal doors							
Superstructures Total							
Wall finishes							
Floor finishes							
Ceiling finishes							
Finishes Total							
Loose furniture & equipment							
Fixed furniture & equipment							
Fittings and furnishings Total							
Sanitary appliances							
Services equipment							
Disposal installations							
Water installations							
Heat source							



	2016/17	2017/18	2018/19	2019/20	Total	£M2	£ per pupil
Space heating & air conditioning							
Ventilating systems							
Electrical installations							
Fuel installations							
Life & conveyor installations							
Fire and lighting protection							
Communications & security install.							
Special installations							
ICT infrastructure							
ICT screens							
Builders work in connection							
Mgt. of commissioning of services							
Services Total							
Sub Total Building Work							
External works							
Site works							
Drainage							
External services							
Minor building works							
Demolition & works outside site							
Highway costs (eligible)							
Abnormal items							
Sub Total External Works							
Total Construction							



## 5.1.4 Cost Template Option 3 (3-16)

	2016/17	2017/18	2018/19	2019/20	Total	£M2	£ per pupil
Preliminary Items							
Site Investigation/Feasibility							
Land Acquisition							-
Sub Total							
Substructures Total							
Frame							
Upper floors							
Roof							
Stairs							
External walls							
External windows & doors							
Internal walls and partitions							
Internal doors							
Superstructures Total							
Wall finishes							
Floor finishes							
Ceiling finishes							
Finishes Total							
Loose furniture & equipment							
Fixed furniture & equipment							
Fittings and furnishings Total							
Sanitary appliances							
Services equipment							
Disposal installations							
Water installations							
Heat source							
Space heating & air conditioning							



	2016/17	2017/18	2018/19	2019/20	Total	£M2	£ per pupil
Ventilating systems							
Electrical installations							
Fuel installations							
Life & conveyor installations							
Fire and lighting protection							
Communications & security install.							
Special installations							
ICT infrastructure							
ICT screens							
Builders work in connection							
Mgt. of commissioning of services							
Services Total							
Sub Total Building Work							
External works							
Site works							
Drainage							
External services							
Minor building works							
Demolition & works outside site							
Highway costs (eligible)							
Abnormal items							
Sub Total External Works							
<b>Total Construction</b>							



# 5.2 Impact on the Organisation's income and expenditure account

## 5.2.1 Option 2 (11-16)

All figures in	Total												
£'000s	Cost	0	1	2	3	4	5	6	7	8	9	10	11
		2016/17	2017/18	2018/19	2019/20	2020/21	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
Preferred way forward:													
Capital Cost						0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Revenue Cost	251.376	6.935	6.935	6.552	6.242	6.242	6.242	6.242	6.242	6.242	6.242	6.242	6.242
Cash Releasing Benefits	-12.338	-0.006	-0.006	-0.166	-0.326	-0.326	-0.326	-0.326	-0.426	-0.326	-0.326	-0.326	-0.326
Total													
Funded by:													
Existing Revenue	277.188	6.930	6.930	6.930	6.930	6.930	6.930	6.930	6.930	6.930	6.930	6.930	6.930
Total Existing	277.188	6.930	6.930	6.930	6.930	6.930	6.930	6.930	6.930	6.930	6.930	6.930	6.930
Additional Funding Req.													
Cumulative Additional													

Years 12-39 as year 11 except capital variation on lifecycle expenditure as follows:

- Year 14 £
- Year 19 £
- Year 24 £
- Year 29 £
- Year 34 £
- Year 39 £



## 5.2.2 Option 3 (3-16)

All figures in	Total												
£'000s	Cost	0	1	2	3	4	5	6	7	8	9	10	11
		2016/17	2017/18	2018/19	2019/20	2020/21	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
Preferred way forward:													
Capital Cost													
Revenue Cost	242.053	6.710	6.710	6.349	6.008	6.008	6.008	6.008	6.008	6.008	6.008	6.008	6.008
Cash Releasing Benefits	-14.828	-0.006	-0.006	-0.199	-0.392	-0.392	-0.392	-0.392	-0.492	-0.392	-0.392	-0.392	-0.392
Total													
Funded by:													
Existing Revenue	277.188	6.930	6.930	6.930	6.930	6.930	6.930	6.930	6.930	6.930	6.930	6.930	6.930
Total Existing	277.188	6.930	6.930	6.930	6.930	6.930	6.930	6.930	6.930	6.930	6.930	6.930	6.930
Additional Funding Req.													
Cumulative Additional													

Years 12-39 as year 11 except capital variation on lifecycle expenditure as follows:

- Year 14 £
- Year 19 £
- Year 24 £
- Year 29 £
- Year 34 £
- Year 39 £



# 5.3 Cost Build Up

# 5.3.1 Option 2 (11-16)

			Years 14	,19,24,29,3	34 & 39 Life	cycle cost	s as noted	l above, re	emaining y	ears as ye	ar 8.	
£'000s	NPV	<b>Total Cost</b>	0	1	2	3	4	5	6	7	8	9
			2016/17	2017/18	2018/19	2019/20	2020/21	2022/23	2023/24	2024/25	2025/26	2026/27
CAPITAL COSTS												
Opening Value	£1.800	£1.800	£1.800	£0.000	£0.000	£0.000	£0.000	£0.000	£0.000	£0.000	£0.000	£0.000
Capital Build Costs												
Other Capital Costs												
Lifecycle Capital												
Capital Cost Total												
REVENUE COST												
Salaries	£120.831	£217.790	£5.573	£5.573	£5.504171	£5.436	£5.436	£5.436	£5.436	£5.436	£5.436	£5.436
<b>Building Running Costs</b>	£19.181	£33.586	£1.363	£1.363	£1.047491	£0.806	£0.806	£0.806	£0.806	£0.806	£0.806	£0.806
Revenue/ Cost Total	£140.012	£251.376	£6.935	£6.935	£6.552	£6.242	£6.242	£6.242	£6.242	£6.242	£6.242	£6.242
RISK RETAINED												
Project Risks												
Optimism Bias												
Risk Retained Total												
TOTAL COST												
BENEFITS												
Capital Receipts	-£0.079	-£0.100	£0.000	£0.000	£0.000	£0.000	£0.000	£0.000	£0.000	-£0.100	£0.000	£0.000
Community Lettings	-£0.133	-£0.240	-£0.006	-£0.006	-£0.006	-£0.006	-£0.006	-£0.006	-£0.006	-£0.006	-£0.006	-£0.006
Surplus Places/Mergers	-£6.314	-£11.998	£0.000	£0.000	-£0.160	-£0.320	-£0.320	-£0.320	-£0.320	-£0.320	-£0.320	-£0.320
Benefits Totals												
TOTAL NET SAVINGS												



# 5.3.2 Option 3 (3-16)

			Years 14	,19,24,29,3	34 & 39 Life	cycle cost	s as noted	l above, re	maining y	ears as ye	ar 8.	
£'000s	NPV	<b>Total Cost</b>	0	1	2	3	4	5	6	7	8	9
			2016/17	2017/18	2018/19	2019/20	2020/21	2022/23	2023/24	2024/25	2025/26	2026/27
CAPITAL COSTS												
Opening Value	£1.800	£1.800	£1.800	£0.000	£0.000	£0.000	£0.000	£0.000	£0.000	£0.000	£0.000	£0.000
Capital Build Costs												
Other Capital Costs												
Lifecycle Capital												
Capital Cost Total												
REVENUE COST												
Salaries	£117.105	£211.195	£5.347	£5.347	£5.302029	£5.276	£5.276	£5.276	£5.276	£5.276	£5.276	£5.276
Building Running Costs	£17.760	£30.858	£1.363	£1.363	£1.046833	£0.732	£0.732	£0.732	£0.732	£0.732	£0.732	£0.732
Revenue/ Cost Total	£134.865	£242.053	£6.710	£6.710	£6.349	£6.008	£6.008	£6.008	£6.008	£6.008	£6.008	£6.008
RISK RETAINED												
Project Risks												
Optimism Bias												
Risk Retained Total												
TOTAL COST												
BENEFITS												
Capital Receipts	-£0.079	-£0.100	£0.000	£0.000	£0.000	£0.000	£0.000	£0.000	£0.000	-£0.100	£0.000	£0.000
Community Lettings	-£0.133	-£0.240	-£0.006	-£0.006	-£0.006	-£0.006	-£0.006	-£0.006	-£0.006	-£0.006	-£0.006	-£0.006
Surplus Places/Mergers	-£7.624	-£14.488	£0.000	£0.000	-£0.193	-£0.386	-£0.386	-£0.386	-£0.386	-£0.386	-£0.386	-£0.386
Benefits Totals												
TOTAL NET SAVINGS												



### 5.4 Overall Affordability and Balance Sheet Impact

A balance sheet asset addition of £ for option 2 is made for an 11-16 new school, or £ for a 3-16 new school. Short term additional funding is required of £ for years 0 through 3 excluding VAT, retained risks and optimism bias for option 2, with short term additional funding is required of £ for years 0 through 3 excluding VAT, retained risks and optimism bias for option 3.

The revised Band A submission has been scrutinised and assessed by the Council's Section 151 Officer for affordability in light of the 50% intervention rate.

The Council will meet the 50% contribution required to support the overall programme in Band A through a combination of prudential borrowing and a Section 106 agreement.

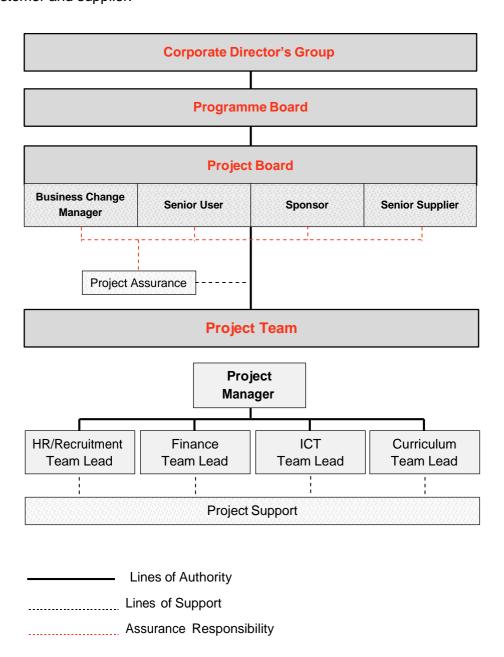


# **6 Management Case**

### **6.1 Programme Management Arrangements**

The Council has adopted a Programme management governance model that is underpinned by MSP principles.

The project structure described below has been designed to ensure that the preferred option will have a robust project management function in place throughout the proposed timelines. This diagram demonstrates the lines of responsibilities and how the project will engage with the customer and supplier.





#### The Programme board is structured as follows:

Name	Title	Programme Role			
Aled Evans	Corporate Director for Education, Leisure and Lifelong Learning	Senior Responsible Officer			
Andrew Thomas	Head of Resources and Commissioning	Programme Manager, SSIP			
Richard Gordon	Programme Manager, SSIP	Programme Manager, SSIP			
Gareth Nutt	Head of Property and Regeneration	Senior Supplier			
David Michael	Head of Legal and Domestic Services	Senior Supplier			
David Rees	Head of Finance	Senior Supplier			
Graham Jones	Head of Human Resources	Senior Supplier			
Steve John	Head of ICT	Senior Supplier			
Karen Jones	Head of Corporate Strategy	Senior Supplier			
Chris Millis	Head of Learning	Senior User			

## 6.2 Project Management Arrangements

### 6.2.1 Project Structure

The project will be managed in accordance with the general principles of PRINCE2 methodology. The project management team comprises the Project Board, "Project Team", the Project Manager and the Team Managers. This "team" is responsible for the day-to-day management and implementation of the project.

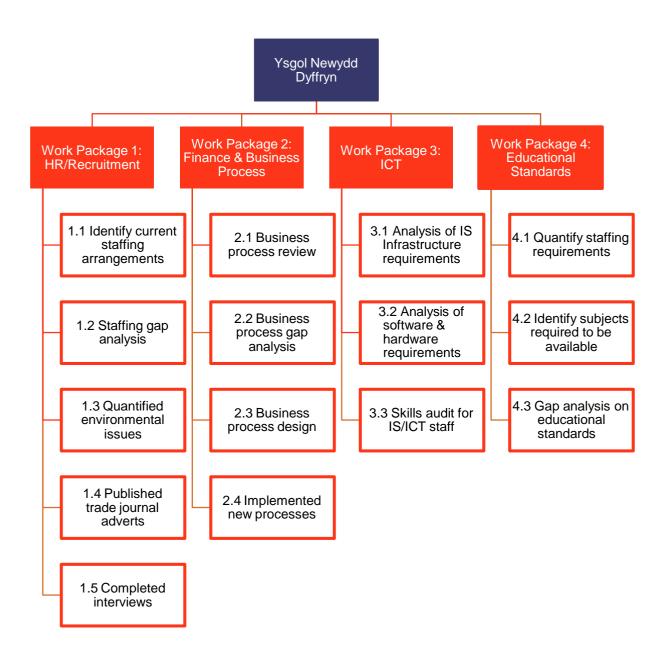
Name	Title	Project Role
Andrew Thomas	Head of Resources and Commissioning	Project Sponsor
Roger Bowen	Educational Estates Manager	Project Manager
Simon Brennan	Strategic Property Manager	Senior Supplier (Compliance and Governance)
Huw Jones	Chief Accountant (Exchequer)	Senior Supplier (Finance)
Chris Millis	Head of Learning	Senior User
Graham Jones	Head of Human Resources	HR & Recruitment Team Lead
Richard Gordon	SSI Programme Manager	Finance & Business Process Team Lead
Steve John	Head of ICT	ICT Team Lead



Name	Title	Project Role
Chris Millis	Head of Learning	Educational Standards Team Lead

### 6.2.2 Project deliverables

The following product breakdown structure depicts the structure of the project:





# 6.2.3 Project Plan

Date	Actions (commencement)	
May-16	<ul> <li>Submit SOC/OBC</li> <li>Budget approval</li> <li>Prepare Demolition planning application and submit</li> <li>Brief development for all areas</li> <li>Issue tender document</li> </ul>	
Jun-16	Client instruction to proceed	
Jul-16	<ul><li>Submit FBC</li><li>Tender Evaluation</li></ul>	
Aug-16	<ul> <li>Appoint Contractor</li> <li>Initial site layouts</li> <li>Spatial plans</li> <li>SI reports, Ecology, etc.</li> </ul>	
Oct-16	Scheme proposals	
Nov-16	<ul><li>Sketch plans/evaluation</li><li>Cost check</li></ul>	
Dec-17	Develop preferred option and submit for planning	
Jan-17	Detailed design	
Aug-16	Commence contract (demolition)	
Mar-17	Commence contract (construction)	
Jul-18	<ul> <li>Commence fit out and furnishing</li> <li>Commissioning</li> </ul>	
Aug-18	Building completion	
Sept-18	Occupation of School	
Mar-19	Demolitions completed	
Aug-19	End of defects and retention released	



#### 6.2.4 Benefits Realisation

The strategy, framework and plan for dealing with the management and delivery of benefits are shown below. Benefits that will be realised may be either financial or qualitative (for example improvement in educational standards). A strategy and supporting plan for benefits clearly shows what will happen, where and when the benefits will occur. Details of who will be responsible for delivery of proposed benefits will be developed for the preferred option to be taken to Full Business Case.

The plan for benefits will be integrated into or coordinated with the project plan and will be very clear regarding handover and responsibilities for on-going operations in the changed state (where the benefits will actually accrue). There will be a Tracking Process, which monitors achievement of benefits against expectations and targets. The tracking process will be capable of tracking both 'hard' (e.g. cost, headcount) and 'soft' (e.g. image) benefits and operates alongside the changing operation. The progress of this plan will be reported by the Project Manager to the Project Board.

In particular the Benefits Management Strategy will be fully integrated into the programme plan and will fully address the following issues:

- That the potential benefits are clearly identified;
- That the benefits are clearly understood across the project and the various Project
   Teams. It is the role of the Project Manager to ensure that this is achieved;
- That benefits are placed into manageable groups:
- These groups will be managed individually, with responsibility falling on the Curriculum and Governance project teams to monitor and report on progress.

#### 6.2.5 Risk Management

In developing the economic case, risk workshops were held on 15<sup>th</sup> April 2016, to understand the risks associated with each of the short-listed options and to analyse the financial value of those risks.

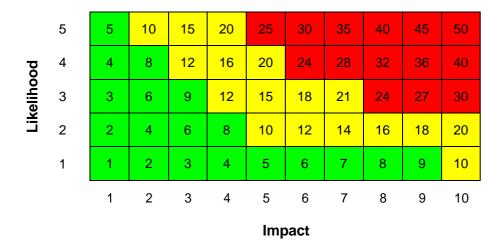
All projects have an element of risk and there must be a proactive approach to risk management to balance risks against the potential rewards and plan to minimise or avoid them. It is also acknowledged that taking some amount of risk will be inevitable to the success of the project. The strategy, framework and plan for dealing with the management of risk for the preferred option follows a PRINCE2 methodology.

The register will be a 'living document' and reviewed and amended (where required) during workshops where a risk manager will be appointed to manage the identification, monitoring, updating, control and mitigation of project risks. The framework and plan of the risk register will involve a rated table format. The risk will be described and the date of its identification noted. An initial risk rating will be made and the probability and impact of the risk evaluated, followed by a residual risk rating column. The effects and impact of risk can involve elements such as environment, time, quality, cost, resource, function or safety and regular meetings will



be held to review all aspects. Within the format there will also be the facility for proposals to mitigate and manage, identifying the control strategy, risk owner and the current risk status.

The total risk score for each risk will be calculated by multiplying the likelihood score (between 1-5 with 5 being certain) and impact score (between 1-10 with 10 being project failure) and all risks scoring above 21 referred to the Project Board for decision. The risk tolerance line for the project is illustrated in the following table.



### **6.2.6 Change and Contract Management**

The main aim here is to manage proposed changes to the culture, systems, processes and people working to establish the best option for the council. Change management is not about the provision of the best option but instead focuses on those actions that are necessary to make the best option a working success. The specific actions noted below will come under the overall control of the project board.

Managers responsible for the key areas will adopt appropriate project management disciplines to meet specific responsibilities. The individual activities may be projects in their own right or be work streams within the overall project.

Planning has been developed for all activities within this change management process through the identification of key outcomes and actions required to ensure successful delivery. Timescales for carrying out such actions, the resources required, and where required, the need for additional resources, have also been determined.

#### 6.2.5 Gateway Reviews

The Council confirm that it is prepared to complete a Gateway review of the programme.



### 6.3 Post Project Evaluation

The outline arrangements for Post Implementation Review (PIR) and Project Evaluation Review (PER) have been established in accordance with best practice and are as follows.

### 6.3.1 Post Implementation Review (PIR)

These reviews ascertain whether the anticipated benefits have been delivered and are timed to take place a year post construction, i.e. September 2019.

### 6.3.2 Project Evaluation Reviews (PERs)

PERs appraise how well the project was managed and delivered compared with expectations and are timed to take place one-year post construction.

### **6.4 Contingency Plans**

In the event of project failure, the existing schools will continue to operate until such time that the project can be righted.