

Ysgol Newydd Margam (3-16)



Full Business Case

Date:	August 2016
Version:	1.0
Status:	Issued
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Table of Contents

1. Executive Summary.....	4
2. Strategic Case.....	5
2.1 Strategic Fit.....	5
2.1.1 National Strategies.....	5
2.1.2 Local Strategies	6
2.2 Case for Change.....	7
2.2.1 Investment Objectives.....	7
2.2.2 Existing Arrangements	7
2.2.3 Other Changes to the scheme	9
3. Economic Case.....	10
3.1 Critical Success Factors.....	10
3.2 Short List	11
3.3 Option Appraisal	12
3.4 Economic Appraisal	12
3.4.1 Net Present Cost.....	12
3.4.2 Economic Ranking	15
3.4.3 Monte Carlo Simulation.....	16
4. Commercial Case.....	20
4.1 Procurement Method	20
4.1 Contractual arrangements.....	21
4.2 Required Services.....	21
4.1.1 Required service streams.....	21
4.1.2 Specification of outputs required	21
4.3 Potential for Risk Transfer.....	21
4.4 Community Benefits.....	22
4.2 FRS 5 Accountancy Treatment	26
5 Financial Case.....	27
5.1 Project Summary Costs	27
5.1.1 Key Metrics	27
5.1.2 Breakdown of Capital Costs	27
5.1.3 Cost Template Option 2	28
5.1.4 Cost Template Option 3	30
5.2 Impact on the Organisation's income and expenditure account.....	32
5.2.1 Option 2	32
5.2.2 Option 3	33
5.3 Cost Build Up.....	34
5.3.1 Option 2	34
5.3.2 Option 3	35
5.4 Overall Affordability and Balance Sheet Impact	36
6 Management Case	37
6.1 Programme Management Arrangements	37
6.2.1 Project Plan.....	38
6.2.2 Benefits Realisation	40
6.2.3 Risk Management	43
6.2.4 Change and Contract Management	50
6.3 Contingency Plans	50

1. Executive Summary

The purpose of this Full Business Case (FBC) is to present the case for investment of a project that seeks to establish a new 3-16 School in Neath Port Talbot on the site of the existing Dyffryn Upper School and Groes Primary School (shared site).

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). The project has also been included in the Request for Change submission of May 2016.

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 £31.347m.
- The cost of the 11-16 option is estimated to be £26.813m.

2. Strategic Case

2.1 Strategic Fit

Band A of the Council's 21st Century Schools programme comprises 7 projects:

1. Ysgol Newydd (Bae Baglan), Baglan Moors: 3-16 all-through school with an integral Learning Support Centre;
2. Awel Y Môr, Sandfields: 3-11 primary school with an integral Inclusion Unit;
3. Welsh-medium school, Ystalyfera: north and south campuses (all-through, 3-18 provision at north campus);
4. Welsh-medium school, Sandfields: north and south campuses (11-16 provision at south campus);
5. Ysgol Newydd (Briton Ferry): 3-11 primary school;
6. Faith school, Port Talbot (now substituted with Dyffryn School a comprehensive school);
7. Coed Darcy, Llandarcy: 3-11 primary school.

Deliverability of Project 6, as originally proposed has become highly problematic within the Band A timeframe because of affordability issues resulting from the inability of the Trustees to commit to their 15% funding contribution.

To maximise grant funding opportunity and prudential borrowing capability that supports Band A, the Council has recently received WG in principle agreement to reconfigure Band A projects by substituting the Faith school with a replacement project at the site of Dyffryn (Upper) School.

This will remove a category condition grade D building at Dyffryn (Lower) School and deliver management/split site revenue cost efficiencies from a single site configuration and remove circa £7.5m of backlog maintenance and accessibility liabilities.

A brand new 21st Century school build accommodating a 3-16 cohort on the Dyffryn (Upper) School site will require a funding package of circa £37.5m which has, subject to the business case process received WG in principle support. Following local authority officer and Welsh Government Official discussion, the scope of this scheme is being reviewed. The remaining schemes, including the project to which this FBC relates (**Project 6 Ysgol Newydd Margam**) continue to be the Council's priorities within the band A timeframe.

2.1.1 National Strategies

The Council aims to deliver Making Connections and One Wales agendas by linking together a wide range of concurrent WG initiatives (including the implementation of the skills curriculum 3-19) to yield the benefits to learners envisaged by Beecham and the Skills that Work for Wales documents.

The authority also plans to link with The Learning Country document, the Schools Effectiveness Framework, which sets out the Welsh Government's programme to increase

the life-long education and training opportunities available in Wales (from early years through to old age).

The Learning Country aims to implement the complex technological change required and meet shifts in competitive pressures from Europe and beyond. This is supported by the One Wales Laptop project, which demonstrates Welsh Government's commitment to delivering ICT facilities to encourage digital inclusion in deprived areas. This will encourage children to engage in learning - helping pupils to improve their literacy, numeracy and ICT skills.

All Band A projects are aligned to Welsh Government's Improving Schools document 2012, which sets out plans for improving the education system in Wales and identifies the roles of all partners in the process of reform as well as the following key international, national and local drivers.

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.

Dovetailing with above, the Council’s Strategic School Improvement Programme has a clear set of principles with the following strategic aim:

‘To enable the authority to respond to changing circumstances that impact upon its ability to meet its duty to secure efficient Primary and Secondary Education, promote high standards and the fulfilment of every child’s potential.’

There have been no changes to these business strategies since approval of the OBC.

2.2 Case for Change

2.2.1 Investment Objectives

The Investment Objectives for this project are unchanged:

1. To provide a stimulating all through teaching and learning environment in state of the art, 21st 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.

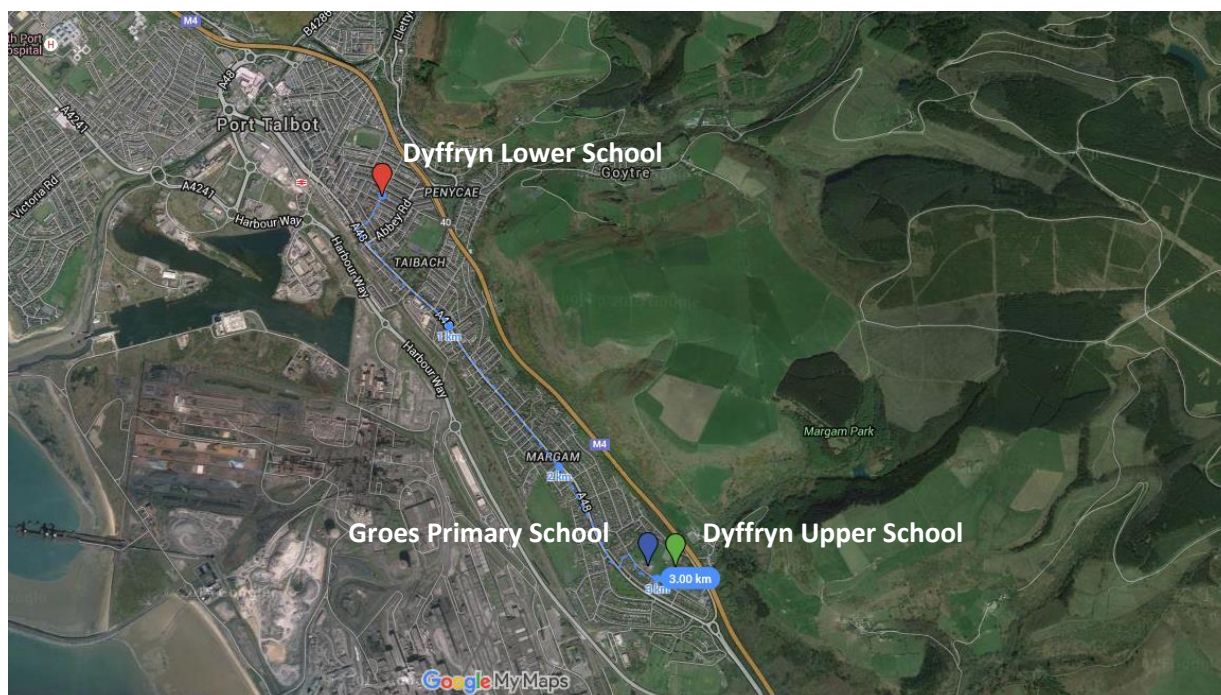
2.2.2 Existing Arrangements

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

- Dyffryn Upper School
- Dyffryn Lower School
- Groes Primary School
- Other potential pupil admissions south east of the County Borough

This project is strategically linked to the streamlining of Primary and Secondary provision in the south east of the County Borough.

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



The current staffing complement 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
Groes Primary	1	1		5	7
Totals	2	2	1	47	52

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
Groes Primary	167	171	171	172	175
Total	993	1,005	1,057	1,099	1,107

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%
Groes Primary	194	54	27.8%
Totals	1250	280	22.4%

The latest condition assessments categorised the schools as follows:

	Condition	Suitability	Sustainability
Dyffryn Upper school	C	B	C
Dyffryn Lower school	D	B	C
Groes Primary school	B	B	C

2.2.3 Other Changes to the scheme

- The main benefits of the project are unchanged from OBC;
- The main risks and their mitigations are identified within the Management Case to this FBC;
- There have been no changes in the constraints of the project, nor to project dependencies.

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 south east of the County Borough 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 Short List

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

- **Scope:**
 - Do Minimum – provide a 21st Century Schools standard 11-16 secondary school
 - 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 Groes Primary, 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.

3.3 Option Appraisal

The results of the options appraisal as presented within the OBC were as follows:

Evaluation Results	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

In line with the scoring presented above:

- Option 3 – Move Dyffryn Lower School to Dyffryn Upper School and include Groes Primary, demolish existing buildings and build new school has been put forward to Welsh Government as the preferred solution;
- Option 2 – Move Dyffryn Lower School to Dyffryn Upper School, demolish existing buildings and build new school has been further explored as possible if additional funding were not to be forthcoming to enable the progression of option 3.

There has been no material change in the underlying factors for any of the areas of appraisal, however all cost estimates have been reviewed and are represented below with the latest most accurate estimates.

3.4 Economic Appraisal

3.4.1 Net Present Cost

The short-listed options have been risk-adjusted to account for the 'risk retained' (in £s) by the organisation under each option. The summary results from the analysis are presented below. Within this summary analysis it should be noted that not all options have been evaluated over the same duration. The 'Do Minimum' option NPC value is presented over a period of 30 years whilst the 'Intermediate' and 'Maximum' options are presented over 60 years. At OBC stage this project was evaluated over a period of 40 years in line with NPTCBC borrowing arrangements, this has been adjusted at FBC stage to reflect a Welsh Government request. In line with this change Lifecycle costs have changed from the OBC stage to reflect the new period of appraisal. A detailed breakdown over the evaluation period is included with the appended spreadsheet to this business case.

DISCOUNTED CASHFLOW (DCF) SUMMARY TABLE

Discounted Cash flow (DCF) Summary Sheet		Inc. Optimism Bias		Excl. Optimism Bias	
Option No.	Option Name/Description	NPC (£m)	EAC (£m)	NPC (£m)	EAC (£m)
Option 1:	Do Minimum	146.9	7.72	146.6	7.70
Option 2:	Intermediate	190.9	7.28	190.4	7.26
Option 3:	Maximum	187.7	7.15	187.5	7.15

DCF = Discounted Cash flow

NPC = Net Present Cost

EAC = Equivalent Annual Cost

The following tables summarise the key results of the economic appraisals for each option after normalising the appraisal period to one of equivalence (60 years all options).

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	£10.086	£9.749
Lifecycle Costs	£13.028	£4.139
Revenue/Current Cost	£415.782	£181.755
Risk Retained	£0.584	£0.565
Optimism Bias	£0.255	£0.246
Total costs	£441.535	£198.255
Less: cash releasing benefits	-£0.210	-£0.092
Costs net cash savings	£441.325	£198.163
Total	£441.325	£198.163

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	£26.813	£25.689

Lifecycle Costs	£13.641	£4.334
Revenue/Current Cost	£376.215	£165.370
Risk Retained	£1.320	£1.265
Optimism Bias	£0.291	£0.279
Total costs	£420.080	£198.736
Less: cash releasing benefits	-£18.857	-£7.849
Costs net cash savings	£401.223	£190.887
Total	£401.223	£190.887

Option 3: Maximum: Move Dyffryn Lower School to Dyffryn Upper School and include Groes Primary, demolish existing buildings and build new school;

	Undiscounted (£'000s)	Net Present Cost (£'000s)
Opening Value	£1.800	£1.800
Construction Capital	£31.348	£30.043
Lifecycle Costs	£13.656	£4.339
Revenue/Current Cost	£362.207	£159.271
Risk Retained	£1.543	£1.479
Optimism Bias	£0.156	£0.150
Total costs	£410.711	£197.083
Less: cash releasing benefits	-£22.675	-£9.429
Costs net cash savings	£388.035	£187.653
Total	£388.035	£187.653

Please 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 3 – 59 (29)	Staffing Revenue Costs	£5,567,733
	Years 3 – 59 (29)	Other Revenue Costs	£1,362,656
Option 2	Years 0 – 1	Staffing Revenue Costs	£5,567,733
	Years 0 – 1	Other Revenue Costs	£1,362,656
	Year 2	Staffing Revenue Costs	£5,504,171
	Year 2	Other Revenue Costs	£1,047,491
	Years 3 – 59	Staffing Revenue Costs	£5,436,218
	Years 3 – 59	Other Revenue Costs	£807,762
Option 3	Years 0 – 1	Staffing Revenue Costs	£5,567,733
	Years 0 – 1	Other Revenue Costs	£1,362,656
	Year 2	Staffing Revenue Costs	£5,302,029
	Year 2	Other Revenue Costs	£1,046,833
	Years 3 – 59	Staffing Revenue Costs	£5,275,651
	Years 3 - 59	Other Revenue Costs	£732,051

3.4.2 Economic Ranking

Option	Description	Total Cost (over a fixed period 60yrs)	Equivalent Annual Cost	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

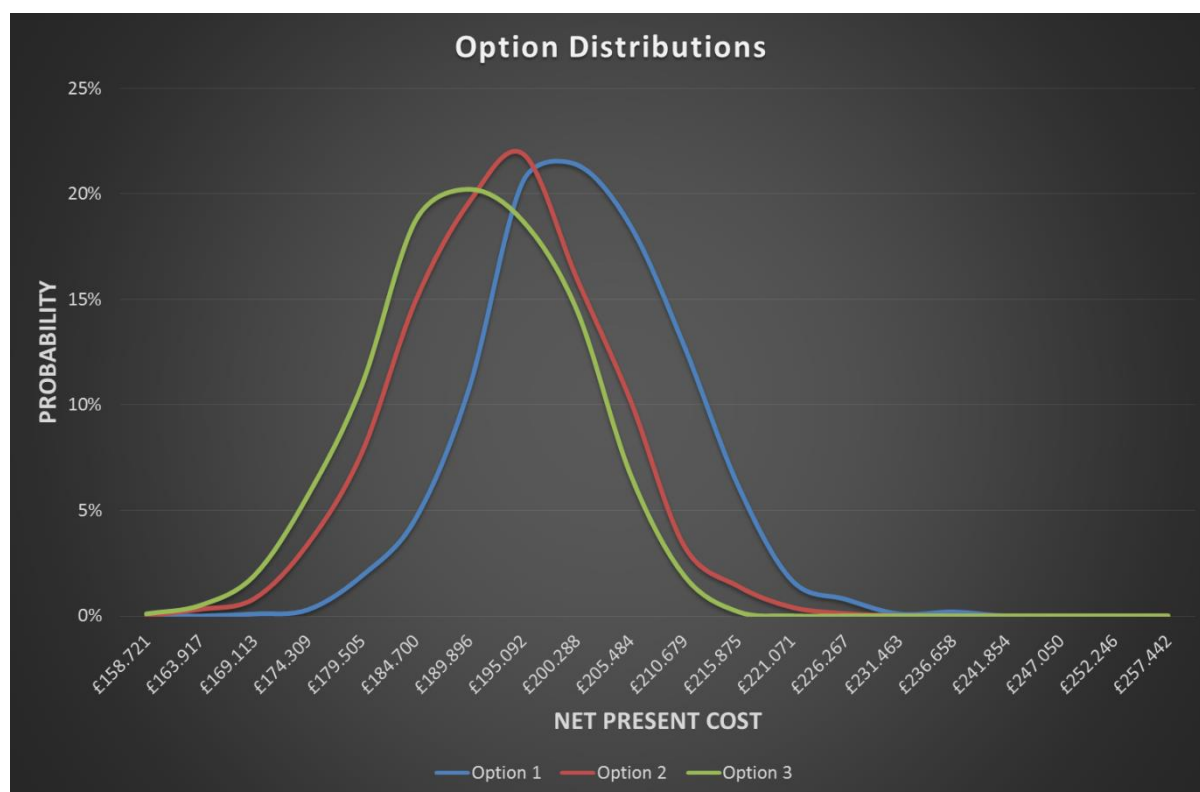
3.4.3 Monte Carlo Simulation

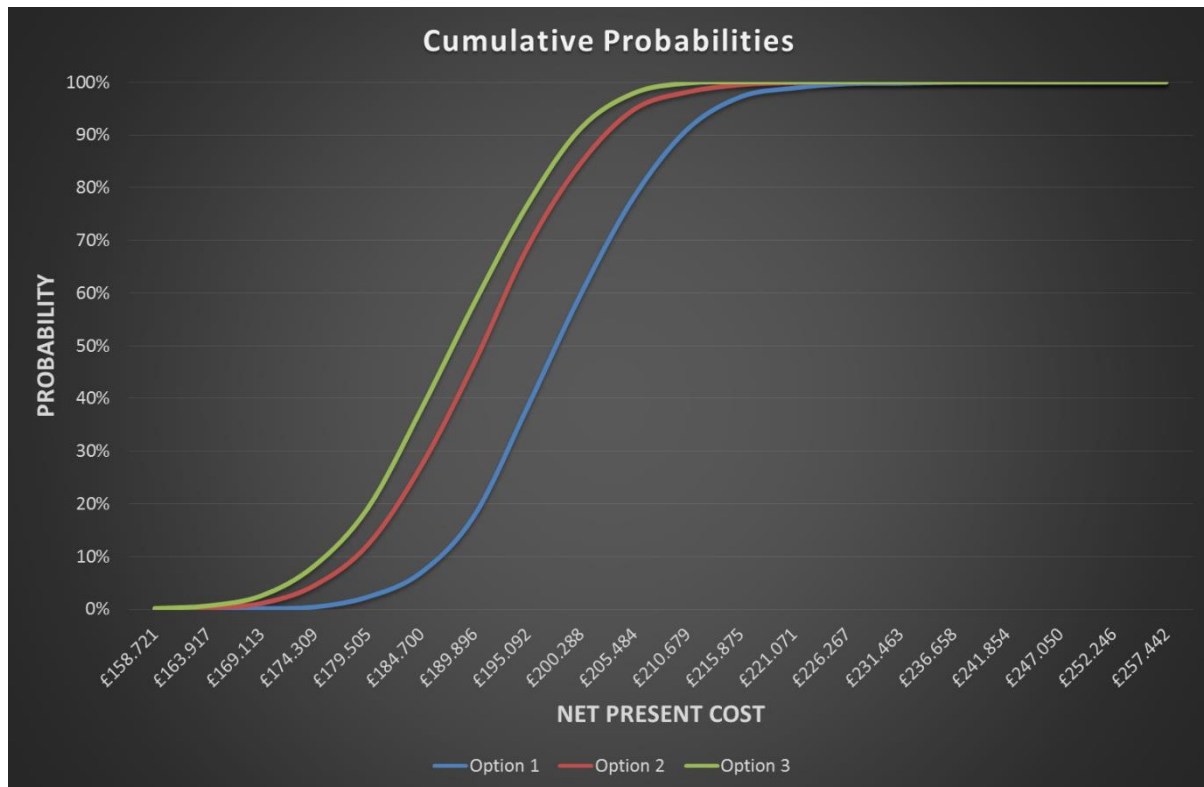
The Monte Carlo simulation produced the following results over 1000 simulations (full results table presented on page 17). In order to produce a valid result it is necessary to fix the period of evaluation for all options to undergo appraisal, all options have therefore been tested over a period of 60 years:

Option No.	Score	Final Score
Option 1	814	55.04%
Option 2	1277	86.34%
Option 3	1479	100.00%

The results indicate that there is a:

- 58.20% probability that the net present cost of option 3 will fall between £180 to £195 million;
- 54.70% probability that the net present cost of option 2 will fall between £180 to £195 million; and a
- 34.00% probability that the net present cost of option 1 will fall between £180 to £195 million;





Rank Order Table for all Scenario Results							
Rank Order	Total NPV	Scenario No.	Option No.	Revenue	Capital	Savings	Points
1	£171.840	84	Option 3	Best Case Capital	Best Case Revenue	Best Case Savings	84
2	£173.010	83	Option 3	Best Case Capital	Best Case Revenue	Expected Case Savings	83
3	£174.040	82	Option 3	Best Case Capital	Best Case Revenue	Worst Case Savings	82
4	£174.690	56	Option 2	Best Case Capital	Best Case Revenue	Best Case Savings	81
5	£175.880	55	Option 2	Best Case Capital	Best Case Revenue	Expected Case Savings	80
6	£176.160	75	Option 3	Expected Case Capital	Best Case Revenue	Best Case Savings	79
7	£177.030	74	Option 3	Expected Case Capital	Best Case Revenue	Expected Case Savings	78
8	£178.000	54	Option 2	Best Case Capital	Best Case Revenue	Worst Case Savings	77
9	£178.540	73	Option 3	Expected Case Capital	Best Case Revenue	Worst Case Savings	76
10	£179.130	47	Option 2	Expected Case Capital	Best Case Revenue	Best Case Savings	75
11	£180.000	46	Option 2	Expected Case Capital	Best Case Revenue	Expected Case Savings	74
12	£180.600	66	Option 3	Worst Case Capital	Best Case Revenue	Best Case Savings	73
13	£181.050	45	Option 2	Expected Case Capital	Best Case Revenue	Worst Case Savings	72
14	£181.660	81	Option 3	Best Case Capital	Expected Case Revenue	Best Case Savings	71
15	£182.880	65	Option 3	Worst Case Capital	Best Case Revenue	Expected Case Savings	70
16	£182.910	80	Option 3	Best Case Capital	Expected Case Revenue	Expected Case Savings	69
17	£183.030	64	Option 3	Worst Case Capital	Best Case Revenue	Worst Case Savings	68
18	£183.500	38	Option 2	Worst Case Capital	Best Case Revenue	Best Case Savings	67
19	£183.810	27	Option 1	Best Case Capital	Best Case Revenue	Expected Case Savings	66
20	£184.070	37	Option 2	Worst Case Capital	Best Case Revenue	Expected Case Savings	65

Rank Order Table for all Scenario Results							
21	£184.110	26	Option 1	Best Case Capital	Best Case Revenue	Worst Case Savings	64
22	£184.250	79	Option 3	Best Case Capital	Expected Case Revenue	Worst Case Savings	63
23	£185.080	28	Option 1	Best Case Capital	Best Case Revenue	Best Case Savings	62
24	£185.320	53	Option 2	Best Case Capital	Expected Case Revenue	Best Case Savings	61
25	£185.590	36	Option 2	Worst Case Capital	Best Case Revenue	Worst Case Savings	60
26	£186.220	72	Option 3	Expected Case Capital	Expected Case Revenue	Best Case Savings	59
27	£186.290	19	Option 1	Expected Case Capital	Best Case Revenue	Best Case Savings	58
28	£186.520	18	Option 1	Expected Case Capital	Best Case Revenue	Expected Case Savings	57
29	£186.690	17	Option 1	Expected Case Capital	Best Case Revenue	Worst Case Savings	56
30	£187.040	52	Option 2	Best Case Capital	Expected Case Revenue	Expected Case Savings	55
31	£187.650	57	Option 3	Base NPV	Base NPV	Base NPV	54
32	£187.830	71	Option 3	Expected Case Capital	Expected Case Revenue	Expected Case Savings	53
33	£187.950	51	Option 2	Best Case Capital	Expected Case Revenue	Worst Case Savings	52
34	£188.020	9	Option 1	Worst Case Capital	Best Case Revenue	Expected Case Savings	51
35	£188.720	8	Option 1	Worst Case Capital	Best Case Revenue	Worst Case Savings	50
36	£188.790	10	Option 1	Worst Case Capital	Best Case Revenue	Best Case Savings	49
37	£188.870	70	Option 3	Expected Case Capital	Expected Case Revenue	Worst Case Savings	48
38	£190.060	44	Option 2	Expected Case Capital	Expected Case Revenue	Best Case Savings	47
39	£190.810	43	Option 2	Expected Case Capital	Expected Case Revenue	Expected Case Savings	46
40	£190.890	29	Option 2	Base NPV	Base NPV	Base NPV	45
41	£191.280	63	Option 3	Worst Case Capital	Expected Case Revenue	Best Case Savings	44
42	£191.360	78	Option 3	Best Case Capital	Worst Case Revenue	Best Case Savings	43
43	£191.790	42	Option 2	Expected Case Capital	Expected Case Revenue	Worst Case Savings	42
44	£192.460	62	Option 3	Worst Case Capital	Expected Case Revenue	Expected Case Savings	41
45	£193.520	61	Option 3	Worst Case Capital	Expected Case Revenue	Worst Case Savings	40
46	£193.630	77	Option 3	Best Case Capital	Worst Case Revenue	Expected Case Savings	39
47	£194.090	35	Option 2	Worst Case Capital	Expected Case Revenue	Best Case Savings	38
48	£194.760	76	Option 3	Best Case Capital	Worst Case Revenue	Worst Case Savings	37
49	£195.050	34	Option 2	Worst Case Capital	Expected Case Revenue	Expected Case Savings	36
50	£196.050	33	Option 2	Worst Case Capital	Expected Case Revenue	Worst Case Savings	35
51	£196.190	25	Option 1	Best Case Capital	Expected Case Revenue	Best Case Savings	34
52	£196.250	24	Option 1	Best Case Capital	Expected Case Revenue	Expected Case Savings	33
53	£196.340	50	Option 2	Best Case Capital	Worst Case Revenue	Best Case Savings	32
54	£196.550	23	Option 1	Best Case Capital	Expected Case Revenue	Worst Case Savings	31
55	£196.770	69	Option 3	Expected Case Capital	Worst Case Revenue	Best Case Savings	30
56	£197.740	49	Option 2	Best Case Capital	Worst Case Revenue	Expected Case Savings	29
57	£197.880	68	Option 3	Expected Case Capital	Worst Case Revenue	Expected Case Savings	28
58	£197.990	48	Option 2	Best Case Capital	Worst Case Revenue	Worst Case Savings	27
59	£198.080	16	Option 1	Expected Case Capital	Expected Case Revenue	Best Case Savings	26
60	£198.160	1	Option 1	Base NPV	Base NPV	Base NPV	25
61	£198.180	15	Option 1	Expected Case Capital	Expected Case Revenue	Expected Case Savings	24
62	£198.290	14	Option 1	Expected Case Capital	Expected Case Revenue	Worst Case Savings	23
63	£199.020	67	Option 3	Expected Case Capital	Worst Case Revenue	Worst Case Savings	22
64	£199.990	5	Option 1	Worst Case Capital	Expected Case Revenue	Worst Case Savings	21

Rank Order Table for all Scenario Results							
65	£200.280	7	Option 1	Worst Case Capital	Expected Case Revenue	Best Case Savings	20
66	£200.390	6	Option 1	Worst Case Capital	Expected Case Revenue	Expected Case Savings	19
67	£200.500	41	Option 2	Expected Case Capital	Worst Case Revenue	Best Case Savings	18
68	£201.400	60	Option 3	Worst Case Capital	Worst Case Revenue	Best Case Savings	17
69	£201.410	40	Option 2	Expected Case Capital	Worst Case Revenue	Expected Case Savings	16
70	£202.550	59	Option 3	Worst Case Capital	Worst Case Revenue	Expected Case Savings	15
71	£202.560	39	Option 2	Expected Case Capital	Worst Case Revenue	Worst Case Savings	14
72	£204.140	58	Option 3	Worst Case Capital	Worst Case Revenue	Worst Case Savings	13
73	£204.910	32	Option 2	Worst Case Capital	Worst Case Revenue	Best Case Savings	12
74	£205.590	31	Option 2	Worst Case Capital	Worst Case Revenue	Expected Case Savings	11
75	£206.270	30	Option 2	Worst Case Capital	Worst Case Revenue	Worst Case Savings	10
76	£207.340	22	Option 1	Best Case Capital	Worst Case Revenue	Best Case Savings	9
77	£207.450	21	Option 1	Best Case Capital	Worst Case Revenue	Expected Case Savings	8
78	£208.010	20	Option 1	Best Case Capital	Worst Case Revenue	Worst Case Savings	7
79	£209.990	12	Option 1	Expected Case Capital	Worst Case Revenue	Expected Case Savings	6
80	£210.010	13	Option 1	Expected Case Capital	Worst Case Revenue	Best Case Savings	5
81	£210.200	11	Option 1	Expected Case Capital	Worst Case Revenue	Worst Case Savings	4
82	£212.170	4	Option 1	Worst Case Capital	Worst Case Revenue	Best Case Savings	3
83	£212.310	3	Option 1	Worst Case Capital	Worst Case Revenue	Expected Case Savings	2
84	£212.380	2	Option 1	Worst Case Capital	Worst Case Revenue	Worst Case Savings	1

4. Commercial Case

4.1 Procurement Method

Neath Port Talbot County Borough Council will be using Lot 8 of the South West Wales Regional Contractors Framework. The framework was re-let on 2nd February 2016 and the new lot/supplier details are indicated 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.

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.

4.1 Contractual arrangements

The form of contract proposed is the NEC3 Engineering and Construction Contract (Option A), Priced Contract with Activity Schedule, and additional conditions of contract as set out in the Z clauses and amendments resulting from The Local Democracy Economic Development and Construction Act 2009.

4.2 Required Services

4.1.1 Required service streams

- To accommodate 1455 pupils (255 Primary and 1200 Secondary) ;
- Standard dual use school hall – dining and school use;
- Catering facilities - meals will be prepared on site;
- Transport facilities - detail to be provided by Transport Department;
- Playing facilities – In accordance with The Education (School Premises) Regulations 1999, guidance from Building Bulletins 98 and 99 and Learning Through Landscapes that focus on maximizing use of facilities for both community and school;
- ICT facilities - ICT to be decentralised with wireless connectivity available throughout the premises.

4.1.2 Specification of outputs required

- For both options facilities and specifications to be accommodated as close as reasonably possible to Building Bulletin 98 & Building Bulletin 99 (the latter as appropriate), unless otherwise stated and approval for local variation.
- Furniture / General Equipment – allowances to be included to cater for increase from single form to two form entry (assumed complete replacement subject to audit of existing school resources).

4.3 Potential for Risk Transfer

An initial assessment of how the associated risks might be apportioned between the public sector (NPTCBC) and the private sector (nominated contractor for the associated construction works) has been undertaken. In some instances, risks are shared between the two nominated organisations and this is outlined in the table below. The general principle is to ensure that risks should be passed to ‘the party best able to manage them’, subject to Value for Money (VfM). The table below outlines the potential allocation of risk.

Risk Category	Potential allocation		
	Public	Private	Shared
Design risk		✓	
Construction and development risk		✓	
Transition and implementation risk			✓
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			✓
Other project risks			✓

4.4 Community Benefits

The Council remains committed to maximising procurement opportunities that contribute to regenerating the area by ensuring wherever practicable, money spent on procuring goods, works and services benefits local people, businesses, communities and the Welsh economy.

Since the introduction of the South West Wales Regional Contractors Framework, the Council's Regeneration and Economic Development department have worked successfully with framework contractors to deliver economic and community benefit e.g. the last two projects have helped more than 40 previously unemployed people get back into work; provided over 300 apprenticeship training weeks and achieved over 75% of contract spend on businesses based in Wales.

Neath Port Talbot Employer Support Group (ESG) is used to manage and bring together a number of organisations that provide services to contractors, ranging from support for training and employment to helping businesses with tendering.

The (ESG), led by the Council's Regeneration and Economic Development department assists contractors to access a range of services providing a single point of contact for support such as:

- Arranging Meet the Buyer Events;

- Identifying relevant business support programmes to assist with more effective tendering:
- Support for contractors in identifying candidates for job opportunities;
- Prepare potential candidates with suitable training or provide help to the contractor to access employment support including wage subsidies:
- Identifying Upskilling.

ESG works with partner organisations such as Jobs Centre Plus, Business Wales, local colleges and employment support projects such as Workways Plus, WG's LIFT and Communities First identifying suitable candidates for employment, training or work experience opportunities. Careers Wales and Cyfle Building Skills are also involved in coordinating the placement of apprenticeship, training and work experience candidates and provide on-going support throughout any period of training and employment.

NPTCBC supports the recently formed National Skills Academy for Construction in South West Wales a programmed based skills academy, (the first in the UK), involving a number of clients across the public sector working jointly with contractors in order to deliver the required training outcomes.

The agreed KPI's set for this contract are as follows:

KPI	Descriptor	Delivery Partners	Minimum Requirements	Measure	Band 6 (20m to £30m)
KP1	This target describes work experience attendance on NSaFC Projects for students from schools, colleges and Universities (14 years plus) who undertake a work-experience placement for a minimum of 5 working (consecutive or non-consecutive) days. This can also include Government Traineeships. This KPI is aimed at providing students with the opportunity to carry out tasks agreed by the education provider and the employer enabling the learner to gain a meaningful insight into the construction sector.	CYFLE and the three training groups have made a submission for funding to introduce a formal work experience programme across the region. This targets 100 16+ age group following a diploma course at HE establishments. This would feed into the delivery requirement of the skills academy.	5	Days	9

KPI	Descriptor	Delivery Partners	Minimum Requirements	Measure	Band 6 (20m to £30m)
KP2	This target describes work experience attendance on NSaFC Projects for persons who are not enrolled in a course of education/study and who undertake a work-experience/pre-employment placement for a minimum of 5 working (consecutive or non-consecutive) days. This can include individuals from organisations such as Princes Trust, Probation Service, Job Centre Plus, Women into Construction, Armed Forces re-settlement programmes or local community organisations. It may also be appropriate for individuals seeking a career change.	This falls within the remit of Job Centre plus primarily with their appointed partners. The other agencies mentioned can be contacted by the contractor by a lead within the appropriate Authority must be identified to assist with the co-ordination of the relevant agencies. This has been found in regeneration departments and ownership of the PI must be geared towards these departments.	5	Days	12
KP3	This target describes the creation of new and sustainable job opportunities for new entrants into the sector. And as a result of the project are required on the project site(s) by the main contractor or subcontractor. a) Persons who are employed as Apprentices b) Persons previously unemployed c) Graduates	This is a contractor based PI as they will have the majority of responsibility for employment on the construction site. Client side input e.g. a newly appointed clerk of works or contracts administrator can also be taken on board to meet the required outcome.	13	Weeks	13
KP4	This target consists of the organisation and delivery of events focused on improving the image of the sector. Events are aimed at increasing awareness of the opportunities available within the industry, what it is like to work in Construction and how to get into the sector. To be counted, the activity must be formally structured, agreed by the project and the participating organisation.	Primarily a contractor based PI which builds upon his engagement with the client and the building user. Common practice amongst contractor set ups where pupil engagement is encouraged.	1	Event	11

KPI	Descriptor	Delivery Partners	Minimum Requirements	Measure	Band 6 (20m to £30m)
KP5	This target relates to and counts the number of weeks of formal training being undertaken by the site labour force working on a NSAF C Project. This will involve training following a recognised syllabus of study which has been accredited/certificated by either an awarding body for that qualification or by the recognised issuing organisation. One training week = 5 working days. Days can be cumulative for any individual (i.e. if an individual undertook a 3 day course certificated, a 4 day training course certificated and a qualification which is made up of 3 days of training the contractor could claim 2 training weeks). This target can include apprenticeship programmes counted in training weeks.	CYFLE shared apprenticeship programme would be in a position to assist with the delivery of a significant proportion of this output via placements with the main or subcontractor. Contractor can facilitate other training opportunities for year out students etc., following a degree course given a wider offer of training to through the project.	1	Weeks	551
KP6	6a) This target relates to persons gaining a nationally recognised qualification equivalent to Level 2 or above. Achievements can include vocational awards/diplomas, apprenticeship completions, professional qualifications, leadership and management courses (including IIM, health and safety, (including IOSH, NEBOSH, SMSTS & SSSTS). Outcomes must be accredited by a nationally recognised professional institution or awarding body. This target relates to (data reporting lines) 1. Qualifications – main contractor 2. Qualifications – sub contractors 6b) This target relates to persons gaining industry certification. Achievements can include short duration courses; project specific learning e.g. products, installation, technologies, or may relate to occupational competence, licence to practice or sector specific training e.g. the environment,	The three regional training groups could assist with the output for this PI. Training initiatives are already managed by the training group and with early involvement with the contractor a joint training programme could be agreed making best use of resources and wider offer to the supply chain within the region. Any direct training undertaken by the contractor of his own workforce through internal training programmes can be taken into account provided that they issue a recognised training certificate.	1	Certificate	34

KPI	Descriptor	Delivery Partners	Minimum Requirements	Measure	Band 6 (20m to £30m)
	sustainability, health and safety. Outcomes must be accredited by public education establishments, employers or other training providers and may be held externally or in-house and must be a minimum duration of 3 hours This target relates to (data reporting lines) 1. Short Duration training – main contractor 2. Short Duration training - subcontractors.				
KP7	This target relates to the annual company plan which details the organisational structured approach to training and developing the workforce. The plan must show the start and end date so that it demonstrates that this is a plan rather than a matrix. This target can include new plans and plans to be renewed.	CITB advisors have extensive knowledge of the supply chains within the region and could take ownership of developing a training plan on behalf of the main contractor. The main contractor would need to identify his supply chain and advise the CITB nominated officer of the need to review or put in place a training plan for the identified company.	1	Number	4
KP8	Case Studies Completed	Case Studies Completed	1	Number	4

4.2 FRS 5 Accountancy Treatment

Construction of the new school will be treated as an 'Asset under Construction' in line with CiPFA's Accounting Code of Practice and International Accounting Standard 16 'Property, Plant and Equipment'. The value of certificated stage payments will increase the value of the asset under construction; on completion the School will be valued as an operational asset on a Depreciated Replacement Cost (DRC) basis.

5 Financial Case

5.1 Project Summary Costs

5.1.1 Key Metrics

Project Title and Location	Ysgol Newydd Margam (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). <i>NB Welsh Government agreed to include both 11-16 and 3-16 options for consideration on the basis of Economic and Financial viability.</i>
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

Project Costs and Welsh Government Contribution		
	11-16 Option	3-16 Option
Capital Cost	£26,813,434	£31,347,739
Optimism Bias	£290,872	£156,488
VAT (only to be included where non-recoverable by applicant)	£0	£0
Total Project Cost (inclusive of optimism bias and risk)	£26,813,434	£31,347,739
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)	£16,813,434	£19,080,586
Welsh Government Contribution	63%	61%

5.1.3 Cost Template Option 2

	2016/17	2017/18	2018/19	2019/20	Total	£ M2	£ per pupil
Preliminary Items							
Site Investigation/Feasibility	£1,524,879	£745,970	£159,423	£7,313	£2,437,585	£246	£2,031
Land Acquisition							
Sub Total	£1,524,879	£745,970	£159,423	£7,313	£2,437,585	£246	£2,031
Substructures Total	£1,239,359	£478,039	£47,804	£5,312	£1,770,513	£179	£1,475
Frame	£97,775	£1,799,053	£52,798	£5,866	£1,955,492	£198	£1,630
Upper floors		£205,062		£634	£211,405	£21	£176
Roof		£2,101,890		£6,501	£2,166,897	£219	£1,806
Stairs		£170,181	£14,243	£555	£184,979	£19	£154
External walls		£1,102,211		£3,409	£1,136,300	£115	£947
External windows & doors		£958,456	£69,050	£3,092	£1,030,597	£104	£859
Internal walls and partitions		£663,546	£47,804	£2,140	£713,490	£72	£595
Internal doors		£614,395	£44,263	£1,982	£660,639	£67	£551
Superstructures Total	£97,775	£7,614,793	£228,158	£24,179	£8,059,800	£814	£6,716
Wall finishes		£44,923	£402,964	£1,348	£449,235	£45	£374
Floor finishes		£66,064	£592,593	£1,982	£660,639	£67	£551
Ceiling finishes		£50,209	£450,371	£1,506	£502,086	£51	£418
Finishes Total		£161,196	£1,445,928	£4,836	£1,611,960	£163	£1,343
Loose furniture & equipment			£346,150		£346,150	£35	£288
Fixed furniture & equipment			£346,150		£346,150	£35	£288
Fittings and furnishings Total			£692,300		£692,300	£70	£577
Sanitary appliances		£166,979	£43,791	£634	£211,405	£21	£176
Services equipment		£62,617	£16,422	£238	£79,277	£8	£66
Disposal installations		£41,745	£10,948	£159	£52,851	£5	£44
Water installations		£230,695		£713	£237,830	£24	£198
Heat source		£41,745	£10,948	£159	£52,851	£5	£44
Space heating & air conditioning		£1,317,853	£142,035	£4,393	£1,464,281	£148	£1,220

	2016/17	2017/18	2018/19	2019/20	Total	£ M2	£ per pupil
Ventilating systems		£166,481	£17,943	£555	£184,979	£19	£154
Electrical installations		£1,389,701	£149,779	£4,632	£1,544,112	£156	£1,287
Fuel installations		£25,633		£79	£26,426	£3	£22
Life & conveyor installations		£76,898		£238	£79,277	£8	£66
Fire and lighting protection		£263,234	£111,687	£1,128	£376,049	£38	£313
Communications & security install.		£148,529	£63,019	£637	£212,184	£21	£177
Special installations		£184,979	£78,484	£793	£264,256	£27	£220
ICT infrastructure		£248,904	£65,276	£945	£315,125	£32	£263
ICT screens			£173,075		£173,075	£17	£144
Builders work in connection		£208,724	£54,739	£793	£264,256	£27	£220
Mgt. of commissioning of services		£31,481	£73,140	£315	£104,936	£11	£87
Services Total		£4,606,199	£1,011,284	£16,410	£5,643,169	£570	£4,703
Sub Total Building Work	£1,337,134	£12,860,227	£3,425,475	£50,737	£17,777,742	£1,796	£14,815
External works		£1,171,622	£775,223	£5,858	£1,952,703	£197	£1,627
Site works		£941,462	£246,902	£3,576	£1,191,940	£120	£993
Drainage		£561,543	£97,114	£1,982	£660,639	£67	£551
External services		£179,694	£31,076	£634	£211,405	£21	£176
Minor building works		£62,617	£16,422	£238	£79,277	£8	£66
Demolition & works outside site	£401,310				£401,310	£41	£334
Highway costs (eligible)							
Abnormal items	£202,804	£1,173,675	£716,609	£7,745	£2,100,833	£212	£1,751
Sub Total External Works	£604,114	£4,090,614	£1,883,346	£20,032	£6,598,107	£666	£5,498
Total Construction	£3,466,127	£17,696,811	£5,468,244	£78,082	£26,813,434	£2,708	£22,345

5.1.4 Cost Template Option 3

	2016/17	2017/18	2018/19	2019/20	Total	£ M2	£ per pupil
Preliminary Items							
Site Investigation/Feasibility	£1,432,640	£700,846	£149,780	£6,870	£2,290,136	£202	£1,574
Land Acquisition					£-	£-	£-
Sub Total	£1,432,640	£700,846	£149,780	£6,870	£2,290,136	£202	£1,574
Substructures Total	£1,456,870	£561,935	£56,194	£6,244	£2,081,242	£184	£1,430
Frame	£114,934	£2,114,791	£62,065	£6,896	£2,298,685	£203	£1,580
Upper floors		£241,051		£746	£248,507	£22	£171
Roof		£2,470,776		£7,642	£2,547,192	£225	£1,751
Stairs		£200,048	£16,743	£652	£217,443	£19	£149
External walls		£1,295,651		£4,007	£1,335,723	£118	£918
External windows & doors		£1,126,666	£81,168	£3,634	£1,211,469	£107	£833
Internal walls and partitions		£780,000	£56,194	£2,516	£838,710	£74	£576
Internal doors		£722,222	£52,031	£2,330	£776,583	£69	£534
Superstructures Total	£114,934	£8,951,205	£268,201	£28,423	£9,474,311	£836	£6,512
Wall finishes		£52,808	£473,685	£1,584	£528,076	£47	£363
Floor finishes		£77,658	£696,595	£2,330	£776,583	£69	£534
Ceiling finishes		£59,020	£529,412	£1,771	£590,203	£52	£406
Finishes Total		£189,486	£1,699,691	£5,685	£1,894,862	£167	£1,302
Loose furniture & equipment			£406,525		£406,525	£36	£279
Fixed furniture & equipment			£406,525		£406,525	£36	£279
Fittings and furnishings Total			£813,050		£813,050	£72	£559
Sanitary appliances		£196,285	£51,476	£746	£248,507	£22	£171
Services equipment		£73,607	£19,304	£280	£93,190	£8	£64
Disposal installations		£49,071	£12,869	£186	£62,127	£5	£43
Water installations		£271,183		£839	£279,570	£25	£192
Heat source		£49,071	£12,869	£186	£62,127	£5	£43
Space heating & air conditioning		£1,549,138	£166,963	£5,164	£1,721,265	£152	£1,183

	2016/17	2017/18	2018/19	2019/20	Total	£ M2	£ per pupil
Ventilating systems		£195,699	£21,092	£652	£217,443	£19	£149
Electrical installations		£1,633,596	£176,065	£5,445	£1,815,107	£160	£1,247
Fuel installations		£30,131		£93	£31,063	£3	£21
Life & conveyor installations		£90,394		£280	£93,190	£8	£64
Fire and lighting protection		£309,433	£131,288	£1,326	£442,047	£39	£304
Communications & security install.		£174,596	£74,079	£748	£249,423	£22	£171
Special installations		£217,443	£92,258	£932	£310,633	£27	£213
ICT infrastructure		£292,587	£76,732	£1,111	£370,430	£33	£255
ICT screens			£203,263		£203,263	£18	£140
Builders work in connection		£245,356	£64,345	£932	£310,633	£27	£213
Mgt. of commissioning of services		£37,006	£85,977	£370	£123,352	£11	£85
Services Total		£5,414,596	£1,188,579	£19,290	£6,633,369	£586	£4,559
Sub Total Building Work	£1,571,804	£15,117,223	£4,025,715	£59,642	£20,896,835	£1,845	£14,362
External works		£1,377,244	£911,276	£6,886	£2,295,407	£203	£1,578
Site works		£1,106,691	£290,234	£4,203	£1,401,128	£124	£963
Drainage		£660,095	£114,158	£2,330	£776,583	£69	£534
External services		£211,231	£36,530	£746	£248,507	£22	£171
Minor building works		£73,607	£19,304	£280	£93,190	£8	£64
Demolition & works outside site	£496,160				£496,160	£44	£341
Highway costs (eligible)							
Abnormal items	£273,759	£1,621,331	£945,718	£8,986	£2,849,794	£252	£1,959
Sub Total External Works	£769,919	£5,050,198	£2,317,220	£23,430	£8,160,768	£720	£5,609
Total Construction	£3,774,363	£20,868,267	£6,492,714	£89,942	£31,347,739	£2,767	£21,545

5.2 Impact on the Organisation's income and expenditure account

5.2.1 Option 2

All figures in £'000s	Total 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	28.613	4.388	14.980	9.146	0.099	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Revenue Cost	376.215	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	-18.857	-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	385.971	11.318	21.909	15.532	6.015	5.916	5.916	5.916	5.816	5.916	5.916	5.916	5.916
Funded by:													
Existing Revenue	415.782	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	415.782	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.	-29.810	4.388	14.979	8.602	-0.915	-1.014	-1.014	-1.014	-1.114	-1.014	-1.014	-1.014	-1.014
Cumulative Additional		4.388	19.368	27.970	27.055	26.041	25.028	24.014	22.900	21.887	20.873	19.859	18.846

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

- Year 14, 24, 34, 44, 54, 59 £0.682m;
- Year 19 £1.364m;
- Year 29, 39, 49 £2.728m;

5.2.2 Option 3

All figures in £'000s	Total 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	45.004	3.011	17.835	10.403	0.099	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Revenue Cost	362.207	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	-22.675	-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	384.536	9.715	24.538	16.553	5.714	5.615	5.615	5.615	5.515	5.615	5.615	5.615	5.615
Funded by:													
Existing Revenue	415.782	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	415.782	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.	-31.246	2.785	17.608	9.623	-1.215	-1.314	-1.314	-1.314	-1.414	-1.314	-1.314	-1.314	-1.314
Cumulative Additional		2.785	20.394	30.017	28.801	27.487	26.172	24.858	23.444	22.129	20.815	19.501	18.186

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

- Year 14, 24, 34, 44, 54, 59 £0.683m;
- Year 19 £1.366m;
- Year 29, 39, 49 £2.731m;

5.3 Cost Build Up

5.3.1 Option 2

£'000s	NPV	Total Cost	Years 14,19,24,29,34 & 39 Lifecycle costs as noted above, remaining years as year 8.									
			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	£18.263	£19.062	£1.840	£10.649	£6.502	£0.070	£0.000	£0.000	£0.000	£0.000	£0.000	£0.000
Other Capital Costs	£7.426	£7.751	£0.748	£4.331	£2.644	£0.029	£0.000	£0.000	£0.000	£0.000	£0.000	£0.000
Lifecycle Capital	£4.603	£10.164	£0.000	£0.000	£0.000	£0.000	£0.000	£0.000	£0.000	£0.000	£0.000	£0.508
Capital Cost Total	£32.093	£38.777	£4.388	£14.980	£9.146	£0.099	£0.000	£0.000	£0.000	£0.000	£0.000	£0.508
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
Building Running Costs	£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	£1.265	£1.320	£0.127	£0.738	£0.450	£0.005	£0.000	£0.000	£0.000	£0.000	£0.000	£0.000
Optimism Bias	£0.279	£0.291	£0.028	£0.163	£0.099	£0.001	£0.000	£0.000	£0.000	£0.000	£0.000	£0.000
Risk Retained Total	£1.543	£1.611	£0.156	£0.900	£0.550	£0.006	£0.000	£0.000	£0.000	£0.000	£0.000	£0.000
TOTAL COST	£173.648	£291.763	£11.479	£22.815	£16.247	£6.347	£6.242	£6.242	£6.242	£6.242	£6.242	£6.750
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	-£6.525	-£12.338	-£0.006	-£0.006	-£0.166	-£0.326	-£0.326	-£0.326	-£0.326	-£0.426	-£0.326	-£0.326
TOTAL NET SAVINGS	£167.123	£279.425	£11.473	£22.809	£16.081	£6.021	£5.916	£5.916	£5.916	£5.816	£5.916	£6.424

5.3.2 Option 3

£'000s	NPV	Total Cost	Years 14,19,24,29,34 & 39 Lifecycle costs as noted above, remaining years as year 8.									
			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	£21.473	£22.405	£2.152	£12.747	£7.435	£0.071	£0.000	£0.000	£0.000	£0.000	£0.000	£0.000
Other Capital Costs	£8.570	£8.943	£0.859	£5.088	£2.968	£0.028	£0.000	£0.000	£0.000	£0.000	£0.000	£0.000
Lifecycle Capital	£4.605	£10.167	£0.000	£0.000	£0.000	£0.000	£0.000	£0.000	£0.000	£0.000	£0.000	£0.509
Capital Cost Total	£36.448	£43.315	£4.811	£17.835	£10.403	£0.099	£0.000	£0.000	£0.000	£0.000	£0.000	£0.509
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	£1.479	£1.543	£0.148	£0.878	£0.512	£0.005	£0.000	£0.000	£0.000	£0.000	£0.000	£0.000
Optimism Bias	£0.150	£0.156	£0.015	£0.089	£0.052	£0.000	£0.000	£0.000	£0.000	£0.000	£0.000	£0.000
Risk Retained Total	£1.629	£1.700	£0.163	£0.967	£0.564	£0.005	£0.000	£0.000	£0.000	£0.000	£0.000	£0.000
TOTAL COST	£172.943	£287.068	£11.684	£25.511	£17.316	£6.112	£6.008	£6.008	£6.008	£6.008	£6.008	£6.517
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	-£7.835	-£14.828	-£0.006	-£0.006	-£0.199	-£0.392	-£0.392	-£0.392	-£0.392	-£0.492	-£0.392	-£0.392
TOTAL NET SAVINGS	£165.108	£272.239	£11.678	£25.505	£17.117	£5.720	£5.615	£5.615	£5.615	£5.515	£5.615	£6.125

5.4 Overall Affordability and Balance Sheet Impact

A balance sheet asset addition of £26.813m for option 2 is made for an 11-16 new school, or £31.347m for a 3-16 new school. Short term additional funding is required of £27.970m for years 0 through 3 excluding VAT, retained risks and optimism bias for option 2, with short term additional funding is required of £30.017m 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.

The Local Authority component of the funding for this project will be met entirely through prudential borrowing. The profile of expenditure split between NPTCBC and WG will be as follows:

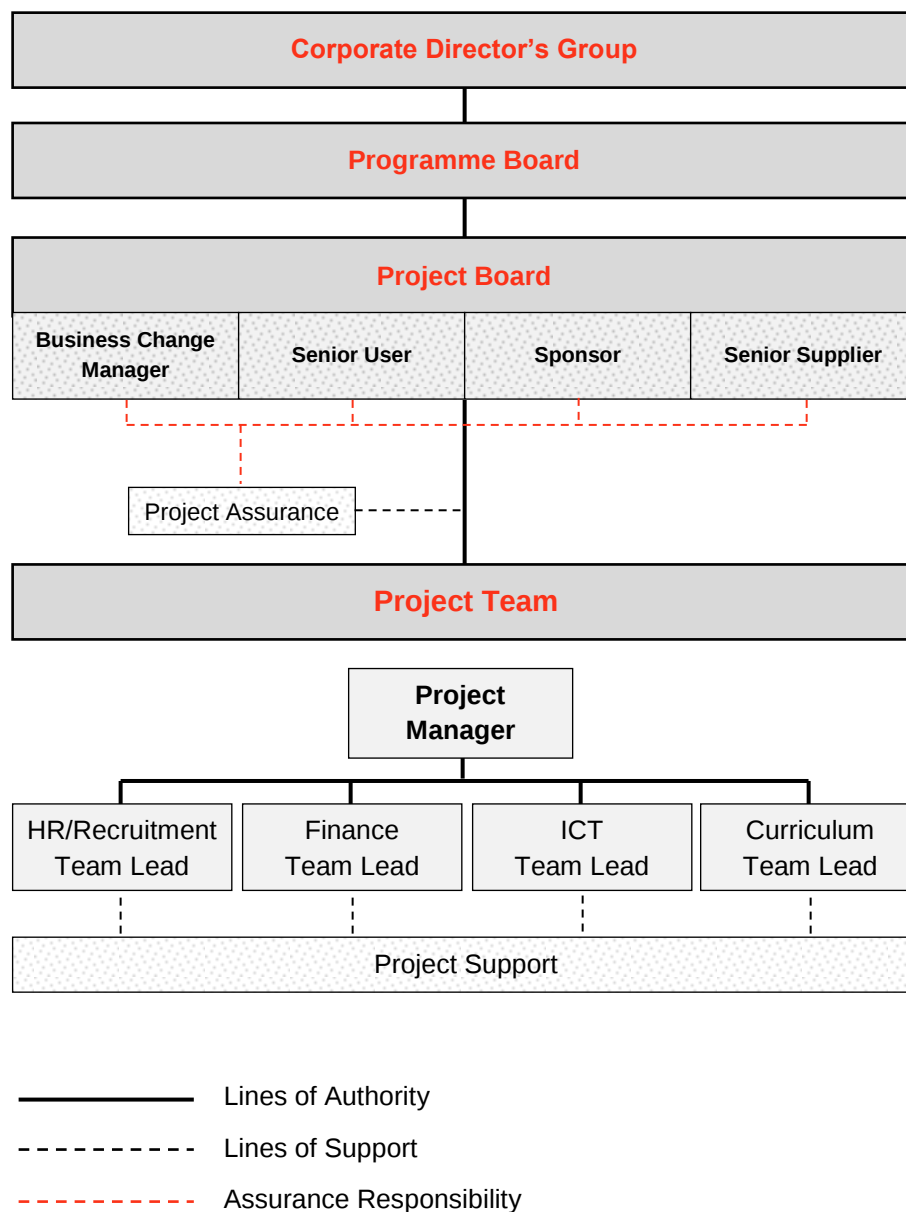
Year	Local Authority Component	Welsh Government Component
2015/16	£5,000	
2016/17	£3,006,000	
2017/18	£4,835,000	£13,000,000
2019/20	£4,322,144	£6,080,586
2020/21	£99,009	
Total	£12,267,153	£19,080,586

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 Transformation	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 Participation	Senior User

6.2.1 Project Plan

A project plan has been developed to date and the milestones of activities are included in the next table. The project has been created in conjunction with the Council's Environmental Services team and potential contractors.

This business case is a Full Business Case (rather than Final Business Case), to mitigate this, all contractors named in the appropriate framework lot (see Commercial Case) are aware of the high level programme of events that are required to meet the project deadlines.

All contractors are awaiting the instruction from the Council to commence the mini tendering process for the project. This process is likely to take five months. Whilst there is a preferred delivery timescale for the project (indicated in the current programme) the authority will work collaboratively with the preferred bidder to ensure that best value for money can be achieved and timescales are realistic.

Date	Actions (commencement)
May-16	• Submit SOC/OBC • Budget approval • Prepare Demolition planning application and submit • Brief development for all areas • Issue tender document
Jun-16	• Client instruction to proceed

Date	Actions (commencement)
Jul-16	• Submit FBC • Tender Evaluation
Aug-16	• Appoint Contractor • Initial site layouts • Spatial plans • SI reports, Ecology, etc.
Oct-16	• Scheme proposals
Nov-16	• Sketch plans/evaluation • Cost check
Dec-17	• Develop preferred option and submit for planning
Jan-17	• Detailed design
TBC	• Commence contract (demolition)
Mar-17	• Commence contract (construction)
Jul-18	• Commence fit out and furnishing • Commissioning
Aug-18	• Building completion
Mar-19	• Project completed
Aug-19	• End of defects and retention released
Sept-19	• Full occupation of school

6.2.2 Benefits Realisation

The plan for dealing with the management and delivery of benefits is shown below. The plan will be coordinated with the project plan and highlights handover and responsibilities for on-going operations in the changed state (where the benefits will actually accrue). There will be a Tracking Process, which will monitor 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.

Benefit	Owner	Target	Method of measurement	Responsibility for measurement	Timing of measurement	Outcome
More opportunities to facilitate distributed leadership and increased responsibilities	Chris Millis	A judgement of "Excellent" or "Good" for Estyn Key Question 3 - Leadership & Management	School self-evaluation, Local Authority & Estyn inspections	Governing Body & Headteacher	September 2019	
Greater opportunity for flexible working practices e.g. team teaching	Chris Millis	A judgement of "Excellent" or "Good" for Estyn Key Question 2 - Teaching	School self-evaluation, Local Authority & Estyn inspections	Governing Body & Headteacher	September 2019	
Improvements in staff recruitment and retention	Sheenagh Rees	Retention of staff higher than the County average	Staff complement records	Governing Body & Headteacher	September 2019	
Reduced sickness levels of staff	Sheenagh Rees	Staff sickness below the County average	Staff sickness records	Governing Body & Headteacher	September 2019	

Benefit	Owner	Target	Method of measurement	Responsibility for measurement	Timing of measurement	Outcome
Improved Attendance	Chris Millis	Attendance of 95%	School Attendance Return	Governing Body & Headteacher	September 2019	
Income from community use of facilities	Andrew Thomas	Increased income from community lettings	Financial outturn 2018/19	Governing Body & Headteacher	April 2020	
Securing positive learning experiences in Dyffryn School	Chris Millis	A judgement of “Excellent” or “Good” for Estyn Key Question 2 – Learning experiences	School self-evaluation, Local Authority & Estyn inspections	Governing Body & Headteacher	September 2019	
Energy Efficiency	Andrew Thomas	Reduction in energy usage of 10% and carbon emissions by 10%	Energy output from the new school premises in comparison to the old school premises.	Governing Body & Headteacher	September 2019	
Fully integrated community school	Chris Mills	Increase average daily uptake on Breakfast club by 10% Increase the current Community use of School resources by 75%	Local Authority and School records	Governing Body & Headteacher	September 2019	
More efficient use of premises/estate	Simon Brennan	Reduced backlog maintenance and accessibility costs by £7.4m	Condition & Accessibility Survey	Governing Body & Headteacher	September 2018	
Reduced ongoing revenue costs	Huw Jones	Reduction in revenue expenditure of 9%	New delegated school budget in 2019/20	Julie Merrifield	September 2019	
Staff will have greater training opportunities to participate in a wider range of courses	Chris Millis	All staff to have received relevant training and development	Record of staff professional development	Governing Body & Headteacher	September 2019	

Benefit	Owner	Target	Method of measurement	Responsibility for measurement	Timing of measurement	Outcome
Greater opportunities to use a wider range of different learning / teaching styles & specialisms	Chris Millis	A judgement of “Excellent” or “Good” for Estyn Key Question 2 - Teaching	School self-evaluation, Local Authority & Estyn inspections	Governing Body & Headteacher	September 2019	
Improved community links and facilities ensuring community cohesion, spirit and identity	Chris Millis	Increase the current community use of school resources by 75%	School records of community use	Governing Body & Headteacher	September 2019	
Continuity of pastoral case i.e. seamless progression from primary to secondary schools	Chris Millis	A judgement of “Excellent” or “Good” for Estyn key Question 1.2 - Wellbeing	School self-evaluation, Local Authority & Estyn inspections	Governing Body & Headteacher	March 2020	
Improved efficiency of school estate	Andrew Thomas	Reduce primary and secondary surplus place in the Margam area by 280. Reduce (cumulative) primary and secondary surplus places in the east of the County Borough by 600.	Local Authority and School records	Governing Body & Headteacher	September 2018 September 2020	

6.2.3 Risk Management

The Council will employ a risk mitigation strategy to lower the likelihood of the risk occurring and/or to minimise the impact on the programme if the risk did occur. While risk can never be totally eliminated, it can be managed and mitigated to lessen the likelihood and or impact of the risk on the programme. Risk management will be fundamental to the management of the project and as such, the project risk register will be reviewed on a weekly basis by the project manager. All risks arising from the project teams will be sent to the project manager for evaluation.

The total risk score for each risk is 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 will be referred to the Project Board for decision. The risk tolerance line for the project is illustrated in the following table and shown in the requested Risk Register below.

Likelihood	5	5	10	15	20	25	30	35	40	45	50
	4	4	8	12	16	20	24	28	32	36	40
	3	3	6	9	12	15	18	21	24	27	30
	2	2	4	6	8	10	12	14	16	18	20
	1	1	2	3	4	5	6	7	8	9	10
		1	2	3	4	5	6	7	8	9	10
		Impact									

Description - Risk	Risk control measure	Likelihood (1-5)	Impact (1-5)	Risk rating	Owner
Budget and Financing					
Project delay due to delay in financial approval from Welsh Government	Monitor	1	5	5	Andrew Thomas
Inflation / increased sub-contractor / materials cost	Realistic budget allowance with packages procured on a fixed price basis	1	2	2	Clive Barnard
Change of Government influences funding	Ensure robust and sufficiently developed OBC	1	4	4	Richard Gordon
Contractor Pre Construction Services	Review tender submission. Ensure robust proposal to satisfy project delivery. Clearly identify any deviation from Employers Requirements.	2	3	6	Clive Barnard

Description - Risk	Risk control measure	Likelihood (1-5)	Impact (1-5)	Risk rating	Owner
Activity Schedule cannot be agreed	Work closely with the contractor to agree a compliant cost to enable contract award.	2	5	10	Clive Barnard
Inadequate client contingency	Ensure the scheme fully reflects the brief. Client contingency is to be reviewed prior to contractor appointment	1	4	4	Clive Barnard
Statutory Requirements					
Other unknown Statutory Approvals conditions	Early identifications and discussion with Authority and the monitoring of conditions and discharges during works.	1	3	3	Clive Barnard
Planning not achieved	Continue liaising with Planning Authority	2	5	10	Clive Barnard
Requirement of a full Environmental Impact Assessment (EIA) as part of the Planning Application	Continue liaising with Planning Authority	2	3	6	Clive Barnard
Third Parties					
BREEAM Excellent required - additional fees	Review BREEAM pre-assessment and make requirements clear to Contractor	1	2	2	Jonathan Morris
Current power supplies to the site are not sufficient for new works	Early assessment made of current power supply, early liaison with Stat authorities.	2	4	8	Jonathan Morris
Adequate pressure in existing water main	Liaise with Water Authority to ascertain facts	2	4	8	Jonathan Morris
Design Issues					
Change of Building Regulations during the process	Consult LABC at an early design stage to ascertain known future amendments to the Building Regulations	3	3	9	Contractor
Sprinkler system compliance with life protection or property protection	Establish the scope during design development stage and liaise with relevant authorities	2	4	8	Contractor
Clarification of FFE requirements, including legacy appraisal of existing furniture and equipment to be transferred	Undertake full review of requirements, undertake survey and inventory of existing equipment	2	2	4	Jonathan Morris

Description - Risk	Risk control measure	Likelihood (1-5)	Impact (1-5)	Risk rating	Owner
Not achieving desired BREEAM rating	Manage against set criteria and monitor progress. Assign owner to each area to ensure progression. Experienced team with track record and understanding of delivering this requirement.	1	4	4	Contractor
Infrastructure capacity not sufficient to meet development needs	Commission early TA based on occupancy figures attained from client	2	5	10	Contractor/ Clive Barnard
SWTRA / Highway objections	Ensure early consultation with relevant parties and address issues arising in a timely manner.	1	3	3	Clive Barnard
Secure by Design requirements and implications	Establish scope and determine specification impacts during early design - early involvement of ALO	1	2	2	Clive Barnard
Change of brief or specification resulting in abortive design and unavailability / delayed equipment	Early client involvement, sign off of design and specification in accordance with the programme	3	5	15	Contractor/ Clive Barnard
Changes to the FFE due to technological advances and client changes	Agree specific design freezes with regard to ICT, telecoms in a timely manner. Review the requirements at an appropriate time during the construction phase and agree that the specified works are still acceptable. Identify key dates for final design information with client department.	3	3	9	Contractor
Additional / unsatisfactory building maintenance requirements imposed through the design	Principal Designer to work with full design team to design out risks where possible and ensure the building is maintainable with limited specialist equipment or personnel.	1	3	3	Contractor

Description - Risk	Risk control measure	Likelihood (1-5)	Impact (1-5)	Risk rating	Owner
Fire strategy not appropriate	Early liaison with LABC and Fire Brigade to establish the fire engineering approach to be adopted. Seek early approval with regard the design principal and continue liaison throughout the construction phase.	2	4	8	Contractor
Decision on foundation design	Commission a full SI at an early stage to establish the poor ground bearing capacity. This will enable the Stage 3 information to be comprehensive and reduce the risk associated with foundation design at the early stages.	2	5	10	Clive Barnard
Site Issues					
Works outside of the site boundary	Establish scope during the design development stage and liaise with relevant authorities	4	3	12	Contractor
Presence of contamination / hazardous materials	Check adequacy of the existing reports and carry out further checks / investigations if required.	2	4	8	Clive Barnard
Existing services running across the site that need diverting or protecting	Complete CAT and Genny survey shortly after contractor appointment. Establish the exact location of the gas pipe to the North of the site at the earliest opportunity	4	3	12	Clive Barnard/ Contractor
Complaints from neighbours regarding disruption / noise / dust / pollution / access	Produce an environmental management plan during at an early stage. Register the scheme with the Considerate Constructors scheme and abide by the charter. Neighbour liaison and regular newsletter throughout the project.	2	2	4	Clive Barnard/ Contractor

Description - Risk	Risk control measure	Likelihood (1-5)	Impact (1-5)	Risk rating	Owner
Procurement					
Poor project / design team	Select a consultant and contractor team with experience of delivering cost effective education developments similar in size and nature to that proposed.	2	5	10	Clive Barnard
Agreement of Contract amendments	Agree particulars of the Contract, and any variations of standard clauses at tender stage.	2	3	6	Clive Barnard
Construction					
Site security - theft and vandalism unknown	Employ security guard - develop a security strategy that involves the local community and police authorities	4	2	8	Roger Bowen/ Contractor
Inclement weather	Ensure current programme allows sufficient scope to accommodate	3	3	9	Clive Barnard
Sub-contractor failure due to economic climate	Careful selection process and management against package, contractors potential and overall commitments	2	5	10	Contractor
Local labour / recruitment / supplier targets cannot be achieved	Develop target schedule for package contractors and monitor.	2	2	4	Contractor
Ground conditions differ from that of the SI	Check adequacy and timing of the existing records. Allow adequate time early in the programme for carrying out further investigations if required	1	5	5	Clive Barnard/ Contractor
Protected species found on site causing programme delays due to licensing and mitigation required	Undertake species specific surveys at the earliest opportunity	1	2	2	Clive Barnard/ Contractor
Unforeseen ground conditions - archaeological	Ensure adequate early investigation has reduced this likelihood as much as possible	2	3	6	Clive Barnard/ Contractor
WRAP target not met	Manage against set criteria and monitor progress.	1	2	2	Contractor

Description - Risk	Risk control measure	Likelihood (1-5)	Impact (1-5)	Risk rating	Owner
Materials - availability of key materials and lead times, potential for cost escalation	Preparation and maintenance of Material Procurement Schedule during the construction phase to ensure technical and timescale requirements are understood.	2	2	4	Contractor
Demolition works	Ensure early possession of buildings and carry out R&D surveys. Programme works accordingly. Contact and arrange Stat Authority disconnections early during the process.	2	2	4	Contractor
Quality issues - construction works	Agree a close out programme and method of rectifying defects with Clerk of Works to ensure the delivery of a zero defect building at handover.	1	2	2	Contractor
Quality issues - design works	Agree a programme for the detailed design stage and allow adequate time for client consultation and approvals. Obtain sign off of the design at various stages in a timely manner to ensure the programme compliance	1	3	3	Clive Barnard/ Contractor
Failure to meet air tightness and sound transfer requirements	Commission early modelling and review detailing. Carry out early site tests on a section of the build to ascertain typical results, adjust further works accordingly	2	3	6	Contractor
Contractor not willing to take on construction phase planning conditions	Apply and obtain planning consent prior to end of tender stage and inform contractors of the necessity to comply with the conditions imposed	2	4	8	Clive Barnard

Description - Risk	Risk control measure	Likelihood (1-5)	Impact (1-5)	Risk rating	Owner
Commissioning not completed at handover	Allow ample commissioning time in the construction programme. Work with client to agree a suitable programme early during the construction phase.	2	4	8	Clive Barnard/ Contractor
Management of variations	Ensure that a robust system is in place to monitor and record method and date of correspondence. Keep this document live throughout the construction phase and ensure full compliance with the Contract particulars.	2	2	4	Clive Barnard/ Contractor
Programme					
Compliance with handover not being met	Planning for handover process embedded from project commencement to ensure all issues are understood and planned for.	2	5	10	Contractor
User handover, training, etc, ensure smooth transition to users	Allow adequate time at the end of the project to provide adequate training, embed into the project process.	2	5	10	Clive Barnard/ Contractor
Changes to the brief could endanger programme and lead to extra costs	Strong direction from project team and agree clear design freeze / sign -off and change control and monitoring process.	4	5	20	Clive Barnard
Unable to satisfy pre-commencement planning conditions	Arrange early consultation with planning authority and obtain planning consent in a timely manner	2	5	10	Clive Barnard
Construction phase over-run leading to client phased occupation	Construction programme to allow sufficient time for decant / occupation	2	5	10	Contractor
Provisional sums not being instructed in a timely manner	Prepare and maintain a provisional sum tracker, to include costs, instruction dates and schedule information release dates in line with the construction programme	2	4	8	Clive Barnard

Description - Risk	Risk control measure	Likelihood (1-5)	Impact (1-5)	Risk rating	Owner
Project delay due to late decision making and changes by client	Maintain close liaison with client and set clear sign-off dates	4	5	20	Clive Barnard

6.2.4 Change and Contract Management

The proposed charging mechanisms will be in line with the NEC3 Option C. This means that the Council, alongside their preferred contractor will be looking at elements of gain share from the design stage of the project, through feasibility and construction- using techniques such as value engineering to reduce costs (on a shared basis) against target cost.

The following principles however are likely to be implemented:

- Payment will be made at key milestones/staged payments and following evaluation by Neath Port Talbot County Borough Council and its Technical Advisers. This will include payment for feasibility studies and for works contracts arising as a result of the development project;
- Payments will only be made by the Council's Head of Finance against invoices which have been certified for payment by the appropriate head of department or budget holder/departmental authorised signatory.
- Order numbers must be quoted on the invoice and payment would be made within thirty days of receipt of a correctly submitted invoice; and
- The issue of the invoice and subsequent payment will be the last step in a process of work undertaken by the Project Quantity Surveyor (Cost manager) to verify that the work undertaken is as per the specification and meets the required standards.

The key contractual issues, such as Contract change control arrangements; remedies for breach of contract and general contract management (including management of disputes and agreements) are included within the standard form of contract that is NEC3 (Option C).

6.3 Contingency Plans

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