

## Education MIM Programme Review

### Summary for Strategic Partnering Board

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#### Background

The Education MIM Programme review commenced following the first two pathfinder projects achieving financial close. The review focused on three key areas:

- reviewing the MIM specification and process to reduce costs and improve value for money (VfM) for MIM projects;
- reviewing the indicative pipeline to ensure the scope is accurate and costs are achievable. This includes the development of an options appraisal for the future pipeline; and
- review the resource requirements for the Programme.

The outcome of the review was approved by the Minister for Education and Welsh Language and the Minister for Finance and Local Government in April 2023.

#### Summary of Outcome

- **Review of the MIM specification and process to reduce costs and improve VfM for MIM projects.**

WEPCo held an all-day stakeholder lessons learnt/VfM workshop in Cardiff on 17 January. Participants included representatives from the WG, RCT LA, Morgan Sindall, Robertsons, and technical/design consultants working on the pathfinder projects. The workshop was well attended and focused on defining which areas of the MIM technical requirements were deemed as in or out of scope for undertaking a value engineering (VE) exercise.

The VfM opportunities vary between primary, secondary and FEI due to the nature of use and differing opportunities for alternative materials for construction. Typical values that can be expected through the review are set out below.

	Primary		Secondary	FEI	
	Group 1	Group 2 & 3	Group 2 & 3	Group 1	Group 2 & 3
Anticipated Saving	5%	9%	7%	3%	5%

The differentiation between 'Group 1' and 'Group 2 & 3' accounts for the stage that projects are at and the degree to which designs have already progressed. Groups 1 – 3 are defined in the following way:

<b>Group 1</b>	These projects have received SOC approval. New Project Requests (NPRs) have been issued for these projects and have been subsequently accepted by WEPCo. Design has commenced.
<b>Group 2</b>	These projects have not issued their NPR but are actively being worked on by the Participant, working in partnership with WEPCo and/or WG appointed consultants.

<b>Group 3</b>	These projects are included within the Strategic Partnering Agreement (SPA) but are not currently being actively worked on and there is no involvement from WEPCo or WG appointed consultants.
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WEPCo will continue to assess opportunities to achieve greater value for money, with detailed assessment of the options included within the VE Paper attached below.



WEPCo\_VE Paper  
2023\_FINAL.pdf

- **Review of the indicative pipeline to ensure the scope is accurate and costs are achievable. This includes the development of an options appraisal for the future pipeline.**

When the Education MIM pipeline was established in 2019, it was on the basis that it would deliver up to £500m capital equivalent investment. Due to increased cost and scope of projects included within the MIM pipeline, the full pipeline would not be deliverable within the cap. Following the VE exercise, and based on information provided by WEPCo, the full pipeline has an estimated capital value of £1,086,800,000 (including optimism bias).

A full options appraisal was presented to Ministers, which was undertaken on the assumption that all projects included within the pipeline remain a priority for delivery and alternative delivery options would need to be considered to deliver any displaced projects. Ministers agreed to maintain the existing £500m cap for the programme, prioritising projects up to this value.

Two projects have already achieved financial close (RCT Primary Batch 1 and Flintshire 3-16 Campus) committing £118m of the cap. There are a further three projects currently being worked on by WEPCo which have completed Stage 1. These projects represent a further £218m commitment. Ministers wanted these projects to progress given the amount of work already invested in their delivery. This means there is £164m of the cap uncommitted for pipeline projects.

Ministers agreed that FEI projects should be prioritised for the following reasons:

- the VfM review has identified that the estimated costs to deliver the FEI projects are more in line with similar projects being delivered through the capital programme due to the scale of the projects and similar specification being used;
- FEIs are less likely to be able to identify the 35% contribution to deliver the projects through the capital programme, as they are unable to access long-term borrowing through PWLB; and
- their readiness to deliver.

The prioritised project pipeline is outlined in the table below.

<b>Participant</b>	<b>Project Type</b>	<b>Indicative CAPEX Value (£)</b>
Cardiff and Vale College	2 x College Campus	104,300,000
Bridgend CBC	2 x Primary	37,800,000
Neath Port Talbot Group	College Campus	75,700,000
Coleg Gwent	College Campus	90,000,000
Coleg Sir Gar	2 x College Campus	85,000,000
<b>Overall Total</b>		<b>392,800,000</b>

Ministers noted that officials would work with the LAs that have projects outside of the cap to discuss options for delivery of their projects. Where projects remain a delivery priority and need to be progressed in the short term, LAs would be able to submit a variation request to deliver the project through the capital programme, either as a Band B project, or as part of the rolling programme. Where projects are not a priority for delivery in the short term, the project could remain as part of the MIM pipeline, but noting the current £500m cap.

Further advice would be provided to Ministers following the implementation of the rolling programme regarding the projects that remain within the MIM pipeline. Ministers could then consider whether it would be appropriate to increase the cap any further.

Additionally, and to address a long-standing concern of the FEI sector, Ministers have agreed to fund 100% of the unrecoverable VAT costs incurred through the delivery of infrastructure projects, which would ensure parity between FEIs and LAs.

- **Review of resource requirements for the Programme.**

The programme will be supported through a mix of internal and external resource. Internal resource will be integrated into the existing capital team to ensure greater alignment with the two delivery elements of the Programme. External consultancy services will be accessed to provide specialist technical advice and assurance.

Contract Managers will be responsible for the day to day management of the MIM projects, being the main contact for the Participant's project manager, engaging with external consultants and WEPCo.

External specialist consultancy service contracts with Gleeds, Price Waterhouse Coopers and Bevan Brittan have been extended until January 2024 whilst this review was ongoing. These support service contracts will be retendered based on the agreed pipeline going forward.

### **Next Steps**

WEPCo will be in touch with each Participants with projects prioritised within the £500m cap to discuss next steps and develop a delivery plan for the project.

LAs with projects not prioritised within the £500m cap should consider the delivery options available and discuss with their main Sustainable Communities for Learning Programme contact.