**Business Case Templates**

Business case stages should be iterative:

* The ***Strategic Outline Case*** (SOC) makes the case for change within the wider strategic context and tests alignment with national, regional and local strategies
* The ***Outline Business Case*** (OBC) assesses the best option for delivering the strategic objectives and benefits within the resource envelope available
* The ***Full Business Case*** (FBC) outlines how the project and its objectives and benefits will be delivered in terms of quality and value for money.

Avoid repetition:

* Do not repeat information in more than one section
* Revisit the earlier business case (i.e. SOP, SOC or OBC) and confirm any key changes. If the business case remains the same, there is no need to repeat what was agreed at this previous stage. Include cross-references to earlier documents where appropriate.

Flag in the index where specific policy issues are addressed:

* Assessors may have ten or more business cases to read each month. Make it as easy as possible for them to find the information they are looking for.

Keep it brief:

* Stay within the word limits
* Try to be factual and concise; use bullet points where possible rather than lengthy narrative
* Tables make financial information easier to analyse
* A site plan is helpful for context
* Top five risks and mitigation actions is sufficient
* Include photographs of current building.

Avoid annexes:

* If it is important it should be in the main body of the business case
* We do not need to see tender documents.

**Strategic Outline Case (SOC)**

**Executive Summary (500 words)**

*A brief synopsis of the project and its benefits*

What do you want to do? Why? What will it achieve in terms of building condition, capacity and reduction of maintenance costs? What is the estimated cost? What is the proposed completion timeframe? Have you considered the guidance in the School Organisation Code? Do you need to carry out consultation and publish a statutory notice? If so could will this affect your timescales? How old are the existing buildings?

**Strategic Case (2,000 words)**

*Demonstrate how the project will meet the community’s needs*

* **Strategic objectives**
* Give a short description how the project supports existing policies and strategies of the organisation and other programmes and projects within the strategic portfolio.
* **Wider context**
* Give a short description how the project supports existing policies and strategies of the Welsh Government e.g. Well Being of Future Generations Act, Programme for Government, Cymraeg 2050, its commitment to tackle child poverty.

**1.** **EDUCATION**

* **Case for change**
* Specify the spending objectives for the project. Theses should focus on the target outcomes and be SMART.
* Specify the main benefits associated with the achievements of the project’s spending objectives, including the benefits to all learners, including disadvantaged pupils Distinguish benefits from outcomes.
* Specify the main risks associated with the spending objectives and the proposed counter measures for avoidance, mitigation and management.
* Specify any constraints that have been places on the project.
* Specify any dependencies outside the school of the project upon which the success of the project is dependent.
* **Demographics / catchment / demand**
* What are the names and location of schools/colleges involved? (include the type of schools, age range and language provision)
* Where is the proposed location and why has it been chosen?
* What is the current capacity?
* What is the demand for places? (Provide evidence of future uptake if increase in demand is forecast).
* Include detail of all provision, including numbers of places (e.g. nursery, sixth form, additional learning needs centre)
* What is the impact on nearby schools/colleges (e.g. will it address sufficiency of places elsewhere?)
* Have the other schools/colleges been consulted/involved in developing the proposal?
* **Childcare / early years provision**
	+ Do the proposals include provision for, breakfast clubs, Flying Start provision, after school care, holiday play schemes or wrap around childcare?
	+ What reference has there been to the Local Authority Childcare Sufficiency Assessment?
	+ How will the proposals support Welsh Government’s Childcare Offer?
	+ How will the project support the Cymraeg 2050 aim of expanding Welsh-medium childcare provision?
* **Welsh medium education**
* How will the project support the aims of Cymraeg 2050: A million Welsh speakers and the targets as set out in either the Welsh in Education Strategic Plan (WESP) or the FEI’s Welsh-medium and Bilingual Strategy?
* What is the impact on Welsh medium education and training? Assessing impact upon Welsh medium provision is also a requirement with projects that may be deemed as English medium.
* Does the project support co-location of provision where possible to encourage continuity and progression? For example, co-location of Welsh medium childcare, Welsh medium education, immersion provision.
* **Additional learning needs provision**
* Detail the needs of any learners/potential learners including bilingual learners.
* What will the impact of the proposal be on these learners?
* What provision is there for children and young people experiencing difficulties/at risk of exclusion e.g. PRU provision on site/nearby.
* **Disability**
* Think about different types of disability, impairment, or long term health condition. This also includes Deaf BSL users. Consider what barriers disabled people face. Can these barriers be reduced, removed or mitigated?
* **Post 16**
* What consideration has been given to collaborative working with local colleges; other schools and 6th form centres to avoid working in competition or duplicating provision?
* How will the post 16 option proposed impact on educational outcomes including learner choice and class sizes?
* Has the impact on learner travel been considered?
* Cymraeg 2050’s strategic aim in post-16 is to: *“Develop post-compulsory education provision which increases continuity rates and supports everyone... to develop Welsh language skills for use socially and in the workplace.”* whereby the Coleg Cymraeg Cenedlaethol is leading on developments. How will the proposal contribute towards the six aspects (pillars) of the Coleg’s [*Further Education and Apprenticeship Welsh-medium Action Plan*](http://www.colegcymraeg.ac.uk/cy/astudio/addysgbellachaphrentisiaethau/cymraeg2050/) and the vision to enable all learners to maintain and develop their Welsh language skills?
* What provision will be developed and increased as a result of the proposal especially in the main priority areas (page 56/57). In writing your proposal, your designated senior manager with responsibility for Welsh language curriculum developments will be able to provide advice and guidance.
* **Period dignity**

For toilet provision and refurbishment, please include in the business case how period dignity has been considered in your proposal. Consider the following:

* Can those who menstruate access toilets where they can change, dispose or clean sanitary products without being overheard?
* Can those who menstruate access private sinks (ideally within a private cubicle) in order to wash and prepare reusable period products?
* Have you considered the needs of transgender, non binary and intersex young people when considering period dignity? This may include ensuring sanitary bins and products are available across all facilities.
* Have you undertaken a gendered analysis of toilet requirements?
* **Equality Impact Assessment and Children’s Rights Impact Assessment**
* Confirm that these assessments have been/will be completed.
* **Youth Engagement**
* Has there been consultation with learners and parents/carers in developing the proposal?
* Proposals must consider wider government priorities so that new buildings or refurbishments provide appropriate or flexible spaces to deliver Welsh Government education strategies including curriculum reform.
* Where the proposal relates to a school delivering pre-16 provision, does the proposed project enable effective delivery of the new curriculum in Wales? How will it support learners to realise the four purposes? For example, does it consider open-plan areas, individual or quiet learning areas, discussion zones, innovative spaces to learn and play or outdoor learning facilities?
* **School/College performance condition category and targets following project**
	+ Give details of current school performance along with proposed targets post project
	+ What are the transitional arrangements for learners (e.g. how will learner outcomes be maintained during project; how will learners be supported through any potential disruption).

**2. BUILT ENVIRONMENT**

* Planning: Site location
	+ Is the site an existing school site/ allocated within a Local Development Plan/ a new site not allocated within a Local Development Plan? The proposal will need to demonstrate what alternatives have been looked at to ensure it is the most sustainable location. For example demonstrating how the sequential test, as required by policy 6 of Future Wales, has been applied, avoiding areas of flood risk etc.
	+ It is important that this analysis is undertaken at the very early stages of the project, ideally in the five year strategic plan/ strategic outline programme. With regards to sites not allocated within the Local Development Plan it is important at this early stage that the team speak to the local authority planners. It is at this early stage that it would be good to use the DCFW design review process to maximise the potential benefits more details of which are here [Design Review Service - Design Commission for Wales (dcfw.org)](https://eur01.safelinks.protection.outlook.com/?url=http%3A%2F%2Fdcfw.org%2Fourservices%2Fdesignreviewservice%2F&data=04%7C01%7CRachel.DeBenedictis%40gov.wales%7Cb57a4c4fd52d45d5754708d937ebd2a4%7Ca2cc36c592804ae78887d06dab89216b%7C0%7C0%7C637602308251285309%7CUnknown%7CTWFpbGZsb3d8eyJWIjoiMC4wLjAwMDAiLCJQIjoiV2luMzIiLCJBTiI6Ik1haWwiLCJXVCI6Mn0%3D%7C1000&sdata=1cAzpwCvYsL6abl%2Fp4CkctNgARxI68dqRk%2B7gIKM0gc%3D&reserved=0).
* Details of scheme: How does the proposal meet the relevant:
	+ Strategic place making outcomes (page 19 PPW);
	+ Policy 2 of Future Wales – Shaping Urban Growth and Regeneration – Strategic Placemaking.
	+ How does the proposal meet the relevant planning policy in Future Wales and the Local Development Plan

Examples of relevant policies:

* links to existing infrastructure and how these can be strengthened,
* provision of active travel and green infrastructure,
* opportunities for play,
* net biodiversity benefit,
* provision of electric charging points,
* decarbonisation,
* how the proposal will prioritise active travel over the car.
* **Active Travel**
* Has the local authority assessed the travel needs of learners in their area in accordance with their statutory duty under Learner Travel Measure 2008?
* Has the local authority/Further Education Institution assessed the potential travel needs of learners who will attend the school or college?
* What will be the impact on the number of learners eligible for free transport under the age, distance, aptitude criteria? Have the on-going cost implications/resource availability of this been considered?
* What is the impact on journey times between home and school/college?
* Has the local authority risk assessed the walked routes to school/college?
* What will the impact on learner travel be? Will the project reduce or increase the opportunities for learners to walk or cycle to school/college?
* Will there be adequate facilities for cycle/scooter storage?
* What are the Legislative / Cost / Time / Practical implications of Covid restrictions and will this alter travel plans?
* **Town Centre First**
* The Welsh Government is keen to promote the use of town centre locations for new developments where this is appropriate. Is the proposed project located in a town centre? If not, please explain why a town centre location would not be appropriate/possible.
* A map or reference to the precise location should be included.
* **Community use of Facilities**
* How will the proposed facilities fit with current/local facilities?
* What are proposed plans for community use, including access to services and programmes which support community resilience and contribute to tackling poverty?
* What other facilities will be available for community use? e.g. room hire; common areas for adult/community learning.
* What consideration has been given to the school internet provision being opened up for public access (e.g. community Wi-Fi); for ICT equipment to be made available for community use at initial planning stages e.g. adult learning courses or sessions to help improve basic digital skills; and to support households with school children who live in close proximity be able to continue learning and complete assigned work outside of school hours.
* Is the school aware of the Welsh Government Digital Heroes initiative, which is part of the wider ‘Digital Communities Wales: Digital Confidence, Health and Well-being’ programme. Digital Heroes is a volunteering initiative whereby primary and secondary school pupils receive training from the programme on how to help someone get online and then go out into the community (or invite community members into the School) to help them with basic digital skills. <https://www.digitalcommunities.gov.wales/digital-heroes/>
* **Sport and Outdoor Play Facilities**
* How will the proposed facilities fit with current local facilities?
* What are proposed plans for community use? What is needed to maximise usage – i.e. flood lights?
* In the case of full-size pitches (artificial and grass), have you consulted the relevant National Governing Bodies of Sport (e.g. the FAW, WRU and Hockey Wales) if the pitch in question is to be used by community clubs?
* In the case of artificial pitches, has a sink fund been factored in for on-going maintenance costs?
* **Environment (Wales) Act 2016**
* Section 6 of the Environment (Wales) Act 2016 requires public authorities to maintain and enhance biodiversity and the resilience of ecosystems in the exercise of its functions. The provision of bio-diverse green infrastructure by public authorities helps them to comply with their statutory duties, as well as deliver their well-being objectives where they are also a public body subject to the Well-being of Future Generations Act 2015.
* The Welsh Government has an ambition of a carbon neutral public sector by 2030. How energy efficient are the designs? Have you looked at onsite or nearby development of renewable energy generation, including low carbon heating.
* Recognition of the role that renewables play in effective long term cost, environment and wellbeing solutions.
* Have you considered Electric vehicle charging infrastructure and the source of power, for instance solar car ports.
* Do you have water and recycling and waste management plans e.g. passive ventilation, use of sustainable urban drainage and the options for tree planting and green spaces.
* Water quality initiatives in the form of sustainable drainage systems at ground level, such as ponds and swales, and at building level in the form of green roofs and walls
* Creation of ecologically resilient habitats on the new site should be included within the business case.
* Plans on creating areas of biodiversity, any provision that would contribute to improving air quality and decarbonisation. Actions and works to improve the existing natural features that add to a school’s sense of place e.g. hedgerows, trees, earth banks and historic features or landscape character.
* Planting of individual or small groups of trees for parkland, hedgerows, orchards and wildflowers to increase connectivity between habitats to directly benefit wild pollinators and increase resilience of our biodiversity. All these provide opportunities for food growing initiatives, outdoor learning and screen from sources of air pollution such as roads
* Installation of bird boxes in appropriate locations
* How links to any neighbouring natural environment features, that could range from green space to a national park, have been enhanced
* Fencing and other measures to improve biosecurity and animal health and welfare
* Development of interpretation materials and visitor information (e.g. habitats and species, ecosystem services and historic environmental features)
* Provision of bike/scooter storage and wider action plans for Active Travel
* Ensuring no net loss of playing fields and green spaces. If so, what will be done to mitigate the effects of this? Has engagement taken place with the local authority’s green space team?
* How will future SuDS and green spaces be maintained? Have attempts been made to apply the [Building with Nature Standards](https://www.buildingwithnature.org.uk/how-it-works)?
* Please refer to <https://www.buildingwithnature.org.uk/how-it-works> for more information.
* What construction materials are being used? Where do they come from? can you incorporate reused or recycled components? Has Welsh timber been considered?
* Renewable energy generation.
* **Net Zero Carbon**
* For new build projects, please include in the business case:
* assurance of net zero carbon in operation and a maximum of 800kgCO2/m2 to be considered for additional funding up to a maximum of £350/m2 of the building gross internal area at the relevant intervention rate applicable to that project.
* how the energy usage will be monitored and reported on for the 5 years, and as a pilot what will be provided in the form of a lessons learnt report at the end of the project.
* NPV calculations will need to show cost per tonne of CO2 saved.
* Completion of the net zero carbon valuation spreadsheet.

For refurbishment projects, please include in the business case:

* evidence of the current operational carbon used and that saved, and to achieve net zero both must be equal or the saving being more to show negative carbon.
* NPV calculations will need to show cost per tonne of CO2 saved.
* Completion of the net zero carbon valuation spreadsheet.

**Economic Case (2,000 words)**

*Demonstrate that the project provides good value for money*

* **Investment objectives and critical success factors**

These are used to assess whether an option is likely to be successful. Examples of (but not limited to) these are:

* Strategic fit
* Delivering value for money
* Achievability
* Affordability
* Acceptability
* Sustainability
* **Generate the long list of options**

A wide range of options should be generated to show that all possibilities have been considered. The options framework below can be used to help generate the long list:

* Scope – What could be done and where?
* Service solution – How could it be done? e.g. new build
* Service delivery – Who could deliver the provision?
* Implementation – When could it be done? Does it need to be phased?
* Funding – How could it be funded? e.g. Capital or through the Mutual Investment Model.
* **Narrowing down to the short list**

These options should be examined as a group exercise and that you record the time, date and attendees involved in this process. To narrow down the long list, the following process should be undertaken:

* The options should be assessed directly against both the investment objectives and critical success factors, indicating which are met, partially met or not met
* Provide a brief summary of the main advantages and disadvantages
* Decide whether the option should be carried forward or discounted.

Following this analysis, a short list of options is identified that will be taken forward for more detailed analysis in the OBC. Describe the short list. This should include a minimum of 3-5 options, including:

* Business as Usual
* A **realistic** do minimum based on the core requirements for the project
* The recommended preferred way forward
* One or more possible options based on a more and/or less ambitious combinations of the preferred way forward.
* **Quantitative benefits template**

This provides a summary of the main quantitative benefits, including improvements in condition and suitability, numbers of places and reduction in backlog maintenance **after completion of works**. This should be filled in as much as possible at this stage for all short listed options.

It is also a place to record the indicative economic costs for the shortlisted options. Remember to also make allowances for optimism bias, particularly in the absence of more detailed risk appraisal.

* **Calculate net present values (NPV)**

NPV should be calculated in order to assess which option offers the best value for money over the expected life of the building. This is generally 30 years for a refurbishment and 60 years for a new build. A summary of what should be included is:

* Costs of the build
* Costs of ongoing maintenance and running the building
* Any other financial costs from operating e.g. transport
* The value of existing assets to reflect their opportunity cost
* Any transactions to buy or sell existing assets
* The expected residual value of the site(s) recorded as a benefit
* An allowance for optimism bias
* Any revenue received recorded as a benefit.

A NPV template needs to be completed to help structure this. Please provide all assumptions and calculations behind the figures, as without these the case will not be accepted. The results from this should be the primary criteria to decide which option offers the best value for money.

* **Provide an assessment of the benefits**

Firstly the quantitative benefits template submitted should reflect the improvements in condition and suitability, numbers of places and reduction in backlog maintenance **after completion of works**.

While this reflects the main benefits associated across all education projects, it is also important to consider any qualitative benefits of each option. Primarily this should highlight any **significant additional benefits** (not already quantified) which are important in context of the project. This is especially important to articulate where an option with a higher NPV has significant additional benefits over an option with a lower NPV.

**However this assessment should complement the findings from the NPV rather than be considered the primary criteria.**

* **Provide an assessment of risks**

This should assess different types of risks associated with each short listed option. It should consider the likelihood of risks occurring and their potential impact. Weighting and scoring can be used and recorded in like in the table overleaf:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Type of risk and Weight** | **Option 1** | **Option 2**  | **Option 3** | **Option 4**  |
| Impact (I), Likelihood (L) and risk score (S) | I | L | **S** | I | L | **S** | I | l | **S** | I | L | **S** |
| Benefit Criteria 1 |  |  |  |  |  |  |  |  |  |  |  |  |
| Benefit Criteria 2 |  |  |  |  |  |  |  |  |  |  |  |  |
| Benefit Criteria 3 |  |  |  |  |  |  |  |  |  |  |  |  |
| Benefit Criteria 4 |  |  |  |  |  |  |  |  |  |  |  |  |
| Benefit Criteria 5 |  |  |  |  |  |  |  |  |  |  |  |  |
| **Total** |  |  |  |  |  |  |  |  |  |  |  |  |
| **Rank** |  |  |  |  |

This assessment is not an isolated process and should be linked with a risk register and inform the calculation of optimism bias. Details of how risks will be monitored and been mitigated should be noted as part of a risk register. A judgement on risks and how well they can be mitigated should inform the optimism bias calculation. A template for calculating optimism bias is included within the NPV template spreadsheet.

Based on the results of the analysis, the preferred option should then be identified as the best value for money.

* **Sensitivity analysis**

It is important that the robustness of the preferred option is tested through sensitivity analysis. This ensures that even if there are a rise in costs, a shortfall in benefits or both, that the preferred option still represents the best value for money. This can either be done using switching values or scenarios. A brief summary of the analysis should be provided to show that the preferred option remains robust.

**Commercial Case (250 words)**

*Demonstrate that the project is commercially viable*

* State the Project will be following the standard approach set out in the Strategic Partnering agreement and using the standard form MIM Project Agreement
* Community benefits approach – confirmation that a plan for community benefit / social value objectives will be developed.

Template wording for the Commercial Case

As set out in the SOC the preferred option to build [insert name of facilities to be built] is being procured via the MIM (Revenue) Programme (21st Century School and Colleges Band B).

MIM is a design, build, fund and operate contract where the Public Sector transfers risk to the Special Purposed Vehicle (MIM SPV). Although the MIM Project Agreement is standard form, project specific derogations are allowed. Any project specific derogation will need to be approved by Welsh Government and assessed to ensure that accounting treatment is not altered.

The standard form Project Agreement sets out the commercial arrangements between the local authority and MIM SPV for the design, construction funding and operation for the period of the contract (25 years).

Procurement Approach

As a signatory to the Strategic Partnering Agreement (SPA), [Insert name of Council/College] issued as New Project Request on [insert date of NPR] in order to use WEPCo and the Tender process set out in the SPA, as a route to delivery this Project.

**Financial Case (250 words)**

*Demonstrate that the project is affordable*

* Financial forecast
* Funding requirements
* Source of matching funding
* Highlight any known abnormal costs
* Confirm the Annual Service Payment affordability cap
* Confirm the Estimated Capital Value and the Stage 1 and Stage 2 development caps

**Management Case (250 words)**

*Demonstrate that the project will be delivered effectively*

* Project management methodology i.e. MSP/Prince2
* Key risks and mitigation
* Key milestones

**Outline Business Case (OBC)**

**Executive Summary (500 words)**

*A brief synopsis of the project and its benefits*

What do you want to do? Why? What will it achieve in terms of building condition, capacity, increasing Welsh medium provision and reduction of maintenance costs? What is the estimated cost? What is the proposed completion timeframe?

**Strategic Case (500 words)**

*Demonstrate how the project will meet the community’s needs*

* Changes since SOC was approved
* Date SOC was approved

Template Net Zero Carbon wording

On 29th April 2019 the Welsh Government declared a climate emergency. The Welsh Government has committed to achieving a carbon neutral public sector by 2030. As public buildings, schools will form part of this public sector estate. Welsh Government provides 81% financial support to the revenue payments incurred in delivering MIM projects. [Due to handover in [insert date] it is crucial that the project is future proofed in terms of net zero carbon requirements. Pursuant to the SOC this project has been progressed with WEPCo as a Net Zero Carbon scheme subject to value for money assessments – see Economic Case.] delete if not progressing as NZC scheme.

As a MIM Project, there is already a requirement for the Authority’s Construction Requirements to be adhered to which specify low energy targets based on a PassivHaus philosophy. This has been developed with the Welsh Government’s industry experts in this area drawing on experience from other projects across the UK. The energy targets in the specification already go a considerable way to reduce the Carbon impact of the buildings. The definition for the pilot targets Net Zero Carbon in operation and an embodied carbon target of 800kgCo2 (to be measured and improved upon in future projects). See Annex for definition.

**Economic Case (3,000 words)**

*Demonstrate that the project provides good value for money*

* Restate investment objectives and critical success factors
* Update risk assessment
* Restate preferred option
* Size and cost benchmark analysis

The Economic Case should be comprehensive at OBC stage and will not be accepted unless it contains all the necessary content. The requirements of this section at this stage are to:

* Summarise the findings from the SOC and update with any changes;

It should briefly restate the shortlist of options and provide a summary of how this was narrowed down to the Preferred Option.

If this has changed since SOC stage, the process needs to be restated in full with clear explanations for decisions on whether options should be taken forward. The new short list should then be taken forward for detailed analysis.

* Summarise size and cost against BB 98/99 limits
* Complete the Welsh Governments comparator to Capital funded projects
* Conduct sensitivity analysis to test the robustness of the preferred option.

**Template NPV and PSC wording**

**Net Present Value calculations**

The NPV spreadsheets have been populated (see appendix 2). The figures used are based on the following sources, per delivery route:

Public Sector Comparator

These figures are based on indicative costings provided by WG MIM Team in response to the [name school/college sites] and the requirements as as set out in the Authority Requirements of the New Project Request (“NPR”). To these figures, we have made an adjustment to reflect:

* An allowance of Optimism Bias, in accordance with HM Treasury Green Book Guidance
* An allowance for the level of project specific risk transferred to the MIM Project Company under the terms of the MIM Project Agreement[[1]](#footnote-1)

MIM Option

These figures are based on the indicative figures issued to WEPCo in the NPR and underpinning the associated Affordability Target. Given the need for WEPCo to meet the Affordability Target, it is assumed the costs will be no greater than contained in this OBC. Some specific points to note are:

* Stage 2 and Project management fees are included at the caps bid back by Meridiam as part of the Private Sector Delivery Partner (“PSDP”) procurement.
* The blended equity IRR of 8.2% is a capped rate fixed during the PSDP procurement
* All senior debt funding terms are as set out in the NPR
* Given the 3.5% discount rate within the NPV template, inflation has been stripped out of the ASC and NPV calculations.

Whilst the NPV of the MIM project is [greater/less] than that of the capital funded solution, it is imperative to note, the level of risk transfer contained within a MIM contract. The Standard Form MIM PA has been designed to ensure appropriate risk transfer, affordability and deliverability and are seen by the [Council/College] as providing a viable alternative to a public capital option. The Standard Form MIM documents, as part of the PSDP procurement, have been subject to scrutiny and external review and are considered VFM in general compared to an equivalent capital funded scheme, and the Standard MIM commercial terms (embedded in the standard MIM Project Agreement) ensure revenue funded schemes are broadly comparable to those delivered by public capital on VFM grounds. This is addressed in greater detail below.

[Insert Benefits of the Project]

A significant benefit of the revenue funded element of the 21st Century Schools and Colleges Programme is that WEPCo is established and with a prescribed route to develop projects and the associated budgets are available. This means projects are deliverable at a time when the capital budget is under significant and increasing pressure. This means that the scheme is deliverable at the current timetable in a way it would not be if capital funding were sought.

Risk Assessment

As discussed previously, there are significant risks transferred to WEPCo (and later ProjectCo) in delivery of scheme via MIM. These include:

* Budget certainty for development costs
* Agreed protocol for competitive tendering of individual elements of the supply chain.
* An agreed for contract, stipulating the treatment of various risks as falling to Project Co, including:
	+ Planning risk
	+ Design risk
	+ Availability risk (i.e. no payment until and unless facilities are available at the required standards)
	+ Performance Risk (i.e. financial penalties where services are not carried out to the required contractual standards)
	+ Energy efficiency of facilities
	+ Whole-life lifecycling of the assets (linked to the above points)

It is estimated that all together, these risks are worth approximately 15% of the NPV of the new build option. This is based on the Standard Form MIM contract from which no material derogations will be permitted. ProjectCo will ensure their operations include sufficient resources to mitigate these risks as far as is possible, with the Council receiving certainty of delivery as a result.

**Commercial Case (1,000 words)**

*Demonstrate that the project is commercially viable*

* Restate the project is following the standard approach as set out in the Strategic Partnering Agreement and using the standard form MIM Project Agreement.
* Any derogations being requested and whether these have been agreed with Welsh Government MIM education team.
* Community benefits plan.

**Template wording for the Commercial Case**

As set out in the SOC the preferred option to build [insert name of facilities to be built] is being procured via the MIM (Revenue) Programme (Sustainable Communities for Learning Programme Band B).

MIM is a design, build, fund and operate contract where the Public Sector transfers risk to the Special Purposed Vehicle (MIM SPV). Although the MIM Project Agreement is standard form, project specific derogations are allowed. Any project specific derogation will need to be approved by Welsh Government and assessed to ensure that accounting treatment is not altered.

The standard form Project Agreement sets out the commercial arrangements between the local authority and MIM SPV for the design, construction funding and operation for the period of the contract (25 years).

Procurement Approach

As a signatory to the Strategic Partnering Agreement (SPA), [Insert name of Council/College] issued as New Project Request on [insert date of NPR] in order to use WEPCo and the Tender process set out in the SPA, as a route to delivery this Project.

The Stage 1 submission was received on [Insert date of Stage 1 submission].

In accordance with the terms of the SPA, the New Project Request issued by [insert name of Council/College] required the Project to be delivered using the template Project Agreement set out at Schedule 7 to the SPA. [Insert name of Council/College] previously committed to and reiterates its commitment to complying with all guidance and drafting notes contained in the template Project Agreement and to submit any justifiable project specific derogations for WG MIM Education Team approval prior to execution.

After Stage 1 Approval has been given by [Council/College] to WEPCo. WEPCo will carry out a Tender process to establish a supply chain for the Project, provide the Tendered Elements and secure commitment to contract terms at Supply Chain Agreement level which align with the Approval Criteria (as set out at paragraph 5.5. Schedule 5 to the SPA).

Market Testing

[WEPCo has commenced soft market engagement for this project with potential building contractors/FM contractors.]

In accordance with Schedule 6 (New Project Pricing Report), WEPCo is obliged at each stage of the New Project Approval Process to produce a Pricing Report with robust, transparent, auditable information as to the costs, fees and prices included within WEPCo’s proposals to enable [insert name of Council/College] to show that WEPCo is providing the best value from money solution for this specific project.

The process for the parties to agree the detail of the New Project Pricing Report is set out in Schedule 6 to the SPA, which include agreeing details of the Comparators. The Tender Process Methodology included in Appendix 1 to Schedule 6 provides an outline framework for the Tender Process that WEPCo will follow to establish a supply chain and enable the Tendered Elements to be priced.

Procurement Plan and Milestones

The procurement strategy is a balance between delivery on time, meeting the cost affordability and value for money and delivering a sustainable quality product. The [Insert name of Project] procurement will utilise the Sell2Wales portal to access suppliers.

WEPCo will follow the tender process set out in the SPA (Strategic Partnering Agreement Appendix 1 of Schedule 6) operating an open, collaborative and transparent procurement process. Prequalification of prospective tenderers will be on the basis of the organizations (i) financial standing and (ii) technical, managerial and other relevant experience (taking into account any relevant customer references).

The SPA requires that at least three D&B Contractors are invited to tender, unless otherwise agreed with the Relevant Participant and the tenders will be based on a qualitative element (70%) and quantitative element (30%). Procurement options will need to allow a balance to be struck between the priorities of each project. However, on all projects, the designers will be retained until novated to the appointed D&B Contractor at Financial Close. Details of the tender evaluation matrix for pre-qualification (Prospective Tenderers) and invitation to tender (Tenderers) will be developed shortly. The procurement must address the following criteria / considerations (in no particular order):

* A deliverable design & a clear scope (integrated embodied carbon targets and net zero carbon in operation).
* Affordability and value for money
* The site and its constraints
* The tight delivery programme & earliest start date
* The critical opening date for the school

It is currently envisaged that a considered [single stage tender] process is utilised with three D&B Contractors. The three will be shortlisted at the PQQ stage and all three will then be a participant in the RIBA Stage 4 design processes. At the end of the agreed Stage 4 deliverables process an ITT is returned and an evaluation concluded that selects and appoints a single D&B Contractor. This process best addresses all the above criteria as it will:

* Provide the economically most advantageous offer,
* Allow the design to be developed sufficiently,
* Allow the level of design and site risk to be realistically priced,
* Provide better certainty of delivery of the programme,
* Maintain competitive elements until the very end of the design phase,
* Reduce the required mobilisation period and facilitate early activities on site,
* Allow a realistic period for the demolition phase post occupation.

The proposal to involve the shortlisted D&B Contractors within the RIBA Stage 4 design process will allow the tenderers to develop a better understanding of the design position and integrate the completion of the technical design within the overall required delivery programme. It will also seek to address any buildability concerns before submission of a lump sum price.

The D&B Contractors will be allowed to retain any competitive strategies and be able to comment on any uncoordinated design elements between the various disciplines and will be provided with access to the projects CDE and BIM whilst in RIBA stage 4.

The not to be exceeded (NTE) tender sum submitted at the end of stage 4 will include risks associated with the WEPCo novated design, the site, construction, statutory & regulatory approvals, handover & commissioning activities.

|  |  |  |
| --- | --- | --- |
| **Milestone** | **Key Activities** | **Target Date** |
| Meet the Buyer Event | Initial engagement with players in the market, to be promoted on Sell2Wales at least 2 weeks  |  |
| Sub-contractor Prequalification | Prepare Prequalification Questionnaire -  promote on the Sell2Wales at least 30days |  |
| PQ Evaluation & Shortlisting | 3 bidders to be qualified |  |
| Sub-contractor ITT Preparation and Single Stage ITT | Prepare ITT package including RIBA Stage 4 and Draft Subcontract agreements |  |
| Evaluation & Preferred Bidder selection – finalizing subcontract agreements  | Prepare Tender Evaluation Report (by tender process project team) |  |

Valuation and Award Criteria

The Tender process will be carried out at Stage 2 in accordance with the process set out at paragraph 5 of the Schedule 6 to the SPA. An exemplar Tender Evaluation Matrix and Scoring Matrix have been included in Schedule 6 to the SPA. WEPCo is obliged to develop these tender and evaluation award criteria on a Project specific basis and obtain the approval of [insert name of Council/College] to such criteria prior to commencing the Tender Process.

Community Benefits

Community benefits will be delivered on this Project in accordance with the requirements contained in the SPA in relation to Project Development Partnering Services and Ongoing Partnering Services Method Statement. These Method Statements incorporate a methodology for delivery of the Community Benefit Requirement KPI’s including dates and milestones.

In accordance with the Tender Process, WEPCo will procure a commitment from the Project Service Provider to [Insert name of Council or College] Community Benefit Requirement KPIs and to procure and evaluate on a value for money basis construction phase and operational phase commitments to ACBR Enhancements and Additional Community Benefit Project Co Proposals.

WEPCo, in the method statements referred to above, has included detail of:

* Its methodology for procuring such commitments on the [Insert name of Council/College] Community Benefits Requirements KPIs, ACBR Enhancements and Additional Community Benefit Project Co Proposals at Project Agreement level from Supply Chain Members in their Project Development Partnering Method Statements, including in the case of Additional Community Benefit Project Co Proposals, their methodology for procuring such benefits are “compliant”, i.e. they address the objectives of the Well-being of Future Generations Act and/or the Relevant Participant’s goals developed in accordance with its duties under the Well-being of Future Generations Act and re tangible and measurable benefits liked ot eh subject matter of the agreement (within the meaning of Regulation 67 (5) of the Public Contracts Regulations 2015); and
* Their methodology for ensuring due performance by the Supply Chain Members, under the Ongoing Partnering Services Method Statements.

The Welsh Education Partnership is committed to raising the aspirations of Science, Technology, Engineering, and Math (STEM) activities, including Computer Science. WEPCo will support high quality STEM Education and provide access to real life projects for all pupils regardless of circumstance. WEPCo have engaged with the [Insert name of school headteachers] to propose the STEM Education brochure with the activities selected to be of interest to the school. After a positive consultation, the RIBA (The Royal Institute of British Architects) programme was chosen and WEPCo is now engaging with RIBA to develop a six weeks engagement activity that aims to help children explore and understand the built environment by investigating architecture. [Add in any additional local Community Benefits]

A plan to support Social Enterprise (SE) and Small and Medium-sized Enterprises (SMEs) locally will be developed by WEPCo. [Insert details of any local engagement that WEPCo has carried out. WEPCo will mobilise its supply chain to support existing Social Enterprises and SMEs locally to enhance community wellbeing and cohesion.

Furthermore, WEPCo will organise a Meet the Buyer Event on [ ]. It will be advertised on Sell2Wales after Stage 1 Submission and before the tender process to attract Tier 1 supply chain contractors. This event will give prospective tenderers the chance to meet with the WEPCo project team and to understand the community benefits requirements they will need to respond to during the tender process.

As part of WEPCo’s commitments for the wider programme, they are working to establish a Flagship Future Skills programme, The WEP Academi; it will support the upskilling of the wider welsh construction industry workforce on areas such as low carbon technology, digital technology and modern methods of construction. As a result of the Covid-19 and the move to a more digital approach to learning, WEPCo is adapting the WEP Academi to deliver digital courses. In collaboration with the Construction Wales Innovation Centre Construction (CWIC) - funded by the Construction Industry Training Board (CITB), it offers the welsh construction industry exceptional learning and conferencing facilities – the WEP Academi will be developed starting with a website currently under development. The first courses will be procured by the selected Design and Build Contractors and the Facilities Management provider for the [insert the name of project] project.

Moreover, WEPCo is developing a bespoke multi-level data collection and evidencing tool to track the community benefits activities delivered across the WEP programme and throughout the life of all projects. This bespoke digital tool is being developed with the support of CWIC and is being aligned with the National TOMs Wales (a Community Benefits Toolkit with a measurement and management framework) to deliver and track their community benefits activities, and against the seven goals of the Wellbeing Act.

Stage 1 Submission

Insert details of any derogations proposed to the Standard form Project Agreement

Project Bank Account (PBA)

On all MIM Projects, the alternative approach to PBAs is set out in the template Project Agreement at clause 58.4. This approach requires Project Co to include in both the Building Contract and FM Contract, terms that: (i) require payment to be made from Project Co to the Sub-Contractor within a specified period not exceeding thirty (30) days from receipt of a valid invoice; (ii) that if the Sub-Contractor has any difficulty securing the timely payment on an invoice, that may be referred to the Authority’s Representative; and (iii) that these requirements need to be included in all subcontracts down the subcontract chain.

[Insert confirmation that no s106 agreements are being relied upon]

**Financial Case (500 words)**

*Demonstrate that the project is affordable*

* Financial forecast
* Project Cost Template (PCT)
* Funding requirements
* Source of matching funding
* Risk assessment
* Cabinet commitment, date approved
* Project Cost Template (PCT) which should indicate of abnormal costs and comparisons to standard benchmark
* Re-confirm the Annual Service Payment affordability cap
* Confirm whether the Stage 1 development fee cap was achieved

**Template wording for Financial Case**

The [Council/College] through [Cabinet/Board] have approved the [insert name of project/projects] as its MIM project. In doing so the [Council/Board] have considered the financial impact of the project and the estimated annual pressures associated with the 19% contribution to the annual service charge have been factored into its strategic financial planning and formed a fundamental part of the decision making process.

[Insert details of the project, the site, what the abnormals are including any requirement for temporary accommodation and whether any statutory proposals are required.]

We have worked with the WG MIM Education Team and their advisers to assess the assumptions regarding:

* Stage 1 fee [ ] comprising:
* £[ ] Stage 1 fee
* [Add in any additional fees outside fee cap eg. survey costs and additional modelling relating to NZC]

The Stage 1 fee will be funded as follows:

[insert Stage 1 fee cap] will be funded 65% by Welsh Government and 35% by [insert name of Council/College]

Welsh Government’s portion being [insert WG portion] and [insert name of Council/College] contribution being [insert Council/College portion].

Stage 2 fees are calculated by reference to a percentage of the estimated capital value of the project therefore presently on the basis of an estimated capital value of [insert estimated capital value] pursuant to the SPA a Stage 2 fee of [%][[2]](#footnote-2) will be applied making the Stage 2 fee £[ ]. This figure is based on the base position in the ACRs.

Stage 2 fees will be rolled up into the overall ProjectCo funding requirement and recovered via the Annual Service Payment (“ASP”). The other elements of the ASP have been calculated based on standard assumptions around:

* Facility Floor Area
* Base capital/maintenance/lifecycle cost rates
* Standard funding terms (including PSDP Equity IRR cap)

[ACR Compliant Design Cost Estimates

* The estimated capital value of the ACR compliant design is [insert figure]. (Option 1)]\*

[Net Zero Carbon Cost Estimates

* The estimated capital value of the Net Zero Carbon option is [insert figure] (Option 2)]\*

\*delete as applicable

The Stage 1 response to the NPR submitted by WEPCo to the Council Team has calculated an ASP for [Option 1] estimated at [insert figure], and Option 2 estimated at [insert figure]. This is consistent with the WG modelling which underpinned the Affordability Cap within the NPR and produced the output sheets attached[[3]](#footnote-3). Based on the work to date, we confirm the project is affordable.

The ASP for the Project will be funded 81% by Welsh Government with the remaining 19% being funded by [insert name of Council/College]. Abnormals, development costs, and costs associated with loose FFE and active ICT will also be funded on a 65:35 basis. Presently these figures are indicative and are set out in the attached spreadsheet. If it is agreed that the project progresses as a Net Zero Carbon Scheme it is proposed that Welsh Government continues to fund the project on an 81:19 basis.

**Capital** will also be required to fund FF&E and ICT on the same basis as a capital scheme the current estimated capital costs of the FF&E and ICT is [£] funded on a 65:35 basis by Welsh Government and [insert name of Council/College]. The likely **capital funding requirement** from WG in respect of this element will be **[£]**

**Management Case (500 words)**

*Demonstrate that the project will be delivered effectively. Detail the approach for the following:*

* Project resources
* Contract management
* Benefits realisation arrangements
* Risks and mitigation
* Project assurance
* Key milestones and contingencies

[Insert Council/College Governance structure and relevant personnel.]

**Template Wording for Management Case**

External Advisers to the [Council/College]

* Technical Advisers: [insert name of technical advisors]
* Legal/Commercial Advisers:[insert name of legal advisers]
* Financial Advisers: [insert name of financial advisors]
* Insurance Advisers: [insert name of insurance advisors]
* Central Welsh Government Contract Management Function

This is presently resourced by the MIM Education Team and will continue to support [Council/College] with its project through development and to Financial Close. The Team will remain in place in the short to medium term to provide commercial, legal and financial expertise to further support the successful delivery and operation of the Project.

The following resources[[4]](#footnote-4) have been identified, as required by Welsh Government, to enable the delivery of this Project. There are no costs for the [Council/College] resource named below as this work forms part of our statutory duties as officers of the Council.

[Insert details of who the SROs are and who sits on the SPB]

[Insert details of capital/revenue team members]

[Gleeds, Scott Brownrigg and Cundalls] commissioned by WG and currently working with the [Council/College] will continue to provide support through Stage 2. This will be on a managed basis and it will provide assurance the [Council/College]/WG in ensuring that the submission is compliant with the terms of the MIM Project Agreement including the standard form ACRs SLS. [insert name of legal advisers], legal advisers, commissioned by WG will support the [Council/College] in legal services to assist in sign off from a legal perspective. Welsh Government is in the process of calling off [PWC] from a Framework to support the [Council/College] with the finance element of the Project leading up to Financial Close.

The WEPCo team comprises the following individuals and advisers supporting the project:

|  |  |  |
| --- | --- | --- |
| **Name** | **Role** | **Responsibilities** |
|   | Project Manager | [ ] will lead the project day to day and be the main point of liaison with [insert name of Council/College] decision makers and key stakeholders from the respective schools |
|  | Assistant Project Manager | [] will be providing support throughout stage 1/2/ and in particular supporting the delivery of our community benefits initiatives. |
|  | CFO | [] will support the Project Manager, coordinate the subcontractor procurement process and lead WEPCo’s commercial activities including funding competition  during Stage 2 with a view to ensure  that the submission is developed in accordance with the affordability cap. |
|  | Project Administration | [] will provide administrative support to the project team during Stage 2 including setting up meetings, preparation of minutes and compiling responses. |

|  |  |  |
| --- | --- | --- |
| **Organisation** | **Role** | **Responsibilities** |
| [ ] | Architect/Lead Designer | [ ] will continue to lead the design for the project and engaged in all Client Engagement Meetings. [Sheppard Robson] will also continue to provide the BIM Coordinator role on behalf of WEPCo |
| [ ] | Landscape Architect | [ ] are subcontracted to [ ] and will continue to lead on the preparation of landscape proposals to support a success planning outcome. |
| [ ] | Technical Designer | [ ] will provide all technical (MEP, Civils & Structural, Fire, Wind, Acoustic) and design and Planning Advisory for the project |
| [ ] | Financial Adviser | [ ] will be supporting the financial assessment of the project, funding competition and due diligence during Stage 2. |
| [ ] | Legal Adviser | [ ] will continue to be the Legal Adviser for the project and will lead the review of any legal documentation, preparation of subcontracts and supply chain agreements as well derogations relating to the Project Agreement |
| [ ] | Quantity Surveyor/Cost Consultant | [ ] will provide the QS role and ensure that the RIBA Stage 3 & 4 design can be delivered within the targeted affordability envelope while also supporting the D&B contract tender process. |
| [ ] | FM/Lifecycle  | [ ] will support in the development of operational proposals, FM contract tender process, assessment of the payment mechanism as well as prepare lifecycle models. |
| [ ] | Principal Designer/CDM  | [ ] will act as Principal Designer and ensure that the RIBA Stage 3 & 4 designs have considered all requirements under CDM regulations and ensure the design team removes/reduces any health and safety risks from the design |
| [ ] | Educationalist | [ ] will be involved in the early stages of Stage 2 to support the transition of the concept design and agreed adjacencies into the more detailed RIBA Stage 3 design. |
| [ ] | Community Benefits Lead | [ ] will continue to be involved in discussions with [add in name of Local Authority/FEI] and end users on their community benefits aspirations and support the implementation delivery of community benefit and social value initiatives. |

If additional technical support needs to be brought in the proposed project then this would be on a fee basis, as this is unknown at the time of writing this has not been included in the current budgetary figures. (further advice will be required from WG).

The [Council/College] will require continued support with from a specialist PPP Contract Management unit within Welsh Government during all stages of the project (development, construction, operational and handback) to provide expert and specialist advice and support; Welsh Government is also putting in place measures to support [insert name of Council/FEI] with quality control. A Clerk of Works and an Independent M&E Commissioning Manager will be appointed to support the project. WEPCo and Welsh Government are currently working together on setting up a Framework for these services.

**Full Business Case (FBC)**

**Executive Summary (500 words)**

*A brief synopsis of the project and its benefits*

What do you want to do? Why? What will it achieve in terms of building condition, capacity, increasing Welsh medium provision and reduction of maintenance costs? What is outturn (tendered) cost? What is the proposed completion timeframe?

**Strategic Case (500 words)**

*Demonstrate how the project will meet the community’s needs*

* Changes since SOC and OBC were approved
* Date SOC and OBC were approved

**Economic Case (500 words)**

*Demonstrate that the project provides good value for money*

* Changes since SOC and OBC were approved
* Confirmation of HM Treasury Green Book compliance

As this section has been covered in detail at OBC stage, there is no need to restate the case in detail, although where changes have occurred, consider whether or not these changes would materially impact upon the ranking of the options achieved at OBC, and record your conclusions. This is of particular importance when there is a significant increase in costs. In this scenario, the NPVs should be recalculated to show that the preferred option remains the best value for money.

This section should restate the critical success factors, highlight any changes since OBC, and confirm that all economic appraisals have been carried out in accordance with HM Treasury’s Green Book.

For those submitting a joint OBC/FBC, please note that both sets of guidance must be used in conjunction and a full analysis provided.

**Commercial Case (1000 words)**

*Demonstrate that the project is commercially viable*

* Confirm the [Authority/FEI] is prepared to approve the WEPCo Stage 2 submission
* Confirm acceptable derogations to the MIM standard form have received sign off from the Welsh Government
* Community benefits schedule

**Financial Case (1000 words)**

*Demonstrate that the project is affordable*

* Financial forecast
* Final project costs including the Stage 2 development fee and the Annual Service Payment
* Finalised sources of matching funding broken down by source (revenue resources)
* Size and cost benchmark appraisal
* Project Information Proforma (PIP)
* Project Cost Template (PCT) which should indicate full breakdown of abnormal costs and comparisons to standard benchmark
* Final cabinet approval
* Details of any revenue savings
* Details of any other WG funding stream (e.g. Childcare)
* Updated Envelope funding forecast where final costs have changed from SOP

**Management Case (1000 words)**

*Demonstrate that the project will be delivered effectively. Finalise arrangements and plans for the following:*

* Project delivery
* Statutory procedures
* Risk register (top 5)
* Benefits realisation
* Project assurance
* Change and contract management
* Post project evaluation

**Templates**

Please ensure the following templates are completed and submitted at the relevant business case stage:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Template** | **SOC** | **OBC** | **FBC** | **BJC** |
| Project Benefits Template |  |  |  |  |
| Funding Forecast |  |  |  |  |
| Project Cost template |  |  |  |  |
| Project Information Proforma |  |  |  |  |

**Conditions of Funding**

There are specific grant conditions that local authorities and further education institutions need to be aware of when submitting business cases:

* Community Benefits
* Project Bank Accounts
* British Research Establishment Environmental Assessment Method (BREEAM) and Energy Performance Certification (EPC)

### Surface water drainage

* Foul drainage
* Recycled content
* Fire sprinklers
* Acoustics (BB93)
* Accessibility and Equality
* Active Travel
* Carbon Reduction
* Biodiversity and Resilience of Ecosystems duty

For more information please refer to the business case guidance or speak with a member of the Sustainable Communities for Learning team.

1. A project specific Project Agreement will be developed for the project, but owing to ONS classification issues, the WG MIM Team and [Council/College] external legal advisers will be tasked with supporting the [Council/College] to ensure no material derogations are made to the approved standard document. [↑](#footnote-ref-1)
2. Insert Stage 2 fee percentage [↑](#footnote-ref-2)
3. The only change to ASP in Option 1 from that contained within the NPR is to reflect the increase in corporation tax announced in the HMT Budget (3rd March, 2021) [↑](#footnote-ref-3)
4. Note that this may be named individuals or resource requirements recognising that resources will need to be identified for the 25 year operational period to undertake contract administration activities.

Participant will be required to identify if additional support is required from the CMU. [↑](#footnote-ref-4)