

**FULL BUSINESS CASE
YSGOL-Y-GRAIG PRIMARY**

1. EXECUTIVE SUMMARY

1.1 Introduction

Merthyr Tydfil County Borough Council (MTCBC) approved its Strategic Outline Programme for the 21st Century Schools Programme on 8th December 2010. This long-term plan identified the key priorities for improving schools over the period 2012-2024 and was later approved by Welsh Government. The two schools identified in Band A were Afon Taf High School 11-16 (refurbishment) and Ysgol-y-Graig Primary School 3-11 (proposed new build to bring together the separate Ysgol-y-Graig Primary and Trefechan Nursery schools as an all through primary school onto a single site). Ysgol-y-Graig Primary and Trefechan Nursery schools shared a headteacher from September 2010 which established an informal collaboration. The schools were then formally amalgamated as an all through primary school 3-11 from the start of the Summer Term 2013 as the first phase of the planned 21st Century school single site new build.

Work to progress the site of the proposed new build began in 2011 when MTCBC commissioned 'Austin-Smith:Lord' architects to produce a feasibility study for a new primary school at Ysgol-y-Graig Primary School and to undertake a public consultation with the community to identify the preferred site.

On 28th October 2011, Council approved the recommendation that the former Vaynor and Penderyn School site be the preferred site for the re-location of Ysgol-y-Graig Primary School, to be used with the existing playing fields at Godre'r Coed.

The local authority submitted and received approval for its Strategic Outline Case (SOC) for capital investment in a proposed New Build school for Ysgol-y-Graig in December 2015. This was with the aim to submit an Outline Business Case (OBC) in the spring/summer of 2016 with work planned to commence on site in April 2017.

However, as it had been 5 years since the initial public consultation and Council decision, expert advice was sought on the public engagement and consultation process. This advice confirmed further consultation was necessary before progressing with the process of building on a new school site. It was therefore agreed that the OBC be delayed for submission pending the outcome of the public consultation regarding the preferred site.

On 6th October 2016, Council approved to go back out to public consultation and the outcomes of this consultation have been shared in Appendix 5 to this FBC.

On 31st January 2018 following receipt of the report attached as Appendix 4, a decision was taken by Council to select the former Vaynor and Penderyn School site as the preferred site for the re-location of Ysgol-y-Graig Primary School. This decision confirmed the one taken 5 years previous and the chosen site has the support of the local community as evidenced by the public consultation outcomes.

Further information has been provided regarding the process followed in choosing the preferred site and the Council's decision has been provided on pages 30 and 31.

Feasibility studies for a new school on this site, at Vaynor & Penderyn, including all site investigation and preparatory works, have indicated a total project budget of £7.1 million which includes £234k to relocate the current community run Trefechan Pre-school within the new school building. If the bid is successful the pre-school element of the project is eligible for the Early Years Capital Grant funding which attracts 100% grant. Therefore the 21st

Century School project costs which WG are asked to consider as part of this bid are circa £6.9 million. Further detail regarding the overall project costs has been detailed within the Financial Case, see section 5.2 on pages 39 to 41.

Following the confirmation of the preferred site the draft OBC was reviewed and updated using all available information from these further studies, which have been undertaken since 2016 in order to appropriately assess the feasibility of each site and inform the engagement and consultation exercises with the public and all stakeholders.

Where appropriate, the FBC has now been further updated and the full five stage business case is detailed on pages 11-53.

A summarised version of each of these five cases; Strategic, Economic, Commercial, Financial and Management is included in the remaining pages of this executive summary; pages 3-10.

1.2 Strategic Case

This is contained on pages 11 – 22 and sets out the strategic context, the current context of Ysgol-y-Graig Primary school and makes the case for change.

The investment objectives for the project are also included together with the main benefits and targeted outcomes, main risks and counter measures/mitigation, projects constraints and dependencies.

Merthyr Tydfil County Borough Council's strategic aims for the 21st Century Schools Programme as detailed in the Strategic Outline Programme (SOP) are as follows;

1. to increase the provision of good condition schools with suitable environments for teaching and learning; and in this way provide an effective educational infrastructure to support school improvement outcomes
2. to provide the right size schools in the right location, ensuring a sufficiency of school places that meets the demands across all sectors over the long term
3. to achieve these aims whilst delivering better economy, efficiency and effectiveness in the use of public resources. Specifically;

Economy - long-term value for money & affordability

Efficiency - higher proportion of school funding spent on pupils rather than buildings/services

Effectiveness - school buildings, environments, and co-location of services, contribute to an improvement in pupil outcomes, wellbeing and prospects for life

These aims are underpinned by the seven objectives detailed on pages 11 and 12.

The authority's main drivers for change with respect to the current provision of primary education (3-11) at Ysgol-y-Graig and the required strategic fit have been summarised as follows:

- Ysgol-y-Graig is a condition D school and is the poorest condition school in the local authority with backlog maintenance of circa £1.2 Million.
- The main school building is at serious risk of failure without significant capital investment.
- The current school buildings do not provide suitable learning environments for and are only partially accessible.
- Provision across the two sites is inefficient and does not support effective leadership across the whole school.
- An improved single site school building with fit for purpose teaching and learning environment will help to support the school's new leadership to continue the overall progress the school has made over the last five years in both Foundation Phase and Key Stage 2.
- Co-locating the nursery class with the main school also provides an opportunity to increase capacity for pre-nursery places as well as the intention to provide space for a community based early years pre-school group.
- The local authority wishes to continue to reduce the impact of poverty on attainment and the impact of a new fit for purpose school with modern facilities provides opportunity to improve the performance of the most disadvantaged pupils.

The investment objectives, main benefits and targeted outcomes are detailed in sections 2.5 and 2.6. Main risks and mitigation are detailed in section 2.7.

There are constraints with both the site and the access to the site. However, all the site investigations and preparatory works on the site have been completed and estimated costs and contingencies have been included within the total project budget of £7.1M.

Detailed costs for the necessary highways improvements required in order to provide suitable and safe access to the school site have been estimated following an access options appraisal.

Further, these access improvements also require use of the Goedre'r Coed playing fields in order to provide improved access and car parking facilities and this gives rise to the other key constraint since the playing fields are protected by a Fields in Trust Dedication.

Discussions to date with Fields in Trust have been positive regarding the benefit to the public that will be brought about by the highways improvements and provision of community parking spaces and the local authority is confident that a suitable agreement will be reached.

1.3 Economic Case

This is detailed on pages 23-33.

The critical success factors detailed in section 3.2 (strategic alignment, value for money, deliverability, affordability) along with the investment objectives for this project were used to determine the short list of options and the preferred way forward as part of the Strategic Outline Case (SOC).

As part of the economic case review between the SOC and Outline Business Case (OBC) stages the authority has explored and discounted alternative options to provide potential solutions and consequently the status quo option has been upgraded to a 'Do Minimum' option in recognition that some level of H&S investment is required in order to be able to mitigate to some extent the significant risk of imminent service failure.

The short list of options taken forward to the economic appraisal are as follows;

1. Do Minimum - Status Quo + H&S investment
2. Refurbishment and extension – refurbish main school and extend to incorporate the nursery class
3. New Build - building a new school on alternative site (preferred way forward)

The economic appraisal consists of a Cost Benefit Analysis, Non-Financial Benefits Appraisal, and Risk Assessment & Appraisal.

The detailed results of these is included in Appendix 2 - 'CBA: Economic Options Appraisal', Appendix 3 – 'Risk Assessment Appraisal' and on page 29 for the Non-Financial Benefits Appraisal.

The results from the three elements of the economic appraisal are summarised in the table below:

Option	EAC including optimism bias	Ranking	Non Financial Benefits Weighted Score	Benefits Ranking	Risk Score	Risk Ranking
1	1.49	3 rd	180	3 rd	72	3 rd
2	1.21	2 nd	670	2 nd	70	2 nd
3	1.14	1 st	1,000	1 st	35	1 st

The economic appraisal of the short-listed options provides a clear preferred option in terms of value for money, optimum delivery of benefits and lowest project risk. i.e. Option 3.

However, the local authority has been requested by WG to consider an economic appraisal of the New Build Option on the Goedre'r Coed site so as to provide a comparison to the New Build Option on the Council's chosen site; Vaynor & Penderyn.

This option has been considered as Option 4 and the economic appraisal has been detailed in Appendices 6 & 7. The table below summarises the appraisal outcomes in comparison with Option 3 – New Build on the Vaynor & Penderyn site.

Option	EAC including optimism bias	Ranking	Non-Financial Benefits Weighted Score	Benefits Ranking	Risk Score	Risk Ranking
3 Vaynor & Penderyn Site	1.14	2 nd	1,000	1 st	35	1 st
4 Goedre'r Coed Site	1.11	1 st	900	2 nd	79	2 nd

The economic appraisal of the two potential sites for the new school build does not provide a clear single preferred option that gives best value, optimum delivery of benefits and the lowest project risk for securing successful project delivery.

In terms of value for money, Option 4 Goedre'r Coed provides slightly better value over the long-term life of the asset, whilst Option 3 Vaynor & Penderyn, provides slightly more optimal delivery of non-financial benefits.

Most critically however, the option to build on Vaynor & Penderyn has significantly lower risks associated with the deliverability of the project. The risks around the deliverability of a new build on Goedre'r Coed are so material that the local authority is not confident that it would be able to successfully deliver a new build school on the site.

As detailed in the local authority's current 21st Century Schools Strategic Outline Programme (SOP) new project solutions will seek to be developed in line with the sustainable development principle set out in the Wellbeing of Future Generations Act, 2015 (WBFGA), and as underpinned by the five ways of working.

Option 3 - Vaynor and Penderyn provides the best fit with the Council's wellbeing objectives and the 5 ways of working; in particular long-term planning, prevention, integration and involvement. Option 4 – Goedre'r Coed does not align as well to the Council's wellbeing objectives nor align as well to the sustainable development principle required by the WBFGA, despite providing better value for money. During public consultation it was made clear by the community that the Goedre'r Coed option would significantly impact their ability to meet their own wellbeing needs both now and in the future.

Therefore, Option 3 – New Build school on the Vaynor & Penderyn site is the preferred option, identified through this economic appraisal that has been taken forward and considered in the Commercial, Financial and Management cases.

1.4 Commercial Case

This section of the Full Business Case is detailed on pages 34-38 and outlines the components of the procurement in respect of the preferred option; Option 3 – New School Build on Vaynor & Penderyn site.

This project will provide a new English medium community primary school for Ysgol-y-Graig Primary on a new site for pupils aged 3-11 years of age, community facilities, and a Learning Resource Base for up to 15 pupils aged 7-11.

The new school will include the design and construction of the following main components:

- New single form entry primary school for pupils aged 3-11 years of age with capacity for 210 pupils, provision of LRB for up to 15 pupils aged 7-11, and additional provision for nursery/pre-nursery pupils in line with 30 fte nursery pupils
- Access to the outdoors for Foundation Phase pupils and pupils attending the LRB to support curriculum delivery where appropriate
- Provision of suitable external play areas and areas for physical education
- Remodelling the vehicular access to and from the site to improve road safety and maintain safe routes to school

- Establish safe on-site routes for staff and visitors

The project also includes co-location of the community run Trefechan pre-school within the new school building. The costs of this element of the project are being included within the local authority's bid for Early Years Capital Grant funding at 100% grant intervention rate, and will not form part of the 21st Century school funding envelope.

The new Ysgol-y-Graig Primary School will be developed through the WG South East Wales Schools Capital Working Group (SEWSCAP) framework. The approach to the development of the facilities has been to work in collaboration with Blaenau Gwent County Council's architectural services.

The range of design and construction activities required to deliver the project have been allocated to the following key disciplines:

1. Building works; and
2. External works.

The authority has considered different packaging options but has selected a strategy of one package to provide the total project involving the building and external works together. Therefore, the successful contractor will be responsible for delivering:

New building and external works:

- One form entry primary school with nursery and LRB
- Classes to standard specification for primary schools
- BREEAM
- Energy efficiency maximised through use of passivhaus principles
- Enhanced IT infrastructure
- Sprinkler system
- External play facilities to meet needs of Foundation Phase pupils
- Landscaping, site access and parking improvements

The authority plans to obtain early cost certainty and single point accountability for design and construction. Therefore it has been agreed that the authority will use a two stage design and construct approach.

All tenders will be assessed on a quality/price balance whereby price is presented at 70% and quality at 30%. A balanced approach to contractor selection supports the authority's critical success factors, namely:

- To deliver high quality facilities;
- To ensure projects embrace sustainable solutions;
- Mitigation of health and safety issues;
- Delivery to cost and programme parameters;
- Use of Building Information Modelling (BIM);
- Mitigation of environmental issues; and
- Realisation of community benefits.

The SEWSCAP requirements for community benefits regarding targetting recruitment and training will be included within the contract.

1.5 Financial Case

The Financial Case is detailed on pages 39-43 and considers the affordability of the preferred option.

Project costs totalling £7.1M have been profiled in section 5.2 by the local authority's Senior Quantity Surveyor/Project Manager for the design, build and implementation of the new build Ysgol-y-Graig Primary School in liaison with architectural services provided by Blaenau Gwent County Borough Council.

Excluding the £234k that is being included in the Early Years Capital Grant bid for Trefechan Pre-school the project costs to be included in the Band A Programme envelope are £6,871,496.

In relation to the Band A Programme the proposed new build for Ysgol-y-Graig Primary is one of two projects.

The overall financial profile for the Band A programme is shown below:

MTCBC Band A Programme- Financial Profile

Project	13/14 £'000	14/15 £'000	15/16 £'000	16/17 £'000	17/18 £'000	18/19 £'000	19/20 £'000	Total £'000
Afon Taf High School	35	2,465	5,000	3,125	1,375	0	0	12,000
Ysgol-y-Graig Primary	0	0	0	67	133	680	5,991	6,871
TOTAL	35	2,465	5,000	3,192	1,508	680	5,991	18,871
Funding								
Welsh Government Grant	0	2,375	3,500	1,625	0	400	1,535.5	9,435.5
MTCBC Prudential Borrowing	35	90	1,500	1,567	1,508	280	4,455.5	9,435.5
TOTAL	35	2,465	5,000	3,192	1,508	680	5,991	18,871

MTCBC Band A Programme- Affordability Analysis

<u>Band A</u>	<u>£'000</u>	
Capital Financing (CF) costs	443	to finance £9.453 Million match fund requirement via prudential borrowing
Gross ISB Savings	301	earmarked to support prudential borrowing capital financing costs
Additional CF costs to fund Band A	142	
Band A CF costs included in MTFP	443	

The total required capital financing costs of £443k to fund the 21st Century Schools Band A Programme has been budgeted within the local authority's Medium Term Financial Plan.

1.6 Management Case

This section of the FBC addresses the 'achievability' of the scheme and is detailed on pages 44-53.

The authority has used robust project management methodology to guide projects through a controlled well-managed and visible set of activities in order to achieve the desired results and benefits. Using the general principles and methodologies of PRINCE 2 the Project Board will manage the activities and outputs of the project.

The Project Management arrangements have been formalised into a project management structure with clear roles and responsibilities. See sections 6.3 for further details.

The Project Management Board will oversee the project ensuring it is planned, controlled and completed within agreed timescales.

The Project Management Board will be responsible for:

- Delivering the project on time and to budget as stated in the OBC.
- Providing strategic direction for the project.
- Having overall responsibility for accountability in the planning and implementation of the project .
- Addressing the needs of the locality.
- Ensuring stakeholder involvement in the development of the project.
- Project monitoring through the Project Manager's Highlight reports.
- Ensuring the preferred option meets the existing and future needs of the authority and WG providing best value for money.

The Project Management Board will meet on a quarterly basis and more frequently at key strategic points of the project.

The Project Manager will lead the Project Team and will report routinely on progress to the Project Board using agreed tolerance levels.

The Project Manager will hold the following responsibilities:

- Ensure the Project Team is effectively directed and managed.
- Ensure effective liaison with Project Director.
- Provide Highlight and Exception Reports to the Project Management Board on all aspects of the project performance.
- Instruct and manage external consultants.
- Liaise with service planning/commissioning representatives and contractors.
- Ensure effective monitoring of all project activities in relation to time, quality and cost.
- Develop Project Management arrangements for implementation.
- Develop Technical Quality Control plan and ensure compliance with appropriate environmental and educational building standards.
- Carry out risk analysis and technical management of project.
- Develop Project Evaluation Review (PER) Plan and a Post Project Evaluation (PPE) plan.

The role of the Project Team is to:

- Ensure future service needs can be met by analysis of demand and capacity requirements and through the development of services/support that meet the project objectives.
- Define and agree with key stakeholders all planning and performance assumptions.
- Support existing staff through the delivery of the project and agree operational arrangements.
- Ensure the adoption of best practice in pupil guidance and pastoral care.
- Define resource requirements to support the curriculum plan and delivery.

All programmes have an element of risk and the Project Team will assess how to balance the risks against the potential benefits and how to minimise or avoid them. An ongoing Project Risk Register and Issues Register will be utilised for the monitoring and management of risks and issues throughout the project. A project benefits register will also be developed so that all members of the Project Team are fully aware of responsibility, timescales and expected outcomes re tracking benefits.

The proposed project milestones included in the project plan are shown in section 6.4.

1.7 Recommendation

It is recommended that the Welsh Government approves this Full Business Case and that the new school build for Ysgol-y-Graig Primary on the former Vaynor & Penderyn school site is agreed as the preferred option. This will enable Merthyr Tydfil County Borough Council to continue with the required procurement processes in line with the project plan milestones so that the contract can be awarded and the project delivered within the timescales indicated.

Signed: [REDACTED]

Date: 2nd October 2018

**Gareth Chapman, Chief Executive
Senior Responsible Officer
Project Management Board**

2. The Strategic Case

This Full Business Case (FBC) seeks approval to invest £6.9 million to construct a new English medium primary school on a single site to replace the current Ysgol-y-Graig Primary School, currently located over two sites.

2.1 Structure and Content of the Document

This Project FBC has been prepared using the agreed standards and format for business cases and in accordance with the best practice guidance in HM Treasury Green Book. The approved format is the Five Case Model, which comprises the following key components:

- the **strategic case** section. This sets out the strategic context and the case for change, together with the supporting investment objectives for the scheme.
- the **economic case** section. This demonstrates that the organisation has selected the choice for investment which best meets the existing and future needs of the service and optimises value for money (VFM).
- the **commercial case** section. This outlines the content and structure of the proposed deal.
- the **financial case** section. This confirms funding arrangements and affordability and explains any impact on the balance sheet of the organisation.
- the **management case** section. This demonstrates that the scheme is achievable and can be delivered successfully to cost, time and quality.

2.2 The Strategic Context

Merthyr Tydfil County Borough Council's strategic aims as detailed in the 21st Century Schools Strategic Outline Programme (SOP) are as follows;

1. to increase the provision of good condition schools with suitable environments for teaching and learning; and in this way provide an effective educational infrastructure to support school improvement outcomes.
2. to provide the right size schools in the right location, ensuring a sufficiency of school places that meets the demands across all sectors over the long term.
3. to achieve these aims whilst delivering better economy, efficiency and effectiveness in the use of public resources. Specifically;

Economy - long-term value for money & affordability

Efficiency - higher proportion of school funding spent on pupils rather than buildings/services

Effectiveness - school buildings, environments, and co-location of services, contribute to an improvement in pupil outcomes, wellbeing and prospects for life

These aims are underpinned by the following objectives;

1. To remove all condition D and C school buildings from the local authority stock.
2. To remove the significant surplus places across the secondary school sector and redress surplus/sufficiency issues across the primary sector.

3. To remove split sites in order to enable the full gains of leadership across the different key stages on a day to day basis and in this way improve the quality/consistency of teaching and learning provision as well as realising efficiency savings and greater economy in the operation of school buildings and use of school staff.
4. To provide a sufficiency of places to meet increasing demand for specialist provision.
5. To ensure the demand for WM education places is met over the short, medium and long term and to encourage growth in demand through making space available to Welsh medium community groups.
6. To provide additional space to accommodate increased provision of nursery education or childcare to 3 year olds to meet the demands of the 30 hrs childcare offer.
7. To deliver more flexible use of school assets including co-location of integrated services such as health, therapies and LA/community wellbeing services, community childcare providers, and improved community access to leisure and library facilities.

There is also an overarching objective to optimise the LAs 21st Century School Programme for the long-term; through project solutions that are achievable i.e. affordable and deliverable, within the overall programme envelope and in keeping with the sustainable development principle as required by the Wellbeing of Future Generations Act, 2015 (WBFGA).

2.3 The Current Context of Ysgol-y-Graig Primary School

Ysgol-y-Graig Primary school is a 3-11 school on split sites based in the communities of Cefn Coed y Cymmer and Trefechan within the County Borough of Merthyr Tydfil. The school comprises the main Primary school site for pupils aged 4-11 in Cefn Coed y Cymmer and the nursery school building in Trefechan, formerly Trefchan Nursery school.

The two school buildings were brought together through the amalgamation of Trefechan Nursery with Ysgol-y-Graig during the academic year 2012/2013 with the new arrangements being in place from the start of the Summer Term 2013.

School Provision and Pupils

Ysgol-y-Graig Primary school is a single form single entry English Medium community school with a local authority learning resource base (LRB) enabling specialist provision to be delivered for up to 15 pupils aged 7-11 with specific learning needs.

The capacity of the school is 193 with additional space for 30 fte nursery aged pupils and 15 pupils in the LRB. There are 202 pupils in the school (Jan 18 PLASC) with surplus places currently 15%. The current nursery school site also accommodates a community run 24 place pre-school childcare setting.

The school itself provides full-time nursery education places from September and pre-nursery education places to three year olds in January and April subject to available space. During 2016/17 academic year 97.2% of nursery applications were accommodated.

The percentage of pupils with eFSM is 23.6% which is higher than the local authority average 21.7% and All Wales average 18.9%.

The percentage of pupils with SEN is 22.3% which is lower than the local authority average of 27.7% and the All Wales average of 24.8%.

The percentage of pupils with English as an Additional Language (EAL) is 8.6% which is higher than the local authority average of 5.2% and the All Wales average of 6.1%.

School Performance Outcomes

The following tables provide high level performance data for Ysgol-y-Graig with regards to expected levels of pupil outcomes at Foundation Phase and Key Stage 2, the attainment gap of pupils eligible for free school meals, the attendance outcomes of pupils across the whole school and the categorisation of the school as per the national model. In order to provide context, the performance of the school has been benchmarked against local, national and family of school comparators where appropriate to indicate relative performance.

Table 1 - Pupil attainment outcomes at Foundation Phase and Key Stage 2

Ysgol-y-Graig Primary School	2014/15	2015/16	2016/17	2017/18	3 Year Average
Foundation Phase Outcome Indicator (FPOI)	92.9%	87.5%	94.4%	80.0%	87.3%
<i>Benchmarked Performance</i>					
Quartile	2	3	1	Na*	Na
MTCBC FPOI	86.2%	89.1%	88.1%	85.5%	87.6%
All Wales FPOI	86.8%	87.0%	87.3%	82.6%	85.6%
Key Stage 2 Core subject indicator (CSI)	90.0%	89.2%	77.8%	60.0%	75.7%
<i>Benchmarked Performance</i>					
Quartile	2	3	4	Na*	Na
MTCBC CSI	87.4%	89.2%	90.2%	88.3%	89.2%
All Wales CSI	87.7%	88.6%	89.5%	89.5%	89.2%

Benchmark performance data is no longer available from 2017/18 onwards.

Table 2 - Impact of Poverty on Attainment – eFSM Performance Gap at Foundation Phase and Key Stage 2

Ysgol-y-Graig Primary School	2015/16	2016/17	2017/18	3 Year Average
Foundation Phase Outcome Indicator (FPOI)				
eFSM	83.3%	85.7%	77.8%	82.3%
Non eFSM	88.9%	100%	100%	96.3%
FPOI eFSM Gap (School)	5.6%	14.3%	22.2%	14.0%
FPOI eFSM Gap (MTCBC)	17.2%	13.8%	6.7%	12.6%
FPOI eFSM Gap (Wales)	14.3%	14.3%	Not available	14.5% (2014-17)
Key Stage 2				

Core Subject Indicator (CSI)				
eFSM	85.7%	66.7%	66.7%	73.0%
Non eFSM	90.0%	80.0%	59.1%	76.4%
CSI eFSM Gap (School)	4.3%	13.3%	- 7.6%	3.4%
CSI eFSM Gap (MTCBC)	16.9%	11.6%	14.2%	14.2%
CSI eFSM Gap (Wales)	14.3%	15.0%	Not available	15.0% (2014-17)

The school met the national target of 80% eFSM pupils achieving the FPOI in both 2015/16 and 2016/17 but dipped below this in 2017/18. The three year average remains higher at 82.3%. The school is not meeting the national target of a 12% upper bound in the performance gap between eFSM and non-eFSM and this gap has increased over the last three years.

At KS2 the school is performing better than the national average and over a three year average the gap is only 3.4%. It must be noted however that there has been a significant fall in performance in non eFSM attainment at KS2 which is skewing these figures. In both 2015/16 and 2016/17 the school's CSI eFSM gap was lower than the Wales average.

Table 3 - Pupil Attendance outcomes across whole school

Ysgol-y-Graig Primary School	2014/15	2015/16	2016/17	2017/18	3 Year Average
% Pupil Attendance	95.0%	93.5%	94.0%	93.9%	94.2%
<i>Benchmarked Performance</i>					
Quartile	2	4	4	4	4
MTCBC % Pupil Attendance	94.4%	94.2%	94.3%	94.0%	94.3%
All Wales % Pupil Attendance	95.0%	94.9%	94.9%	Not available	94.9% (2014-17)

The differences in quartile performance are very small in percentage point terms. For example in 2017 a % attendance of 95.3% would have placed the school in the top quartile. This is a difference of only 1.3%

Table 4 - National School Categorisation System

Ysgol-y-Graig Primary School	2015	2016	2017	2018
Standards Group	1	1	N/A*	N/A*
Improvement Capacity	A	B	C	C
Support Category	Green	Yellow	Amber	Amber

*From 2017 onwards WG no longer publishes a standards group for schools as part of the national categorisation model.

At the time of the Estyn inspection in 2015 the school's current performance was judged to be Good as were their prospects for improvement.

However, following two recent changes in the school's leadership within a short time frame and lower attainment outcomes overall at the end of 2016/17 academic year the school were categorised as C Amber for the academic year 2017/18. A new substantive headteacher took up post in January 2018.

School Site/Buildings

The overall property condition of Ysgol-y-Graig Primary is D (Bad) i.e. life expired and/or at serious risk of imminent failure. The nursery school building in Trefechan is rated as C (Poor) i.e. exhibiting major defects and/or not operating as intended.

The suitability of the school site/buildings for teaching and learning are rated as C (Poor) i.e. teaching and learning methods can be inhibited by the building which also has an adverse impact on the school's ability to organise its own activities and day to day business operational requirements.

The school is only partially accessible and is therefore not fully compliant with the Equalities Act, 2010.

There are significant Health & Safety issues at the school. Subsidence has affected the main school building and a small extension has moved away from the main structure and had to be closed for on-going use. Areas of the school are subject to damp and water ingress and lead guttering has also fallen around the school with remedial health and safety measures put in place.

The total estimated back-log maintenance figures amount to £1.2 Million with £750k identified as the required monies to address the significant Health & Safety issues over the medium term.

In addition, the site has poor access, is land locked, and there is a lack of appropriate external play facilities

2.4 The Case for Change

The authority's main drivers for change with respect to the current provision of primary education (3-11) at Ysgol-y-Graig and the strategic fit with the local authority and national position are as follows:

- Ysgol-y-Graig is a condition D school and is the poorest condition school in the local authority. The main school building is at serious risk of failure without significant capital investment and is estimated to be at the end of its useful life within 5 years.
- The school currently has backlog maintenance of circa £1.2 Million.
- The school buildings have continued to deteriorate in the last few years with Health & Safety concerns and required remedial works needing to be undertaken despite the short useful life of the asset.
- The current school buildings do not provide suitable learning environments for primary education and are only partially accessible as per requirements of the Equalities Act 2010.
- Provision across the two sites is inefficient and does not support effective leadership across the whole school especially the key transition links between Nursery and Reception.
- An improved single site school building with fit for purpose teaching and learning environment will help to support the school's new leadership to continue the overall progress the school has made over the last 5 years and accelerate further the raising of standards across both key stages into consistent upper quartile performance.
- The impact of poverty on attainment at the school is currently circa 11% at both Foundation Phase and Key Stage 2. The local authority wishes to continue to reduce this and the impact of a new fit for purpose and modern community school facilities/technologies provides opportunity to improve the performance of those pupils most disadvantaged and further reduce this gap.
- The local authority requires additional provision of pre-nursery places in the summer term to satisfy demand for places from parents of three year olds in the term following their third birthday.
- Co-locating the nursery class with the main school provides an opportunity to increase capacity for pre-nursery places as well as the potential to provide space for community based early years groups for wrap around care.

2.5 Investment Objectives

The investment objectives for this project seek to deliver the authority's priorities to raise educational standards and improve the quality of the school building and site, as follows:

The investment objectives have been updated subsequent to the SOC to reflect the local authority's current strategic position and the current performance of the school with regards to leadership and pupil outcomes across both key stages.

Investment Objective 1	
Raise standards to support pupils to achieve at performance levels in the upper quartile.	
Measures	Targets
The % of pupils at the end of the Foundation Phase achieving the Foundation Phase Outcome Indicator (FPOI)	To perform above 92% on a three year average from July 2021 onwards and continue to be above the LA average.
The % of pupils at the end of KS2 achieving the Core Subject Indicator (CSI)	To perform above the LA average from July 2021 onwards and above the three year average from July 2022.
Investment Objective 2	
Improve the condition and suitability of the school buildings, enhancing the teaching and learning environment and contribute towards raising standards at the school.	
Measures	Targets
Learning environment fit for purpose	Health and safety site and building risks removed upon completion
	Property Condition grade A upon post-completion survey 2020/21
	Suitability grade A upon post-completion survey 2020/21
	Site and building fully compliant with Equalities Act, 2010
Investment Objective 3	
Improve community links through a flexible use of the school site/buildings that will contribute to improved pupil and community wellbeing and reduce the impact of poverty on attainment.	
Measures	Targets
Flexible use of school site/buildings by the community	Increased use of school site/building by community groups by 2021/22
Partnership activities widen the range of choices for pupils	Enrichment opportunities are varied and there is a high take-up by pupils by 2021/22
Pupils outcomes and wellbeing	Reduce the gap between eFSM and Non eFSM at Foundation Phase and Key Stage 2 from circa 11% to 5% by 2022/2023
	Pupil attendance to be performing in the 1st quartile within 3 years of project completion i.e. by 2023.
	Pupil attendance to be above LA and All Wales performance by summer 2021

Investment Objective 4	
Improve the financial economy, efficiency and sustainability of school	
Measures	Targets
Average cost of school place	Reduce cost of providing school place by 2020/21
Energy efficiency of school build	Increase energy efficiency by 15% by 2020/21
School's Medium Term Financial Position	School's Financial Risk Categorisation improves or is at least as good following transition to new school build – 2021/22 onwards.
Backlog maintenance costs	Reduce backlog maintenance costs to Nil within one year of project handover.

2.6 Main Outcomes and Benefits

This section describes the main outcomes and benefits associated with the implementation of the potential scope in respect of the investment objectives for the project.

In accordance with HM Treasury Green Book, the benefits were also classified as:

- CRB – cash releasing benefits
- Non CRB – non cash releasing benefits
- QB – quantifiable benefits
- NQB – non-quantifiable or qualitative benefits

Investment objectives	Benefit criteria	
Educational outcomes - Raise standards to ensure that pupils achieve at expected levels or better.	Improved outcomes and success for young people raising expectations and aspirations	
	Pupils	- Improved outcomes (QB) - Pupil wellbeing improves from early intervention (QB)
	Staff/School	- Improved wellbeing – greater job satisfaction, less stress (NQB) - Increased motivation (NQB) - Successful staff with increased career opportunities (NQB)
	Community	Building better communities (NQB)
Enhance Teaching & Learning Environment – Improve the quality of the site and buildings to enhance the teaching and learning environment and contribute towards raising standards	Improve the quality of the school site and building to enhance teaching & learning environment	
	Pupils	- Improved learning environment (QB) - More productive pupils (NQB) - Better qualified pupils (QB) - Attractive learning environment will increase demand for places (QB)
	Staff/School	- Improved teaching facilities and ICT capability (NQB) - Improved wellbeing – greater job satisfaction, less stress (NQB) - Single site with net savings on running costs (Non CRB)
	Community	Enhanced facilities available to community (QB)
Enhance wellbeing – Improve the links with the community in order to improve the wellbeing of pupils/community and reduce the impact of poverty on attainment.	Improve links with the community contributing towards enhanced wellbeing	
	Pupils	Understanding and participation in community activities (QB)
	Staff/School	Enhanced project activity with use of local knowledge and expertise (NQB)
	Community	- Community facilities used regularly (QB) - Nursery on same site as primary school (NQB) - Safe routes to school developed as part of the project (QB)
Provide economy and efficiency - Improve the financial economy, efficiency and sustainability of the school	Greater budget certainty leading to more effective strategic planning of teaching and learning	
	Pupils	Targeted intervention can be supported strategically (QB)
	Staff/School	Key priorities in School Improvement Plan can be planned and costed (QB)
	Local Authority	Reduced funding requirement for school due to single site and overall reduction in square meterage (CRB)
	Community	Enhanced use of public resources providing better value for money (QB).

2.7 Main Risks

The most significant business and service related risks associated with this project have been updated and shown in the table below, together with their counter measures.

	Main Risks	Mitigation / Counter Measures
	Business Related Risks	
1	Business Risk - The authority cannot progress the scheme due to strategic or political risks	The required funds have been set aside to meet the financial commitment to match fund the project. The Council has recently approved the site where the school will be located following a period of public consultation. The approved site is feasible and has the support of the majority of the public consultation respondents. Approval has been received from WG to draw down available grant funding to complete project beyond March 2019.
	Service Related Risks	(Build, Design, Funding, Operational)
2	Design risk – the design cannot deliver the service requirements	The new school has been designed with significant stakeholder involvement and has built upon the authority's experience in collaborative and flexible design to enable long term certainty for service delivery. This has included external architectural services, BREEAM assessors/consultants, and traffic management consultants.
3	Planning risk - that planning cannot be obtained, or if obtained cannot be implemented without delay, or only at additional cost above budget	The proposed site of the new school approved by Council is the former Vaynor and Penderyn High School site. No planning issues are anticipated but this is subject to consideration at application stage particularly regarding site access and highway improvements. The planning application was submitted on 10th August 2018.
4	Project intelligence risk -the risk that the quality of initial intelligence will impact upon likelihood of unforeseen problems occurring	Site investigation works have been completed and costed. Access solution has been designed and costed.
5	Decant risk the risk arising in needing to decant staff/pupils from one site to another	New build solution doesn't require decanting of staff/pupils
6	Environment risk the risk arising from the project having major impact on adjacent area with strong likelihood of objection from public	Required use of School playing fields for highways access and car parking has been considered as part of the pre-application planning process and no planning issues are expected. The outcome of discussions with Fields in Trust regarding the proposed project use of the playing fields been positive regarding the benefit to the public that will be brought about by the highways improvements and provision of community parking spaces. Ecology report has been completed and no significant risks raised.

7	Operational risk risk that operating costs vary from budget and performance standards not met / service cannot be provided	New build site provides cost and service certainty regarding school funding and fit for purpose site and building to deliver education provision over the long term.
8	Maintenance risk Risk that the costs of keeping the school in good condition will vary from budget	New build service solution on fit for purpose site significantly mitigates this risk due to the absence of backlog mtce, health & safety issues.

2.8 Constraints

There are some constraints impacting upon this project. There are constraints with both the site and the access to the site.

The significant gradient across the site requires remedial works and the irregular shaped site limits design solutions including SUDS and BREEAM.

However, all the site investigations and preparatory works on the site have been completed and estimated costs and contingencies have been included within the overall estimated project budget. A BREEAM Assessor and consultants will be commissioned to undertake specific tasks to ensure the project design meets the requirements of BREEAM.

The access options appraisal that was undertaken between April 2016 and April 2017 also has potentially significant cost implications to implement necessary highways improvements that are required in order to provide suitable and safe access to the school site, both vehicular and pedestrian.

Detailed costs for the necessary highways improvements required in order to provide suitable and safe access to the school site have been estimated following an access options appraisal.

These access improvements require the use of the school playing fields in order to provide improved access and car parking facilities and this gives rise to the other key constraint since the playing fields are protected by a Fields in Trust Dedication.

The Fields in Trust Dedication may require the Council to replace the land with other local land approved by Field in Trust which provides equivalent or better facilities, which are as accessible to the public. The Council has candidate sites should this be required, however initial conversations with Fields in Trust have been positive regarding the benefit to the public that will be brought about by the highways improvements and provision of additional parking spaces which they have indicated as being a community benefit.

As such the local authority is confident that a suitable agreement will be reached with Fields in Trust.

2.9 Dependencies

The main project dependencies are in respect of the usual design and build works that will be carefully monitored and managed throughout the life of the project as detailed in the management case.

3. The Economic Case

3.1 Introduction

In accordance with the requirements of HM Treasury's Green Book (Delivering Public Value From Spending Proposals) this section of the FBC documents the range of options that have been considered in response to the potential scope identified within the strategic case.

3.2 Critical Success Factors

The critical success factors along with the investment objectives for this project were used to determine the short list of options and the preferred way forward as part of the Strategic Outline Case (SOC).

Critical Success Factor 1: Strategic Alignment - The solution must satisfy the local authority's strategic objectives as detailed in the 21st Century Strategic Outline Programme; these include key elements of national, regional and local strategies where appropriate.

Critical Success Factor 2: Value for Money - The solution must provide cost effectiveness, financial efficiencies in the use of resources and deliver an effective service outcome in terms of improved teaching and learning facilities to support the raising of standards.

Critical Success Factor 3: Deliverable - The solution must be deliverable in terms of political support, other stakeholder engagement and support, commercial viability, staff resource capacity/capability and achievability regarding timescales.

Critical Success Factor 4: Affordability - The solution must be affordable - the capital and revenue consequences associated with the proposed investment can be met.

3.3 Reviewing the short list of options and preferred way forward

Key findings from short listing options during the Strategic Outline Case (SOC)

In order to improve the site and building for Ysgol-y-Graig Primary school and to bring the nursery on to the same site the different options that could bring about this scheme have been considered through the feasibility study for this project and in meetings with the Headteacher, Governors, Councillors and the project team. Each of the options has been evaluated against the Investment Objectives and Critical Success Factors with a view to identifying and appraising the widest possible number of feasible options.

Each of the elements of the options appraisal (scope, service solution, delivery, implementation and funding) have been considered as part of the SOC (see Appendix 1) enabling consideration of a short list based upon this analysis.

The findings can be summarised as follows:

	Status Quo - Least ambitious	Refurbishment - Intermediate	New school - More ambitious
Scope	Building would have to close within 5 years	Remove urgent health and safety concerns	Site and building fit for purpose
Service solution	School unchanged – health and safety risk	One site	Site and building fit for purpose
Service delivery	School unchanged – health and safety risk	Building still not able to meet all service needs	Site and building fit for purpose
Implementation	Immediate delivery	delivery by April 2020	delivery by April 2020
Funding	short term funding solution	Interim solution – greater investment still needed	Best value for investment

As a result, the three short listed options: Status Quo; Refurbishment; and New Build were recommended for further appraisal as part of the OBC.

The options appraisal in the SOC (Appendix 1) therefore provided the following short-list of options:

1. Status Quo - maintaining the school on the current sites;
2. Refurbishment and extension – refurbish main school and extend to incorporate the nursery class;
3. New Build - building a new school on alternative site (preferred way forward).

Reviewing short list options

As part of the economic case review between the SOC and Outline Business Case (OBC) stages, and in view of the health and safety risks associated with the current site and limited options available, the authority explored alternative school organisation options to provide potential solutions as follows:

Closure of school and amalgamation with another primary school for pupils aged 3–11 years.

This was discounted when considered against Critical Success Factors as it doesn't provide sufficient strategic alignment, doesn't provide an effective service solution and is not deliverable as detailed below:

- The nearest primary school is over a mile away, but also on a split site. One site is leasehold (Infant block) and both sites have little external space to expand. There is no capacity on the Junior site to accommodate the existing pupil population in Ysgol-y-Graig Primary school nor for any increase in pupil numbers.
- This school is also in the catchment area of a different secondary school which could potentially make one secondary school over subscribed and increase surplus places at the other secondary school.
- The closure of Ysgol-y-Graig Primary would remove the primary school from a growing community which has previously lost a secondary school in the area and there would be significant opposition to this from various key stakeholders which impacts on its deliverability.

Amalgamation of Ysgol-y-Graig Primary school with its secondary feeder school to create school for pupils aged 3-16 years of age.

This was also discounted when considered against Critical Success Factors as it doesn't provide sufficient strategic fit and is not deliverable as detailed below:

- The schools are not in sufficiently close proximity and outside long standing ward boundaries. This option did not receive sufficient support of various key stakeholders as was evident in the recent public consultation regarding the choice of school site and was therefore not considered deliverable.
- Furthermore this option does not provide sufficient strategic fit, and primary schools closer to the catchment secondary provide a more coherent community link for this type of collaboration. Options relating to these other primary schools and the catchment secondary school have been considered and taken forward as part of the identified projects for the Band B SOP as they provide better strategic fit and are far more likely to be deliverable.

3.4 The Short List

The short list of options for Ysgol-y-Graig Primary School therefore remained as at the SOC stage with the exception that the status quo option has been upgraded to a 'Do Minimum' option in recognition that some level of H&S investment is required in order to be able to mitigate to some extent the significant risk of imminent service failure. This Do Minimum option will also provide an appropriate comparator for the economic appraisals of the short listed options.

These options have therefore been analysed for advantages/disadvantages below:

a) Do Minimum (Status Quo + H&S investment)

- The school building is affected by subsidence, with areas having been taken out of use since 2013/14 including the re-siting of a female staff toilet. The subsidence is monitored regularly for further movement.
- There is damp and water ingress impacting on areas of the school.
- Iron guttering has fallen from height into the playground, fortunately no-one was injured but many classroom exits and reception soft-play areas were taken out of use until effected areas made safe.
- The general condition of the school continues to deteriorate.
- Although this option removes major capital investment it would still be necessary to invest at least £750,000 to address the current issues/risk where possible and secure the useful life of the asset for a further five years.
- Despite the required £750k investment the risk remains that the building may have to be closed following the five year period.
- This option provides a benchmark for appraisal purposes although none of the stakeholders feel that it could be a viable solution to the current needs.

b) Refurbishment and extension

- This would bring both schools together to enable an all through primary school on the single site, however there are significant concerns related to this option.
- The current school is on several different levels due to the sloping nature of the site. These site issues make the school difficult to refurbish to the required standard for pupil accessibility.

- The considerable health and safety issues at the current site need major works as indicated above.
- Major works are also required to the infrastructure, ground stabilisation, heating, electrics, etc.
- The condition of the school build is poor, the class sizes are small and below recommended size for primary and nursery schools.
- The whole school requires significant refurbishment and there are no spare areas for decanting pupils whilst building work takes place. There is also insufficient space to locate and fit mobile classrooms on site to enable refurbishment works to take place.
- The current site is landlocked which would make any building project more difficult and costly.
- The current building and site is in poor condition and even with significant investment is unlikely to sufficiently deliver on the investment objectives.

c) New Build School

- This would also bring both the school sites together on one fit for purpose campus in a new building with the highest levels of sustainability.
- This option would require the greatest level of investment but would provide site and accommodation fit for purpose, remove all significant health and safety issues/risks, and provide a fully accessible site in line with the Equalities Act, 2010.
- It would ensure a fit for purpose base for pupils with Additional Learning Needs.
- Support improved outcomes for Foundation Phase through closer collaboration and consistency of provision and leadership.
- Improve access to, from and near site for pedestrians, vehicles, visitors and general public.
- Provide facilities in order to maintain and expand links with the community.

The table below summarises how well these short listed options meet the investment objectives and the critical success factors agreed for this project.

	Do Minimum				Refurbish and Extend				New school on alternative site			
Scope	Address the significant H&S issues				Single Site school, remove all H&S risks/issues				Site and building fit for purpose			
	1	2	3	4	1	2	3	4	1	2	3	4
Investment objectives												
Critical Success Factors												

On the basis of the above analysis the preferred way forward remains the maximum option: a new school build on an alternative school site.

Each of the short listed options will be progressed to the economic appraisal stage in order to provide benchmarking comparators and ensure that the preferred option to be selected provides the best value for money.

3.5 Economic appraisal

Introduction

Each of the short listed options have been subject to a detailed economic appraisal to determine which offers the best value for money solution. The economic appraisal follows HM Treasury best practice guidance as set out in the Green Book. In determining value for money it is important to assess all of the main costs and benefits including the wider consequences beyond education. The economic appraisal also assesses the key risks associated with each of the short listed options as this is a significant factor in deciding which option provides the best way forward.

The following paragraphs set out the findings of the economic appraisal and recommend a preferred option. The following aspects of the appraisal have been undertaken:

- Cost Benefit Analysis;
- Non-Financial Benefits Appraisal; and
- Risk Assessment and Appraisal.

Cost Benefit Analysis

The cost benefit analysis considers the costs and benefits (i.e. those which can be measured financially) of each option over the lifetime of the asset. i.e. the Net Present Cost (NPC).

The cost benefit analysis is completed in today's prices (i.e. constant prices) and excludes the impact of inflation. Costs and benefits are discounted in value over the appraisal period to reflect their reduced value over time. A discount rate of 3.5% has been applied for years 1-30 and 3.0% for years 31-60 in line with HM Treasury and WG guidance. The discounted cashflows are then aggregated to arrive at the NPC.

For this purpose the useful life of the asset will vary dependant upon the specific project i.e. refurbishments are appraised over 30 years, whilst new builds are appraised over 60 years and therefore in order to provide a baseline comparison of each option and adjust for the different appraisal period, the NPC of each option is converted into an Equivalent Annual Cost (EAC). This enables a direct assessment of the best value option in terms of lowest economic cost.

Each option is also subject to the application of Optimism Bias, according to industry standards, which reflects the extent to which appraisers are inherently bias towards lower values when estimating project costs.

Optimism bias adjustments therefore increase the estimated economic cost of project delivery and are reduced as mitigation occurs and there develops an increasing certainty with regards to costs and project risks.

The EAC of each option including optimism bias is therefore the recommended approach through the options appraisal to determine best value.

The costs benefit analysis of each option is detailed in Appendix 2 – 'CBA: Economic Options Appraisal'.

The following table summarises the outcomes below:

Discounted Cashflow	Including Optimism Bias		Excluding Optimism Bias	
	Net Present Cost NPC £M	Equivalent Annual Cost EAC £M	Net Present Cost NPC £M	Equivalent Annual Cost EAC £M
Option				
1 Do Minimum – Status Quo with Capital H&S works	6.95	1.49	6.89	1.47
2 Refurbish & Extend	23.01	1.21	22.09	1.16
3 New School	29.81	1.14	29.32	1.12

The option appraisal shows that when the economic costs (capital, revenue, and financial benefits) are considered over the whole life of the asset delivered by each project option, then the lowest Equivalent Annual Cost (EAC) is delivered by Option 3 which demonstrates that Option 3 provides the best value for money option.

Option 3 has the lowest EAC including and excluding optimism bias which also indicates that further certainty regarding project costs/risks over and above the current status of optimism bias is not likely to change this outcome.

Cost Benefit Analysis – Conclusion

Option 3 – New Build provides the best value option.

Non-Financial Benefits Appraisal

The cost benefit analysis only includes those benefits which can be valued financially, it is therefore essential to appraise other benefits which cannot be valued in this way i.e. all benefits classified QB and NQB.

In this case the majority of benefits have been included in the benefits appraisal below.

Each benefit area, linked to the investment objectives, has been assigned a relative weighting in accordance with its strategic value over the long term.

No	Benefit Area	Weight
1	Improved outcomes and success for young people raising expectations and aspirations	40
2	Improve the quality of the school site and building to enhance teaching & learning environment	30
3	Improve links with the community contributing towards enhanced wellbeing	20
4	Greater budget certainty leading to more effective strategic planning of teaching and learning	10
	TOTAL	100

In order to assess the qualitative benefits, each option was scored out of 10 against each benefit (i.e. where 10 = fully meets every aspect of the benefit, through to 1 = does not meet the benefit in any respect). The scores were then weighted to take into account the relative importance of the benefit area. The outcome of the weighted scoring exercise is summarised in the table below.

Option	Benefit 1 Weighted Score (Score * Weighting)	Benefit 2 Weighted Score (Score * Weighting)	Benefit 3 Weighted Score (Score * Weighting)	Benefit 4 Weighted Score (Score * Weighting)	Total Weighted Score	Rank
1	80 (2*40)	60 (2*30)	20 (1*20)	20 (2*10)	180	3 rd
2	280 (7*40)	210 (7*30)	100 (5*20)	80 (8*10)	670	2 nd
3	400 (10*40)	300 (10*30)	200 (10*20)	100 (10*10)	1,000	1 st

Option 3 scores highest and provides the optimum service solution in terms of delivering non-financial benefits according to the non-financial benefit analysis.

Risk Assessment & Appraisal

The main risks identified in the updated Strategic Case, see section 2.7, have also been considered as part of the economic appraisal of the short listed options. These risks have been included within the risk assessment appraisal included in Appendix 3.

Each risk was scored for impact and for likelihood of occurrence using the local authority's corporate risk assessment framework.

Impact (Low 1, Medium 2, High 3, Critical 4, Catastrophic 5).

Likelihood (Very Low 1, Unlikely 2, Possible 3, Probable 4, Almost Certain 5).

RISK Score = Impact x Likelihood

RISK Score Category : Low 1 – 3, Medium 4 - 6, High 8 - 10, Critical 12 – 16, Catastrophic 20 - 25

The summary results are as follows:

Option	Aggregate Risk Score	No: Catastrophic / Critical / High risks	Ranking
1	72	Catastrophic 0 Critical 3 High 2	3 rd
2	70	Catastrophic 1 Critical 1 High 2	2 nd
3	35	Catastrophic 0 Critical 0 High 0	1 st

The risk assessment appraisal indicates that Option 3 presents significantly the lowest risk for a successful project delivery and on-going service solution since it has the lowest aggregate risk score and no high or critical risks whereas the other options have a risk score of at least double and also at least 4 critical/high risks.

Summary of Results

The results from the three elements of the economic appraisal are summarised in the table below:

Option	EAC including optimism bias	Ranking	Non Financial Benefits Weighted Score	Benefits Ranking	Risk Score	Risk Ranking
1	1.47	3 rd	180	3 rd	72	3 rd
2	1.23	2 nd	670	2 nd	70	2 nd
3	1.14	1 st	1,000	1 st	35	1 st

Option 3 is the most economically favourable option when measured against each of the three appraisal methodologies i.e. Cost Benefit Analysis, Non Financial Benefits Appraisal and Risk Assessment Appraisal.

3.8 Overall Conclusion

The economic appraisal of the short-listed options provides a clear preferred option in terms of value for money, optimum delivery of benefits and lowest project risk that requires management and mitigation to ensure successful delivery.

The preferred option that provides the best economic value against each of these criteria is Option 3 – New Build.

Therefore the economic appraisal confirms that the authority's preferred way forward identified at the SOC stage is also the preferred option within the OBC.

Option 3 – New Build school is therefore the preferred option to be taken forward and considered in the Commercial, Financial and Management cases.

3.9 Choice of School Site

The new school build on an alternative site offers the best value for money option and will deliver the main project objectives to the school and community. The authority has already agreed the capital investment that would be necessary to deliver the projects within Band A of the 21st Century Schools Programme.

A new school build is supported by local and portfolio lead Councillors, the school, governors and wider community.

The site of the build was agreed by Council on 31st January 2018 following a period of public consultation and stakeholder engagement/involvement regarding the location of the site for the proposed new school build.

Initially the Council undertook a listening and engagement exercise during March 2017 to explore eight potential sites for the proposed new school build. During the listening and engagement exercise a further five sites were identified by residents.

A co-production session was then held to consider the feedback from the listening and

engagement sessions and to assess each of the thirteen proposed sites against the following essential criteria; Will the site meet the critical project end date (March 2020)?; Is the site readily available?; Can the project be delivered within the available funding envelope?

Weighing up all the evidence, the co-production group (consisting of 12 stakeholders, 2 from each stakeholder group, and 10 Council officers) then made a decision whether a site was viable to be put forward as a recommendation to go through to a formal public consultation.

The following three sites met the essential criteria:

- Pen-Y-Dre High School
- Godre'r Coed Playing Fields
- Vaynor and Penderyn High School

It was decided that the Pen Y Dre site would not be taken forward due to the overwhelming Feeling from the community of it being unsuitable as the location is outside the Vaynor Electoral Division and outside the catchment area of the school.

Therefore, the Goedre'r Coed Playing Fields and former Vaynor and Penderyn High School sites were progressed to a public consultation between 12th June and 18th September 2017.

The Council report of 31st January 2018 (Please see Appendix 4) included the public consultation outcomes where overwhelming support (83% of respondents) were in favour of the Vaynor & Penderyn site. Refer to Appendix 5 – Final Report on YYG Public Consultation for further details on the public consultation outcomes.

The Council report of 31st January 2018 also detailed the recommendations of local authority officers in support of the Goedre'r Coed Playing Fields site.

The report concluded that both sites were viable to accommodate the new school build and due to the strength of public feeling to protect the playing field, the report recommended that Council should debate the contents of the report in full and make a decision regarding the preferred site.

Council voted on both sites and a majority decision was reached regarding the Vaynor & Penderyn site as the preferred option for the location of the new school build.

The feasibility study for this new school which included site investigation works indicated a provisional budget of £7M.

Following further design works required for stage 1 of the procurement process the detailed budget has been updated as per the details within the Financial Case, see section 5.

The authority will continue to explore opportunities for value engineering to obtain best value through the stage 2 procurement process as set out in the commercial case below.

3.10 Economic Appraisal of New Build on Goedre'r Coed Site

The local authority has been requested by WG to consider an economic appraisal of the New Build Option on the Goedre'r Coed site so as to provide a comparison to the New Build Option on the Council's chosen site; Vaynor & Penderyn.

This economic appraisal consisting of cost benefits analysis, non financial benefits appraisal and a risk assessment appraisal has been detailed in Appendices 6 and 7.

Summary of Results

The results from the three elements of the economic appraisal are summarised in the table below:

Option	EAC including optimism bias	Ranking	Non-Financial Benefits Weighted Score	Benefits Ranking	Risk Score	Risk Ranking
3 Vaynor & Penderyn Site	1.14	2 nd	1,000	1 st	35	1 st
4 Goedre'r Coed Site	1.11	1 st	900	2 nd	79	2 nd

Option 4 – Goedre'r Coed is the more economically favourable option when measured against the cost-benefit analysis methodology.

However, Option 3 – Vaynor & Penderyn is the more economically favourable option when measured against the other two appraisal methodologies i.e. Non Financial Benefits Appraisal and Risk Assessment Appraisal.

Overall Conclusion

The economic appraisal of the two potential sites for the new school build does not provide a clear single preferred option that gives best value, optimum delivery of benefits and the lowest project risk for securing successful project delivery.

In terms of value for money, Option 4 Goedre'r Coed provides slightly better value over the long-term life of the asset, whilst Option 3 Vaynor & Penderyn, provides slightly more optimal delivery of non-financial benefits.

Most critically however, the option to build on Vaynor & Penderyn has significantly lower risks associated with the deliverability of the project. The risks around the deliverability of a new build on Goedre'r Coed are so material that the local authority is not confident that it would be able to successfully deliver a new build school on the site.

This is due to the strength of opposition within the community and the implication of significant time delays that could be brought about through the legal challenges that would be expected (potential judicial review) and the inevitable community opposition to planning approval with demonstrations/protests likely to be significant. There is also a risk that Fields in Trust would withhold consent to build on Goedre'r Coed as they would need to approve the replacement areas of land proposed by the local authority.

As detailed in the local authority's current 21st Century Schools Strategic Outline Programme (SOP) new project solutions will seek to be developed in line with the sustainable development principle set out in the Wellbeing of Future Generations Act, 2015 (WBFGA), and as underpinned by the five ways of working.

When considering the economic case for both options; the five ways of working, together with the Council's vision and wellbeing objectives have also been taken into account. This includes **collaboration** and **involvement** of the community through consultation and engagement; which has enabled them to share their views and help the Council identify preferred options.

Option 3 - Vaynor and Penderyn: Supports three of the Council's wellbeing objectives (BS - Best Start; EW – Environmental Wellbeing and LW – Living Well). This option also satisfies the 5 ways of working; in particular: **Long Term** – as this proposal presents the lowest risk for a successful project delivery and ongoing service solution, and, more importantly; meets both the current and future wellbeing needs of the community. **Prevention** – Continued access to green open space i.e. the community playing fields for recreational activity will contribute to the improvement of physical and mental health and wellbeing. The appropriate use and promotion of this community asset positively supports and integrates with the Council's Environmental Wellbeing objective.

Option 4 – Goedre'r Coed: This option does not align as well to the Council's wellbeing objectives and longer term Vision. Neither does it support as well the 5 ways of working; with the exception of Long Term, where financially this option proves to be better value for the life of the asset (although this is marginal). During the consultation, it was made clear by the community that this option would significantly impact their ability to meet their own wellbeing needs both now and in the future.

In summary:

Option 3 – New Build school on the Vaynor & Penderyn site is therefore the preferred option identified through this economic appraisal, to be taken forward and considered in the Commercial, Financial and Management cases.

4. COMMERCIAL CASE

4.1 Introduction

This section of the Full Business Case outlines the components of the procurement in respect of the preferred option, Option 3 – New School Build (Vaynor & Penderyn), outlined within the Economic Case.

This project will provide a new English medium community primary school for Ysgol-y-Graig Primary on a new site for pupils aged 3-11 years of age, community facilities, and a local authority Learning Resource Base (LRB) for up to 15 pupils aged 7-11.

The new school will include the design and construction of the following main components:

- New single form entry primary school for pupils aged 3-11 years of age with capacity for 210 pupils, provision of LRB for up to 15 pupils aged 7-11, and additional provision for nursery/pre-nursery pupils in line with 30 fte nursery pupils.
- Access to the outdoors for Foundation Phase pupils and pupils attending the LRB to support curriculum delivery where appropriate.
- Provision of suitable external play areas and areas for physical education.
- Remodelling the vehicular access to and from the site to improve road safety and maintain safe routes to school.
- Establish safe on-site routes for staff and visitors.

The Project also includes co-location of the community run Trefechan pre-school, currently located on nursery school site, within the new school building. The costs of this element of the project are being included within the local authority's bid for Early Years Capital Grant funding at 100% grant intervention rate, and will not form part of the bid for 21st Century school funding.

The authority has successfully delivered landmark school building projects and has effective and efficient procedures in place to plan, procure and enable transforming schemes in a collaborative and well managed environment. The authority is working collaboratively with the Cardiff University School of Architecture to establish an energy efficient building based around the passivhaus methods thereby reducing the traditional heating requirements. The information gained from this project will go on to inform future plans under Band B of the 21st Century Schools Programme.

4.2 Required Services

The new Ysgol-y-Graig Primary School will be procured through the WG South East Wales Schools Capital Working Group (SEWSCAP) Framework.

The approach to the development of the facilities has been to work in collaboration with Blaenau Gwent County Council's architectural services. The design and construction phases are under the management of key officers within the Merthyr Tydfil County Borough Council. All education services will continue to be delivered by the Council along with the majority of the facilities management.

4.3 Scope Analysis

The range of design and construction activities required to deliver the project have been allocated to the following key disciplines:

1. Building works; and
2. External works.

The planned site has already been cleared ready for this development.

4.4 Potential for Risk Transfer and Potential Payment Mechanisms

The governing principle is that risk should be allocated to the party best able to manage it, subject to the relative cost. Therefore, the optimal allocation of risk, rather than the maximising of risk transfer is the prime objective; and it is vital that the best solution is found. In determining this potential for risk transfer the authority recognises that:

- successful negotiation of risk transfer requires a clear understanding of the risks presented by a proposal, the broad impact that these risks may have on the service provider's financing costs and the degree to which risk transfer offers value for money.
- where the private sector has clear ownership, responsibility and control, it should be encouraged to take all of those risks it can manage more effectively than the procuring authority.
- appropriate transfer of risk generates incentives for the private sector to supply timely, cost effective and more innovative solutions.

Managers responsible for the various areas of the project will routinely monitor and review the status of risks. The current potential for risk transfer of service risks through the procurement and contracting process has been outlined in Appendix 8 – Potential Risk Transfer.

4.5 Proposed Charging Mechanisms

The payments in respect of the project will be made in accordance with the authority's financial regulations. The project will utilise Project Bank Accounts to provide best practice in ensuring fair and prompt payment in the supply chain.

The respective Project Management and governance responsibilities are considered in more detail in the Management Case.

4.6 Proposed Procurement Strategy

The authority has considered several packaging options, ranging from procuring one supplier to deliver everything to procuring each of the disciplines as stand alone packages (or even breaking these down further).

There are a number of generic considerations which had a bearing on the optimum solution:

- Minimising fee on fee when a managing main contractor has extensive subcontracting, with little added value;

- Reducing the procurement burden caused by multiple procurement events;
- The risks associated with placing everything with one supplier;
- The interface risks associated with multiple suppliers, both in design and construction phases;
- The inefficiencies of multiple mobilisations/demobilisations caused by the Project phasing;
- The ability to obtain early cost certainty with very large packages where design is staggered;
- The availability of existing framework arrangements to deliver some of the redevelopment; and
- The current status of design and the expectations of the existing design teams.

Taking on board these considerations, the most relevant packaging strategy was to consider one package to provide the total project involving the building and external works together. Other specialist packages which have relatively low values would be subcontracted through this main package.

Therefore, the successful contractor will be responsible for delivering:

New building and external works:

- One form entry primary school with nursery and LRB.
- Classes to standard specification for primary schools.
- BREEAM.
- Energy efficiency maximised through use of passivhaus principles.
- Enhanced IT infrastructure.
- Sprinkler system.
- External play facilities to meet needs of Foundation Phase pupils and LRB pupils.
- Landscaping, site access and parking improvements.

This strategy benefits from continuity of project through one supplier, reduces the extent of contractual interfaces, minimises procurement effort, reduces inefficiencies from multiple mobilisations, improves the opportunity to obtain early cost certainty, suits the use of existing frameworks and aligns with the existing design team structure.

The authority plans to obtain early cost certainty and single point accountability for design and construction. These requirements are best delivered through early contractor involvement, where the opportunities exist to gain better value for money by harnessing the expertise of main contractor, specialist subcontractors and designers collectively. Therefore it has been agreed that the authority will use a two stage design and construct approach, as follows:

- Once RIBA Stage 3 design is complete the Employer's requirements will be finalised and Invitation to Tender documents prepared.
- Five contractors from the relevant framework contracts, who have expressed an interest in the project are to be invited to a pre-tender workshop and then to tender.
- Preferred contractor appointed to provide Stage 4 design, including value engineering, build programme, investigations and Project development.
- Between Stage 4, when risks are well defined, finalise prices for the delivery stage and place a contract with the preferred contractor.
- Qualitative areas to be considered:
 - Provision of a programme covering design and construction phases.

- Community benefits matters (local employment, supply chain etc).
- Proposed key suppliers and their means of engagement during the design stage.
- Proposed key people/management team and communications strategy.
- Value management/engineering ideas.
- Possibility of standardised solutions.
- Approach to design management.

Interviews with successful tenderers will form an important part of processes prior to the award of contract. This type of procurement has already proved successful in the authority's recently completed project at Afon Taf High School.

Tenders

All tenders will be assessed on a quality/price balance whereby price is presented at 70% and quality at 30%. A balanced approach to contractor selection supports the authority's critical success factors, namely:

- To deliver high quality facilities;
- To ensure projects embrace sustainable solutions;
- Mitigation of health and safety issues;
- Delivery to cost and programme parameters;
- Use of Building Information Modelling (BIM);
- Mitigation of environmental issues; and
- Realisation of community benefits.

The qualitative aspects of tenders will focus on these critical success factors in so far as the existing framework arrangements permit.

4.7 Proposed Contractual Arrangements

To ensure consistency of approach and a common language across all packages, it is vital that a common contract suite is deployed. Given the nature of the SEWSCAP Framework and the length of the project it has been agreed to use the JCT Design & Build 2016 suite of contracts.

Key Performance Indicators (KPIs)

Over the past few projects the authority has developed a common suite of KPIs that are deployed in all contracts to allow representative benchmarking across the contractors. The preferred approach is where the individual KPIs are scored on a quarterly basis to generate a balanced score, which is linked to a payment mechanism.

As part of the SEWSCAP Framework a common suite of KPIs are deployed in all contracts to allow representative benchmarking across the contractors. This suite of KPIs monitors nine key indicators which are linked to the critical success factors.

Programme

The SEWSCAP requirements for community benefits regarding targetting recruitment and training will be included within the contract. This will include the use of local suppliers and third party contractors and work experience opportunities for local pupils. These will be core to the contract.

4.8 Procurement Strategy and Implementation Timescales

The timescale for the remaining procurement of the project is as follows:

Task	Date
Issue ITT	12 th September 2018
Return date	17 th October 2018
Evaluate Tenders	26 th October 2018
Interview	30 th October 2018
Tender Report by	7 th November 2018
Cabinet Approval	26 th November 2018
Award Stage 1	27 th November 2018
Start on Site	7 th January 2019
Stage 2 by	4 th march 2019
Tender Report by	7 th march 2019
Cabinet Approval	26 th March 2019
Award Stage 2	27 th March 2019

5.0 The Financial Case

5.1 Introduction

The Financial Case considers the affordability of the preferred option, Option 3 - new Ysgol-y-Graig Primary School (Vaynor & Penderyn) in terms of the capital and revenue requirements.

5.2 Gross Project Costs and Spending Profile

The following project costs have been estimated and profiled by the local authority's Senior Quantity Surveyor/Project Manager for the design, build and implementation of the new build Ysgol-y-Graig Primary School. The estimated capital costs of the preferred option and the projected expenditure profile is outlined in the following table. The costs include contingencies and exclude VAT. Further VAT advice will be sought and wherever possible the VAT liability minimised. All VAT on capital expenditure will be recoverable.

Ysgol-y-Graig – New Build Budgeted Project Costs

Elements of Work	Cost	Cost/m2	2016/17	2017/18	2018/19	2019/20
			Anticipated Profile			
Development costs	£50,000	£25.30			£25,000	£25,000
Substructure	£355,861	£180.09			£50,000	£305,861
Superstructure	£1,920,505	£971.92				£1,920,505
Internal Finishes	£326,199	£165.08				£326,199
Fixed fittings and furnishings	£522,960	£264.66				£522,960
Services	£1,176,739	£595.52				£1,176,739
External Works including drainage	£1,277,761	£646.64			£400,000	£877,761
Sub total	£5,630,025	£2,849.20				
Preliminaries	£692,349	£350.38			£115,392	£576,958
Contingencies	£501,811	£253.95			£50,000	£451,811
Overheads/Profit	£0	£-00				
Contract Fee	£0	£-00				
Construction Sub total	£1,194,161	£604.33				
Client costs incl contractor design	£280,996	£142.20	£67,000	£133,000	£40,000	£40,996
Total project cost	£7,105,182	£3,595.74	£67,000	£133,000	£680,392	£6,224,790
Less Pre-School	£233,686					£233,686.00
Total Costs	£6,871,496		£67,000	£133,000	£680,392	£5,991,104

The total project costs of £7,105,182 include £233,686 which relates to the proposed co-location of the Trefechan Pre-school. Excluding this from the project costs provides a revised cost of £6,871,496 which we are seeking 21st Century School investment towards.

The WG standardised £/m and £/pupil rates issued for the Band B Programme have been used, as requested by WG, to benchmark the total standardised budget that should be expected for a school of equivalent size i.e. 210 place primary school, with nursery (30 fte) and LRB (15 places).

The required budget for this using WG's Band B rates is £5,025,015 calculated as follows:

Standardised Primary School Build using WGs Band B rates	Qty	Unit	WG Rate	£
All in cost for 210 primary school	1306	m2	2,775	3,624,150
Nursery (30 pupils)	135	m2	2,775	374,625
FF&E and IT	240	pupils	1,776	426,240
LRB (15 pupils)	1	item	600,000	600,000
				5,025,015

The additional project cost is estimated to be £1,846,480 which includes exceptions for items not provided for within BB99, additional space requirements due to the particular shape of the Vaynor & Penderyn site, as well as abnormals related to both the Vaynor & Penderyn site and the Goedrer'r Coed site (school playing fields) where the access road to site, car park and MUGA will be located.

These costs can be summarised as follows

Reason for costs above standardisation	£
Requirements outside of BB99	385,725
Additional costs due to shape of site	721,500
V&P Abnormals	280,000
Goedre'r Coed Abnormals	459,255
TOTAL	1,846,480

A more detailed breakdown of these costs is provided below

Requirements not included in BB99				
Community Space	57	m2	2,775	158,175
PPA Room	14	m2	2,775	38,850
Specialist teaching room	40	m2	2,775	111,000
Meeting Room	28	m2	2,775	77,700
				385,725
Abnormals				
Increased size due to size & shape of site	260	m2	2,775	721,500
				721,500
<u>Vaynor & Penderyn site</u>				
Retaining walls and access ramp to front of school	150	m	1,333	200,000
Outdoor learning - forest schools	1	item	40,000	40,000
Cycle shelter and street furniture (bins, bollards, etc)	1	item	25,000	25,000
Pedestrian crossing provision	2	nr	7,500	15,000
				280,000
<u>Godre'r Coed site</u>				
Retaining walls & associated ramps	85	m	719	61,125
MUGA	1	item	79,200	79,200
Floodlighting	1	item	50,000	50,000
Fencing, railings incl. pedestrian & vehicular gates	216	m	282	61,000
Increased car park provision (73 are being provided instead of the 44 that would be created if school placed on Goedre'r Coed - an increase of 40%)	£ 235,200	x	40%	94,080
Access road	825	m2	110	90,750
Access footway	90	m2	90	8,100
Pedestrian crossing provision	2	nr	7,500	15,000
				459,255
			Total Cost	1,846,480

5.3 Funding & Affordability Appraisal

The financial profile for the new build project including the revenue financing costs are shown below:

Ysgol-y-Graig, New Build Project - Financial Profile (£6,871,496)

	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000	TOTALS £'000
Main Works Contract (including preliminaries)			640	5,951	6,591
Project Fees	67	133	40	41	281
Gross Capital Costs	67	133	680	5,992	6,871
Welsh Gov Grant	-	-	400	1,536	1,936
MTCBC Prudential Borrowing	67	133	280	4,455	4,935

In relation to the Band A Programme the proposed new build for Ysgol-y-Graig Primary is one of two projects.

The overall financial profile for the Band A programme is as follows:

MTCBC Band A Programme- Financial Profile

Project	13/14 £'000	14/15 £'000	15/16 £'000	16/17 £'000	17/18 £'000	18/19 £'000	19/20 £'000	Total £'000
Afon Taf High School	35	2,465	5,000	3,125	1,375	0	0	12,000
Ysgol-y- Graig Primary	0	0	0	67	133	680	5,991	6,871
TOTAL	35	2,465	5,000	3,192	1,508	680	5,991	18,871
Funding								
Welsh Government Grant	0	2,375	3,500	1,625	0	400	1,535.5	9,435.5
MTCBC Prudential Borrowing	35	90	1,500	1,567	1,508	280	4,455.5	9,435.5
TOTAL	35	2,465	5,000	3,192	1,508	680	5,991	18,871

5.4 Impact on the Authority's Income and Expenditure Account

The impact of the project on the org's I&E is reflected through prudential borrowing costs and the required Minimum Revenue Provision (MRP) i.e. gross capital financing costs.

The required level of capital financing costs have been incorporated within the local authority's MTFP as per affordability section below, see 5.6.

5.5 Impact on the Balance Sheet

The proposed expenditure will have the following impact on the balance sheet;

The new Ysgol-y-Graig Primary school will cost £7.1m, which includes allowances for fit out and ICT systems. It is normal accounting practice for the assets to be capitalised at cost including appropriate interest and overheads and to be depreciated over an estimated useful life.

5.6 Affordability

The required local authority matched capital funding is being made available through prudential borrowing. The required level of prudential borrowing to fund the Band A Programme has been part financed through Individual Schools Budgets (ISB) savings arising due to the Band A projects and surplus places funding efficiencies.

The ISB savings have been earmarked for capital financing costs and removed from the ISB i.e. from the formula funding allocation to schools as they have been realised.

MTCBC Band A Programme- Affordability Analysis

<u>Band A</u>	<u>£'000</u>	
Capital Financing (CF) costs	443	to finance £9.435 Million match fund requirement via prudential borrowing
Gross ISB Savings	301	earmarked to support prudential borrowing capital financing costs
Additional CF costs to fund Band A	142	
Band A CF costs included in MTFP	443	

The total required capital financing costs of £443k to fund the 21st Century Schools Band A Programme has been budgeted within the local authority's Medium Term Financial Plan.

6. The Management Case

6.1 Introduction

This section of the FBC addresses the 'achievability' of the scheme. Its purpose, therefore, is to set out the actions that will be required to ensure the successful delivery of the scheme in accordance with best practice.

The authority has used robust project management methodology to guide projects through a controlled well-managed and visible set of activities in order to achieve the desired results and benefits. The authority has used processes based upon PRINCE 2 principles as a way of ensuring that a project's objectives are successfully delivered. Using the general principles and methodologies of PRINCE 2 the Project Board will manage the activities and outputs of the project and meet the WG requirements and any specific guidance issued during the project's lifespan.

The authority has ensured that capital resources will be available to deliver the project through the use of the Prudential Code and maximising project related revenue savings to contribute towards the financing costs.

6.2 Programme Management Arrangements

Option 3, a new Ysgol-y-Graig Primary School, built on the site of the former Vaynor & Penderyn optimises the investment objectives and represents the overall best economic value as per the economic case.

The Project Management arrangements have been formalised into a project management structure with clear roles and responsibilities and the following approach to the organisation and management of the Project has been adopted.

The Council is following the general principles of PRINCE 2 methodology in managing the activities and outputs of the Project and will meet WG requirements and guidance throughout the life of the project's lifespan. The Project will use standard documentation and products, where available, and will seek to benefit from experience and best practice from other projects. Specialist professional and technical advisers already available to the authority are being employed for those activities where the necessary skills and experience are not otherwise available to the Project Team. The transfer of skills and knowledge from specialist advisers to the Project Team will be achieved wherever possible and appropriate.

The project is being led by the Council and overseen by the Project Management Board. In managing the project, the authority aims to:

- Deliver the project on time and to budget;
- Ensure effective and proactive lines of accountability and responsibility for the project deliverables; and
- Establish user involvement at all stages of the project.

6.3 Project Reporting Structure

To ensure clarity of roles and responsibilities, the project structure has sought to clearly identify responsibility and ensure the accountability and statutory role of the authority is maintained. The lines of accountability and governance of the project is as follows:

The Project Management Board will oversee the project ensuring it is planned, controlled and completed within agreed timescales. The following Project Roles and Responsibilities set out how the project will be managed within the remit of the powers delegated to the individuals representing the authority.

Project Roles and Responsibilities

These are as follows:

Project Management Board

The Project Board comprises of the Portfolio Member and key senior Council Officers who are representatives of service areas that have a role to play in the successful delivery of the project.

The Project Management Board will comprise:

- Senior Responsible Officer, Gareth Chapman, Chief Executive;
- Project Board Chair, Ellis Cooper, Deputy Chief Executive;
- Project Director, Cheryllee Evans, Chief Officer, Neighbourhood Services;
- Project Manager, [REDACTED], Senior Quantity Surveyor/Project Manager;
- Project Accountant, Steve Jones, Chief Finance Officer;
- Chief Education Officer, Sue Walker; and
- Cabinet Member, Cllr Lisa Mytton.

The Project Management Board will be responsible for:

- Delivering the project on time and to budget as stated in the FBC;
- Providing strategic direction for the project;
- Having overall responsibility for accountability in the planning and implementation of the project;
- Addressing the needs of the locality;
- Ensuring stakeholder involvement in the development of the project;
- Project monitoring; and
- Ensuring the preferred option meets the existing and future needs of the authority and Welsh Government, and provides best value for money.

The Project Management Board will meet on a quarterly basis and more frequently at key strategic points of the project.

Senior Responsible Officer

The Senior Responsible Officer (SRO) for the Project is Gareth Chapman, Chief Executive. The Senior Responsible Officer will:

- Ensure that a viable and affordable FBC is prepared for the project, with the revenue impact clearly identified;
- Ensure the business case remains valid;
- Maintain a visible and sustainable commitment to the project;
- Define the project owners Terms of Reference;
- Authorise the allocation of funds to the project;
- Oversee project performance through cost and schedule performance; and
- Resolve any issues which fall outside the project owners' delegated authority.

Project Director

The Project Director is Cheryllee Evans, Chief Officer, Neighbourhood Services. The Project Director, guided by the Project Management Board will:

- Take the lead responsibility for the overall success of the project, and the services that support the change;
- Agree and direct the activity of the project;
- Take the lead responsibility for risk relating to the project and for the realisation of associated benefits – balancing the acceptable level of risk against objectives and business opportunities;
- Agree and direct the activity of the project;
- Ensure brief set by Project Management Board is adhered to;
- Responsible for selecting and managing contractors;
- Ensuring production of detailed design, procurement and construction plans for scheme;
- Provide the key contact in respect of high level decisions required in order to progress work

The Project Director will also have within the Project Team the following staff.

Project Manager

The Project Manager is [REDACTED], Senior Quantity Surveyor. The Project Manager will assist the Project Director and will:

- Ensure the Project Team (which will include technical, construction and service planning leads) is effectively directed and managed;
- Ensure effective liaison with Project Director;
- Provide Highlight and Exception Reports to the Project Management Board on all aspects of the project performance;
- Instruct and manage external consultants;
- Liaise with service planning/commissioning representatives and contractors;
- Ensure effective monitoring of all project activities in relation to time, quality and cost;
- Develop Post Project Evaluation plan;
- Develop Project Management arrangements for implementation;
- Develop Technical Quality Control plan and ensure compliance with appropriate environmental and educational building standards;
- Carry out risk analysis and technical management of scheme; and
- Develop post Project procedures.

Project Team

The role of the Project Team is to:

- Ensure future service needs can be met by analysis of demand and capacity requirements and through the development of services/support that meet the project objectives;
- Define and agree with key stakeholders all planning and performance assumptions;
- Support existing staff through the delivery of the project and agree operational arrangements;
- Ensure the adoption of best practice in pupil guidance and pastoral care; and
- Define resource requirements to support the curriculum plan and delivery.

The membership of the Project Team is shown below:

- Project Manager, [REDACTED], Senior Quantity Surveyor, MTCBC;
- Headteacher, Matthew Harries, Ysgol-y-Graig Primary School;
- Chair of Governors, Ann James, Ysgol-y-Graig Primary School;
- Project Engineer, [REDACTED], MTCBC;
- Architectural Manager, [REDACTED], Blaenau Gwent CBC; and
- Head of School Planning & Improvement, [REDACTED], Merthyr Tydfil CBC
- [REDACTED], ICT Infrastructure Team Leader, MTCBC.
- Two members of the local community; [REDACTED]

The Project Team and the Project Director are accountable to the Project Management Board and are responsible for:

- Day to day project involvement;
- Appointment of consultants/design team;
- The overall development budget;
- Involved in regular project meetings;
- Responsible for meeting the needs of the Project Board;

- Agreeing the required Service Specification; and the development of a Project FBC (conforming to HM Treasury's 5 Case Model) to support the agreed strategic direction;
- Ensuring that the refurbished school will be fit for teaching and learning;
- Communication with stakeholders and the general public;
- Liaison with WG Officers;
- The development of the project organisation, structure and plans;
- The monitoring and control of progress;
- The escalation of any problems; and
- Project risk management, the formal project closure and post project review.

Project Accountant

The Project Accountant is Steve Jones, Chief Finance Officer. The Project Accountant will:

- Provide the base data required for the economic analysis and appraisal;
- Define the financial affordability ceiling for the project;
- Develop a financial plan demonstrating capital and revenue effects and affordability of short listed options;
- Provision of financial reporting and management to the Project Director on spend profiles; and
- Ensure relevant financial rules and regulations are adhered to at all times including regular reporting to the Council and WG.

Project Communication and Reporting Arrangements

Project records will be maintained on the authority's IT systems and in accordance with the defined records management system and audit good practice. The filing structure will be determined by the Project Team. Following each meeting an agreed action list will be circulated electronically to all team members to ensure everyone is aware of and focused on the individual tasks allocated to each member.

The main method of communication of records will be via e-mail. All such communication will be copied to the Project Director for record purposes. A Project Directory of contact data will be drawn up and circulated.

Internal Communication and Reporting

- All members of the project have individual responsibilities for cascading project information through their respective service functions; and
- The Project Manager will be responsible for producing a monthly progress report, including opportunities and any potential problems to the Project Management Board.

External Communication and Reporting

The Project Director will be responsible for:

- Providing the key link with major stakeholders, not represented on the Project Board, to report progress;
- Any required media management has been and will continue to be in accordance with the authority's Media Policy; and
- The Project Management Board will produce regular communication to stakeholders via various means such as websites, community newsletters and specific information leaflets.

6.4 Project Plan

The dates detailed below highlight the key milestones of the Project. This project has involved a number of key stages that have required detailed planning and sequencing to achieve the current project plan.

The implementation milestones agreed for the Project and are as follows:

Task	Date
Approval of Project SOC by Welsh Government	Dec-15
Public Consultation	Sep-17
Feedback / Analysis	Sep-17
Deliberation Event	Nov-17
Council Decision	Jan-18
Site Investigations	Feb-18
Submission of Project OBC	Feb-18
Project Design	Feb-18
Approval of Project OBC	Mar-18
Planning pre-application consultation	Jun-18
Planning Application	Oct-18
Stage 1 Procurement of Contractor	Sept 18 – Oct 18
Submission of FBC	Oct-18
Approval of FBC	Oct-18
Appoint contractor (Stage 1)	Dec-18
Stage 2 Procurement with preferred supplier	Dec-18 – Mar-19
WG Funding Approval	Dec-18
Planning Approval	Jan-19
Construction (start on site)	Jan-19
Completion of Stage 2	Mar-19
Completion / Handover	Mar-20
School Occupation (Easter 2020)	Apr-20

6.5 Main Risks

The main business and service risks associated identified at this stage of the project have been detailed in section 2.7 Main Risks together with the mitigations. The assessment of impact and likelihood as well as the potential impact on project budget has been factored into the economic appraisal of option 3 as detailed in Appendix 2 – CBA Economic Options Appraisal – Optimism Bias Option 3 and Appendix 3 – Risk Assessment Appraisal.

Identifying and Managing Risks

All programmes have an element of risk and the project team will assess how to balance the risks against the potential benefits and how to minimise or avoid them.

Risk Identification

This involved identifying potential opportunities and risks relating to the achievement of the objectives. These may arise because of the general environment or in relation to specific decisions being made or options being considered. The qualitative risk assessment is a high level analysis of key risks which, by definition, will pick up and highlight the areas of higher risk.

Risk Analysis and Mitigation

A Risk Mitigation Strategy refers to the additional efforts, if any, that must be taken by management to lower the likelihood of the risk occurring and/or to minimise the impact on the Project 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 project.

The process followed above reviewed the risks identified so that similar risks were grouped and classified according to the likelihood of them occurring and the impact they would have. The process to be followed in this project will include identification of:

- Roles and responsibilities for developing, implementing and monitoring the Strategy;
- Timelines;
- Conditions present in order for the risk level to be acceptable; and
- Resources required to carry out the planned actions.

Managers responsible for the various areas of the project will need to routinely monitor or review the status of risks. This will be achieved by:

- Reporting on risk areas along with performance; and
- Developing risk indicators to monitor the status of risks, particularly for those areas of the project which are complex or seen as risky initiatives.

An ongoing Project Risk Register is being utilised for the monitoring and management of the risks. Please refer to Appendix 9 – YYG Project Risk Register.

6.6 Arrangements for Change and Contract Management

The strategy, framework and plan for dealing with change and associated contract management is set out below:

- The Project Manager will be responsible for capturing, logging and categorising all project issues;
- The Project Manager will assess project issues by type (request for change, or off specification) and investigate required actions. Actions will be documented and their completion confirmed;
- An Issues Log will be maintained and reviewed regularly by the Project Team;
- Newly identified risks will be added to the Risk Register and evaluated, with proposals for mitigation to be reviewed and agreed by the Project Team;
- Project issues will be reported, in the first instance, to the Project Director. All major issues – above the tolerance level set by the Project Board – will be reported to the Project Board for decision before implementation, particularly if any funding increase is required as a consequence of change;
- The Project Manager (in conjunction with the project team) is able to authorise other changes if within the tolerance level set by the Project Board); and
- Where an issue would cause a deviation beyond agreed levels of tolerance set by the Project Board, the Project Manager will prepare an Exception Report to the Project Board and a Subsequent 'Exception Plan' as required.

6.7 Arrangements for Benefits Realisation

The management and delivery of the targeted benefits identified through the strategic case, see section 2.6 above, will be monitored in accordance with the Project Plan, reviewed by the Project Team and accountable to the Project Board.

A project benefits register has been developed so that all members of the Project Team are fully aware of responsibility, timescales and expected outcomes re tracking benefits. Please refer to Appendix 10 – YYG Project Benefits Register.

There will be a tracking process which monitors achievement of benefits against expectations and targets and this active management of the potential benefits will ensure that possible benefits are clearly identified and understood across the project; and a clear plan is established to manage delivery including the management of any potential disbenefits.

6.8 Arrangements for Post Project Evaluation

Post Project Evaluation (Project Evaluation Review and Post Implementation Review) is the process of assessing the impact of a project, programme or policy whilst it is in operation, or after it has come to an end. It is an essential aid to improving project performance, achieving best value for money from public resources, and informing future decisions.

The Project Management Board is determined that a thorough and robust Post Project Evaluation Review (PPE) will be undertaken which will be informed by an ongoing Project Evaluation Review (PER).

Post Project Evaluation Framework

The PPE and PER outcomes will be used to inform other authority projects involving significant capital expenditure; and the delivery of the benefits realisation proposals as set out above. Good practice will be shared within the Central South Consortium and other authorities.

The evaluation will be viewed as an integral part of the project and plans will be made to ensure this takes place as part of the project delivery plan.

Although evaluation will be carried out continuously throughout the life of the project, in order to identify opportunities for continuous improvement, it is essential that evaluation activities are undertaken at four main stages:

Stage 1: Appraisal Stage - plan and scope the PPE work and summarise in the Project Plan;

Stage 2: During project - monitor progress and evaluate the outputs on completion of the building works;

Stage 3: Initial post project - evaluation of the service outcomes will take place six - twelve months after the facility has been commissioned;

Stage 4: Additional post project - post project evaluation to assess longer-term service outcomes two years after the facility has been commissioned.

Evaluation of Project in Operation - an evaluation will be conducted not more than 12 months following the handover of the school so that many of the lessons learnt will still be fresh in participants and key stakeholders' minds. The objective will be to assess how well and effectively the project was managed during the operational commissioning phase and the early months of the actual operation.

This evaluation will examine:

- The effectiveness of the project management of the scheme;
- The effectiveness of communications and involvement of key parties during the commissioning period and into full operation;
- The effectiveness of the joint working arrangements;
- The support offered from the above stakeholders and other interested parties and any others as appropriate; and
- Overall success factors for the project in terms of cost, time etc.

Evaluation of the new Ysgol-y-Graig Primary school –an evaluation of the project will be carried out 12 months after all the work has been completed. The objective at this stage will be to assess how well and effectively the objectives of the project have been achieved. This evaluation will examine:

- The overall effectiveness of the working arrangements of the authority as well as that of the Project Management Board and Project Team.
- The extent to which it is viewed that the new build meets the needs of pupils, staff and stakeholders.

Management of the Evaluation Process

The management of the evaluation process will be the responsibility of the Project Director assisted by the Project Team.

The Project Team will initially consider all evaluation reports and then they will be presented to the Project Management Board for discussion and endorsement. Following this process, the evaluation reports will be made available to all participants. This work will be conducted by the Project Director and associated staff.

The clear objectives for the evaluation will be:

- Setting out a comprehensive plan to complete the work;
- Identifying the resources needed to carry out the work;
- Planning the various stages of the evaluation;
- Involving all relevant stakeholders; and
- Closely monitor progress against the plan.

6.9 Contingency Plans

In the event that this project fails, the authority will continue to work with Ysgol-y-Graig Primary School and the Governing Body ensuring an ongoing shared focus on raising standards. The authority would have to invest in the current school site and building to mitigate health and safety and accessibility issues where possible.

However, subject to funding and affordability requirements, the authority would also consider alternative options over the long term that would enable delivery of a fit for purpose 21st Century School building for the community of Ysgol-y-Graig.

Signed:
October 2018

[REDACTED]

Date: 2nd

**Gareth Chapman, Chief Executive
Senior Responsible Officer
Project Management Board**