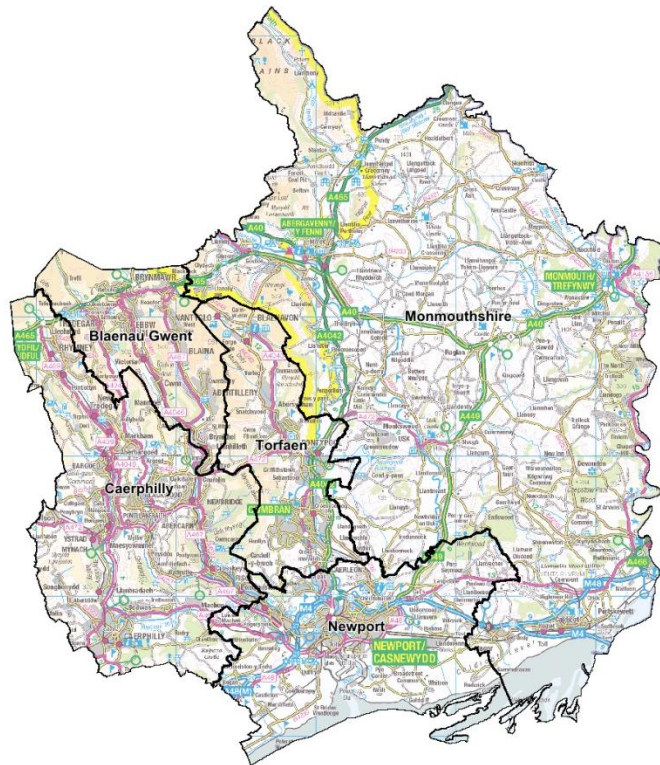


WELSH-MEDIUM SECONDARY EDUCATION SOUTH EAST WALES

Outline Business Case – Dec 2014



South East Wales Consortium 21st Century Schools Programme



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1.0 Executive Summary

1.1 Introduction

This regional Outline Business Case (OBC) seeks approval to invest an estimated £17m in the proposed programme for development of additional regional Welsh-medium Secondary provision in South East Wales, during Band A 2014 - 2019. The provision currently exists at Ysgol Gyfun Gwynllyw in Torfaen and Ysgol Gyfun Cwm Rhymni (operating on two sites) in Caerphilly. However pupil forecasts show that from September 2016 there will be insufficient places to accommodate Welsh-medium Secondary Learners across the region, with additional pressures emerging by September 2019. This regional OBC sets out an immediate short term strategy to meet the need for Welsh-medium secondary education provision during the Band A time period.

The four authorities of Blaenau Gwent, Monmouthshire, Newport and Torfaen have all included a commitment within their 21st Century Schools Strategic Outline Programme (SOP) to work together to secure additional and sufficient Welsh-medium secondary provision within the region in the medium to longer term.

In July 2014, Newport City Council received approval for an extension to the 21CS Strategic Outline Programme of some £12m – specifically targeted at delivering Welsh-medium secondary education for the city of Newport and south Monmouthshire.

In August 2014, the South East Wales Consortium regional planning group were successful in achieving Welsh Government approval of the Strategic Outline Case (SOC) in respect of this proposal. This Executive Summary now sets out the position within an Outline Business Case (OBC) perspective with summaries of the key elements which make the case for change and identify the preferred option.

1.2 Summary of the Investment Objectives

The case for change in the region is based on 6 investment objectives; they were agreed by the South East Wales Consortia regional planning group which was established to plan for future Welsh-medium secondary provision.

The summary of those investment objectives are:

1. To achieve greater economy and efficiency
2. To develop a sustainable education system
3. To create safe learning environments
4. To achieve inspirational settings
5. To secure places for Welsh-medium learners across the region
6. To achieve inclusive settings

1.3 Summary on the Long List of options

The following Long List of options was considered within the Strategic Outline Case and they will now be further tested within this Outline Business Case:

1. Torfaen A – Do nothing.
2. Torfaen B – Provision of an additional secondary school
3. Newport A – Do minimum at the site currently hosting Duffryn High School
4. Newport B – Do medium by splitting the site which currently hosts Duffryn High School (within three blocks).
5. Newport C – Do major – Standardised or Bespoke new build design at the site currently hosting Duffryn High School
6. Blaenau Gwent – Provision of a new build 11-16 school on the Nant-y-glo site
7. Monmouthshire A – Provision of a remodelled 11-18 school alongside King Henry
8. Monmouthshire B – Provision of a new build school alongside King Henry

1.4 Summary on the Short List of options

Following the evaluation set against the investment objectives and critical success factors, the outcome showed that **Options 4, 6 and 7** should be progressed to the Short List appraisal stage which will be reviewed in further detail within this Outline Business Case:

- **Option 4 – Newport B** – Do medium by splitting the site which currently hosts Duffryn High School (within three blocks).
- **Option 6 – Blaenau-Gwent** – Provision of a new build 11-16 school on the Nant-y-glo site
- **Option 7 – Monmouthshire** – Provision of a remodelled 11-18 school alongside King Henry

1.5 Preferred option

The Option 4 is the preferred way forward for the region in the short to medium term. SEWC Regional planning officers are supportive of this option as the preferred way forward for further analysis and evaluation within a regional outline business case.

1.6 What investment is needed?

The regional Strategic Outline Case previously set out how collaborative funding by Newport City Council and Monmouthshire County Council could deliver a scheme under the 21CS programme to increase regional Welsh-medium secondary education provision. This regional OBC confirms the preferred option with a level of funding for this joint project by the two authorities at £8.5m and with match funding by WG of 50%, the total budget envelope is £17m.

1.7 What will this pay for?

The budget of £17m will enable the transfer / relocation of some pupil services for Duffryn High School to free up a block for the new Welsh-medium secondary school. The scheme will ensure that English medium education is consolidated for Duffryn High School and allow Welsh-medium education provision to emerge on the same site with a full spectrum of curriculum delivery. The schools will ultimately operate as two separate schools. There may be short term practical collaboration on some service functions between 2016 and 2018, until the final school building emerges.

1.8 How will this address capacity deficit?

The development of regional Welsh-medium secondary education provision in Newport will deliver up to 900 school places in future years. It will consolidate and expand provision within the region and allow sustainable education provision at Ysgol Gyfun Gwynllyw to continue and meet the demand that exists across the region.

1.9 How will this address building condition?

Using the total 21CS budget available the scheme will bring back into use dilapidated education provision, creating quality learning zones and allow pupils to study within 21CS learning environments in both English and Welsh-medium. The running costs of the Newport City Council assets will be improved and the backlog maintenance will be addressed.

1.10 How will this improve learner experience?

Pupils from Newport and south Monmouthshire will benefit from a regional provision within their locality, reduced travelling times, allowing energy to be focused on learning. Within a site that will allow for integration between two schools, the community cohesion will quickly be established. The expansion of Welsh-medium provision will also cater for linguistic continuity across the region.

1.11 What impact will the preferred solution have on other schools?

This proposal to develop a seedling regional Welsh-medium secondary school will not de-stabilise Ysgol Gyfun Gwynllyw, neither is it intended to have a detrimental impact on local English medium schools. It will underpin the delivery of the regional approach to Welsh-medium provision as a whole.

1.12 What are the headline benefits?

- Welsh-medium learning environment developed in the area of the region where demand predominantly exists
- A south Gwent school for south Gwent children
- Utilising / maximising current school estate
- Meeting regional demand using regional funding
- Collaborative working at the heart of learning

2.0 Strategic Case

The detail set out in the Strategic Case at regional Strategic Outline Case stage has not changed to any degree. The investment objectives; risks; dependencies; constraints and business needs are the same as before. The risk log will be developed throughout the life of the preferred way forward at project level. PRINCE 2 methodology is in place to orchestrate project management arrangements for this regional solution with appropriate reporting and accountability through a sound governance framework.

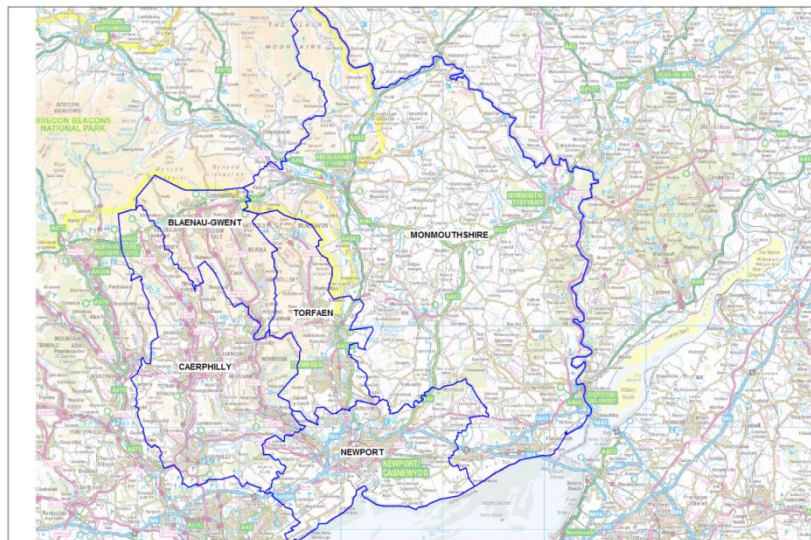
Whilst it is proposed that the Strategic Case at regional Outline Business Case stage be submitted with a status of “no change”, there is still a requirement to review strategic aspects of the regional planning throughout this document.

The organisational overview has been included, as before, to ensure business case reviewers identify the root of the regional Outline Business Case and associate the short list of options described within the appropriate geographical area.

2.1 Regional Overview of School Organisation – South East Wales

The South East Wales region covers the geographical area of Blaenau-Gwent, Caerphilly, Torfaen, Newport and Monmouthshire.

The population for the region at the last midyear estimate in 2012 stood at 578,000, of which 81,976 (based on 2013 benchmarking data) school age children attend the region’s schools. There are 246 schools within the region, 209 primary schools of which 20 are Welsh-medium and 37 secondary schools of which 2 are Welsh-medium.



Blaenau-Gwent, Torfaen, Newport, Caerphilly and Monmouthshire's Education services work in partnership to form the South East Wales Consortium (SEWC).

2.2 Strategic Case Summary

The regional Strategic Outline Case, submitted in July 2014 was completed on the basis that any and all options put forward were aligned to the 3 aims of the 21st Century Schools Programme:

- Learning environments for children and young people aged from 3-19 that will enable the successful implementation of strategies for school improvement and better educational outcomes;
- Greater economy through better use of resources to improve the efficiency and cost-effectiveness of the education estate and public service provision.
- A sustainable education system with all schools meeting a 21st Century Schools Standard, and reducing the recurrent costs and carbon footprint.

This regional Outline Business Case now seeks to address capacity issues and demand for Welsh-medium secondary education for the children in this region.

It is therefore proposed that the Strategic Case at regional Outline Business Case stage be now recorded as "no change".

3.0 Economic Case

The earlier work on the long list of options under the regional Strategic Outline Case and the identification of a preferred way forward has been reviewed and refined at regional Outline Business Case level within this Economic Case. The only amendment is to the clarity of meaning of Critical Success Factor 5 described in 3.3 below; this clarity of wording does not change the essence of the CSF and therefore provides no material difference to the option appraisal.

3.1 'Long List to Short List' Criteria

The recommended short list of options contained in the Strategic Outline Case is now to be tested against the following 'long list to short list' criteria:

- Do any of the options fail to deliver the investment objectives and CSFs for the project?
- Do any of the options appear unlikely to deliver sufficient benefits, bearing in mind that the intention is 'to invest to save' and to deliver a positive net present value (NPV)?
- Are any options clearly impractical or unfeasible – for example, the technology or the land is not available?
- Is any option clearly inferior to another, because it has greater costs and lower benefits?
- Do any of the options violate any of the constraints – for example, are any clearly unaffordable?
- Are any of the options sufficiently similar to allow a single representative option to be selected for detailed analysis?
- Are any of the options clearly too risky?

The investment objectives and critical success factors are now re-stated to provide a point of reference to the shortlisted options within this standalone document.

3.2 Investment Objectives

The case for change in the region is based on 6 investment objectives which have not changed since regional Strategic Outline Case but have been re-stated to provide reference to business case reviewers in this standalone document. The investment objectives were originally agreed by the South East Wales Consortia regional planning group which was established to plan for future Welsh-medium secondary provision.

1. To achieve greater economy and efficiency through appropriate sized schools, collaboration and better use of resources to improve the cost effectiveness of the education system. In doing so, ensuring that we have schools of the right type, right size in the right place.

2. To develop a sustainable education system with all schools (equality) meeting national building standards and reducing the recurrent costs and carbon footprint.
3. To create safe learning environments for schools and communities that will enable the successful implementation of strategies for school improvement and better educational outcomes and life chances for children and young people that are aligned to our key strategies: Corporate plan, HSCWB, SEF, Welsh-medium Education Strategy.
4. To achieve inspirational settings appropriate for new educational developments, new technologies and adaptable to cater for the changing needs of the future.
5. To secure places for Welsh-medium learners across the region through security of admission.
6. To achieve inclusive settings, providing for the individual learning needs for all pupils, providing pleasant and appropriate spaces for all school users; spaces in which pupils including those with additional learning needs and disabilities feel that their needs are respected.

The short listed options were reviewed again to confirm they are each capable of delivering against the above Investment Objectives.

3.3 Critical Success Factors

Key critical success factors for the programme were developed at an “options appraisal workshop”. The critical success factors were aligned to the investment objectives for the project to evaluate the list of possible options.

CSF 1: Collaboration across Neighbouring Authorities

CSF 2: Schools rebuilt or refurbished to modern standards, minimising running costs.

CSF 3: Enable all children and young people to develop to their full potential

CSF 4: To offer children and young people a curriculum that engages and motivates them to learn

CSF 5: Local authority to guarantee a place for admission to school for all contributing authorities - admission criteria would need to guarantee this

CSF 6: All schools made fully accessible for the whole community

The short listed options were reviewed again by the Welsh-medium Regional Planning Group to confirm each option is capable of delivering against the above Critical Success Factors. That review by the regional planning group included amending the wording (not the meaning) of CSF 5 to provide some clarity of meaning, to be replaced with the following:

AMENDED CSF 5: The host local authority to apply their admissions policy supported by a proposed catchment area (subject to statutory consultation).

To support this amendment, the individual authorities will take forward the usual annual consultations on the proposed admission arrangements for September 2016, which where appropriate, will reflect any amendments to existing catchment areas or admission criteria to the current regional secondary schools.

In the case of the potential preferred option the host authority will take forward a proposal through statutory consultation to establish that school, that process will incorporate also the consultation on the specific admission arrangements for that setting.

It is proposed that the catchment areas for regional Welsh-medium secondary education will be organised in the following way:

- For Ysgol Gyfun Cwm Rhymni, Caerphilly County Borough Council have confirmed there is no change to the catchment area for that school
- For the Ysgol Gyfun Gwynllyw school, Torfaen County Borough Council will take forward the usual annual consultation on admission arrangements which will include a revised catchment area for that school
- For the preferred option, the region would work together to progress through the statutory consultation process (working collaboratively) to fully consult to establish the school and this would include regional consultation on a proposed new catchment area.

3.4 The Long List

The original evaluation to determine the long list of options was undertaken by the regional planning group at Strategic Outline Case stage, in accordance with how well each option met the investment objectives and critical success factors.

The following options are now re-stated as long list options:

1. Torfaen A – Do nothing.
2. Torfaen B – Provision of an additional secondary school at a site that is surplus to requirements providing for 900 places.
3. Newport A – Do minimum at the site currently hosting Duffryn High School to provide a New Welsh-medium Secondary School for circa 900 pupils and retain English medium Secondary provision (Duffryn High) to provide for 1200 pupils through demountable replacement to support additional pupils transferring blocks on site, it includes shared services and shared pitches.

4. Newport B – Do medium by splitting the site which currently hosts Duffryn High School (within three blocks). To retain English medium Secondary provision (Duffryn High) to provide for 1200 pupils within two blocks plus an extension and to provide a New Welsh-medium Secondary School for circa 900 pupils within the remaining block which would also have an extension on its own site. This includes some site remodelling in order to accomplish a split site. For Duffryn High School to operate for 1200 pupils with demountable replacement and essential extension of the two retained blocks for Duffryn School; in order to create essential curriculum accommodation to support additional pupils transferring across. To create a separate Welsh-medium secondary to operate on its own site for 900 pupils within the remaining block. Both schools would have exclusive / separate use of education classroom curriculum facilities including separate pitches, but will share the Community Sports Hall.
5. Newport C – Do major – Standardised or Bespoke new build design at the site currently hosting Duffryn High School to provide a New Welsh-medium secondary school for circa 900 pupils alongside English Medium provision (Duffryn High) with 1200 places. This option includes complete replacement of premises and new build of facilities for the site to incorporate Welsh-medium secondary provision.
6. Blaenau Gwent – Provision of a new build 11-16 school on the Nant-y-glo site within the Council providing for 700 places.
7. Monmouthshire A – Provision of a remodelled 11-18 school alongside King Henry to provide for 900 pupils.
8. Monmouthshire B – Provision of a new build school alongside King Henry to provide for 900 pupils.

Newport City Council and Monmouthshire County Council are re-stating at regional Outline Business Case stage that the most appropriate location for a south of the region option is the Duffryn High School, Newport site.

3.5 The Short List

Following an additional review against the 'long list to the short list' criteria described in section 3.1 above, the outcome qualified that the following **Options 4, 6 and 7** should be re-stated as the Short List.

Option 4 – Newport B – Do medium by splitting the site which currently hosts Duffryn High School (within three blocks). To retain English medium Secondary provision (Duffryn High) to provide for 1200 pupils within two blocks and to provide a New Welsh-medium Secondary School for circa 900 pupils within the remaining block on its own site. This includes some site remodelling in order to accomplish a split site. For Duffryn High School to operate for 1200 pupils with demountable replacement and essential extension of the two retained blocks for Duffryn School; in order to create essential curriculum accommodation to support additional pupils transferring across. To create a separate Welsh-medium secondary to operate on its own site for 900 pupils within the remaining block which would also have an

extension. Both schools would have exclusive / separate use of education classroom curriculum facilities including separate pitches, but will share the Community Sports Hall. Whilst the seedling school will be able to deliver education, it may be practical to collaborate on some service functions between 2016 and 2018 until all works on both school sites are completed.

Option 6 – Blaenau-Gwent – Provision of a new build 11-16 school on the Nant-y-glo site within Blaenau-Gwent Council providing for 700 places. This option will include a new build of a standardised design and will provide education for 11 – 16 year olds. Students at age 16 will then choose as to where to continue their education and this can either be provided at Blaenau Gwent Learning Zone or at an 11 – 18 Welsh-medium secondary school within the region.

Option 7 – Monmouthshire – Provision of a remodelled 11-18 school alongside King Henry to provide for 900 pupils.

3.6 Economic Appraisal

The economic appraisal provides an overview of the main costs and benefits associated with the shortlisted options. This is supported by a detailed financial options analysis attached as an Appendix 1.

The sections which follow cover:

- Quantifiable costs & benefits (3.6.1)
 - Capital costs
 - Opportunity costs
 - Sunk costs
 - Sensitivity analysis
 - Income
 - Revenue costs
 - Efficiency costs
 - Backlog of maintenance costs
- Qualitative benefits (3.7)

3.6.1 Quantifiable costs and benefits

The economic analysis has a focus on value for money and refers to:

- The use of constant (base year) prices
- Including opportunity costs
- Including all quantifiable costs, benefits and risks to both organisation and wider society
- Include environmental costs; with an allowance for optimism bias
- Excluding all Exchequer ‘transfer’ payments
- Excluding general inflation
- Excluding sunk costs; depreciation and capital charges

3.6.2 Capital Costs

The capital costs include the opportunity cost of existing assets such as land and the table below includes an assessment of the options in terms of associated capital costs.

	Option 4 Newport	Option 6 Blaenau-Gwent	Option 7 Monmouthshire
Capital Costs	£16 million (NCC) £1 million (MCC) Total £17m A collaborative financing model between NCC and MCC	£24m *	£7 m to cover initial set up costs of a “seedling” provision. Additional funding would be required in Band B to complete the project
Opportunity Costs	£2.5m (NCC)	Zero	Zero
Sunk Costs	£120,000	£25,000	£150,000

***Note: Since the submission of the regional Strategic Outline Case, Blaenau Gwent County Borough Council has reviewed the capital costs for Option 6; it was previously stated as £21m, now stated as £24m.**

3.6.3 Opportunity Costs

Opportunity costs arising from benefits foregone must be taken into account. So for example, when considering whether to continue to use a school site for the delivery of new education provision, the immediate realisable value of the site may be an important opportunity cost. The identification of opportunity costs has been set against each option as at autumn 2014 – the period at which this Outline Business Case is submitted. Each local authority will have considered the opportunity cost of each option before submitting them to the long list. They are documented here as further appraisal of the short list.

Option 4: Newport City Council carried out an analysis of all costs and valuations of assets in order to deliver option 4 as a viable solution.

- Capital cash: The statutory requirement to deliver Welsh-medium secondary education would still need to be met. NCC had originally identified the sum of £3.5m to support other solutions. To return to this level of investment would

result in an opportunity cost of £2.5m that could be used by the Council on other projects if option 4 did not go ahead, assuming that £3.5m would continue to be required to support other solutions.

- Value of land / premises: The land and the premises hosting Duffryn High School would still be required for use by education, there is therefore no 'alternative foregone' for the use of the land or premises quoted in option 4.

Option 6: Blaenau Gwent has carried out an analysis of costs and valuations of assets in order to develop option 6.

- Foregone capital receipt: The land and premises hosting the old Nantyglo School would be sold. However there would be costs associated with the demolition of the old school site that would net off any potential capital receipt, therefore the opportunity cost is assumed to be zero.

Option 7: Monmouthshire has carried out an analysis of costs and valuations of assets in order to develop option 7. The option will reduce surplus places in King Henry V111 Secondary School resulting in better efficient use of our existing estate. There are however, insufficient funds within the Consortium to meet the total capital cost of this option within Band A. The £7 million would cover the set up costs for a "seedling" provision. Further capital funding would be required in Band B from the Consortium, to complete the project.

3.6.4 Sunk Costs

Sunk costs are deemed to refer to the level of financing which has taken place and which is now not redeemable. The level of sunk costs set against each option is taken as autumn 2014 – the date at which this Outline Business Case is to be submitted. Any future sunk costs will be set against the preferred option and referred to as a risk within the project-level risk log and Full Business Case.

Option 4: Newport City Council has carried out an analysis of the level of sunk costs to deliver this project is deemed to be a level of circa £120,000. This is directly as a result of Officer resourcing which cannot be capitalised and is non-retrievable against the project.

Option 6: The levels of sunk costs to Blaenau Gwent are minimal and relate to Officer time.

Option 7: Monmouthshire County Council has carried out an analysis of the level of sunk costs to deliver the option and it is deemed to be at a level of circa. £150k (Officer resourcing).

3.6.5 Income

The continuing projected high surplus places within secondary schools in the region would continue to put pressure on school budgets and this is reflected in the most

recent informed analysis carried out by Welsh Government stating that the annual average cost burden of a secondary surplus place equates to £510. The level of surplus places in the region's secondary schools can be mitigated by providing the increasing demand for Welsh-medium Secondary school places. The table below includes an assessment of the options in terms of surplus place cost burdens within the school as at 2016 and re-states the impact on income as a direct result of the surplus place position. Each authority hosting the option has taken the level of surplus places in that area at the time of this submission and multiplied it by £510 to identify the cost burden with reports either a (positively) reduced or a (negatively) increased position for that authority.

Surplus places cost burden reduction –

	Option 4 Newport	Option 6 Blaenau-Gwent	Option7 Monmouthshire
Surplus places cost burden reduction	-£29,000	£327,420	-£181,560

3.6.6 Revenue Costs

Projections for staff costs for each of the short listed options have been derived. All shortlisted options would mean an increase in whole authority staff costs through the creation of a new seedling school.

There would also be a requirement to set up the staffing team in advance of the open date for the school – those costs are over and above normal running costs.

Each Council would have usual demographic growth applied to the Revenue Support Grant. Within each Council it is for the Chief Education Officer to determine with the corporate mid-term revenue planning how additional school places are applied through the Individual School Budget sums.

Newport City Council has a policy of awarding a sum of £35,000 start-up costs to any newly established school and this could support organisational development issues as part of the implementation programme.

The following revenue costs have been referenced where appropriate in the financial option appraisal in Appendix 1.

Revenue Costs:	Option 4 Newport	Option 6 Blaenau-Gwent	Option7 Monmouthshire
General Staffing Team	A seedling staff team to be determined by Shadow / Temporary Governing Body – however estimated to be in the region of £700,000 for the first academic year (increasing to £1.4m after two years)	To be determined following the constitution of the Temporary Governing Body	To be determined following the constitution of the Temporary Governing Body
Advance Staffing Team	Some elements would be required for advance staffing to be determined by the Shadow / Temporary Governing Body, estimated to be in the region of £100,000 in the financial year 2015/16	To be determined following the constitution of the Temporary Governing Body	To be determined following the constitution of the Temporary Governing Body
Additional Revenue Costs	£35,000 start-up payment by NCC		
Formula Funding of the school	All other school budgetary lines to be established under the Local Management of Schools formula funding to meet the requirements of the Scheme of Financing For Schools such as utilities, resources and all school budget operating lines. This could be in the region of circa £1m for the first academic year (increasing to £1.5m after two years)		
Total	Circa £1.835m	To be determined	To be determined

3.6.7 Efficiency Savings

- Transport costs would be reduced as pupils migrate to schools closer to home.
 - This would apply directly to Option 4 as both the cohort requiring education and the host site is within the city of Newport and south Monmouthshire

- More efficient running costs will be achieved in schools currently hosting surplus places
 - This would apply to Option 4 as Duffryn High School is currently hosting a small number of surplus places.
- Shared services during the early seedling years until the school reaches its full capacity could soften burden on school budgets, directing more resources to front line teaching and learning
 - This could apply to Option 4 as the new seedling Welsh-medium secondary school would be sharing a site with an English medium secondary school where services could be co-located or shared within the early seedling years if appropriate

3.6.8 Backlog of Maintenance Costs

The position for each authority in respect of options submitted to the long list and then validated at short list within the Strategic Outline Case is now to re-state the position for the backlog of maintenance costs.

Option 4: Duffryn High School was rated overall as a condition C in the 21CS surveys of 2010. The current known backlog maintenance value is approximately £2.8m.

Option 6: The Blaenau-Gwent option has no backlog maintenance costs because the school building is closed and scheduled for demolition.

Option 7: King Henry VIII has a backlog maintenance cost of £2,704,000.00 this is based on 2010 data however prices have increased between 6% and 10%.

3.7 Qualitative benefits

The main qualitative (Non-Quantifiable) benefits criteria for stakeholder groups relating to each of the investment objectives were identified during the development of the Strategic Outline Case, as follows:

1. Greater satisfaction for pupils and staff with the Welsh-medium secondary education system – smooth transition planning; right size school in the right place; continuity of education model
2. Better working environment for staff; better learning environment for pupils – schools of the right type; better use of resources
3. Improved morale for pupils, staff and therefore families
4. Demonstrated links with and for the community – local schools for local people; reduction of carbon footprint; building communities; effective use of Council assets; employment opportunities
5. Increased skills and achievement levels of the current student and adult community – opportunities for all through inspirational education settings that

can deliver the changing curriculum and incorporate new technologies as they emerge

6. Linguistic continuity between key stages 2, 3 and 4 supported through appropriate admission policies

3.7.1 Benefits Appraisal

The Welsh-medium regional planning group reviewed the above qualitative (non-quantifiable) benefits that emerged during the development of the regional Strategic Outline Case. That review confirmed the position that the qualitative (non-quantifiable) benefits remain the same. The following analysis was carried out:

- Weighting of the relative importance (in %) of each benefit criterion in relation to each investment objective
- Scoring of each of the shortlisted options against the benefit criteria on a scale of 0 to 9
- Deriving a weighted benefit score for each option

The results of this analysis are set out in the table below, with the summary of the reasoning behind the weighting and scoring of benefits following:

Benefit Criteria and Weight	Option 4		Option 6		Option 7	
	R	W (%)	R	W (%)	R	W (%)
Benefit Criteria 1: Greater satisfaction...	9	100	3	100	9	100
Benefit Criteria 2: Better working environment...	6	100	9	100	4	100
Benefit Criteria 3: Improved Morale...	9	100	9	100	9	100
Benefit Criteria 4: Community links...	9	75	9	75	9	75
Benefit Criteria 5: Increased skills...	9	100	9	100	9	100
Benefit Criteria 6: Linguistic Continuity...	9	100	9	100	9	100
Total	51	575	48	575	49	575
Weighted benefit scores	29325		27600		28175	
Ranking for Benefits Appraisal	1st		3rd		2nd	

3.7.2 Qualitative Benefits Summary

It has emerged following an analysis of the qualitative benefits that Option 4 remains the preferred option.

All three options were scored highly in respect of all qualitative benefits, except for the following situations, where further explanation assists:

- **Option 4:** This project is to be delivered by using current premises with demountable replacement to deliver new build infill, with remodelling and refurbishment – it is not a new build school in total therefore the **qualitative benefit criteria 2 of “Better working environment ...” has been scored a 6.**
- **Option 7:** This project option would not be a new build it would be set up through some remodelling works in the existing Lower School building in King Henry V111 School. There would also be English medium pupils sharing the same building. Hence the **qualitative benefit criteria 2 of “Better working environment ...” has been scored a 4.**
- **Option 6:** This project option would not be considered to be in the right place, as the demand is in the south of the region, therefore the **qualitative benefit criteria 1 “Greater satisfaction ...” has been scored a 3.**

The table above scores the three options as:

- Option 6 – lowest perceived benefits to improvement objectives – 3rd
- Option 7 – medium level of perceived benefits – 2nd
- Option 4 – highest level of perceived benefits – 1st

The regional planning group considered the scoring and confirmed that Option 4 achieved the greatest level of perceived benefits in relation to the delivery of the Investment Objectives.

The results above of the regional planning group review were tested with independent participants.

- The independent participants met with the Assistant Head of Education (Resources & Planning), Newport City Council. The panel comprised the HT of YG Cym Rhymini, the HT of YG Gwynllyw and the DHT of YG Gwynllyw. The analysis and results were supported, whilst there was confirmation that each of the three short-listed options was capable of delivering against the above Investment Objectives when considering the perceived qualitative benefits.

3.8 Risk Appraisal – Qualitative (unquantifiable)

The regional planning group assessed the risk register for the programme which was originally developed for the regional Strategic Outline Case and revised and updated the programme risk register for the regional Outline Business Case. Copy attached at Appendix 2.

All risks associated with the programme have been identified, prioritised and appraised by regional planning group partners. Additional qualitative risks were discussed and the sole qualitative risk shared by all regional partners has been stated as:

- Failure to meet statutory requirement for September 2016

That risk has been determined as the only qualitative risk for this regional project.

- Scores 1 – 9 for low to high risk:

The table on the following page sets out the risk appraisal approach taken:

Risk Factor	Option 4			Option 6			Option 7		
	Score before mitigation	Mitigation	Score after mitigation	Score before mitigation	Mitigation	Score after mitigation	Score before mitigation	Mitigation	Score after mitigation
Failure to meet statutory requirement for September 2016	7	<p>Political and funding approvals on stream;</p> <p>No funding gap.</p> <p>Biggest risk is timing; however, project level timelines validate provision secure on time.</p> <p>Mitigating actions & contingency in place for any project level time delays.</p>	3	4	<p>Political approvals on stream; Funding gap for provision identified.</p> <p>Mitigating actions in place for any project level time delays.</p> <p>However, time frame for build is critical</p> <p>Refined catchment area for YGG to be determined by OBC stage.</p>	9	2	<p>Political approvals achieved for funding contribution.</p> <p>Political approval required for revised catchment area for Ysgol Y Ffin. This needs to be finalised by 31/3/15.</p> <p>Funding gap identified to achieve the project outcome.</p> <p>A reorganisation of the existing school site required prior to implementing the proposed project.</p> <p>Mitigating actions in place for any project delays.</p> <p>Catchment area for YGG to be determined.</p>	8
Final Scores	7		3	1		9	2		8

The table above scores the three options as:

- Option 6 – 3rd
- Option 7 – 2nd
- Option 4 – 1st preferred option at risk appraisal as having the lowest risk

Option 4 has been risk appraised as having the lowest risk of failing to meet the qualitative risk after the mitigating factors within the table have been assessed.

The regional planning group considered the results of the risk appraisal and confirmed that:

- Option 6 risk increased as a result of the considerable funding gap
- Option 7 risk also increased as a result of the considerable funding gap
- Option 4 was identified as requiring the lowest risk of failure, therefore preferred option

The preferred option will be required to support that explicit risk and where appropriate provide mitigating actions – contingency arrangements in the event that the additional provision is not ready for September 2016.

The full risk register will be developed for the preferred option at project level will therefore include the “Failure to meet statutory provision for September 2016” and ensure mitigating actions in place through Full Business Case.

3.9 Risk appraisal – Quantifiable

The main risks associated with the programme remain as stated in the Strategic Outline Case and are as follows:

- Welsh Government (WG) funding is not secured due to poor Business Case submission or a change in WG policy.
- Programme will not be delivered by September 2016
- Quality Welsh speaking teachers
- Viable school, revenue costs
- The budget will not deliver the schools programme due to time slippage, change in economic climate or inflation.
- Existing service infrastructure not being adequate for the proposed development.
- Full planning consent may not be approved.
- Political change in SEWC or/and WG.

A number of risks have already been mitigated and are re-stated as follows:

- MCC and BGCC have both obtained political approval for their schools programme.
- Dec 2014 NCC gained full political approval for submission of this OBC

- Financial risk has been mitigated by Monmouthshire County Council and Blaenau Gwent County Council earmarking and ring fencing its 50% match funding, totalling £3.5 million.
- Financial risk has been mitigated by Newport City Council in establishing the match funding availability with a ceiling of £8m when considering the further development of a south Gwent solution.
- Active engagement with RHAG (parents for Welsh-medium Education)

The main risks associated with the potential scope for this programme are shown below together with their counter measures. SEWC Directors acting as the Project Board will manage these programme risks and take the appropriate action. The risks were described within the Strategic Outline Case and are re-stated as they will fall into the following key categories:

- **Business Risk** – These are strategic risks which remain 100% within the Public Sector organisation regardless of the sourcing method for the proposed investment. They also include political risks.
- **Service Risks** – These are risks associated with the design, build, financing and operational phases of the proposed investment. They can be shared with business partners and service providers.
- **External Environmental Risks** – These risks affect all organisations regardless of whether they are public or private sector. They include secondary legislation and general inflation.

The regional planning group met to review risks on 4th December 2014, a copy of the updated Risk Register is attached as an Appendix 2 with the top 5 risks set out below:

1. BUDGET/AFFORDABILITY – RED

Risk that current budget assumed in OBC will not be sufficient to deliver fully on obligations/aspirations due to:

1. Client brief for all shortlisted options not yet tested

2. WG FUNDING MATCH – AMBER

Risk that Welsh Government funding match will not be provided / achieved due to:

1. Complexity of approvals in consortium

3. FUNDING TIMESCALES – RED

Risk that the necessary funding, including Welsh Government match, will not be in place to secure a solution for September 2016 due to:

1. Programme reliance on WG meeting proposed timescales
2. Delay in WG approvals
3. Complexity of approvals

4. REGIONAL APPROVALS – AMBER

Risk that necessary approvals across the region will not be obtained/obtained in line with programme due to:

1. Complexity of consortium arrangement.
2. Ability of all authorities to submit concurrently.
3. Disagreements or issues between authorities.
4. Availability of cabinet approval dates and alignments.

5. STATUTORY CONSULTATION – AMBER

Risk that statutory consultation objections may be unusually complex to respond to due to:

1. Complexity of geography/panels
2. Legal challenge if incorrectly set up

The risks will be regularly reviewed by the WM2 Regional Planning Group, with further risks being developed and monitored at project level.

It should be noted that the status of the risks are likely to change in the short term and that some risks may even increase in likelihood. This emphasises the need for a robust risk management process.

The risk management at project level for the preferred option are referenced within the Management Case with a project level risk register attached at Appendix 3. The risk management process employed at project level will quantify those risks.

3.10 Economic Case Summary & Evaluation of options

A full economic appraisal was carried out on the short listed options. This has been supported by a full financial appraisal which is attached at Appendix 1.

In accordance with the Capital Investment Manual and the requirements of HM Treasury's Green Book (A guide to investment appraisal in the Public Sector), this section of the outline business case documents the options that have considered to be within the service scope.

The 21st Century Schools Programme advocates the use of the Five Case Business Model as a means of ensuring that any capital investment is strategically fit for purpose and appropriately managed.

The investment objectives were reviewed by the regional planning group to ensure they were appropriate to evaluate the shortlisted options.

The key critical success factors (CSF's) for the development of a Welsh-medium Secondary School were developed in 2014 by the regional planning group. These Critical Success Factors have been reviewed and where appropriate amended in order to evaluate the shortlisted options, consideration has been given to the following:

To support the amendment of CSF 5, the individual authorities will take forward the usual annual consultations on the proposed admission arrangements for September 2016, which where appropriate, will reflect any amendments to existing catchment areas or admission criteria to the current regional secondary schools.

- For Ysgol Gyfun Cwm Rhymni, Caerphilly County Borough Council have confirmed there is no change to the catchment area for that school
- For the Ysgol Gyfun Gwynllyw school, Torfaen County Borough Council will take forward the usual annual consultation on admission arrangements which will include a revised catchment area for that school
- In the case of the potential preferred option the host authority working in collaboration with the rest of the region for that project will take forward a proposal through statutory consultation to establish that school, that process will incorporate also the consultation on the specific admission arrangements for that setting.

The findings of the evaluation through the economic case has allowed for the short listed options to be further tested with a preferred option that has emerged.

Economic Appraisal Results:

- Option 7: lowest level net present cost (on a co-located site) including optimism bias at £92.8 for circa 900 pupils – therefore emerging as £103,111 per pupil
- Option 4: highest level net present cost (separate remodelled / extended school site) including optimism bias at £112m for circa 900 pupils – therefore emerging as £124,444 per pupil
- Option 6: medium level net present cost (new build option) including optimism bias at £97.4m but for only circa 700 pupils on a separate school site – therefore emerging as £139,142 per pupil

The results of the economic appraisal were considered by the regional planning group in order to score. Whilst accepting that Option 7 provided the lowest net present cost including optimism bias, the group fully supported the outcome of Option 4 being evaluated through the economic case process as the preferred option as it was achieving the prime objectives, in the prime location within the region.

The table below identifies the economic appraisal scores on the three options as:

- Option 6 – 3rd
- Option 7 – 2nd
- Option 4 – 1st preferred option at Outline Business Case - Economic Case evaluation

Following the three elements of analysis: Economic, Benefits and Risk, a summary table is included below:

Evaluation Results	Option 4	Option 6	Option 7
Economic Appraisals	1	3	2
Benefits Appraisals	1	3	2
Risk Appraisals	1	3	2
Evaluation Scores – lowest is best	3	9	6
Overall Ranking	1st	3rd	2nd

3.11 Preferred Option

The approach taken through this Economic Case has qualified that Option 4 to be delivered within the south of the region for Newport and south Monmouthshire children is the preferred option in the medium term. Regional officers are supportive

of this being submitted as the preferred option for this regional Outline Business Case.

This regional outline business case has set out a strategy for delivering a sustainable level of places across the South East Wales region, at the same time maintaining the stability at both Ysgol Gyfun Gwynllyw and Duffryn High School. Option 4 is recognised as a demonstration of collaboration in planning of school places between authorities to meet statutory requirements in the medium term – it is deliverable and achievable by September 2016.

Note: The regional planning group wish to emphasise however, that the planning work must continue and not lose pace for future demand spikes within the region.

3.12 Sensitivity Analysis

Sensitivity analysis is a useful technique to employ when evaluating the options, testing the preferred option declared within the Strategic Outline Case through:

- Switching values
- Sensitivity planning / analysis

Switching values by posing the following ‘what if?’ questions to numbers of pupils, capital costs of the project can cost per square metre of the premises hosting the project:

- What if demand for Welsh-medium secondary education is 10% higher than expected?
- What if demand for Welsh-medium secondary education is 10% lower than expected?
- What if the total capital costs are reduced by 10%?
- What if the total capital costs are increased by 10%?

The table below sets out the relevant ‘switching values’ criteria against each option testing whether the preferred option should remain or be amended.

‘Switching Values’ criteria	Option 4: NCC site at Duffryn	Option 6: BG site at Nant-y- Glo	Option 7: MCBC site at Abergavenny
What if demand for Welsh-medium secondary education is 10% higher than expected?	Location can take an increasing number of pupils up to 900 with potential for further extension of premises within current planned setting	Expansion of over 700 would incur additional capital costs but is achievable, albeit a high capital cost solution.	Location is reliant upon shared / co-located services, therefore expansion over and above predicted is not certain

What if demand for Welsh-medium secondary education is 10% lower than expected?	Location can take a reduced number of pupils as a school for 600 could deliver effective education, by maintaining current and strengthening future links with YG Gwynllyw and YG Cwm Rhymni; current Post 16 delivery is already on a regional collaborative model	Financial viability of embarking on a new build for less than 700 is not an option for the region.	This option was predicated on co-location and shared services, the location could support a smaller cohort by increasing proportion of co-location and sharing of services.
What if the total capital costs are reduced by 10%?	Positive impact on project delivery	Positive impact on project delivery, however still high cost solution	Positive impact on project delivery
What if the total capital costs are increased by 10%?	Value re-engineering required for project delivery to budget	Value re-engineering required for project delivery as capital costs remain high	Value re-engineering required for project delivery

Scenario planning / analysis:

- An optimistic view of likely future events relating to Welsh-medium secondary education –
 - where planning permission was granted;
 - where project budget is underspent
- A pessimistic view of likely future events relating to Welsh-medium secondary education –
 - where planning permission was denied;
 - where other factors may present to give considerable cause for concern to each option

The table below sets out the relevant scenario planning / analysis criteria and each authority considered the impact of the criteria against their option testing whether the preferred option should remain or be amended.

Scenario planning / analysis criteria	Option 4: NCC site at Duffryn	Option 6: BG site at Nant-y-Glo	Option 7: MCBC site at Abergavenny
Planning permission is granted	Viable project	Viable project. The site is presently dis used and is a	Viable project

		significant parcel of land within a community setting.	
Planning permission is denied	Re-scoping & re-design of project within site to deliver a scheme where planning permission would be granted – professional fees would increase but still viable project	Re-scoping & re-design of project within site to deliver a scheme where planning permission would be granted – professional fees would increase but still viable project. As the site has already hosted a secondary school for in excess of 40 years it is doubtful that planning would be denied	Re-scoping & re-design of project within site to deliver a scheme where planning permission would be granted – professional fees would increase but still viable project
Project budget is underspent	Viable project	Viable project, however this option is a high capital cost	Viable project
NCC specific pessimistic scenario: The risk of flooding on the NCC site demanded the floor of the premises to be raised to such an extent it became a project which was not viable	Project not viable	N/A	N/A
BG specific pessimistic scenario: The risk of de-stabilising other secondary schools within the County Borough	N/A	Project not viable as specific work and resources has been employed to ensure that there are four 11-16 providers within the County Borough.	N/A

MCBC specific pessimistic scenario:	N/A	N/A	There is a risk that Band B funding across the Consortium would not be available to complete the project. At this stage there is no certainty that the project would be viable.

The regional planning group considered the sensitivity analysis through switching values and scenario planning / analysis. There was no evidence or justification identified to change the preferred option ranking.

4.0 Commercial Case

4.1 Procurement Strategy

This section of the regional Outline Business Case outlines the proposed deal in relation to the preferred option, which is Option 4, set out in the economic case.

The regional planning group are members of the South East Wales Schools & Capital (SEWSCAP) Framework and utilise the same to deliver the programme of schools capital improvements.

The participating Authorities are:

Blaenau Gwent County Borough Council
Monmouthshire County Council
Newport City Council
Caerphilly County Borough Council
Torfaen County Borough Council
Bridgend County Borough Council
Cardiff Council
Merthyr Tydfil County Borough Council
Rhondda Cynon Taf County Borough Council
Vale of Glamorgan County Borough Council

In addition, the Roman Catholic Arch Diocese of Cardiff, The Monmouth Diocesan Trust and The Church in Wales Diocese of Llandaff also have the opportunity to utilise the framework.

The framework will promote community participation through the use of:

- Localised labour
- Local tradesmen and SME's
- Locally secured materials

In readiness to deliver, the regional planning group have considered the approach and have invited the Operational Team at Newport City Council to move forward in preparation of all relevant documentation to support the preferred option, in so doing reporting to the WM2 Project Implementation Group. Newport City Council is in a position to commission Newport Norse to carry out the procurement of this project. Newport Norse is operating as a Joint Venture for property services with the Council. In turn Newport Norse will commission the framework contractors in the detailed development and delivery of this preferred option – Option 4 – through a two stage process, described later in this commercial case.

4.2 Required Services

4.2.1 Introduction

The remodelled and new schools to be procured are:

- Remodelled 1200 place Duffryn High School on existing but reduced site
- New 900 place Welsh-medium Secondary School on Duffryn High School site

4.2.2 School requirements

Phase 1: Circa 400 pupils and associated curriculum facilities will be re-located from the Lower School Block of Duffryn High School into a designated area between the Upper and Medium School Blocks. The phase 1 will deliver works to consolidate education provision for the whole Duffryn High School of circa 1200 pupils.

Phase 2: The Lower School Block for Duffryn High School will then be used for the proposed establishment of a new seedling Welsh-medium Secondary School. As such the current Lower School Block and associated site of Duffryn High School will form the design outline for procurement of this new school with some refurbishment in order to support a seedling intake of pupils with full curriculum delivery.

Phase 3: The Lower School Block and associated site which will form the proposed new Welsh-medium Secondary School will then be extended and remodelled to deliver full curriculum delivery for circa 900 pupils.

This will maximise the efficiency of an expansive school site within a city which is carrying a burgeoning population and for all other site options have been tested.

4.2.3 SEWSCAP Two stage process

The preferred option will be procured by NORSE through the SEWSCAP framework in a two stage process. It is vital, given the nature of this particular project, to get early contractor involvement and therefore a two stage route is most applicable.

It is intended that the framework will be asked to submit first stage proposals during the development of the Stage C designs. These proposals will include method statements, quality assessment, indicative cost plans and pricing of preliminaries, overheads and profit.

A preferred bidder will then be identified to join the delivery team. The preferred bidder will then be asked to contribute to the development of the design and to undertake sub-contract tendering on an open book basis in order to produce a fixed price prior to the final contract being entered into. This procurement process is aligned to the proposed programme, Full Business Case submission requirements and allows early involvement in the design process.

The following has already been completed to develop the Education and Technical Design Briefs to inform those construction companies who are interested in tendering for the project. The following surveys have also been completed or are to be commissioned at the appropriate time within the scheme timetable:

- Biodiversity Report – Phase 1 completed
- Traffic Impact Report – to be arranged
- Topographical Survey – completed
- Archaeological Report – to be arranged if required
- Design and Access Statement – to be arranged at planning application stage
- BREEAM Assessor – appointed
- Waste Management Plan – to be arranged
- Tree Assessment – scheme not yet fully developed, impact on trees to be assessed
- Drainage Assessment – scheme not yet fully developed, impact on drainage to be assessed
- Utilities Report – scheme not yet fully developed, utilities provision report to be commissioned
- Geotechnical Desktop Study – completed
- Asbestos Survey & Investigative Works – arranged for Easter School Break, 2015
- Demolition Survey – to be arranged

4.3 Potential for Risk Transfer

This section provides an initial assessment of how the associated risks might be apportioned between the Public and Private sectors for Capital Projects and Services. The main risks associated with the scheme are as follows:

- Welsh Government (WG) funding is not secured due to poor Outline Business Case submission or a change in WG policy.
- Programme will not be delivered by September 2016.
- Limited recruitment of quality Welsh speaking teachers
- Viability of the school through revenue cost burdens
- The project budget will not deliver the schools programme due to time slippage, change in economic climate or inflation.
- Existing service infrastructure not being adequate for the proposed development.
- Full planning consent may not be approved.
- Political change in SEWC or/and WG.

A number of risks have already been mitigated:

- Monmouthshire County Council has already obtained political approval for the schools programme.

- December 2014, Newport City Council has gained Cabinet approval to take forward the further development of solutions through this regional Outline Business Case, which identifies the preferred option 4.
- SEWC Directors acting as Project Board have signed off all aspects of this as the most appropriate model to determine the preferred option
- Financial risk has been mitigated by Monmouthshire County Council earmarking and ring fencing its 50% match funding, totalling £500,000.
- Financial risk has been mitigated by Newport City Council in establishing the match funding availability with a ceiling of £8m when considering the further development of a south Gwent solution.
- Active engagement with RHAG (parents for Welsh-medium Education)

4.4 Risk Management – project level

This section of the regional Outline Business outlines the proposed procurement in relation to the preferred option – Option 4. The general principle is to ensure that risks should be passed to “the party best able to manage them”, subject to value for money (VFM).

The table below provides an indication of how the associated risks might be apportioned between the contractor and Newport City Council and Monmouthshire County Council for the preferred option 4 identified in the economic case.

Risk Category	Public	Private	Shared
1. Design risk	:		✓
2. Construction and development risk			✓
3. Transition and implementation risk			✓
4. Availability and performance risk			✓
5. Operating risk	✓		
6. Variability of revenue risks	✓		
7. Termination risks	✓		
8. Technology and obsolescence risks			✓
9. Control risks	✓		
10. Residual value risks	✓ ✓		
11. Financing	✓		

risks			
12.Legislative risks	✓		
13. Other project risks	✓		

A detailed analysis of risks with mitigating actions has been developed into the project level risk register attached at Appendix 3.

The use of the risk register and the potential for risk transfer supports the risk management at project level. The process allows the identification of all risks associated with the project, and for prioritisation and appraisal in all instances.

As Option 4 is a significant investment, the risks have been quantified in £s and included within the economic appraisal under 'cost of risk retained'. The financial appraisal attached at Appendix 1 qualifies this approach. A sum has also been included for optimism bias.

Other aspects of risk both quantifiable and non-quantifiable have been referenced within the economic case.

4.5 Proposing Charging Mechanisms

Newport City Council and Monmouthshire County Council intend to make payments with respect to the proposed products and services in accordance with local government Financial Regulations.

4.6 Proposed Contract Lengths

The preferred option is Option 4 which will have an element of new build infill and extension work, a reasonable period of construction for a secondary school would be in the order of 2 years; however this will be shorter as we intend to proceed with Option 4 through demountable replacement and limiting new build infill and extension works on site to the minimum required. The project will be phased to minimise the use of temporary accommodation, allow for demolition and completion of highway/external works. Option 4 sets out a south Gwent solution based in Newport, it is appropriate at this time to set out the proposed contract length for the preferred way forward is 585 days.

The contract lengths will be further determined at Full Business Case stage.

4.7 Proposed Key Contractual Clauses

The project will be procured in accordance with Newport City Council's Standing Orders for Contracts. A suitable form of contract will be adopted. Under the SEWSCAP Framework, both NEC and JCT forms are available for use with the

design and build/develop and construct approach. This will be further determined at Full Business Case stage.

4.8 Personnel Implications (including TUPE)

It is anticipated that the TUPE – Transfer of Undertakings (Protection of Employment Regulations 1981) – will not apply to this investment as it is the establishment of new / additional Welsh-medium secondary school provision.

However, following implementation and opening of the school there may be a restructure of staffing, which will be covered mainly through natural wastage, due to the new pedagogical ways of delivering the curriculum.

This will be for the Headteacher and the Governing Body to have full responsibility for all personnel implications following implementation of the school.

4.9 Procurement Strategy and Implementation Timescales

A table of procurement and implementation timescales was submitted within the strategic outline case for the programme.

All timescales have now been revised and confirmed and they have been tested by the regional planning group.

Overall the programme remains on track for submission within the outline business case in order to deliver implementation for September 2016.

The table that follows now demonstrates the procurement timescales for the preferred option:

WELSH-MEDIUM SECONDARY SCHOOL PROJECT TIMELINES for Option 4:

Outline Business Case Stage (OBC):

Cabinet approval to progress scheme	Dec 2014
OBC Document submitted to WG	Dec 2014
Approval from WG	Jan 2015

Development of Client Brief:

Approval to expend fees on design	Dec 2014
Prepare Consolidated Client Brief	Jan 2015
Options within Client Brief	Jan 2015
Finalised Client Brief	Jan 2015

Design Development:

Stage C Design options prepared	May 2015
Stage C Approved through CM for EYP	May 2015
Stage C Approved by Project Board	May 2015
Stage D Design options prepared	July 2015
Stage D Approved through CM for EYP	July 2015
Stage D Approved by Project Board	July 2015

Full Business Case Stage (FBC):

Draft FBC	Jan 2015
Approval through CM for EYP	May 2015
FBC Submitted to WG	May 2015
Approval from WG	Jun 2015

Planning Permission Stage:

Planning Application made	May 2015
Planning Approval	Aug 2015
Detailed Design with sub-options	July – Sept 2015
Approval of detailed options through CM for EYP	Sept 2015

Asbestos Removal Programme:

Survey	Feb 2015
Relocate Pupils from Demountables	March 2015
Removal during Easter School Holiday	April 2015

Contractor Appointment Stage:

Procurement Strategy	Feb 2015
Issue Invitation Documents	Mar 2015
Selection of Preferred Bidder	May 2015
Package Tender Process	July – Sept 2014
Contractor Appointed for Work	Sept 2015

Works:

New Block for Duffryn High	Sept 2015 – Jun 2016
Refurb Lower School for WM2	Jun 2016 – Sept 2016
Continuation of works on new WM2	Sept 2016 – autumn 2018

5.0 Financial Case

5.1 Financial Expenditure

The purpose of this section is to set out the indicative financial implications on the preferred option at Outline Business Case stage, which is Option 4.

Welsh-medium secondary education is a key priority for the region and consequently the capital scheme has been aligned to match fund the Band A period from 1st April 2014 to 31st March 2019.

The additional sums for WG to match fund Newport City Council resources in respect of the preferred option have been the subject of a separate submission which was approved in July 2014. The entire financing arrangements are now subject to approval of a further 5 case business case process of which this represents the Outline Business Case stage on behalf of the region. Monmouthshire County Council and Newport City Council have agreed to collaborate on funding the proposed £17 million programme through 21CS Band A sums and additional NCC resources. This regional Outline Business Case therefore seeks to secure WG match funding.

5.2 Phasing of Capital Costs

The project detailed as the preferred option regional Outline Business Case stage is to be delivered by sharing the current site of the Duffryn High School site and establishing a new Welsh-medium secondary school opening on a seedling basis for September 2016 for up to 100 pupils. The Duffryn Lower School block which is to be used to host the seedling school currently caters for circa 400 Duffryn pupils, therefore the property has the ability to support the initial seedling and following two years of pupils. The expansion of the new school using that Lower School block will be further extended and developed in the period 2016 to 2018 to ultimately host circa 900 pupils in the exclusive school setting.

This project will provide flexible and adaptable facilities to support current day and future curriculum delivery. The redevelopment will also remove a small number of English-medium surplus places and replace elements and areas of an asset that is in a poor condition within demountable accommodation.

It is intended that the redevelopment of the site will retain Duffryn High School for 1200 English medium pupils and create the separate 900 place Welsh-medium secondary school. The works would commence in September 2015 and would be completed by autumn 2018.

An indicative capital spending profile for the preferred option at regional Outline Business Case stage to deliver Option 4 is set out below:-

Scheme Name	2014/2015	2015/2016	2016/2017	2017/2018	2018/2019	TOTAL
Welsh-medium Secondary	£200k	£6,000k	£5,200k	£5,200k	£400k	£17m
Total	£200k	£6,000k	£5,200k	£5,200k	£400k	£17m

5.3 Capital Receipts

Newport City Council retains capital receipts for all capital projects. Of which, there is a total of £8m accounted for by Newport City Council and a separate £500k accounted for by Monmouthshire County Council.

Newport City Council has ring-fenced the sum of £8m against this project. There is no requirement to achieve a sale to secure any capital receipt set against this project.

Monmouthshire County Council has ring-fenced the sum of £500k against this project. There is no requirement to achieve a sale to secure any capital receipt set against this project.

5.4 Capital Funding

The Cabinet for Newport City Council have committed the capital funding and provided full political approval for this project to a level of £8m – that Cabinet decision of 8th December 2014 is attached at Appendix 4.

The Cabinet for Monmouthshire County Council have committed the capital funding and provided full political approval for this project to a level of £500,000.

5.5 Other funding streams

There are no other prudential or other funding streams necessary to deliver this project.

However, FF&E costs are to be covered by a separate capital stream by Newport City Council.

The revenue consequences of this capital project are being taken through the Local Management of Schools and the Scheme of Financing of Schools.

The sensitivity analysis was carried out within the economic case and the project is still viable through methods employed to manage budgetary considerations.

5.6 Project Cost Template – Option 4

Costs of the Option 4 preferred option project are broken down in the table below:
Ground Floor Area (gfa) of project = 8276m²

Detail	2014/15	2015/16	2016/17	2017/18	2018/19	Total	Cost per m ²	Cost per pupil
Preliminary items								
Site investigation	£50,000					£50,000	£6	£23.80
Land acquisition	No acquisition required							
Elemental Construction Costs – building only	To be confirmed during Full Business Case							
Substructures								
Superstructures								
Internal finishes								
M&E installations								
Total construction costs – building only		£5,950,000	£6,000,000	£753,000		£12.703m	£1535	£6049
External works		£100,000	£150,000	£250,000		£500,000	£60	£238
Abnormal items		£250,000				£250,000	£30	£119
Total construction costs	To be confirmed during Full Business Case							
Fixtures & Fittings								
ICT equipment								
Professional Fees								
Design & Management - external	£100,000	£1,000,000	£700,000	£151,000		£1.951m	£236	£929
Design & Management - internal	Newport Norse delivering Design / Project Management for NCC							
Risk contingencies								
Client		£500,000	£800,000	£246,000		£1.546m	£187	£736
Other								
Scheme Total	£150,000	£7.8m	£7.65m	£1.4m		£17m	£2054	£8095

The ground floor area is calculated at 8276m² on the basis of two schools involved in the scheme:

- Duffryn High School enabling / re-provisioning @ 3931m²
- Welsh-medium High School @ 4345m²

The previous table is calculated on the basis of a total of 2100 pupils:

- English medium Duffryn High School (1200)
- Welsh-medium High School (900)

The capital charges VAT and the cost of risk has been shown separately within the economic appraisal – Appendix 1.

The cash flow is detailed in 5.2 above, showing the impact of the capital spend.

There are no predicted revenue savings as a result of this preferred option.

The created asset will remain in the ownership of Newport City Council and will serve the pupils of the city of Newport and south Monmouthshire.

6.0 Management Case

6.1 Introduction

For the purposes of describing governance arrangements the Welsh-medium secondary school is referred to as WM2 as the phrase is referred to in numerous sections.

This management case sets out the project governance and project management structures that will be put in place to ensure the effective delivery of the preferred option project and each phase of the development.

The management case has been prepared and is based upon the following key principles:

- Strategic alignment to meet statutory requirements across the region
- Clear links between all regional partners in planning and implementation stages
- Clear senior management ownership reporting to and through the South East Wales Consortium of Directors of Education – Project Board
- Effective and extensive engagement with all stakeholders

The preferred option is being hosted by Newport City Council, working in collaboration with Monmouthshire County Council.

6.2 Project Management Arrangements

This proposal is a priority for the region in delivering their 21st Century Schools priorities and increasing Welsh-medium secondary provision which is a local government statutory requirement.

The Welsh-medium secondary preferred option project management arrangements hosted by Newport City Council are as detailed below:

Senior Responsible Owner (SRO)

Chief Education Officer	Newport City Council
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6.2.1 WM2 Project Board

The South East Wales Consortium of Directors of Education has approved the WM2 Project Mandate – attached at Appendix 5 and thereafter acts as WM2 Project Board. They have approved the WM2 Business Case Summary – attached at Appendix 6 and will be receiving regular and routine reports through the WM2 Regional Planning Group.

The WM2 Project Board will ensure that officers manage the project on behalf of the Project Board through a structured system of governance involving all relevant disciplines meeting on a regular basis and reporting back to the Board as detailed in the Project Initiation Document. Close liaison with the Newport City Council Internal Audit team will also ensure the appropriate financial probity.

The role of the WM2 Project Board is to oversee the direction and progress of the project and to support the decision making process. In particular, the WM2 Project Board has responsibility for:

- Ensuring the project remains on course to deliver the project scope
- Ensuring the project is delivered to budget
- Ensuring the project is delivered on time
- Oversight and control of communication strategy outputs
- Oversight and decisions on actions to mitigate high level risks throughout project life
- Oversight of project assurance

Regional SEWC WM2 Education Project Board
Whilst acting as the SEWC Directors of Education Group, this Project Board will provide the overall direction, management and control of the Welsh-medium Secondary Education Project, being accountable for the success of the project and is the ultimate decision making body exercising full reporting & accountability.
Membership: <ul style="list-style-type: none">• Chief Education Officer, Newport City Council (PROJECT SPONSOR)• Chief Education Officer, Caerphilly County Borough Council• Chief Officer, Monmouthshire County Council• Interim Head of Education Services, Torfaen County Borough Council• Chief Education Officer, Blaenau Gwent County Borough Council

6.2.2 Strategic, political and financial approval for Option 4

Newport City Council is hosting option 4 therefore it is appropriate for a specific sign off at authority level. This level of governance is the strategic force behind the project for Newport City Council that provides the investment decision and top level

endorsement for the direction and objectives of the programme are the following representatives:

Position	Council
Cabinet Member for Education & Young People	Newport City Council
Strategic Director – People	Newport City Council
Chief Education Officer	Newport City Council
Head of Finance	Newport City Council

This project is being funded in collaboration with Monmouthshire County Council and the investment decision and top level endorsement from that authority are the following representatives:

Position	Council
Cabinet Member for Education	Monmouthshire County Council
Chief Officer	Monmouthshire County Council
Head of Finance	Monmouthshire County Council

6.2.3 WM2 Regional Planning Group

There will be a project management discipline applied to the regional planning group for Welsh-medium secondary education. It has been confirmed that Torfaen take up the role of Chair of this group to oversee the work which is intended to relieve the pressure on places at Ysgol Gyfun Gwynllyw and ensure there is no de-stabilising effect on current provision.

The work of this group will commence with overseeing and approving the WM2 Project Initiation Document to ensure there is strategic and collaborative alignment for the region. This has not been attached as an appendix as it is dynamic in nature and subject to change and development of content.

The regional planning group comprises officer representatives from all five local authorities who have been working together on solutions to the increasing demand for Welsh-medium secondary education. As such the group will continue to provide respective Council project management support to both the WM2 Project Board (their individual Directors of Education) and provide project assurance to the WM2 Project Implementation Group. This will ensure that lessons are learned, consolidation of expertise is captured and regional stakeholder engagement programmes are supported throughout the process of delivering the new school.

Regional SEWC WM2 Regional Planning Group

Will continue to provide respective council Welsh-medium secondary education regional planning for current & future provision. Also providing project peer / management support to both the Welsh-medium secondary education Project Board (their individual Directors of Education) and provide project assurance to the Welsh-medium secondary education Project Implementation Group.

Membership:

- Torfaen County Borough Council
- Blaenau Gwent Council
- Caerphilly County Borough Council
- Newport City Council
- Monmouthshire County Council

Plus additional membership to be determined as and when appropriate.

6.2.4 WM2 Project Implementation Group

The role of the WM2 Project Implementation Group is to oversee the day to day development and implementation of the Project.

A significant amount of work has been undertaken to date in relation to the project, supporting and running in parallel to this business case to allow rapid mobilisation of the project, once approval has been received.

In particular the WM2 Project Team is responsible for the following:

- Develop the WM2 Project Brief for approval by the WM2 Project Board
- Ensure the WM2 project design team develops an approved design that complies fully with the WM2 Project Brief.
- Develop a change management strategy for approval by WM2 Project Board.
- Develop contract documentation that enables the required transfer of risk without unduly restricting Newport City Council's ability to influence the Project.
- Oversee the implementation of the construction contract.
- Implement the change management strategy.
- To manage the development of RIBA Stage D+ designs and develop the phase contracts in accordance with the Commercial Case.

WM2 Project Implementation Group

To manage the effective delivery of the project by overseeing the day to day development of the project.

Membership:

- 21CS Programme Manager– Newport City Council
- 21CS Client– Newport City Council
- 21CS Communication Officer– Newport City Council
- 21CS Client Officer– Monmouthshire County Council
- 21CS Programme Manager– Monmouthshire County Council

Plus Newport Norse Project Manager for and on behalf of Newport City Council

6.2.5 WM2 Regional Project Manager & Operational Group

To provide leadership to the 21st Century School Programme and Newport City Council on the development, from educational vision to implementation through this Welsh-medium secondary education project.

There is an internal Newport City Council WM2 Operational Group:

The Chair is 21CS Programme Manager for Newport City Council is also acting as the WM2 Regional Project Manager and responsible for reviewing and maintaining a clear focus on delivery and the transformation of educational outcomes.

Membership & Functions:

- 21CS Client Officer for Newport City Council in order to orchestrate delivery of the project through an application of capital programme management, a comprehensive stakeholder engagement programme and close liaison with Newport Norse
- 21CS Communication Officer for Newport City Council who will orchestrate the communication plan for the project streams including the statutory consultation to establish the school
- Education Business Manager for Newport City Council who will provide the strategic planning of school places forecast information; and the school reorganisation programme management
- Schools Admissions Manager for Newport City Council covering the new admission arrangements for the new school with a new cross authority catchment area
- Governor Support Officer from the South East Wales Education Achievement Service to orchestrate the arrangements for the shadow governing body and set up of the final governing body for the new school
- Schools Finance Manager on all aspects of the revenue consequences for this capital project including new school budget and set up costs
- HR Business Partners for the establishment and recruitment of the new school structure
- Public Relations / Press Team for the management of media issues

- Site Project Manager for Newport Norse, delivering the capital programme schemes on the Education estate

Newport City Council – WM2 Operational Group
To manage the products required for delivery of the project at local authority level
<p>Functions:</p> <ul style="list-style-type: none"> • 21CS Strategic Programme Management • 21CS Client / Capital Programme Management • 21CS Communication Officer • School Reorganisation Programme Management • Admissions Management • Governor Support • Schools Finance • HR Advisors • Public Relations <p>Plus Newport Norse Project Manager as appropriate</p> <p>Plus collaborative working with Monmouthshire County Council on specific aspects of delivery</p> <p>Plus collaboration on statutory consultation arrangements with all partners in South East Wales</p>

6.2.6 PRINCE 2 Management Principles:

These are required by Welsh Government to be followed throughout the programme commencing with a WM2 Project Mandate and then a WM2 Project Initiation Document which will define the programme objectives, responsibilities, dependant actions and risks.

As the regional Outline Business Case was developed the programme and project risks were identified, with elimination or mitigation actions and risk owners all aligned. Good project management is recognised as being an essential ingredient to success in tackling any local government strategic capital investment scheme.

6.2.7 Project Management and Administration:

The day to day management of the project will be through Newport City Council with active key links with Monmouthshire County Council. Project management and administration will therefore be carried out by Newport City Council who will ensure that supporting resources are provided as and when necessary – this includes ensuring representation and decision making as and when appropriate from Monmouthshire County Council.

The WM2 Project Implementation Group will be established comprising a number of officers from both Newport and Monmouthshire local authorities, with a wide range of skills and responsibilities, including representation from education, property and finance sectors. The team will be established on the basis that resources can be flexibly managed to match anticipated workload. This team will work closely with Newport Norse who manages all of the Newport City Council property and estate matters. The team will also provide a full range of professional services and is also able to expand or contract as necessary, including the appointment of consultants as required. Final membership of this group will be published prior to submission of the Outline Business Case.

6.3 Design & Construction Work:

Confirmation on the arrangements for the design and construction work will be determined and published within the Outline Business Case, with appropriate works to be commissioned with a partnering contractor, appointed through a joint procurement route through SEWSCAP (South East Wales Schools Capital Building) group.

The SEWSCAP Group provides a readily accessible source of contact with ten other authorities in South East Wales and can liaise on all aspects of collaboration between those authorities. As well as establishing a joint procurement route, the group has shared discussions and presentations on various building and education matters including visits to innovative projects. It could also be a ready source of resource sharing to balance out fluctuations in workload between the member authorities.

6.4 Stakeholder Consultation Arrangements:

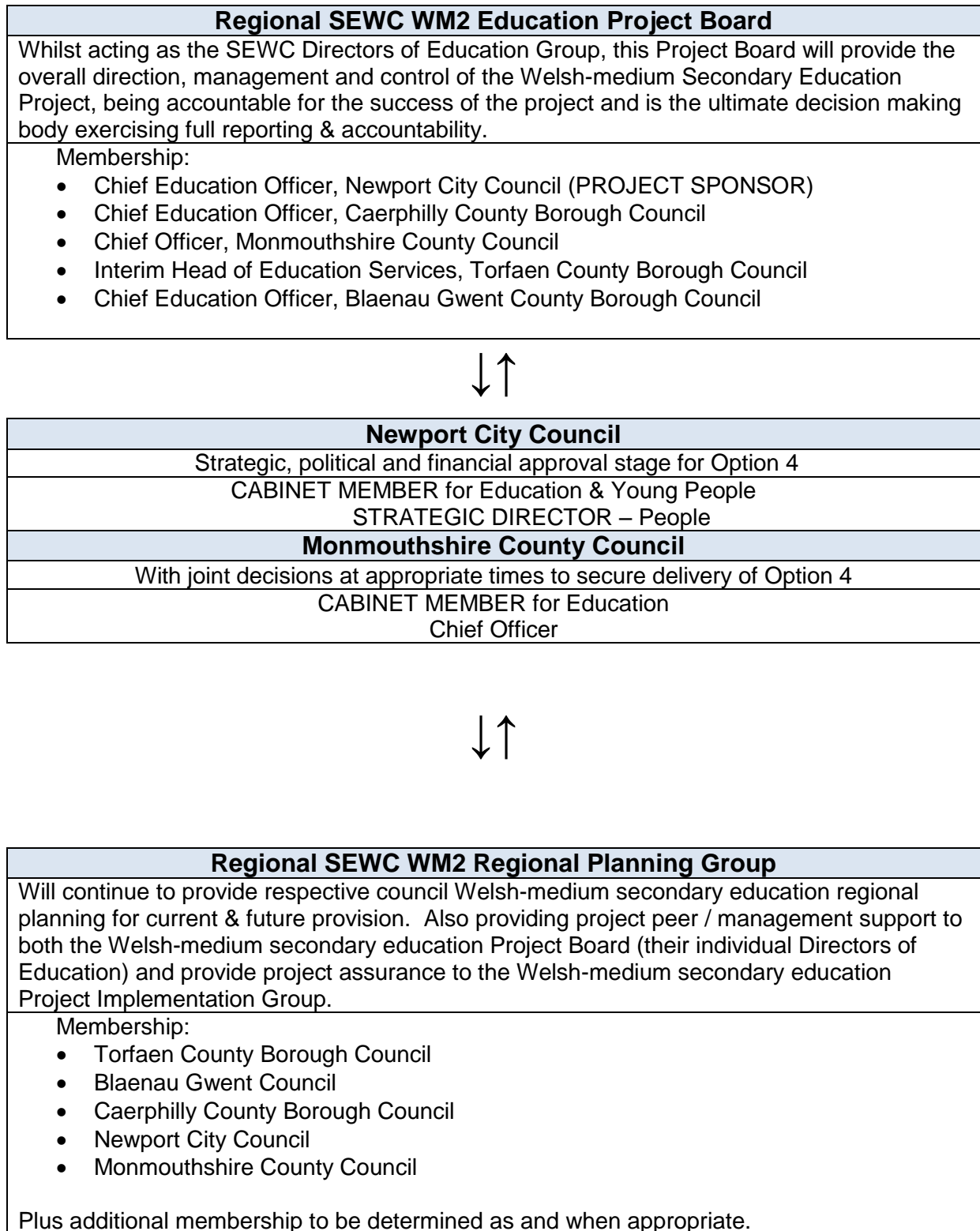
Newport City Council will also be tasked with setting up both design consultation and statutory consultation arrangements with key stakeholders in conjunction with Monmouthshire County Council, putting in place any change management arrangements to ensure a smooth transition between project delivery and stakeholder ownership.

Regular monitoring meetings take place and typically involve 21st Century Schools Team members from both Newport City Council and Monmouthshire County Council, Head Teacher representation, Governors, Education Advisers, Consultants (as required), School Meals, ICT, Traffic Management, Procurement and Audit Representation. A post contract review will also be undertaken with relevant stakeholders involved to review outcomes and to ensure improvements are made for future projects.

The regional Outline Business Case defines the measures of success that will be applied to the project, manage expectations of the project and benchmark and measure success. A full stakeholder reference group has been established together with a communication plan which is set out within the Project Initiation Document.

6.5 Outline Project Reporting Structure

Regional SEWC WM2 Project Governance Structure Chart





WM2 Project Implementation Group
To manage the effective delivery of the project by overseeing the day to day development of the project.
Membership: <ul style="list-style-type: none">• 21CS Programme Manager– Newport City Council• 21CS Client – Newport City Council• 21CS Communication Officer– Newport City Council• 21CS Client Officer– Monmouthshire County Council• 21CS Programme Manager– Monmouthshire County Council
Plus Newport Norse Project Manager for and on behalf of Newport City Council



Newport City Council – WM2 Operational Group
To manage the products required for delivery of the project at local authority level
Functions: <ul style="list-style-type: none">• 21CS Strategic Programme Management• 21CS Client / Capital Programme Management• 21CS Communication Officer• School Reorganisation Programme Management• Admissions Management• Governor Support• Schools Finance• HR Advisors• Public Relations
Plus Newport Norse Project Manager as appropriate
Plus collaborative working with Monmouthshire County Council on specific aspects of delivery
Plus collaboration on statutory consultation arrangements with all partners in South East Wales

6.6 Outline Project Plan

The WM2 project will include the development of a new 900 place Welsh-medium learning and teaching environment to share the existing site with the present Duffryn High School. The management of the site will remain with Newport City Council and the Governing Body of Duffryn High School until the new school is implemented when the site will be split between Duffryn High School and the new Governing Body of the Welsh-medium secondary school.

6.7 Project Milestones

The preferred option has two dimensions to the project milestones and timelines.

1. Specific project delivery timelines with milestones
2. Statutory consultation timetable to establish the school

Both timetables refer to the drafting and submission and approval of the next stage that is the Full Business Case.

6.7.1 Specific project delivery timelines with milestones

WELSH-MEDIUM SECONDARY SCHOOL PROJECT TIMELINES for Option 4:

Outline Business Case Stage (OBC):

Cabinet approval to progress scheme	Dec 2014
OBC Document submitted to WG	Dec 2014
Approval from WG	Jan 2015

Development of Client Brief:

Approval to expend fees on design	Dec 2014
Prepare Consolidated Client Brief	Jan 2015
Options within Client Brief	Jan 2015
Finalised Client Brief	Jan 2015

Design Development:

Stage C Design options prepared	May 2015
Stage C Approved through CM for EYP	May 2015
Stage C Approved by Project Board	May 2015
Stage D Design options prepared	July 2015
Stage D Approved through CM for EYP	July 2015
Stage D Approved by Project Board	July 2015

Full Business Case Stage (FBC):

Draft FBC	Jan 2015
Approval through CM for EYP	May 2015
FBC Submitted to WG	May 2015
Approval from WG	Jun 2015

Planning Permission Stage:

Planning Application made	May 2015
Planning Approval	Aug 2015
Detailed Design with sub-options	July – Sept 2015
Approval of detailed options through CM for EYP	Sept 2015

Asbestos Removal Programme:

Survey	Feb 2015
Relocate Pupils from Demountables	March 2015
Removal during Easter School Holiday	April 2015
Contractor Appointment Stage:	
Procurement Strategy	Feb 2015
Issue Invitation Documents	Mar 2015
Selection of Preferred Bidder	May 2015
Package Tender Process	July – Sept 2014
Contractor Appointed for Work	Sept 2015
Works:	
New Block for Duffryn High	Sept 2015 – Jun 2016
Set up Lower School for WM2	Jun 2016 – Sept 2016
Continuation of works on new WM2	Sept 2016 – autumn 2018

6.7.2 Statutory consultation timetable with milestones

Statutory Consultation Timetable to Establish a New Welsh-medium Secondary School within the site currently hosting Duffryn High School

Task	By When
CM for EYP taking decision report on moving to Formal Consult	10 th Dec 2014 decision to be published 5 th January 2015
Preparation	January 2015
Consultation on the proposals including admission arrangements for new school with catchment area	2 nd February 2015 – 20 th March
Cabinet Member to receive report on the outcome of the consultation and consider whether to proceed with the proposal and recommend publication of Statutory notice.	27 th March published decision on 23 rd April
Statutory Notice Published (1 month objection period, published on a school day and not less than 15 days before the end of term so at least half of the notice period is in term time)	27 th April to 27 th May
Full Business Case submission to WG	With Statutory Notice evidenced by the end of May 2015
Decision on the proposals notice period: If no objections are received, report to the CM for EYP If objections are received, objection report to be written. Under the new school organisation process/regulations the determination of the proposal will be the function of the Cabinet in NCC. The statutory minimum requirement is that a full term's notice of the decision to proceed	from 27 th May This still allows us time to implement if the decision is present wrapped by the end of the summer term 2015.

would have to be given i.e. no later than the end of the spring term	
Shadow governing body appointed	Late Summer term for recruitment Autumn Term 2015
Statutory proposals implemented	September 2016

The decision report to the Cabinet Member for Education & Young People, Newport City Council is attached at Appendix 7 to move to Formal Consultation. The decision will be effective and be published around the 12th January 2015.

6.8 Fairness & Equality Impact Assessment (FEIA)

Newport City Council developed an FEIA in November 2013 at the point when it was clear a Newport solution would be the subject of further work. This has now been updated and supports the Cabinet Member decision report to move to Formal Consult. The FEIA now dated December 2014 is attached at Appendix 8; this will assist in determining the most appropriate consultation groups within a process which will be aligned to the Statutory Code for such matters.

The FEIA will be published on the Newport City Council website and be updated and republished at each stage of the proceedings.

6.9 Use of Special Advisers

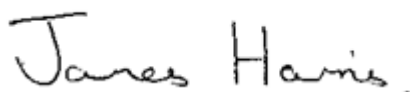
Special advisers have been used in a timely and cost effective manner in accordance with the treasury Guidance: Use of Special Advisers. Details are set out in the table below:

Specialist Area	Adviser
Education Adviser	SEW Education Achievement Service

6.10 Gateway Review Arrangements

The project will be subject to the Gateway Review procedure which will provide a benchmark for improvement each stage of the Business Case process. Gateway Review Zero has been carried out for Newport City Council, it is expected that the next stage in the process will be taken forward during 2015.

Signed:



Date: 18th December 2014

Chief Education Officer, Newport City Council – Senior Responsible Owner