



# **YSGOL GYFUN GWENT IS COED**

Strategic Outline Case/

Outline Business Case

**21<sup>st</sup> Century Schools Band B Programme**

**Newport City Council**

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## 1. Executive Summary

This combined SOC/OBC sets out the business case for the investment of £16.56m to provide replacement education accommodation, catering and sports provision at Ysgol Gyfun Gwent Is Coed, Duffryn Way, Newport, as part of Newport City Council's Band B 21<sup>st</sup> Century Schools and Education Programme. The business case requests a Welsh Government funding contribution at 65% of the project value, at £10.76m.

Ysgol Gyfun Gwent Is Coed, Newport's first Welsh-medium secondary school, was established in September 2016 and moved to its permanent location at Duffryn Way, Newport following the completion of the new teaching block provided under the Band A 21<sup>st</sup> Century Schools Programme, in September 2018. The building provided under Band A has a teaching capacity of approximately 500 pupils and provided science laboratories, music rooms, a library and a drama suite, as well as generic teaching spaces. The school is due to grow to a capacity of 900 pupils by September 2022, including post -16 provision.

The Band B project will provide a new teaching block with dining facilities and sports hall to replace the existing, 1950's era Block 1 building which is in critically poor condition. The new building will provide accommodation for approximately 400 pupils and ensure that the school is able to deliver the full curriculum to 900 pupils in modern, safe and inspiring learning environments.

The beneficiaries of the project are the current and future pupils and staff of Ysgol Gyfun Gwent Is Coed. The project strongly supports the Welsh Government Cymraeg 2050 strategy by providing a modern beacon to Welsh-medium education in Newport.

**The Strategic Case** confirms that this project was identified within the Council's 21CS SOP update submitted in July 2017. The project provides a good fit with the objectives of the Band B programme and the key drivers set out within the Council's corporate plan. The case for change identifies the poor state of the existing Block 1 building and sets out the need to invest to provide a modern, long-term teaching and learning facility.

The investment objectives and key benefits and risks of the project are identified, and the fact that the site is located within a known flood-risk zone is noted.

**The Economic Case** identifies the Critical Success Factors for the project and provides a summary of the full long- list- to –short- list appraisal process and the full economic, benefits and risk appraisals of the short listed options. This appraisal confirms that demolition and replacement of the existing block 1 building and provision of on-site sports facilities is the preferred way forward.

**The Commercial Case** confirms that the project will be procured through the SEWSCAP 3 framework on a design and build contract. Consideration has been given to 'batching' this project with others in an attempt to realise cost savings within the programme. Due to the early advancement of this project over others the decision has been taken to tender this project as a stand-alone scheme. Delivery of community benefits at or above benchmark values will be a condition of the contract and will form part of the tender scoring and award process.

**The Financial Case** confirms that the council has already committed to match funding of the £70m Band B programme. The recent change in Welsh Government intervention rate means

that the Local Authority's funding requirement is thereby reduced, with the LA contribution of up to £6m for this project being funded through prudential borrowing. The cost of this borrowing has been factored into the Council's budget accordingly.

**The Management Case** sets out the governance structure for both this project and the programme, reporting to cabinet members through People Services Capital Programme Board and the Capital Strategy and Asset Management Group. This section also confirms that the project will be managed using Prince2 methodology and contract payments administered through a Project Bank Account.

## 2. Strategic Case

This combined Strategic Outline Case/ Outline Business Case sets out a proposal to provide replacement education facilities, building on the success of our Band A project, to provide secondary age Welsh-medium education for up to 900 pupils on the Ysgol Gyfun Gwent Is Coed (YGGIC) site at Duffryn Way, Newport.

Newport City Council's 21<sup>st</sup> Century Schools Band B Strategic Outline Programme (SOP) was submitted in July 2017 and received approval in principle in December the same year. The SOP sets the strategic vision for our Band B programme within the context of the priorities and wellbeing goals of Newport City Council. Further detail of the strategic fit of our Band B programme with the wider aims of the organisation is provided below. The identified priorities for the **Band B programme** are:

- 1) To deliver additional school places, providing the right school in the right place, to meet evidenced need.
- 2) To replace dilapidated and poor quality accommodation on school sites
- 3) To provide improved and modern environments for teaching and learning
- 4) To enable a comparable/unit cost reduction in running costs for school buildings
- 5) To provide Building Bulletin compliant and accessible classrooms and schools

This business case supports a funding bid for the Ysgol Gyfun Gwent Is Coed project which focuses on the replacement of an end-of-life facility with a new building. As such this project demonstrates strategic fit with the objectives set out in the Strategic Outline Programme.

### **Newport City Council Corporate Plan; 2017-2022**

*Building on Success; Building a Better Newport* sets out how the Council will deliver on its mission statement of 'Improving People's Lives'. The plan is based around four themes: Thriving City; Resilient Communities; Modernised Council; Aspirational People. The plan also identifies the wellbeing objectives for Newport which are listed below. The Band B programme and this project are supported by the council as effective ways of contributing to the delivery of our corporate objectives.

### **One Newport PSB**

*One Newport* the Public Service Board has published Newport's Well-being Plan for 2018-2023. It sets out the wellbeing objectives identified below and thirteen priorities for action. These include improving skill levels for economic and social wellbeing; supporting regeneration and economic growth; providing children and young people with the best possible start in life, and encouraging participation in sport and physical activity. The Band B programme and this project are consistent with the aims of Newport's Well-being Plan.

## **Welsh Education Strategic Plan (WESP)**

The Welsh in Education Strategic Plan sets out Newport's commitment to the Promotion of Welsh language and the provision of quality, attractive education facilities.

The 21<sup>st</sup> Century Schools Band A programme supported the establishment of Newport's first Welsh-medium secondary school and provided a new teaching block on the Duffryn Way site.

Newport's WESP (2017- 19) sets out a positive vision for supporting the further development of bi-lingual education within the city and provides a commitment to establishing a fourth Welsh-medium primary school, to be made possible through Welsh Government capital grant funding.

This Strategic Outline Case/ Outline Business Case sets out a proposal to provide replacement education facilities, building on the success of our Band A project, to provide secondary age Welsh-medium education for up to 900 pupils on the Ysgol Gyfun Gwent Is Coed (YGGIC) site at Duffryn Way, Newport.

## **Well-being of Future Generations Act**

The SOP has been developed with consideration to the wellbeing principles and outcomes embedded in the Well-being of Future Generations Act. The proposal generally supports the well-being goals by recognising that by improving the condition of school premises there can be a positive impact on the education and skills outcomes of our children which in turn could mean that they are more likely to be healthier and more prosperous regardless of their socio-economic circumstances.

The SOP also supports Newport's own Well-being Objectives published in March 2017. They are:

- To improve skills, educational outcomes and employment opportunities
- To promote economic growth and regeneration whilst protecting the environment
- To enable people to be healthy, independent and resilient
- To build cohesive and sustainable communities

The implementation and delivery of the SOP will help to deliver these objectives through investment in education facilities in our communities.

The Council's Improvement Plan 2016-18 focuses primarily on how best to deploy its efforts to make sure that the city thrives and prospers – 'with projects underpinned with our determination to improve the well-being of all Newport's citizens.' The Improvement Plan focuses on eight objectives – including 'Supporting young people into education, employment or training', and 'Ensuring the best educational outcomes for children'. In ensuring that there are adequate school places provided, and by improving the quality of education premises, Newport's Band B SOP underpins these objectives.

## 2.1 Current Situation

Our Band A investment in Welsh-medium secondary education enabled the establishment of Newport's first Welsh-medium secondary school, Ysgol Gyfun Gwent Is Coed, sharing the expansive site of Duffryn High School (now The John Frost School). This was achieved through the creation of two new teaching blocks, one for The John Frost School and one for Ysgol Gyfun Gwent Is Coed.

The original intention was that Ysgol Gyfun Gwent Is Coed would inherit an existing teaching block, known as block 1, from Duffryn High School, which would provide gymnasium and dining facilities in addition to teaching classrooms. Although this proposal has been implemented, it was known that the building would require significant investment. Following the commissioning of intrusive surveys, it has become apparent that this building is near the end of its life and that the work required to ensure safe ongoing use of the building has significant cost implications.

In September 2018, Ysgol Gyfun Gwent Is Coed will be in its third year, but only the first at its permanent site. There are approximately 250 pupils on roll, with the admission number of the school increasing in accordance with the maturation of our last seedling primary school, Ysgol Gymraeg Bro Teyrnnon.

The building known as Block 1 was the original school building for Duffryn High School, established in 1959 and eventually occupying three teaching blocks and a sports centre. The Block 1 building houses a catering kitchen and dining area, gymnasium and changing rooms, science laboratories and design technology rooms.

The building is near the end of its 60 year life expectancy and has not received any significant investment in recent years. When the school estate was surveyed in 2010, Duffryn High School was deemed to be the second poorest condition secondary school in Newport. A visit to the site by Newport City Council Health & Safety officers in autumn 2017 raised a number of concerns and identified a range of issues to be addressed before some areas of Block 1 could be safely used. It is also known that the building would require a full electrical re-wire.

Education provision is currently provided in the new building provided under Band A investment, with use of Block 1 kept to the minimum necessary for delivery of meals and other specific curriculum requirements. A two storey modular unit used on the temporary site at Ysgol Gymraeg Bro Teyrnnon for the 2016/17 and 2017/18 academic years has been relocated to the Duffryn Way site and is providing changing rooms and showers, a cooking technology suite and library/group study space. These facilities are being provided in the modular building as the facilities offered in Block 1 are not deemed fit for purpose. This is a temporary solution and the building only has planning permission to be on site until April 2021, while a long term solution for the school is developed. Block 1 has a gymnasium which is in need of repair and is not considered suitable for the full range of P.E requirements. The gymnasium does not offer the required capacity to completely fulfil the curricular need, and the school is currently negotiating use of off-site sports facilities. This will incur both rental and travel costs but, more importantly result in significant timetable issues and lost education time for pupils.

## 2.2 Case for Change

### Existing arrangements – Investment need

The establishment of Ysgol Gyfun Gwent Is Coed on its permanent site at Duffryn Way, Newport was facilitated by the building of two new teaching blocks; one for Duffryn High School and one for Ysgol Gyfun Gwent Is Coed; and the sub-division of the Duffryn High School site, under Band A of the 21<sup>st</sup> Century Schools and Education Programme. Accordingly, Ysgol Gwent Is Coed has received one new build teaching block but has also inherited one of its teaching blocks (block 1) from Duffryn High School. When Duffryn High School was surveyed in 2010 it was categorised overall as being condition 'C' grade. The school consisted of 3 blocks built at different times and block 1, being the oldest, constructed in the 1950s, was in the worst condition of the three. This building has seen little investment in recent years and is now deemed to be the worst condition secondary school teaching block in Newport City Council's education estate. It is believed that if the building were to be given a condition grade today it would be categorised as condition D.

A site visit by Newport City Council's Health and Safety Inspector in autumn 2017 identified a number of Health and Safety concerns in relation to the condition of block 1, relating to floor finishes, glazing, fire doors and shower and changing facilities. There is a considerable amount of asbestos in the building, and surveys have been conducted to establish the stability and sufficiency of the building superstructure. As investigative work progresses it is becoming increasingly apparent that significant investment will be required simply to make the building safe for use. Roofs, windows, floors, ceilings, heating and lighting systems are all in need of replacement, and all classrooms require extensive cosmetic refurbishment. It is understood that while this work would make the building safe and visually more appealing, it will not significantly extend the life expectancy of the building.

Facilities in the existing Block 1 building include the gymnasium, the catering kitchen and dining hall, and a range of classrooms including food and design technology, science laboratories and standard generic classrooms. All of these facilities need to be provided and either brought up to modern standards or replaced with new.

Photographs showing the condition of Block 1 are attached at Appendix A.

Although the school is established as a 'growing school', there is physical capacity on the permanent site for up to 900 secondary age pupils, using the new teaching block and the inherited 'Block 1' building. The new facility provided under Band A features classrooms, a drama studio and music rooms, but Catering/Dining, Food Technology, and PE provision is currently provided in Block 1 and the temporary modular building.

The capacity of the school is set in accordance with the combined admission number of the four cluster Welsh-medium primary schools. This proposal does not seek to increase the capacity of the school. The school will grow to include a sixth form provision suitable for post- 16 education delivery through the medium of Welsh.

## Growing school model and forecasts (based on primary pupil numbers)

Ysgol Gyfun Gwent Is Coed opened to year 7 pupils in September 2016, and the school is growing year-on-year in line with the combined admission numbers of the cluster primary schools; Ysgol Gymraeg Casnewydd, Ysgol Gymraeg Ifor Hael, Ysgol Gymraeg Bro Teyrnnon and Ysgol Gymraeg Y Ffin (located in Monmouthshire). There are currently three cohorts of pupils in the school. The model of growth for the school is set out below:

Admission Year	2016	2017	2018	2019	2020	2021
PAN (Y7)	90	120	120	150	150	150
Notes	Year 7 Only	Years 7 & 8	Years 7, 8 & 9	Years 7 - 10	Years 7-11	Years 7-12

The pupil population to date, together with an illustration of how it is expected to grow, based on current pupil numbers in the cluster primary schools, is shown below.

Number on roll *and forecast NOR* at YGGIC:

Year	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
NOR	81	159	249	368	474	583	688

## Impact on other schools

It is not anticipated that this proposal will have any impact on other schools. The school capacity and admission number will remain unchanged from the original proposal, effective from 2016.

## Community Use

The proposed project will take into account the desire to encourage and facilitate community use of the asset. To this end the design process will seek to include measures to enable safe 'zoning' of parts of the school building so that they are suitable for public use as appropriate around the requirements of the school in the delivery of education at the site. This will include consideration of both performance, sports and meeting spaces being made available for use by the community.

## **Constraints and dependencies**

Any work undertaken either to refurbish or replace the existing building will inevitably have some impact on the delivery of education at the site. Ysgol Gyfun Gwent Is Coed was established as a growing school in September 2016 and moved to the permanent location at Duffryn Way for September 2018. At this time there are 3 cohorts of pupils at the school (years 7-9) with a pupil population of approximately 250.

This project is being pursued as a priority due to the reduced level of disruption associated with an early start, to take advantage of the lower number of pupils being educated on the site. This being said, it is still expected that some temporary facilities will be needed while works are undertaken to upgrade or replace block 1. As noted above this building hosts the principal PE, food technology and catering provision that will be required by the school. As such any works that impact these areas will need to be undertaken with alternative provision arrangements in place.

To this end the education authority has relocated the large modular unit previously in use at the temporary site to the permanent site to provide additional learning facilities while works to block 1 are undertaken. This will provide shower and changing facilities, a cooking technology suite and a break-time food servery. It is noted that there is a cost saving to be realised through the early implementation of this project, due to lesser decantation requirements.

## **Flood Risk and Site Conditions**

The site is known to be in a C3 flood zone and as such the success of the proposal depends on the ability of the design to satisfy the planning authority and Natural Resources Wales that the proposal will result in improved pupil safety and have no adverse impact on flood levels in the area. As such the project will require considerable flood alleviation measures, including the potential need to raise the floor level of the building above the identified possible flood level, which will represent additional costs when compared to a new build project on a site without flood risk or other abnormal site conditions. The respective costs associated with the project are set out on the financial case.

## **SMART Investment objectives**

The investment objectives for this project are:

- 1) To provide sufficient, safe and modern learning environments for 900 secondary age pupils, by 2024
- 2) To provide sufficient catering dining and assembly facilities for 900 secondary age pupils, by 2024
- 3) To provide sufficient sports facilities for 900 secondary age pupils, by 2024
- 4) To provide accommodation suitable for SEN provision

## **Impact on Welsh-medium education numbers and outcomes.**

This proposal will provide a 'new for old' replacement teaching, sports and dining facility for Newport's Welsh-medium secondary school which will result in Ysgol Gyfun Gwent Is Coed

benefitting from the most modern school buildings in Newport. This will further stimulate demand for Welsh-medium education in the city and ensure a strong future for the Welsh language in Newport.

The proposal will not alter the capacity of the school which is set at 900 pupils. However there is an expectation that the new facility will help to encourage families to choose Welsh-medium education and also deliver improved outcomes for the pupils. Because Ysgol Gyfun Gwent Is Coed is a growing school, there are no recent graduates from which to benchmark outcomes. However it is expected that outcomes at this school will be at least as good as those in Ysgol Gyfun Gwynllyw (Torfaen) and Ysgol Gyfun Cwm Rhymni (Caerphilly).

## **Benefits and Risks**

The principal **benefits** of the scheme are as follows:

- Provides an 'all-new' school for 900 pupils (following Band A project success)
- Replacement of a poor quality, hazardous school building
- Provision of energy efficient facility
- Modern state of the art classrooms
- Food technology and design classrooms
- New catering facility and flexible dining hall
- New sports facility
- Modern flagship facility for Welsh-medium education in Newport
- Space maximisation through reconfiguration of site
- A stimulating environment to deliver high quality learner outcomes

A full benefits register is provided at appendix B.

The principal **risks** of the scheme are identified as follows:

- Planning process (due to flood zone)
- Impact of planning conditions on cost
- Sufficiency of funding to deliver scope
- Project delivery within a live school site environment (Decantation requirements)
- Availability of resources/ contractors
- Rising costs due to regional supply/demand dynamic
- Design development
- Adverse weather (esp. site flooding)
- Sufficiency of Utilities services
- Project Governance and decision making
- Benefits realisation (meeting end user requirements)

A full risk register with identified risk owners and mitigation measures is attached at appendix C.

Site layout plans showing how the outline proposal could be delivered are attached at appendix D.

### 3. Economic Case

#### Critical Success Factors

The critical success factors for the project have been considered by the project stakeholder group and agreed as follows:

- 1) Building Bulletin compliant school
- 2) Building suited to local environment and acceptable to planning Authority
- 3) Education facility that is acceptable to stakeholders
- 4) Sufficiency of sports and changing facilities
- 5) Delivered within budget for September 2022

#### 3.1 Longlist to shortlist – Options framework

##### Scope

This section explores the options in relation to the scope – how much the project should deliver.

- 1) Do minimum: 200 places plus minimal sports facilities
- 2) Do minimum+: 200 places plus full sports facilities
- 3) Do intermediate: 400 places plus minimal sports facilities
- 4) Do intermediate+: 400 places plus full sports facilities
- 5) Do major: 550 places plus minimal sports facilities
- 6) Do maximum: 550 places plus full sports facilities

##### Advantages and disadvantages

**Do minimum:** The reduced scope in terms of pupil places will help to keep project costs down, but some sports will have to be undertaken off site and further works will be required in future to safely achieve the stated school capacity and effectively deliver the full curriculum.

**Do minimum+:** The reduced scope in terms of pupil places will help to keep project costs down, but further works will be required in future to safely achieve the stated school capacity and effectively deliver the full curriculum.

**Do intermediate:** Provides sufficient modern learning environments and encourages collaboration with other school/private sector for sports provision. Some sports provision will have to be shared and provided off site which may not be agreeable to some stakeholders.

**Do intermediate+:** Provides sufficient modern learning environments and sports facilities for full curriculum delivery. Capacity remains as previously set so this option should be agreeable to stakeholders and the planning authority.

**Do major:** Provides additional capacity for future expansion but does not provide adequate sports facilities. May not be acceptable to stakeholders or the planning authority and may not be deliverable within budget.

**Do maximum:** Provides additional capacity for future expansion and adequate sports facilities. May not be acceptable to the planning authority and may not be deliverable within budget.

The table below summarises how well the options meet the investment objectives and critical success factors.

	Do Minimum					Do Minimum+					Do Intermediate					Do Intermediate+					Do Major					Do Maximum														
Scope	200 places					200 places + sports					400 places					400 places + sports					550 places					550 places + sports														
Investment Objectives	1	2	3	4	5	1	2	3	4	5	1	2	3	4	5	1	2	3	4	5	1	2	3	4	5	1	2	3	4	5	1	2	3	4	5					
Critical Success Factors	1	2	3	4	5	1	2	3	4	5	1	2	3	4	5	1	2	3	4	5	1	2	3	4	5	1	2	3	4	5	1	2	3	4	5	1	2	3	4	5

On the basis of the above analysis, the preferred way forward for the project scope is the do intermediate+ option, as it meets all investment objectives and critical success factors. The ‘do intermediate’ option will also be carried forward, but the do minimum, do major and do maximum options are discounted.

### Service solution

This section explores the options in relation to how the project should deliver the desired outputs.

- 1) Do minimum - Refurbishment of existing building
- 2) Do Intermediate – Part refurbishment and part new build
- 3) Do maximum – Demolish old and replace with new build

### Advantages and disadvantages

**Do minimum** – This option makes use of the existing asset but this restricts the design possibilities of the facility. Also the materials present in the existing building will present limitations to refurbishment possibilities in some areas. Refurbishment will not significantly increase the life expectancy of the building. Some work could be done while the building is in use, but the need for temporary accommodation is likely.

**Do medium** – Allowing some demolition and new build would allow more flexibility of design than the ‘do minimum’ option. The areas being refurbished will still present some restrictions and limitations.

**Do maximum** – A new build solution will allow full flexibility in design and deliver a new building to complement the recently delivered teaching block. This will also provide the solution with the longest life expectancy and least risk within the fabric of the building. Some temporary accommodation is likely to be required and it may be difficult to deliver within budget.

The table below summarises how well the options meet the investment objectives and critical success factors.

	Do Minimum					Do Intermediate					Do Maximum				
Service Solution	Refurbishment					Part new build					New Build				
Investment Objectives	1	2	3	4	5	1	2	3	4	5	1	2	3	4	5
Critical Success Factors	1	2	3	4	5	1	2	3	4	5	1	2	3	4	5

On the basis of the above analysis, the preferred way forward for the project service solution is the do maximum option; demolition and new build, as it best meets the investment objectives and critical success factors. The intermediate option will also be carried forward.

### Service delivery

This section considers the options in relation to where the project outputs should be delivered, and who by.

- 1) Do minimum – Off site (shared) education and sports facilities
- 2) Do medium - On site education with off site sports provision
- 3) Do maximum - On site education and on site sports provision

### Advantages and disadvantages

**Do minimum** – Under this option, specialist education and sports needs of the school will be facilitated and met by a third party at a different location. The advantage of this option is that it would allow the demolition of the existing building, requiring the on-site re-provision of only the catering/dining facilities and generic teaching classrooms. This option would potentially entail the least capital expenditure. The disadvantages are that the necessary facilities would have to be rented from a third party and pupils will be educated on two or three sites. Transport may have to be provided with time and cost implications. There would be a lack of control over the timetabling of activities and recurrent uncertainty of provision.

**Do medium** – Under this option the majority of the education facilities will be provided on site by the school, but some sports facilities will be provided by a third party – either a neighbouring school or dedicated sports facility. The advantage of this option is that it allows the project to focus on delivery of education and catering facilities within the limited budget and available grounds of the school site. The disadvantages are that the necessary sports facilities would have to be rented from a third party and pupils will be educated on two sites. Transport may have to be provided with time and cost implications. There would be a lack of control over the timetabling of activities and recurrent uncertainty of provision.

**Do maximum** – This option will provide all of the required facilities on the school site for the use of and management by the school. The advantage of this option is that the school will have control over the required facilities within one site. This disadvantage is the challenge of providing the facilities within the available budget and site area.

The table below summarises how well the options meet the investment objectives and critical success factors.

	Do Minimum					Do Intermediate					Do Maximum				
Service Delivery	Shared facilities					Shared Sports facilities					Dedicated provision				
Investment Objectives	1	2	3	4	5	1	2	3	4	5	1	2	3	4	5
Critical Success Factors	1	2	3	4	5	1	2	3	4	5	1	2	3	4	5
	Green	Green	Yellow	Yellow	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green
	Yellow	Green	Red	Yellow	Green	Green	Green	Yellow	Yellow	Green	Green	Green	Green	Green	Yellow

On the basis of the above analysis, the preferred way forward for the project service delivery is the do maximum option; provide all required facilities on site, as it best meets the investment objectives and critical success factors. The intermediate option will also be carried forward.

## Implementation

This section considers the timing options for the project:

- 1) Do minimum - Phased implementation (part by 2021 and part in Band C)
- 2) Do medium - Within Band B (by 2024)
- 3) Do maximum - ASAP (2022-21)

## Advantages and disadvantages

Do minimum – This option would allow the provision of only part of the project scope at this time, thereby enabling the available budget to focus on the immediate priorities. The disadvantage is that it will only deliver part of the overall need by 2024, by which time the school will have pupils in all year groups and therefore would likely incur greater decantation costs. Further works would be required and additional financial commitment will be necessary in the future to deliver the remainder of the required facilities.

Do medium – this option would deliver the required facilities within the programme timeframe and thereby eliminates the need for further funding commitments in the future. However due to the growing school population, any delay to the implementation of the project deliverables will have implications on the decant requirements and timeframe to completion, as more pupils will have to be provided with temporary facilities, the longer the works go on.

Do maximum – The advantage of this option is that the most disruptive works on site can be undertaken while the school population is relatively small, thereby minimising disruption and the need to provide temporary accommodation.

The table below summarises how well the options meet the investment objectives and critical success factors.

	Do Minimum					Do Intermediate					Do Maximum				
Implementation	Phased					By 2024					by 2021				
Investment Objectives	1	2	3	4	5	1	2	3	4	5	1	2	3	4	5
Critical Success Factors	1	2	3	4	5	1	2	3	4	5	1	2	3	4	5
	Red	Yellow	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green
	Green	Green	Yellow	Yellow	Red	Green	Green	Yellow	Green	Red	Green	Green	Green	Green	Green

On the basis of the above analysis, the preferred timeframe for project implementation is to enable an early start, to complete by 2021.

## Conclusion

The analysis of the long list of options allowed the identification of a short list of viable options for the project.

	Minimum	Less ambitious	Intermediate	Maximum
<b>Scope</b>	200	400	400+sports	550
<b>Service Solution</b>		Refurb	Part New Build	New Build
<b>Service Delivery</b>		Shared facilities (all)	Shared Sports facilities	Dedicated on site provision
<b>Implementation</b>		Phased	By 2024	By 2021

As a result of the analysis, the short list of options for consideration and economic analysis is as follows:

- 1) Minimal refurbishment of existing facility
- 2) 400 place part new build with shared sports provision by 2021
- 3) 400 place complete new build with shared sports provision by 2021
- 4) 400 places part new build with sports provision by 2021
- 5) 400 place complete new build with sports provision by 2021

To provide a 'status quo' reference point, a do minimum option has been carried forward of refurbishment of the existing facility in order to address the Health and safety concerns identified

## 3.2 Economic appraisal

These shortlist options have been subject to an economic appraisal which is attached at appendix E. The results of this analysis are summarised below.

<b>Option</b>	<b>1</b> Minimum H&S refurbishment	<b>2</b> Part new build shared sports	<b>3</b> Complete new build shared sports	<b>4</b> Part new build with sports facility	<b>5</b> Complete new Build with sports facility
<b>Capital Investment Cost</b>	£5.5m	£11.4m	£15.2m	£13.8m	£16.6m
<b>Net Present Cost</b>	£44.5m	£49.9m	£67.2m	£51.4m	£66.7
<b>Equivalent Annual Cost</b>	£2.3m	£2.6m	£2.6m	£2.7m	£2.5m

The option with the lowest investment requirement and lowest Equivalent Annual Cost is the 'do minimum' option. However in terms of project deliverables, this option essentially only makes the existing building safe; it does not significantly enhance the lifespan or the quality of the learning environment. Option 5 returns the next lowest equivalent annual cost of £2.5m. This indicates that option 5 represents best value for money. However, completion of benefits and risk appraisals of the options will further help to determine the preferred way forward.

### 3.3 Benefits appraisal

A workshop was held at Ysgol Gyfun Gwent Is Coed on 13<sup>th</sup> November 2018, attended by the project stakeholder group. The principal benefits associated with the investment objectives were discussed and given a 'priority' weighting out of 100%. Each option was then appraised against its ability to deliver the intended benefits of the scheme. Details of this appraisal are provided at appendix F and a summary is provided below.

<b>Option</b>	<b>1</b> Minimum H&S refurbishment	<b>2</b> Part new build shared sports	<b>3</b> Complete new build shared sports	<b>4</b> Part new build with sports facility	<b>5</b> Complete new Build with sports facility
<b>Benefit delivery score</b>	145	315	740	415	900
<b>Ranking</b>	5 <sup>th</sup>	4 <sup>th</sup>	2 <sup>nd</sup>	3 <sup>rd</sup>	1 <sup>st</sup>

### 3.4 Risk appraisal

A workshop was held at Ysgol Gyfun Gwent Is Coed on 6<sup>th</sup> December 2018, attended by the project stakeholder group. The principal risks associated with the proposal were discussed and given a weighting out of 100%. Each option was then appraised against its perceived level of risk, with the most high risk option receiving the highest risk score. Details of this appraisal are provided at appendix G and a summary is provided below.

<b>Option</b>	<b>1</b> Minimum H&S refurbishment	<b>2</b> Part new build shared sports	<b>3</b> Complete new build shared sports	<b>4</b> Part new build with sports facility	<b>5</b> Complete new Build with sports facility
<b>Risk score</b>	650	790	440	740	310
<b>Ranking</b>	3 <sup>rd</sup>	5 <sup>th</sup>	2 <sup>nd</sup>	4 <sup>th</sup>	1 <sup>st</sup>

### 3.5 Summary of appraisal outcomes

The economic appraisal takes into account the capital investment required to deliver the project and the economic costs and benefits of each option. Options 1, 2 and 4 are appraised over 30 years as the fundamental fabric of the majority of the building is unchanged. As new build replacements, options 3 and 5 are appraised over a 60 year period.

Option 1; do minimum is confirmed as the cheapest option, with an equivalent annual cost of £2.3m. However, this option scores very badly and comes last in the benefits appraisal, only delivering the bare minimum and failing to comply with modern building bulletin guidelines and design standards. In terms of risk this option falls in the middle of the 5 options.

The two new-build options have the highest Capital input costs, but because the appraisal is over the full lifespan of the asset have lower Equivalent Annual Costs than the remodel and extend options.

The economic appraisal also identifies that, over the lifecycle costs, the cost benefits of providing sports facilities within the project outweigh or offset the cost burden of the installation (i.e. It is cheaper or as cheap to provide the facility than rent off-site facilities over the lifecycle).

A summary of the appraisal outcomes is provided below:

	1 Minimum H&S refurbishment	2 Part new build shared sports	3 Complete new build shared sports	4 Part new build with sports facility	5 Complete new Build with sports facility
<b>Economic Appraisal ranking</b>	1 <sup>st</sup>	4 <sup>th</sup>	3 <sup>rd</sup>	5 <sup>th</sup>	2 <sup>nd</sup>
<b>Benefits Appraisal ranking</b>	5 <sup>th</sup>	4 <sup>th</sup>	2 <sup>nd</sup>	3 <sup>rd</sup>	1 <sup>st</sup>
<b>Risk Appraisal Ranking</b>	3 <sup>rd</sup>	5 <sup>th</sup>	2 <sup>nd</sup>	4 <sup>th</sup>	1 <sup>st</sup>
<b>Summary</b>	3 <sup>rd</sup>	4 <sup>th</sup>	2 <sup>nd</sup>	5 <sup>th</sup>	1 <sup>st</sup>

Taking the three appraisals together delivers the conclusion that the new build replacement schemes provide the best balance of costs, benefits and risks, with the remodel and extend (part new build) options offering poor value for money and high risk.

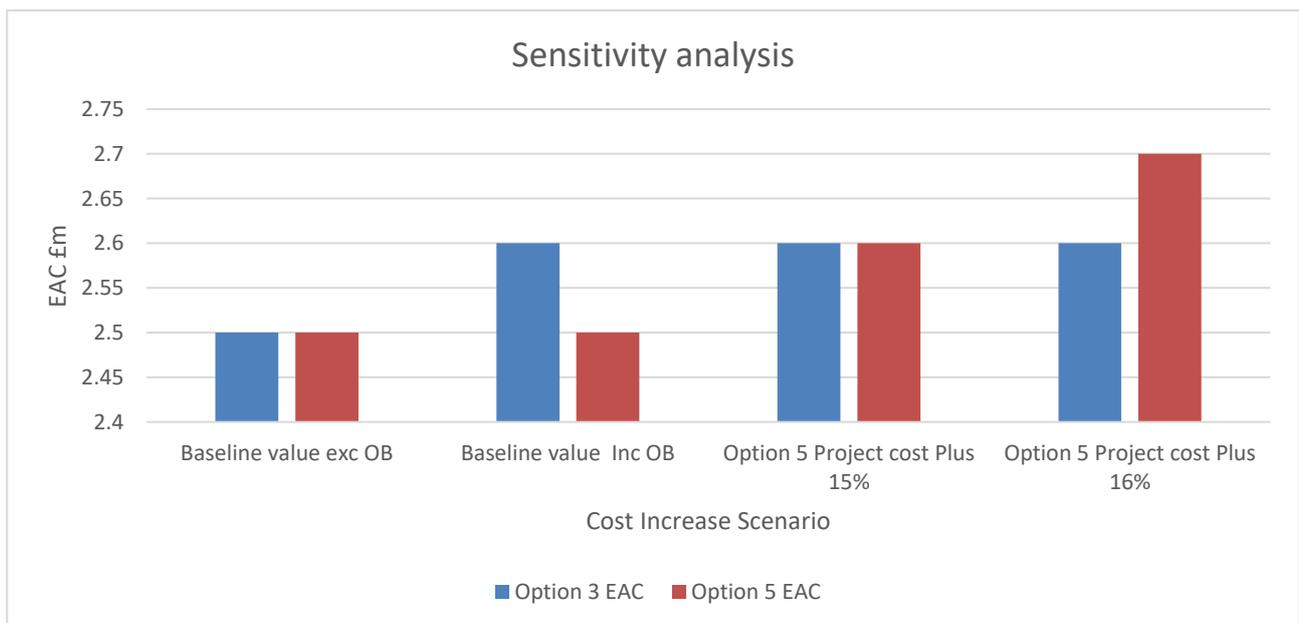
Option 5 is confirmed as the preferred option following the full economic appraisal.

### 3.6 Sensitivity analysis

The economic appraisal showed that option 5 both represents a value for money investment, with an equivalent annual cost of £2.5m, including adjustments for optimism bias, compared to an equivalent annual cost (EAC) of £2.3m for the 'do minimum' option. In terms of net present cost, option 5 is £0.5m lower than option 3, the other 'new build' option which resulted in a higher ranking for option 5 than option 3. Option 5 also ranked first over option 3, which ranked second, in both benefits and risk appraisals. This presents a clear case for option 5 as the preferred way forward.

In order to determine the comparative 'strength' of option 5 as the preferred way forward, over other options, a sensitivity analysis can be undertaken to identify the 'switching value'. The switching value represents the point at which a change to the cost of the preferred option means that option no longer represents best value for money.

The sensitivity analysis allows us to test the level of cost increase which can be tolerated before option 5 ceases to offer best value. Sensitivity analysis has been conducted, focussing on EAC, testing the impact of various rates of increase in project costs. The outcomes of this analysis are shown below, with adjustment for optimism bias.



The analysis shows that option 5 can be subject to an overall project cost increase of 15%, or £2.4m, before it ceases to offer best value. In terms of construction costs, £2.4m would represent an uplift of approximately 20% on the expected construction cost.

## **4. Commercial Case**

### **4.1 Procurement**

This section outlines the proposed strategy in relation to the preferred option as outlined in the economic case. The scoping of the procurement strategy has considered this project and the potential for batching to enable economies of scale. Given the timescales of the other projects in the programme it was not possible to effectively include this scheme in any batch. This project will be tendered using the South and East Wales Schools Capital Framework (SEWSCAP) framework, with mini-competition employed to ensure value for money in project delivery.

The Framework sets out clear procedures via mini-tender exercises for authorities to follow in procuring teams for specific projects. The Framework was developed and set up following an OJEU compliant procurement exercise that included PQQ and ITT stages to procure a limited number of main contractors to a set number of Lots under the Framework. The tender and appointment process will be managed by our delivery partner, Newport Norse, and there will be a focus on quality and community benefit delivery alongside cost when tenders are scored to enable an overall value for money evaluation to be made.

The preferred procurement route for the preferred option is a collaborative two stage Design and Build tender process. The Council has actively used two stage collaborative tendering and early contractor involvement (ECI) for several years. This has maximised innovation, local procurement and community benefits. The Council is committed to Welsh Government Procurement Policies, and also collaborating not only within the public sector, but with the members of the supply chain on each and every project. The Council's team regularly attend and are active in the Consortium of Local Authorities in Wales (CLAW) that supports the professional and technical interests of property management in local government in Wales.

The procurement will be undertaken in line with the Welsh Government policy. It is expected that major individual sub-contracts will be advertised via "Sell to Wales" to improve competition and support WG procurement strategy in this area.

The conclusion reached given the nature, scale and ambition of the project was to adopt a two stage tender approach. The appointed Contractor will undertake design and survey work under a JCT Pre-Construction Services Agreement (General Contractor) 2016 as amended by Newport City Council. The main Design and Build Contract will be the NEC4: Engineering and Construction Contract Option A priced contract with activity schedule as amended by Newport City Council.

### **4.2 Evaluation**

The tender exercise will be conducted using the guidelines set out in the Framework and the mini-tender exercise will be based on a 70% Quality / 30% price ratio. In addition, an explicit and clear evaluation criteria document will be issued to the Contractors to accompany the tender to ensure the evaluation process is clear and transparent. Interviews will be held with contractors to present their written responses and answer any questions or provide clarification that arose

out of their written responses. The Evaluation Panel will comprise of representatives from Newport City Council and Newport Norse (Adviser to NCC).

## **4.2 Proposed Contractual Arrangements**

The appointed Contractor will undertake design and survey work under a JCT Pre-Construction Services Agreement (General Contractor) 2016 as amended by Newport City Council. The main Design and Build Contract will be the NEC4: Engineering and Construction Contract Option A priced contract with activity schedule as amended by Newport City Council. At the end of Phase 1, subject to final approval of the Full Business Case, the intention will be to let a NEC4: Engineering and Construction Contract Option A priced contract with activity schedule for delivery of Phase 2- Construction. The final decision to enter into a formal contract for Phase 2 is scheduled to be taken by the appropriate Head of Service.

## **4.3 Financial Implications**

Under the proposed contractual arrangements and procurement approach the Contractor will be initially appointed for a fixed fee to undertake Phase 1- design for the project and prepare a contract sum for agreement. A breakout clause at the end of Phase 1 limits the Council's exposure to financial risk. The contract sum will be developed in conjunction with the Council's cost advisors using an open book and transparent approach with the aim of agreeing a contract sum within the construction budget. It is then the intention to appoint the Contractor to undertake the construction works for the agreed fixed price contract sum. Furthermore, and in line with Welsh Government guidance, a Project Bank Account will be used on the project.

## **4.4 Risk Management Arrangements**

The general principle adopted is that risks should be passed to 'the party best able to manage them', subject to value for money considerations. The final allocation of risk within the project will be determined with the Contractor as the project develops. This will involve discussions via dedicated Risk Workshops between the Council and the Contractor whereby project risks are allocated to the party best able to manage them and allocation of risk sums to deal with any residual risks remaining. This work is in progress and an initial draft risk register has been produced. The risk register will remain a 'live' document as the project continues to develop, risks will be under constant review, with the ownership, likelihood, impact and potential cost associated reviewed. It is anticipated that the level of risk will reduce as the design process progresses.

## **4.4 Community Benefits**

Newport's association with the steel industry continues, and where possible through the use of the SEWSCAP framework, it will maximise opportunities for community benefits. Through a collaborative approach it is intended to engage the various supply chains with the Schools directly themselves to increase the attractiveness of the Industry to local children as a future career. Innovative approaches to employing and maintaining apprenticeships to their successful

completion are being developed, and it intended that these approaches will be trialled in the coming programme.

The delivery of community benefits is a key component in the framework approach for the region. There are also non-core community benefits and these can include workshops at the schools and meet the buyer events. As part of the tender exercise the commitment of the contractor to community benefits will be rigorously examined. In particular, contractors will be required to outline how they would maximise potential community benefits as part of this project and that there is a requirement that the Community Benefits Measurement Tool will be used to capture and report results. The project will also seek to embed the sustainable objectives set out in the Well-being of Future Generations Act including integration, collaboration and involvement with numerous stakeholder groups.

## 5. Financial Case

This project is included in our Band B Strategic Outline Programme and has been identified as a priority, as set out in the strategic case section of this business case. At this time cost estimates have been developed based on published cost data for the known requirements of the project as defined in the preferred way forward option. A reasonable assessment has been made to establish likely cost of abnormalities in relation to the site which is located within a known flood risk zone.

The project cost forecast currently indicates a budget requirement of £16.56m. This project budget is supported by the council, and Newport City Council's funding contribution at £5.8m (35%) has been included in the Authority's capital programme as supported borrowing.

A breakdown of the estimated project costs is included at Appendix H - Project Cost template.

The anticipated spend profile for the project is shown below.

<b>2019/2020</b>	<b>2020/2021</b>	<b>2021/2022</b>	<b>2022/2023</b>	<b>Total</b>
£1,698,134	£10,496,699	£4,098,681	£266,484	£16,560,000

## 6. Management Case

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.

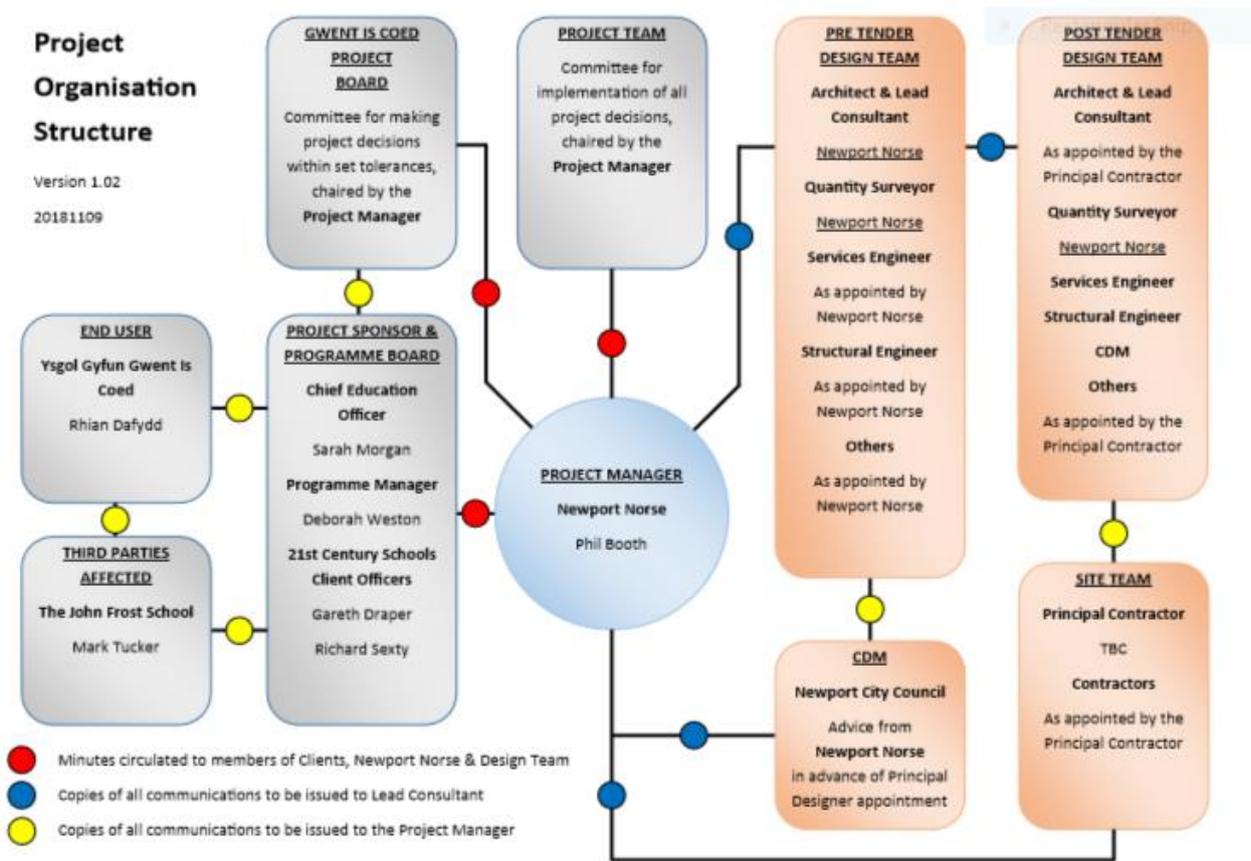
The project will be delivered using PRINCE 2 project management methodology and MSP programme management principles will be employed for the overarching Band B programme. The project will utilise the experience of the project team involved in the Band A project, with the same project manager employed from the feasibility and scoping stage.

The project manager is supported by an experienced project team with decisions within agreed tolerance being taken by the project board. The project will be accountable to Newport City Council and will report to People Services Capital Programme Board.

People Services Capital Programme Board - Chaired by the Strategic Director – People, this is the first level of the capital governance structure for education and comprises a multi-disciplinary membership, including central finance and the delivery partner Newport NORSE. The group meets bi-monthly.

All projects and capital matters are reported through this Board. The YGGIC project manager will report to the programme board to confirm key milestones and report any significant risks or exceptions to the project plan, thus having accountability to the People Services Capital Programme Board.

The Project Organisation Structure is shown in the diagram below.



Resources for the programme have been agreed by the Council and resourcing of this project will be monitored and governed through the People Services Capital Programme Board.

### Key Project Milestones

Outline project milestones with target dates for completions are as follows:

<b>Milestone</b>	<b>Target date</b>
Pre contract award	July 2019
Developed design	November 2019
Planning approval	January 2020
Contract award	February 2020
Start on site	March 2020
New Build occupied	January 2022
Project completion	April 2022

### **Contract Management**

The contract will be managed by the project Quantity Surveyor and Commercial Director of Newport Norse, on behalf of the Local Authority.

### **Benefits Realisation**

The benefits of the project are logged on the benefits register and will be realised and managed by the project team – by the contractor and project manager during the delivery phase and by the school leadership team in post- delivery operations phase. Benefits realisation will be monitored by the project team and Newport City Council and reported to Welsh Government through the project closure report. Community benefits will be reported quarterly and at year and project end.

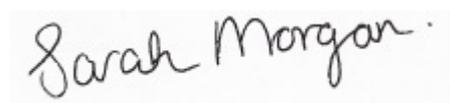
### **Risk management.**

Project risks are recorded on the project risk register and will be monitored continually and reported as a standard agenda item to the project board. Mitigating actions will be assigned accordingly and escalated through People Services Capital Programme Board as appropriate.

### **Gateway review**

The project will be subject to gateway review as required by the funding agreement. Any recommendations of the Gateway review team will be taken on board and implemented as necessary.

**Signed**



**Printed**

**Sarah Morgan**

**Position in the organisation**

**Chief Education Officer**

**Date**

**20 February 2019**

### **List of Appendices**

Appendix A – Photographs of the existing block 1 accommodation

Appendix B – Benefits register

Appendix C – Risk Register

Appendix D 1-3 – Site layout and potential phasing plan

Appendix E – Options appraisal (economic case)

Appendix F –Stakeholder workshop minutes - Benefits

Appendix G –Stakeholder workshop minutes – Risk

Appendix H – Project cost template