

<b>ISLE OF ANGLESEY COUNTY COUNCIL</b>	
<b>Report to:</b>	<b>Executive Committee</b>
<b>Date:</b>	<b>16 March 2015</b>
<b>Subject:</b>	<b>Modernising Schools on Anglesey – Outline Business Case for a new primary school in North West Anglesey</b>
<b>Portfolio Holder(s):</b>	<b>Councillor Ieuan Williams</b>
<b>Head of Service:</b>	<b>Gwynne Jones</b>
<b>Report Author:</b> Tel: E-mail:	<b>Emrys Bebb, Nonn Hughes</b>
<b>Local Members:</b>	<b>Councillor Ken Hughes</b> <b>Councillor Llinos Medi Huws</b> <b>Councillor John Griffith</b>

<b>A – Recommendation/s and reason/s</b>
<p>At its meeting on February 11, 2013, the Executive resolved to support Option 5 (namely a new area school for Llanfachraeth, Llanfaethlu and Llanrhuddlad) as the favoured option for formal consultation following a review of the primary education provision in North West Anglesey. This decision was on identifying the necessary finance and site before beginning the formal consultation process.</p> <p>It was reported back to the Executive Committee on March 17, 2014 that the Lifelong Learning Department Officers had:</p> <ol style="list-style-type: none"> <li>1. ensured <b>finance</b> in principle for the new primary school and</li> <li>2. had identified the <b>site</b> for the new primary school.</li> </ol> <p>Welsh Government will provide 50% of the finance for this project if the LA can present a suitable business case to justify expenditure. In order to ensure half the <b>finance</b> for the project from the Welsh Government, a Strategic Outline Case was presented to Welsh Government in May 2014 and subsequently approved. A letter from the Welsh Government dated 19 August 2014 stated: "I am pleased to inform you that the Strategic Outline Case (SOC) in respect of the 'Ysgol Y Llannau' has been approved and that you can now progress to Outline Business Case (OBC) stage." The Outline Business Case will be submitted to Welsh Government following approval by the Executive Committee and considered by its Business Case Scrutiny Group and Capital Investment Panel in April 2015.</p> <p>On the 9<sup>th</sup> February 2015 the Executive approved the Llanfaethlu site as the preferred option and authorised officers to commence negotiations with the land owner.</p>

This Outline Business Case for North West Anglesey is broken down into five main sections:-  
[see appendix]

- Strategic
- Economic
- Commercial
- Financial
- Managerial

The **Strategic** section sets out the strategic context and the case for change, together with the supporting investment objectives for the scheme. This part of the OBC explains how the proposed scheme fits within, supports and promotes the Authority's agreed strategy and work programme of which it is an integral part. In doing so, it explains how the proposed scheme helps to achieve the business goals, strategic aims and plans of the Authority.

The **Economic** section demonstrates that the Authority has selected a preferred way forward, which best meets the existing and future needs of the service and is likely to optimise value for money ("VFM"). It also describes how the Authority has developed its strategy and case for investment in the scheme on the basis of the Authority's overarching strategies.

The **Commercial** section outlines the proposed commercial arrangements underpinning the scheme and how the Authority will use the North Wales Schools and Public Buildings Contractor Framework to reduce procurement time and costs. The specification of the school is also outlined. An important part of the project is community benefits such as 78 week apprenticeships for every £1 million spent on the project. The North West Anglesey school will be delivered by the in-house Architectural Team.

The purpose of the **Financial section** is to highlight the likely funding and affordability position and the potential balance sheet treatment of the scheme section as well as setting out the indicative financial implications of the preferred way forward as set out in the Economic case and on the basis as set out in the Commercial case. The total project cost will be £5.166 million with the Authority and Welsh Government each providing £2.583 million. The Authority's funding will be made up of 0.382m in capital receipts and £2.201million in unsupported borrowing. Further detailed analysis of the financial case will be set out within the Final Business Case stage.

In the **Management** section, it is demonstrated that the scheme is achievable and can be delivered successfully in accordance with accepted best practice. The Authority's overall project management and governance systems for the School Modernisation Programme is outlined. The purpose of this is to show that the systems are sufficiently robust to ensure that progress is made; adequate and appropriate resources are engaged; key stakeholders are informed and involved as appropriate, and that decisions can be made in a timely manner. The arrangements reflect and recognise the scale of the spending commitment involved, the complexity of the consultation and the breadth of issues raised in the course of delivering this project.

**It is recommended that the Executive Committee:**

- approve the Outline Business Case (OBC) for the new primary school in North West Anglesey and
- approve the submission of the OBC to Welsh Government.

**B – What other options did you consider and why did you reject them and/or opt for this option?**

This Outline Business Case (“OBC”) appraises **three options** for the modernisation of the schools in North West Anglesey, and explains why the preferred way forward is to build a new area primary school. This proposal is for the closure of the three schools (Ysgol Llanfachraeth, Ysgol Ffrwd Win and Ysgol Cylch Y Garn) and transferring the pupils to a new build area school in Llanfaethlu, a central location within the combined catchment area.

The other options were:

Option 2 – Minor restructure and federalisation, involving closing one school and placing its pupils at the other two schools and creating a federation of those two schools. Minimal refurbishment would be done at both continuing schools.

Option 3 – Closure of two schools and the extension and refurbishment of the remaining existing school forming an area school.

**C – Why is this a decision for the Executive?**

The Executive Committee is responsible for school organisation matters.

**D – Is this decision consistent with policy approved by the full Council?**

Yes

**DD – Is this decision within the budget approved by the Council?**

Yes – It is one of the plans in the Strategic Outline Programme that was approved by the Executive Committee on January 13, 2014.

<b>E – Who did you consult?</b>		<b>What did they say?</b>
1	<b>Chief Executive / Strategic Leadership Team (SLT)</b>	
2	<b>Finance / Section 151</b>	No issues with this report which is in line with current financial decision and projection.
3	<b>Legal / Monitoring Officer</b>	
5	<b>Human Resources (HR)</b>	
6	<b>Property (Head of Planning and Public Protection)</b>	The Planning and Public Protection Service has been fully involved in the Project Team and, subject to the submission of an acceptable planning application and responses from consultees, will make a positive recommendation to the Planning and Orders Committee
7	<b>Information Communication Technology (ICT)</b>	
8	<b>Scrutiny</b>	
9	<b>Local Members</b>	
10	<b>Any external bodies / other/s</b>	

<b>F – Risks and any mitigation (if relevant)</b>		
<b>1</b>	<b>Economic</b>	
<b>2</b>	<b>Anti-poverty</b>	
<b>3</b>	<b>Crime and Disorder</b>	
<b>4</b>	<b>Environmental</b>	
<b>5</b>	<b>Equalities</b>	
<b>6</b>	<b>Outcome Agreements</b>	
<b>7</b>	<b>Other</b>	

<b>FF - Appendices:</b>

<b>G - Background papers (please contact the author of the Report for any further information):</b>
<ol style="list-style-type: none"> <li>1. Executive Committee meeting minutes for February 11, 2013.</li> <li>2. Formal Consultation Document (March 31 – May 19, 2014)</li> <li>3. Strategic Outline Programme (SOP) presented to the Welsh Government in December 2013.</li> <li>4. Letter from the Welsh Government dated January 31 2014.</li> <li>5. Letter from Welsh Government 19th August, 2014.</li> <li>6. Executive Committee meeting minutes 9th February 2015</li> </ol>

# OUTLINE BUSINESS CASE (OBC)

## A New Area Primary School for North West Anglesey

Issue Date: March 2015

---

## CONTENTS

1. Executive Summary
2. Strategic Case
3. Economic Case
4. Commercial Case
5. Financial Case
6. Management Case

# 1. EXECUTIVE SUMMARY

## 1.1 Introduction

This Outline Business Case (“OBC”) appraises four options for the modernisation of the schools in North West Anglesey (also referred to as the ‘Llannau area), and explains why the preferred way forward is to build a new area school for 150 pupils with a 20 place nursery. This proposal is for the closure of the three schools (Ysgol Llanfachraeth, Ysgol Ffrwd Win and Ysgol Cylch Y Garn) and transferring the pupils to a new build area school in Llanfaethlu a central location within the combined catchment area. Ysgol Llanddeusant was closed on 31 August 2011, and although the Authority hoped that the pupils from the school would transfer to Ysgol Llanfachraeth, they chose to transfer to Ysgol Gynradd Bodedern. The Authority believes that the availability of the new area primary school will result in pupils from the Llanddeusant area choosing to attend the new area school, rather than Ysgol Gynradd Bodedern.

The key aspects of this proposal are:

- The anticipated total project cost is **£5.166m this figure will be confirmed in the FBC**;
- The selection of the Llanfaethlu site, and a more detailed analysis of costs has led to a total project cost increase of £0.085m between the SOC and OBC stages. However it was noted in the SOC that an alternative site could have increased the costs by c. £0.5m.
- 43 surplus places will be removed from NW Anglesey;
- We have calculated revenue savings estimated at £100k per annum, comprising c. £135k pa savings based on the schools funding formula; less c. £35k pa, additional transport costs;
- Following the approval of the SOP the Authority has achieved a reduction of £2.643m (34%). The original total cost for the North West Anglesey project in the Authority’s SOP was £7.809m. The capital cost is now estimated at £5.166m with a resultant Welsh Government contribution of £2.583m. This reduction stems from downscoping of size requirements and more detailed analysis of costs.
- The Authority’s funding requirement of £2.583m is currently expected to be funded by means of: £0.382m of capital receipts from the sale of surplus sites to help fund this project. £2.201m unsupported borrowing will be used by the authority to fund the rest of its contribution. The Council’s Executive has given approval in principle to the required level of funding.
- The capital costs per pupil are expected to be £20,115 and the capital costs per m2 as £1,828
- It is expected that the cost per pupil will be reduced from £6,101 to c £4,955.

The main rationale for the proposed new school is to reduce the number of school places currently being provided in the area. There is currently a 47% over provision in the North West Area (September 2014, 4-11yrs). The cost of this over provision to the Authority is estimated at £98,000pa.

The Authority wishes to improve the standards of teaching and learning for all its pupils. The new area school will provide the opportunity to design a school which is fit for the twenty first century, with a building which makes the best use of modern technology, has the appropriate

number of teaching spaces for delivering the curriculum and which is energy efficient. The building will be a community asset, designed for community use, with its non-teaching spaces easily accessible.

The new school will enable the staff to teach the curriculum in classes with fewer mixed year groups. The Authority has planned for a school with four standard classrooms, a reception class room and a nursery.

By building a new area school, the Authority’s emission target of <400kg pa will be achieved. The Authority intends to build a BREEAM excellent school and to incorporate energy efficiency measures into the new building.

The Authority has considered a range of options, including whether to refurbish and extend one of the existing schools. The short list of options considered was:

Option 1- Do nothing

Option 2 – Minor restructure and federalisation, involving closing one school and placing its pupils at the other two schools and creating a federation of those two schools. Minimal refurbishment would be done at both continuing schools.

Option 3 – Closure of two schools and the extension and refurbishment of the remaining existing school forming an area school.

Option 4 – closing three schools and transferring the pupils to a new school on a different site

The financial appraisal of each option, based on a 60 year assessment period, is summarised below:

<sup>1</sup>Financial Appraisal of Options. Table 1:

Option	Undiscounted (£k)	Net Present Cost (Value) (£k)
<b>Minimum:</b> Minor restructure and federalisation, involving closing one school and placing its pupils at the other two schools and creating a federation of those two schools. Minimal refurbishment would be done at both continuing schools.	(4,820)	(1,859)
<b>Intermediate:</b> Closure of two schools and the extension and refurbishment of the remaining existing school forming an area school.	(4,041)	(831)
<b>Maximum:</b> Closure of the three schools and transferring the pupils to a new build area school within the combined catchment area, according to the vision in the SOP.		

<sup>1</sup> The table above does not account for Welsh Governments Contribution towards funding the project.



Option	Undiscounted (£k)	Net Present Cost (Value) (£k)
	(1,014)	2,178

The table above uses the Net Present Value approach as an Option Appraisal Method. The Net Present Value approach discounts all incremental future costs and savings to their present day value, to account for opportunity cost of using the funding now.

In table 1, the projects with negative outcomes are preferable from a financial perspective. The above table therefore appraises the 'Minimum Option' as the most favourable in economic terms, as it has the largest negative outcome. The intermediate option also has a negative outcome, albeit smaller than the minimum option. The Maximum option has a positive outcome, which shows that undertaking this option will have a financial impact. This does not necessary rule this option out.

A summary of the overall results (founded in the economic case) and identification of the preferred option is shown in the table 2 below. The overall conclusion is that option 2 offers the best combination of costs and risks. However the preferred option for the Authority is option 4 and this offers the highest benefits. The value of benefits expected from the project cannot be underestimated. The benefits appraisal is considered to be very important for the Authority, as any investment made will require significant benefits for the end users.

**Table 2:**

Evaluation Results	Option 1 Do Nothing	Option 2 Minimum	Option 3 Intermediate	Option 4 Maximum
Economic appraisals	£383k	£(1,859)	£(831)	£2,178
Benefits appraisal	0	275	635	875
Risk appraisal	15	110	133	214 (Residual 141)
<b>Overall ranking</b>	<b>=2</b>	<b>1</b>	<b>=2</b>	<b>4</b>

Based on the option appraisal conducted, the Authority's preferred solution is for a new build school for 150 pupils with a 20 place nursery (option 4 above). This will reduce the number of surplus places to under 15%, as the three current schools in the North West catchment area are scheduled to close.

Since the completion of the SOC, further work has been undertaken on the site identification process. An initial site evaluation exercise concluded that locating the new school at Ysgol Llanfachraeth with an additional field was the preferred option. Since undertaking this work, the Authority has carried out a further set of consultation meetings 31 March 2014 – 19 May 2014 and have engaged with stakeholders. Having listened to their concerns and opinions the

Authority took its recommendation to the Council's Executive on 9th February 2015 to approve the Llanfaethlu site as the preferred site. This was accepted.

The preferred option would therefore deliver a new building to replace the existing 3 school buildings. This option is preferred because it would realise the investment objectives and critical success factors. It is also the pragmatic solution as it uses a central location and is mindful of the impact on the community. The main benefits to stakeholders / users is the provision of a much improved, flexible and fit-for-purpose teaching and learning environment, appropriate for the delivery of a modern curriculum.

The Authority has been considering what options it has for procuring Band A of the Schools Modernisation Programme. It is important that the Authority procures a "quick win" in order to show to parents and other stakeholders that the 21st century schools planned for the island will be a significant improvement on the school buildings which are to be closed. Furthermore, the Authority wishes to demonstrate that there is a private sector market for building schools on the island and to show to potential bidders that Anglesey can deliver and that consequently the future contracts proposed are desirable.

The Authority believes that approaching the market on the basis of a single, new build school will attract interest from the private sector including from small and medium enterprises on the island. This will be tested by soft market testing with contractors about this project. The Authority will use the North Wales Schools and Public Buildings Contractor Framework to cut down procurement time and costs.

A stakeholder engagement group has been established for the Llannau project and the members of this group have been involved in the decision making processes. An internal project team has been working on the proposals for the new school and the governance structure for driving the project has been in place since the SOC was submitted earlier this year. A timetable is in place for the scheduled opening of the school in September 2016.

The successful delivery of this new school will set an example for the rest of the programme and will help to demonstrate that the Authority has the resources and vision to change its provision of education on the island.

**Signed:**

A handwritten signature in black ink that reads "Gwynne Jones". The signature is written in a cursive style with a period at the end.

**Date: 16 March 2015**

**Gwynne Jones - Senior Responsible Owner**

## **2. THE STRATEGIC CASE**

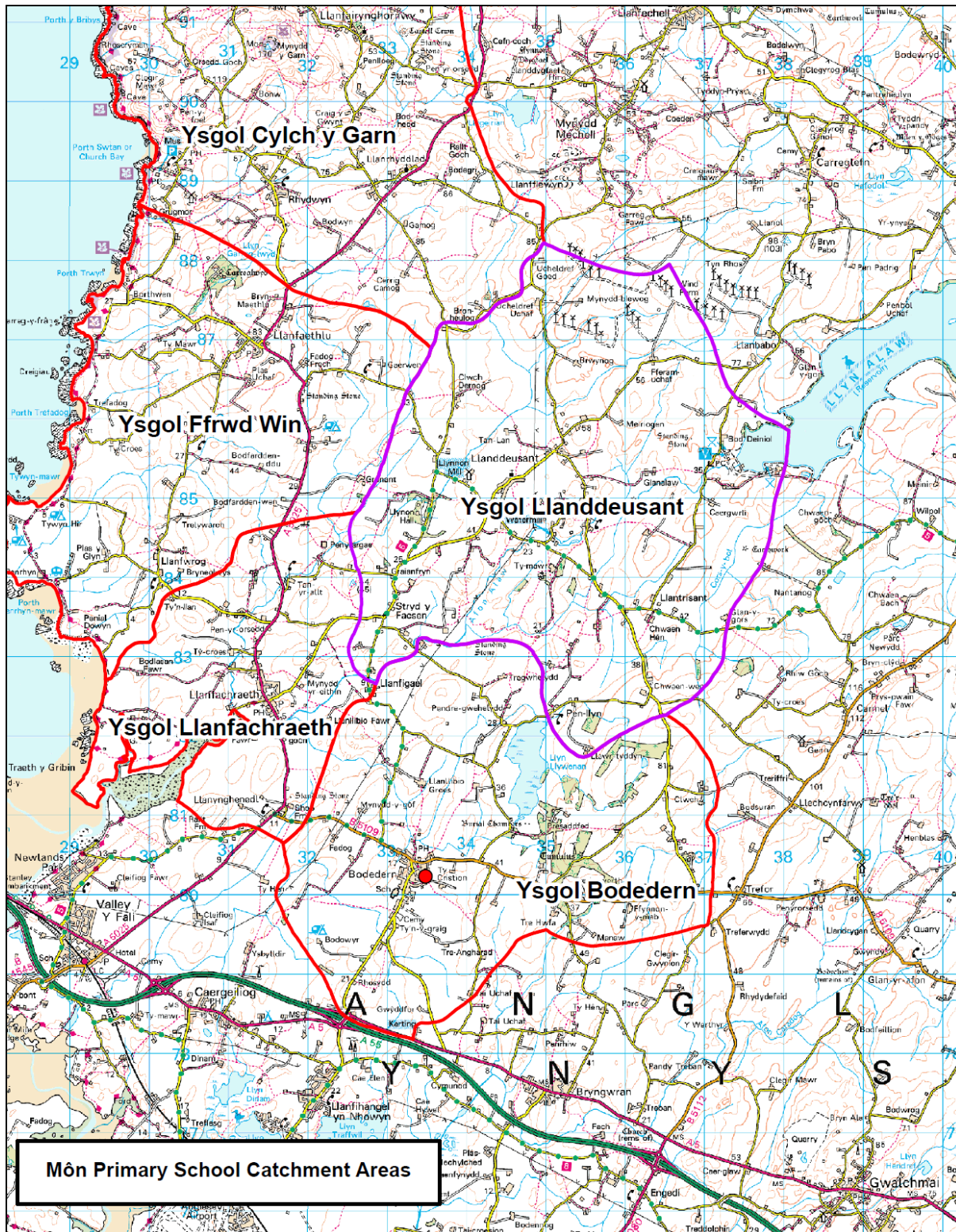
**2.1** The Strategic Context for the North West Anglesey project was introduced in the SOC. No changes have been introduced in this respect. The overall aims of the School Modernisation Strategy remain valid.

### **2.2 The Business Need for Change**

#### **2.2.1 The Existing Primary School Provision in the North West Area**

The area comprising North West Anglesey is bounded by a line drawn roughly from Hen Borth near Cemlyn on the island's north coast, south east as far as Llyn Alaw and south west to Llanfachraeth. The area is served by the A5025 linking the north of the island to the A55 at Valley and it is 7,000 hectares in area and 8 miles from north to south. The area falls mainly in the Council ward of Talybolion, and the community council areas of Cylch-y-Garn, Llanfaethlu, Llanfachraeth and Trefalaw.

Fig 1: Map of the North West Anglesey Area



CYNGOR SIR  
YNYS MÔN  
ISLE OF ANGLESEY  
COUNTY COUNCIL

© Hawffraint y Goron a hawliau crofta ddata 2013 Arolwg Ordnans 100023387  
© Crown copyright and database rights 2013 Ordnance Survey 100023387

Key	
Current Catchment Area	<span style="color: red;">—</span>
Former Llanddeusant School Catchment Area	<span style="color: purple;">—</span>

Scale - 1:60,000

There are currently three schools serving the area: Ysgol Llanfachraeth, Ysgol Ffrwd Win, Ysgol Cylch y Garn. A brief description on current arrangements is provided below:

**Ysgol Llanfachraeth** is situated in the village of Llanfachraeth. It is a school for 73 pupils (4-11yrs) plus 11 nursery places and is the 6th smallest school in the County in terms of pupil numbers. As at September 2014 there were 39 pupils at the school (4-11 yrs), 92% of which are from Welsh speaking homes with 15% of pupils receiving free school meals. The school was built in 1876 but towards the end of the 1990s a two classroom and kitchen extension was built and the original building adapted to provide a Key Stage 1 room and hall. Overall standards are good. 100% of pupils achieved level 2+ at the end of Key Stage 1 in 2010/11 and 100% of pupils achieved level 4+ at the end of Key Stage 2 in 2012/13. The result of the most recent Estyn inspection in 2007 was “Good”.

**Ysgol Cylch y Garn**, situated in Llanrhuddlad, has capacity for 60 pupils plus 9 nursery places and is the smallest school in the County in terms of pupil numbers. As at September 2014 there were 30 pupils at the school (4-11 yrs), 54% of whom are from Welsh speaking homes and 9% of pupils receive free school meals. The school was built in 1901, and in the 1980s a community extension was built to provide a community hall, committee room and toilets which are used by the community outside school hours. standards are not as high as at Llanfachraeth: 67% of pupils achieved level 2+ at the end of Key Stage 1 in 2010/11 and 83% of pupils achieved level 4+ at the end of Key Stage 2 in 2012/13. The result of the most recent Estyn inspection in 2007 was “Good” (with “Adequate” for one of the aspects).

**Ysgol Ffrwd Win**, situated 3/4 of a mile outside the village of Llanfaethlu near the A5025, has capacity for 60 pupils plus 8 nursery places and is the smallest but one school in the County in terms of pupil numbers. As at September 2014 there were 33 pupils at the school (4-11 yrs), 55% of whom are from Welsh speaking homes and 18% of pupils receive free school meals. The school was built in 1879 and considerable expenditure was incurred between 2002-04 to adapt the original building to provide a kitchen, hall, toilets and staff room and to build a two classroom and resources room extension. standards are not as high as at Llanfachraeth: 75% of pupils achieved level 2+ at the end of Key Stage 1 in 2010/11 and 71.4% of pupils achieved level 4+ at the end of Key Stage 2 in 2012/13. The result of the most recent Estyn inspection in 2007 was “Good”

Table 3 below further illustrates the current arrangements at the three schools

**Table 3**

	Current class arrangements	Current transport costs	Headteacher non-contact time	Surplus	Pupils from outside the catchment area	Cost per pupil	Backlog maintenance / Building Condition	CO2 emissions
<b>Llanfachraeth</b>	2 classes: 25 in nursery – yr. 2; 23 in years 3 to 6.	no transport costs	Headteacher has no non-contact time	46% surplus places (4-11yrs)	18 pupils (46%)	£5,020 (19% above the Wales average)	In a satisfactory condition but with a backlog maintenance requirement of £158k and	390kg per pupil which is lower than the Authority target of <400kg.

							does not score well in terms of sustainability/ has condition grade B, suitability grade B but has a sufficiency grade of D.	
<b>Cylch y Garn</b>	2 classes: 22 in nursery to year 2, and 13 in years 3-6	£29,751 p.a	Headteacher has 20% non-contact time	50% surplus places (4-11yrs)	7 pupils (23%)	£5,979 is 42% above Wales average	backlog maintenance of £198k / has condition grade B, suitability grade A but has a sufficiency grade of D	CO <sub>2</sub> emission figure of 643kg per pupil p.a which is higher than the Authority target of <400kg
<b>Ffrwd Win</b>	2 classes : 19 in nursery to Year 2; 18 in years 3-6.	No transport costs	Headteacher has 20% non-contact time	45% surplus places (4-11yrs)	5 pupils (15%) are from outside the catchment area	the cost per pupil is £8,109, is 92% higher than the Wales average	the building is in good condition with backlog maintenance of £27k/ has condition grade B, suitability grade A but has a sufficiency grade of D	CO <sub>2</sub> emission figure of 671kg per pupil p.a. which is higher than the Authority target of <400kg.

A total of 19 pupils travel to out of catchment school. As aforementioned the closure of Ysgol Llanddeusant had contributed towards this. The Authority has received verbal confirmation that the new area school would result in pupils from Llanddeusant choosing the new area school rather than Ysgol Gynradd Bodedern.

### 2.3.2 Shortfalls with the Existing Provision

Section three of this OBC sets out the criteria by which the Authority has appraised its options, one of which is to “do nothing” and stay with the current arrangements. In summary, and with reference to the investment objectives set out below, the current provision does not meet the future needs of the Authority because:

**Sufficiency: Reducing the number of unfilled places in the area to no more than 10%.** The Authority has set out its vision for the future of education in Anglesey in its Education Strategy document: “Transforming Education on Anglesey”. One of its priorities is to reduce the number of surplus places across its schools to a maximum of 10%. This priority

is also reflected in Estyn's requirements. The cost to the Authority of the unfilled places at the three schools in question amounts to £98,000.

Within the North East Area, currently (September 2014) there is a 47% over provision of primary school places (4-11 yrs), with 102 pupils across the three schools with a combined capacity of 193, with such overprovision spread relatively evenly across the three schools. Following the analysis for future pupil place needs, the Authority has concluded that the projected pupil numbers for the area are relatively stable with a total variance of only two primary pupils by 2018. Nursery pupil numbers are also relatively stable around the current 18pupils across the three schools. The statutory consultation document, includes relevant summaries of the detailed school statistics as referred to above.

**Suitability: A reduction in the number of classes with more than two age groups.**

The current number of rooms in the schools does not allow for smaller groupings. In the three schools there are only 2 classrooms to cater for the seven different age groups. Moreover, the cost of providing additional staff and changing the existing buildings would make this option non cost effective because the Authority would still incur the cost implications of the surplus places.

**Suitability: That the school building provides all children with access to suitable facilities that allow the delivery of a full range of educational experiences – including high quality teaching and learning facilities, suitable play areas, high quality ICT facilities, within a secure environment.**

The SOP explained how the Authority wishes to improve the standard of teaching in its schools and its vision for the programme. The Authority wishes to provide an education service which is driven by new technologies, new services; new approaches and new ways of working, including business process re-engineering that will enable the successful implementation of strategies for school improvement and better educational outcomes. The Authority also wishes to site the community facilities such as a community room, WCs and the school hall towards the front of the building to prevent access to the classrooms.

**Cost of maintaining the existing provision: maintenance costs**

The Authority estimates that backlog maintenance costs for the three schools totals £383k and this further undermines the longer term viability of the current arrangements. (See Investment Objective 5 for future preventative measures)

**Carbon emission targets**

The current average figure for CO<sub>2</sub> emissions for the 3 schools in the North West area for 2011-12 is 502kg per pupil p.a; the target for the Authority is <400kg CO<sub>2</sub> per pupil p.a. It would be extremely costly to retrofit the buildings to achieve the target.

## 2.4 Investment Objectives

The Authority wishes to provide learning environments for children and young people aged from 3 to 19 that will enable the successful implementation of strategies for school improvement and



better educational outcomes. It also wishes to achieve greater economy through better use of its resources, to improve the efficiency and cost-effectiveness of the education estate and public service provision. Six Investment Objectives were detailed in the SOC. The OBC revisited and fine-tuned the SOC objectives, and no significant changes have been introduced. Implementation of the preferred option will ensure that all of these objectives are achieved.

### **Investment Objective 1**

That the school is a 21<sup>st</sup> Century standard school whereby pupils and teachers will have modern, safe facilities which support the delivery of the curriculum– including high quality teaching and learning facilities, suitable play areas, high quality ICT facilities within a secure environment. We also aim to invest in our assets to support the community’s current needs and also provide resources for future generations to address emerging community needs.

### **Investment Objective 2**

A reduction in the number of classes with more than two age groups.

### **Investment Objective 3**

Better use of resources - Increasing the headteacher’s non-contact time in order to increase leadership and management capacity thus contributing to the development of leadership skills within and across school.

### **Investment Objective 4**

Reducing the number of unfilled places in the area to no more than 10%.

### **Investment Objective 5**

Reduction in cost per pupil from £6,101 to c£4,955 and in running costs of the building.

### **Investment Objective 6**

A reduction in the carbon footprint.

The table below sets out how far the current arrangements achieve each investment objective, why changes are required, and how outcomes will be measured.

**Table 4**

<b>Investment Objective 1</b>	<b>That the school is a 21<sup>st</sup> Century standard school and a community asset</b> <b>Current:</b> 84.6% of pupils achieved the expected level on Anglesey in the Foundation Phase whilst 87.8% achieved Key Stage 2 Indicator <b>2019:</b> 92.0% of pupils in the Foundation Phase will achieve the Foundation Phase Indicator <b>2023:</b> 90.2% of pupils in Key Stage 2 will achieve the Key Stage 2 Indicator
Existing Arrangements	The present schools have not been built to take account of 21 <sup>st</sup> century learning. For example, the provision of ICT; flexible learning spaces; the Foundation stage linking nursery and reception age children; and the needs of the key stage 2 pupils in the curriculum.
Business Need	The school needs flexible facilities to create an attractive learning environment that motivates young people to become effective learners and achieve life skills. The facilities should enable effective delivery of the curriculum, including maximising the use of ICT as a learning tool. The school should be a community



	asset which can be used throughout the year and out of school hours, therefore it needs to be arranged to ensure community spaces are at the front of the building. In this regard the school will be designed to BB99 standards.
--	---

<b>Investment Objective 2</b>	<b>A reduction in the number of classes with more than two age groups.</b> <b>Current:</b> The 3 schools have more than two age groups in a class <b>2016:</b> No pupils taught in a class with more than two age groups
Existing Arrangements	In the three schools there are only two classrooms, therefore three year groups are taught together in each class. This makes it extremely challenging to deliver the curriculum effectively. There is currently an increased workload in planning for, and delivering the curriculum in the mixed year group classes.
Business Need	More teaching spaces will enable pupils to maximise their learning. The Curriculum will be delivered effectively to meet the needs of wide range of ability levels The need to overcome the problem of falling enrolment figures at each of the 3 schools

<b>Investment Objective 3</b>	<b>Increasing the headteacher's non-contact time in order to increase leadership and management capacity thus contributing to the development of leadership skills within and across school.</b>
Existing Arrangements	Two of the three schools in the area have headteachers who no pupil non-contact time.
Business Need	2016: The headteacher of the school will have 50 - 100% increased non-contact time, in order to carry out their increased managerial responsibilities effectively.

<b>Investment Objective 4</b>	<b>Reducing the number of unfilled places in the area to no more than 10%.</b> <b>Current :</b> 47% overprovision in the three schools <b>2016:</b> max. 10% overprovision <b>2018:</b> max. 10% overprovision
Existing Arrangements	There is currently an overprovision of school places in the area and the demographics are not projected to change in the foreseeable future. This overprovision has cost implications for the Authority and the amount spent per pupil in the three schools is £6,101 on average. This is higher than the Welsh average of £4,226.
Business Need	Estyn has tasked the Authority to take action to reduce surplus places and has set a target to reduce the number of surplus places to the Welsh average of no more than 10% across its primary and secondary schools. This will not be possible under the existing arrangements. The school will be located in an area which is accessible for the catchment areas of the existing school.

<b>Investment Objective 5</b>	<b>Reduction in cost per pupil including running costs of the building.</b> <b>Current cost:</b> £6,101 (on average across the three schools)
Existing Arrangements	The cost of the current outstanding maintenance works is assessed as £383k. It is high, due to the moderate conditions of the building. This amount represents the minimum amount required to be spent on the school buildings, however this will not improve the suitability of the buildings.

Business Need	<ul style="list-style-type: none"> <li>▪ Investment in capital infrastructure</li> <li>▪ Remove costly surplus capacity</li> <li>▪ Improving our assets by investing, rather than maintaining poor quality and costly buildings</li> <li>▪ Contribute to the Authority's Efficiency Strategy</li> </ul>
---------------	---

<b>Investment Objective 6</b>	<b>Reduction in the carbon footprint</b> <b>Current:</b> carbon footprint of the 3 schools averages 568kg per pupil p.a. <b>2016:</b> the target for the Authority is <400kg CO <sub>2</sub> per pupil p.a.
Existing arrangements	All of the three existing schools are over a hundred years old, although there have been newer extensions to two of the three schools. The buildings have poor energy efficiency and fall short of current energy performance targets required of new buildings.
Business need	A building which is designed to be energy efficient. New lighting and heating will be installed to ensure passive management and supplemented by the use of low/zero carbon technologies. BREEAM excellent standard will be required. Renewable energy sources will be utilised.

## 2.5 The Proposed Solution: An Area Primary School for North West Anglesey

The Authority intends to reduce the number of surplus places in the North West area to no more than 10%. The Authority has reviewed the population projections for the catchment areas for the three schools and has concluded that the pupil figures (4-11): will be fairly static, apart from a small increase in pupil numbers in 2018:

**Table 5**

School	September 2014	September 2015	September 2016	September 2017	September 2018
Cylch y Garn	30	38	43	46	47
Ffrwd Win	33	36	34	36	37
Llanfachraeth	39	41	44	43	44
<b>Total</b>	<b>102</b>	<b>115</b>	<b>121</b>	<b>125</b>	<b>128</b>
Llanddeusant area	19	19	20	23	22
<b>Total</b>	<b>121</b>	<b>134</b>	<b>141</b>	<b>148</b>	<b>150</b>

As part of the island's education rationalisation programme, Ysgol Llanddeusant was closed on 31 August 2011, and although the Authority hoped that the pupils from the school would transfer to Ysgol Llanfachraeth, they chose to transfer to Ysgol Gynradd Bodedern. The Authority believes that the availability of the new area primary school will result in pupils from the Llanddeusant area choosing to attend the new area school, rather than Ysgol Gynradd Bodedern.

The effect of this is clearly seen in the table below where the % of surplus places at Ysgol Gynradd Bodedern was reduced dramatically to 4% in January 2012 and now the school is over capacity.

## Pupil Numbers at Ysgol Gynradd Bodedern (2010-2014)

Table 6

Date	Capacity	No. of pupils	% surplus places
Sept 2014	103	103	0
Jan 2014	103	104	-1%
Jan 2013	103	106	-3%
Jan 2012	103	99	4%
Jan 2011	103	81	21%
Jan 2010	103	80	22%

The school building at Ysgol Gynradd Bodedern was opened in 2003 which makes the school only 11 years old. In accordance with the SOP, plans for the Bodedern catchment area will be explored further in Band C of the programme. Relocating to Ysgol Gynradd Bodedern from the new North West area school catchment area would lead to travel times being over 45minutes maximum each way length of journey for a child of primary school age.

Since the SOC, further work has been undertaken on identifying the preferred site for the new area school. A Stakeholder Group has been established for the project, specifically to act as a forum for structured discussions to ensure that a cross section of views can be debated as part of the consultation and engagement process within the School Modernisation Programme. The stakeholder group, and indeed the consultees, requested that the project team should consider locating the new school in the centre of the new proposed catchment area, thus proposing the Llanfaethlu site. It is the stakeholders' opinion that a more centralised location for the new school will address some of the concerns raised during the consultations regarding populating the new school.

In addition, the Authority has also factored in the impact of the New Wylfa/ Wylfa Newydd, Nuclear Power Station development, with a likely temporary increase in the population during the construction period, and a more stable increase in the population from the permanent jobs created from running the station.

As the timing of such pupil number implications arising from the Llanddeusant pupils and increased demand from the Wylfa development is uncertain, the Authority intends to future proof the design of the school so that, should there be an unforeseen increase in demand, the design will allow for the ability to build an additional classroom, without destroying the logic of the organisation of the building and the security of the pupils.

The Authority has not extended the catchment area to beyond the three areas shown in the map (see Para 2.2.1). The nearest school outside the area is Ysgol Gynradd Bodedern. As part of the island's education rationalisation programme, Ysgol Llanddeusant was closed on 31 August 2011 and, although the Authority hoped that the pupils from the school would transfer to Ysgol Llanfachraeth, they chose to transfer to Ysgol Gynradd Bodedern.

The Authority has concluded that a new build area school with 150 places for primary age children and a 20 place nursery will be needed, to be located on a new site. Section four of this OBC sets out the options that the Authority has appraised to reach this conclusion regarding its preferred option.

As previously stated the Stakeholder Engagement Group meetings has proved crucial to the evaluation of options concerning the site. It was the Stakeholder Engagement Groups' opinion that the new school should be located in the centre of the new proposed catchment area, and indeed this fits with the Modernising Schools on Anglesey's vision to 'effective and reflective school of the right size, in the correct location'.

It is also the Stakeholder Group's opinion that the new school should become a Community Focused School. The Stakeholder Group suggested how the school could support the wider community by:

- Housing the Cylch Meithrin for the catchment area in the new school.
- providing community usage of the school hall
- focusing on collaborative, extra curricula activities for pupils, parents, staff and the wider community
- becoming community hubs conducive of lifelong learning and community participation
- More effective delivery of extended schools
- Fit the community vision for the area
- Support local initiatives such as staying healthy and safe

The current arrangement at the three schools in question are that all three schools in the Llannau area provide breakfast clubs and some form of extra-curricular activities. Ysgol Llanfachraeth and Cylch y Garn are the schools that offer the most community activities, out of the three schools. One of the risks identified in the project's risk register is that 'Community activities may cease due to the change of location of the school and accessibility issues'. By continuing to engage and listen to our stakeholder, this risk can be managed and avoided.

## **2.6 Constraints**

The project is subject to the following constraints:

- complying with the C21st Schools Programme funding conditions;
- level of overall funding available in terms of revenue and capital;
- potentially, the availability of a suitable site at an affordable price, within the required timescale.

## **2.7 Dependencies**

The project is not dependent on any of the other elements of the Schools Modernisation Programme but is subject to the following dependencies that will be carefully monitored and managed throughout the lifespan of the scheme and through the Authority's programme management arrangements:

- Welsh Government authorisation, funding and support;
- Continual parent and stakeholder support for this project;
- Achieving statutory permissions, e.g. planning permission.

### 3. THE ECONOMIC CASE

#### 3.1 Agreed Project Parameters

The North West Anglesey (Llannau) project was an early priority for the Authority in its deliberations around the School Modernisation Strategy and the SOP, and for educational reasons as well as financial reasons. In defining the scope of this particular project we were looking for a significant project and a compelling case for change, in terms of existing and future operational needs. It was agreed that Llannau project should be one of the first projects to be addressed on the grounds that there are:

- more surplus places at higher cost
- support from the parents of the Llanddeusant area if the school is located in a central location.
- There's an opportunity to address Ysgol Gynradd Bodedern at a later stage in the Programme as the building condition is better with the possibility of co-location with the Secondary School.
- It is a significant first step to improving the sustainability of our buildings and ensure that schools are placed in the best location to attract the maximum number of pupils while still providing an area school.

#### 3.2 Critical Success Factors (CSF)

The Critical Success Factors ("CSFs") for this project were developed by the project team reflecting the priorities and CSFs in the SOC. These are:

- **Acceptability:** Attractive to the school community and other stakeholders;
- **Deliverability:** Can be delivered within the specified time period of the capital plan and schedule for the School Modernisation Strategy and the 21st Century Schools Programme. Issues such as site availability are included in this criteria;
- **Accessibility:** Practical transport links;
- **Affordability:** Fit with capital planning and funding availability and with projected revenue funding;
- **Strategic Fit:** Consistent with aims of the Schools Modernisation Strategy including compliance with school organisation/ capacity policies.

These CSFs have been used alongside the Investment Objectives for the project to evaluate the long list of possible options.

#### 3.3 The Options Considered

Following the analysis of pupil numbers, the Authority concluded that a school of 150 places with a 20 place nursery best fits the future requirements for primary school places in the area. (see para 2. 5). It was therefore agreed that a change was needed and the Authority had a number of decisions to make, relating to:

- rationalisation and investment decisions to ascertain which schools should remain or whether there is the need for a new area school;
- new build or refurbishment options, as to what form the building should take;
- site selection option of where the school should be located.

The options available to the Authority can be classified as:

- **Do Nothing:** Continuing with the current level of repairs, number of school places and buildings.
- **Minimum Scope:** Minor restructure and federalisation, involving closing one school and placing its pupils at the other two schools and creating a federation of those two schools. Minimal refurbishment would be done at both continuing schools.
- **Intermediate Scope:** Closure of two schools and the extension and refurbishment of the remaining existing school forming an area school;
- **Maximum Scope:** Closure of the three schools and transferring the pupils to a new build area school within the combined catchment area, according to the vision in the SOP.

The table below provides a summary of the extent to which each option satisfies the Authority's Investment Objectives (2.4) and Critical Success Factors as previously described:

**Table 7 : Options Appraisal – Investment Objectives and Critical Success Factors**

	<b>Do Nothing</b>	<b>Minimum</b>	<b>Inter-mediate</b>	<b>Maximum</b>
<b>Investment Objectives</b>				
1. Achieving C21 Schools Standard	No	No	Partial	Yes
2. Reduction in mixed year group classes	No	No	Partial	Yes
3. Minimum 50% time commitment to leadership.	No	Yes	Partial	Yes
4. Reducing the number of unfilled places in the area to no more than 10%.	No	partial	Yes	Yes
5. Reduction in cost per pupil	No	Partial	Partial	Yes
6. Reduced Carbon Footprint.	No	Partial	Partial	Yes
<b>Critical Success Factors</b>				
1. Acceptability	No	No	Partial	Yes

2. Deliverability	Yes	Yes	Yes	Partial <sup>2</sup>
3. Accessibility	Yes	Yes	Yes	Yes
4. Affordability	No	Yes	Yes	Yes
5. Strategic Fit	No	No	Partial	Yes

Table 8 below further appraises the four options, and identifies the options that are discounted, possible and preferred.

**Table 8**

Option	Findings
<b>1.0 Scope</b>	
1.1 Do Nothing	<b>Discounted</b> because it does not address the issue of surplus pupil numbers
1.2 Minimum – minor restructure and federalisation	<b>Possible</b> but it does not address the majority of the investment objectives and does not provide a sustainable solution for the future. Furthermore using the existing schools would result in the classrooms not meeting current floor plan area requirements and not achieving 21 Century schools standards.
1.3 Intermediate – close two schools and refurbish and extend the third	<b>Discounted</b> it addresses many of the investment objectives and CSFs. However it has been recognised that parents would choose an alternative school for their pupils, rather than the new area school, if the location of the new school wasn't central to the proposed new catchment area. This poses a risk to the project.
1.4 Maximum – close three schools and new build and refurbishment on Llanfaethlu site	<b>Preferred</b> because it addresses all the investment objectives and CSFs and because the site is a pragmatic solution - as it uses a central location and is mindful of the impact on the community.
1.5 Maximum – close three schools and a new build on the Llanfachraeth site	<b>Discounted</b> - it would address all the investment objectives and CSFs However the risk associated with this site cannot be underestimated. See 1.3 above.
<b>2.0 Service solution</b>	
2.1 Traditional Build	<b>Preferred</b> because it provides an asset with a life expectancy of fifty years or more with fewer uncertainties than the competing solutions. Offers more flexibility within the procurement framework with design layouts

<sup>2</sup> This relates to the ability to secure a site and the statutory processes such as planning permission



	and specification of materials and finishes. Architect is currently looking at a traditional construction which incorporates elements of composite modular panels to the external façade of the new school building.
2.2 Modular Build	<b>Possible</b> because the Authority is committed to using the North Wales Schools and Public Buildings Contractor Framework for the delivery of the new school projects. None of the contractors currently on the Framework are specialist Modular Build Contractors. Using this type of system would therefore require an alternative Procurement route and the withdrawal of the project from the Framework Programme.
<b>3.0 Service Delivery</b>	
3.1 Design and Build	<b>Discounted</b> The Authority wishes to test this route on a larger project, namely the new school for Holyhead.
3.2 In House	<b>Preferred because</b> this has the advantage of a less complicated procurement and is well understood by the Authority and prospective bidder and it may also offer the opportunity for small and medium enterprises to bid.
<b>4.0 Implementation</b>	
4.1 Big Bang	<b>Preferred</b> – for the preferred scope of a new school on a new site, there are no benefits to phasing the project.
4.2 Phased	<b>Possible</b> as would be necessary for options 1.1 to 1.3.
<b>5.0 Funding</b>	
5.1 Private Funding	<b>Discounted</b> because in 2013, the Authority reviewed the option of entering into a joint venture arrangement to assist with the management of its assets. It concluded that this was not an option which it wished to pursue because of the complexity and cost of setting up a strategic partnership and the possible delay in the programme from doing so. The Authority concluded that there was likely to be more market interest if the contract for this school was let separately.
5.2 Public Funding	<b>Preferred</b> because it will allow completion of the project according to the timetable.

	Funding is agreed in principle by 50% grant from the C21st programme and 50% from the Authority.
--	--

### 3.4 Site Evaluation

Having identified that option 4 was a possible option at an early stage the Authority progressed with a site evaluation exercise. Prior to the statutory consultation period in the North West of Anglesey on 31 March 2014 – 19 May 2014, a total of 8 sites were identified by the school modernisation project team and considered as possible locations for the new Llannau school. During the consultation period stakeholders and consultees recommended that the project team should consider other available sites, and as a result a further 10 sites were proposed by the stakeholders and considered by the project team. At these meetings parents also stressed the importance of choosing the right location for the new school, listening to the needs of these communities and to site the school in the centre of the catchment areas. As a result of this meeting ten additional have been proposed or identified and appraised by the Authority. In May 2014 the project team assessed and scored a total of 18 sites. A total of 9 non-financial options criteria were used to evaluate the sites.

In order to provide confidence and transparency the Authority has set up an external stakeholder group to challenge the information provided to them by officers, specifically to act as a forum for structured discussions to ensure that a cross section of views can be debated as part of the consultation and engagement process within the School Modernisation Programme. The group met on 23<sup>rd</sup> June 2014 to discuss the scoring matrix for the site identification process and the scores produced for the 18 sites. Site (2) – Ysgol Llanfachraeth with additional fields scored the highest. However the stakeholder group, and indeed the aforementioned consultees, requested that the project team should consider locating the new school in the centre of the new proposed catchment area, thus proposing option 7 – the second highest scoring site, as their preferred site.

It is the stakeholders’ opinion that a more central location for the new school will address some of the concerns raised during the consultations, and will prove that the Authority listens to the needs of the community and that the engagement process is working. It was therefore agreed at the meeting that a total of two sites were to be considered on the short list.

**Table 9:**

Site	Score out of a possible 90
(2) Ysgol Llanfachraeth with additional fields. Located in the south of the proposed catchment area	62.5
(7) A site in Llanfaethlu. Located in the centre of the proposed catchment area	60

The project team progressed with initial site evaluation at both the short listed sites and met with the Stakeholder Group again in January 2015 to discuss their findings. It was concluded that the site in Llanfaethlu would require a staged programme of archaeological assessment and evaluation. It is immediately outside the essential setting of Carreglwyd Grade II\* Registered Historic Park and Garden and although the identified ‘significant views’ are away from the possible school site, the impact of its construction on the setting of the Registered would have to be considered. CADW would also need to be consulted upon on this aspect.

The Authority estimates the cost of the school to be £5.166m (as further detailed in the financial case). This is based upon the preferred site (Option 7: A site in Llanfaethlu). It can now be confirmed that during the excavation in the identified trenches, there has been a concentration of Neolithic features in two of the trenches and a reasonable artefact assemblage has been recovered so far. The site is the remains of a Neolithic house. An increased area of excavation was undertaken during January. Costs for the additional works have been prepared. The total proposed costs for the archaeological works on the Llanfaethlu is therefore likely to be in the region of £53k.

It has been confirmed that the works and findings undertaken on the Llanfaethlu site does not restrict the site for development. If the items found can be excavated to Gwynedd Archaeological Trust approval, the site can be developed.

With due regard to the above engagement and consultation process -the stakeholder Group proposed that the project team should request authorisation from the Authority’s Executive Committee to approve the Llanfaethlu site as the preferred site. This was approved by the Executive Committee on 9<sup>th</sup> February 2015.

### 3.5 Options Appraisal

With due regard to the above initial appraisals, the four options have been measured in terms of the main advantages and disadvantages for the project:

**Table 10 :Options Appraisal – Advantages and Disadvantages**

Option	Advantages	Disadvantages
<b>Do Nothing</b>	<ul style="list-style-type: none"> <li>• Requires no additional investment expenditure, beyond the existing backlog maintenance requirement.</li> </ul>	<ul style="list-style-type: none"> <li>• Would not meet any of the strategic aims of the Schools Modernisation Programme or the investment objectives and CSF for the scheme.</li> </ul>
<b>Minimum (minor)</b>	<ul style="list-style-type: none"> <li>▪ There would be an improvement against some of the programme and project objectives through a</li> </ul>	<ul style="list-style-type: none"> <li>▪ The objectives of suitability, sufficiency and sustainability of buildings would not be</li> </ul>

Option	Advantages	Disadvantages
<b>restructure and federalisation)</b>	reduction in surplus places and some improvements in unit cost and leadership capacity.	met and other aspects would not be met in full.
<b>Intermediate (refurbish and remodel)</b>	<ul style="list-style-type: none"> <li>▪ Most of the investment objectives in relation to pupil numbers, class sizes and unit costs are met in full and most of the CSFs are met.</li> <li>▪ The quality, sufficiency, suitability and condition of the buildings is likely to be improved but not as much as the new build;</li> <li>▪ It would reduce backlog maintenance by £225k and, in due course, release approximately £132k in capital receipts.</li> </ul>	<ul style="list-style-type: none"> <li>▪ The objectives in relation to the sufficiency, suitability and condition of buildings are not met in full;</li> <li>▪ The new school would not be the exemplar development for the Schools Modernisation Strategy as envisaged;</li> <li>▪ Requires compromise in design and does not achieve suitability requirements in terms of teaching space, ancillary areas;</li> <li>▪ Leads to layout constraints that are likely to cause operational inefficiency;</li> <li>▪ Whilst refurbishment offers a lower construction cost, it entails significantly higher operating and lifecycle costs;</li> <li>▪ Entails greater residual maintenance requirements resulting in more disruption in the future;</li> <li>▪ Entails higher risk in terms of the potential for unforeseen work and subsequent time and cost overruns;</li> <li>▪ There would be a transitional period of 12 months when children could need to be temporarily accommodated elsewhere as the extension and refurbishment work continues;. This has not been costed as yet</li> <li>▪ Does not meet the same sustainability standards in terms of energy efficiency and environmental impact as a new build solution.</li> </ul>

Option	Advantages	Disadvantages
<b>Maximum (new build)</b>	<ul style="list-style-type: none"> <li>▪ The Authority will be able to meet its aspiration to provide a 21<sup>st</sup> century school with facilities to deliver the curriculum and to engage with the local community;</li> <li>▪ Lead to improved standards at the Foundation Phase and Key Stage 2</li> <li>▪ It would avoid backlog maintenance of £383k and, in due course, release approximately £382k in capital receipts;</li> <li>▪ Spending per pupil would reduce from £6,101 on average to £4,955, generating savings of £100k pa;</li> <li>▪ Improved ICT provision;</li> <li>▪ Result in the headteacher having 50 - 100% non-contact time.</li> <li>▪ A new school would provide places for future growth in the catchment area;</li> <li>▪ On-going maintenance costs will be lower than the other options;</li> <li>▪ More classrooms so fewer pupils will be taught in mixed year groups;</li> <li>▪ Reflect parents' preference for a new area school;</li> <li>▪ Reduced CO<sub>2</sub> emissions.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Significant capital costs – build cost is higher than the other options;</li> <li>▪ Reorganisation can have a disruptive effect on staff and pupils;</li> <li>▪ Possible staffing implications;</li> <li>▪ Possible further distance travelled to the new school;</li> <li>▪ Possible effect on community facilities;</li> <li>▪ Deliverability less certain, due to the need to secure a site and fulfil statutory processes such as planning permission.</li> </ul>

A financial appraisal on the four options has also been conducted. The table below provides a financial appraisal of each option, based on a 60 year assessment period:

**Table 11 Options Appraisal – Financial Appraisal**

Option	Undiscounted (£k)	Net Present Cost (Value) (£k)
<b>Minimum</b>		
Capital	356	356
Revenue	518	215
Total costs	874	571
Cash releasing benefits	(5,965)	(2,429)
Net costs / (savings)	<b>(4,821)</b>	<b>(1,858)</b>
Non- cash releasing benefits		
<b>Minimum Option: Total</b>	<b>(4,821)</b>	<b>(1,858)</b>

**Table 12**

	Undiscounted (£)	Net Present Cost (Value) (£)
<b>Intermediate</b>		
Capital	1,738	1,633
Revenue	1,152	477
Total costs	2,890	2,110
Cash releasing benefits	(6,930)	(2,941)
Net costs / (savings)	<b>(4,040)</b>	<b>(831)</b>
Non- cash releasing benefits	-	-
<b>Intermediate Option: Total</b>	<b>(4,040)</b>	<b>(831)</b>

**Table 13**

	Undiscounted (£)	Net Present Cost (Value) (£)
<b>Maximum</b>		

Option	Undiscounted (£k)	Net Present Cost (Value) (£k)
Capital	5,166	4,939
Revenue	2,015	836
Total costs	7,181	5,775
Cash releasing benefits	(8,196)	(3,597)
Net costs / (savings)	<b>(1,014)</b>	<b>2,178</b>
Non- cash releasing benefits	-	-
<b>Maximum Option: Total</b>	<b>(1,014)</b>	<b>2,178</b>

The do-nothing option was not costed, as this is not considered a realistic option, given the in approval for a new area school by the Executive Committee on 11<sup>th</sup> February 2013, and also supported through the formal consultation process.

The financial appraisal conclude that the options with negative outcomes are preferable from a financial perspective. The above table therefore appraises the 'Minimum Option' as the most favourable in economic terms, as it has the largest negative outcome. The intermediate option also has a negative outcome, albeit smaller than the minimum option. The Maximum option has a positive outcome, which shows that undertaking this option will have a financial impact. This does not necessary rule this option out. The qualitative benefits appraisal below is used to support the preference of a new build option.

### Qualitative benefits

A workshop was held by the School Modernisation Team to evaluate the qualitative benefits associated with each option. This section will appraise the main benefits anticipated for the project. Firstly the measures and targets associated with each of the aforementioned investment objectives are introduced.

**Table 14: Outcomes and Benefits**

#### Investment Objective 1

That the school is a 21<sup>st</sup> Century standard school whereby pupils and teachers will have modern, safe facilities which support the delivery of the curriculum.– including high quality teaching and learning facilities, suitable play areas, high quality ICT facilities within a secure environment. We also aim to invest in our assets to support the community's current needs and also provide resources for future generations to address emerging community needs.

<b>Measures</b>	<b>Targets</b>
<ul style="list-style-type: none"> <li>▪ Educational Improvements Foundation Phase</li> </ul>	<ul style="list-style-type: none"> <li>▪ Increase the % of pupils achieving. Improve on the current performance of 84.6% for the Authority</li> </ul>
<ul style="list-style-type: none"> <li>▪ Educational Improvements Key Stage 2</li> </ul>	<ul style="list-style-type: none"> <li>▪ Increase the % of pupils achieving. Improve on the current performance of 87.8% for the Authority</li> </ul>
<ul style="list-style-type: none"> <li>▪ High Quality Learning Facilities</li> </ul>	<ul style="list-style-type: none"> <li>▪ Post occupancy evaluation – increase in user satisfaction</li> </ul>
<ul style="list-style-type: none"> <li>▪ Suitable Play Areas</li> </ul>	<ul style="list-style-type: none"> <li>▪ Meet specification / required standards of the Building Bulletin.</li> </ul>
<ul style="list-style-type: none"> <li>▪ ICT</li> </ul>	<ul style="list-style-type: none"> <li>▪ Enhanced ICT provision, which meets demand and is fit for purpose.</li> </ul>
<b>Investment Objective 2</b> <b>A reduction in number of classes with more than two age groups</b>	
<b>Measures</b>	<b>Targets</b>
<ul style="list-style-type: none"> <li>▪ A reduction in the number of classes with more than two age groups</li> </ul>	<ul style="list-style-type: none"> <li>▪ At least 4 classes to be required</li> </ul>
<b>Investment Objective 3</b> Better use of resources - Increasing the Headteacher's non-contact time in order to increase leadership and management capacity thus contributing to the development of leadership skills within and across school.	
<b>Measures</b>	<b>Targets</b>
<ul style="list-style-type: none"> <li>▪ The establishment of a Senior Leadership Team for the school composed of Headteacher and a Deputy</li> </ul>	<ul style="list-style-type: none"> <li>▪ The Head teacher to have increased non-contact time.</li> </ul>
<ul style="list-style-type: none"> <li>▪ Good quality leadership and strategic management</li> </ul>	<ul style="list-style-type: none"> <li>▪ Meeting the requirements of the Estyn framework</li> </ul>
<ul style="list-style-type: none"> <li>▪ Attendance Rates</li> </ul>	<ul style="list-style-type: none"> <li>▪ Attendance rate to be above 94%, adjudged a 'Good' rating by Estyn</li> </ul>
<b>Investment Objective 4 - Reducing the number of unfilled places in the area to no more than 15%.</b>	
<b>Measure</b>	<b>Target</b>
<ul style="list-style-type: none"> <li>▪ Better matching of demand and supply of pupil places</li> </ul>	<ul style="list-style-type: none"> <li>▪ Sufficient places across the North West area (to include the previous Ysgol Llanddeusant), with no more than 15% surplus places in the new school.</li> </ul>
<b>Investment Objective 5 - Reduction in cost per pupil from £6101 to c £4,955 and in running costs of the building</b>	
<b>Measure</b>	<b>Target</b>
<ul style="list-style-type: none"> <li>▪ Reduction in cost per pupil</li> </ul>	<ul style="list-style-type: none"> <li>▪ It is expected that the combined cost</li> </ul>



	per pupil will be reduced from £6,101 to c£4955.
<ul style="list-style-type: none"> <li>Reduced maintenance backlog</li> </ul>	<ul style="list-style-type: none"> <li>Avoiding backlog maintenance of £383k</li> </ul>
<b>Investment Objective 6 - A reduction in the carbon footprint.</b>	
<b>Measure</b>	<b>Target</b>
<ul style="list-style-type: none"> <li>BREEAM rating</li> </ul>	<ul style="list-style-type: none"> <li>School to be BREEAM Excellent</li> </ul>
<ul style="list-style-type: none"> <li>DEC rating</li> </ul>	<ul style="list-style-type: none"> <li>DEC rating of A achieved</li> </ul>
<ul style="list-style-type: none"> <li>Targets regarding recycling</li> </ul>	<ul style="list-style-type: none"> <li>At least 15% of the total value of the materials used should derive from recycled/reused materials</li> </ul>
<ul style="list-style-type: none"> <li>CO<sub>2</sub> emissions</li> </ul>	<ul style="list-style-type: none"> <li>Reduce CO<sub>2</sub> emissions from total emissions from the current three school</li> </ul>

The appraisal of the benefits associated with each option was undertaken by:

- Weighting the relative importance (%) of each benefit criterion
- Sorting each of the options against the benefit criteria on a scale of 0 to 10
- Derive a benefit weighted score for each option

### Table 15: Benefits criteria weighting

This section describes the main benefits associated with the project. Weights and scores for the benefits have been significantly justified. Benefits 1 and 4 on a par are the highest weighted benefits as they are the main benefits identified in the SOP and the Benefits Realisation Plan for the programme. Benefit 6 has the lowest weighted score as it depends on another benefit (3) for it to be realised.

Qualitative Benefits	Weight
1. Contributing to raising educational attainment	25
2. Improving condition – raise retained school buildings to Condition Category B and any new build to Condition Category A, and a reduction in Carbon Footprint	15
3. Improving suitability – appropriateness of accommodation to enable the delivery of 21 <sup>st</sup> Century standards	15
4. Reduce mixed key stage classes	25
5. To meet the demand and supply of pupil places and reduce surplus places	15
6. Improved and enhanced range of community facilities	5
<b>Total</b>	<b>100</b>

The results of the benefits appraisal are show in the following table 16:

Benefits Criteria and weighting	Option 1 Do Nothing		Option 2 Minimum: Minor restructure and federalisation, involving the closure of one school		Option 3 Intermediate: Closure of two schools and a refurbishment and an extension to the school remaining		Option 4 Maximum: Closure of three schools and a new build	
	R	W	R	W	R	W	R	W
Raw (R) and weighted scores (W) scores								
<b>Benefit Criteria 1</b>	0	0	2	50	5	125	8	200
<b>Benefit Criteria 2</b>	0	0	5	75	7	105	9	135
<b>Benefit Criteria 3</b>	0	0	3	45	7	105	9	135
<b>Benefit Criteria 4</b>	0	0	1	25	6	150	9	225
<b>Benefit Criteria 5</b>	0	0	5	75	8	120	9	135
<b>Benefit Criteria 6</b>	0	0	1	5	6	30	9	45
<b>Total</b>	<b>0</b>	<b>0</b>	<b>17</b>	<b>275</b>	<b>39</b>	<b>635</b>	<b>53</b>	<b>875</b>
	4		3		2		1	

The preferred option for the Authority is option 4 and this offers the highest benefits. The value of benefits expected from the project cannot be underestimated. The benefits appraisal is considered to be very important for the Authority, as any investment made will require significant benefits for the end users. Indeed the assessment and monitoring of the realisation of these benefits will form a key part of the post project evaluation process.

### 3.6 Evaluation of risks

A workshop was held at the Lifelong Learning department on 26<sup>th</sup> January 2015 to evaluate the risks associated with each option. These risks were reviewed, updated and validated through the circulation of the document to the project team.

### 3.7 Methodology

Risk appraisal has been undertaken and involved the following distinct elements

- Identifying all the possible business and service risks associated with each option
- Assessing the impact and probability for each option
- Calculating a risk score

The range of scales used to quantify risk was as follows:

**Table 17 : Summary of the risk appraisal results**

<b>Risk category</b>	<b>Option 1– Do nothing</b>	<b>Option 2 (Minimum) – Closing one school and placing its pupils at the two other schools. Minimal refurbishment would be done at both schools.</b>	<b>Option 3 (Intermediate) – Closure of two schools and extend and refurbish the remaining school</b>	<b>Option 4 (Maximum) Closing three schools and a new build.</b>	<b>Option 4 (Maximum) Closing three schools and a new build. Residual Risk Level</b>
Project Risks	3	20	30	65	38
Financial Risks	3	59	59	52	36
Planning, Building and Land Risks	6	17	25	70	43
Community Risks	1	1	6	9	6
Service Risks	2	13	13	18	18
<b>TOTAL</b>	<b>15</b>	<b>110</b>	<b>133</b>	<b>214</b>	<b>141</b>
<b>RANK</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	

A summary of the financial, benefits and risk appraisals can be founded in table 18.

Summary of overall results. Table 18

Evaluation Results	Option 1	Option 2	Option 3	Option 4
Economic appraisals	£383k	(1,859)	(831)	2,178
Benefits appraisal	0	275	635	875
Risk appraisal	15	110	133	214 (Residual 141)
<b>Overall ranking</b>	<b>=2</b>	<b>1</b>	<b>=2</b>	<b>4</b>

The overall conclusion is that option 2 offers the best combination of costs and risks. However the preferred option for the Authority is option 4 and this offers the highest benefits. The value of benefits expected from the project cannot be underestimated. The benefits appraisal is considered to be very important for the Authority, as any investment made will require significant benefits for the end users

### 3.8 Sensitivity analysis

The method used was:

- a) 'switching values'

#### 3.8.1 Results of switching values

Table 19 shows the values (in %) at which the preferred option would change in the overall ranking of options.

**Table 19** : changes (%) required to equate with the preferred option

Change in Costs (%)	Option 1	Option 2	Option 3	Option 4
Capital costs	n/a	0	-63%	-82%
Current costs	n/a	0	n/a	n/a

Change in Costs (%)	Option 1	Option 2	Option 3	Option 4
Total costs	n/a	0	-49%	-70%
Cash releasing benefits	n/a	0	+35%	113%
Non releasing cash benefits	n/a	0	n/a	n/a
NPV/C	n/a	0	124%	n/a

### 3.8.2 Key observations

A change of variation in cash releasing benefits is most likely to change the preferred outcome from a financial perspective. If cash releasing benefits for option 3 would be 35% higher than anticipated this would become the preferred option.

Cash releasing benefits for option 4 would need to be 113% higher than anticipated for option 4 to become the preferred option.

Capital costs would need to be 63% lower than anticipated for option 3 or 82% lower for option 4 for these to become the preferred options from a financial perspective.

Total costs would need to be 49% lower than anticipated for option 3 or 70% lower for option 4 for these to become the preferred options from a financial perspective.

### 3.8.3 Results of scenario planning

The table below summarises the results associated with increasing uncertain costs by 20% and reducing uncertain cash releasing benefits by 20%.

**Table 20: Summary of results from scenario planning**

	Option 1 – minimum benchmark	Option 4 maximum – the preferred option
Sensitivity analysis on benefits	(1,373)	2,897
Sensitivity analysis on costs	(1,787)	3,165
New order in ranking	1	2

### **3.8.4 Key observations**

If capital costs or cash releasing benefits were to increase/ decrease respectively by 20% the preferred option from a financial perspective would remain the same and in fact becomes even more favorable.

### **3.9 Preferred option**

Based on the overall option appraisals conducted in the economic case, the Authority's preferred solution is for a new build school for 150 pupils with a 20 place nursery. This will ensure that the surplus places will be 15% or less as the three current schools in the North West Anglesey catchment area are scheduled to close.

This option is preferred because it would realise the investment objectives and critical success factors. It is also the pragmatic solution as it uses a central location and is mindful of the impact on the community. The main benefit to stakeholders is to reduce mixed key stage classes, which leads to flexible fit for purpose learning environments, appropriate for the delivery of a modern curriculum.

It can be confirmed that the preferred option is the riskiest; however it does yield the strongest gains and meets stakeholders' aspirations. This section also demonstrates that this option provides significant greater non –financial benefits. The Countermeasures have been developed for the preferred option and people responsible for managing risks have been identified in the form of a risk register (included above in the form of residual risk).

## **4. THE COMMERCIAL CASE**

4.1 The commercial case describes how the preferred option is to be procured in order to achieve the business objectives

The North West Anglesey (Llannau) school is being designed by the in-house Architectural Team. A Design & Build approach has been adopted for the Holyhead School as there is insufficient capacity to design both schools internally. Consideration was given to procuring both projects together, but it was concluded that two single, separate new build school procurements will attract more interest from the private sector and from small and medium enterprises on the island.

The Authority will use the North Wales Schools and Public Buildings Contractor Framework. The Authority has considered the options for funding this project and whether to try to attract private finance or to rely upon public finance, and has concluded that the 50% funding from Welsh Government together with the 50% match funding from the Authority is the preferred option, given the scale of the project, and the availability and cost of private sector finance.

### **4.2 Procurement Options for the New Build Primary School North West Anglesey**

We believe that the procurement of the single contract will be straightforward and is a method which the Authority is used to using. It has attracted small to medium enterprises because the project is not complex. We will realise community benefits through this procurement (see 4.6). The Authority will use the local Framework to let the contract.

The Authority will use the North Wales Schools and Public Buildings Contractor Framework to invite Contractors to bid under a mini-competition. The Contractor selection will be based on both Price and Quality Submissions and a Traditional Procurement route of a fully designed Project with Bills of Quantities will be used.

### **4.3 The Specification for the Build**

The Authority's architects have put together a draft specification for the building, following workshop discussions with the Education Department and Project Stakeholder Group.

The school will be a Community School and will therefore include a larger main hall for Community Activities, a community meeting room as well as a Cylch Meithrin Pre-School Nursery Unit.

It is proposed that the school design shall include:

- 4 Classrooms @ 60 m<sup>2</sup> each

- One Reception classrooms @ min 64 m<sup>2</sup>
- One nursery classroom @ min 70 m<sup>2</sup>.
- A Pre-school nursery room @ 50 m<sup>2</sup>;
- A main hall @ 180 m<sup>2</sup> (for lunch provision and for use as a gymnasium);
- A resources room @ 60 m<sup>2</sup>;
- A community room @ 30 m<sup>2</sup>;
- A flexible open learning zone @ 70 m<sup>2</sup>;
- A flexible street zone for ICT, Design and Group Activities @ 200 m<sup>2</sup>;

In addition, the following non-teaching areas are assumed:

- Kitchen with stores, staff office and toilet; server area; hall storage;
- Reception Office (and photocopier); headteacher office; interview/parent room;
- Medical /[SEN] /Hygiene room;
- Staff room
- Visitor/staff toilets

External areas will include – playing field, MUGA Games area, hard play areas, soft play areas and a habitat area. Play areas for the nursery and pre-school nursery children will be segregated.

The School Buildings and external areas will be designed to comply with the areas, requirements and standards as set out in the SOC.

The new school building is to be of modern highly sustainable construction – using Modcell prefabricated straw bale cladding panels – resulting in a building with a thermal performance of up to three times higher than the current Building Regulations requirements. It is proposed to set up a ‘flying factory’ on a local farm to train a local fabrication team to assemble the panels, using a locally sourced straw bale supplier.

The proposed site for the new school is located on the outskirts of the village of Llanfaethlu. The site is also located within an Area of Natural Outstanding Beauty. Following an early consultation with Gwynedd Archaeological Trust, a full geophysical survey of the site was carried out, followed by excavation trenches. A concentration of Neolithic features were discovered and a large artefact assemblage has been recovered so far. It is looking increasingly likely that this site is the remains of a Neolithic settlement. Neolithic experts have stated that the site is likely to be of national if not international importance. All of the artefacts will be removed from site and the historical discovery does not mean that the site cannot be developed. The design team are working with Gwynedd Archaeological Trust to see if the historical aspect can be incorporated into the design of the new school. The three local schools have visited the site to see the archaeological excavations.

The Scheme will be presented to the Design Commission for Wales in March 2015.



#### **4.4 Contract Strategy**

The Authority has selected a Traditional Procurement route, and will consider a traditional or a standardised design solution for this project. The 6 contractors from Lot 1 will be invited to enter into a mini-competition which will be based on a fully priced and project-specific Quality submission. A fill briefing meeting will take place with the tendering contractors six weeks prior to the issue of the tender documents. The tenders will be assessed on quality, programming, delivery and price and process will give the Authority to select the best value solution.

#### **4.5 Evaluation of Bidders**

Bidders have already been evaluated on their experience and suitability during the Framework Tendering and Interview process. As part of the mini tendering competition, they will now be evaluated in accordance with the following project and site / location specific criteria:

- Projects Costs – Full detailed Drawing packages, Specification and Bills of Quantities will be issued for the contractors to submit a fully priced tender for the construction works.
- Project Procurement and Programming - Defining the specific benefits which each contractor engaged as a main contractor can bring to the new build Ysgol y Llannau School project. In particular, identifying those specific measures to be implemented to ensure a close collaborative working environment is established between Client, Design and Delivery Teams to ensure the most cost effective solutions are adopted. Contractors will also be evaluated on their expertise in resolving any buildability issues which may add value to the procurement process and will also be required to demonstrate how their input into value engineering of the design will result in beneficial outcomes for this project in terms of future maintenance implications especially in the area of life cycle cost planning. Contractors will also be requested to submit an outline programme – identifying key programme delivery dates.
- Contractor Delivery Team - The names, job roles, relevant qualifications and experience of the people (both site and office based) allocated from within each organisation to work specifically on the Ysgol Y Llannau School project.
- Community Benefits - CORE (Targeted Recruitment and Training) - On this particular site and project what will each contractor do to maximise the Targeted Recruitment and Training opportunities

## **4.6 Community Benefits**

The Authority is committed to maximize the value of every pound the Local Authority spends, and this can be realized through the use of community benefits. Community Benefits is the “goodwill” contribution donated voluntarily by a developer for the benefit of the community. It is the Authority’s intention to seek funding and or in kind contribution from developers towards local community initiative(s) in the project area, and this in turn can promote social, economic and environmental wellbeing.

The Authority will incorporate community benefits into the Procurement exercises, in the form of a social clause included in the contract (community benefit clauses to be included as core part of the contract). To allow Anglesey to meet the priorities set out regarding Community Benefits it is a requirement (core) that the contractor delivering the New Holyhead School will:

- Provide 78 weeks Apprenticeships/ work experience/ training and/or employment for disadvantaged groups (long term unemployed, NEETS, disabled, economically inactive) for every £1m spent.
- Produce a Community Benefits Plan and Targeted Recruitment and Training method statement.

### **4.6.1 Wider employment benefits**

In addition to the mandatory requirement above there is a drive to ensure that contractors ensure:

- retention of existing workforce and providing measurable improvements and up skilling in workforce.

### **4.6.2 Education, Community and Environmental Benefits**

The driver for the Framework Contractors is delivering excellent educational building therefore it is expected that the successful Contractor will contribute to this agenda in this area and also secure other positive outcomes that would benefit the local community and environment by:

- Providing input into curriculum development through supporting learning in key topic area - Numeracy and Literacy
- Ensure contribution to education by running workshops on key area of skills such as sustainability, design, environmental and social considerations
- Work with local schools and colleges and universities – work experience/ mentoring/ careers fairs/ site safety etc.
- Contribution to community and environmental regeneration or engagement schemes that are of benefit to the local and wider community, for example through providing labour to develop key projects.
- Reduce and monitor waste to landfill, use and source recycled material for projects, aim to minimise travel and reduce water usage on site.

It is recognised that Community Benefits can be an array of opportunities and in order to maximise opportunities for the new area school in North-West Anglesey and to ensure a holistic approach the project team will link with other WG priorities. Partnership engagement will also be an integral part of the Community Benefits process in order to involve all interested parties in a process impacting on their community, and opportunity to maximize the value of LA spending and regeneration investment (a potential VVP contribution).

The Authority will use the North Wales Construction Framework to legally manage Community Benefits. All community benefits activities will also be included in the overall project plan and monitored accordingly by the Education Transformation Board.

#### **4.7 Proposed Key Contractual Terms**

The Authority will let a Fixed Cost contract for this project, using the JCT standard form. The JCT standard form proposed incorporates the following key contractual clauses:

- **Price:** The contractor bears the price risk, as it contracts to provide a building for a fixed price.
- **Payment:** Likely to be on a milestone basis.
- **Delay:** : the Authority will specify a contractual construction period and the date by which time the school will need to be completed, open and ready for pupils to attend; the construction period will be discussed and agreed with the preferred bidder prior to appointment
- **Subcontractors:** the Contractor will be responsible for managing any subcontractors which they employ;
- **Furniture, Fittings and Equipment:** All fixed furniture, fittings and equipment will be included within the main contract.

#### **4.8 Personnel Implications (including TUPE)**

This is a straightforward build contract, with no transfer of facilities management services, therefore whilst staff will be affected by the closure of the three schools, any costs arising and TUPE implications will be addressed by the Authority outside of this financial case.

#### **4.9 Procurement Timetable**

Subject to agreement of the SOC, it is projected that the procurement will progress in accordance with the following timetable:

**Projected Procurement Timetable. Table 21**

<b>Stage</b>	<b>Date</b>
Design Commission for Wales Review	17 March 2015
Planning Application	27 March – May 2015
Tender documents completed	22 May 2015
Tender invitation	22 May – 03 July 2015
Tender Evaluation	06 July– 10 July 2015
Contractor Appointment	13 July 2015
Value Engineering	20 July –31 July 2015
Contractor Mobilisation	03 Aug –14 Aug 2015
Commencement on Site	17 August 2015
Construction Period	12 Months
Construction Completion	22 August 2016
Commissioning	15 – 26 August 2016
School Opening	05 September 2016

#### 4.10 Risk Transfer

Risk transfer refers to the action planned for reducing the impact of a risk, usually in the form of insurances or clauses in a contract. The table below shows how the risk for the North West Anglesey project might be apportioned between the client (public) and contractor (private) and when they can be shared.

**Table 22**

Risk Category	Potential Allocation		
	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			✓

## 5.0 THE FINANCIAL CASE

### 5.1 Introduction

The purpose of this section is to set out the indicative financial implications of the preferred way forward, as set out in the economic case, on the basis as set out in the commercial case. Further detailed analysis of the financial case including affordability will be set out within the Final Business Case stage.

### 5.2 Estimated Cost of the Preferred Option

The Authority estimates the cost of the school to be **£5.166m**. This is based upon the preferred site in Llanfaethlu (Option 7), The cost estimate comprises:

**Table 24**

Costs of the project should be broken down as follows:  
Ground floor area (gfa) of project = 1,650m<sup>2</sup>

	2014/15	2015/16	2016/17	2017/18	2018/19	Total	Cost per m2	Cost per pupil
<b>Preliminary items</b>								
Site Investigation	£62,932					£62,932		
Land Acquisition		£200,000				£200,000		
<b>Elemental Construction Costs – building only</b>								
Substructures		£543,114	£60,346			£603,460		
Superstructures		£633,633	£346,989	£75,433		£1,056,055		
Internal Finishes			£301,730			£301,730		
M&E installations		£633,633	£422,422			£1,056,055		
<b>Total Construction Costs – Building Only</b>		£1,810,380	£1,131,487	£75,433		£3,017,300	£1,828	£20,115
External Works		£260,000	£380,250			£640,250		
Abnormal items		£507,000				£507,000		
<b>Total Construction Costs</b>		£2,577,380	£1,511,737	£75,433		£4,164,550	£2,524	£27,763
Fixtures and			£50,000			£50,000		

Fittings								
ICT equipment			£40,000			£40,000		
<b>Professional Fees</b>								
Design and Management – external	£59,185	£101,896	£32,504			£193,585		
Design and Management – internal	£95,348	£95,348	£47,674			£238,370		
<b>Risk Contingencies</b>								
Client		£216,700				£216,700		
Other								
<b>Scheme Total</b>	<b>£217,465</b>	<b>£3,191,324</b>	<b>£1,681,915</b>	<b>£75,433</b>		<b>£5,166,137</b>		

The cost of the school has reduced by £2.643m (34%) from the sum estimated in the Authority’s SOP of £7.809m. This stems from further discussion with the Welsh Government, downscoping of size requirements and more detailed analysis of costs.

It was noted in the SOC that if an alternative site was identified, the costs could increase by c £0.2m. As aforementioned an alternative site has been selected, in response to stakeholders concerns and the anticipated risks. The selection of the Llanfaethlu site, and a more detailed analysis of costs had led to a total project cost increase of £0.085m

### 5.3 Impact on the Authority’s Income and Expenditure Account

Although the construction period is 12-18 months, the anticipated payment stream for the project is over 4 financial years as follows:

Summary Financial Appraisal . Table 25

£k	2014/5	2015/6	2016/7	2017/8	Total
	£k	£k	£k	£k	£k
<b>Preferred Option:</b>					
Capital Cost	217	3191	1682	76	5166
Revenue Cost Implications	0	0	(79)	(136)	(215)
<b>Total</b>	<b>217</b>	<b>3191</b>	<b>1603</b>	<b>(60)</b>	<b>4951</b>
<b>Funded by:</b>					
Existing Budgets	0	0	(79)	(136)	(215)
Additional Funding	217	3191	1682	76	5166
<b>Total</b>	<b>217</b>	<b>3191</b>	<b>1603</b>	<b>(60)</b>	<b>4951</b>

Note: The capital cost incurred in 2017/8 represents the assumed final payment after the expiry of the defects liability period.

#### **5.4 Impact on the Authority's Balance Sheet**

The proposed capital expenditure will be shown on the Authority's balance sheet in accordance with applicable accounting standards and guidance. It is expected that two of the existing school buildings, together with their sites are currently valued at approximately £382k will be removed from the balance sheet as the schools are closed and the sites disposed of.

#### **5.5 Overall Affordability**

The intention is that this capital cost is funded 50% through the WG 21st Century Schools programme, with a resultant WG contribution of £2.583m, and 50% through the Council's capital resources.

It is estimated that the WG's capital contribution will be phased as follows:

- 2014/5                £109,000
- 2015/6                £1,746,000
- 2016/7                £841,000
- 2017/8                £37,000

The Authority's funding requirement of £2.583m is currently expected to be funded by means of:

- £2.201m unsupported borrowing (additional borrowing which does not attract government grant);
- £0.382m in capital receipts from the sale of surplus sites.

The expected revenue savings (excluding financing costs) from this project are estimated at:

- approximately £135k pa. based on the schools funding formula; less
- approximately £35k pa, for additional transport costs;
- reducing the net saving to approximately £100k pa.

The school's funding arrangements and related budgets will be reviewed to ensure that the maintenance and servicing requirements are taken into account.

Borrowing costs, to repay the £2.3m unsupported borrowing, will cost about £167k p.a. once the borrowing is at its peak in 2017/18. The Authority will make available additional annual funding of up to £80k p.a. to cover the difference between such unsupported borrowing costs and the expected net savings in running costs, as set out above.

The Council's Executive has given approval in principle to the required level of funding and the County Council, and will be asked to confirm the unsupported borrowing by the FBC stage.



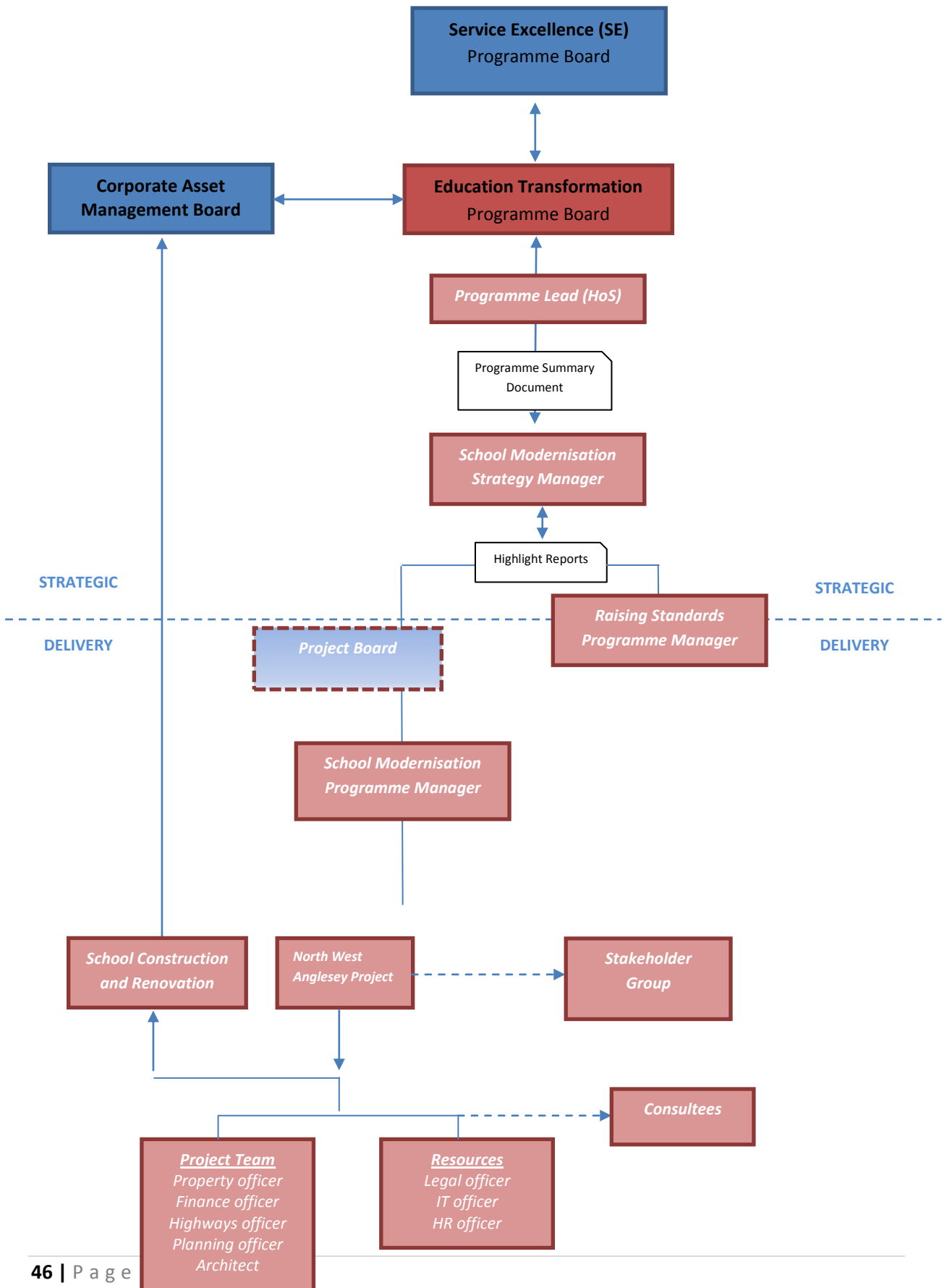
## **6. THE MANAGEMENT CASE**

### **6.1 Introduction**

The Isle of Anglesey County Council has adopted a corporate project management methodology, based on PRINCE 2. This ensures the projects are led effectively in terms of planning, resources, monitoring and control. This management case builds on the detail provided in the SOC, and provides more detail on the delivery of the project in accordance with best practice.

### **6.2 Programme Governance**

The Authority has an overall project management and governance system in place for the Education Transformation Programme that is sufficiently robust to ensure that progress is made; adequate and appropriate resources are engaged; key stakeholders are informed and involved as appropriate, and that decisions can be made in a timely manner. The arrangements reflect and recognise the scale of the spending commitment involved, the complexity of the consultation and the breadth of issues raised in the course of delivering this project. This is set out in Figure 2 overleaf.



The Transformation Programme Boards (the Education Transformation Board reports into the Service Excellence Board) are the drivers of change and improvement within the Authority and are responsible for ensuring the delivery of the Transformation Plan, incorporating the Council's corporate plan and the organisational change agenda.

The Transformation Programme Boards provide oversight, direction and make recommendations to the Senior Leadership Team (SLT) and the Executive Group on funding change programmes and projects. The Education Transformation Board has adopted the role of a Project Board for the 'North West Anglesey Project', and has taken all delegated decisions. It is the intention of the Authority to review this governance arrangement in the light of the recommendations from the Gateway Review 0.

### **6.3 Project Management**

An internal project team has been assembled based upon their range of skills and knowledge and their project management experience. The project team is responsible for the planning, development and delivery of the project. The membership of the team is dynamic and changes over time, according to the contribution required by specific members as the project goes through its sequential stages. . A list of the core members of the internal project team was included in the SOC. The only change to the project team since the SOC is that the Corporate Transformation & Governance Business Manager has left the post.

The Authority has wished to resource the project using in-house resources to ensure that their staff retains expertise and knowledge to write the future SOC's and to manage the phases.

The Architectural Design and the Project Management for the scheme will be carried out by the Authority's in-house Architectural Team. The Authority has outsourced Structural Design, Building Services Design, CDMC Consultants, Quantity Surveying Services, BREEAM Assessors and Landscape Architects - to complete the Design Team. Other specialist consultants would be appointed as and when required.

## 6.4 Outline Project Plan

The outline project plan for the North West Anglesey area primary school is set out below:

### Outline Project Plan

Task	Date
Compete formal consultation on school closures	19 May 2014
Submit SOC	May 2014
Approval of SOC by WG	July 2014
Submit OBC	March 2015
Approval of OBC by WG	May 2015
Site surveys	September 2014 – February 2015
Procure site	March 2015
Issue statutory notices for school closures	May – June 2015
Consult with staff, governors and parents on design of new school	February – March 2015
Detailed design sign-off	May 2015
Planning application	27 March – May 2015
Planning determined	May 2015
Bid period	May - July 2015
Appointment of contractor	July 2015
Build period	August 2015 to August 2016
Formal closure of the 3 schools	July 2016
New school opens	September 2016

## 6.5 Planning

The Authority will develop its design in discussion with planners and will arrange consultation events on the design for parents, pupils and local residents as part of the process. The Authority intends to apply for full planning permission in March 2015 with a view to obtaining consent in May 2015. It is intended that the statutory review period will have expired before the preferred bidder signs the contract.

## 6.6 Outline arrangements for benefits realisation

The framework and plan for dealing with the management and delivery of benefits can be found in the form of a Benefits Realisation Plan, and can be made available upon request.

The Plan sets out the owners; outcomes displayed if the benefits are realised; performance measures and baseline outturn.

## **6.7 Outline arrangements for risk management**

A risk management governance and review process has been developed (illustrated in the form of a flow chart) by the project team and approved by the Education Transformation Board and the Corporate Project Management Office. This chart consists of trigger points, escalation and reporting mechanisms.

## **6.8 Evaluation work**

Pre and post occupancy evaluations enable the Local Authority, schools and designers to work in partnership to capture feedback on the building from initial concept, to occupation and beyond.

The post occupancy will occur after a period of occupational use – after 12 months occupation – to coincide with End of Defects inspections, and again will capture feedback from all users on how well the new school is functioning. It will be used as a source of lessons learned for the development of other similar projects.

## **6.9 Change and Contract management**

The contract management will be used to ensure a systematic and robust approach is adopted in defining project parameters. As the project is progressed through detailed design; discussion with the Stakeholder Engagement Group will take place. These discussions will ensure that the group is kept up to date on the developing designs. Further discussions with school staff, parent and members of the community will be undertaken at key points in the project to ensure all stakeholders are kept informed.

## **6.10 Risk Register**

The project team have compiled a risk register for the programme. The register will be managed, monitored and controlled by the Strategic Programme Manager with individual risks assigned to a 'risk owner' who will be the person best able to manage the risk. The Education Transformation Board will review the most significant risks via a highlight report at its meetings. The Programme Manager is responsible for tracking and monitoring the changes in the risks. Risk management is an ongoing activity at project team level and a standing item on future programme boards.

The risks have been broken down into a series of categories such as project risks, financial, planning, and building and land, community and service risks. The register uses a traffic light or RAG (red, amber, green) system and multiplies the likelihood of a risk by its impact both on a 1-5 scale giving a maximum red risk score of 25. The format follows OGC best practice guidance.

The current risk register is available as a separate document.

## **6.11 The Management of Issues**

An issue is an event that has happened which was not planned and requires management action. It could be a problem, query or concern affecting all or part of the programme in some way, or a

risk that has been realised. All issues raised, from whatever source, are logged on the issue log which is part of the project manager's management tools. The issues are raised at project team level and where they cannot be resolved, are referred to the Education Transformation Programme Board for resolution.

## 6.12 Stakeholder Support

### Stakeholder Engagement Group

A Stakeholder Engagement Group has been established for this project comprising of Headteachers from each of the 3 schools, the Chair of governors, Local Elected members and Community Council members. The purpose of the Stakeholder Group is to provide a channel for ideas and concerns from within the group and for those they represent. The Group is a forum for structured discussions and ensures that a cross section of views can be debated as part of the consultation and engagement process within the School Modernisation Programme. The group have met on several occasions and the Authority have been successful in gaining the group's engagement and buy in on key decision points.

## 6.13 Current status of the project

The Executive Committee On February 9 2015 decided that the new site at Llanfaethlu would be the preferred location of the new school.

A Strategic Outline Case (SOC) was submitted to the Welsh Government in July 2014 and approved in August 2014. Assuming the approval of the OBC, the Authority will proceed to the procurement stage of the project.

The Council's Executive has given approval in principle to the required level of funding and the County Council, and will be asked to confirm the unsupported borrowing by the FBC stage.

## 6.14 Gateway Review

A Gateway Review (gate 0), of the Authority's 21<sup>st</sup> Century Schools Programme was undertaken between 7<sup>th</sup> – 9<sup>th</sup> April 2014. The review rated the programme as amber however, the reviewers commented that:

*“ If this Gateway Review was assessing solely the probability of achieving two school builds, it would likely return a Delivery Confidence of AMBER/GREEN. In the broader sense of achieving the Programme stated outcomes of school modernisation and improvement in education standards, it is assessed currently as AMBER.”*

The Assurance of Action Plans (AAP) that followed concerned itself with the progress made against the recommendations contained within the OGC Gateway 0: Strategic Assessment Review which took place between 07/04/2014 and 09/04/2014

It was the AAP Review Team's opinion that the Delivery Confidence has improved from **Amber** to **Amber/Green**. This assessment is based on the progress made against the original OGC Gateway Review recommendations. In summary the reviewers were confident that the Authority had made sufficient progress in the following areas: project governance, benefits realization, project resources, risk management disciplines and project management arrangements.

Signed: 

Date: 16 March 2015

Gwynne Jones - Senior Responsible Owner