

Report of the Director of People

Audit Committee - 22 March 2016

NEW BUILD FOR YGG LÔN LAS

Purpose: Cabinet on the 17 September 2015 referred the decisions and plans with regard to the capital programme authorisation for YGG Lôn Las new build project to Audit Committee, this being in the interest that lessons may be learned and adopted within future projects.

Policy Framework:

- One Swansea Plan.
- The Revenue and Capital Budget as reported to and approved by Council on the 10th February 2015.
- QEd 2020 programme.
- Sustainable Swansea Programme.
- Asset Management Plan.
- Corporate Priority – Safeguarding vulnerable young people
- Corporate Priority – Improving pupil attainment.
- Corporate Priority – Tackling poverty.
- Corporate Priority – Building sustainable communities.

Reason for Decision: To comply with the Cabinet decision on the 17 September 2015 referring the decisions and plans and authorisation for YGG Lôn Las new build to proceed to Audit Committee, this being in the interest that lessons may be learned and adopted within future projects.

Consultation: Education, Finance, Legal and Democratic Services, Commercial Services, Corporate Building and Property Services.

Recommendations: That;

1. A robust case for the preferred way forward for each scheme is established prior to the submission of the Strategic Outline Programme (SOP).
2. The means of cost planning at SOP development stage is reviewed, to ensure that all foreseeable costs are accounted for and adequate contingency is allowed.
3. All school organisation proposals are

completed where possible prior to SOP submission to ensure that proposals are deliverable and within the proposed timescales.

4. The basis of cost estimates in SOP submissions is reviewed with Welsh Government.
5. Provision of an adequate budget and appropriate resource to facilitate business case development at prior to SOP submission is sought.

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1.0 Introduction

- 1.1 Cabinet on the 17 September 2015 referred the decisions and plans with regard to the capital programme authorisation for YGG Lôn Las new build project to Audit Committee, this being in the interest that lessons may be learned and adopted within future projects.

2.0 21st Century Schools Programme process

- 2.1 In December 2011 approval in principle was granted by the Welsh Government to proceed with the Band A projects outlined in the Authority's Strategic Outline Programme (SOP) which provided an overarching view of the strategy.
- 2.2 This approval was subject to contract and an Authority contribution of 50% towards the overall costs.
- 2.3 SOPs are devised to support the development and agreement of programmes in support of an agreed strategy/ strategies, and secure an overall funding envelope, which in Swansea's case is £51m for Band A.
- 2.4 It is unrealistic to expect that the values and detail within that programme would remain constant in any event during the lifecycle of that programme.
- 2.5 Authorities are required to provide Welsh Government (WG) with a funding matrix, which sets out the funding profile for the duration of the programme, which in the case of Band A extends from 2011/12 to 2018/19. This matrix is adjusted to reflect the variances in project costs

and programming, whilst seeking to maintain the required WG contribution for each year and the overall 50 / 50 split in contributions, so as to avoid the loss of the WG contribution.

- 2.6 All of the business cases for projects forming part of Band A submitted to Welsh Government are therefore underpinned by the Strategic Outline Programme (SOP).
- 2.7 Individual projects can only then be approved subject to receipt of a satisfactory business case.
- 2.8 For projects over £5 million, business cases are submitted in three stages:
 - Stage one - Strategic Outline Case (SOC);
 - Stage two - Outline Business Case (OBC); and
 - Stage three - Full Business Case (FBC).
- 2.9 For smaller projects less than £5 million in value the SOC, OBC and FBC are replaced by a single document, the Business Justification Case (BJC).
- 2.10 All Business Cases must be based on the five key areas that underpin the Better Business Case Process (Five Case Business Model), and must be prepared in accordance with best practice guidance provided in HM Treasury's Green Book.
- 2.11 The Five Case Business Model therefore examines the following;
- 2.12 First - Strategic Case - How does the proposal fit strategically with local and national priorities? What is the case for change? What are the investment objectives?
- 2.13 Second - Economic Case - What are the options for delivering the investment objectives and which one optimises value for money?
- 2.14 Third - Commercial Case - What is the procurement strategy and the commercial arrangements for the proposed investment?
- 2.15 Fourth - Financial Case - Is the proposal affordable? What are the sources of match funding and what is the accounting treatment of the investment?
- 2.16 Fifth - Management Case - How can the successful delivery of the scheme and whole life benefits be managed?
- 2.17 These five areas are examined at each stage of the Business Case; however, the level of information provided on each area varies according to the stage of development that the project proposal has reached.
- 2.18 The **SOC** focuses on the strategic justification (Strategic Case), investment objectives for the project (Strategic Case), the reasoning behind reduction of the long list to a short list of options (Economic Case) and the proposed management structure (Management Case).

- 2.19 The **OBC** focuses on the commercial strategy (Commercial Case), the detailed analysis of the shortlisted options (Economic Case), details of match funding and profile of spend (Financial Case).
- 2.20 The **FBC** focuses on, finalised management structure (Management Case), monitoring and evaluation of benefits (Management Case) and the agreed contract (Commercial Case).
- 2.21 For smaller projects, the **BJC** covers all of these areas in a single iteration.

3.0 Royal Institute of British Architects (RIBA) Plan of Work

- 3.1 The RIBA Plan of Work 2013 comprises eight work stages, each with clear boundaries, and details the tasks and outputs required at each stage.
- 3.2 This is aligned with the business case process outlined above as follows;
- 3.3 Stage 0 - Strategic Definition
Identify client's Business Case and Strategic Brief and other core project requirements
- 3.4 Stage 1 - Preparation and Brief
Develop Project Objectives, including Quality Objectives and Project Outcomes, Sustainability Aspirations, Project Budget, other parameters or constraints and develop Initial Project Brief. Undertake Feasibility Studies and review of Site Information.
- 3.5 SOP/SOC submission.
- 3.6 Stage 2 - Concept Design
Prepare Concept Design, including outline proposals for structural design, building services systems, outline specifications and preliminary Cost Information along with relevant Project Strategies in accordance with Design Programme. Agree alterations to brief and issue Final Project Brief.
- 3.7 OBC submission.
- 3.8 Stage 3 - Developed Design
Prepare Developed Design, including coordinated and updated proposals for structural design, building services systems, outline specifications, Cost Information and Project Strategies in accordance with Design Programme.
- 3.9 Stage 4 - Technical Design FBC
Prepare Technical Design in accordance with Design Responsibility Matrix and Project Strategies to include all architectural, structural and building services information, specialist subcontractor design and specifications, in accordance with Design Programme.

3.10 FBC submission.

3.11 Stage 5 – Construction.

Offsite manufacturing and onsite construction in accordance with Construction Programme and resolution of design queries from site as they arise.

3.12 Stage 6 - Handover and Completion.

Handover of building and conclusion of Building Contract.

3.13 Stage 7 - In use

Undertake In Use services in accordance with Schedule of Services.

4.0 Cost Planning

4.1 The SOP included estimates for each project, which was based on the likely preferred way forward at that stage.

4.2 The cost estimates prepared by officers from Corporate Building and Property Services supported, where required by appropriate cost consultants, included a list of key assumptions, risks and exclusions, and were based on desk top feasibility studies prepared by the design team.

4.3 All cost estimates would incorporate an overall additional contingency to cover further design development and unforeseen risks encountered during the construction period, with the expectation that the allowance should be re assessed as the design develops and adjusted accordingly.

4.4 The specific cost estimates included in the SOP would not make an allowance for:

- Internal fees
- Temporary accommodation
- ICT set up and installation
- Transitional costs
- Optimism Bias (OB)

4.5 HM Treasury Guidance recommends that adjustments to costs appraisals are made based on data from past or similar projects and adjusted for unique characteristics for the project in hand and Welsh Government now advise that cost plans should make allowances for this by the application of Optimism Bias (OB).

4.6 The applied calculation for a standard building at project start is calculated at a maximum rate of 24%, this percentage reduces to the lower level 1% once more information is gathered and market estimates are firmed up at cost certainty contract award stage.

4.7 The applied calculation for a refurbishment / remodelling project at project start is calculated at a maximum rate of 51%, this percentage would also

be reduced as the project intelligence is increased, although in the case of this type of project it is unlikely to reduce as low as for a new build project, as there are greater uncertainties.

- 4.8 The assessment of the appropriate level of OB at different stages of a project is carried out using an objective matrix, which evaluates the extent to which risks relating to predefined elements are mitigated.

5.0 Procurement

- 5.1 A regional collaborative procurement process to cover the 4 South West Wales Authorities has been developed. The process adopted principles already established by the Welsh Purchasing Consortium and the Welsh Local Government Association (WLGA) to develop a joined up all Wales approach to ensure consistency and minimum duplication and inefficiencies in the procurement process. This collaborative approach extends the procurement methodology and contractor appointments in line with the good practice guidance within the construction industry as extolled by such organisations as Constructing Excellence. As well as this, the Welsh Government 21st Century School Team being engaged in the proposed procurement strategy is supportive of the approach for a regional consortium.
- 5.2 The collaborative procurement route has already been used to deliver previous City and County of Swansea projects on time and to budget. The use of this procurement methodology has also resulted in a Demonstration Project Award from Constructing Excellence Wales.
- 5.3 The South West Wales Framework has been procured in accordance with EU rules and regulations, and introduces a mixture of price and quality into the tender and evaluation process.
- 5.4 The procurement route for the project was a Two Stage Tendering process. Contractors were selected from the appropriate lot within the regional contractor framework. This procurement process was based on initial designs. Contractors were evaluated on both price and quality for the proposals. Once the successful contractor was appointed (Dawnus Construction) the project was then further developed through all RIBA stages until cost certainty was realised. The design was further developed to a more detailed level to enable all 'Work Packages' to be tendered. The work packages were competitively priced by sub-contractors, via the main contractor.
- 5.5 The two stage process has a number of advantages:
- Competitive first stage through contractors pricing of Preliminaries, Profit and Overheads.
 - Further cost check at first stage through contractors elemental assessment of total scheme cost.

- “Open Book” declaration of competitively priced (sub-contract) work packages at second stage.
- Potential to involve a contractor from the early stages of a scheme with the benefit of his resources, expertise and collaborative working
- High level of interest from contractors arising from low cost, low risk tendering process.
- The opportunity to achieve the certainty of a fixed contract sum at the end of the first stage before contracts are executed.

6.0 Governance and Gateway Review

- 6.1 The QEd 2020 programme has been subject to a well-established governance structure which until recently was managed by the QEd Programme Board and individual Project Boards, supported by QEd Strategic Development Group and QEd Steering Group.
- 6.2 Reporting to the Programme and Project Boards was carried out on a monthly basis by exception;
- 6.3 The Programme Board (delegated as appropriate to Project Boards) has overall responsibility for:
- approval of all major plans,
 - approval of all deviations from agreed tolerances – including cost, time and risk,
 - arbitration on any conflicts that cannot be resolved at project level taking ownership of major risks and issues.
- 6.4 The programme was subject to an independent OGC Gateway™ Review as required by Welsh Government in May 2015. The Review attached below (Annex 1) made four recommendations which resulted in the governance structure being reviewed to make it more manageable and effective.
- 6.5 The membership of the former QEd Programme Board, YGG Lôn Las Project Board, QEd Strategic Development Group, and QEd Steering Group, and the current QEd Programme Board and QEd Delivery Group together with Terms of Reference is attached at Annex 2.
- 6.6 Progress against the action plan to address the OGC Gateway™ Review recommendations is noted below.
- 6.7 Throughout the lifecycle of the YGG Lôn Las project, regular reports have been made to the QEd Board, underpinned by established risk management practices.

<u>Delivery Confidence Assessment</u>	AMBER
<p>The Review Team finds that the Swansea implementation of the 21st Century Schools Programme has enjoyed much success to date largely credited to the determination and commitment of the small, under-resourced, Programme Team who have been operating in an environment of sub-optimal governance.</p> <p>Each of the Projects in-flight appear set for success and those that are due to submit Business Cases later this year appear well founded.</p> <p>There are some very significant issues to deal with, however, namely the funding for the remainder of Band A and the Governance of the Programme. These, if addressed promptly and effectively, should clear the path for success. The Review Team would anticipate a rapid rise in delivery confidence in this case. Conversely, failure to address them could very rapidly lead to a decline in delivery confidence. They are pivotal matters.</p>	

Ref. No.	Recommendation	Progress Update
1.	The Programme Manager should further enhance the good practice in stakeholder engagement to promote positive communications proactively to counter any anticipated negative responses.	Revised stakeholder engagement strategies and communication plans at both Programme and Project level in development have been developed and subject to ongoing review at Programme Board.
2.	The Senior Responsible Officer (SRO) should embed more robust integrated risk management practices throughout the Programme and its constituent Projects.	Project Management tools have been reviewed. Risk Assumptions Issues Dependency (RAID) methodology now in place. (Previously risks and issue only) In conjunction with recommendation 4 below, RAIDs requiring escalation will be reported to the Delivery Group / Programme Board as appropriate, (Risks and Issues were previously reported to Project Boards / Programme Board) but using a more robust mechanism. Implemented August 2015. Escalation Delivery Group to Programme Board to Education Senior Leadership Board.
3.	The SRO should re-establish differentiated governance at Programme and Project levels to enable the former to focus on strategic matters whilst the latter deals with project-specific	Implemented October 2015. Delivery Group and Programme Board incorporating QEd Strategic Development Group with new Terms of Reference replaced Project Boards, Programme Board and SDG.

	decision-making.	
4.	The Programme Manager should assess where any additional resources would have greatest impact and perhaps consider the role of professional Project Support.	Redeployment process has been unsuccessful to date. Longer term resource strategy is under review.

7.0 YGG Lonlas Project

7.1 YGG Lôn Las new build, formed part of Band A of The Strategic Outline Programme (SOP), detailing the re-organisation and investment needs for Schools across Swansea which was submitted to the Welsh Government in 2010.

8.0 Strategic Case

8.1 The school operated out of failing, expensive to maintain buildings which were not fit for purpose for the needs of 21st century teaching and learning against a backdrop of the growing demand within the Swansea area for Welsh- medium education.

8.2 Key within the transformational agenda within the QEd 2020 programme has been the need to address the issue of failing buildings. The YGG Lôn Las site was fragmented and had buildings in various states of disrepair thus constraining the delivery of foundation phase curriculum. A new purpose built primary school would enable the principles of all through primary education to be fully realised.

8.3 The new school due to be ready for occupation in September 2017 will provide a 525 place primary school plus nursery and will be a 2.5 Form Entry school of traditional construction.

8.4 The objectives of the project are to;

- to provide the pupils and staff of YGG Lôn Las with a safe, sound and fit for purpose school environment;
- to enable the successful implementation of strategies for school improvement and better educational outcomes;
- to achieve greater operational efficiencies;
- to widen the community usage of school facilities; and
- to increase the number of places at the school in-line with the aims of the Councils' Welsh Medium Strategy.

9.0 Project Programme.

9.1

Key Milestones	Pre 2011
Extensive all stakeholder engagement / programme development / Cabinet approvals QEd 2020 Programme/ SOP/Band A	2007+
Key Milestones	Pre 2013
Cabinet approve the submission of planning applications for the demolition and construction of new school buildings at YGG Lôn Las including temporary accommodation	17 September
Strategic Outline Case (SOC) approved in principle by Welsh Government	28 October
Key Milestones	2014
WG grant conservation area consent for the demolition of Blocks A, C, E and G based upon a concept design for the new school, and subject to planning approval and contract for the development of the site prior to demolition taking place	24 March
Outline Business Case (OBC) approved in principle by Welsh Government	27 May
Delegated powers report approved for FPR7/Stage 1 contractor appointment for pre-construction phase design and proposed temporary accommodation	2 November
Key Milestones	2015
Planning Consent granted – New build for YGG Lôn Las	8 September
Cost Certainty Achieved	17 September
Cabinet approved the award of the Stage 2 Contract and the development of temporary facilities at YG Y Cwm	17 September
Planning Consent granted for temporary facilities at YG Y Cwm and car park at Cefn Hengoed	25 September
Full Business Case (FBC) Submitted to Welsh Government	1 October
WG Scrutiny Group - Review Panel	15 October
WG Capital Panel Decision	28 October
Temporary facilities at YG Y Cwm completed	24 December
Key Milestones	2016
School move to temporary facilities completed	20 January
Start of construction of new build for YGG Lôn Las	1 February
Key Milestones	2017
Completion of construction of new build for YGG Lôn Las	July / August
Removal of demountable buildings / reinstatement YG Y Cwm site	August
YGG Lôn Las opens in new build	September

9.2 In July 2014, as part of a two stage process, first stage tenders were invited under the terms and conditions of the South West Wales Regional

Contractor Framework Agreement to undertake the pre-construction design for the new YGG Lôn Las in Llansamlet.

- 9.3 In November 2014 the recommendation to appoint Dawnus Construction to carry out the pre-construction design service for the sum of £353,265.80 was approved by virtue of a Delegated Powers Report. The report outlined how the next stages of design would progress whereby the architects Stride Treglown (who had already prepared a Concept Report Royal Institute of British Architects (RIBA) Stage 2) would be novated to join the Contractors' team along with other design consultants and work collaboratively with the School, the Council and its stakeholders, to take the project forward to Royal Institute of British Architects (RIBA) Stage 4 where drawings would then be submitted for planning approval and from there to progression to contract price for the construction works.
- 9.4 The report also highlighted that during the construction phase, temporary school accommodation would be required to accommodate a full school decant, and that the preferred location for school facilities identified following an analysis of options would be subject to a separate planning application.
- 9.5 In January 2015, Dawnus Construction was formally appointed to carry out this pre-construction design phase and submit a suitable planning application for consideration. This phase completed in May 2015 culminating in a planning application on 29 May 2015, and planning approval on 8 September 2015. The planning applications for the temporary site at YG Y Cwm in Bonymaen and the temporary staff car park at Cefn Hengoed were approved on the 14 September 2015.
- 9.6 The report presented to Cabinet on 17 September 2015 sought approval to progress with the construction of the new YGG Lôn Las at Walters Road, Llansamlet and the construction of the temporary school in Bonymaen. The temporary facilities involved the utilisation of the YG Y Cwm infant building and the provision of demountables at the site.
- 9.7 Given the funding constraints set by the Welsh Government, the report sought approval to progress at risk with the creation of the temporary facilities ahead of Welsh Government approval of the Full Business Case anticipated in October.
- 9.8 The approach not only maintained the critical path of the project but was necessary to mitigate any loss of grant allocated within the 21st Century School' programme in 2015/2016.
- 9.9 Cabinet subsequently approved the continuation of the project, and authorised a variation to the stage one pre-construction contract previously entered into with Dawnus Construction Ltd in November 2014.
- 9.10 The value of the Stage One pre-construction contract was increased from £353,265.80 to £1,103,265.80, to enable the development of temporary

facilities for YGG Lôn Las pupils to commence earlier than the award of the Stage Two contract.

10.0 Cost Plan

- 10.1 The application of optimism bias (OB) on the YGG Lôn Las new build project was not applied until OBC stage when it was calculated using set formula templates provided within the HM Treasury Green Book.
- 10.2 The submission of the Outline Business Case (OBC) to Welsh Government included the sum of £591,000 calculated at an OB rate of 7.94% bringing the value of the project to £8.033 million.
- 10.3 The projected total value of the project, including temporary facilities at a cost of £1,228,000 at the former Cwm Primary site in Bonymaen, unforeseen ground issues on the existing site at Walters Road and 5% inflationary rises rose to £12,136,054.00 when sub-tender packages were returned to Dawnus Construction.
- 10.4 Significant de-engineering exercises were carried out to mitigate the need to remove around 5,000m³ (11,000 tonnes) of ground material from the development site. This had the potential to increase by a further £1.4 million to £2 million. Ground investigations had been undertaken at OBC stage; however these were inconclusive and required a more detailed level of tests.
- 10.5 The cost savings achieved were as follows;
- | | |
|--------------------------|-----------------------------|
| Foundation changes | £800,000.00 |
| De-specification | £903,054.70 |
| Highways | £36,000.00 |
| Reduced optimism bias | £501,330.00 |
| Reduction in decant cost | <u>£100,000.00</u> |
| Total | <u>£2,340,384.70</u> |
- 10.6 This resulted in a cost certainty position on 15 September 2015 at Full Business Case (FBC) stage, of £9,795,670.00, including new build £8,478,000.00, temporary facilities £1,228,000.00, and optimism bias @1% of £89,670.00.
- 10.7 The value of the Stage One pre-construction contract increased from £353,265.80 to £1,103,265.80, to enable the creation of temporary school facilities for YGG Lôn Las pupils.
- 10.8 In addition, work to the value of £371,000.00 was required to be carried out to the existing Y Cwm infant building (to be carried out by Corporate Building and Property Services), and a contingency of £107,000.00 was also allowed in the cost plan for the temporary facilities.

11.0 Choice of Site

- 11.1 The choice of site was limited to sites within the Authority's ownership in accordance with the Sustainable Swansea Programme, Asset Management Plan and to avoid additional capital costs.
- 11.2 Furthermore, the conservation area consent for the buildings on the existing site was subject to planning approval and signing of contracts for the redevelopment of the site prior to demolition.
- 11.3 Preparatory work conducted as part of the Strategic Outline Case development in 2009 considered a number of alternative sites within Swansea Vale. These were ruled out due to the flood risk, drainage issues and development restrictions.
- 11.4 The disadvantages associated with the identification of suitable alternative land within the catchment boundary of YGG Lôn Las were then reviewed in January 2015 to ensure that there was no change in position.

12.0 Welsh Government conservation area consent

- 12.1 At SOP stage, the proposal for YGG Lôn Las was for partial reconstruction rebuild/remodel on the existing site. However, this was not the preferred option, as it did not represent the effective use of financial resources given the major capital expenditure which was potentially close to the cost of a new build, the lifespan of the refurbished building would still be limited even with significant expenditure, and would require on-going cyclical maintenance costs to maintain.
- 12.2 The demolition of the existing school buildings was dependent on Welsh Government (WG) approval as the site sits within a conservation area, and following review, a case for the demolition of all the buildings on the site was made to WG on the grounds of educational improvement and attainment and consent for demolition was granted on the basis that the site be redeveloped sympathetically retaining certain heritage features.
- 12.3 Should planning consent have not been granted for demolition of all the existing buildings, the lesser option for a partial rebuild and refurbishment of the retained building (Block A) would have been developed.

13.0 Welsh Government (Cadw) Planning Response

- 13.1 Application Number: 2013/1468: 'The submitted replacement school project provides a design approach that is considered to have a positive impact on the Conservation Area. It is considered the submission has demonstrated that the conversion of the building in part or in full would not

be financially viable; would not address modern education requirements and would compromise the overall development of the school site for education purposes. In this respect it is considered that the submission demonstrates that the loss of Block A is justified and is outweighed by the benefits associated with the provision of a new school of high design quality on the site.’

14.0 Temporary School Facilities

- 14.1 YGG Lôn Las is a 2.5 form entry school and was based on a fragmented site with buildings in various states of disrepair, with no surplus space within the existing buildings, making it impractical to phase the construction of the redeveloped school without the need to provide temporary classrooms.
- 14.2 Initially it was thought that it would be possible to accommodate temporary facilities on the existing school site at Walters Road, however following further exploration with the appointed contractor, it was concluded that the site was of insufficient size to provide a suitable area capable of accommodating a temporary school without the facilities being in close proximity to major construction work. There were also existing traffic issues in the direct vicinity and keeping the school in situ during the eighteen months construction period was therefore not feasible due to health and safety concerns.
- 14.3 In 2014 an options appraisal was undertaken evaluating possible Authority assets that could be used to provide temporary accommodation for YGG Lôn Las. The most cost effective solution identified was to utilise the YG Y Cwm infant site. This formed part of the business case submitted for Welsh Government approval. This options appraisal was reviewed in September 2015, and the findings of the original appraisal confirmed.
- 14.4 It was therefore proposed that YGG Lôn Las should operate on a temporary basis out of the YG Y Cwm Infant building with the additional provision of six double demountable classrooms provide by the appointed contractor under a rental agreement between the appointed contractor and the supplier of the demountable classrooms.
- 14.5 The red gravel area located at the rear of Cefn Hengoed Comprehensive School has also been made available as a temporary overspill car park for YGG Lôn Las staff. This was consistent with the findings of the independent traffic assessment and formed part of the pre-commencement conditions prior to occupation of the temporary school.
- 14.6 To maintain the critical path of the project and avoid delays and risks to Welsh Government funding it was necessary to commence the enabling works to provide the temporary accommodation prior to Full Business Case (FBC) approval and contract with Welsh Government.

- 14.7 In July 2014 all contractors who were invited to tender were made aware that there would be a need to provide temporary facilities, however, as a suitable site at the time had not been clearly identified, the contractors were unable to provide fixed sums for this element within tender responses.
- 14.8 A variation instruction to the value of £750,000.00 was therefore issued to Dawnus who were responsible in part for the additional work required to create the temporary school. Dawnus carried out a tendering exercise in order to secure best value for a package of civil construction works and modular hire for an eighteen month period. This reflected the need to temporarily relocate the entire school and not the partial relocation previously envisaged.
- 14.9 The existing infant building required an element of capital maintenance to address building regulation requirements and basic health and safety (such as evacuation routes), with the considerably increased loading on the current electrical system which had failed the most recent fixed electrical test. This work to the value of £371,000.00 was carried out in house through Corporate Building and Property Services.
- 14.10A contingency of £107,000.00 was also allowed in the cost plan for the temporary facilities.

15.0 Business Case Development

- 15.1 The summary of the business case development timetable is below.

Date / Year	Process
2010	Original proposal – Complete new build - circa £6.5million
2011	A partial redevelopment proposed circa £3million due to revised WG criteria, affordability , planning conservation constraints
2013	WG approved acceleration of project subject to business case approvals. As the economic case was not robust for partial re-build the preferred strategy was to revert to the entire new build option.
2013	Strategic Outline Case (SOC) approved – circa £6.9million
2014	WG approved the demolition of buildings with conservation area status
2014	Outline Business Case (OBC) approved – circa £8.05million Increase in costs due to slightly amended footprint and a rise in inflation since 2010
2015	Final Business Case (FBC) approved - value £9.79million Increase included inclusion of temporary accommodation

16.0 New build cost per pupil comparison

- 16.1 The cost per pupil in the table below is based on capacity plus nursery for primary schools, and compares favourably with other recent projects. The

projects costs per pupil are also scrutinised and compared nationally by Welsh Government as part of the business case approvals process.

Project Title	Contract Award Year	Total Project Value £	Temporary Facilities £	Number of Pupils	Total Cost Per Pupil
Burlais Primary School	2013	£8,250,000	£0	600	£13,750.00
Gowerton Primary School	2014	£6,805,000	£0	360	£18,902.78
Gorseinon Primary School	2015	£6,080,000	£0	360	£16,888.89
Morrison Comprehensive	2011	£21,985,659	£0	1295	£16,977.34
Lonlas Including temporary facilities	2015	£8,567,670	£1,228,000	600	£16,326.12
Lonlas excluding temporary facilities	2015	£8,567,670		600	£14,279.45
Lonlas excluding demolition and temporary facilities	2015	£8,270,670		600	£13,784.45

16.2 The costs for the development of YGG Lôn Las include demolition costs of £297,000.00; this is not the case for the other primary projects.

17.0 Stakeholder Engagement – Key Dates

Date	Key Stakeholders	Form of Communication
2007-2011	Extensive stakeholder engagement - QEd 2020 Programme/SOP/Band A	Appreciative enquiry sessions /Cabinet Reports
18/19 Sept 2013	Public Engagement Sessions	Drop In Sessions
18 June 2014	Leader and Cabinet Member	Briefing
18 June 2014	Llansamlet Ward Members	Presentation
1 July 2014	Leader	Briefing
1. July 2014	Llansamlet Ward Members	Briefing
16 October 2014	Cabinet Member	QEd Steering Group Meeting
2 November 2014	Cabinet Member	Delegated Powers Report
7 January 2015	Leader, Cabinet Member, Llansamlet and Bonymaen Ward Members	Meeting
8 January 2015	YGG Lonlas and Y Cwm Parents	Letters
15 January 2015	Cabinet Member	QEd Steering Group Meeting
4 February 2015	Llansamlet Ward Members	Meeting

18 March 2015	YGG Lonlas and y Cwm Parents	Letters
16 April 2015	Cabinet Member	QEd Steering Group Meeting
9 July 2015	Llansamlet Ward Members	Presentation Cancelled on request
9 July 2015	Parents / Llansamlet and Bonymaen Ward Members/ AM	Letters/Email
14 July 2015	Cabinet Member	Meeting
22 July 2015	Cabinet Members	Informal Cabinet
3 August 2015	Welsh Government	21 st Century Programme Review Meeting
6 August 2015	Executive Board/Cabinet Member Briefing	Corporate Briefing Report Report Deferred
3 September 2015	Executive Board/Cabinet Member Briefing	Corporate Briefing
17 September 2015	Cabinet Members	Cabinet Report
4 December 2015	Bonymaen Ward Members	Meeting
18 December 2015	Bonymaen Ward Members	Meeting

18.0 Equality and Engagement Implications

- 18.1 A full Equality Impact Assessment (EIA) has been carried out and has shown this project will have a positive impact on;
- 18.2 Age – YGG Lonlas is a 3-11 school. This project will have a very positive impact on the Education of all 3-11 year olds who attend the school in the future and will benefit from the enhanced facilities.
- 18.3 Disability – The design, delivery and implementation of this project has taken full consideration of the social model of disability, which recognises that people are disabled by the barriers of society (e.g. physical, environmental, organisational, and attitudinal, communication, etc.) rather than by any physical condition. The design of the new buildings and the running of the school in the future will ensure that ALL the pupils and staff can make the most of their new environment.
- 18.4 Welsh Language – All public signage within the school will be bilingual.
- 18.5 The EIA report will continue to be developed and added to as the project progresses.

19.0 Financial Implications

- 19.1 The increased costs for the project which are explained in the body of the report have been managed within the overall funding envelope of

£51million, and are reflected in the programme funding matrix. The value of the project approved by Cabinet (and Welsh Government) is £9,795,670.00.

- 19.2 Provision of a specific feasibility budget and staffing capacity to facilitate future business case development prior to Strategic Outline Programme submission would require further consideration corporately to identify the appropriate level of resources.

20.0 Conclusions

- 20.1 The development of the business case for the new build for YGG Lôn Las has taken place over a five year period commencing with the approval of the Strategic Outline Programme in 2010.
- 20.2 The process resulted in the scope of the project changing twice from complete rebuild, to partial rebuild to the final approved scope complete rebuild. These changes reflected the effective review of the economic case for the project in conjunction with subject matter experts and Welsh Government colleagues.
- 20.3 Both the new build and temporary arrangements were subject to economic appraisals, which were approved at all stages of the business case process by Welsh Government.
- 20.4 The two areas of apparent slippage were programme and cost.
- 20.5 The protracted business case development process which this project dictated, resulted in the slippage of the project beyond the parameters originally provided in the spend profile agreed with Welsh Government and contained in the 21st Century Schools financial matrix.
- 20.6 The changes in the cost plan since SOP/SOC stage could be attributed to a number of factors;
- Out of date estimates.
 - Cost plans not including all costs that were ultimately incurred.
 - Changes in project intelligence not accompanied by adequate contingencies or the application of optimism bias (OB) at a sufficiently early stage.
- 20.7 Despite this however, the project has been managed within the parameters of the programme envelope, both in terms of time and cost.
- 20.8 The remaining projects within the programme which are at different stages of progress are summarised in the table below. Lessons have already been learned and are being implemented in the delivery of these outstanding projects.

School Name	Type of scheme	Total Cost	Cost per pupil	Stage
Pentre'r Graig	Curriculum led remodelling plus link extension	£2,724,000	£7,567	Cost certainty achieved and on site. (Total cost includes optimism bias)
Gorseinon	New build	£6,080,000	£16,883.	On hold due to Village Green Application
Pentrehafod	Remodelling, refurbishment and extension	£12,570,000	£12,570. (excluding STF pupils as not in scope)	Design stage. (Total cost includes optimism bias)
Gwyr	Remodelling and refurbishment of former Gowerton infant buildings and Gwyr reception area	£1,350,000	Not applicable as refurbishment only affects small part of the school	Cost certainty achieved. Pending WG contract. (Total cost includes optimism bias)

20.9 For future programmes, possible strategies to improve the robustness of the individual components of the programme could include;

- Establishing a more robust case for the preferred way forward for each project prior to the submission of the SOP. This may involve for example increasing project intelligence by for example the appropriate the commissioning of detailed site investigations.
- Reviewing the means of cost planning at SOP development stage, ensuring that all costs are accounted for and adequate contingency/ optimism bias allowances are made. This point has in reality already been addressed as more robust cost planning has already been implemented and optimism bias applied appropriately.

20.10 WG advise that capital expenditure can include any architects and surveyors fees where they lead to the acquisition or the construction of a building, and they will therefore consider professional fees from RIBA Stage 2 onwards (architects design fees etc.) to be capital if the appropriate business case is approved and the asset is created/built. However, where the fees are incurred in the very early stages of a capital programme, relating to the inception and strategic briefing stages (RIBA Stages 1-2), they will be deemed revenue activities.

- 20.11 This will require, provision of an adequate budget and appropriate resource to facilitate business case development at risk and prior to SOP submission.
- 20.12 Whilst the YGG Lôn Las was not affected by school organisation proposals eg closures and amalgamations, it is important to continue to ensure that all such proposals are completed where possible prior to SOP submission to ensure that proposals are deliverable and within the proposed timescales. (Such proposals can take 18 months).

Background Papers:

- Report to Cabinet Member for Education, the Director of People, Head of Financial Services and the Head of Legal and Democratic Services and Procurement
- Delegated Powers Report, November 2014, pre-construction design project and contract approval.
- Report of the Cabinet Member for Education , Cabinet – 17 September 2013, 21st Century Schools Programme, authorisation to submit planning application
- Report of the Cabinet Member for Education, Cabinet - 17 September 2015, 21st Century Schools Programme, Capital Programme authorisation for the new build for YGG Lôn Las.
- Revenue and Capital Budget approved by Council 10th February 2015. City and County of Swansea Unitary Development Plan adopted November 2008.

Appendices: Current QEd Programme Board and QEd Delivery Group together with Terms of Reference(Annex 2)