

Developing a full Business Case for a new 280-place primary school in rural Wales

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Executive Summary

In Wales, the 21C Schools Programme required all local authorities to have developed Programme Business Cases for school infrastructure, identifying their priority projects. This business case sets out the argument for a new designated Welsh-medium primary school in rural Wales – the local authority’s priority project within the 21C Schools Programme - to meet the growing demand for primary Welsh-medium education in the region.

For eligible schools identified as priorities in the 21C Schools Programme, the Welsh Government provided 50% of the capital funding required to deliver those schools - with the local authority providing the other 50%. This meant that the Welsh Government (WG) scrutinised business cases at all stages of development and formally approved spending decisions on new schools infrastructure in Wales.

A Strategic Outline Case (SOC) was approved in March 2014 by the Welsh Government. This provided agreement to the direction of travel and a formal mandate to proceed with development of a joint Outline Business Case (OBC)/Full Business Case (FBC). Combining the OBC/FBC was agreed to be a suitable approach with the approving authority, as in this case, the scheme would be delivered through a pre-existing framework contract so a much simplified procurement process could be applied.

Thus FBC secured 50% of the funding for the new school from the Welsh Government (the other 50% being funded by local authority).

Introduction

Each local authority in Wales had set out a high level programme of educational infrastructure investments to address the problem of life expired school buildings that were not fit for purpose. This programme set out the priorities and critical path for investment for each local authority and has enabled high level plans to be agreed between local authorities and the Welsh Government (which provides 50% of the funding and therefore acts as an approval authority).

This case study outlines the journey of a local authority’s priority project through SOC – OBC and FBC. There were a number of key drivers for change and reasons for this scheme being a priority, primarily:

- The existing provision was failing with a significant backlog of maintenance, which had reached a point where the cost of adequate repair was such that major capital works were required to bring the building back up to standard.
- The service demand was outstripping the ability to deliver service – in this case in relation to education through the medium of the Welsh language.
- School running costs were high due to it being at capacity with demand over and above this being provided by transporting pupils to the next nearest Welsh medium schools with capacity (10+ miles away).
- The need for appropriate Early Years facilities (currently provided in portacabins) and enhanced community facilities.

The Welsh Government mandated that to access the 50% grant funding it offered, local authorities had to use the Better Business Case approach to develop their schemes at programme level – to determine priorities and ensure appropriate prioritization and allocation of resources at a macro level and at project level – to demonstrate value for money.

Aside from the BBC approach being mandated, it afforded local authorities the opportunity to consider in detail the drivers for invested and identify specific spending objectives; options to deliver those objectives and practical actions to deliver the schemes.

Aims and Objectives

The local authority was seeking to develop a strategic and robust proposal for a new education facility that would address current and future service demand for Welsh medium education. The SMART¹ spending objectives agreed for the project were as follows:

1. To ensure there are sufficient Welsh medium primary school places to meet the projected demand in the catchment area.
2. To deliver Welsh-medium education in buildings that met the aspirations of the authority's 21C Schools Strategic Outline Programme.
3. To ensure the highest quality teaching and learning of Welsh-medium primary education in the catchment area, by 2015.
4. To ensure that Welsh-medium primary education in the catchment is delivered in a way that is cost-effective and minimizes resources, reducing the per capita cost of education provision by 10% by 2016.
5. To increase the number of pupils accessing primary Welsh-medium education provision in the catchment area by 20% by 2016.

1 Specific, Measurable, Achievable, Realistic, Timely

Benefits

The successful delivery of this scheme brought significant benefits to:

- **Pupils** – learning opportunities were enhanced through an improved building and facilities and more children now have access to high quality Welsh medium education.
- **The community** – benefits from enhanced community facilities/space. The investment enabled increased community use of the buildings – very significant in a deep rural environment where appropriate community spaces are often lacking.
- **The local authority** – which realized running cost savings from more energy efficient premises and reduced transportation costs.
- **Teachers** – who enjoy a more suitable working environment and increased job satisfaction.

Goals

The benefits of the scheme were identified and recorded in the benefits register, which clearly identified specific owners for each benefit and when the benefits were likely to occur. In any scheme, benefits can be categorised into short-term and longer-term depending on when they are expected to come on stream.

Short term outcomes

The short term benefits of this scheme included the immediate improvement to the educational infrastructure and opportunity to deliver a step change in the quality of service provision, as well as the immediate revenue savings made by the authority (reduced running costs mainly attributable to reduced need to transport pupils to other parts of the country for Welsh language provision).

Longer term outcomes

Longer term benefits of the scheme included the broader societal benefits such as improved educational outcomes and increased community cohesion.

Detailed plans were put in place to deliver and monitor these benefits alongside management of the associated risks for the scheme.

Ultimately, the success of the scheme will be measured by considering how well the Spending Objectives have been met at key points in time. This will be done using a Post Evaluation Review or a Gateway 5 Review (Benefits Realization) and is aided by the fact that the objectives are phrased in SMART terms.

Challenges

The most significant challenge faced in developing this proposal was garnering agreement between key stakeholders, who held the key to making the scheme successful.

In developing the SOC, the options framework was used to construct a long-list of options and determine a short list. This considered options for the scope (what); service solution (how); service delivery (who); implementation (when) and funding for the scheme and included consideration of the size and services to be provided and physical location of the school. This required extensive consultation with key stakeholders by the project team, including the school's management (Head teacher); pupils and community; local councillors and the council's administration; the Welsh Government and the local planning authority. This was a key challenge that took time to complete through a series of consultations and workshops before arriving at a short list of options and preferred way forward acceptable to all key stakeholders.

Solutions

This was overcome by appointing a suitably experienced project manager with appropriate seniority and experience to manage the complex communications to a wide range of stakeholders at a variety of levels. This person was able to 'hold the ring' on all aspects of the scheme and ensure its development remained on track at all times.

Lessons learnt

The authority recognized on completion of the scheme that optimism bias on delivery timescales is significant and it is easy to underestimate the degree of engagement and resource required from internal and external stakeholders to deliver a robust business case. Whilst this has not negatively impacted on this scheme, it has enabled the authority to build in contingency into timescales for future schemes.

Tips and advice

What advice would the organization give to others going through a similar process?

1. Ensure you have sufficient competence and skills in the project team to successfully manage the development and delivery of the proposal. Identify the skills required up front and make plans to ensure they are available as required as the scheme develops.
2. Build in contingency time for stakeholder consultation and approvals processes – they usually take longer than expected.
3. Tee up professional input at an early stage, for example, where detailed costings are required for the economic and financial analysis, make sure the requirements are understood early on in the process (preferably as soon as the short list is agreed) because developing cost models for the short listed options can take significant effort and iteration/agreement between officials.

Communication with internal and external stakeholders is key. It is vital they are kept informed about progress of the scheme. Their involvement/communication with the approval authority during development/assessment of the business case must also be managed with care.

About Better Business Cases

The fundamentals of the BBC approach are straightforward and easy to apply, addressing 5 key questions:-

- What is the strategic fit and need for investment?
- What options have been considered to achieve a solution?
- Can a deal be done with delivery partners?
- Is the scheme affordable?
- Can we successfully manage delivery?

BBC guides organizations to consider these elements in a structured, systematic way and focuses on key questions that are often difficult to answer, but essential to the successful delivery of a scheme. These include being clear about spending objectives (the OUTCOMES it intends to achieve); a thorough consideration of a wide range of options, which helps objectively consider the pros and cons of different approaches and enable a considered solution to be developed and setting out clear delivery arrangements.

Proportionality is key in the application of BBC. For small scale, straightforward investments (e.g. a new building <£5m with procurement off a suitable framework), addressing these questions should be relatively easy and require minimal specialist input.

As schemes increase in complexity, provision of evidence will need to increasingly rely on multi-disciplinary advice and specialist support to demonstrate a robust and proportionate case.

Organizations which do not use the BBC approach will not benefit from the systematic consideration of key issues and the efficiencies to be gained from a common language provided by the standard and mandated by UK approval authorities (including HM Treasury and the Welsh Government), so aside from being mandatory for many public sector spending proposals, it is also best practice and will produce better results.

Whilst the BBC approach is primarily used in the public sector, where Accounting Officers are formally required to demonstrate value for money from their spending and compliance with detailed public procurement regulations; the tools it provides and the systematic approach to development of schemes is completely transferrable to the private sector. Some organizations may find the approach particularly useful in prioritizing and delivering their investments.

CONCLUSION

A Full Business Case has now been formally approved and funding secured for a new 280 place Welsh medium primary school in rural Wales.

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