



# Full Business Case

<b>Project Name</b>	Easthouses Primary School		
<b>Author</b>		<b>Date</b>	15/06/22
<b>Sponsoring Service</b>	People and Partnerships	<b>Version</b>	C

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## 1. Introduction and Project Overview

A new Easthouses Primary School is planned to be built on the site of the old Newbattle High School. A historic proposed design had previously gained Planning Consent, however this was then deemed unsuitable for development, primarily due to operational and environmental targets/objectives not being met. The new Project has been redesigned to comprehensively address these matters, while retaining valuable design and engagement intelligence from the original scheme to ensure maximum programme and cost efficiencies are captured. This full business case seeks a decision to proceed to procure the full project.



## 2. Executive Summary

Provide a clear, concise summary of the key features of the business case, briefly describing what the project will deliver, any key decisions associated with it, the expected costs and the funding position (showing any budgets already identified/ expected and the ask of Capital). Include an outline of the benefits, and any dis-benefits, what risks and assumptions are associated with the project, and summarise planned or agreed dates and time constraints. Indicate who the project sponsor is and how the project will be owned and governed and what form the project board will take.

To design a master-planned solution for the new Easthouses Primary School that can accommodate 459 children, an enhanced nurture provision with 16 places, to support children with social, emotional or behaviour needs, and 80 pre-school places as set out in the Schedule of Accommodation. Having designed and tendered a previous scheme, it was felt that there were significant areas that were inadequate for operational use, and that an exercise to redesign the building was necessary using a place-principle approach. It also assesses the design in line with the Single Midlothian Plan's requirements and outcomes.



Whilst Easthouses Primary School is not funded by the Learning Estate Investment Programme (LEIP), the principles of delivering low energy, low carbon facilities are high on the agenda for local authorities across the country and thus is now considered a key component of the brief for this project to help Midlothian Council achieve its target of being operationally Net Zero by 2030. Provision to connect with any future district heating networks developed in the area have been made, and both building energy efficiency and construction embodied carbon (lifecycle carbon cost) are prioritised.

The design brief was appraised based on high quality operational and energy performance parameters through space efficient and optimised ground conditions configuration and critical programme timescales – 2024 turn-key delivery in line with Autumn term dates.

The site was previously the location of Newbattle High School, which was demolished in 2016. Platformed areas remain, which provide existing level areas for the building location.



The following Project Team are in place to deliver the development, with HubSE undertaking the procurement as a Strategic Partner to Midlothian Council.

Tier 1 Contractor:	<b>Morrison Construction</b>			
Tier 1 Designers:	<b>JM Architects (Architect)</b>	<b>RYBKA (M&amp;E)</b>	<b>Goodson (C&amp;S)</b>	<b>Rankin Fraser (Landscape Architect)</b>
Hub Advisors:	<b>Thomas &amp; Adamson (PDM)</b>	<b>Thomas &amp; Adamson (Cost Advisor)</b>	<b>Thomas &amp; Adamson (Principal Designer)</b>	

The full project cost has been calculated, including risk allowances for market volatility and construction contingencies, at £21.59M.

Roles and governance are identified below:

<b>Project Sponsor</b>	People and Partnerships
<b>Project Manager</b>	Ross Morrison – MLC, Senior Project Manager
<b>Other Project Roles</b>	James Palmer – HubSE, Project Director

### 3. Strategic Fit

This project is strongly aligned to the Single Midlothian Plan. It responds to the plan's 4 key objectives in the following way.

- **Reduce education inequality:** the school will provide a high quality learning environment and creating opportunities for pupils to learn in a nurturing and secure space
- **Reduce economic inequality:** through provision of high quality learning environment in a location that is more accessible to more pupils, it is anticipated that there will be a positive impact on engagement and attainment, which will drive community and economic benefits.
- **Reduce health inequality:** A school developed to a high energy standard, which will be a healthy environment for pupils to learn. The school will need to be accessible by public and active transport routes, utilising green infrastructure, to ensure the pupils have the opportunity to develop healthy and sustainable travel habits;
- **Achieve net zero carbon by 2030:** The replacement school will be built to a high energy standard and will be situated closer to the majority of its catchment pupils, making it more accessible by walking and cycling. This will result in a decreased carbon footprint for the operation of the school.

### 4. Business Aims, Needs & Constraints

Provide an overview of the sponsoring organisation and explain how the project supports the existing policies and strategies, and how it will assist in achieving the business goals, aims and business plans of the organisation. Include any relevant information about the current business situation, such as the organisational structures, business model, buildings, processes, teams and technology currently in place.

A new Easthouses Primary School is identified in the Council's Learning Estate Strategy, which was approved by Council in 2017. A new two stream school is required to provide places for 459 children, an enhanced nurture provision with 16 places, to support children with social, emotional or behaviour needs, and 80 pre-school places to provide for the current and expanding Easthouses catchment area.

Further to the established case, the project objectives will incorporated the following requirements:-

- Deliver educational benefits and requirements identified by the Partnership and People directorate;
- Provide wider Additional Support Need (ASN) provision across Midlothian;

Meet the Council's Net Zero aspirations and the Climate Emergency Declaration requirements.

Describe the purpose of the project, why it is needed, establishing a compelling case for change based on business needs, e.g. demand for services, deficiencies in existing provision, delivery of asset plans and development of the capital investment strategy. Where are we now and where do we need to get to.

A tender for Easthouses Primary School was issued to contractors on the 17th January 2020. The tender return date was 6th of April which fell within the COVID-19 lockdown period. After consultation with bidders it was agreed that the tender should proceed but bidders were asked to allow within their price for the bid being held open until the 30th of September 2020 but this has now lapsed.

A decision was taken not to proceed with the tender due to COVID-19. Given the delay incurred due to COVID-19, it became clear that the school would not be delivered by the original August 2022 target date. On instruction from the client, it was agreed that the design team review the school designs to address areas of concern outlined below.

- Early Years spaces & access to outdoor play space
- Community nursery provision
- Additional Support Needs provision, with dedicated secure outdoor space.
- Dining Room is on the upper level with no direct access for pupils to the playground, classes for P1-3 are on the lower level, so younger children would have to walk through the school & upstairs to get to lunch and go through the reverse to go outside to play.
- Access to playground areas directly from classes is limited as the main playground is situated at the end of the school building
- The layout shows limited/inadequate provision for smaller nurture spaces
- From the main entrance to the school one must cross the library/general purpose space and dining area to reach the classrooms, so these spaces double as corridors.
- The offices of Head Teacher and Deputies are located by the main entrance rather than close to the classrooms. In most of our schools these offices have been moved into more central positions.

Following the review, the client requested that a further options appraisal was undertaken to consider the project's scope and deliverables. An independent design team was appointed using Hub South East (HubSE) framework to begin work with the Client to undertake the design development, prepare the concept design, cost plan and subsequent work programme. The purpose of the review was to determine the best option to deliver the Client's educational requirements. It assessed the design in line with the Single Midlothian Plan's requirements and outcomes and the client's objectives and presented the associated implications from each option relating to education outcomes, programme impacts and costs.

The review identified a series of themes relating to the previous design from the perspective of operational (practical issues that impact the educational experience), construction (cost/buildability/engineering) or architectural (design best practice) considerations. This review identified a total of 43 observations that need to be addressed for the design to comply with the project business goals, strategic aims and business plans. These range from fundamental operational matters, such as inadequate ASN provision, to specific design observations, such as the dining space being

<p>inadequate in terms of shape and location. Additionally, the design was not developed with current energy targets in mind, and thus would fall significantly short of the requirements of current schools being designed and constructed to LEIP standards.</p> <p>The design brief was appraised based on tight budgetary parameters through space efficient and optimised ground conditions configuration and critical programme timescales – 2023/2024 delivery.</p>
<p>Identify any constraints, e.g. timing issues, legal requirements, professional standards, planning constraints. What assumptions have been made, and any linkages and interdependencies with other programmes and projects should be explained, especially where the proposed project is intended to contribute to shared outcomes across multiple services.</p>
<p>The following constraints and conditions are identified as part of the outlined business case:-</p> <ul style="list-style-type: none"> <li>• The Project is programme critical, and an opening date of Aug 2024 is currently identified;</li> <li>• Planning – the Project requires a new Planning Application, although falls within the existing PAN. Prioritisation of the determination timescale is critical;</li> <li>• As the site is located adjacent to the new Newbattle Community Campus and close to the live Mayfield Campus, the local community will have a sensitive relationship to the Project and their linkages, and significantly impacted by the collective outcomes;</li> </ul> <p>The site is also located adjacent to a live affordable housing site, with design/access coordination to be managed.</p>
<p>State what impact the project will have on business as usual, e.g. temporarily reduce capacity or divert resources.</p>
<p>No anticipated impact on “business as usual” due to the proposed school delivering additional capacity in line with the learning estates requirements.</p>

<p><b>5. Objectives</b></p>
<p>A new Easthouses Primary School is identified in the Council's Learning Estate Strategy, which was approved by Council in 2017. A new two stream school is required to provide places for 459 children, an enhanced nurture provision with 16 places, to support children with social, emotional or behaviour needs, and 80 pre-school places.</p> <p>Further to the established case, the project objectives will incorporated the following requirements:-</p> <ul style="list-style-type: none"> <li>• Deliver educational benefits and requirements identified by the Partnership and People directorate;</li> <li>• Provide wider Additional Support Need (ASN) provision across Midlothian;</li> <li>• Meet the Council’s Net Zero aspirations and the Climate Emergency Declaration requirements.</li> </ul>

<b>6. Scope</b>
<p>The new Easthouses Primary School is required to deliver on the key outcomes of the Learning Estate Strategy but also the Single Midlothian Plan in relation to:-</p> <ul style="list-style-type: none"> <li>• Reduce education inequality: the school will provide a high quality learning environment and creating opportunities for pupils to learn in a nurturing and secure space</li> <li>• Reduce economic inequality: through provision of high quality learning environment in a location that is more accessible to more pupils, it is anticipated that there will be a positive impact on engagement and attainment, which will drive community and economic benefits.</li> <li>• Reduce health inequality: A school developed to a high energy standard, which will be a healthy environment for pupils to learn. The school will need to be accessible by public and active transport routes, utilising green infrastructure, to ensure the pupils have the opportunity to develop healthy and sustainable travel habits;</li> <li>• Achieve net zero carbon by 2030: The replacement school will be built to a high energy standard and will be situated closer to the majority of its catchment pupils, making it more accessible by walking and cycling. This will result in a decreased carbon footprint for the operation of the school.</li> </ul>

<b>6.1 Out of Scope</b>
<p>List any notable exclusions, those areas that may be viewed as associated with the project or the affected business area, but which are excluded from the scope of the project.</p>
<ul style="list-style-type: none"> <li>• Dedicated community provision, although evening and weekend lets will be available along with community access to the muga pitch.</li> </ul>

**7. Options Appraisal**

<b>7.1 Option 1 – Do Nothing / Do Minimum</b>	
<b>Description</b>	Not an option as MLC have statutory requirements to provide capacity for anticipated pupil rolls.
<b>Expected Costs</b>	N/A
<b>Expected Benefits</b>	N/A
<b>Risks Specific to this Option</b>	N/A
<b>Advantages &amp; Disadvantages</b>	N/A
<b>Viability</b>	N/A

<b>Other Points</b>	N/A
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<b>7.2 Option 2 – Retender Previous Scheme</b>	
<b>Description</b>	Retender / Proceed with historic consented scheme design despite identified concerns not being addressed. Programme and costs minimised. Completion potential Q4 2023.
<b>Expected Costs</b>	£16,630,000 + (priced as at Q4 2021) adjusted for inflation costs or market influences on the original contract price tendered in 2019/20.
<b>Expected Benefits</b>	This option will provide a new school facility to support the area’s basic building facility needs, although without fulfilling many of the priority educational requirements adequately. The design is not aligned to the identified strategic drivers for the project in relation to reducing education inequalities; reducing economic inequalities; reducing health inequalities; or contribute to the Council’s journey to being net zero carbon by 2030.
<b>Risks Specific to this Option</b>	Given that the tender submissions have lapsed, the project will be required to be retendered.
<b>Advantages &amp; Disadvantages</b>	Advantages of this option may be a shortened programme due to omission of planning determination and reduced cost. Disadvantages are that the designs have been deemed unfit for purpose, without addressing Midlothian Council’s key objectives and educational functionality requirements.
<b>Viability</b>	We deem this option unviable for the reasons outlined.
<b>Other Points</b>	

<b>7.3 Option 3 – Develop New Proposed Project</b>	
<b>Description</b>	Procure the redeveloped scheme from first principles, with full stakeholder engagement. Completion Q3 2024.
<b>Expected Costs</b>	Estimate/Detail the costs involved with implementing this option, including whole life costing where appropriate. A full breakdown of estimated Capital and Revenue costs to be shown – full life cycle costings.  £21,590,000 – this reflects the additional design requirements, inclusion of energy target enhancements and revised building inflation implications.
<b>Expected Benefits</b>	Design appraisal and updated plans have identified several potential cost benefits from the repositioning/redesign of the site and buildings; these relate to removing the ‘split level’ within the building and the omission of the related retaining walls and tanking/waterproofing. These benefits are offset by changes to the building’s shape and form which have resulted from the various operational comments being

	<p>incorporated into the design. This has resulted in an increase in the wall-to-floor ratio and the ground slab (and therefore substructure) area.</p> <p>The energy standards enhancements and numerous learning experience benefits through the redesigned facility provide significant contributions to Health and Wellbeing, Inclusive Growth and Net Zero 2030 objectives.</p>								
<b>Risks Specific to this Option</b>	<p>Programme and cost – the current market conditions are unprecedented, and contractors are experiencing increases in both cost and timescales from supply chains. Pricing caps and programme buy-in will be agreed as part of the pre-tender engagement.</p> <p>As Easthouses and Mayfield Primary Schools are proceeding concurrently, the quality of the design and building/outdoor learning environments must be consistently excellent and aligned to ensure an equitable community facility provision.</p>								
<b>Advantages &amp; Disadvantages</b>	<p>Timescales and costs for this option are extended from previous scheme budget assumptions.</p> <p>The redeveloped project will provide Easthouses, as one of Midlothian’s most deprived catchments, with a school that is excellent, both in terms of educational functionality and architectural quality, at a cost and timescale that has been thoroughly assessed and controlled to secure best value outcomes.</p>								
<b>Viability</b>	We deem this option viable for the reasons outlined above.								
<b>Other Points</b>	<p>Headline programme milestones;</p> <table> <tr> <td>Commencement</td> <td>January 2022</td> </tr> <tr> <td>Hub Stage 1</td> <td>May 2022</td> </tr> <tr> <td>Hub Stage 2</td> <td>January 2023</td> </tr> <tr> <td>Construction</td> <td>June 2024</td> </tr> </table>	Commencement	January 2022	Hub Stage 1	May 2022	Hub Stage 2	January 2023	Construction	June 2024
Commencement	January 2022								
Hub Stage 1	May 2022								
Hub Stage 2	January 2023								
Construction	June 2024								
<b>Description</b>	Addressing the short comings of the original design, this option will target all issues raised by the client and will deliver a new school that fits Education’s needs.								

## 7.4 Scoring of Options Against Objectives

Use the table below to score options against the objectives in order to create a shortlist of options to be considered.

Objectives	Options Scoring Against Objectives							
	1	2	3	4	5	6	7	8
Objective (from Section 3)								
Reduce education inequality	1	1	3					
Reduce economic inequality	1	2	2					
Reduce health inequality	1	2	2					
Achieve net zero carbon by 2030	-1	0	2					
<b>Total</b>	2	5	9					
(Press F9 on each total to add the numbers in the column)								
<b>Ranking</b>								

### Scoring

Fully Delivers = 3

Mostly Delivers = 2

Delivers to a Limited Extent = 1

Does not Deliver = 0

Will have a negative impact on objective = -1

## 7.5 Recommendation

Using evidence based on the options appraisal and the objectives scoring, clearly articulate the recommended option, showing the best fit against the project's stated objectives, and balancing cost, benefits and risk. The recommendation should not be made on objectives scoring alone but the table can be used to eliminate those options that score poorly as a first stage, with the second stage being a more detailed analysis of the remaining options. Bear in mind:

- Investment Appraisal
- Assumptions
- Constraints
- Dependencies

Design appraisal and updated plans have identified several potential cost benefits from the repositioning/redesign of the site and buildings.

These benefits are offset by changes to the building's shape and form which have resulted from the various operational comments being incorporated into the design. This has resulted in an increase in the wall-to-floor ratio and the ground slab (and therefore substructure) area.

The energy standards enhancements and numerous learning experience benefits through the redesigned facility provide significant contributions to Health and Wellbeing, Inclusive Growth and Net Zero 2030 objectives.

The redesign to maximise energy efficiency will provide lower energy costs, increased natural light and better air quality, providing improved health and wellbeing for all end users of the building.

The school will be delivered with the latest technologies supporting pupils, staff and support services while delivering modern solutions to individual needs.

Enhanced construction techniques will seek to minimise ongoing maintenance cost through the delivery of quality materials, finishes and MEP installations.

## 8. Benefits

Identify the key benefits the project will deliver.

All benefits need to be measurable, realistic and have a baseline or comparable starting point. These benefits will be monitored during and after the project close to gauge project success and value for money. If a benefit is more subjective, then that should be supported by, for example, staff or customer surveys taken **before and after** the project.

Give an idea of the total financial benefits, if these exist.

List any dis-benefits where appropriate, e.g. the loss of a disposal receipt where it is proposed to utilise a surplus building instead of selling it.

### 8.1 Customer Benefits

Benefit	Measures	Source	Baseline	Expected Benefit	Expected Date	Measure Frequency
Improved educational attainment.	Long term improvement on educational attainment through access to new technologies and better learning environments.					
	Provision of dedicated tutorial rooms for small group/one-to-one teaching spaces.					
	Dedicated ASN provision will help support pupils in attaining better outcomes at school while helping to address issues in the wider social environments.					
Improved health and wellbeing	Long term improvements gained through detailed, considered designs and MEP strategies improving on daylight, air quality and access to outdoor spaces.					
	Provision of new outdoor spaces including, muga pitch, ASN					

	gardens, social areas and wild gardens.					
	Provision of dedicated spaces and equipment to support active school travel.					

8.2 Staff Benefits						
Benefit	Measures	Source	Baseline	Expected Benefit	Expected Date	Measure Frequency
Improved health and wellbeing through working in modern healthy work environments.	Better air quality.					
	Increased natural lighting.					
	Less stress and more productivity.					
Access to modern technologies.	Improved productivity.					
	Improved teaching outcomes.					
	Improved teaching experience.					
Maintenance	Safer access to maintenance plant through detailed design and consideration.					
	Improved maintenance schedules through specification of "intelligent M&E technologies"					

8.3 Resources Benefits (financial)							
Benefit	Measures	Source	Capital or Revenue?	Baseline (£'000)	Saving (£'000)	Expected Date	Measure Frequency
Building Energy Efficiencies	Reduced operating costs.						
	Reduced energy consumption.						
	Improvement on building efficiencies.						
Enhanced Construction Techniques	Reduced maintenance costs.						

	Reduced call-out service charges.						

## 9. Costs

The original project cost of £18,616,000 presented to council in the OBC, January 2021 were based on SFT metrics, these do not reflect current market conditions or the excessive inflationary uplifts we are now experiencing. SFT have recognised the issues facing the industry however the schedule to review these metrics do not align with the project programme.

In response, costs for the project have been managed and presented through the HubSE cost consultants, Thomas & Adamson. Due to the stage the designs and Tier 1 Contractor partnership status have reached, it has been possible to 'market test' the majority of the key packages through the supply chain, particularly where the market is experiencing unprecedented volatility in materials supply costs and sub-contractor availability.

There has been an extensive 'value management' exercise undertaken in collaboration with the preferred Tier 1 Contractor in order to reduce the project budget in line with the following breakdown. Due to the design & build procurement route, the Tier 1 contractor retains a risk allowance to manage design development and construction through the project, as is standard for this contractual structure. Hub SE have committed to reducing their development management fee to reflect the pre-Christmas Outline Business Plan budget, and additionally the Design Team's fees will be based on previous levels rather than reflecting additional market volatility uplifts. There will be a continuation of the design development and value management process throughout the remaining pre-Contract period, through which we anticipate further project savings being captured prior to financial close:

Description	£
Facilitating works	200,000
Substructure	1,169,415
Superstructure	7,092,430
Internal finishes	1,055,855
Fittings, furnishings and equipment	872,200
Services	3,870,875
Complete buildings and building units	0
Work to existing buildings	0
External works	2,263,219
<b>Building works sub total</b>	<b>16,523,994</b>
<b>Inflation as per BCIS indices</b>	<b>874,529</b>

Main contractor's preliminaries	1,567,855
Design & Build management risk	474,159
Main contractor's design fees	789,019
Main contractor's overheads and profit	987,770
<b>Building works total</b>	<b>21,217,327</b>
Project / design team fees	848,642
Other development / project costs	373,867
Client direct costs	410,000
Risks – provisional sum for Safe Routes to School	150,000
Risks – construction	0
<b>Cost limit (excluding VAT)</b>	<b>£22,849,835</b>
<b>Deduction for proposed VE (10/06/2022)</b>	<b>-£1,316,871</b>
<b>Deduction for proposed HubSE discount</b>	<b>-£46,000</b>
<b>Deduction for proposed Design Team discount</b>	<b>-£50,000</b>
<b>Revised Cost Limit (excluding VAT)</b>	<b>£21,586,964</b>
<b>Rounded – Proposed Affordability Cap</b>	<b>£21,590,000</b>
Previous project design/planning costs	457,319
<b>Total Budget</b>	<b>£22,044,000</b>

The total capital costs of the project, inclusive of professional fees, internal client costs, site infrastructure costs and expenditure to date equates to £21.59 million. Due to historic design and planning costs associated with Easthouses that also need to be accounted for, the budget for the project rises to £22.044m.

The provision of Early Years space is fully funded by the already received Scottish Government Early Years Capital Grant, equating to £3.246 million. In addition, developer contributions of £15.029 million can be applied to fund infrastructure costs relating to the delivery of primary school provision for the project, although it is noted that the receipt of the majority (£10.998 million) of these is due to fall after the completion of the project which will therefore require the Council to borrow to fund capital costs prior to the receipt and application of these developer contribution funds.

<b>Financial Year</b>	<b>2019/20 £000's</b>	<b>2020/21 £000's</b>	<b>2021/22 £000's</b>	<b>2022/23 £000's</b>	<b>2023/24 £000's</b>	<b>2024/25 £000's</b>	<b>2025/26 £000's</b>	<b>Later Yrs £000's</b>	<b>Total £000's</b>
Capital Costs	301	156	112	687	16,382	4,096	310	0	<b>22,044</b>
Early Years Capital Grant	0	-54	-13	-120	-2,446	-612	-46	0	<b>-3,292</b>
Developer Contributions	-220	-102	-79	-512	-1,505	-750	-863	-10,998	<b>-15,029</b>
<b>Net Capital Cost</b>	<b>81</b>	<b>0</b>	<b>20</b>	<b>55</b>	<b>12,430</b>	<b>2,734</b>	<b>-599</b>	<b>-10,998</b>	<b>3,723</b>

The movement in the net capital cost position from the Business Case presented in February 2022 is as follows:-

<b>Item</b>	<b>February 2022 Business Case £000's</b>	<b>June 2022 Business Case £000's</b>	<b>Movement £000's</b>	<b>Note</b>
<b>Capital Cost</b>	<b>18,616</b>	<b>22,044</b>	<b>+3,428</b>	<b>Reflects revised cost plan</b>
Early Years Capital Grant	-2,674	-3,292	-617	Reflects higher rate/m2 for project along with a more detailed calculation of floor space EYCG can be applied to
Developer Contributions	-13,292	-15,029	-1,736	Reflects higher rate/m2 for project and achievement of negotiated rate in line with this for section 75 agreements still to be negotiated
<b>Net Capital Cost</b>	<b>2,649</b>	<b>3,723</b>	<b>+1,074</b>	

Risks inherent in the assumptions above:-

- Delivery of capital expenditure budget within the revised budget of £22.044 million;
- Application of Early Years Grant beyond 2022/23 given current Scottish Government end-date for applying grant of 31/03/2023;
- Developer contributions from sites with signed Section 75's (£2.1 million) and sites that are anticipated to be brought forward / section 75 still to be negotiated (£10.2 million) are realised in line with projections above.

The potential impact on the Council's revenue budget as a direct consequence of the revised/additional capital investment (the Council's Loan Charges) is shown in the table below.

<b>Financial Year</b>	<b>2019/20 £000's</b>	<b>2020/21 £000's</b>	<b>2021/22 £000's</b>	<b>2022/23 £000's</b>	<b>2023/24 £000's</b>	<b>2024/25 £000's</b>	<b>2025/26 £000's</b>	<b>2026/27 £000's</b>	<b>Following receipt of all DC's</b>
Net Capital Costs (from table above)	81	0	20	55	12,430	2,734	-553	-10,998	
<b>Loan Charges</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>2</b>	<b>388</b>	<b>472</b>	<b>562</b>	<b>540</b>	<b>134</b>

10. Key Risks					
Description			Mitigation		
Fully explain any significant risks to the project, especially those which could affect the decision on whether and in what form the project goes ahead. Include a full risk register.			Details of any mitigating action already taken or suggested.		
Project Overview - Risks		Impact	Likelihood	Mitigation	
Financial	Budget: Current £18,616,000 Forecast cost: £22,044m	5	5	Currently reviewing value management options to deliver project for less than current anticipated budget.	
Financial	Future market volatility and inflation pushing cost above anticipated budget. Currently there is no evidence of prices increases levelling out at this stage and as such, there is a risk that prices may rise above the level of inflation indicated within the BCIS indices.	5	3	Integrating inflation into budget in accordance with procurement methodology.  Secure Affordability Cap as soon as possible to transfer risk to contractor / HubSE.	
Operational	Value Engineering results in school that is not adequate for educational or operational requirements and/or has significant defects/snagging issues due to poor quality build.	4	1	Close engagement of client in design development to ensure building is fit for purpose.  Integration of quality assurance into build process through HubSE oversight / client management .	
Delivery	Planning conditions are imposed as part of the consent that results in unaccounted for costs.	3	1	Risk/contingency allowances made within proposed budget to address eventuality.	
Delivery	Delays in delivery past June completion / August hand over	3	1	The Stage 1 programme has been extended to account for the value	

	result from value management process.			management programme currently being undertaken. Education now identifies a site start early 2023 with completion July 2024.
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## 11. Procurement Approach

Hub South East (HubSE) were instructed by Midlothian Council to provide Strategic Support Partnering Services to support the Council through the completion of a comprehensive design and briefing appraisal.

The review was to consider how best approved statutory consents can be utilised or varied, to where possible accelerate project delivery. The team engaged to support HubSE on this assignment were:

JM Architects	Architect
Thomas & Adamson	Project Management and Cost Consultancy
Rybka	M&E Engineer
Goodson Associates	Structural Engineer

HubSE have engaged the contractor market for the full remaining Project Procurement to the selected Tier 1 supply chain contractors under a Design and Build contract within agreed pricing cap parameters.

It is recommended that the project is delivered through the following model:-

1. HubSE – through a strategic partnering service agreement, where HubSE design, procure and deliver the project through its supply chain, process and governance. This approach is adopted by many local authorities in Scotland but still requires an informed client and internal project management support

Given the education programme pressure on resource and the time critical nature of the project (June 2024), it is proposed the HubSE are commissioned to deliver the project design to detailed design and full business case and following approval proceed with the contractor appointment and construction. This will be their first project for Midlothian Council for a number of years and provides a good opportunity to demonstrate added value in terms of expertise, best practice and community benefit.

## 12. Time

### 12.1 Time Constraints & Aspirations

Detail any planned or agreed dates, any time constraints on the project or the affected business areas and any other known timescales.

- Stage 1 Submission: June 2022
- Stage 1/NPR Acceptance: July 2022
- Enabling Works Start: Q4 2022
- Stage 2 Submission: December 2022
- Stage 2 Acceptance: January 2023
- Execution of DBDA: February 2023
- Phase 2 - Main Works Start: April 2023
- Phase 2 - Completion: June 2024

The PDP is based on a progressive Stage 1 to Stage 2 design approach, allowing the Stage 2 design to overlap and continue pending approval and consideration of the Stage 1 submission. MLC agree to underwrite the costs associated with this exercise and the interim payments which are profiled in the cash flow contained in Appendix 1.

Four weeks have been allowed for MLC review and approval.

Fiona Clandillon of MLC has delegated authority to approve stage 1 and Stage 2 submissions and executing the DBDA in line with programme dates in section 8.

Hub SE and MLC will jointly prepare a Memorandum of Understanding following the Stage 1 Submission and prior to commencement of the legal work-stream, using DBDA Standard Form recording any project specific matters which will be considered in amendments to the DBDA.

Four weeks following the Stage 2 approval period have been allowed for execution of the Design and Build Development Agreement (DBDA).

MLC will nominate their legal representative mid-way through the Stage 2 process and will prepare a draft DBDA by 1<sup>st</sup> November 2022.

## 12.2 Key Milestones

Description	Target Date
▪ Stage 1/NPR Acceptance:	July 2022
▪ Stage 2 Acceptance:	January 2023
▪ Phase 2 - Main Works Start:	April 2023
▪ Phase 2 - Completion:	June 2024

## 13. Governance

Include any plans around the ownership and governance of the project and identify the people in the key project roles in the table below.

Role	Name
<b>Project Sponsor</b>	People and Partnerships

<b>Project Manager</b>	Ross Morrison – MLC, Senior Project Manager
<b>Other Project Roles</b>	James Palmer – HubSE, Project Director

<b>14. Resources</b>			
<b>Task</b>	<b>Responsible Service/Team</b>	<b>Start Date</b>	<b>End Date</b>
List the staff resources and expertise required to implement the project. Make sure support services are included such as Project Management, Legal, Procurement and Communications.			
Fiona Clandillon – MLC, Head of Development.	Place Directorate	Feb 2022	Sept. 2024
Ross Morrison – MLC, Senior Project Manager.	Place Directorate	Feb 2022	Sept. 2024
Ross Irvine – MLC, Senior Project Manager.	People and Partnerships	Dec 2022	Sept. 2024

<b>15. Environmental Management</b>
<p>MLC’s policy of being a net zero carbon city by 2030 is an important consideration in assessing success factors for the project. Whilst briefing does not incorporate the delivery of a net zero operational energy facility the ability to meet those criteria are assessed with potential upgrade path to net zero carbon identified.</p> <p>The project’s primary energy target will be defined as the total primary energy consumption will be less than <b>86kWh/m<sup>2</sup>.a</b>. (Electrical Demand Target: 50 kWhr/m<sup>2</sup>.a and a Thermal Demand Target: 36 kWhr/m<sup>2</sup>.a incorporating heat pumps)</p> <p>To achieve these ambitious targets, energy consumption will have to be greatly reduced through passive measures and highly efficient plant and equipment.</p> <p>The strategic approach to the engineering services for the new facility is founded on the following principals:</p> <ul style="list-style-type: none"> <li>• Carbon efficient primary energy sources and desire to reduce/ remove reliance on fossil fuels.</li> <li>• Recognise potential users of the facility (School, Nursery &amp; Community-Use) the inter-relationship, operability &amp; systems efficiency for different operational and occupancy profiles.</li> <li>• Provide an environment which is comfortable, safe, healthy and compatible with the operations associated with the facility.</li> </ul>

- Develop solutions which are compatible with the Clients Brief for the project, taking cognisance of any budgetary constraints.
- Develop engineering services solutions that are simple in concept and in-use, reliable and robust in operation.
- Design engineering services plant, plant rooms and distribution systems with a focus on system efficiencies and minimising distribution losses.
- Develop environmental control strategy for summer and winter with the aim of simplistic implementation and low reliance on technology.
- Design engineering services plant, plant rooms and distribution systems taking account of the requirement to provide safe access/provision for maintenance, repair and replacement.
- Develop energy consumption monitoring strategy for each of the uses and major loads associated with the facility.
- Develop upgrade path for potential Phase 2 design and construction and identify proposals for extending engineering services to the extension with minimal disruption to the operation of the phase 1 facility.
- Apply valid and economically viable Low and Zero Carbon (LZC) technologies only to support Technical Standards Section 6 compliance strategy and the MLC carbon reduction aspirations.

**If No, what is the reason for this?**

## **16. Stakeholders**

List the key interested individuals, teams, groups or parties that may be affected by the project or have an interest in it, including those external to the organisation. Show what their interest would be and their level of responsibility. Also note any plans for how they will be engaged including the use of any existing communication channels, forums or mechanisms already in place.

In the event the Business Case projects a total capital expenditure of more than £10 Million then key stakeholders and partners should be included.

Education Executive Team and Development Heads as key stakeholders.

Public consultation has been addressed through extensive previous exercises under the existing previous scheme.

Wider MLC internal stakeholders will be kept informed through regular project updates and key milestone reports.

There are no outstanding stakeholder issues at present.

## **17. Assumptions**

Document the high-level assumptions that have been made during the development of the Business Case and any other unanswered questions that may be significant. Refer to the Supplementary Guidance on Optimism Bias and detail the assumptions you have made in constructing the costs and business case.

[Green Book Supplementary Guidance Optimism Bias](#)

It is assumed that the project's design will be delivered under the HubSE Strategic Partnering Agreement. Contractor appointment and construction will be delivered by Midlothian Council.

## 18. Dependencies

Document any projects, initiatives, policies, key decisions or other activities outside the control of the project that need to be considered or which may present a risk to the project's success, or on which this project depends.

- The Project is programme critical, and a delivery date of June 2024 is currently identified ahead of the school opening Aug 2024.
- Planning – the Project requires a new Planning Application, although falls within the existing PAN. Prioritisation of the determination timescale is critical;
- As the site is located adjacent to the new Newbattle Community Campus and close to the live Mayfield Campus, the local community will have a sensitive relationship to the Project and their linkages, and significantly impacted by the collective outcomes;

The site is also located adjacent to a live affordable housing site, with design/access coordination to be managed.

## 19. Constraints

Document any known pressures, limits or restrictions associated with the project.

- Current catchment area is being considered, this will impact the Safer Routes to School strategy. A provisional sum for this element is contained within the overall project cost.

20. ICT Hardware, Software or Network infrastructure		
Description of change to Hardware, Software or Network Infrastructure	Enterprise Architecture Approval Required?	Date Approval Received
List any new ICT systems or changes likely as a result of the project. If there are no ICT changes, then say 'none'.		
Currently considering full fibre installation, this may require alternative specification of hardware, moving away from copper based connections. This may include any hardware connected to the network, however as this is a new school, procurement of new equipment would be required as standard, albeit alternative specifications.		

21. Change Controls Issued by the Project		
Change Ref ID & Date	Approval Route	Description

23. Support Services Consulted
<p>The minimum <b>consultation period for Outline/Full Business Cases is 10 working days</b> unless the Programme Board Chair agrees there are exceptional circumstances that require a shorter turnaround time.</p> <p><b>Note:</b></p> <ul style="list-style-type: none"> <li>• <b>It is mandatory for Capital projects to consult with the full list below.</b></li> <li>• If any services are not consulted, this should be indicated in the Comments section, along with the reason why. All comments received should also be noted, or reasons given for discounting them.</li> <li>• It is a legal requirement for the Council to carry out an Equality and Human Rights Impact Assessment (EHRIA) to evaluate the impact our decisions have on our customers.</li> </ul>

**Note:** There is a copy and paste version of the consultation list below which you can use for circulating your Business Case.

Service	Consultee	Comments	Date
Place	Kevin Anderson, Executive Director Place - Kevin.Anderson@midlothian.gov.uk		20/01/2022
Children & Families	Fiona Robertson, Executive Director Fiona.robertson@midlothian.gov.uk		20/01/2022
Place	Derek Oliver, Chief Officer Place - derek.oliver@midlothian.gov.uk		11/05/2022
Corporate Solutions	Chief Officer Corporate Solutions – Gary Fairley - Gary.Fairley@midlothian.gov.uk		20/01/2022
Finance	Gary Thomson, Senior Accountant Projects & Treasury - Gary.Thomson@midlothian.gov.uk		20/01/2022
Property Management	Gareth Davis, Property Manager - Gareth.Davies@midlothian.gov.uk		15/03/2022
Legal (Property/ Planning & Environment)	Alan Turpie, Legal Services Manager - Alan.Turpie@midlothian.gov.uk"	Liaised with Theresa Young and William Venters.	18/02/22
Procurement	TBC		
Planning	Peter Arnsdorf, Planning Manager - Peter.Arnsdorf@midlothian.gov.uk	Unable to make contact, however communications for the site have been undertaken during the previous planning application and falls within the existing PAN.	Pre-2022
Operations – Preventative Maintenances	Alan Ramage, Planned Maintenance Manager - Alan.Ramage@midlothian.gov.uk		15/03/2022
Transport Planning	Fraser Gilbert, Senior Consultant Engineer - Fraser.Gilbert@midlothian.gov.uk		13/05/22
Roads Management	James Gilfillan, Senior Consultant Engineer (Roads) James.Gilfillan@midlothian.gov.uk		11/05/22
Communications	TBC		

24. Document Revision History			
Version	Reason	By	Date

25. Decision by Capital Board	Date
* Approved/Not Approved to:	

\* Insert approval decision from Capital Board.