

Finance Committee

FIN(3)-08-10 : Paper 1

Inquiry into the Allocation of Capital Resources – Evidence from the Minister for Business and Budget

Background

1. The Assembly Government made a commitment in *One Wales* to establish a 'Strategic Capital Investment Board'. This commitment has been fulfilled by establishing the Strategic Capital Investment Framework (SCIF), presided over by the Budget and Performance Cabinet Committee.
2. An independent Panel was appointed on 17 September 2008 to provide the Cabinet Committee with the benefit of its expertise and commercial experience in developing and delivering large capital projects. The Panel's terms of reference included providing **strategic** advice to Cabinet Committee, the Minister and departments as well as **investment** advice to help deliver cross-cutting and strategically important investments.
3. SCIF sought to build upon the efficiency of capital investment across the Assembly Government, by encouraging schemes to optimise value for money through collaborative procurements and cross-cutting collaboration between departments and the wider public sector.
4. There have been 2 tranches of the Strategic Capital Investment Framework. Tranche 1 allocations were announced in December 2008 and made available around £350 million to 19 projects over the 3 financial years 2008-09 to 2010-11. (see **annex 1** for complete list and budget profiles).
5. Tranche 2 allocations were announced on 21 October 2009 and made available around £120 million to 10 projects for 2010-11 (see annex 2 for complete list).
6. The Panel played a key role in this process, providing advice on the prioritisation of projects and making recommendations to Ministers.
7. Further details of the investment decision process applied has previously been provided to the Committee in correspondence from the former Minister for Finance and Public Service Delivery (FIN(3)-23-09, Paper 1).
8. Tranche 1 SCIF schemes are now delivering results, including providing set up costs to develop a capital investment programme to deliver the all **Wales 21st Century Schools Programme** and funding for 3 schools projects. Expenditure is being delivered in partnership with the WLGA

who have recruited a team to deliver the programme. The SCIF grant is funding all costs in relation to providing the programme staff and other capacity resources needed to deliver the programme. Whilst this scheme received a relatively small SCIF grant, it has given this groundbreaking programme the traction and impetus it requires to move forward.

9. Another example from Tranche 1 is a project to reconfigure and modernise two Newport secondary schools with a feasibility study to be undertaken at a third school, providing funding of £15m as part of an overall spend of £57.9m. Bettws school has now been completed.

'Lessons learnt' exercise

10. Officials have carried out a 'lessons learnt' exercise to assess the delivery of SCIF. This exercise involved consultation with a wide range of stakeholders including Ministers, Assembly Government officials from a number of departments and the WLGA.
11. The findings and recommendations of the review identify opportunities for developing delivery of the Strategic Capital Investment Framework. They address issues of clarity regarding processes relating to the first two Tranches of SCIF funding and provide a structure to deliver improved processes which will underpin future investment decisions.
12. The review recommends a move towards a rolling programme of funding and project development to support the development of cross-cutting and collaborative projects, to be applied to the Strategic Capital Investment Framework and more broadly across Assembly Government. I have recently asked the Panel to work closely with the Directors General to identify how best its skills in areas such as procurement, project management, etc can be used in advising on non-SCIF key capital projects to maximise the impact of their advice and guidance.
13. The review also makes recommendations to:
 - Improve communication and transparency
 - Strengthen programme and project management
 - Tighten both delivery criteria and the administration framework
14. The full report is attached to this paper as Annex 1 and contains a summary of the main findings and recommendations.
15. The approach set out in the review is a best practice model that we are encouraging departments to apply to ensure all capital spend is strategic. This will deliver cross-cutting and collaborative investment and will achieve more for less, optimising value for money in our capital programmes. We are about to embark on the Resource Allocation Exercise (RAE) and Ministers will be

applying these lessons learnt as we prioritise significantly reduced levels of capital expenditure in future years.

The 5 Case Model methodology

16. The production of a Business Case using 5 Case Model methodology to support investment has been a condition of SCIF funding. This has been supported by the 'roll out' of a pilot training course to spread the knowledge of the methodology across the Assembly Government and wider public sector, supported with Assembly Government developed guidance and training materials. As a result, the 5 Case Model methodology is being used more widely across the Assembly Government and being applied to significant investment decisions in departments.

Conclusions

The foundation of SCIF in One Wales was an innovative and unique approach to strategic capital investment which has paved the way for more effective and efficient spending in Wales. There have been many lessons to learn from the implementation of SCIF so far and the current financial climate continues to increase the challenges we face in securing optimal efficiency. We need to embrace the recommendations of the review, using the skills of the Independent Panel to best effect to further improve our processes and efficiency.

Annex 1 – SCIF Project allocations Tranche 1

These projects are listed below in departmental order, detailing indicative allocations for each of the three financial years:

Department	Project	2008-09 £m	2009-10 £m	2010-11 £m	Total £m
DCELLS	Construction of Newport Schools & Community Regeneration	8.5	1.5	5.0	15.0
DCELLS	Capital Investment Programme All Wales 21 st C Schools	0.1	2.9	2.0	5.0
DCELLS	Wrexham Secondary Schools	0.25	4.75	0	5.0
DCELLS/DE&T	Construction of Blaenavon Education & Community Campus	0.25	2.75	1.0	4.0
DE&T	Development of dualling A465 between Tredegar and Brynmawr	0.3	4.3	4.6	9.2
DE&T	Enhancements to rail infrastructure Shrewsbury, Wrexham and Chester	0.5	4.5	22.0	27.0
DE&T	Enhancements to rail infrastructure Swansea, Gowerton and Llanelli	0.5	4.5	15.0	20.0
DE&T	Creating a Low Carbon Region in Heads of the Valleys	4.0	4.0	4.0	12.0
DESH	All Wales Low Carbon Building Programme	2.0	9.0	15.0	26.0
DESH	Delivery of Anaerobic Digestion Plants across Wales	0	2.0	2.0	4.0
DESH	Delivery of 400+ Affordable Homes across Wales	15.0	16.0	11.0	42.0
DESH	Acceleration of the Flood & Coastal Defence Programme	0	3.0	5.0	8.0
DHSS	All Wales Pandemic Influenza Preparedness Programme ¹	11.3	40.0	7.7	59.0
DHSS	Health Vision Swansea – Reconfiguration of healthcare services	6.8	0	63.2	70.0
DHSS	Delivering the All Wales Primary Care Programme	0	2.6	13.8	16.4
DHSS	Welsh Ambulance Services Hazard Area Response Teams	0	2.0	1.0	3.0
DHSS	Construction of Merthyr Health & Wellbeing Centre	0	0	8.0	8.0
Heritage	All Wales Cultural Heritage Initiative	0.2	0.5	1.3	2.0
Heritage	National Library of Wales On-line Digitisation Project	0	1.0	1.0	2.0
SJLG	South East Wales Shared Services Centre – HR, Payroll & Training	0	0.9	9.5	10.4
CSA	Corporate Graphical Information Systems	0	0.5	0.5	1.0
	Total	49.7	106.7	192.6	349.0

¹ Due to the nature of this programme the funding profile is subject to on-going review.

Annex 2 – SCIF Project allocations Tranche 2

Department	Project	2010-11 £m
DCELLS	Ebbw Vale Learning Works	35.0
DCELLS	Taf Ely Learning Campus	12.0
DCELLS	21 Century School buildings for Gwynedd	5.3
DHSS	Prince Charles Emergency Care Centre	8.5
DHSS	Children's Hospital for Wales	8.0
DE&T/Heritage/DCELLS	Da Vinci Arts and Innovation Centre	15.0
DESH	Affordable Housing and Housing Support Package	20.0
Heritage	Eco Lighting	1.0
Heritage	Glyn Vivian Art Gallery	3.5
SJLG	3 Strategic Coordination Centres	10.0
	TOTAL	118.3

Annex 3

– SCIF Review Report

REVIEW OF THE WELSH ASSEMBLY GOVERNMENT'S STRATEGIC CAPITAL INVESTMENT FRAMEWORK (SCIF)

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Contents table

<i>Foreword</i>	3
<i>Summary of Main Findings and Recommendations</i>	4
<i>Introduction</i>	9
<i>Background – the current position</i>	10
<i>Development of the Strategic Capital Investment Framework</i>	14
<i>Improving communications</i>	21
<i>Delivery and administration of the Strategic Capital Investment Framework</i> ..	24
<i>Annex A</i>	30
<i>Annex B</i>	31
<i>Annex C</i>	32
<i>Annex D</i>	34
<i>Annex E</i>	38

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Foreword

The creation of a Strategic Capital Investment Board was a commitment made by Ministers within the **One Wales** Report entitled “**A Progressive Agenda for the Government of Wales**”. This Report was published on the 27 June 2007.

The purpose of the Strategic Capital Investment Framework (SCIF) is to deliver a step change in the Welsh Assembly Government’s approach to planning and delivering capital investment strategically by means of **innovative, cross cutting and strategic** capital projects to be taken forward (*the Minister for Finance and Public Service Delivery’s written statement to the Assembly Government of the 2 December, 2008, on the Final Budget for 2009/10 refers*).

The SCIF Initiative calls for a more collaborative and partnership approach by public sector bodies in Wales to the scoping, planning, and procurement of the capital infrastructure required to underpin the future delivery of first class public services.

Through the development of more innovative and shared solutions, the aim of SCIF is to deliver significantly improved economies of scale for the Welsh taxpayer, underpinned by the economic pressure to secure improved Value for Money (VfM)

The imperative for SCIF has never been greater, in view of the First Minister and the former Minister for Finance and Public Service Delivery’s recent calls *to secure more for less* as a result of the existing economic climate and the inevitable future scarcity of available capital.

I would like to thank all those who contributed to the review.

Joe Flanagan
Director of Investment Policy & Appraisal Group (IPAG)
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January 2010

Summary of Main Findings and Recommendations

The findings and recommendations of this report identify opportunities for developing delivery of the Strategic Capital Investment Framework. They address issues of clarity regarding processes relating to the first two Tranches of SCIF funding and provide a structure to deliver improved processes which will underpin future investment decisions and look to:

- Move towards a rolling programme of funding and project development to support the development of cross-cutting and collaborative projects
- Improve communication and transparency
- Strengthen programme and project management
- Tighten both delivery criteria and the administration framework

Details regarding these recommendations can be found in the main body of the report.

Development of the Strategic Capital Investment Framework

The Strategic Capital Investment Framework (SCIF) operates within a defined governance structure, but some stakeholders' understanding of its purpose, philosophy and governance arrangements of SCIF is unclear.

Recommendation 1: The purpose, philosophy and governance arrangements for the SCIF should be published on the Welsh Assembly Government website

SCIF processes mandate that departments and other lead public sector organisations within Wales scrutinise and approve their SCIF schemes in accordance with their own existing arrangements.

In many cases, there is scope to improve the independent and impartial technical scrutiny of the supporting Business Case(s) to ensure that Business Cases are prepared and scrutinised to a more consistent standard.

Approval of Business Cases by their own programme and project Boards should be discouraged to ensure clear governance and promote those opportunities to inform, scope and plan cross cutting and collaborative procurements from a "Welsh" rather than a "departmental" perspective. The unique objective of the SCIF is to deliver these strategic projects.

The timing of SCIF Tranches to date has, by necessity at this stage of the SCIF development, been driven by the availability of funding rather than project need. Whilst this has delivered projects, it has also limited the potential opportunity for longer term development of innovative solutions, across a range of multiple and diverse stakeholders.

Recommendation 2: Ministers are advised to consider a 'next steps'

approach to the ongoing development, evaluation and approval of schemes. This should include more robust scrutiny of Business Cases; promotion of cross-cutting initiatives; collaborative opportunities and be made available as a rolling programme of work

Tranches 1 and 2 have been developed and prioritised in accordance with the former Minister for Finance and Public Service Delivery's published criteria.

For any future funding, the detailed evaluation criteria should be re-visited, agreed and applied both transparently and consistently throughout the evaluation process.

Recommendation 3: For any future SCIF funding the Cabinet Committee is asked to consider re-defining the primary investment objectives of the SCIF and offer priorities for weighting these objectives, in order to guide both officials and the Advisory Panel

Improving communications

SCIF is one of a number of funds available for the financing of schemes. There should be a single point of contact for information and advice on the various funds, to remove any ambiguity and confusion in the overall process.

Recommendation 4: A single point of contact for information and advice on the available funding streams should be provided within the Assembly Government, to support stakeholders and identify potential opportunities

In broad terms, the SCIF is working as planned. However, the Panel and officials would welcome more interaction – to understand the strategic context and positioning of proposals within departmental business plans and to have a better appreciation of the market, commercial and procurement opportunities for schemes.

Recommendation 5: Arrangements should be put in place to enable more formal and regular communication between the Panel and the Officials Group

Local authorities need to be more supported to ensure better engagement with the SCIF process. Support and training on completing Business Cases is provided to Welsh Assembly Government departments and this is being extended to programme and project leads within local authorities.

There is a need for project leads across the Welsh public sector to work together and share both experiences and best practice through existing networks, for example the Directors of Finance Network.

Recommendation 6: Arrangements should be put in place to help support the engagement of local authorities and the wider public sector in the SCIF process and develop opportunities to share best practice through existing networks

The role of the SCIF Panel is to advise Ministers. In fulfilling this role, the Panel would welcome a more proactive function, providing advice to Ministers on the market, commercial and procurement opportunities for more innovative, collaborative and cross cutting procurements. This would also involve Panel members providing expert technical advice in support of the delivery of ministerial priorities.

Recommendation 7: Ministers should consider commissioning reports from the Panel on the potential market and commercial opportunities for more innovative, cross cutting and collaborative schemes across Wales

Delivery and administration of the Strategic Capital Investment Framework

Use of the 5 Case Model Methodology is beginning to improve the scoping and planning of schemes; particularly, with regard to optimising value for money and identifying solutions that are commercially viable, affordable and achievable.

The 5 Case Model Business Case training provided has been well received. Enlightened project leads now recognise that the development of the Business Case is an integral part of the planning and delivery process, rather than a hurdle to jump for approval purposes.

There is a need to improve the use of recognised and approved programme and project methodologies (PPM) and the management of schemes by appropriately qualified personnel (which should be addressed in the Management Case of the 5 Case Model).

The 5 Case Model is used widely by a number of UK Government departments and is considered best practice for business cases by Treasury. Currently some Welsh Assembly Government departments are using the 5 Case Model as standard, including DHSS and DCELLS. Examples of how the 5 Case Model have been used successfully would be the Children's Hospital for Wales Phase 2 project and the 21st Century Schools programme.

Recommendation 8: Use of the 5 Case Model methodology for the development of robust and sustainable schemes must remain a condition of funding for SCIF supported projects

The OGC Gateway Review process subjects schemes to a series of external reviews at critical stages during planning, procurement, implementation and

operational phases. It is proven to improve value for money and the potential for successful delivery.

OGC Gateway Reviews are an integral part of the process for the successful delivery of projects and mitigation of associated risks. There is little evidence to suggest that projects fully understand this process even though the Risk Potential Assessment (an early trigger in the Gateway process) is a condition of Tranche 2 SCIF funding.

IDEAS, the Location Strategy Programme and the NHS Reform Programme have all gone through the Gateway process and found it a valuable tool.

Recommendation 9: The use of the OGC Gateway process should be mandatory for SCIF supported schemes

The conditions applied to funding require tightening and the use of standard contract clauses, such as those relating to social partnerships and community benefits, should be used where appropriate.

Recommendation 10: In order to reflect Ministerial priorities such as social partnerships, standard contract conditions should be applied to the funding of proposals.

Past experience suggests that the resultant value for money outcomes can be improved significantly if expert advisers are used at an early stage to help scope and procure schemes, and technical experts, to assist with options appraisal.

Some projects are benefiting from involving the Panel and other sources of expert advice, whilst other schemes are not making the best use of available support.

The use of these external advisers therefore needs to be more widespread, standardised and formalised within SCIF processes.

Recommendation 11: Project leads should be informed of the type and level of support available to schemes from both Panel members and expert advisers

Arrangements for the post evaluation of projects and benefits realisation are currently being defined and are a key validation tool with which to measure project success - outcomes for the citizen, value for money and lessons learnt. All of these will help identify opportunities for continuous improvement.

Recommendation 12: Post project evaluation arrangements should be a requirement of SCIF funding. This should be formalised within the programme to ensure robust post project evaluations, as outlined in supporting Business Cases



Introduction

The purpose of this review was to carry out a comprehensive and concise evaluation of the SCIF programme and provide assurance to the Director General (Finance) on overall governance of the programme, particularly in relation to roles and responsibilities, stakeholder engagement and existing processes.

The Review was based on evidence relating to the current Programme (both Tranches 1 & 2) and challenges existing arrangements, addressing issues of governance, communication and process. The review concludes by providing recommendations to support the evolution and improvement of the SCIF programme going forward.

This Review Report is presented in 4 sections. These sections are as follows:

- Background – the current position
- Development of the Strategic Capital Investment Framework
- Improving communications
- Delivery and administration of the Strategic Capital Investment Framework

Background – the current position

The Strategic Capital Investment Framework

1. The Strategic Capital Investment Framework comprises three main bodies:
 - The Budget and Performance Cabinet Committee (since December 2009, previously the Strategic Capital Investment Cabinet Committee)
 - The Strategic Capital Investment Advisory Panel (the Panel)
 - The Strategic Capital Investment Officials Group (SCIOG)
2. These three bodies are supported by a small team within the Finance Department (the SCIF Team).

The Budget and Performance Cabinet Committee

3. The launch of SCIF in 2008 was coupled with the establishment of the Strategic Capital Investment Cabinet Committee which had the role of guiding the new framework and considering the recommendations of the Panel.
4. The Terms of Reference for the Strategic Capital Investment Cabinet Committee are attached at Annex A.
5. Following the appointment of the new First Minister in December 2009, the Strategic Capital Investment Cabinet Committee was dissolved and responsibility for SCIF passed to the Budget and Performance Committee (the Cabinet Committee).
6. The Cabinet Committee is the key decision making body with overall responsibility for the formulation, prioritisation and delivery of the Strategic Capital Investment Framework. Cabinet Committee's decisions on which projects to support through SCIF are presented for approval by Cabinet.
7. The Cabinet Committee is chaired by the First Minister and comprises: the Deputy First Minister; the Minister for Business and Budget; the Minister for Heritage; the Counsel General and the Deputy Minister for Housing and Regeneration.

The Strategic Capital Investment Advisory Panel

8. The Panel is the body of impartial and independent advisers, which provides Ministers with expert advice on the commercial viability and deliverability of projects; particularly in relation to: strategy, investment, procurement methods, markets, and management issues.

9. The Panel was recruited by the Appointment Commission in early 2008 and is a cadre of people with considerable commercial and project management experience across most key sectors of the economy.
10. Terms of Reference for and membership of the Advisory Panel are attached at Annex B.

The Strategic Capital Investment Officials Group

11. The Officials Group is a cross-departmental body chaired by the Director General (Finance) and is responsible for monitoring the progress of projects in accordance with the Cabinet Committee's strategic priorities.
12. Terms of Reference for and membership of the Officials Group are attached at Annex C.

The Tranche system

13. To date, bidding rounds for funding through the SCIF have been in the form of 2 Tranches, the first in late 2008 and the second in summer 2009.

Tranche 1

14. The former Minister for Finance and Public Service Delivery outlined in his letter to colleagues of 28 July 2008 that bids for Tranche 1 should be developed in the context of delivering *One Wales*, adopting a cross-cutting approach and reflecting spatial plan priorities.
15. 50 proposals were submitted by Ministers for the consideration of the Cabinet Committee. Of this number, 19 projects were approved.
16. Tranche 1 bids were made in accordance with the Cabinet Committee approved criteria and included an assessment against: *One Wales* priorities; the promotion of sustainability; spatial plan coherence; public service outcomes; economic impact; resilience; collaboration and the potential to leverage external funds. Officials considered the bids accordingly and made their recommendations, on a long list, to the Cabinet Committee.

Tranche 2

17. Tranche 2 bids were invited by the Minister for Finance and Public Service Delivery in his letter to Colleagues on 2 June 2009. The letter set out that Tranche 2 bids would be considered against the following criteria:
 - Direct links to *One Wales* agenda
 - Evidence of cross cutting collaboration
 - A strong fit with the Spatial Plan
 - Readiness to start, which include planning consent, where appropriate
 - Proving a stimulus to the Economy by creating or safeguarding jobs during the construction stage

- An *invest to save* approach where the initial capital leads to efficiency savings over the whole life of the project

18. 60 proposals (totalling around £470 million) were submitted by portfolio and Spatial Plan Ministers for an available fund of £125 million. The bids were assessed against the published criteria, (ranked and weighted) by a working group of the Officials Group.

19. A short list of 27 proposals was scrutinised by the Panel, from which a list of recommended projects was prepared for Cabinet Committee consideration.

20. The ranking, weighting and scoring of bids is recognised best practice for the evaluation of proposals as set out in the Treasury Green Book, *A Guide to Investment Appraisal in Central Government Departments*. It is, however, as much an art as a science for which the evaluation criteria and associated weights should be agreed in advance of proposals being received.

21. Total allocation of funding to successful bids across both tranches amount to £346 million in Tranche 1 and (currently) £118 million in Tranche 2. The funding profile is structured as follows:

	2008/09	2009/10	2010/11	Total
Tranche 1	49.7	105.9	190.4	346.0
Tranche 2			118.0	118.0
Total	49.7	105.9	308.4	464.0

22. SCIF funding allocations beyond 2010 / 2011 not been identified.

23. Capital spending in Wales is currently in the order of £1.6 billion per annum and most capital is allocated directly to departmental baselines. With the exception of 2010/11, SCIF represents a relatively low proportion (circa 20%) of the annual spend.

24. In many cases, the SCIF contribution does not reflect the full capital cost of investments; but is a contribution to schemes in order to support and kick-start their delivery. By way of illustration, the expected capital cost of the 19 schemes within Tranche 1 is £989.5 million, of which £346 million (35%) is being funded through SCIF.

25. The availability of SCIF funding has enabled Wales to lever in additional money from external sources, amounting to some £216 million in Tranche 1. While this might have been possible in the absence of SCIF, it is by no means certain that the projects would have been initiated or funds committed without the SCIF programme.

26. An exemplar of the potential for SCIF was considered to be the Blaenavon Centre Community Education Centre, which was comprehensively re-thought, redesigned and improved as a consequence of the criteria which unlocked the potential for SCIF funding. A case study of this project is attached at Annex D.

The 5 Case Model

27. The Minister for Finance and Public Service Delivery mandated the use of the 5 Case Model methodology for SCIF projects. It consists of the following elements:

- the **strategic** perspective – articulating the ‘case for change’
- the **economic** perspective – optimising value for money
- the **commercial** perspective – the ‘deal’
- the **financial** perspective – the affordability and funding of the scheme
- the **management** perspective – the arrangements necessary for successful delivery

28. The supporting guidance for the 5 Case Model was developed by the Welsh Assembly Government and is now published on HM Treasury’s website. The 5 Case Model is Treasury’s recommended standard for the production of Business Cases by UK Government departments.

29. 5 Case Model training was developed by the Welsh Assembly Government and has been used to train HM Treasury’s Spending Teams and many UK Government departments. An accreditation scheme for “Better Business Cases” (the BBC Programme) is currently being piloted by HM Treasury under the Chairmanship of the Welsh Assembly Government Director General (Finance).

30. For complex, novel and high value schemes which need to be competed through the OJEU², the recognised process is to build “the Business Case” in three stages, through:

- the production of a Strategic Outline Case (SOC) for approval to spend in principle
- an Outline Business Case (OBC) to cost justify the preferred option, demonstrate value for money and plan the delivery strategy
- Final (or Full) Business Case (FBC) to approve the resultant deal and contract price, post procurement

31. The outcome is a single, robust, evidenced based Business Case, developed alongside the project and underpinning the investment decision.

OGC Gateway® Reviews (the Gateway process)

32. Assessment of the need for Gateway Reviews using the Risk Potential Assessment (RPA) tool is a condition of Tranche 2 SCIF funding.

² OJEU – Official Journal of the European Union

33. The Gateway process subjects schemes to a series of external reviews at critical stages during planning, procurement, implementation and operational phases. It is proven to improve value for money and the potential for successful delivery.
34. The risk classification of a programme or project is determined through the use of an assessment tool known the Risk Potential Assessment (RPA). In the case of “high risk” programmes or projects, Gateway Reviews are undertaken by accredited reviewers drawn from across public sector and consultancy organisations. Use of the process is supported by Value Wales and the Welsh Audit Office.
35. A Gateway Hub for Wales is being developed within the Assembly Government which aims to be formally accredited by the OGC in autumn 2010. The Hub team in Value Wales currently arrange and deliver Gateway Reviews across both the Assembly Government and other Government organisations with the guidance and support of the OGC.

Programme and Project Management (PPM)

36. The use of approved PPM is established best practice and is essential to manage and mitigate programme and project risks. Approved PPM processes improve considerably the probability of successful delivery.
37. The recommended methodologies for the use of the Public Sector are **PR**oject **I**n a **C**ontrolled **E**nvironment (PRINCE2) for *Projects* and **M**anaging **S**uccessful **P**rogrammes (MSP) for *Programmes* (a series of projects). Application of PPM methodologies to strategic projects is considered essential to ensure successful delivery.

Development of the Strategic Capital Investment Framework

38. The SCIF has a governance structure in place, with agreed Terms of Reference and clear roles and responsibilities for the three main bodies.
39. More generally, an understanding of the purpose of SCIF and its underpinning processes is varied. This could improve significantly if the rationale for SCIF, its governance arrangements and processes were published in a single document available to all stakeholders on the Welsh Assembly Government’s website.

Recommendation 1

The purpose, philosophy and governance arrangements for the Strategic Capital Investment Framework should be published on the Welsh Assembly Government website

SCIF processes

40. Tranches 1 and 2 have been successful in identifying projects because many of the submitted proposals were already defined and included within departmental and local authority pipelines for delivery.
41. As projects progress through the Business Case phases (SOC, OBC, FBC), it is anticipated that some schemes may need to be re-presented to the Cabinet Committee if the developed Business Case varies significantly from the original proposal.
42. The expectation is that the Panel will advise Ministers through Cabinet Committee on the optimum approach to financing, procuring and delivering these projects.
43. During the course of this review inconsistencies in the scrutiny and approval of departmental and wider public sector schemes have become apparent. In many cases, there is limited independent and impartial technical scrutiny of Business Case(s) to ensure that schemes are scoped, planned and prepared for both procurement and delivery in accordance with best practice. The Assembly Government's Economic Advice Division (EcAD), confirms that there are no central delegated limits in place within the Welsh Public Sector to ensure that novel, contentious or high value schemes are submitted for central scrutiny and/or approval.
44. An absence of this clear control, means that Business Cases are being prepared and scrutinised to varying standards and are approved, in many instances by their own programme and project boards.
45. Variations in processes relating to central scrutiny means that an important opportunity is probably being lost to help potentially inform, scope and plan more cross-cutting and collaborative procurements from a "Welsh" rather than "departmental" perspective and to raise standards, which fundamentally undermines the primary purpose of SCIF.
46. In part, this situation has been remedied by a letter from officials to project leads which set out the arrangements for Tranche 2 schemes. The letter makes it clear that departments should scrutinise and approve their SCIF sponsored schemes in accordance with existing (new or improved) departmental project approval arrangements. This process is set out in the flow chart at Annex E.
47. Stakeholders experienced several difficulties with Tranche 2:
 - Deadlines imposed for the preparation of proposals were too tight which meant that Business Cases were in some cases inadequately prepared and not suitable for wider sharing
 - The Panel and Officials Group experienced difficulties with the pre-assessment of schemes due to the lack of detail submitted by bidders. Members of both the Panel and the Officials Group have expressed the view that the decision to proceed in principle with schemes should be more evidence based and dependent upon the support of a robust Strategic Outline Case (SOC), rather than an outline proposal

48. Interviewees in this review largely agreed that:

- Cultural change and the SCIF process are more important than the available fund
- The principle of a central fund provided a strong incentive for stakeholders to engage in the process and should be continued on this basis
- SCIF should be managed as a programme, with early engagement in project development and it should continue in the short-term, to represent a relatively small proportion of the available capital

49. Planning novel, innovative and collaborative schemes takes many months of scoping and planning, usually involving multiple and diverse stakeholders. There is an inherent risk in any innovation and as such, a more long-term approach to the development of proposals should be taken. This will require a move away from annual bids towards a fluid programme management approach to the submission, development and ongoing approval of proposals.

Recommendation 2

Ministers are recommended to consider a ‘next steps’ approach to the ongoing development, evaluation and approval of schemes. This should include more robust scrutiny of Business Cases; promotion of cross-cutting initiatives; collaborative opportunities and be made available as a rolling programme of work

A suggested approach to the Strategic Capital Investment Framework

50. The flowchart at Figure 1 outlines a suggested outline process that could be applied to the Strategic Capital Investment Framework.

51. This process would start with the early development of proposals. This process will draw on the expertise of the Officials Group³ with departments sharing proposals with Spatial Plan core groups and other relevant stakeholders before producing a Project Initiation Document (PID).

52. As the SCIF process is aimed at developing cross-cutting collaborative projects - characterised by being high risk, high value and/or mission critical, a Risk Potential Assessment (RPA) should be carried out to identify the elements of the Gateway process that should be applied to scheme as it develops.

53. A Scrutiny Review Panel, could be established for each key Assembly Government spending department. **Chaired** by a senior civil servant appointed by the departmental Minister, the Scrutiny Review Panel would provide expert input on the department’s objectives and ensure the relevant Directors General and

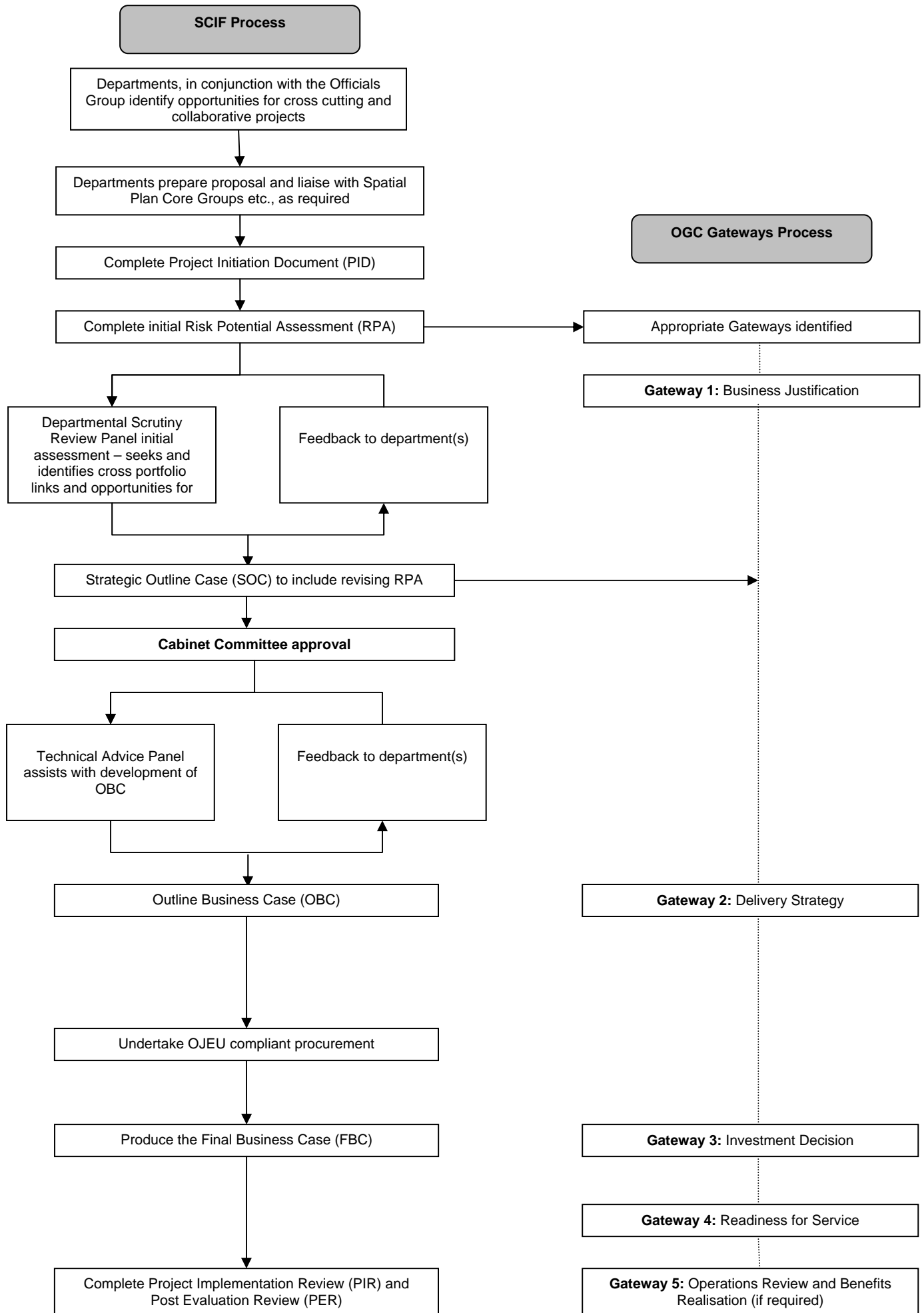
³ The Officials Group has an ongoing monitoring role for all SCIF projects

Ministers are able to shape and influence the developing projects.

54. The Scrutiny Review Panel should also include some representation from other key Assembly Government spending departments to identify opportunities for collaboration across WAG departments, local authorities and the wider public sector. Local authority interests could be represented by a representative from the Department of Public Services and Local Government Delivery.
55. Independent expertise on the Scrutiny Review Panel would be provided by **Economic Advice Division** to advise on maximising value for money; **Value Wales** to provide procurement, construction and estates expertise; the **SCIF Team** to provide expertise in the application and use of the 5 Case Model and a member of the **Independent SCIF Panel** to provide commercial expertise and links to the private sector.
56. The Scrutiny Review Panel would provide feedback to the department in developing the **Strategic Outline Case (SOC)**.
57. The department would put the SOC to Cabinet Committee for approval and to ensure Ministers are engaged with developing projects at an early stage. The RPA should then be re-visited to ensure that at key stages, the appropriate Gateway process is considered.
58. Any feedback from Cabinet Committee would be conveyed to the department and into the developing project. Departments would be supported by a Technical Advice Panel, who would look at the delivery detail, such as the procurement route and financial appraisal. This would be used to form the **Outline Business Case (OBC)**.
59. Consideration should be given to mandating this process for major departmental schemes which could be determined by reference to monetary values (e.g. £35m per scheme) or percentage utilisation of departmental capital budget (e.g. greater than 10%). By bringing these schemes to the centre through this process, opportunities for cross-cutting collaboration and value for money savings would be optimised.
60. This would result in the following changes:
 - Annual proposals would be prepared in accordance with PRINCE2 and / or Managing Successful Programmes (MSP) principles - the recommended PPM standard for successful project delivery
 - The detailed scoping and planning of the potential scheme would emphasise innovative, cross-cutting and collaborative procurement
 - Cabinet Committee would formally approve schemes much earlier, on the basis of Strategic Outline Cases
 - Adoption of recommended best practice (the 5 Case Model Methodology for decision making and PPM for delivery) and a recognition that the OGC

Gateway Process is an integral part of the process for successful delivery and the mitigation of attendant service risks

Figure 1 - suggested SCIF



SCIF investment objectives

61. The spending proposals for Tranche 1 and 2 bids were developed and prioritised in accordance with the Minister for Finance and Public Service Delivery's published criteria for the scheme.

62. In practice, the following concerns have been expressed that:

- What constitutes a “strategic project” has been insufficiently defined
- The evaluation criteria for proposals was insufficiently defined, agreed or sufficiently transparent at the outset
- Some bids may be ‘slipping through the net’
- The project detail requested was in many cases too vague to ensure robust comparison and evaluation

63. In relation to the above issues, the Reviewer found the following consensus:

- What may be defined as “strategic”⁴ will always be open to some interpretation – quite correctly, if it is to encourage innovation within the parameters set by the Minister for Finance and Public Service
- The evaluation criteria for future tranches should be agreed beforehand and applied transparently throughout the evaluation process, with care taken to ensure that it is not so restrictive as to mitigate against some flexibility in its interpretation and application
- Whilst some schemes may be perceived to be slipping through the net, all of the schemes approved to date are capable of delivering substantial benefits and value for money. It is clear, however, that the main focus should continue to be on cross-cutting and collaborative schemes, in order to both support Ministerial priorities and assist those schemes which may not sit wholly within departmental budgets
- Greater emphasis needs to be placed on the Strategic Outline Cases in support of outlined proposals

Recommendation 3

For any future SCIF funding the Cabinet Committee is asked to consider re-defining the primary investment objectives of the SCIF and offer priorities for weighting these objectives, in order to guide both officials and the Advisory Panel

⁴ def: *servicing the “ends of” in the longer-term*

Improving communications

Multiple funding arrangements

64. SCIF funding is one of a number of available funds for the financing of schemes. As well as the *Making the Connections*: improvement fund; *Invest to Save* fund, *Match Funding* (a fund of last resort to match European funding streams), there are numerous grants.
65. Bidding for monies from these funds requires a significant amount of duplication, is resource intensive and confusing for stakeholders.
66. The consensus amongst interviewees was that the available “pots” and the underpinning processes for “bidding” should be rationalised insofar as is possible. There should be a single point of contact for information and advice on the various funds, to remove any ambiguity and confusion in the overall process and to ensure limited funds are targeted fairly, appropriately and in the most efficient manner.

Recommendation 4

A single point of contact for information and advice on the available funding streams should be provided to stakeholders

Communications with stakeholders

67. Key stakeholders in the SCIF process are: Ministers, Assembly Government departments and all the public bodies in Wales, including local authorities.
68. The Cabinet Committee is supported by an official secretariat, which records its deliberations and decisions.
69. The Panel has reported to the Minister for Finance and Public Service Delivery and the Cabinet Committee in terms of the objectives and the performance of the overall SCIF investment programme as well as recommending the list of Tranche 2 projects.
70. The Panel and the Officials Group have not formally met. However, individual members of the Panel have met with a few senior officials (some of whom attend the Officials Group) as a result of two departmental briefing sessions (Transport and Health). In addition there is existing engagement on certain specific projects.
71. Following a series of early departmental briefings the Panel has successfully engaged with some stakeholders (Health and Education) and has also engaged with other stakeholders while providing expert advice on specific projects.
72. The Officials Group has reported to the Cabinet Committee by means of the minutes of its monthly meetings.

73. In broad terms, the process is working as intended inasmuch as:

- the Cabinet Committee has set the strategic direction and decided the annual content of the portfolio;
- the Panel has provided independent advice on the delivery process and recommendation of projects; and
- the Officials Group has focused on delivery and monitoring the progress of schemes.

74. The grades, roles and responsibilities of departmental representatives and project leads attending the SCI Officials Group are varied. Some consideration should be given to revisiting the composition of this group to ensure that the most appropriate people are targeted and engaged in the process.

75. Members of the Panel would welcome a better understanding of the strategic context and departmental business plans which underpin proposals. This would enable them to make more informed and evidence based comments to both the Cabinet Committee and departments on the efficacy of proposals; particularly in relation to strategic fit, potential economies of scale and commercial synergies. Given the limited amount of time that the Panel can commit to projects, meeting with the Officials Group on a formal and regular basis was considered the most valuable way forward.

76. The advantage of greater interaction between the Officials Group and the Advisory Panel was echoed by some senior officials, who would welcome the Panel's advice on both the content and delivery arrangements for their schemes. Officials concluded that there were generic lessons which could and should be more widely shared.

Recommendation 5

Arrangements should be put in place to enable more formal and regular communication between the Panel and the Officials Group

77. Senior officials are generally content with the manner in which the annual process is communicated and interviewees agreed that the communication arrangements for Tranche 2 had been a significant improvement on those for Tranche 1. However, it was agreed that communication to stakeholders should be further improved; particularly in relation to feedback on unsuccessful bids.

78. Formal feedback in relation to unsuccessful Tranche 2 bids has been given where requested.

79. Some interviewees supported the need for a platform to assist project leads within Welsh public sector organisations to exchange experiences, share best practice and engage with Panel members. It was proposed that a specific SCIF event for

public sector bodies in Wales could be considered to highlight these issues as well as exemplar projects

80. Local authorities were comprehensively canvassed for their views by the WGLA which reported that they would welcome:

- greater representation in the process
- better communication
- more support (particularly in relation to the scoping of their schemes and the preparation of supporting Business Cases)
- more feedback on the evaluation process

81. The closer engagement of local authorities within the SCIF process is essential. This should include extending the SCIF support and training currently being provided to Welsh Assembly Government to programme and project leads within local authorities and the wider public sector.

Recommendation 6

Arrangements should be put in place to help support the engagement of local authorities and the wider Public Sector in the SCIF process and develop opportunities to share best practice through existing networks

82. Most interviewees agreed that the SCIF had got off to a realistic start and was making a difference to people's attitudes and subsequent actions. This included the need for capital planning beyond departmental remits and the delivery of more cross cutting, collaborative procurements, capable of both delivering *more for less* and leveraging additional investment.

83. Panel members have assisted some departmental programme and project leads with their schemes. In addition to advising on specific schemes, some Panel members would also welcome a more proactive role in the formulation and review of departmental strategy. This involvement would ensure that the Panel better understands the wider context within which their advice to Ministers on the commercial and market opportunities to deliver the most innovative and cross cutting procurements, will sit. The Panel considered that this would be helpful to ensure that departments scope the "right deals" from a much earlier stage.

84. Members of the Officials Group were keen to maintain and build upon the existing momentum to scope cross-cutting and collaborative schemes through continued cross-departmental working, the sharing of best practice and the identification of *ground breaking* schemes for the consideration of departmental Ministers.

85. All interviewees recognised that it was the role of the Cabinet Committee to determine the strategic priorities for SCIF and the resultant portfolio of schemes.

86. Some interviewees felt there would be merit in recommending that Ministers engage the Panel in providing briefing on its view of the macro-economic market and the commercial opportunities for strategic investment across Wales. This

advice could take the form of an annual (written) report to inform the “strategic context” for future business plans.

Recommendation 7

Ministers should consider commissioning reports from the Panel on the potential market and commercial opportunities for more innovative, cross-cutting and collaborative schemes across Wales

Delivery and administration of the Strategic Capital Investment Framework

Business Cases

87. The 5 Case Model methodology is being used for SCIF schemes to support investment decisions. In many cases, schemes have used the Business Justification Case (BJC)⁵.
88. The methodology has generally been used to good effect as a business planning tool, with programmes and projects scoping investment options more comprehensively; evidencing potential value for money more robustly and considering the commercial arrangements from the perspective of an *intelligent customer*.
89. In most cases, the use of the BJC template is sufficient for the purposes recommending early Cabinet Committee approval and has not been a problem given many schemes are not being planned from scratch, having been in departmental pipelines for some time.
90. Scoping, planning and preparing Business Cases for future innovative and cross-cutting projects/programmes using the SOC, OBC and FBC process will take longer than the timescales of the current process permit.
91. There is a need to improve the use of recognised and approved programme and project methodologies and in particular, to ensure that suitably qualified trained personnel are being employed as programme and project managers to deliver schemes.
92. This issue also extends to the use of suitably qualified personnel for procurement purposes, who should be holders of the Certificate of Purchasing as a minimum standard.

Recommendation 8

Use of the 5 Case Model methodology for the development of robust and sustainable schemes must remain a condition of funding for SCIF

⁵ BJC - the template devised for relatively straightforward, low value and pre-competed procurements

supported projects

OGC Gateway Reviews

93. The use of the OGC Gateway process has been recommended for a number of schemes where it is likely to be of significant benefit. However, project teams appear reluctant to undertake these reviews.

94. The funding of OGC Gateways, or Assembly Government health checks, should be accommodated within the project costs for the scheme.

Recommendation 9

The use of the OGC Gateway Process should be mandatory for SCIF supported schemes

Conditions for funding

95. The conditions for funding require tightening and standardising. These should include:

- Use of the SOC, OBC, FBC process, as appropriate, for significant and innovative procurements requiring an OJEU procurement
- Use of appropriate professionally qualified expertise
- Use of the OGC Gateway Process
- Use of approved programme and project management methodologies (PPM)
- Use of standard contract clauses

Recommendation 10

In order to reflect best practice and Ministerial priorities such as Social Partnerships, standard contract conditions should be applied to the funding of proposals

Expert advice

96. Past experience suggests that programmes and projects need access to expert advice in order to deliver schemes successfully.

97. It also suggests that the resultant value for money outcomes can be improved significantly if expert advisers, such as the Panel members, are used early, to help

scope and procure schemes and technical experts are engaged to assist with options appraisal.

98. The use of external advisers in support of Tranche 1 schemes has been varied.
99. All projects have been advised that monthly surgeries are available in order to develop their supporting Business Cases. Most importantly, this has included support with the identification of the options for investment (scoping, service solution, service delivery, service implementation and funding) and the inclusion of robust investment appraisal.
100. Some schemes have made contact with members of the Panel and are gaining immeasurably from their impartial and independent advice. Others have not sought to engage Panel members.
101. Projects are making use of the best practice, advised by Value Wales and in some cases have employed the use of consultants.
102. The use of these advisers needs to be standardised, widespread and formalised. In order to achieve this, the support available needs to be promulgated to departments.

Recommendation 11

Project Leads should be informed of the type and level of support available centrally to each scheme, both from Panel members and expert advisers

Monitoring and post-evaluation of projects

103. The progress of schemes is currently monitored through the Officials Group. A RAG (red, amber, green) progress reporting system is in place for the assessment of schemes. The RAG status is reported monthly by the Project Manager.
104. On the basis of these reports, projects are currently progressing as planned. These arrangements do, however, need to be kept under review and tightened up with respect to the monitoring of funding and the assurances of Senior Responsible Officers (SRO) that their schemes are progressing as required.
105. Firm arrangements for project implementation review (PIRs) and post-project evaluation (PPE) are vital elements of robust PPM, in order to substantiate successful outcomes, value for money and further opportunities for continuous improvement.
106. A basic requirement of the 5 Case Model methodology for business cases is that economic and financial appraisals are produced in order to evidence value for money and affordability (in the economic and financial cases, respectively) and that post evaluation arrangements are highlighted (in the management case).

107. The Officials Group is tasked with monitoring projects as they progress.
108. There are no formal arrangements in place at the *programme level* for the post evaluation of schemes funded through Tranche 1 (2008/09 to 2010/11) and Tranche 2 (2010/11).
109. Outline arrangements are in place for the post evaluation of schemes at the individual project level. These are included in the supporting Business Cases for schemes.
110. In reality, post project evaluations rarely get undertaken, if ever, as planned.

Recommendation 12

Post project evaluation arrangements should be a requirement of SCIF funding. This should be formalised within the programme to ensure robust post project evaluations, as outlined in supporting Business Cases

Joe Flanagan
Director of IPAG

Interviewees

My thanks to the following people who were interviewed during the review process.

Welsh Assembly Government Ministers

Former First Minister Rhodri Morgan AM
Deputy First Minister Ieuan Wyn Jones AM
Former Minister for Finance and Public Service Delivery, Andrew Davies AM

Welsh Assembly Government

Jeff Andrews – Special Adviser (Finance)
Piers Bisson – Former Head of Financial Planning Division
Dawn Brace – Head of Waste Procurement Programme
Simon Brindle – Head of Funding and Student Finance Division
Chris Daws – Director General (Finance)
Sioned Evans – Deputy Director Estates and Projects
Tim James – Director of Integrated Public Transport
Jennifer Smith – Strategic Capital Investment Programme Officer
Stefan Sanchez – Head of Strategic Capital Investment
Martin Sykes – Chief Executive, Value Wales
Andrew Walker – Head of Capital Estates and Facilities
Paul Williams - Director General DHSS

Welsh Local Government

Vanessa Phillips (WGLA)

Advisory Panel Members

Tim Stone – Chair
David Goldstone
Shonagh Hay
Barry Williams

External Consultants

Michael Gerrard – PUK Ltd

Annexes

Annex A	Terms of Reference for the Cabinet Committee
Annex B	Terms of Reference for the Advisory Panel
Annex C	Terms of Reference for the Officials Group
Annex D	Education case study
Annex E	Flow chart of the current SCIF process

Annex A

Strategic Capital Investment Cabinet Committee

Terms of Reference

The Strategic Capital Investment Cabinet Committee will:

- a) Agree and monitor the delivery of the Welsh Assembly Government's Strategic Capital Investment Plan, which will set the overarching capital delivery priorities from *One Wales* and will be endorsed by Cabinet.
- b) Ensure capital investment decisions support the Assembly Government's strategic priorities as reflected in the Strategic Capital Investment Plan.
- c) Promote the delivery of cross-cutting initiatives which deliver wider sustainable economic, social and environmental benefits for Wales and reflect the Spatial Plan principles by encouraging collaborative and cross-departmental capital investment programmes/projects.
- d) Allocate the resources of the Strategic Investment Fund to obtain the maximum value and benefit for Wales by ensuring projects approved can be delivered efficiently to time and budget and maximise appropriate opportunities for leveraging in resources from non-traditional routes of investment.
- e) Commission expert advice on investment proposals from the Strategic Capital Investment Panel as appropriate.

Annex B

Welsh Assembly Government Strategic Capital Investment Panel Terms of Reference

1. *One Wales* makes a commitment to establish a Strategic Capital Investment Board (“the Board”) to ensure that best use is made of capital funds and to develop opportunities to access capital finance consistent with an accountable, citizen-centred public service.
2. The Strategic Capital Investment Panel (“P”) has been appointed by the Minister for Finance and Public Service Delivery (“the Minister”) to provide expert and independent advice to the Board on investment proposals from inception through to implementation.
3. **Strategy** – P will advise the Minister, the Board and individual departments to help them identify and articulate their strategic priorities and outcomes that will then inform subsequent investment choices. P will work with departmental heads in this role and the Chair of P will meet the Board at least once a year to review objectives and performance of the overall capital investment programme.
4. **Investment** – The activities of P will be informed by the overall priorities identified by the Minister, the Board and departments. These priorities will enable P to focus on helping the Welsh Assembly Government to deliver cross-cutting and strategically important investments. As such, P will focus on either large projects, or groups of projects that taken together address specific strategic objectives.
5. **Procurement methods** – P will advise the Minister and the Board on the appropriate methods of procurement to deliver programme-level elements and major one-off projects of the overall strategy.
6. **Markets** – P will work with the Minister and the Board to help develop market perception of Wales as an attractive investment destination and to support the Minister and the Board as necessary with key delivery organisations, investors and financing bodies.
7. **Management** – P will assist the Minister and the Board to improve project and programme management capabilities and practices within the Welsh Assembly Government for the strategically important projects and will oversee the delivery and appraisal of strategic capital investment in Wales.

Review and Reporting – the work of P will be reviewed with the Welsh Assembly Government at least annually to ensure that P continues to add value and has appropriate focus, resource and impact.

Annex C

Strategic Capital Investment Monitoring Group

TERMS OF REFERENCE

1. Strategic Capital Investment Monitoring Group

1.1 Background

One Wales includes the commitment to establish a strategic approach to capital investment and to develop opportunities to access capital finance consistent with an accountable, citizen-centred public service. The strategic Capital Investment Framework has been developed to meet this commitment.

In January 2009, the Cabinet Committee on Strategic Capital Investment, requested the setting up of a Strategic Capital monitoring group of officials to monitor the expenditure, progress and outcomes of projects granted funding and to provide regular reports to the Cabinet Committee.

1.2 Purpose of Monitoring Group

A Capital Investment Monitoring Group, chaired by the Director General for Finance, has now been established and the Group has its inaugural meeting on 31st March 2009.

The overall purpose of the Group is:

- To put into place robust monitoring arrangements with external capital funding recipients (terms and conditions of funding, delivery reports, spend profiles, meetings and site visits).
- To report monthly on the progress of capital projects and provide explanations for any variances (standard template).
- To ensure money allocated is spent on a timely basis.
- To ensure money is spent for the purposes intended.
- To be aware of risks that may impact on project delivery.
- To act quickly to reduce project slippage where required.
- To maintain cross departmental working.
- To ensure value for money.

- To provide feedback on the process and to identify opportunities for further improvement.
- To share best practice.

1.3 Frequency of meetings

Monthly

1.4 Composition / Membership

Dept.	Position	Name
Finance	Director General (Group Chair)	Christine Daws
Finance	Head of Financial Planning Division	Piers Bisson
Finance	Head of Strategic Capital Investment	Tim James
Finance	Strategic Capital Investment Programme Officer	Jennifer Smith
DPSP	Assistant Director Citizen First Wales	Tony Bracey
DPSP	Head of Strategy, Improvement and Efficiency – Value Wales	Richard Clarke
DPHHP	Head of PHSD	David Worthington
DCELLS	Head of Funding and Student Finance Division	Simon Brindle
HR	HR Dept Finance Manager	Roger Clissold
Heritage	Project and Programme Manager	Neal O’Leary
Rural Affairs	Wood Energy Programme Manager - Forestry Commission Wales	Mike Pitcher
CISD	Chief Statistician	Kate Chamberlain
DHSS	Head of Capital Estates and Facilities	Andrew Walker
DE&T	Senior Analyst Transport	Deborah Paramore
DESH	Head of Corporate Strategy	Philip Nash
IPAG	Director of Investment Policy Appraisal Group	Joe Flanagan
ECAD	Economic Advisor	Jarlath Costello

1.5 Circulation of Agenda, Papers and Minutes

The agenda and papers will be circulated to all members of the panel at least 1 week prior to meeting. Minutes would be available within 2 weeks of the Group meeting.

Annex D

Case Study – Strategic Capital Investment in Ebbw Vale The Learning Works Ebbw Vale

Summary

Working across organisational boundaries and focussing on the needs of one of the most deprived communities in Wales, public services in Ebbw Vale have aligned capital investment proposals to:

- reduce recurrent costs through reducing surplus capacity
- enhance the quality of learning and transform post-16 provision to raise education outcomes
- reduce carbon emissions by rationalising and modernising the public estate
- enhance sporting in and leisure facilities

The Learning Works will drive forward strategic regeneration of Ebbw Vale and support jobseekers through providing childcare facilities and raising skill levels. In partnership with the emerging low carbon enterprise cluster in the Heads of the Valleys, the Learning Works will develop a workforce with the right skills for new businesses and support low carbon technology innovation through applied university research. Significant procurement and design efficiencies are anticipated through aligning services.

Project description

The total cost of the project £112.5m. It is a **collaborative** scheme between Blaenau Gwent CBC, Coleg Gwent and the University of Wales, Newport. There is also close collaboration between neighbouring local authorities.

Learning Works Ebbw Vale and comprises 3 major elements:

- The Learning Campus (Post-16 FE campus)
- The Learning Zone (with Sports Centre and Leisure and Arts Centre)
- The Learning Campus (all school provision with a regional centre of excellence for Special Educational Needs)

Demonstrates Strategic Allocation of Resources

The Learning Works supports delivery of up to 5 One Wales Commitments:

- **Learning for Life:** entitlement to learning, reforming funding, developing adult learning and creating 21st century schools
- **A Prosperous Society:** enhancing skills, stimulating enterprise, and creating jobs in the Heads of the Valleys Area
- **A Fair & Just Society:** promoting equality, regenerating communities

- **A Sustainable Environment:** promoting equality, regenerating communities
- **A Rich & Diverse Culture:** supporting the Welsh language, promoting arts and culture, encouraging sport and physical activity

Cross-cutting innovation

The project promotes a high degree of cross-cutting and innovation through:

- **Regeneration:**
 - regeneration plans for Ebbw Vale respond to the socio-economic context of the area and are part of the Five Counties Regeneration Strategy. Ebbw Vale is one of the most socio-economically deprived areas of Wales. Learning has been identified as a key driver for the regeneration
 - the Learning Works forms a central part of the plans for regeneration of the former Corus steelworks and provides an infrastructure to facilitate regeneration
- **Integrating education with community facilities:**
 - The project will accelerate the re-configuration and collaboration by bringing together all sectors of education from early years through to post-16 education through the provision of a crèche (shared facilities); a new 3-16 school; a Regional Centre of Excellence for Special Educational Needs pupils; a 16+ Learning Campus Zone; and the expansion of Higher Education provision transformation, FE College and work based training providers.
- **A Demonstration project that is delivering key drivers for education policy i.e. 21st Century Schools, Transformation of post-16 education by bringing together school sixth forms with further education provision and the 14-9 Learning Pathways Agenda**
- **Added value through the integration of health, education and community services with:**
 - an Integrated Children's Centre and shared crèche supported by health professionals located at the new district hospital
 - a community library
 - a sports/leisure centre; and
 - an arts theatre
- **Sharing of expertise between health and special needs**

- Co-location on site to enable potential development of a hub for shared facilities such as social and catering facilities, administration and changing facilities

Clear Benefits and outcomes

- The programme will provide economic benefits:
 - Investing £115m into local economy as well as a potential boost to local economy, including the creation of jobs, skills improvement, apprenticeships and support for established and emerging new local businesses
 - Providing during the construction phase, site labour and local suppliers with opportunities for employment
 - Supporting re-skilling and up-skilling of population of Blaenau Gwent
 - Developing hubs within Learning Zone to provide entrepreneurs ability to start own businesses

Social Benefits by enhancing community facilities with:

- An Integrated Children's Centre which will provide advice and support for families to allow parents to obtain relevant skills to obtain employment
- Additional community facilities on the site to provide community with opportunities to address poverty issues through facilitating learning experience to break the cycle of un-employment

Environmental Sustainability

- The school will be built to BREEAM Excellent rating
- Individual projects on the site will be designed using "passive" design principles to minimise energy use and maximise carbon reduction
- A wide range of renewable energy resources will be used to include, biomass, solar thermal photovoltaics and heat pumps
- Locally sourced and manufactured products will be used along with sustainable transport
- Development of an Energy Centre

Efficiency

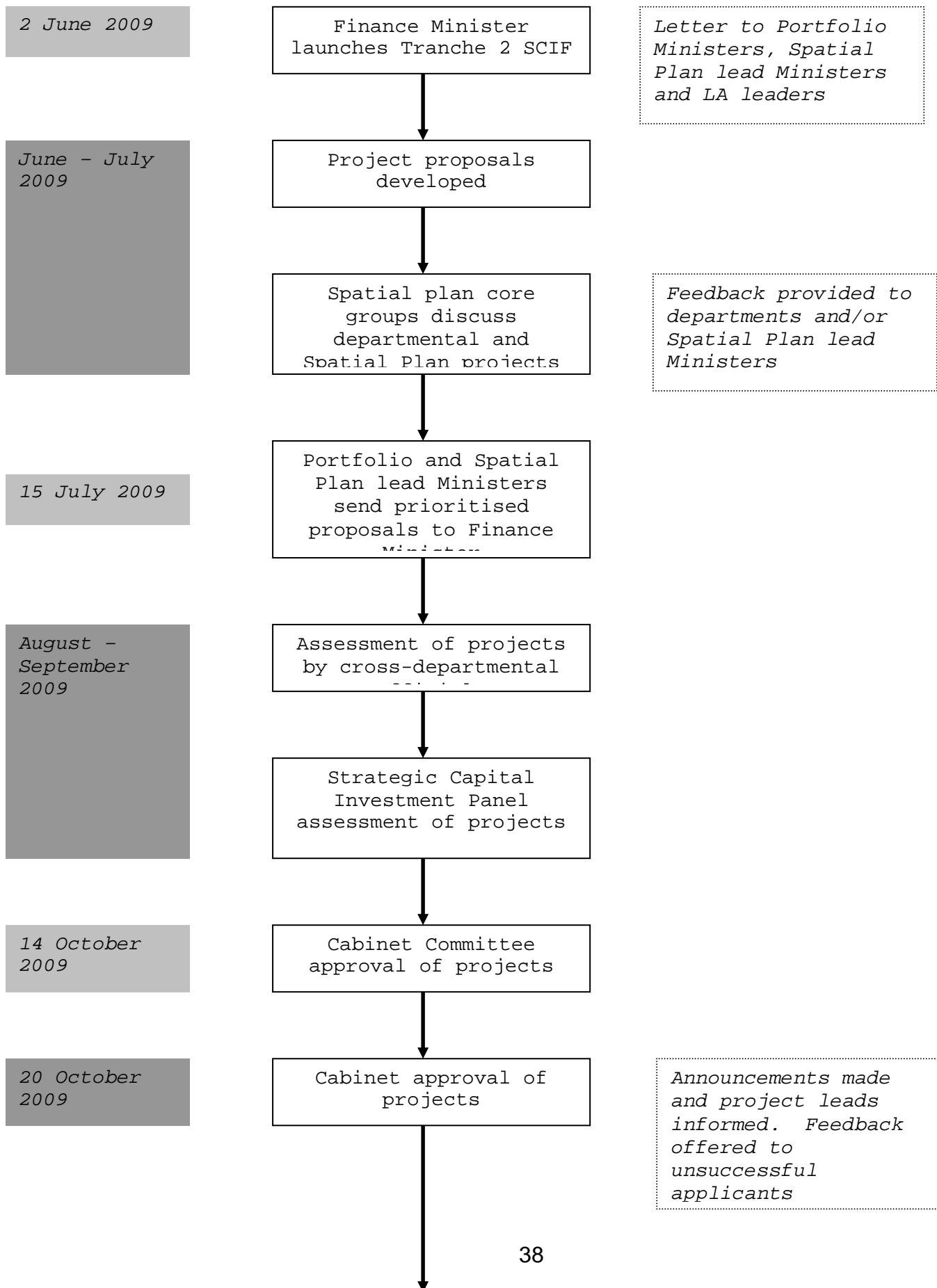
The project will drive efficiency by:

- Reducing school surplus places

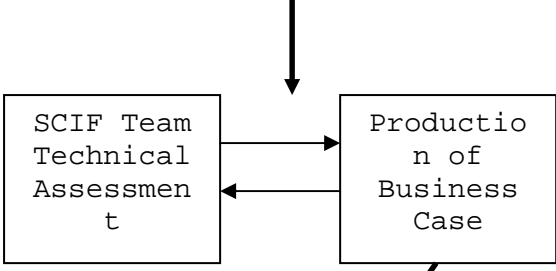
- Reducing running costs through rationalisation of space, co-location and use of shared facilities; maintenance costs and energy costs
- Efficient procurement with:
 - use of a multi-contractor framework to procure whole of programme of works
 - a multi-contractor framework which will bring significant benefits, including maximum value for money, benefits in programming and certainty of price and cash-flow
- Wider-regeneration opportunities – with the potential to include adjacent local authorities within a multi-contractor framework to deliver education and community projects in collaboration
- Demonstrating sustainable procurement in action

Annex E

The current SCIF process



Departments should ensure Business Cases have been approved, assessed and submitted to the SCIF Team by 1 April 2010



SCIF Team/EcAD provide technical advice on business cases and report back to Departments to assist in decision making

Department Approves Business Case

Department submits response to SCIF Team confirming it has met SCIF conditions for award of funds (attaching copy of Business Case)

Plenary approval Summer 2010

Supplementary Budget transfers SCIF budget to Departments

SCIF Team will arrange a budget transfer to the Department through supplementary budget process

By 1 December 2010

Department completes Final certification

A statement of the SCIF funding requirement to end of March 2011

End March 2011

SCIF funding spent

By September 2011

Evaluation

Feedback to start of process

