

SCOTTISH FUNDING COUNCIL
CAPITAL PROJECTS
DECISION POINT PROCESS

**Incorporating amendments by Scottish Futures Trust
(Proposals for Decision Points 2 – 5 Only)**

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Executive summary

The Scottish Further and Higher Education Funding Council (SFC) is the funding council for Scotland's colleges and universities. The Council's Strategic Plan 2015-2018 sets out its expectation of high standards of governance, leadership and management and a culture of continuous improvement in colleges and universities. High quality buildings, facilities and equipment are a specific objective.

This will be achieved by governing bodies' including estate strategies in their institutional strategic planning, and linking estate development appropriately with learning, teaching and research strategies. The decision point approval process is an appropriate tool for managing the implementation of projects resulting from an estate strategy. By developing business cases and using the decision point process, colleges and universities have a defined route for monitoring a project by using the key parameters for the project agreed at the project's conception.

This revised guidance builds on and supersedes previous guidance issued by the Scottish Higher Education Funding Council (SHEFC) (1999) and the Scottish Further Education Funding Council (SFEFC) (2000) on the procedure notes for capital projects and covers the decision point process and the development of business cases.

All capital projects should be the product of a business case in order to be considered for funding. The Council's *Capital Projects: Decision Point Process* guidance examines a project at critical stages in its procurement and delivery to provide an assurance that it is consistent with the agreed initial aims and it can progress successfully to the next stage.

This guidance is to advise colleges and universities of the decision point process required for major capital projects. The guidance provides an outline and map of the process that the Council will request colleges and universities follow for capital projects above £5 million. Where colleges or universities are funding the project themselves or from Council formula capital funding, this is expected to be an internal process.

Where a project is funded directly by the SFC, then following the decision point review process is mandatory. The project will be presented to the Council's Capital Decision Point Committee at the defined stages for appraisal and recommendation that the project proceeds to the next stage.

This Council's *Capital projects: Decision Point Process* guidance is informed by:

- Scottish Government's [Construction Procurement Guidance](#)

The timing of each approval stage is informed by:

- Office of Government Commerce (OGC) [Gateway™ Review Process](#)

This decision point process has been developed from, but is not the same as OGC Gateway™ Review. The decision point process has been developed by the Council to fit with its specific statutory requirements and adheres to its funding arrangements with colleges and universities.

The purpose of this guidance is also to align the requirements of colleges, universities and the Council by providing a template of the information required by the Council to enable it to assess funding support applications efficiently and effectively.

Section 1: Introduction to the capital projects decision point process

1. What is the decision point process?

The decision point process is a defined route for monitoring a project by using the key parameters for the project, which were agreed at project inception, e.g. costs or delivery programme, as benchmarks. At each specific stage the project cannot progress through the project appraisal process without completing a review and gaining approval.

The key stages in the decision point process are:

- Decision Point review 0: strategic assessment
- Decision Point review 1: business justification (outline business case)
- Decision Point review 2: procurement strategy (full business case)
- Decision Point review 3: pre-tender
- Decision Point review 4: pre-construction
- Decision Point review 5: post-occupancy evaluation

2. What are the benefits of the decision point process?

The decision point process gives the governing body of the college or university the security and support to achieve their business aims by ensuring that:

- The project is on target to meet the pre-agreed aims and objectives.
- Management receive an assurance that the project can successfully progress to the next stage of development or implementation.
- The project remains within the cost, quality and budget parameters set
- More accurate time and cost targets are achieved.
- Knowledge and skills amongst staff are improved through their participation in review teams.

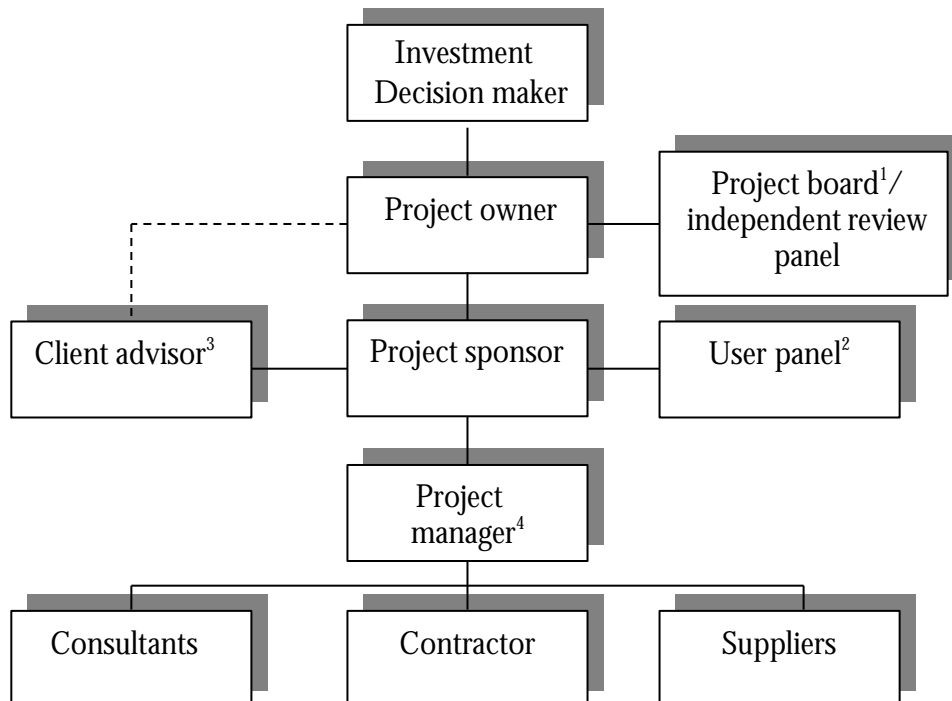
The Investment Decision Maker (IDM) is responsible for approving the project and maintaining the sustained management commitment for its delivery. This is normally the senior management team or board.

The project owner is usually the Principal, reporting to the IDM, is usually responsible for the project and its budget with the status and authority to provide the necessary leadership as they must have clear accountability for delivering the project requirements.

The project sponsor should be a senior officer within the college or university's organisation, appointed by and reporting to the IDM, Vice Principal or Director of Estates. The project sponsor should prepare the decision point report with the assistance of the design team.

The structure shown in Figure 1 details the approvals process to be undertaken.

Figure 1: decision point structure for capital projects



¹ Project board may not be required and is advisory only

² User panel including functional and operational stakeholders

³ Client advisor may be required by non-technical project sponsor and is generally an external consultant

⁴ Project manager is generally an external consultant

At each stage, during a review the project is examined by the college or university and reported on under the following headings:

- The business case and stakeholders.
- The wider context.

- In line with aims and objectives of the college or university.
- In line with project parameters.
- Procurement approach.
- Assessment of the proposed solution.
- Review of the current phase.
- Risk management.
- Plans for ongoing improvements in value for money or performance.
- Readiness to proceed to the next phase.

Further information on each review is provided in **Section 2: Decision Point approval process**.

The internal decision point reviews should be undertaken by a panel independent to the project team and with individuals drawn from both the public and the private sectors. Additional guidance on undertaking decision point reviews can be found on the Scottish Government website:

www.gov.scot

For those projects requiring investment from the Council, the reviews are undertaken by the Council's Capital Decision Point Committee supported by the Capital and Climate Change team and relevant Outcome Agreement Manager.

3. What is the process for projects incorporating Council investment?

Where Council funding is used for capital projects or where the proceeds of the sale of an Exchequer-funded asset are to be reinvested in the estate, then colleges and universities are required to follow the decision point process.

For Council funded projects, the decision point process for capital projects requires information to be presented in a defined report format to allow the project to be considered. The format is based on the required elements set out for each stage, defining the required elements below. Colleges and universities are asked to complete a decision point report, which demonstrates that they are following due process and have developed the project to an appropriate stage at each approval stage (further details of the information required is shown in section 2: Decision Point approval process). The reports are:

- Decision Point 1 report: outline business case.
- Decision Point 2 report: full business case.
- Decision Point 3 report: pre-tender.
- Decision Point 4 report: pre-construction.
- Decision Point 5 report: post-occupancy evaluation.

The report is initially sent by the college or university to the Council's Capital and Climate Change team and Outcome Agreement Manager, who present the case with any recommendations. This is undertaken through a detailed report, reviewing the project with its key issues.

Review of the project is expected at the following stages:

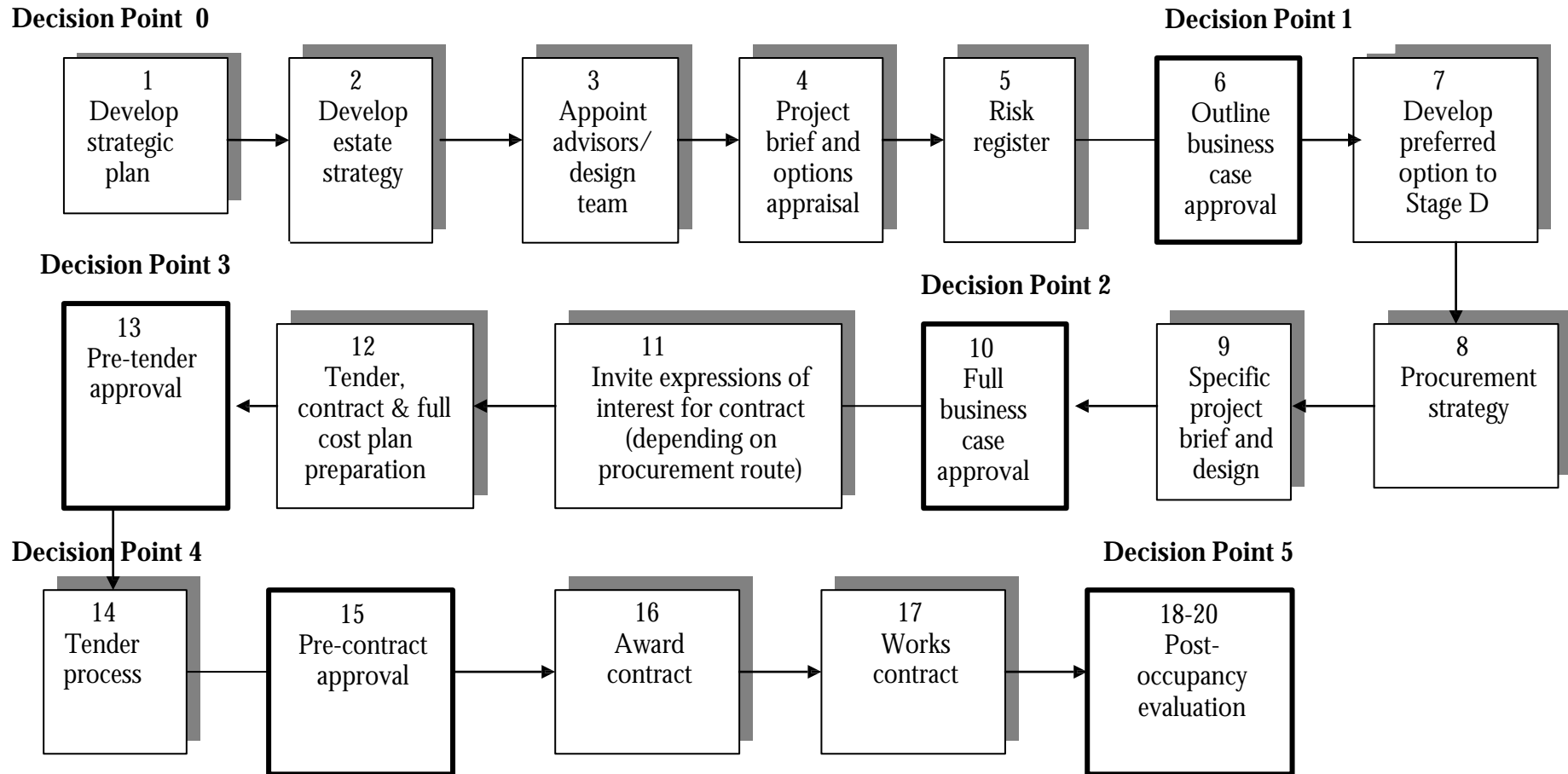
- Decision Point 1: for all projects.
- Decision Point 2: for all projects.
- Decision Point 3: for all projects.
- Decision Point 4: for projects adopting a two-stage procurement route for the contractor, where there has been a material change in the project or an exceptionally complex project.
- Decision Point 5: for all projects.

Assessment of each project business case or report is undertaken, with a recommendation to the Capital Decision Point Committee, to grant approval for the project to proceed to the next stage.

The Council sends formal written notification to the college or university with the decision outcome, stating the required conditions of grant, which allows the college or university to continue to progress the project through the decision point approval process.

An outline of this approval process in comparison to the previous Council approval process is demonstrated in annex A.

Figure 2: Scottish Funding Council decision point approval process flowchart



Section 2: Decision Point approval process

Gaining decision point approval

This section sets out the key activities and outputs which a project is required to demonstrate in order to gain Council funding, where available. These activities represent best practice project management and should be used alongside the Scottish Government's *Construction Procurement Guidance* and independent project review (such as OGC's *Gateway™ Review Process*) to support successful delivery.

The process is not linked to the Royal Institute of British Architects (RIBA) [plan of work](#) to allow for flexibilities with the various procurement options. The RIBA [plan of work](#) details stages of information development from stages 0 to 6. It is acknowledged that, in practice, depending on the procurement route, the RIBA [plan of work](#) stages will be used by estates professionals.

Decision Point 0: Strategic assessment

1. Develop the strategic plan

The project approval process begins with the development of the college or university strategic plan.

The strategic plan will describe the business direction and objectives for the future (short and medium term as a minimum and ideally covering longer term). It will demonstrate the vision, strategic themes and planned changes and is supported by an up-to-date estate strategy that is clearly linked to business needs and objectives. It is essential that the strategic plan is owned by the business, and not any project or group of projects within it. This explicit requirement is essential to support effective business change.

2. Develop the estate strategy

Linked to the strategic plan, an estate strategy is developed, identifying user needs for both short and long term, setting objectives and agreeing priorities for the estate. The Council has issued guidance on developing an estate strategy, which is available on the website: www.sfc.ac.uk

A robust estate strategy will have identified and prioritised projects.

To begin to implement the estate strategy, five key appointments will be required at this stage:

- Investment decision maker, which will normally be the senior management team or board, but may in some cases be a senior official.
- Project owner: usually the Principal, reporting to the investment decision maker.
- Project sponsor: Vice Principal or Director of Estates. It is important that this individual has project experience.
- Client advisor: (if required) who will be a construction professional, to assist the board in challenging the project sponsor and professional advisors.
- Project manager: who will assist the project sponsor and will be responsible for the day-to-day detailed management of the project, this role is often undertaken by an external consultant who has appropriate experience and background.

An important element in the development of a project is setting robust project management arrangements. The project owner will usually have overall responsibility and authority for the production of the decision point reports (business cases). Where this is not the case, suitably experienced individuals with specific and defined responsibilities must be identified.

3. Appoint advisors and design team

The Council suggests that project team is established in advance of developing the outline business case. Responsibility for undertaking the options appraisal will need to be well defined, with individuals with the relevant skills and expertise nominated to undertake the detailed work. If the necessary skills for the development of the outline business case are not available in-house, then the appointment of external consultants could be considered.

Another key appointment is that of the design team, as their involvement from this early stage will assist in ensuring that those appointed have a good understanding of the project and have an early professional input into the development of the project. Advisers required may include technical, financial and legal disciplines.

Although a full appointment should be made, the contract should include break clauses to accommodate potential breaks in the work required, due to the approval process or delays in the planning procedure or land acquisition.

4. Project brief and options appraisal

The project sponsor develops the project brief in conjunction with professional advisors.

The brief should describe the outline of the project and alternative options to meet the business objective (including the “do nothing” option). For each option set out the base estimate, risks and total allowances for identified risks, cost of managing them through avoidance, design or transfer. This report forms the outline business case.

Where required, undertake feasibility studies and consider the available options, which meet the project brief and objectives. Identify the risks for each option and the cost of their management and select the option which achieves value for money – the optimum combination of whole life cost and quality to meet the requirements of the college or university.

Proposals for space should be fully linked to the college or university's curriculum development strategy and this should be demonstrated in the outline business case.

Further guidance on undertaking option appraisals can be found in the HM Treasury [The Green Book: Appraisal and Evaluation in Central Government](#) and the Scottish Government's [Value for Money Assessment Guidance](#).

5. Compile a risk register

Begin with the organisation's risk policy and develop a risk register by identifying risks; assessing risks and reporting them and identifying the action or actions required to deal with each risk. Action should then be taken as soon as possible on those risks which are deemed to be high.

Identify responsibilities for managing risk and their reporting to senior management, especially risks that affect core business activities and organisational boundaries.

Set the project budget using the base estimate and include a risk allowance for the project, with the projected outturn costs.

Decision Point 1: Outline business case

6. Outline business case approval

The review focuses on the project's business justification. It also provides assurance to the project board that the proposed approach to meeting the business requirement has been adequately researched and can be delivered.

The outline business case is an investment appraisal followed by financial, technical and delivery proposals. At this stage critical assumptions should be checked for robustness: cost, benefit, risk.

This is the first key stage if a project is being presented to the Capital Decision Point Committee for consideration for capital funding.

Outline business case

An abbreviated checklist of information for inclusion in the outline business case is shown in annex B of this guidance. The full requirements for inclusion in the decision point 1 report are narrated below:

Aims and objectives
<p>The outline business case requires to be supported by a strategic analysis of the relationship and synergies between the project and the college or university estate strategy and strategic plan, which should be the starting point for the development of an outline business case.</p> <p><i>Strategic plan/curriculum justification</i></p> <p>If the capital procurement is aimed at providing curriculum development then it will be necessary to develop a range of aims and objectives that can demonstrate the potential demand and employment opportunities that will appropriately improve the curriculum for the college or university. If the curriculum development requires specialist estate needs, technological courses for example, then these requirements should be set out in the context of local and national employment opportunities. The curriculum justification section should cover an outline of current courses, including specialist areas; and student numbers (or Credits for colleges) for each curriculum area, both present and predicted.</p> <p><i>Estate Strategy</i></p> <p>This section will need to outline the key issues highlighted in the estate strategy and the contribution the project will make to the wider strategic plan of the college or university. If the college or university does not have an existing</p>

strategy, then this should be developed in conjunction with the outline business case. The Council's estate strategy guidance can be found at its web site: www.sfc.ac.uk.

It would be helpful if the business case could include an analysis of the existing estate, beginning with its size, age, condition and fitness for purpose and include information on the condition, age and risks associated with the current estate, as well as the date and outcome of the latest condition survey. If appropriate, information on any local issues that require special attention or consideration should also be provided.

Management structure

Provide an outline of the internal management structure that will take forward the project to progress through the decision point review and business case process as well as through to completion of the project.

Review by Advanced Procurement for Universities and Colleges Limited (APUC)

It is expected that colleges and universities will invite APUC to review the procurement for the project.

Procurement activity occurs throughout all key stages of the decision point review process. Depending on the level of procurement expertise within the college or university, APUC's input will vary. APUC can offer procurement services in a supporting role through to managing the procurement process.

Design team, project managers and client advisors

Provide an outline of the project manager, design team and client advisor and provide details of their experience in the higher and further education sectors and/or any other relevant experience.

Option appraisal

A critical stage in the outline business case process is the identification and appraisal of a range of options that will deliver the objectives of the strategic plan and estate strategy. Best value is achieved by a thorough and robust comparison of the various options available. Each of the project options identified should be appraised separately to demonstrate its financial and non-financial benefits. The basis by which each of the options identified have been appraised should be shown and each should be considered like-for-like.

The preferred option will outline the plans that the college or university feels delivers the most efficient solution given value for money and detailed financial analysis to ensure that the college or university can afford the

project.

Further guidance on undertaking option appraisals can be found in the HM Treasury [The Green Book: Appraisal and Evaluation in Central Government](#) and the [Scottish Government's Value for Money Assessment Guidance](#).

Life-cycle costing

Identify the life cycle costs for each of the options and carry out a value management study to identify and evaluate the options, ensuring they meet user needs and satisfy project brief and objectives.

The outline business case should provide a full life-cycle costing for each option. The life-cycle costing details all the costs to the college or university of operating and maintaining the new facility.

The outline business case should separately detail the last three years expenditure on planned maintenance and reactive maintenance on the existing estate and the level predicted in the future. It is envisaged that as estate development plans are further developed, there will be a move away from large reactive maintenance expenditure to a more developed planned maintenance programme for which the college or university will ring-fence funds for life-cycle specific expenditure.

Lessons learned

Detail any lessons learned from previous experience and how the outcome will influence the project and its delivery. Specifically utilise post occupancy evaluations from previous projects from either within the college or university or from peers within the college or university sectors.

Planning permission/building warrant consent

Provide the detail of any planning permissions or building warrants required for the project and report on their current status. If there are any risks associated with pursuing planning consent and, if so, how these will be managed. This information should be provided and appear in the risk register.

Schedule of accommodation

Provide information on the required size and intended utilisation of the project which can be demonstrated by including a developed schedule of accommodation. The schedule should also detail planned student numbers (or Credit activity) and space norm targets, compared with the existing. Any allowances for growth or commercial activity should be highlighted in the schedule.

Acquisition/disposal strategy

Provide details of the acquisition/disposal strategy that will be implemented for the project. The outline business case should also include up to date details of any land valuations connected to the project.

Sustainability strategy

Sustainable development and energy efficient practice needs to be considered and included in the planning stages from this point in the project.

Details of the sustainability strategy that will be implemented for the project should be included in the outline business case.

The Council's [Sustainability Development Guidance for Estate Management](#) can be found at the Council web site: www.sfc.ac.uk

Spaces for learning

[Spaces for Learning](#), is a review of learning spaces in further and higher education commissioned by the Council. The study was intended to encourage discussion between estate management and academic staff on the best form of campus developments, in light of emerging learning trends relevant to their college or university.

It is essential that the outline business case demonstrates the college or university's strategic spaces for learning view as well as demonstrating the planned flexibility in spaces for learning, pedagogy delivery and efficiencies in the estate from an early stage in the development of a project.

Financial model

The financial appraisal of the preferred option is based on the financial forecast return (FFR) or strategic plan forecast (SPF) and other related documents. It needs to address issues on affordability and a financial evaluation of the options identified by the college or university through forecast financial models. The inputs to the financial model should include:

- Construction costs.
- Operating costs.
- Lifecycle maintenance costs.
- Contingency/inflation allowances.

A projected cash flow, profit and loss balance sheet for the procurement option and the overall impact on the college or university projected cash reserves and surplus or deficit for the lifetime of the project (at a minimum this should cover 25 years operation)

- Tax and VAT implications.
- Sensitivity analysis.

It is a fundamental requirement that the financial model outlines the net present value (NPV) of the project using clearly defined price base dates. This will give a clear project cost at a consistent price base date of future cash flows.

It is also expected that this section will identify the sources of funding for any growth or commercial activity included in the business case.

Risk register

The option appraisal process should also consider the risks inherent in the project that the college or university will accept and evidence of risk management should be shown. This can be demonstrated by showing evidence of risk workshops being held to identify specific risks and the production of a risk register.

The risk register must include a potential cost to the project for each risk to inform the allowance for contingency and optimism bias for the project.

An outline of the risk register should be provided in the outline business case, with details of any required business continuity plans or contingency plans also included. Action should be taken as soon as possible on those risks which are deemed to be high at the Decision Point 0 stage and be reported in the outline business case.

Evidence that risk management is an ongoing process with regular updates is required. The risk register should include both technical construction risks and risks to the college or university in terms of financial, resource, reputation and business continuity. A college or university could also consider political, economic, social, technological, legal, environmental, safety and security risks.

Procurement

The next stage in the appraisal process is to identify the potential procurement options available to deliver the preferred option and to consider the procurement route that will offer best value and risk management and

demonstrate the financial planning and funding arrangements for the project.

The intended strategy should adhere to the EU Procurement Directives. For reference, the Scottish Government's [Construction Procurement Guidance](#) can be found at the Scottish Government web site: www.gov.scot

The HM Treasury document [The Green Book: Appraisal and Evaluation in Central Government](#) covers the decision point review framework, is mandatory guidance on appraisal and evaluation of options for projects and programmes.

[The Office for Government Commerce \(OGC\) Gateway™ review publications](#) can be found at the Scottish Government website.

Programme and delivery strategy

The programme will need to detail the intended phasing and decanting arrangements as well as providing an outline of the delivery strategy for the project. The delivery strategy will summarise the implementation plan for the remaining decision point phases of the project.

Relocation and change management

Provide an outline of the strategy for relocating staff and students at all relevant stages of the project and detail the strategy for implementing and managing change.

Collaboration and co-location

One of the objectives of the Council is to ensure that projects receiving funding support the Scottish Government's [Efficient Government Initiative](#), with demonstrable efficiencies in the size of estates and through the promotion of collaboration and co-location. Therefore, a condition of funding approval is that opportunities be considered, and planning for this will need to take place at this stage of the project.

If other colleges or universities provide similar courses or if there is an opportunity for collaboration then it should be explained why this collaboration would or would not work in practice.

Information on previous collaboration and co-location projects can be found in reports commissioned by the Council available on the Council website: www.sfc.ac.uk. This includes reports from a research project through Heriot Watt University *Development of Best Practice Process Map and Supporting Tools for Further and Higher Education Funded Collaboration and Co-location Construction Projects* and a study by Critical Thinking, *Space Collaboration in*

Further and Higher Education

Consultation

Provide information on user consultation undertaken and detail future plans. Consultation with relevant staff and internal and external stakeholders is essential while developing an outline business case. Open and constructive communication is vital in developing and maintaining the strategy as well as ensuring informed and relevant feedback. By ensuring people affected by change agree with, or at least understand the need for change, have a chance to decide how change will be managed and be involved in implementation of the change, then the process will be improved.

Delivery of the project

At this stage, the project execution plan should be prepared. This should include the establishment of procedures for controlling the project and reporting mechanisms. This is the appropriate stage to liaise with statutory authorities.

Working with the Capital and Climate Change team of the Council, the outline business case is considered and if appropriate, a recommendation will be made to the Capital Decision Point Committee that it grants the project approval to proceed to the next review stage.

It is a condition of Council grant that monthly project reports are provided for monitoring in all specific Council funded projects. This monitoring is undertaken from approval of the outline business case stage, by the Property Support Service (PSS). The PSS is two teams of independent project management professionals appointed by the Council to support the Capital and Climate Change team.

7. Develop the preferred option to design stage 2 (detailed proposals)

With the appointed design team, develop the preferred option to RIBA design stage 2, to ensure that the proposed physical, technical and workspace environment being planned is adequate to deliver the identified business requirements, and is affordable. It is helpful to ensure that enough time is allocated for this stage to ensure that design quality is not compromised.

Design stage 2 represents detailed proposals, including:

- Completion of development of the project brief.
- Development of the detailed proposals.

- Preparation of a cost estimate or information for the preparation of a cost estimate.
- Consultation with statutory authorities.
- Client approval of the detailed proposal showing special arrangements, material and appearance, and a fully detailed cost estimate.
- Preparation of and submission for full planning permission.

8. Procurement strategy

Identify the risks for each method of procurement, which are design and build, client design, management contracting, or construction management. A full description of each method and the associated risks is set out in the Scottish Government's [Construction Procurement Guidance](#).

At this stage, it would be useful for colleges and universities to work with the Council's executive while considering procurement routes, to benefit from previous experience on similar projects in the sectors. The business case should include the reasoning for the chosen procurement strategy, particularly if design and build is not the preferred option.

Assess the alternative risk transfer strategies, ensuring that the strategy meets defined needs.

Evaluate the project, ensuring that the objectives reflect user needs and that the risks have been identified and are reflected in financial estimates. Ensure the project is affordable and the appropriate procurement strategy has been selected.

9. Specific project brief and design

Ensure that the brief is fully defined and the design delivers the requirements of the users and ensure the users understand and accept the design proposals.

The project brief and design should be undertaken using the whole life concept. Carry out a value engineering study to optimise the design. Involve the appointed advisors to make an initial assessment of the 'buildability' of the options, and ensure that the preferred option offers best value for money.

Senior management undertakes a review of the operational management structure supporting the project team to address any major issues. Identify residual risks and continue to manage risks and the risk allowance accordingly.

Decision Point 2: Full business case

10. Full business case approval

The review focuses on the project's procurement strategy for the preferred option. It also provides assurance to the project board that the proposed approach continues to meet the business requirement and remains deliverable and affordable as at this stage critical assumptions are checked for robustness.

A full business case will need to build on the information held in the outline business case, and fully test the preferred option. The full business case will also need to provide a comparison to the outline business case, and highlight any changes to the project.

Full business case

An abbreviated checklist of information for inclusion in the full business case is shown in annex C of this guidance. The full requirements for inclusion in the decision point 2 report are narrated below:

Aims and objectives
Include the aims and objectives of the college or university, demonstrating that the business case is in line with the strategic plan and estate strategy.
Management structure
Provide an update on the outline business case and review the internal management structure that will take forward the project to progress through the decision point review and business case process as well through to completion of the project. This may include any changes to the governance structure and associated control mechanisms and should confirm a resourcing strategy has been put in place to follow financial close, covering the construction, commissioning and operational phases.
Review by Advanced Procurement for Universities and Colleges Limited (APUC)
Provide an update on the input of APUC into the project. Depending on the level of procurement expertise within the college or university, APUC's input will vary. APUC can offer procurement services in a supporting role through to managing the procurement process.

Design team, project managers and client advisors

Provide an update on the outline business case and review the project manager, design team and client advisor and provide details of their experience in the higher and further education sectors and/or any other relevant experience.

Provide confirmation that a skills and resource assessment has been made and list any forthcoming appointments that may be required for the project. Provide revised strategy for design team appointment in light of revised funding strategy.

Appraisal of the preferred option

The full business case should provide a review of the college or university's strategic plan and estate strategy and confirm that the assumptions of the outline business case remain valid. The document should also link back to the outline business case and review the option appraisal, demonstrating that after further investigation the preferred option still provides best value for money or that the preferred option no longer provides best value for money and providing the detail of any changes or amendments. The full business case should include a more detailed appraisal of the preferred option. Identify any changes in the scope of the project from the Outline Business case of the project.

Life-cycle costing

The full business case should provide a full life-cycle costing for the preferred option. The document should separately detail the last three years expenditure on planned maintenance and reactive maintenance and the level predicted in the future. It is envisaged that as estate development plans are further developed, there will be a move away from large reactive maintenance expenditure to a more developed planned maintenance programme for which the college or university will ring-fence funds for life-cycle specific expenditure.

The Life-cycle costing should consider all costs associated with the investment and ongoing maintenance. The reporting of life-cycle costs should adopt the Scottish Futures Trust Whole Life Appraisal tool.

Lessons learned

Detail any lessons learned from previous experience and how these will influence the project and its delivery.

Planning permission/building warrant consent

Provide the detail of any planning permissions or building warrants required for the project and report on their current status. If there are any risks associated with pursuing planning consent and, if so, how these will be managed. This information should be provided and appear in the risk register.

Schedule of accommodation

Provide information on the required size and intended utilisation of the project which can be demonstrated by including a developed schedule of accommodation.

As in the outline business case, the schedule should also detail student numbers (or Credits or workplaces) and refined space norm targets. Any allowances for growth or commercial activity should also be highlighted in the schedule.

This should also provide a summary and comparison of any changes since the outline business case. Where applicable comparison to suitable area benchmarks should be made to demonstrate efficiency of the design.

Acquisition/disposal strategy

Provide details of the acquisition/disposal strategy that will be implemented for the project. The full business case should also include up to date details of any land valuations connected to the project.

This should also outline the status of associated land issues including but not limited to a summary of any wayleaves, third party interest, conditions of title, identified ground conditions and surveys either completed or planned.

Sustainability strategy

A detailed strategy for sustainability for the project should be provided in the full business case. The Council's [Sustainable Development Guidance for Estate Management](#) should be used as a practical tool for integrating the principles of sustainability into all aspects of estate management: outlining the key issues that senior decision makers should be aware of when developing college or university strategic plans and estate strategies; and highlighting the policies that estate professionals should be implementing as sustainability practitioners.

It is vital that the strategy for sustainability is included in the full business case and that the strategy demonstrates:

A strong and unequivocal commitment from senior decision makers, for example, the Principal, governing body, etc.

The need for excellent environmental performance, for example, going beyond the regulations

The design process required and the principle of using whole-life costing

The need for rigorous commissioning and post occupancy evaluation

That the standards required are embedded in all contract documentation.

A three-fold approach can enhance the likelihood of realising sustainable estates by sharing out responsibility for success. This approach consists of:

Assigning a 'green champion' for every project and making use of that person's skills repeatedly over time so that they gain in confidence and disseminate lessons learned from each project to the senior management team

Ensuring that all participants are trained and tasked with realising the defined and agreed sustainability goals of the project within their own job description and responsibilities

Ensuring that the key sponsor and/or client/user group fully understands and does not lose sight of the value that a sustainable building can bring to their own objectives.

In addition, confirm compliance to the Procurement Reform Act 2014 and the associated duties contained within. This should include but not limited to compliance with the sustainable procurement duty, community benefits requirements and other requirements as set out within the Procurement Reform Act 2014 which will affect the project.

The Scottish Futures Trust [Community Benefit Toolkit for Construction or equivalent](#) should be used as a practical tool for integrating the principles of the sustainability procurement duty and community benefits within the project. As a minimum, a community benefit project objective should be developed for the project.

Spaces for learning

The full business case should include the college or university's strategic spaces for learning view as well as demonstrating the planned flexibility in spaces for learning, pedagogy delivery and efficiencies in the estate from an early stage in

the development of a project.

Financial model

A full business case should provide a fully comprehensive and financial model, showing the position updated since the outline business case, reflecting the impact of the preferred option on the college or university.

It is a fundamental requirement that the financial model provides an update of the net present value (NPV) of the project using clearly defined price base dates. This will give a clear project cost at a consistent price base date of future cash flows.

The financial model should include the information shown below.

Capital cost assumptions

Duration of capital programme

Phasing of capital works

Phasing of capital expenditure

Risk and optimism bias assumptions.

Revenue assumptions

Council funded income

Other fee income

Research grant income

Other income

Gain/loss on sale of asset.

Operating cost assumptions

- Teaching staff costs.
- Staff premises costs.
- Other staff costs.
- Premises costs.

- Facilities management costs.
- Life cycle maintenance costs.
- Other interests payable.
- Other operating costs.
- Depreciation of existing assets.
- Depreciation of new assets.
- Amortisation deferred grant, existing assets.
- Amortisation deferred grant, new assets.

Funding assumptions

- Funding structure.
- Commercial loan terms.

Shadow bid model assumptions

Macroeconomic assumptions

Opening balance sheet

Facilities management and life-cycle maintenance costs

If the total project cost is greater than the previously agreed budget, then the decision to invest in a capital project should be reconsidered, or the scope and design of the project should be revised. If it is appropriate then a new budget should be agreed and set, with an explanation of the increase.

This should provide a summary and comparison of any cost movements against the cost headings within the outline business case. A summary of any outstanding commercial issues and how these will be mitigated.

Please describe the steps that the Procuring Authority and advisers have taken or will take to assess the sufficiency/efficiency/competitiveness of proposals. This may include a benchmark comparison to similar projects to demonstrate value for money of the proposals.

Risk Register

An updated, live, risk register must be provided in the full business case, with details of any required business continuity plans or contingency plans also included. Action should be taken as soon as possible on those risks which are deemed to be high at the outline business case stage and be reported in the full business case.

The risk register should include a potential cost to the project for each risk to inform the allowance for contingency and optimism bias for the project.

Evidence that risk management is an on-going process with regular updates is required. The risk register should include both technical construction risks and risks to the college or university in terms of financial, resource, reputation and business continuity.

The risk register should also identify which risks will be transferred to third parties that is aligned to the proposed procurement and contract strategy.

Procurement

Identify the potential procurement strategy to deliver the preferred option detailing the procurement route that will offer best value and demonstrate the financial planning and funding arrangements for the project. The intended strategy should adhere to the EU Procurement Directives, *including requirements of the new [European Single Procurement Directive](#)*. *For reference, the Scottish Government's [Construction Procurement Guidance](#) can be found at the Scottish Government web site www.gov.scot*

Programme and delivery strategy

The programme will need to detail the intended phasing and decanting arrangements as well as providing an outline of the delivery strategy for the project. The delivery strategy will summarise the implementation plan for the remaining decision point phases of the project.

Relocation and change management

Provide an outline of the strategy for relocating staff and students at all relevant stages of the project and detail the strategy for implementing and managing change.

Collaboration and co-location

One of the objectives of the Council is to ensure that projects receiving funding support the Scottish Government's *Efficient Government Initiative*, with demonstrable efficiencies in the size of estates and through the promotion of collaboration and co-location. Therefore, a condition of funding approval is that opportunities be considered, and planning for this will need to take place at this stage of the project.

The full business case should include details of the implementation of collaboration and co-location opportunities, providing details of formal agreements and highlighting efficiencies.

Consultation

Provide information on user consultation undertaken and detail future plans. Consultation with relevant staff and internal and external stakeholders is essential while developing a full business case. Open and constructive communication is vital in developing and maintaining the strategy as well as ensuring informed and relevant feedback. By ensuring people affected by change agree with, or at least understand the need for change, have a chance to decide how change will be managed and be involved in implementation of the change, then the process will be improved.

Delivery of the project

Working with the Capital and Climate Change team of the Council, the full business case is considered by and if appropriate, a recommendation will be made to the Capital Decision Point Committee that it grants the project approval to proceed to the next review stage.

It is a condition of Council grant that monthly project reports are provided for monitoring in all specific Council funded projects. This monitoring is undertaken from approval of the outline business case stage, and will already be taking place through the Property Support Service.

Up-front funding

Once in-principle approval of funding has been granted, with the in-principal approval of the full business case, up-front funding can be drawn down from the Council, provided an appropriate amount is identified in the expenditure profile in the full business case. The up-front funding will be part of the overall grant and will assist the college or university to progress to the next stage of the project.

Claims for payment are submitted on form CG and must be supported by appropriate evidence of the need to make a payment (e.g. Employer's Agent/Architect's Certificate, Contractor's Valuation or invoice).

11. Invite expressions of interest for contractors (depending on procurement route)

Check the contractor market capability, previous experience and performance are fully understood. Seek appropriate advice and ensure compliance with the requirements of the European Single Procurement Directive.

Set the following:

- Selection and award quality criteria.
- Quality/price ratio.
- Minimum quality thresholds.
- Quality/price mechanisms.

If procuring through OJEU, evaluate on the basis of quality, select a short list and agree a tender list. Potential suppliers and partners are asked to submit their proposals or tenders. An evaluation panel will be formed to analyse the submissions on a 'like-for-like' basis and recommend the proposal that meets all the needs of the project and end-users and which offered the best value for money. This review takes place before a work order is placed with a supplier, or at preferred bidder stage and before award of contract.

Evaluate the project, reviewing risk management, value management and value engineering approaches to assess contribution to meeting objectives. Based on the results of this evaluation, if necessary, request additional studies.

Review the project delivery strategy to ensure the intended phasing and decanting arrangements and the implementation plan for the remaining decision point phases of the project.

The intended strategy should adhere to the EU Procurement Directives. For reference, the Scottish Government's [Construction Procurement Guidance](#) can be found at the Scottish Government web site: www.gov.scot.

12. Contract preparation

For traditional client designed projects, provide the design and specification.

Design and build generally also requires output specifications, as part of the employer's requirements. This should be detailed and comprehensive to ensure an accurate price is obtained.

Compare the revised estimate against the budget.

When technical advisers are appointed to undertake a capital project, the briefing and appointment documentation should state that they are to be involved in the post-occupancy evaluation process. The documentation should include the purpose of the review and a clause stating that post-occupancy evaluation is a condition of appointment.

The documentation should also set out what is expected of the technical adviser, or contractor, and state that a review of the decision point and procurement processes as well as a review of the operational, functional and strategic performances will be undertaken post-project.

Decision Point 3: Pre-tender

13. Pre-tender approval

Decision Point 3 approval confirms that the recommended investment decision is appropriate before the contract is placed with the contractor.

The review also assesses whether the process has been well managed; whether the business needs are being met; that both the client and the supplier can implement and manage the proposed solution; and that the necessary processes are in place to achieve a successful outcome after the awarding of a contract.

Decision Point 3 checklist

An abbreviated checklist of information for inclusion in the decision point 3 report is shown in annex D of this guidance. The full requirements for inclusion in the decision point 3 report are narrated below:

Aims and objectives
Confirmation that the desired aims and objectives of the project are still aligned with the college or university's strategic plan and estate strategy.
Review of costs shown in the full business case
A review of the full business case with fully updated costs; now that the relevant information has been confirmed from potential suppliers and that the project remains affordable. The business case should also include explanations for any material changes in the project. Any changes in costs should be explained and compared to the full business case and include a summary of any changes in scope of works.
Procurement
Provide a summary of the proposal and demonstrate that all of the necessary statutory and procedural requirements are being followed throughout the procurement and evaluation process and report on the current status of the procurement strategy. Confirm compliance with current procurement regulations and where possible standard documentation and contract conditions have been applied.

Delivery of objectives
Confirmation that the recommended contract decision is likely to deliver the specified outcomes on time, within budget and provide value for money.
Management structure
Provide an update on the full business case and review the internal management structure that will take forward the project to progress through the decision point review and business case process as well through to completion of the project.
Design team, project managers and client advisors
Provide an update on the full business case and review the design team project managers and client advisors. Provide confirmation that a skills and resource assessment has been made and list any forthcoming appointments that may be required for the project.
Design development
The decision point 3 report should contain a detailed description of the design proposals, including a completed schedule of accommodation, current status of the design, survey, a list or provisional sums and investigation outcomes. It would be helpful if drawings could be provided as an appendix to the document, if they are available.
Planning permission/building warrant consent
Provide an update on the status of planning and building warrant consents. If there are any risks associated with pursuing planning consent and, if so, how these will be managed. This information should be provided and appear in the risk register.
Sustainability strategy
An update on the strategy for sustainability for the project should be detailed in the decision point 3 report. In addition, confirm compliance to the Procurement Reform Act 2014 and the associated duties contained within. This should include but not limited to compliance with the sustainable procurement duty, community benefits requirements and fair payment requirements. Submit a completed community benefit project plan for inclusion within the tender.

documentation.
Financial model
The report should provide an update of the financial model as well as an update of the project costs, funding status. A full and detailed cost plan of the completed design with an explanation of any changes will be required.
Risk Register
An updated, live, risk register should be provided in the full business case, with details of any required business continuity plans or contingency plans also included. The risk register should also identify which risks will be transferred to third parties, which is aligned to the procurement and contract strategy. Action should be taken as soon as possible on those risks which are deemed to be high at the full business case stage and be reported in the Decision Point 3 report.
Programme and delivery strategy
The programme will need to detail the intended phasing and decanting arrangements as well as providing an outline of the delivery strategy for the project. The delivery strategy will summarise the implementation plan for the remaining decision point phases of the project.
Business continuity and contingency
The report should provide confirmation that plans are in place for business continuity and contingency and that there are plans for risk and change management.

Delivery of the project

Working with the Capital and Climate Change team of the Council, the pre-tender approval report is considered and if appropriate, a recommendation will be made to the Council that it grants approval for the project to proceed, following which a formal offer of grant will be issued. If approval is not recommended at this stage, the project may have to repeat decision point 3 or else go through decision point 4 before approval for funding.

14. Tender process

Issue the invitation to tender. Form an evaluation panel to analyse the returned tenders on a 'like-for-like' basis and recommend the proposal that meets all the needs of the college or university based on price and quality.

Once the decision regarding the awarding of the contract is made, then a tender report should be compiled.

This review should come before placing a work order with a supplier, or at the preferred bidder stage and before the contract is awarded.

Decision Point 4: Pre-construction

15. Pre-contract approval

At this stage, the financial, technical and delivery systems are reviewed. The affordability of the project including provision for spending on specified risks should be considered and the funds be committed for construction.

Decision Point 4 checklist

An abbreviated checklist of information for inclusion in the decision point 4 report is shown in annex D of this guidance. The full requirements for inclusion in the decision point 4 report are narrated below:

Contract
Demonstrate that the current phase of the contract is confirmed and completed and that the documentation and contractual arrangements are in place.
Tender
In the Decision Point 4 report, include a copy of the detailed tender report with a financial comparison and assessment.
Business case
Confirm that the business case is still valid and unaffected by internal and external changes or events.
Aims and objectives
Confirm that the original aims and objectives of the project will be achieved.
Risk management
Demonstrate that all ongoing risks and issues are being managed effectively and do not threaten implementation of the project. Also demonstrate that the risk of proceeding with the implementation where there are any unresolved issues has been evaluated and the implications of this risk along with the details of the contingency plan. Action should be taken as soon as possible on those risks which are deemed to be high at the Decision Point 3 stage and be reported in the Decision Point 4 report.

<p>Evidence that risk management is an ongoing process with regular updates is required. The risk register should include both technical construction risks and risks to the college or university in terms of financial, resource, reputation and business continuity. The risk register should also identify which risks will be transferred to third parties that are aligned to the procurement and contract strategy.</p> <p>It should be confirmed that all parties have agreed plans for managing risk. Change can be controlled through good risk management and a process should be adopted to evaluate and manage change when it occurs. Further advice can be found in the Scottish Government's Construction Procurement Guidance.</p>
<p>Implementation</p>
<p>Demonstrate that the college or university has the necessary resources and that it is ready to implement the project and the business change. Provide confirmation that the college or university and contractor implementation plans are still achievable.</p>
<p>Management controls</p>
<p>Demonstrate that there are management and organisational controls to manage the project through construction and operation. Outline the approach and resources to be implemented to provide surety that construction standards are being delivered. This approach should consider the monitoring of construction quality, compliance with the Employers Requirement and compliance with relevant building standards.</p>
<p>Programme and delivery strategy</p>
<p>The programme will need to detail the intended phasing and decanting arrangements as well as providing an outline of the delivery strategy for the project. The delivery strategy will summarise the implementation plan for the remaining decision point phases of the project.</p>
<p>Business continuity and contingency</p>
<p>The report should include an update and provide confirmation that plans are in place for business continuity and contingency and that there are plans for risk and change management.</p>
<p>Commissioning</p>
<p>Provide confirmation that contract management arrangements are in place to manage the operational phase of the contract and that commissioning teams</p>

and procedures have been established.

Delivery of the project

Working with the Capital and Climate Change team of the Council, the pre-contract approval report is considered and if appropriate, a recommendation will be made to the Capital Decision Point Committee, ratified by The Council, that it grants approval for the project to proceed, following which a formal offer of grant will be issued.

Monthly status reports (MSR form) and claims for payment (CG form) will be completed by the college or university and returned each month.

16. Award contract

Award the contract to the tender offering the best value for money. If procuring through OJEU, a mandatory (minimum) 10-day standstill period is required between the award decision and conclusion of the contract to allow time for debriefing and appeal from the unsuccessful tenderers.

Therefore all tenderers must be notified of the outcome as soon as possible and the unsuccessful tenderers must be notified of the name of the 'winning' supplier, the award criteria and, where practical, the winner's score and the losing supplier's score against the award criteria. Debriefing must be sought from the unsuccessful tenderers within two working days and must be provided in time to allow the supplier three working days to approach court before conclusion of the contract.

A contract can be concluded with the successful supplier from the eleventh calendar day following notification if there are no appeals pending. Within 48 days of the award decision, the awarding authority must dispatch a contract award notice for publication in the OJEU.

17. Works contract

Manage the construction and delivery of the new and/or refurbished building(s).

Identify possible long-term savings by ongoing value engineering reviews and joint risk management approach. Senior management review the project to address any major issues.

Undertake the commissioning process on completion of the construction to confirm that all systems are working to their optimum performance. This process is then reviewed once occupation of staff and students are occupying the building adjustments are made where required.

Decision Point 5: Post-occupancy evaluation

Post-occupancy evaluation is an essential tool to be able to demonstrate that project objectives have been achieved and for public accountability to demonstrate what has been achieved with the investment of public funds.

18. Post-occupancy evaluation: operational review (3-6 months after handover)

Decision Point review 5 focuses on ensuring that the project delivers the outputs and value for money identified in the business case and benefits plans, and covers commissioning of the building. A review of the acceptability of the completed project is required. A post-occupancy evaluation needs to be undertaken and the results compared with the original project objectives.

The main focus of the operational post-occupancy evaluation is the process of delivering the project from inception to occupation of the building.

Set out the lessons learned and seek comments regarding procurement to improve the procurement process, if required.

Confirmation of transfer and use of Assets Information Model and/or Operational & Maintenance manuals and suitable resource and training implemented to utilise and maintain this information.

Aim to agree the final account within six months of completion.

Prepare and submit key project data in defined template to support future benchmarking; to include breakdown of contract sum and final account in elemental format.

19. Post-occupancy evaluation: functional performance (12-18 months after handover)

Carry out a further post-occupancy evaluation at least twelve months after occupation to assess the suitability of project in satisfying user needs and assess the whole life design. The process will provide feedback to improve future projects.

The main focus of this review is on the performance of specific area and functions and a more in depth view of the technical and functional performance. The performance review will establish where adjustments and corrections are needed to the building and its systems as well as identifying cost in use.

The scope of the review will vary depending on whether the project is a long-term service contract or provision of works; the project may start life as a construction project and transfer to a long-term service contract.

This post-occupancy evaluation makes use of findings from the operational post-occupancy evaluation, together with an assessment of organisational learning, as evidence of good practice and may include a full review of strategic plans for the future.

20. Post occupancy evaluation: strategic review (3-5 years after handover)

The main focus of a post-occupancy evaluation strategic review is on organisational change and building response, asking how the buildings might respond to change in the future, and how they have responded to medium term needs and changes.

Annex A

Approval process comparison

	Previous process		Current decision point approval process
1	Project brief and options appraisal	1	Develop strategic plan
2	Outline business case approval – Decision Point 1	2	Develop estate strategy
3	Procurement strategy	3	Appoint advisors / design team
4	Full business case approval – Decision Point 2	4	Project brief and options appraisal
5	Appoint advisors / design team	5	Risk register
6	Develop preferred option to stage D	6	Outline business case approval – Decision Point 1
7	Specific project brief and design	7	Develop preferred option to stage D
8	Invite expressions of interest for contractor	8	Procurement strategy
9	Tender contract and full cost plan preparation	9	Specific project brief and design
10	Pre-tender approval required – Decision Point 3	10	Full business case approval – Decision Point 2
11	Risk register	11	Invite expressions of interest for contractor
12	Tender process	12	Tender contract and full cost plan preparation
13	Award contract	13	Pre-tender approval required – Decision Point 3
14	Works contract	14	Tender process
		15	Pre-contract approval – Decision Point 4
		16	Award contract
		17	Works contract
		18	Post project evaluation – Decision Point 5

Annex B

Outline business case checklist

	Aims and objectives
	Management structure
	Review by Advanced Procurement for Universities and Colleges Limited (APUC)
	Design team, project managers and client advisors
	Option appraisal
	Life-cycle costing
	Lessons learned
	Planning permission/building warrant consent
	Schedule of accommodation
	Acquisition/disposal strategy
	Sustainability strategy
	Spaces for learning
	Financial model
	Risk register
	Procurement
	Programme and delivery strategy
	Relocation and change management
	Collaboration and co-location
	Consultation

Annex C

Full business case checklist

	Aims and objectives
	Management structure
	Review by Advanced Procurement for Universities and Colleges Limited (APUC)
	Design team, project managers and client advisors
	Appraisal of preferred option
	Life-cycle costing
	Lessons learned
	Planning permission/building warrant consent
	Schedule of accommodation
	Acquisition/disposal strategy
	Sustainability strategy
	Spaces for learning
	Financial model
	Risk register
	Procurement
	Programme and delivery strategy
	Relocation and change management
	Collaboration and co-location
	Consultation

Annex D

Decision Point 3 checklist

	Aims and objectives
	Review of costs shown in the full business case
	Procurement
	Delivery of objectives
	Management structure
	Design team, project managers and client advisors
	Design development
	Planning permission/building warrant consent
	Sustainability strategy
	Financial model
	Risk register
	Programme and delivery strategy
	Business continuity and contingency

Annex E

Decision Point 4 checklist

	Contract
	Tender
	Business case
	Aims and objectives
	Risk management
	Implementation
	Management controls
	Programme and delivery strategy
	Commissioning