



OPTION APPRAISAL

BUILDING OUR FUTURE: SCOTLAND'S SCHOOL ESTATE



SCOTTISH EXECUTIVE



OPTION APPRAISAL

BUILDING OUR FUTURE: SCOTLAND'S SCHOOL ESTATE

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1 | INTRODUCTION

1. *Building our Future: Scotland's School Estate*,¹ sets out the role of school estate management plans in delivering our vision and objectives for a school estate that supports better public services. These plans are a core plank in the implementation of the school estate strategy.
2. This guidance on option appraisal should be read in conjunction with the strategy and guidance on *School Estate Management Plans*.² It provides advice on how to carry out an assessment of investment options, particularly under step 3 of the school estate management plans.
3. The high levels of investment associated with the school estate management planning process emphasise the need for capital planning decisions to be underpinned by rigorous, consistent, yet proportionate, appraisals. These should help ensure that funds are committed to the projects which will make the most contribution towards objectives for the school estate.
4. This guidance on option appraisal provides a good practice framework to assist local authorities to appraise school capital investment and select the option which will best meet objectives.

WHAT IS OPTION APPRAISAL?

5. Option appraisal is a technique for setting objectives, creating and reviewing options and analysing their relative costs and benefits. Option appraisal should help develop a value for money solution that meets the objectives of the project.
6. *The Green Book*³ (2003), provides best practice guidance on option appraisal. It suggests that option appraisal should take place wherever practical, but also that it should be proportionate to the proposals in question. This guidance is consistent with the principles and approaches of the Green Book. The Green Book, or appropriate professionals, should be consulted for more detailed information on any part of the appraisal process.
7. An effective option appraisal should help answer the following questions:
 - have you taken into account all relevant factors in deciding what the project should be?
 - should you go ahead with the project?
 - which is the best way to carry out the project?
8. All decisions are based on some form of option appraisal. In small projects, you might consider options informally and make a decision based on intuition and judgement. For larger capital projects, you may already have a detailed appraisal process. This guidance should help you to use the most appropriate appraisal process for each capital project.

¹ Scottish Executive/COSLA, 2003
www.scotland.gov.uk/library5/education/bofs-00.asp

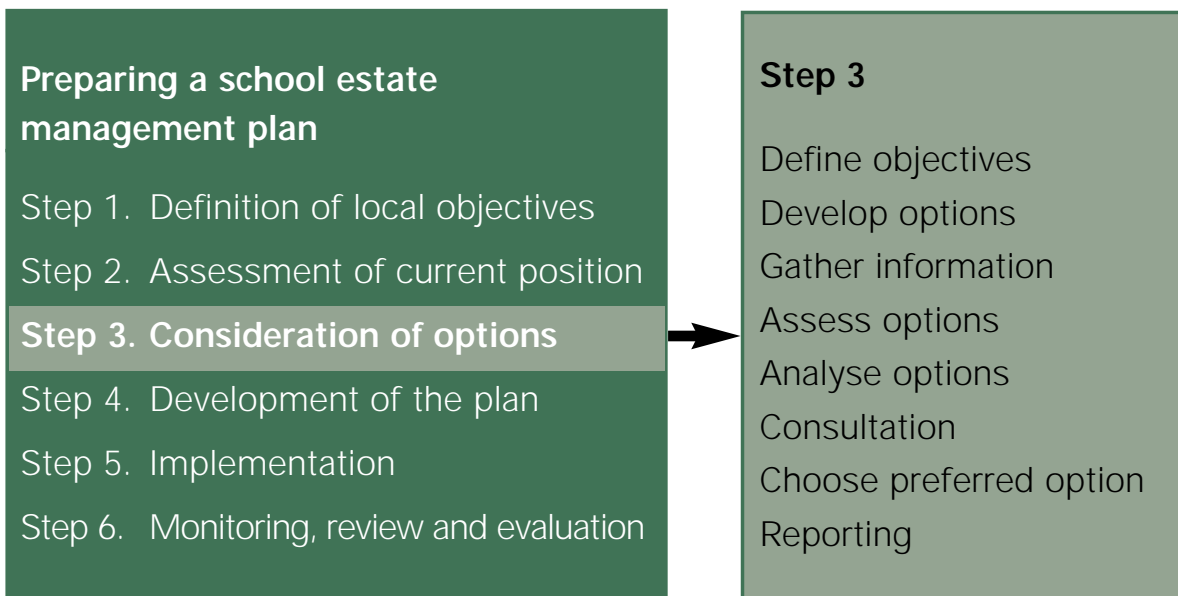
² Scottish Executive, 2003
www.scotland.gov.uk/library5/education/semp-00.asp

³ *The Green Book – Appraisal and Evaluation in Central Government*, HM Treasury (2003) The Stationery Office
ISBN 0-1156-0107-4. www.hm-treasury.gov.uk/economic_data_and_tools/greenbook/data_greenbook_index.cfm



2 | STAGES

1. The school estate strategy describes the process for preparing a school estate management plan. This guidance expands on step 3: consideration of the options and provides a systematic practical approach to option appraisal for all capital investment projects.



2. Every appraisal should follow this broad process. However, the size and nature of each project will determine the extent of work required at each stage of the appraisal. Every appraisal will cover all these stages but, in practice, some of the stages may take place simultaneously. Consultation is described as a separate stage, but in practice it is likely to take place throughout the course of your appraisal and influence each stage.
3. As information is generated and analysed, it may be necessary to revisit earlier stages of the appraisal: the more complex the project, the more likely it is that the process will evolve.

STAGE 1: DEFINE OBJECTIVES

- 4.** The first stage in all option appraisals should be to define a clear set of objectives. This is the key to actually shaping what you are trying to achieve. The objectives should be sufficiently broad, joined-up and inclusive of all interests. They should not, however, be too general as this can create too much flexibility and lead to unnecessary work. This allows the identification of a full range of options and ensures that realistic potential options are not ruled out.
- 5.** In order to define a clear set of objectives, this stage should incorporate a review of data and consideration of the issues and policies which have implications for investment in the school estate. For example, before objectives are defined for a new school building project, consideration should be given to issues such as recent and future demographic change, likely housing patterns, the condition of existing buildings and their suitability for delivering education and other services. Wider educational policies, commitments or aspirations such as mainstreaming, class size regulations, integrated community schools or ICT initiatives are likely to shape the project's objectives and should be considered fully. A similar process - albeit on a lesser scale - can be equally useful for smaller investment projects.
- 6.** Consideration of wider issues should ensure that individual projects are consistent with the strategic and corporate objectives of the local authority. Indeed, project level objectives should be considered in the context of their contribution to corporate and service objectives and targets.
- 7.** The list of objectives is likely to include some which are essential and others that are desirable but not as important. In this case, you should set out your objectives in order of priority. These priorities can then be used to decide on weightings when you assess the options.
- 8.** You should aim to have a relatively short and focused list of objectives. It is better to have five or six clear and manageable objectives than a much longer list.
- 9.** In developing objectives, it is good practice to make them SMART:
 - › Specific
 - › Measurable
 - › Agreed
 - › Realistic
 - › Time bound

- 10.** Setting SMART objectives will help clarify what has to be achieved and will ensure that you are able to consider the full range of available options. A clear set of objectives will also enable the project to be properly evaluated after it has been implemented. However, for some projects it will be more difficult and less practical to define a full set of SMART objectives. For example, if a central objective of a new build school is to contribute towards increasing educational attainment, it will be extremely difficult to make this quantifiable. While clearly an important objective, it would be almost impossible to single out the individual contribution to attainment made by a particular capital investment. Individual judgement should be used during each option appraisal and a full range of SMART objectives set only where it is practical to do so and likely to improve the final outcome.

Two examples are used throughout this guidance to illustrate how the process works at the various stages of optional appraisal:

Boiler replacement – a simple, small-scale project to replace a school boiler.

The school's coal-fired boiler has reached the end of its operational life. It breaks down regularly and the system is not powerful enough to sustain the required temperatures, leading to frequent disruption to the operation of the school.

Secondary school redevelopment – a more complex project involving major work at an existing secondary school, to tackle existing accommodation problems and provide facilities to deliver educational and community services.

Four of the general classrooms in the school are too small for appropriate ICT based education, and the science rooms are not suitable for some practical work. These accommodation problems are limiting the delivery of the curriculum. The local authority is aiming to improve the school's attainment standards in science and ICT by 10%.

Poor staff facilities are contributing to low morale and problems with recruitment and retention. Major capital repairs to the school's buildings are required. There are significant problems with water penetration and one of the main buildings needs to be re-clad.

STAGE 1: DEFINE OBJECTIVES

Boiler replacement

The objectives are to provide a heating system that:

- › is reliable and offers value for money
- › maintains the required room temperature in all parts of the school
- › is fully compliant with the local education authority's energy efficiency and environmental policies
- › enables the school to remain fully operational over the 20-year lifetime of the boiler.

Secondary school redevelopment

Educational objectives

The objectives are to:

- › provide sufficient new or modernised accommodation suitable for delivering all ICT and science teaching. This will eliminate the need to teach pupils in under-sized or unsuitable spaces (currently 110 teaching periods per week, average pupil group size 25, in ICT; 50 teaching periods per week, average pupil group size 28 in science). The school considers that this would make a significant contribution over time towards meeting its improvement targets in ICT and science
- › provide a building that is flexible and capable of accommodating class sizes of 20 in S1/S2 maths and english by 2007
- › improve staff morale and reduce staff turnover by 30% within the two years of school redevelopment
- › reduce expenditure on immediate major repairs by 40%
- › reduce ongoing maintenance costs by 20%
- › improve energy efficiency by 45%
- › reduce levels of vandalism by 50% within three years of redevelopment.

Community objectives

In line with the principles outlined in Building our Future: Scotland's School Estate, the local authority and school, in association with the local health authority, plan to realise the school's site potential by co-locating a community health and social work services centre on a part of the site that is surplus to the school's needs. These services are currently provided in unsuitable accommodation elsewhere.

The objectives are to acquire more suitable facilities to improve the delivery of health and social services to customers, and to bring together different community groups to contribute to area regeneration.

STAGE 2: DEVELOP OPTIONS

- 11.** Once objectives have been defined, you can begin to consider the different approaches you could take to achieve them: the options. The objectives set out what you want to achieve, the options describe how you could achieve it.
- 12.** The range of options depends on the nature and scale of the objectives. For a major project, such as multi school redevelopment, a wide range should be considered in detail. For a small project, such as repair work to a leaking roof, there will not be a wide range of alternatives.
- 13.** It is important to consider a wide range of initial options, which can then be narrowed down. If you are finding it difficult to develop options, the Green Book provides examples of strategic and operational options and suggests actions to help establish options in practice.
- 14.** The list should always include a base case for comparison. This will normally be an option based on doing nothing or doing the minimum such as maintaining the existing level of service. Comparing options against the base case will help support the case for something more significant to be done and identify what you will be unable to achieve if the project does not go ahead.
- 15.** A shortlist of options may be created to make the process more manageable, usually at the preliminary stages of an appraisal or outline business case stage. The base case option should always be carried through to the short-list.

STAGE 2: DEVELOP OPTIONS

Boiler replacement

Through discussions with the school's management, the caretaker and heating engineers, four possible options were identified:

- › let the current situation continue: the base case
- › overhaul the existing system
- › install electric heaters in all classrooms
- › replace the current boiler with a new high-efficiency boiler of higher capacity and with appropriate controls.

STAGE 2: DEVELOP OPTIONS

Secondary school redevelopment

A meeting was held at the school to consider the possible options. This involved the parents, pupils, and staff as well as local authority and health authority staff.

This process produced an initial list of 16 options including relocation to a vacant site nearby and merger with another school in a combination of renovated and newly-constructed buildings. Both of these options would be part-funded through receipts from the disposal of one school site.

Following initial appraisal of these options, these two options were ruled out, as the new sites were too small to accommodate the school and new health and social work services facilities.

Four options were put forward for full appraisal:

- › carry out essential repairs to existing buildings; the base case
- › refurbishment of existing buildings to improve the overall standard of accommodation, including internal remodelling and minor extensions to classrooms to meet space requirements
- › refurbishment and partial replacement: refurbishment of some of the existing buildings, with others exhibiting the most significant condition and space deficiencies being demolished and replaced with new permanent structures
- › complete replacement: demolition of the existing school and replacement with new permanent buildings that meet all the educational and community objectives.

STAGE 3: GATHER INFORMATION

- 16.** Once a suitable shortlist of options has been created it will be necessary to gather relevant information on each. This enables a rigorous assessment of the options. The information required on each option may include:
 - › contribution to the achievement of objectives
 - › initial capital expenditure
 - › any capital receipts
 - › whole life capital and revenue costs
 - › any expected income generated over the whole life of the asset
 - › likely impacts on day-to-day activities of existing facilities during project implementation
 - › design quality issues
 - › environmental impacts
 - › any other impacts.
- 17.** The appraisal needs to take account of future projections and forecasts.
- 18.** A range of assumptions will have to be built into appraisals, particularly with larger, more complex and longer-term projects. These assumptions should be clearly set out along with the degree of uncertainty associated with them.

STAGE 3: GATHER INFORMATION

Boiler replacement

Information will include:

- › breakdown record for the existing heating system
- › current maintenance costs
- › current staff costs of managing the existing system
- › survey of the existing system, including information on components that need replacing, estimated costs and availability
- › the specification of a replacement system, including replacement costs, ongoing maintenance costs and details of energy consumption, emissions, and other running costs for coal, oil and gas-fired systems
- › forecast of the number of teaching periods, pupils affected as a result of heating problems.

STAGE 3: GATHER INFORMATION

Secondary school redevelopment

Information will include:

- › number of users benefiting from improved or new accommodation
- › the contribution towards raising attainment
- › sufficiency, condition and suitability of existing buildings
- › design standards
- › initial capital costs, including demolition and fees
- › costs of hiring mobile classrooms during construction
- › estimated capital and maintenance costs for the life of the asset
- › estimated whole life operating costs, including facilities management, heat, light and power costs
- › compliance with guidance on school accommodation
- › energy efficiency and sustainability
- › accessibility and security.

Sources of information may include estimates, data from other similar projects and specialist advice.

STAGE 4: ASSESS OPTIONS

19. Once a shortlist of options has been created and information gathered, the assessment process can begin. The relevant costs and benefits of each option should be valued and the net benefits or costs calculated. The results can then be used to compare options and help select the best. The techniques and procedures that should be used in this process are outlined below.

Estimating costs

20. It should be possible to place a monetary value on many of the costs relating to the options under consideration. Doing so will enable you to compare the costs on a consistent basis. Costs should normally be based on market prices as these usually reflect the best alternative use that the goods or services could be put to (the opportunity cost). They should also be valued in real terms - the price level that applies at the time of the appraisal. Generally, the impact of inflation should be ignored.
21. Costs should normally be extended to cover the period of useful life of the assets under consideration. However, if the appraisal concerns the contractual purchase of outputs and outcomes, for example in a PPP, the appraisal period may be different.
22. The cost of goods and services that have already been incurred and are irrevocable should be ignored in an appraisal. These are sunk costs. Appraisals should only consider those costs about which decisions can still be made. This includes the opportunity cost of continuing to tie up resources that have already been paid for.
23. Estimating costs can be difficult and, for substantial proposals, will normally involve input from accountants, economists and other specialists. The appraiser needs to understand and communicate clearly the scope of the appraisal to ensure that any specialists provide relevant information, and that opportunities are thoroughly explored.

Estimating benefits

24. The new Green Book places strong emphasis on the identification, management and realisation of benefits. Wherever possible, the benefits associated with each option should be valued in money terms in the same way as costs. This will enable you to calculate the net cost or benefit associated with each option systematically.

25. For many school estate investments, it may not be practical or feasible to attribute monetary values to the benefits of each option. It is likely these will identify some educational benefits, and some costs, for which there is no readily available monetary data. A range of techniques can be applied to elicit values, even though in some cases the values will be subjective. The Green Book provides further advice on these techniques.
26. The non-quantifiable benefits for each option should not be ignored and should be set out in a consistent format so that comparisons can be made when analysing the options through weighting and scoring or other systematic approaches.

Discounting

27. When comparing options, it is likely that some costs and benefits will occur in different time periods. The technique of discounting should be used to convert these costs and benefits to present values, so they can be compared. Discounting is a separate concept from inflation and is based on the principle that generally, people prefer to receive goods and services sooner rather than later - the time preference.
28. The Green Book has 'unbundled' the discount rate, introducing a rate of 3.5% in real terms. This is based on social time preference and takes account separately of the other factors which were, in practice, often bundled up in the old 6% real figure. In particular, the book includes an explicit adjustment procedure to redress the systematic optimism - optimism bias - that historically has affected the appraisal process. For larger or more complex schemes you may wish to seek specialist advice on this and other more technical aspects of option appraisal.

Risk, uncertainty and optimism bias

29. In any appraisal, there is always likely to be some difference between what is expected, and what eventually happens, because of bias inherent in the appraisal. A structured approach to risk management should therefore be adopted to enable the proper identification, assessment and control of the risks that emerge during the course of the project.
30. As options are considered, the degree to which risks and uncertainties vary between them should be assessed. It is possible that a low risk option is preferred to one that has the potential to deliver a broader package of benefits, but with greater risk that it will not succeed. When the risks associated with different options are being assessed, you should consider possible counter measures that could be introduced to manage risks and keep the project on course.

- 31.** In both the public and private sectors, there is a demonstrated, systematic, tendency for project appraisers to be overly optimistic: benefits tend to be overstated whilst timings and costs are understated. To redress this tendency, appraisers should make explicit adjustments for this optimism bias. These will take the form of increasing estimates of costs and decreasing and delaying receipt of estimated benefits. The Green Book provides further information on risk management and optimism bias and the Treasury's Supplementary Guidance on the Treatment of Optimism Bias⁴ provides further information on the latter.
- 32.** Sensitivity analysis should be used to test the vulnerability of options to future risks that would be unavoidable. This should consider how conclusions might alter if the values of key variables changed. The calculation of switching values will show how much a benefit would have to fall or a cost rise before an option becomes unattractive. This should be seen as central to the decision on whether a proposal should proceed. Sensitivity analysis is fundamental to option appraisal and is to be dismissed only in exceptional circumstances.

STAGE 5: ANALYSE OPTIONS

- 33.** Once all options have been assessed, they must be analysed in a consistent way. Many of the benefits and some costs which are expected to accrue as a result of investments in the school estate may be difficult to value but they should still be analysed within the option appraisal framework.

Weighting and scoring unvalued costs and benefits

- 34.** A weighting and scoring approach will be suitable for analysing the options for most projects, in particular those where valuing important benefits is difficult, such as major capital investment in the school estate.
- 35.** Weighting and scoring enables a consistent comparison of unvalued costs and benefits. The basic approach involves assigning weights to the project objectives, based on their relative importance, and then scoring each option in terms of how well it performs against those weighted objectives. It is good practice to weight individual objectives since it is unlikely that they are of equal importance within the project. The weighted scores are then totalled and the options ranked.
- 36.** Setting weightings will normally involve the judgements of stakeholders and decision makers and can be decided upon through reasoned discussions. Using a weighting of 1-5 for each objective will usually be sufficient to ensure that an accurate result is achieved.

⁴ www.hm-treasury.gov.uk/Economic_Data_and_Tools/greenbook/data_greenbook_index.cfm

- 37.** The scale used to score the options should be wide enough to reflect differences between options, even if these are quite small. A scale of 0-10 will usually be appropriate, where a rating of 0 refers to a complete failure to deliver an objective, while 10 would indicate that an option fully delivers an objective.
- 38.** If a scoring and weighting approach is adopted, it is important to make sure that it does not discourage people from using their judgement when considering the different options. All the influencing factors should be taken into account in order to identify a preferred option on the basis of sound reasoning.

This example illustrates the importance of weighting objectives. While all three options have the same basic total score (31), option 3 has the highest weighted score (89), reflecting its high rating against the most important objective.

Scoring and weighting of non-financial factors							
Objectives	Weighting	Option 1		Option 2		Option 3	
		Basic Score	Weighted Score	Basic Score	Weighted Score	Basic Score	Weighted Score
Contribute to raising educational attainment	5	3	5x3= 15	5	5x5= 25	8	5x8= 40
Support delivery of health and social services	2	7	2x7= 14	8	2x8= 16	7	2x7= 14
Condition	3	4	3x4= 12	3	3x3= 9	4	3x4= 12
Suitability	3	3	3x3= 9	3	3x3= 9	4	3x4= 12
Better matching of demand for and supply of pupil places	2	6	2x6= 12	3	2x3= 6	3	2x3= 6
Design	1	8	1x8= 8	9	3x3= 9	5	1x5= 5
TOTAL		31	70	31	74	31	89

STAGE 6: CONSULTATION

- 39.** Throughout the course of an option appraisal, you will need to ensure that all those people with an interest in the outcome of the project are consulted. A lot of options can be generated through consultation, while others may be ruled out before a detailed appraisal takes place as a result of stakeholder feedback.
- 40.** The consultation process should begin at an early stage and continue as the appraisal develops. If new information becomes available it is important to revisit the consultation process with all interested parties.
- 41.** Where major changes are planned it will be helpful to involve a wide range of stakeholders such as teachers, pupils, parents, community and voluntary groups and local business representatives.

STAGE 6: CONSULTATION

Boiler replacement

The appraisal process involved ongoing discussion between staff in the local authority and at the school. Consultation included seeking information from staff on the problems resulting from the difficulties with the current system, such as cold classrooms, and input from the caretaker on the control and functions required in a replacement system.

STAGE 6: CONSULTATION

Secondary school redevelopment

The identification of the school as the top priority for the local authority came about as a result of consultation with the school following condition and suitability assessments.

Similar discussion had taken place within the local authority and the health board to identify health and social work priorities and how these might be delivered through a co-located facility.

A steering group was established for the project this included representatives from the local authority, the school staff, parents and pupils. Area regeneration, health and social work interests were represented by staff from the local authority and health board.

The steering group organised a public event to discuss the proposed improvements to the school and the co-location of community services facilities.

Stakeholders were invited to put forward ideas on the options for redevelopment. These formed the basis for a long list which was then reviewed to arrive at the final list of options that were appraised in full.

As the project progressed, the steering group drew upon the experiences of a neighbouring authority that had carried out a similar project. This helped in assessing the likely costs, benefits and risks of each option.

STAGE 7: CHOOSE PREFERRED OPTION

- 42.** The final part of the analysis is to combine the financial and non-financial factors to help identify the preferred option. Value for money rating can be used to combine the weighted scores for non-financial factors with the net present value of each option.
- 43.** Value for money rating is a simple method for combining financial and non-financial factors and helps to promote consistency at an important stage of the option appraisal. Once the total weighted score has been calculated for each option, it should be divided by the total financial cost to give a value for money rating. The project with the highest value for money rating should be the preferred option. This is a useful indicator of the comparative attractiveness of different options but, the approach is somewhat rigid and should therefore not be viewed as a definitive test. It implies that we would always be willing to pay twice as much for an option which doubled the weighted score; clearly this would not always be the case.
- 44.** Combining financial and non-financial elements does, however, assist in decisions between options that have very similar cost levels, or deliver similar levels of benefits.
- 45.** For some small-scale projects it may be necessary to establish a value for money rating for all options. Under these circumstances, an informal approach can be sufficient to identify the preferred option. Examples of both an informal approach and a value for money rating approach are provided below.

STAGE 7: CHOOSE PREFERRED OPTION

Boiler replacement

The assessment and analysis of the options was very straightforward.

Letting the current situation continue was ruled out immediately. This would mean that the problems being faced by the school would continue, with continuing disruption and ongoing maintenance problems, with the risk of complete boiler failure at any time.

On investigation, it was decided that overhauling the system was not possible. Due to the age of the system, replacement parts were unavailable and the expected future life of the overhauled system was likely to be limited.

Replacement of the existing system with electric heaters in all classrooms was ruled out, as this would mean complete removal of the existing central heating system, the majority of which is in good condition. This option would cause considerable disruption to school activities during the replacement work. Whilst initially cheaper than replacing the boiler, the operating costs of the electric heaters were expected to be significantly higher than the other replacement options.

Complete replacement of the boiler was the only viable option, as it is the only one that will deliver objectives of the authority and the needs of the school. The decision to replace the boiler then led into detailed consideration of the options of different fuel types. Taking into account whole life capital costs and the on-going operating and maintenance costs, the preferred option was to replace the boiler with a new gas-fired system.

STAGE 7: CHOOSE PREFERRED OPTION

Secondary school redevelopment

The financial information gathered on each option was used to calculate the net present value (NPV) for each option, based on a discount rate of 3.5% over a 30 year life.

The extent to which each option contributed to the project objectives was scored and weighted and a value for money rating calculated.

Do minimum

This option has the lowest initial capital outlay, but has higher ongoing financial commitments than the refurbishment or replacement options. It addresses the objective to overcome the need for immediate major repairs, but makes little contribution to achieving the educational objectives set for the project. The area regeneration and health and social service objectives are not met.

Weighted score	43
Initial capital cost	£4 million
NPV of whole life costs	£11 million
Value for money rating	3.9 [43/11]

Refurbishment

This option scores relatively well in financial terms. However, the scope to make significant structural changes to the existing buildings to address the educational inefficiencies was somewhat limited.

Weighted score	120
Initial capital cost	£10 million
NPV of whole life costs	£15 million
Value for money rating	8.0 [125/15]

Refurbishment and partial replacement

This option delivers only marginally less than the complete replacement option against the project objectives. It was found to deliver significantly more than the refurbishment-only option, because it enabled replacement of the buildings that were exhibiting the most significant problems in terms of both condition and delivery of the curriculum. Both the initial capital outlay for this option and of the whole life costs work out lower than the new build option.

Weighted score	166
Initial capital cost	£11 million
NPV of whole life costs	£16 million
Value for money rating	10.4 [190/17]

Complete replacement

This option delivers the highest rating against the project objectives. By constructing a replacement school and associated community facilities, it is possible and in line with objectives, to provide accommodation that meets school and community needs and allows flexibility to respond to future demand changes. However, this option has both the highest initial capital cost and the highest whole life costs. Moreover, as it only delivers marginally more against the project objectives than refurbishment and replacement, it has a lower value for money rating.

Weighted score	181
Initial capital cost	£12 million
NPV of whole life costs	£19 million
Value for money rating	9.5 [181/19]

In conclusion, refurbishment and replacement would be the preferred option, even though its rating against the project objectives is being lower than that of the complete replacement option. The initial capital cost and whole life cycle costs are lower while the value for money rating is greater than projected for the complete replacement option. The final decision to go ahead with this option would depend on ensuring that the local authority can meet the initial capital outlay and the lifetime capital and revenue costs. This would include considering the impact on other capital projects of going ahead with this option.

Weighting and scoring of non-financial objectives

Objectives	Weighting Factor	Do minimum		Refurbishment		Refurbishment and partial replacement		Complete replacement	
		Score	Weighted Score	Score	Weighted Score	Score	Weighted Score	Score	Weighted Score
Contribute to raising educational attainment	5	3	15	6	30	9	45	10	50
Support delivery of health and social services	3	2	6	7	21	8	24	9	27
Condition	5	2	10	5	25	9	45	10	50
Suitability	4	2	8	7	28	9	36	9	36
Design	2	2	4	8	16	8	16	9	18
TOTALS		11	43	33	120	43	166	47	181

STAGE 8: REPORTING

- 46.** The final stage is the report to decision makers. The report should set out the process you have undertaken and the results it has produced - in other words, how you have arrived at the preferred option. The report should quantify all costs and benefits where appropriate; the weighting and scoring approach should be fully documented and presented in tabular form for ease of comparison between options; and assumptions inherent in the process should be outlined.
- 47.** The appraisal report should be proportionate to the appraisal carried out. It should also reflect the use that you will be making of the report: for example, it is likely that it will either be used to recommend an internal decision, or to support an external funding bid.
- 48.** The aim in producing the final appraisal report should be to ensure that it includes the level of detail required to support the decision on the preferred option. If it is not clear why a particular choice has been selected, you should include further information.
- 49.** The report should set out the key decisions and messages of the option appraisal process. An executive summary can be included to highlight the preferred option and other key findings. Diagrams, tables and charts can be included to increase the clarity of the report. Where appendices are used, clear references should be made at the appropriate point in the main text.



3 | FURTHER INFORMATION

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ISBN 0-1156-0107-4.

www.hm-treasury.gov.uk/economic_data_and_tools/greenbook/data_greenbook_index.cfm

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www.teachernet.gov.uk/_doc/4730/ACF21B.doc



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