

**Commercial in Confidence**

**West Dunbartonshire Council**

**Proposed Schools PPP**

**CONVENTIONAL PROCUREMENT ASSESSMENT**

**Financial Model**

Parameter	Value							Sources and comments
<b>Construction Costs</b>								
Construction Start FY beginning 5th April	2007	Start Jan 2008, completion mid-2010: 3.5 years construction period						
Construction Duration spread over number of fiscal years	4	Duration of 3.5 years spread over 5 financial years						
Construction End FY beginning 5th April	2010							
<u>FY's beginning 5th April</u>	<u>Total</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	
Site acquisition	£0	Sites to be provided by the Council under licence - therefore no capital requirement for the Project Co Phasing of capex: 10% in 2007/08, 35% in 2008/09, 35% in 2009/10 and 20% in 2010/11						
Clydebank Denominational CLC	£31,628							
Clydebank Non-Denominational CLC	£26,247							
Dumbarton CLC								
Vale of Leven Academy CLC	£21,903	£2,190	£7,666	£7,666	£4,381	£0.00		
Asbestos & decant costs & provisional sums	£925	£93	£324	£324	£185	£0.00		
Capital Expenditure - Q2 2006 prices	£80,703	£8,070	£28,246	£28,246	£16,141	£0		Capital costs based on TTPM estimates, March 2006, updated to allow for changes to provisional sums
Risk adjustment (%)	OK	11.94%	11.94%	11.94%	11.94%	11.94%	11.94%	
Risk adjusted (£'000s)	£90,339	£9,034	£31,619	£31,619	£18,068	£0	£0	
Cumulative indexation for Construction Costs During Construction		1.130	1.190	1.249	1.312	1.377	1.419	Inflationary uplift from q2 2006 to q4 2007 calculated using published BCIS data to q2 2007(((253-233)/233)=8.58%), plus an estimate for further increase in index to 263 to q4 2007giving ((263-233)/233)) = 12.87%
Optimism bias factor - % of capital costs for works	5.28%	OB assessed March 2006 at ITN stage, adjusted for FBC - see "WDC Mar 06 OB 301107.xls"						
Optimism bias factor for construction duration - % of capital costs	1.00%							
Optimism bias factor - FM costs	0.00%	OB assessed March 2006 at ITN stage, adjusted for FBC - see "WDC Mar 06 OB 301107.xls"						
Optimism bias factor - contract admin costs	0.00%							
Furniture, fixtures & fittings - initial investment	£0	Included in capital expenditure total						
Risk adjustment (%)	11.94%							
Risk adjusted Furniture & Fittings(£'000s)	£0							
<b>Operating Costs</b>								
Total square metres covered by the investment programme	45,719	Source: West Dunbartonshire Council / TTPM March 2006 based on proposed project scope under this Option. Adjustment of 13,831m2 made for the exclusion of Dumbarton Academy						
Risk adjustment (%)								
Risk adjusted square metres	45,719							
		FM Services	LCM provision					
Cost per m2 - Q2 2006 prices	£27.00	£13.77	Source: TTPM March 2006. Non Domestic Rates, insurance costs, cleaning and grounds maintenance are excluded. Price base is Q3 2005. LCM costs are derived from Worksheet 1D. Life Cycle Maintenance - lifetime constant costs divided through by m2					
Risk adjustment (%)	16.75%	16.75%						
Risk adjusted (£'000s)	£31.52	£16.08	Source: Risk & Optimism Bias Workshop & Report, March 2006.					
Insurance costs p.a. during construction, £K	£250.00							
Insurance costs p.a. during operation, £K	£160.00	Initial working estimate - to be advised by the Council's insurance advisors Initial working estimate - to be advised by the Council's insurance advisors						
<b>Macroeconomic Assumptions</b>								
Annual increase in RPIX - in line with Bank of England target	2.50%	RPIX inflation target set by the Bank of England Technical cost data based on 2005 prices - to be confirmed for FM and LCM costs						
Pricing Year	2006							
<b>Net Present Value</b>								
Base year (FY beginning April 5th)	2007	Treasury Green Book rate as from April 2003 Green Book rate adjusted for forecast inflation % added to the NPV of the PSC to cover Corporation Tax payable by a Project Co - calculated as a 2% Starting Factor (Step 1) + 2% factor for FM Services (Step 2) + 1% application of lifecycle costs factor (Step 3) - Supplementary Green Book Guidance						
Real Discount Rate	3.50%							
Nominal Discount Rate	6.0875%							
Imputed PSC Tax Adjustment Factor (per Treasury Green Book Supplementary Guidance)	5.00%							
<b>Sensitivity Analysis</b>								
Capital Cost Overrun	0%	For the purposes of the base case model, all sensitivity factors are set to zero For the purposes of the base case model, all sensitivity factors are set to zero For the purposes of the base case model, all sensitivity factors are set to zero For the purposes of the base case model, all sensitivity factors are set to zero						
Service Charge	0%							
Operating Costs	0%							
Lifecycle Costs	0%							
Council costs of administering a direct procurement, £'000s during construction	£250	Estimated annual costs of administering the FM and LCM contracts during the lifetime of the project						
Council costs of administering a direct procurement, £'000s post-construction	£130							

Parameter	Value	Comments / sources
<u>Reserve Account requirements</u>		
Initial payment into SPV's pre-funded Life Cycle Maintenance reserve	£430	First year's payment - assumed increased annually in line with inflation in the smoothed LCM profile
Life Cycle Maintenance Reserve - % of following year's LCM	100%	Based on terms actually offered by funders on current Schools PPPs - computed in IB. Life Cycle Maintenance
Life Cycle Maintenance Reserve - % of two year's future LCM	65%	Based on terms actually offered by funders on current Schools PPPs - computed in IB. Life Cycle Maintenance
Life Cycle Maintenance Reserve - % of three year's future LCM	25%	Based on terms actually offered by funders on current Schools PPPs - computed in IB. Life Cycle Maintenance
<b>Service Payment Assumptions</b>		
<i>FY's beginning 5th April</i>		
Sculpting of service payment - % of total charge paid		
2007	0.00%	Driven by construction programme and likely dates for new schools coming on stream
2009	20.00%	Driven by construction programme and likely dates for new schools coming on stream
2010	70.00%	Driven by construction programme and likely dates for new schools coming on stream
2011	95.00%	Driven by construction programme and likely dates for new schools coming on stream
2012	100.00%	Driven by construction programme and likely dates for new schools coming on stream
2013	100.00%	Driven by construction programme and likely dates for new schools coming on stream
2039	25.00%	Driven by construction programme and likely dates for new schools coming on stream

	FYs beginning April 5th	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	Total
	Project Agreement Year			1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	

Public Sector Comparator (PSC)

LCM Schedule in Q2 2006 Prices

Unsmoothed Total, £'000s	0.0	0.0	0.0	0.4	0.4	31.4	404.2	573.7	79.6	30.0	31.4	1,706.2	28.7	642.1	28.7	6,058.6	135.1	28.7	35.6	573.7	28.7	11,233.2	60.4	28.7	28.7	297.0	2,517.1	28.7	28.7	851.4	0.0	25,490.7
Smoothed Total, £'000s (= Unsmoothed / 30) escalated by the inflation rate		430.3	441.1	452.1	463.4	475.0	486.8	499.0	511.5	524.3	537.4	550.8	564.6	578.7	593.2	608.0	623.2	638.8	654.7	671.1	687.9	705.1	722.7	740.8	759.3	778.3	797.7	817.7	838.1	859.1	880.6	18,891.2

Non risk adjusted, £K

Forecast LCM costs in constant prices	0.0	0.0	430.3	441.1	452.1	463.4	475.0	486.8	499.0	511.5	524.3	537.4	550.8	564.6	578.7	593.2	608.0	623.2	638.8	654.7	671.1	687.9	705.1	722.7	740.8	759.3	778.3	797.7	817.7	838.1	859.1	880.6	18,891.2
Escalation factor for LCM costs	1.130	1.190	1.249	1.312	1.377	1.412	1.447	1.483	1.520	1.558	1.597	1.637	1.678	1.720	1.763	1.807	1.853	1.899	1.946	1.995	2.045	2.096	2.148	2.202	2.257	2.314	2.371	2.431	2.491	2.554	2.618	2.683	
Forecast LCM costs in current prices	0.0	0.0	537.6	578.6	622.7	654.2	687.4	722.2	758.7	797.1	837.5	879.9	924.4	971.2	1,020.4	1,072.1	1,126.3	1,183.3	1,243.2	1,306.2	1,372.3	1,441.8	1,514.8	1,591.5	1,672.0	1,756.7	1,845.6	1,939.0	2,037.2	2,140.3	2,248.7	2,362.5	37,845.6

Risk adjusted, £K

Applicable risk factor	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%	16.75%
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FYs beginning April 5th		2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	Total
<i>PSC in Year 2006 prices: non risk adjusted</i>																																							
Site acquisition cost		0	0	0	0	0	0																									0							
Investment costs		8,070	28,246	28,246	16,141	0	0																									80,703							
Furniture, fixtures & fittings		0	0	0	0	0	0																									0							
Sub-total, capital:		8,070	28,246	28,246	16,141	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	80,703	
<b>LCM &amp; FM COSTS</b>																																							
<i>Percentage of FM &amp; LCM costs applicable</i>		0.0%	0.0%	20.0%	70.0%	95.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	25.0%	25.0%	25.0%	25.0%	25.0%		
LCM costs		0	0	430	441	452	463	475	487	499	511	524	537	551	565	579	593	608	623	639	655	671	688	705	723	741	759	778	798	818	838	859	881	0					18,891
FM costs			0	247	864	1,173	1,234	1,234	1,234	1,234	1,234	1,234	1,234	1,234	1,234	1,234	1,234	1,234	1,234	1,234	1,234	1,234	1,234	1,234	1,234	1,234	1,234	1,234	1,234	1,234	1,234	1,234	309					35,921	
Contract administration costs		250	250	250	250	123.5	130	130	130	130	130	130	130	130	130	130	130	130	130	130	130	130	130	130	130	130	130	130	130	130	130	130	130	32.5					4,416
Insurance costs		250	250	250	250	152	160	160	160	160	160	160	160	160	160	160	160	160	160	160	160	160	160	160	160	160	160	160	160	160	160	160	160	40	40	40	40	40	5,422
Total costs in 2006 prices:		8,570	28,746	29,423	17,946	1,900	1,988	1,999	2,011	2,023	2,036	2,049	2,062	2,075	2,089	2,103	2,118	2,132	2,148	2,163	2,179	2,196	2,212	2,230	2,247	2,265	2,284	2,303	2,322	2,342	2,363	2,383	2,405	381	40	40	40	40	145,354
NPV at constant prices - non risk adjusted		£110,197 @ 3.5% real discount rate																																					
Plus: adjustment for PPP Imputed Tax Element		£5,510																																					
Real non risk adjusted PSC including imputed tax		£115,707																																					
Escalation Factor - revenue (FM) costs		1.038	1.063	1.090	1.117	1.145	1.174	1.203	1.233	1.264	1.296	1.328	1.361	1.395	1.430	1.466	1.503	1.540	1.579	1.618	1.659	1.700	1.743	1.786	1.831	1.877	1.923	1.972	2.021	2.071	2.123	2.176	2.231	2.286	2.344	2.402	2.462	2.524	
Escalation Factor - LCM costs		1.130	1.190	1.249	1.312	1.377	1.412	1.447	1.483	1.520	1.558	1.597	1.637	1.678	1.720	1.763	1.807	1.853	1.899	1.946	1.995	2.045	2.096	2.148	2.202	2.257	2.314	2.371	2.431	2.491	2.554	2.618	2.683	2.750	2.819	2.889	2.962	3.036	
Escalation Factor - construction costs		1.130	1.190	1.249	1.312	1.377	1.419	1.454	1.491	1.528	1.566	1.605	1.645	1.686	1.729	1.772	1.816	1.862	1.908	1.956	2.005	2.055	2.106	2.159	2.213	2.268	2.325	2.383	2.443	2.504	2.566	2.630	2.696	2.763	2.833	2.903	2.976	3.050	
<i>PSC in current prices: non risk adjusted</i>																																							
Site acquisition cost		0	0	0	0	0	0																									0							
Investment costs		9,119	33,610	35,290	21,174	0	0																									99,193							
Furniture Fixtures and Fittings		0	0	0	0	0	0																									0							
Total capital costs		9,119	33,610	35,290	21,174	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	99,193	
Life Cycle Maintenance Provision		0	0	538	579	623	654	687	722	759	797	837	880	924	971	1,020	1,072	1,126	1,183	1,243	1,306	1,372	1,442	1,515	1,591	1,672	1,757	1,846	1,939	2,037	2,140	2,249	2,363	0	0	0	0	0	37,846
Facilities Management costs		0	0	269	965	1,343	1,449	1,485	1,522	1,560	1,599	1,639	1,680	1,722	1,765	1,810	1,855	1,901	1,949	1,997	2,047	2,099	2,151	2,205	2,260	2,316	2,374	2,434	2,495	2,557	2,621	2,686	2,754	706	0	0	0	0	58,218
Contract administration costs		259	266	273	279	141	153	156	160	164	168	173	177	181	186	191	195	200	205	210	216	221	227	232	238	244	250	256	263	269	276	283	290	74	0	0	0	0	7,078
Insurance costs		259	266	273	279	174	188	193	197	202	207	212	218	223	229	235	240	246	253	259	265	272	279	286	293	300	308	315	323	331	340	348	357	91	94	96	98	101	8,852
Total costs in current prices:		9,638	34,141	36,642	23,277	2,281	2,444	2,522	2,602	2,686	2,772	2,862	2,955	3,051	3,151	3,255	3,363	3,474	3,590	3,710	3,835	3,964	4,098	4,238	4,382	4,533	4,689	4,851	5,020	5,195	5,377	5,566	5,763	871	94	96	98	101	211,187
NPV at current prices - non risk adjusted		£123,718 @ nominal discount rate (6.09% - 3.5% compounded by 2.5% inflation)																																					
Plus: adjustment for PPP Imputed Tax Element		£6,186																																					
Current non risk adjusted PSC including imputed tax		£129,904																																					
<i>PSC in Year 2006 prices: risk adjusted</i>																																							
Site acquisition cost		0	0	0	0	0	0																									0							
Investment costs		9,034	31,619	31,619	18,068	0	0																									90,339							
Furniture, fixtures & fittings		0	0	0	0	0	0																									0							
Optimism bias - works costs		477	1,669	1,669	954	0	0																									4,770							
Optimism bias - works duration		90	316	316	181	0	0																																
Sub-total, capital:		9,601	33,604	33,604	19,202	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	95,109	
<i>Percentage of FM &amp; LCM costs applicable</i>			0.0%	20.0%	70.0%	95.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	25.0%	100.0%	100.0%	100.0%	100.0%	
LCM costs			0	502	515	528	541	555	568	583	597	612	627	643	659	676	693	710	728	746	764	784	803	823	844	865	886	909	931	955	979	1,003	1,028	0	0	0	0	0	22,055
LCM Optimism Bias			0	27	27	28	29	29	30	31	32	32	33	34	35	36	37	37	38	39	40	41	42	43	45	46	47	48	49	50	52	53	54	0	0	0	0	0	1,165
FM costs			0	288	1,009	1,369	1,441	1,441	1,441	1,441	1,441	1,441	1,441	1,441	1,441	1,441	1,441	1,441	1,441	1,441	1,441	1,441	1,441	1,441	1,441	1,441	1,441	1,441	1,441	1,441	1,441	1,441	360	0	0	0	0	41,938	
FM Optimism Bias			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Contract administration costs		292	292	292	292	144	152	152	152	152	152	152	152	152	152	152	152	152	152	152	152	152	152	152	152	152	152	152	152	152	152	152	152	38	0	0	0	0	5,156
Contract Admin Optimism Bias		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Insurance costs		292	292	292	292	177	187	187	187	187	187	187	187	187	187	187	187	187	187	187	187	187	187	187	187	187	187	187	187	187	187	187	187	47	47	47	47	47	6,330
Total costs in 2006 prices:		10,185	34,188	35,005	21,337	2,246	2,349	2,364	2,378	2,393	2,408	2,424	2,440	2,457	2,474	2,491	2,509	2,527	2,546	2,565	2,585	2,605	2,625	2,646	2,668	2,690	2,713	2,736	2,760	2,785	2,810	2,836	2,862	445	47	47	47	47	171,753
NPV at constant prices - risk adjusted		£130,917 @ 3.5% real discount rate																																					
Plus: adjustment for PPP Imputed Tax Element		£5,510																																					
Real risk adjusted PSC including imputed tax		£136,427																																					
Escalation Factor - FM costs		1.038	1.063	1.090	1.117	1.145	1.174	1.203	1.233	1.264	1.296	1.328	1.361	1.395	1.430	1.466	1.503	1.540	1.579	1.618	1.659	1.700	1.743	1.786	1.831	1.877	1.923	1.972	2.021	2.071	2.123	2.176	2.231	2.286	2.344	2.402	2.462	2.524	
Escalation Factor - LCM costs		1.130	1.190	1.249	1.312	1.377	1.412	1.447	1.483	1.520	1.558	1.597	1.637	1.678	1.720	1.763	1.807	1.853	1.899	1.946	1.995	2.045	2.096	2.148	2.202	2.257	2.314	2.371	2.431	2.491	2.554	2.618	2.683	2.750	2.819	2.889	2.962	3.036	
Escalation Factor - construction costs		1.130	1.190	1.249	1.312	1.377	1.419	1.454	1.491	1.528	1.566	1.605	1.645	1.686	1.729	1.772	1.816	1.862	1.908	1.956	2.005	2.055	2.106	2.159	2.213	2.268	2.325	2.383	2.443	2.504	2.566	2.630	2.696	2.763	2.833	2.903	2.976	3.050	
<i>PSC in current prices: risk adjusted</i>																																							
Site acquisition cost		0	0	0	0	0	0																									0							
Investment costs		10,208	37,623	39,504	23,702	0	0																									111,037							
Furniture Fixtures and Fittings		0	0	0	0	0	0																									0							
Optimism bias - works costs		539	1,986	2,086	1,251	0	0																									5,863							
Optimism bias - works duration		102	376	395	237	0	0																									1,110							
Total capital costs		10,849	39,985	41,985	25,191	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	118,010	
Life Cycle Maintenance Provision		0	0	628	676	727																																	

## **a3318936-fe20-4216-a52e-b1866d1d72c2.xls: Summary Sheet**

### **NPV analysis - current prices**

NPV of non-risk adjusted PSC	<b>£129,904</b>
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NPV of risk-adjusted PSC	<b>£153,267</b>
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NPV of PPP service charge	<b>£135,274</b>
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VFM Margin, %	<b>13.30%</b>
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