

Supplementary Answer Form

Project: OSEAIT

Tick if this answer has been provided verbally: ☐

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| Project code | NGET_OSEAIT | Question Number | 20 |
| Question date | 08 September 2015 | Answer date | 11 September 2015 |
| Submission section question relates to | Section 3.3 | | |
| Topic | Benefits | | |
| Question | You have listed a number of projects that may benefit from use of this facility and used these projects to calculate potential financial benefit of this facility - how have you factored in the timing of the use of the facility? How does the time that each innovation project is using the facility affect overall financial benefit? | | |
| Notes on question | | | |
| Answer | <p>Part of the process of developing the project portfolio included determining their timing. The timing of the directly funded projects is dictated by the way in which capability is bought online within the facility and the associated benefits of the projects, prioritising those with greater potential. The phased approach programme is hence designed to optimise the realisation of customer benefits.</p> <p>The separately funded projects are scheduled from the end of the NIC project. The scheduling was carried out by assuming that the facility is capable of supporting 6 projects with different utilisation requirements at any one time. For example, some projects would use 1 bay, some projects require several bays and some may not need a bay at all and would be carried out using auxiliary equipment. The utilisation of the facility by individual projects has been taken into account.</p> <p>Projects were then given start years, and the utilisation of the facility for each year calculated. The project start dates were then modified so that the utilisation of the facility is always below its capability.</p> | | |

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| | <p>The impact of project timing on the result of the analysis is based on the project costs and benefits being moved in time. For example, if a project is moved earlier:</p> <ul style="list-style-type: none">• Project costs incurred earlier will have a negative impact on NPV, and• Benefits delivered earlier will have a positive impact on NPV. <p>All of the individual projects within the portfolio have a positive NPV, as it was assumed that projects with negative expected NPV would not be implemented. The general impact of moving a project earlier in time is positive on the overall net benefits of the facility.</p> |
| Attachments | |