

Report To: Cabinet

Date of Meeting: 18th February 2014

Lead Member / Officer: Councillor Eryl Williams, Lead Member for Education

Report Author: Head of Customers and Education Support

Title: Approval of Business Case for Rhyl New School Project

1. What is the report about?

The report seeks to inform the Cabinet of the current position with regard to the Council's submission of the Final Business Case for Rhyl New School to the Welsh Government.

2. What is the reason for making this report?

In September 2013 the Welsh Government approved the Strategic Outline Case for the Rhyl New School project. Following discussions with Welsh Government officials it has been agreed to submit a combined Outline / Final Business Case for their consideration.

3. What are the Recommendations?

To recommend to Council the approval of the Business Case for Rhyl New School prior to determination by the Welsh Government.

4. Report details.

- 4.1 The Corporate Plan details the Council's ambition to deliver significant investment in the School Building portfolio between 2012-17. A significant element of this work will be the delivery of the Band A projects for the 21st Century Schools Programme.
- 4.2 The Welsh Government provided approval in principal for £36.7m as their 50% contribution towards the 21st Century Schools Programme in December 2011. Subsequent to this the Welsh Government have worked with all local authorities to ascertain how the overall £1.2 billion investment across Wales can be allocated into deliverable workstreams for individual local authorities. One of these projects was the Rhyl New School. The project will provide a new school building for Rhyl High School to serve up to 1200 pupils in mainstream education whilst also housing approximately 45 pupils in Key Stage 3/ 4 from Ysgol Tir Morfa, the community special school in Rhyl.

- 4.3 All projects within the 21st Century Schools Programme (21st CSP) will be required to follow the guidance for Business Case approvals as defined in the HM Treasury Model. For projects below £5m a Business Justification Case will require approval whilst projects above £5m approval of the Strategic Outline Case (SOC), Outline Business Case (OBC) and Full Business Case (FBC) will be required.
- 4.4 Cabinet gave approval in February 2013 for approximately £1.5m to fund Phase 2 (Detailed Design) which would enable the project to be progressed to a stage where approval could be sought for the full business case. The Stage D Design Report was submitted by Wilmott Dixon, the Council's appointed contractor to deliver this project, to Denbighshire in December 2013 and is a key milestone document which summarises the feasibility works undertaken over the past 8 months on this project. The key objectives are:
- Give a comprehensive overview of the feasibility undertaken.
 - To understand the education vision and how this has translated into a new community facility.
 - Demonstrate technical proficiency appropriate to the design of the building and site.
 - Present robust costing information which demonstrates that the school can be delivered to an agreed budget.
 - Demonstrate an achievable master programme for the project which reflects possible outcomes of the planning process.
 - Highlight any risks which remain with the project and show these can be mitigated and managed through the next stages of the project.
 - Present a level of information on the feasibility to receive successful Denbighshire / Welsh Government funding approval and to enable the authority to move forward to the detailed stages of the project.
- 4.5 The overall cost for the Wilmott Dixon contracted element of the project within the Stage D report was £22,281,516. This was £38,017 less than the previously estimated sum. The overall cost for the project is presently £24,586,100 which includes Denbighshire costs (client and design fees) and Client contingency sums.
- 4.6 The Business Case as attached is to seek 50% funding from the Welsh Government. This will mean that a sum of £12,293,050 will be required to be provided by Denbighshire. This sum is covered within the overall Corporate Plan and Capital Plan.
- 4.7 The Council's Strategic Investment Group considered the Business Case (see Appendix 1 for the executive summary) at its meeting on the 22nd January 2014. The group considered a number of issues including the size of the school, the arrangements for safeguarding of pupils within the design of the site layout and the process undertaken to date. Following extensive discussion it was recommended that the Business Case be submitted to the Welsh Government for consideration and that approval be sought from Cabinet and Council at their respective meetings in February. The Business

Case was submitted to the Welsh Government for determination, subject to the views of Cabinet and Council at the end of January 2014.

4.8 The following timescales are anticipated for progression of the project:-

Milestone activity	Date
Submit Business Case to WG	Jan 2014
Approval of Business Case by Cabinet / Council	Feb 2014
Assessment of Business Case by WG	Mar 2014
Completion of Phase 2 – Detailed Design	May 2014
Contract Award	June 2014
Phase 3 – Construction	July 2014 – Mar 2016
Final Handover	Mar 2016

5. How does the decision contribute to the Corporate Priorities?

The development of the 21st Century Schools Programme and the wider Modernising Education Programme will be a factor in ensuring that the Council meets its aspiration to improve performance in education and the quality of our school buildings as documented within the Council's 2012 – 2017 Corporate Plan. The Programme will also assist the Priority of Developing the Local Economy via the investment of capital expenditure towards improving the quality of school buildings.

6. What will it cost and how will it affect other services?

The costs arising from the Rhyl New School project will be approximately £24.6m. The approval of the Business Case will enable a contract to be issued. The funding for this priority within the Corporate Plan will be provided through the use of reserves, balances, disposal of assets and through prudential borrowing.

There have been extensive discussions with Leisure Services in respect of the dual use arrangements for the Leisure Centre. Following the receipt of a condition survey it has been agreed that the existing Leisure Centre will continue to be used by Rhyl High School and by Ysgol Tir Morfa for the delivery of the PE curriculum. This will enable the focus to be on improving the existing facilities rather than potentially creating another asset.

7. What are the main conclusions of the Equality Impact Assessment (EqIA) undertaken on the decision? The completed EqIA template should be attached as an appendix to the report.

The equality impact assessment is of the view that the proposal will have a positive impact of children and young people who share protected characteristics. The impact will be monitored during the lifetime of the project.

8. What consultations have been carried out with Scrutiny and others?

There has been extensive consultation with the school communities of Rhyl High School and Ysgol Tir Morfa in the development of the project to date. This has included a number of neighbourhood consultation meetings to discuss the emerging designs for the new school buildings. There has also been engagement with the Rhyl Member Area Group and Rhyl Town Council on the progression of the project.

9. Chief Finance Officer Statement

This is a key strategic project both in 21st Century Schools and the Council's corporate plan. The council has already committed around £1.5m to the initial works which have led to this proposal. There is sufficient capital funding available to deliver the project at the projected cost.

This is the largest single capital project ever undertaken by the Council and as such carries financial risk. Good project management is therefore key to this and the project must be carefully monitored. It is the first of the major school projects to be undertaken and more are likely to follow.

At each stage the Council must be convinced that each project represents value for money and that the programme overall is affordable and deliverable. At this stage in the programme it is deliverable and affordable.

10. What risks are there and is there anything we can do to reduce them?

The Cabinet has previously agreed to progress this project at risk subject to the approval of the Business Case. Should the project fail to receive approval there is a risk that the work undertaken to date will not be progressed any further. The approval of the Strategic Outline Case for this project in September 2013 could be seen to lessen the risk that the project failing to receive final approval from the Welsh Government. To mitigate this there has been regular discussions with the Welsh Government on the progression of the Rhyl New School project.

The overall project is being managed by an experienced Project Manager with clear arrangements for the management of risk during the project.

11. Power to make the Decision

Section 2 Local Government Act 2000 / Section 111 Local Government Act 1972