

STRATEGIC INVESTMENT GROUP

BUSINESS CASE – CAPITAL INVESTMENT

This Business Case provides justification for undertaking a project. The completed form will be reviewed by the Strategic Investment Group who will make a recommendation to Council whether the bid should be approved and included within the Capital Plan. All sections should be completed and evidence of costs will need to be supplied.

For details of Strategic Investment Group meetings and deadlines for the submission of this form, please contact Richard Humphreys, Capital & Technical Finance Team on ext 6144.

Project Name:	WG Highway Refurbishment Fund
Project Reference:	
Project Manager:	Tim Towers / Mike Jones
Workstream:	

Head of Service/Project Sponsor	Tony Ward / Emlyn Jones	Lead member:	Brian Jones
Service:	HES / PPP	LM Portfolio:	Highways, Planning and Sustainable Travel
Form completed by:	Tony Ward	Date:	13/4/18
Service Accountant:	Martyn Dodd	Date:	

PROJECT TYPE

Please categorise your project type. Mark **one** box only.

SMALL <input type="checkbox"/>	MEDIUM <input type="checkbox"/>	LARGE <input type="checkbox"/>
---------------------------------------	--	---------------------------------------

DECISION SOUGHT FROM SIG:	To agree how Denbighshire should use its allocation of £1,204,380 from the £30m Highways Refurbishment Grant recently announced by Welsh Government.
----------------------------------	--

EXECUTIVE SUMMARY

Highlights the key points in the Business Case to include:-

- what the project will achieve / important benefits
- estimated costs
- how the project will be funded

1. In a recent budget debate in the National Assembly, Mark Drakeford announced a road refurbishment scheme of up to £30 million, which [he said] will “provide vital new investment in our local roads”. The £30m is a one-year deal.
2. A discussion took place recently at Cabinet Briefing, where Cabinet recommended that the entire grant be invested in highways capital projects, and that the Heads of HES and PPP should jointly agree a prioritised list of schemes to be recommended for approval by SIG.
3. Highways & Environment recently took a report to Performance Scrutiny which highlighted a number of roads that have failed that we simply cannot afford to resolve, including (and this list is not exhaustive):
 - Marsh Road / Vale Road junction in Rhyl
 - The A547 Abergele Straight.
 - The A525 Rhuddlan Bypass (Noise Reduction Measures)
 - The A525 from St Asaph Cathedral up to the old HM Stanley hospital entrance
 - The remaining section of the A542 Horseshoe Pass.
 - The A539 Castle Street in Llangollen
4. Planning & Public Protection also deliver “highways” schemes as it is responsible for Traffic Management and Traffic Safety. PPP presented a number of beneficial schemes to SIG in the autumn which were ultimately not supported due to lack of funding.
5. The two services have discussed the various potential uses of this money and have agreed the following list of priority projects which could be delivered during 2018/19 with this £1.2m.
 - **Priority 1: A525 Marsh Road / Vale Road junction in Rhyl.** This scheme has been identified as the top priority for both services. It requires re-surfacing and also the bulk of the existing traffic signal equipment is over 15 years old and is in need of replacement. In addition to the surfacing and signalling work, there is also a need to undertake work on the adjacent bridge. Given the complicated nature of this junction, it would make sense to carry out a “joint scheme” to reduce inconvenience to the public. It would also avoid abortive work. Cost estimate for re-surfacing work; replacement of the traffic signal equipment; pedestrian guardrail (as required); high friction surfacing; and work to address the potential for accidental wheel loading of the footway is £430k.
 - **Priority 2: A525 from the roundabout by St Asaph Cathedral up to Glan Clwyd School.** This very busy section of carriageway is failing now and is also poor on skid resistance. Resurfacing it now will prevent further deterioration and will therefore be more cost effective. The estimate for this is around £160,000.

APPENDIX 3

- **Priority 3: Castle Street in Llangollen.** From a Highways perspective the carriageway is failing, but the block paving footways are also now out of shape and this is beginning to lead to issues with trips and mobility for users. The required highways improvements have an estimated value of £500,000. There are discussions taking place about a much bigger shared-space scheme in Llangollen, which could incorporate the required highways improvements. This community-led scheme would cost in excess of £2m, and the £500,000 could be used as match-funding to lever in Lottery Funding for the wider scheme. If the wider scheme does not come to fruition, we could just go ahead with the highways improvement scheme in isolation. Therefore timing of this work would need further discussion.

- **A525 Dual Toucan Crossing near Clwyd Retail Park, Rhyl.** The existing dual Toucan Crossing is also over 15 years old and requires replacement. PPP bid last year for 2017-18 DCC Capital funding but were unsuccessful. Without alternative investment, replacement of signal controlled crossings such as these relies upon the Traffic Management revenue budget which is circa £135k and has to cover all the maintenance, energy costs, communications costs etc for running our existing traffic signals and implementing new traffic sign schemes and new traffic regulation orders. Cost estimate for replacement of signal equipment and high friction surfacing is £80k.

BUSINESS OPTIONS

Analysis and reasoned recommendation for the base business options of: do nothing / do the minimal or do something

Option title:		Do nothing – maintain the existing situation / Do minimum			
Please provide brief details:					
<p>Doing nothing would result in the schemes highlighted in paragraph 5 (above) not being completed, and with the council having not obvious way of delivering these badly needed schemes. Furthermore, if we do not invest the entire £1.2m in additional highways improvement schemes, it would weaken the council's case for future additional capital funding from WG for highways projects. This is because the council would have made to decision not to prioritise highways improvement when presented with an opportunity to do so via this one-off grant intended for this specific purpose. WG is coming under increasing pressure (locally and nationally) to make more funding available for highways improvement schemes that cannot otherwise be afforded.</p>					
Please mark with an X how this option compares with the preferred option in terms of Cost, Time, Quality and Benefits:					
Costs	Costs more		Time	Takes longer to deliver	
	Costs the same			Takes the same to deliver	
	Costs less	x		Is quicker to deliver	x
Quality	Improves the quality		Benefits	Improves benefits	
	Is the same quality			No impact on benefits	
	Is a lower quality	x		Worsens benefits	x
What is the main reason this option has not been selected?					
<p>Cabinet (at Briefing meeting) agreed with officers from HES & PPP that all of the £1.2m should be spent explicitly on highways improvement schemes. These schemes are badly needed, and there is no other way of funding them. I will be beneficial to our future bargaining position to be able to clearly demonstrate that we have invest all of this grant in additional highways improvement schemes.</p>					

EXPECTED BENEFITS

The benefits that the project will deliver expressed in measurable terms against the situation as it exists prior to the project

Some of the roads which have been evaluated (based on road condition) to be the highest priority for refurbishment will be improved. This keeps these roads safe, and reduces risk for road users. It will also reduce the number of roads where we currently have to attend regularly to undertake reactive maintenance to keep these roads safe.

EXPECTED DIS-BENEFITS

Outcomes perceived as negative by one or more stakeholders

Residents/visitors will experience some disruption whilst works are being delivered, but this is manageable and the long-term benefits clearly outweigh the short-term dis-benefits.

TIMESCALE

Over which the project will run (summary of the Project Plan) and the period over which the benefits will be realised

Date	Milestone
	Projects will be delivered during the 2018/19 financial year. Once the use of the grant is approved, the projects will be built into the work programmes of HES & PPP.

CAPITAL COSTS – CONSTRUCTION PROJECTS

**COMPLETE ALL THREE TABLES BELOW FOR CONSTRUCTION PROJECTS
LEAVE BLANK/DELETE SECTION FOR BUSINESS DEVELOPMENT PROJECTS**

The capital cost of a project is an important consideration in terms of whether or not it should proceed.

- *Any costs relating to ICT infrastructure and equipment should have been provided by ICT department.*
- *Any costs that relate to construction should have been provided by Design & Development or Building Services.*

Please provide details of any capital funding that has already been spent on the project:	
Enter details of cost element below:	Total
Feasibility (surveys, market research, etc)	
Client side project management	
OTHER (please enter)	
OTHER (please enter)	
TOTAL	0

Please provide details of the capital funding requirement (not including amount already spent):				
Enter details of cost element below:	2018/19	2019/20	Future Years	All Years Total
Feasibility (surveys, market research, etc)				
Client side project management				
Land/property acquisition				
Land preparation/remediation				
Demolition and/or site security				
Construction, refurbishment or maintenance				
BREEAM rating of "Excellent"				
Security measures (CCTV, door entry, etc)				
Fire prevention measures (sprinklers, etc)				
External landscaping and other works				
Land/property acquisition				
Highways work				
ICT infrastructure and hardware				
Fixtures & fittings				
Furniture				
Planning/Building Regulation Costs				
Design Team Fees (architects, QS, etc)				
Legal Costs and Fees				
Marketing/Consultation				
External Project Support (eg gateway review)				
OTHER (please enter)				
OTHER (please enter)				
OTHER (please enter)				
OTHER (please enter)				
TOTAL	£1,204,380	0	0	£1,204,380

Please provide details of proposed capital funding sources					
Enter details of funding source	Status:	2018/19	2019/20	Future Years	TOTAL
WG Grant	Approved	£1,204,380	0	0	£1,204,380
TOTAL					

REVENUE COST IMPACT
TO BE COMPLETED FOR ALL PROJECTS

In considering whether a project should be developed due regard should be made to the potential impact on revenue budgets.

If the activity will result in a requirement for additional revenue funding, please provide details below:			
What is the impact of this project in terms of the <u>annual</u> revenue requirement for:	Existing Revenue Budget	Post-project Revenue Budget	Increase/Decrease
staff costs (salaries and associated)	n/a	n/a	neutral
energy costs (heating, lighting, ICT, etc)	n/a	n/a	neutral
property maintenance and servicing costs	n/a	n/a	neutral
other property related costs (rental, insurance, etc)	n/a	n/a	neutral
ongoing ICT costs (licences, etc)	n/a	n/a	neutral
mileage of Denbighshire fleet vehicles	n/a	n/a	neutral
mileage for business travel by Denbighshire employees using their personal vehicles	n/a	n/a	neutral
OTHER (please enter)	n/a	n/a	neutral
OTHER (please enter)	n/a	n/a	neutral
OVERALL REVENUE REQUIREMENT	n/a	n/a	neutral

Please provide brief details of the revenue impact of this project:

- *Where revenue savings are forecast, you should detail what is proposed for the saving (e.g. reduction of an existing revenue budget, re-allocation of revenue to alternative services area, etc)*
- *Where revenue increases are forecast, you should provide details of how the revenue shortfall will be addressed. In this instance you should also append a three year surplus/deficit forecast.*
- *Details of any one-off revenue cost requirements that may be required post-project implementation (e.g. recruitment, redundancies, etc). DO NOT include any costs detailed in the capital section of this Business Case*

n/a

PROJECT MANAGEMENT

Please provide details of proposed project management – Establishment of Project Board etc

Not required. Structures already in place to deliver this work.

STATUTORY REQUIREMENTS / HEALTH & SAFETY

This section should identify how the activity will help Denbighshire meet any of its statutory requirements. Please include any Health & Safety Issues that the activity will address in this section. Please leave blank if not applicable.

n/a

CARBON MANAGEMENT IMPACT

Please consult with Denbighshire's Principal Energy Manager before completing this section.

Denbighshire has committed to reducing its carbon emissions by 15% by 2020. The Business Case requires you to make a forecast for the anticipated carbon emissions impact of the project. Please mark a cross in the appropriate box.

Forecasts:	Annual (current)	Carbon Equivalent	Annual (Post Project)	Carbon Equivalent	Carbon Variance
Energy consumption: (UNIT = kWh)					
Mileage of Denbighshire Fleet vehicles: (UNIT = miles travelled)					
Tonnes of waste produced going to landfill: (UNIT = tonnes)					
Tonnes of waste produced being recycled: (UNIT = tonnes)					
Mileage of Business Travel (personal vehicles): (UNIT = miles travelled)					
TOTAL CARBON EMISSIONS					

Please provide brief details of the carbon impact of this project, and detail specific actions that will be taken to reduce carbon emissions. If carbon emissions are expected to increase as a result of this project, please provide details of proposed actions to compensate for this increase in other areas of the Service's activity.

No assessment has been made on the carbon impact of these projects.

BIODIVERSITY IMPACT

Please consult with Denbighshire’s Biodiversity Officer before completing this section:

joel.walley@denbighshire.gov.uk

The Council has a statutory duty to ensure compliance and enforcement of the habitats regulations (as amended in 2007) and the NERC Biodiversity Duty (2006). At this pre-feasibility stage, what is the anticipated impact on biodiversity of the project. Please mark a cross in the appropriate box.

Will this project impact on a habitat that supports living organisms (plant or animal)?	Yes		No	x
--	------------	--	-----------	---

If you have answered yes to the above question, please complete all the following biodiversity sections. If answered no please leave blank

THREATENED/PROTECTED SPECIES Will this project impact on any protected or threatened species as defined in Denbighshire’s Local Biodiversity Action Plan (LBAP)?	Yes		No	
--	------------	--	-----------	--

ALL SPECIES (including threatened/protected) Forecasts:	Current number	Post-project number	Variance (+/-)
Number of plant species present:			
Number of animal species present:			
TOTAL NUMBER OF SPECIES PRESENT			

Please provide brief details of the action you will be taking in association with this project to protect or enhance biodiversity. Specific reference should be made to the mitigation strategy if the project impacts on any protected or threatened species as defined in Denbighshire’s Local Biodiversity Action Plan (LBAP).

MAJOR RISKS TO THE PROJECT

A summary of the key risks associated with the project together with the likely impact and plans should they occur (*Please also add to your project risk register*)

Key Risk	Likely Impact	Mitigating Action
No major risks involved		

SUPPORTING INFORMATION

Please list any supporting documents that accompany this Business Case

n/a

ANNUAL CAPITAL BIDS – BLOCK ALLOCATIONS

Please provide details of expenditure and commitments for allocations received in the current financial year.

--

COUNTY LANDLORD STATEMENT

Please provide a statement from the County Landlord and where applicable the recommendation of the Asset Management Group

<p>This proposal is not required to go to the Corporate Asset Management Group, as it is considered business as usual at this stage. It is noted that Cabinet (briefing) has recommended that the entire £1.2m grant be invested in highways capital projects, and that the Heads of HES and PPP should jointly agree a prioritised list of schemes to be recommended for approval by SIG. The Corporate Landlord would support this approach. The suggested use of the grant has been clearly set out and the case well-made; focussing on safety; managing risk; and mitigating any future liabilities to the Council -whilst at the same time applying best value principles in attempting to leverage further grant support towards a major scheme in the Dee Valley. Property, specifically estate management, will need to be consulted when schemes are being drawn up for the Llangollen proposals. The Council will need to firm up ownership and titles for the shared spaces and areas before grant applications are submitted or any works commence – submissions to AMG might be required before work commences in Llangollen.</p> <p>Supplied by: Jamie Groves Date: 16/04/18</p>


CHIEF FINANCE OFFICER STATEMENT

The proposals comply with the grant conditions and will allow additional priority schemes to be completed in 2018/19.

Supplied by:
Richard Weigh

Date: 17/04/2018

VERIFICATION:

Project Manager:	Tim Towers / Mike Jones		
Project Sponsor:	Tony Ward / Emlyn Jones		
Name:	Tony Ward	Position:	Head of Highways & Environment
Signature:		Date:	13/4/18

For use by Finance:

Result of S.I.G. Review	
Date of Meeting	
Approval	
Code	