

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:	February Floods Recovery Funding 2020-21
Project Reference:	
Project Manager:	Tim Towers – Asset and Risk Manager
Workstream:	Connected Communities

Head of Service/Project Sponsor	Tony Ward	Lead member:	Councillor Brian Jones
Service:	Head of Highways, Facilities and Environmental Services	LM Portfolio:	Waste, Transport and the Environment
Form completed by:	Tim Towers	Date:	30 th September 2020
Service Accountant:	Martyn Dodd	Date:	30 th September 2020

PROJECT TYPE

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

SMALL <input type="checkbox"/>	MEDIUM <input checked="" type="checkbox"/>	LARGE <input type="checkbox"/>
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DECISION SOUGHT FROM SIG:	To approve acceptance of £1,311,280 funding from Welsh Government to cover damage to highways assets as a result of severe storms in February 2020
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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

In February and March 2020 a series of severe storms crossed Wales and these resulted in significant flooding and consequent damage to roads and bridges at locations right across the country. In the immediate aftermath of these events the Welsh Government informed local authorities that they would make funding available to pay for both the initial response and clear up to the flooding and also to pay for damage that occurred to assets as a result of the weather.

Due to the funding mechanism in place Denbighshire did not qualify for any monies to cover the response and clear up as our costs, although significant, did not meet the threshold required to trigger the support offered.

In the case of the offer to support with costs to repair damage however, the response has been more positive and it is this element that is the subject of this paper.

Appendix A shows the Guidance document that was issued by Welsh Government and for the purposes of this document it is paragraphs 20 to 25 of that document that are relevant.

The chronology of events relating to this is that a series of storms on consecutive weekends in February and March caused significant flooding and across the country it became clear that these had caused a lot of damage so the Welsh Government sent out documents asking for councils to submit a list of works and cost estimates for their areas. These submissions had to be with them by 30th April 2020. We were aware of some obvious failures such as the near collapse of Pont Drefechan near Llanynys but a full assessment of the network was required to gather as much information on conditions as possible.

Regrettably, at almost exactly the same time, the Coronavirus lockdown restrictions came into play and this severely hampered our ability to undertake a full assessment and it is possible that some damage was missed. In fact we know this to be the case because two problems have arisen since including the subsidence of the road close to the Salmon Leap on the Alwen near Corwen which has now been repaired at a cost of £186,000.

Not only did the lockdown affect our ability to do the assessments it has also created problems with subsequent procurement and contractor availability matters but thankfully the Structures team have worked incredibly hard through the Summer and achieved considerable success in getting a lot of remedial work done such that we have been able to spend a large amount of money. Similarly, the landslide in Cyfylliog has also been put out to contract and is now on site.

Currently we are using Capital funding from our Denbighshire allocation for 2020/21 to fund these works but this funding is meant to be spent on other priorities and therefore acceptance of the £1.3 million from Welsh Government will allow this funding to be put back to the schemes it was meant to be used for in the first place – albeit with a necessary accrual into 2021/22 as we haven't been able to deliver the programmed work for obvious reasons.

Achieving the desire to repair the remaining works on the list within the required timescale i.e by the end of March 2021 will be challenging but this is achievable and it is vital that we do so in order to get these damaged assets back to the standards we require of them.

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>Although Covid 19 has prevented us from carrying out a full assessment of the damage caused by the storms we are confident that our submission has captured the most severe issues. Our duty to maintain these assets in good order remains undiminished and therefore we are statutory responsibility to restore them so the Do Nothing option is not a viable one.</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	X	Time	Takes longer to deliver	
	Costs the same			Takes the same to deliver	
	Costs less			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?					
It would be a breach of our legal duty					
Option title:		Utilise Denbighshire County Council funding			
Please provide brief details:					
<p>As outlined above, we have no real option but to repair this damage so that our statutory duty is met so the issue then comes down to sources of funding. One potential would be for the Service to put in a bid to SIG for the funding that would match the £1,300,000 required. The advantage in doing this is that it would open up the possibility of us rolling forward the funding into 2021/22 and thus give us time to plan and programme these works and, where necessary, get various consents in place. For example the work in Llandrillo requires us to liaise with Natural Resources Wales and there is the possibility that this may delay the scheme.</p> <p>The disadvantage to this proposal is that the county is already under significant financial pressure due to a number of current issues of which the Covid 19 implications are probably paramount. Nevertheless, this work still needs doing.</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	X		Takes the same to deliver	X
	Costs less			Is quicker to deliver	
Quality	Improves the quality		Benefits	Improves benefits	
	Is the same quality	X		No impact on benefits	X
	Is a lower quality			Worsens benefits	

What is the main reason this option has not been selected?

Funding this work utilising DCC finance will either result in existing money being diverted away from schemes that have already been identified as corporate priorities – namely road condition and the structures backlog – or it will mean that legitimate work in 2021/22 cannot be funded. This latter point does not necessarily mean highway work of course because ultimately SIG will decide on how the various bids are managed but they will be constrained by this burden caused by the storm damage.

Option title: Utilise Welsh Government funding

Please provide brief details:

As outlined above, we have no real option but to repair this damage so that our statutory duty is met so the issue then comes down to sources of funding. It would appear that the funding that will be provided by Welsh Government covers 100% of the cost of our needs and there is no ongoing financial commitment being placed on the council. In fact, on the contrary, this funding allows us to bring these assets up to ‘as new’ and therefore it removes our liability for them for future years.

The disadvantage to this proposal is that it does appear to be time limited such that all works are completed by the end of March 2021. We have already made great progress in repairing the issues and remain confident that we can deliver the vast bulk of the rest of the work before the deadline. Appendix B lists the schemes and gives an indication of the likelihood for completion.

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	X		Takes the same to deliver	X
	Costs less			Is quicker to deliver	
Quality	Improves the quality		Benefits	Improves benefits	
	Is the same quality	X		No impact on benefits	X
	Is a lower quality			Worsens benefits	

What is the main reason this option has been selected?

This is the recommended option as it provides much needed support without giving the Authority any future financial consequences.

EXPECTED BENEFITS

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

This funding allows us to repair these assets and secure them in a good condition for many years to come

EXPECTED DIS-BENEFITS

Outcomes perceived as negative by one or more stakeholders

It seems that the funding is time limited so ensuring we can meet that deadline could create operational issues but in most cases these don't appear to be insurmountable.

TIMESCALE

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

Date	Milestone
March 2021	All applicable works need to be completed

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	

Please provide details of the capital funding requirement (not including amount already spent):				
Enter details of cost element below:	2020/21	2021/22	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	£1,311,280			£1,311,280
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)				
TOTAL	£1,311,280			£1,311,280

Please provide details of proposed capital funding sources					
Enter details of funding source	Status:	2020/21	2021/22	Future Years	TOTAL
Welsh Government	Applied for	£1,311,280			£1,311,280
TOTAL		£1,311,280			£1,311,280

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)			No Change
property maintenance and servicing costs			Unquantifiable reduction
other property related costs (rental, insurance, etc)			Possible reduction in third party claims but this is unquantifiable
OVERALL REVENUE REQUIREMENT			Nil

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*

NONE

PROJECT MANAGEMENT

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

N/A

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.

The project helps ensure that the Council meets the statutory duty under Section 41 of the Highways Act 1980 to maintain the highway and our general duty of care to road users and adjacent landowners

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.

N/A

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
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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	X
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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
Adverse Weather	Medium	As much as possible we have addressed the weather susceptible works through this Summer
Contractor Availability	Low	Use of framework agreements

SUPPORTING INFORMATION

Please list any supporting documents that accompany this Business Case

See Appendices which detail the conditions of the financial support from Welsh Government.

Appendix B lists the schemes that were submitted to receive the support plus their current status in terms the remedial works being undertaken.

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

Highways works are not within the scope of the County Landlord's property responsibilities, so no County Landlord Statement is required.

Supplied by: **Tom Booty**

Date: **18 Oct 20**

CHIEF FINANCE OFFICER STATEMENT

The proposal to approve acceptance of £1,311,280 funding from Welsh Government to cover damage to highways assets as a result of severe storms in February 2020 is fully supported. There are some question remaining around how formal the offer of the funding has been made at the time of writing this. If confirmed the service will be able to carry forward DCC capital funding that is currently being used in order to deliver the programmed work that has had to be delayed.

Supplied by: **Steve Gadd**

Date: **20 Nov 20**

VERIFICATION:

Project Manager:			
Project Sponsor:			
Name:		Position:	
Signature:	<i>Insert electronic signature</i>	Date:	

For use by Finance:

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

Approval	
Code	