

BUSINESS CASE – CAPITAL INVESTMENT

This Business Case provides justification for undertaking a project. The completed form will be reviewed by the Budget Board 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 Budget Board Meeting and deadlines for the submission of this form, please contact Sian Jackson / Val Holland , Capital & Technical Finance Team on ext 71 2594 or 6144

Project Name:	Schools Maintenance, Ventilation and Decarbonisation Grant – Welsh Government
Project Reference:	
Project Manager:	Andrew Ward / James Curran
Workstream/Programme:	Property / Education Support

Head of Service/Project Sponsor	Geraint Davies	Lead member:	Cllr Gwyneth Ellis / Cllr Gill German
Service:	Education and Children’s services	LM Portfolio:	Facilities, Assets & Housing / Education
Form completed by:	Isobel Bourke-Richardson	Date:	Sept 2022
Service Accountant:		Date:	

PROJECT TYPE

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

SMALL <input checked="" type="checkbox"/>	MEDIUM <input type="checkbox"/>	LARGE <input type="checkbox"/>
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DECISION SOUGHT FROM SIG:	Approval of outline spending for the Capital Grant received from the Welsh Government towards Improving Ventilation, Supporting Decarbonisation and Reducing Backlog Maintenance in Schools (reference M-DEN-0001).
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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

The Council were notified in December 2021 that they had been awarded £1,799,392 by the Welsh Government (WG) for Improving Ventilation, Supporting Decarbonisation and Reducing Backlog Maintenance in Schools. This money was to be spent by the 31st March 2023.

Of the total grant allocation, £80,841 is to be focused on projects to improve ventilation, where poor ventilation has been identified through CO2 monitoring. The remaining funding is allocated as capital maintenance grant and is to improve ventilation, support decarbonisation and reduce backlog maintenance in schools.

In 2020 and 2021 the Council received £1.487m and £1.716m respectively from the previous schools capital maintenance grant from WG.

A review of all school sites was undertaken by the Energy Team in order to identify suitable decarbonisation project proposals (see Appendix 1). All schools were also requested to identify priority areas for support and these are reflected in the proposals for maintenance works. In addition, this funding will be used to address the existing maintenance backlog and will complement the funding allocated in the block allocations (see Appendix 1 for a draft priority list of maintenance works – this will be developed further over the coming months-all costs are currently estimates).

In terms of the ventilation element of the allocated funding, in February 2022 all Denbighshire schools were requested to take part in a 2 week CO2 monitoring exercise in order to identify schools where ventilation works should be prioritised. A piece of work is now being undertaken to establish the scope of works required at the sites with the highest readings in order to improve the ventilation and an amount of the funding will be set aside to cover these works.

Given the volatile nature of the market contingencies have been allocated for each priority area of the grant however these contingency could be reallocated across the three priority areas to reflect emerging issues.

BUSINESS OPTIONS

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

You must include an environmentally enhanced (net carbon zero/ecologically positive compatible) option. If your project is a business development project, then this may not be relevant.

Option 1:		Do nothing – maintain the existing situation			
Please provide brief details:					
The authority could reject the grant offer. This would reduce the capital available for investment in the County's School estate and would not address any issues regarding ventilation, decarbonisation or backlog of maintenance in schools.					
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	x
	Costs the same			Takes the same to deliver	
	Costs less	x		Is quicker to deliver	
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?					
This option would have no benefits to the local authority.					

Option 2:		Environmentally enhanced option			
Please provide brief details:					
This option would ensure all works done under this grant would be carbon neutral and support the Council's goal to become Net Carbon Zero by 2030					
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	X
	Costs the same			Takes the same to deliver	
	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?					
This grant covers a diverse range of work areas that will be considered and although some will focus on decarbonisation not all will have an environmentally enhanced options available. The project will impact on numerous sites with minor investments, some of the investment areas are expected to have no significant impact on energy/ carbon emissions.					

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Option 3:	Include within general Schools Maintenance Budget				
Please provide brief details:					
<p>The option remains to subsume the allocation within the general allocation for schools maintenance. This option could see other funding displaced and no overall impact made on the condition of school buildings. This would also go against the wishes of the Welsh Government who have requested that this funding is also used to improve ventilation and decarbonisation of the school estate.</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	X
	Costs the same			Takes the same to deliver	
	Costs less	X		Is quicker to deliver	
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>This option would not meet the spirit of the grant from the Welsh Government and would not make any additional impact on addressing the backlog of maintenance, improving ventilation or decarbonisation of the school estate.</p>					

EXPECTED BENEFITS

The benefits that the project will deliver expressed in measurable terms against the situation as it exists prior to the project. Remember to capture co-benefits (the added benefits we get from this action/project as well as the direct benefits it will realise).

The use of the £1.799m in the intended form would assist in making improvements to the school estate by addressing existing areas of the maintenance backlog, improving ventilation in those schools identified as being most at in need based the CO2 monitoring period and undertaking projects to reduce carbon emissions from our school sites. The Council's approach to the management of the school estate via major works funded by the Sustainable Communities for Learning Programme and through the Maintenance Programme is ensuring investment is targeted in areas of greatest need. Additionally, the focus on delivering projects which will result in decarbonisation of the school estate will also support the aims of becoming a net carbon zero authority by 2030.

EXPECTED DIS-BENEFITS

Outcomes perceived as negative by one or more stakeholders

TIMESCALE

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

Date	Milestone
October 2022	Commencement of programme
March 2023	Aimed Completion of Programme

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:	2022/23	2023/24	Future Years	All Years Total
Feasibility (surveys, market research, etc)	Please see Appendix 1 for estimated costs			
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				

Please provide details of proposed capital funding sources					
Enter details of funding source	Status:	2022/23	2023/24	Future Years	TOTAL
Improving Ventilation in Education Settings	Approved		80,841		80,841
Capital Maintenance Grant			1,718,911		1,718,911
TOTAL					1,799,392

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)			
energy costs (heating, lighting, ICT, etc)			Decrease(See appendix 1)
property maintenance and servicing costs			Decrease (see appendix 1)
other property related costs (rental, insurance, etc)			
ongoing ICT costs (licences, etc)			
mileage of Denbighshire fleet vehicles			

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mileage for business travel by Denbighshire employees using their personal vehicles			
OTHER (please enter)			
OTHER (please enter)			
OVERALL REVENUE REQUIREMENT			

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*

<p>Energy costs for school sites should be reduced as a result of the significant investment in the installation of renewable energy sources.</p>

WHOLE LIFE COST

NOTE: THIS SECTION IS CURRENTLY IN DEVELOPMENT AND FURTHER GUIDANCE ISSUED IN DUE COURSE. OFFICERS DO NOT NEED TO COMPLETE THIS SECTION AT THIS STAGE UNLESS THEY HAVE UNDERTAKEN A WHOLE LIFE COSTING EXERCISE ALREADY INDEPENDENTLY WITHIN THEIR PROJECT.

Please provide brief details of the whole life cost impact of this project over a 20-year period. This should be completed for the preferred business option as well as for the environmentally enhanced business option if it is not selected as the preferred option:

- *[guidance to follow]*
- *[guidance to follow]*
- *[guidance to follow]*

PROJECT MANAGEMENT

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

The project will be managed through the Building Maintenance team. The programme of works will consist of numerous projects, with the vast majority being categorised as small / minor works. Each project will be procured in accordance with the current CPR's, procurement strategy and industry best practice.

A Surveyor / Technician from the Design, Construction and Maintenance team will be allocated as project officer, who will be responsible for the delivery of each project on time, within budget and to the required specification.

Regular meetings will be held with Education Managers to monitor the spend and amend the programme to ensure the contingency element is fully spent.

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 will help meet the Health and Safety at Work etc. Act 1974, Management of Health and Safety at Work Regulations 1999, Workplace (Health, Safety and Welfare) Regulations 1992, Provision and Use of Work Equipment Regulations 1998, Occupiers Liability Act 1957 and 1984, Equalities Act 2010, DDA 1995, HSE Approved Codes of Practice, British Standards including BS 4163:2007, Health and Safety Guidance Note GS23 (Electrical Safety in Schools), Control of Asbestos Regulations 2006.

Meet the requirements of the Education Building Bulletins, Education (School Premises Regulations) 1999, Department for Education Regulations and Design Notes, etc.

The project will help meet the Regulatory Reform (Fire Safety) Order 2005

CARBON MANAGEMENT IMPACT

Please consult with Council's Principal Energy Manager (robert.jones@denbighshire.gov.uk) and the Council's Climate and Ecological Change Programme Manager (Hodgson.Jane@denbighshire.gov.uk) before completing this section.

Denbighshire has committed to reducing its carbon emissions from buildings and fleet by at least 15% by 2022, for the Council to be net carbon zero by 2030 (buildings, fleet, waste, business travel, staff commuting, street lighting) and for the Council to reduce its supply chain emissions by 35% by 2030.

The Business Case requires you to make a forecast for the anticipated carbon emissions impact of the project.

Annual Forecasts:	Annual (current)	Carbon (kgCO2e)	Annual (Post Project)	Carbon (kgCO2e)	Carbon Variance	Comments
Money spent on external goods and services (UNIT= £)						See decarbonisation section of appendix 1
Energy consumption in buildings: (UNIT = kWh)						See decarbonisation section of appendix 1
Energy consumption in Street Lighting: (UNIT = kWh)						n/a
Fuel consumption of Denbighshire Fleet vehicles: (UNIT = litres/ kWh)						n/a
Mileage of Business Travel (personal vehicles): (UNIT = miles travelled)						n/a
Mileage of Staff Commute: (UNIT = miles travelled)						n/a
Tonnes of waste produced: (UNIT = tonnes)						n/a
One off Forecasts:			Project cost (£)	Carbon (kgCO2e)		Comments
Money spent on external goods and services (UNIT= £)			1.799 million			See decarbonisation section of appendix 1
TOTAL CARBON EMISSIONS						

Annual Forecasts:	Annual (current)	Carbon (kgCO2e)	Annual (Post Project)	Carbon (kgCO2e)	Carbon Variance	Comments
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Annual Forecasts:	Current	Carbon Absorption (kgCO2e)	Post Project	Carbon Absorption (kgCO2e)	Carbon Absorption Variance	Comments
Hectare of Grassland (UNIT=ha)	n/a	n/a	n/a	n/a	n/a	Assuming no grassland/woodland being removed to create outdoor spaces
Hectares of Forestland (UNIT=ha)	n/a	n/a	n/a	n/a	n/a	Assuming no grassland/woodland being removed to create outdoor spaces
TOTAL CARBON ABSORPTION						

Please highlight the appropriate cell depending on whether on balance this project helps, hinders or is neutral to the Council's goal to become net carbon zero by 2030 (reducing carbon emissions and increasing carbon absorption).

Net Carbon Zero Council Summary	HELPS	HINDERS	NEUTRAL
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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 and/or via tree planting/land management for the benefit of carbon sequestration.

The project will impact on numerous sites with minor investments. Some of the investment areas are expected to have no significant impact on energy/ carbon emissions, however due to the significant number of decarbonisation projects to be funded we expect to see a positive impact on reducing carbon emissions overall within the school estate.

Climate Change Lead Officer statement:

Please provide a statement from the Climate Change Lead Officer. Contact Jane Hodgson on climatechange@denbighshire.gov.uk.

The decarbonisation projects are projected to reduce carbon by approximately 80tonnes CO₂e. It is assumed that this is per year rather than over the lifetime of the works. These works are welcomed as they will reduce operational carbon over the long term and contribute to DCC meeting its goal of net carbon zero by 2030.

I encourage the inclusion of tree and/or hedge planting wherever possible, for example at the schools having outside work carried out. Please do contact the Climate Change team to discuss or for advice.

DCC's Climate and Ecological Change Strategy has a 'plus' target for reducing carbon from its supply chain by 35% by 2030. This project represents a significant spend under the category of 'construction' with an emissions factor of 0.37 kgCO₂e per £ spent. Every effort should be taken within the procurement activity of this spend to specify the works for the benefit of low carbon (e.g. via the use of lower spend lots to open the field to local SME's), to assess the bids from a low carbon consideration (e.g. including quality criteria questions with a scoring weighting) and monitor carbon emission performance of the chosen contractor (e.g. through contract management, provision of data). Any procurement over £25k should seek Community Benefits and I would encourage the project manager to focus their negotiations with the contractor around securing local environmental improvements which can include measures to increase carbon sequestration. The project manager should continue to engage with their Procurement Business Partner and the Community Benefits Hub (Karen Bellis) early in maximising on low carbon / carbon sequestration opportunities from the supply chain associated with this project.

Supplied by: Jane Hodgson **Date:** 9 September 2022

BIODIVERSITY IMPACT

Please consult with Denbighshire's Biodiversity Lead Officer before completing this section. Contact Joel Walley on joel.walley@denbighshire.gov.uk.

The Council has a statutory duty to ensure compliance and enforcement of the Habitats Regulations (as amended in 2017). Furthermore, the Environment (Wales) Act, 2016 requires the Council to maintain and enhance biodiversity, and promote the resilience of ecosystems. At this pre-feasibility stage, please determine the anticipated impact of the project on biodiversity, and proposed measures to ensure the project results in an overall biodiversity enhancement.

Please mark a cross in the appropriate box.

Will this project impact on a habitat that supports living organisms (plant or animal), or involve physical works to property or Land?	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

IMPACTS ON BIODIVERSITY	Yes		No	x
Has an ecological appraisal or survey of the site or proposals taken place?				
Cofnod eMapper Link:				
Please provide brief summary of survey findings, or provide a copy of the ecological report for review:				

Please provide brief details of how the project will avoid harm to biodiversity.

<p>It is anticipated that the projects will have little impact on biodiversity. However, there is a possibility that bats and/or nesting birds such as swallows and house martins may be affected by some of the works. As these species are legally protected, measures will be taken to minimise any disturbance and mitigate if necessary, by following best practice and guidance, if any are found whilst project works are being carried out which could disturb them.</p> <p>Where there is the potential for this to occur then any bat and bird surveys will be undertaken if necessary and consultation will take place with the County Ecologist or the County Biodiversity Officer about specifics.</p>

Please provide brief details of how the project will mitigate and compensate for any harm to biodiversity.

Please provide brief details of how the project will enhance biodiversity and restore ecosystem resilience.

Please highlight the appropriate cell depending on whether on balance this project helps, hinders or is neutral to the Council's goal to become ecologically positive by 2030 (increasing the species richness of land).

Ecologically Positive Council Summary	HELPS	HINDERS	NEUTRAL
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Ecology Officer summary:

Please provide a statement from the Biodiversity Lead Officer. Contact Joel Walley on joel.walley@denbighshire.gov.uk.

If your works have the potential to impact on protected species, then their presence/likely absence needs to be ascertained before you start works. Bats and their breeding and resting places are protected under the Conservation of Habitats and Species Regulations 2017. It is an offence to kill, injure, or disturb bats, and to damage, destroy, or block access to their breeding or resting places, even if they are not present at the time. An offence under this legislation could result in an unlimited fine and a custodial sentence of up to 6 months per offence.

While an initial bat survey/preliminary roost assessment can be completed any time of year, should this identify the potential of a building or structure to support bats then these surveys can only be undertaken between May – August, which is obviously a concern if your deadline is the end of the financial year.

As a Public Authority, we also have a duty to maintain and enhance biodiversity and promote the resilience of ecosystems under Section 6 of the Environment (Wales) Act. I previously (*maintenance grant business case 2021*) included a section on how this work represents a real opportunity to enhance sites for biodiversity, even if the proposed works will not have a direct impact on wildlife. Simple measures such as wildflower/hedge/tree planting, green roof installation, pond creation, or the provision of bat/bird boxes can all be cost effective ways to improve the environment, and should be considered on a case by case basis at each site impacted by the proposals. Has this been considered at all?

Name: Joel Walley **Date:** 09/09/2022

VAT IMPLICATIONS

Please consult with the VAT accountant to consider any VAT implications of the scheme. Rhys I Jones on ext 6165. rhys.i.jones@denbighshire.gov.uk

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 is provided below:

Title	Inherent Risk	Mitigating Action	Residual Risk
Unforeseen essential maintenance requirements	Loss of service delivery.	Dynamic re-prioritisation of works; Closure of buildings/part closure; Relocation of essential service provision	Potential prosecution/fines/reputational damage
Lack of resources to deliver maintenance/decarbonisation/ventilation programme	Failure to deliver programme	Employ agency/temporary contract staff to deliver projects	Failure to spend allocation

Likelihood	A - Almost Certain					
	B - Highly Likely					
	C - Probable					
	D - Possible					
	E - Rare					
		5 - Very Low	4 - Low	3 - Medium	2 - High	1 - Very High
		Impact				

SUPPORTING INFORMATION

Please list any supporting documents that accompany this Business Case

Appendix 1 – Summary spreadsheet of all projects to be funded
Appendix 2 - Funding Letter from Welsh Government
Appendix 3 – Wellbeing Impact Assessment

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. Contact Tom Booty on tom.booty@denbighshire.gov.uk.

The proposals are fully supported. The proposed projects reflect a balance in supporting decarbonisation, healthy learning environments and providing well maintained facilities within the education portfolio via a funding stream that supplements the Council's ongoing investment in these key areas and reflect a realistic approach to delivery within the time constraints of the funding deadlines.

Supplied by: David Lorey **Date:** 09/09/2022

CHIEF FINANCE OFFICER STATEMENT

Please provide a statement from the Chief Finance Officer. Contact Steve Gadd on steve.gadd@denbighshire.gov.uk.

Although the way that this sort of funding comes through from Welsh Government causes issues around planning and long term decision making, it is important that we maximise the use of this funding in a structured way. I believe this report fully sets out a solid methodology for prioritising the use of the grant and is fully supported. As always in such cases, it is important that approvals are made in a timely fashion in order to avoid delays, however, as it's over £1m it will need to go to the next available Cabinet meeting also.

Supplied by: Steve Gadd

Date: 13 September 2022

VERIFICATION:

Project Manager:	Isobel Bourke-Richardson		
Project Sponsor:	Geraint Davies		
Name:		Position:	
Signature:		Date:	

For use by Finance:

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