

FLINTSHIRE COUNTY COUNCIL

CABINET RECORD OF DECISION

DATE OF MEETING: **12 JULY 2022** **AGENDA ITEM NO. 24**

REPORT OF: **Chief Officer (Education and Youth)**

SUBJECT: **SUSTAINABLE COMMUNITIES FOR LEARNING -
MUTUAL INVESTMENT MODEL (MIM) - FINANCIAL
CLOSE FOR THE 3-16 CAMPUS PROJECT,
MYNYDD ISA**

- RECOMMENDATIONS OF REPORT:**
- (1) Approve the execution, delivery and performance of the MIM Project Agreement with Project Co (to be established by the Welsh Education Partnership Co Limited) together with the Funders' Direct Agreement, the Collateral Agreements, the Independent Tester Contract and the Insurance Proceeds Account Agreement, Clerk of Works Appointment, Independent M&E Commissioning Manager Agreement (together the "**Agreements**") (and any documents to be delivered by the Agreements pursuant thereto) to facilitate the delivery of the Project;
 - (2) Approve the Project Agreement at Appendix 1a, together with Appendix 1b Schedule 14 Payment Mechanism which shall be incorporated into the Project Agreement, and which is summarised in Appendix 2 and 3 of this report; so as to give effect to recommendation (3), subject to recommendation (f) below;
 - (3) Approve the Funders' Direct Agreement, the Collateral Agreements, the Independent Tester Contract, and the Insurance Proceeds Account Agreement (also as Schedules of the Project Agreement), and other legal documentation at Appendix

4a – 4f of this report so as to give effect to recommendation (1), subject to recommendation (4) below;

- (4) Note that the Monitoring Officer shall complete the Agreements for execution and is approved to:
- i. complete all information gaps including but not limited to confirmation of financial obligations (including the Annual Service Charge and Monthly Service Payment) and commitments of the Council and programme dates; and
 - ii. make any further genuine project specific drafting changes to the Agreements, as may be required and that by the act of execution any final changes are approved;
- (5) Give delegated authority to the Monitoring Officer to approve any further deeds and documents for execution by the Council which are ancillary to the Agreements approved here; and
- (6) Note that the Chief Executive, the S151 Officer, or the Monitoring Officer will complete and sign the certificates under the Local Government (Contracts) Act 1997 and agree to indemnify this officer in the act of doing so.

DECISION:

As detailed in the recommendations.

REASON FOR DECISION:

As in the report.

**CONSULTATIONS
REQUIRED/CARRIED OUT:**

In addition to the specific reports aforementioned in this report. Further reports on the Strategic Outline Programme for 21st Century school investment Programme have previously been received at Education & Youth Overview and Scrutiny Committee and Cabinet.

Consultation took place the planning application process, Planning consent was gained in January 2022.

RESOURCE IMPLICATIONS:

The capital costs of FF&E and ICT for the project is £2,312,000 which has an agreed intervention rate of 65% WG: 35% Flintshire County Council. Based on this intervention rate the WG funded element for FF&E and ICT is at £1,502,800 and the Councils element is £809, 200. The Councils element is accounted for in the MTFS.

The annual service charge cap is set at a maximum figure of £6, 750, 000 (inclusive of Net Zero Carbon NZC) of which Welsh Government contribution is 82.4%, this equates to £5, 563, 000. The Council's contribution is at 17.6% which equates to £1, 187, 000. This is an uplift from the MIM standard intervention rates and specifically relates to the prior agreement with WG on delivering a NZC project.

As the project has moved through the granular process, the MTFS commitments has been updated accordingly. However, Council's commitment based on the maximum capped figure, exceeds the last updated estimate by circa £336,000pa. This is for the reasons explained in paragraphs 1.12 to 1.16.

As stated earlier in the report, it is anticipated that the project figure will be confirmed as lower the maximum capped figure as the project moves towards financial close anticipated in July/August 2022, leading to a reduction in Annual service charge commitment.

Having consulted with the Councils treasury management advisors, it is

possible to restructure the debt over a longer period than of the current contract. This is common across all our large investment projects, whereby borrowing period is linked to the building life expectancy. Restructuring debt and managing cash flow, enables in year pressure to be reduced to the levels estimated within the MTFS. An important point to underpin, is the proposed 3-16 Campus is life-cycled, therefore its condition will still be "condition A" at year twenty five.

Despite the higher than anticipated costs of the project, it still constitutes value for the Council this is based on the fact that WG intervention is 82.4%. The school is built to a high specification based on the WG specification which is part of the SPA and will be constructed to NZC and will be maintained as NZC in operation and as mentioned previously is lifecycled.

Should the Council not proceed with the project then it would be liable for the abortive fees to date. This would be in the region of £2.7m, this would be a revenue pressure because technically if a project does not exist it cannot be capitalised.

DECLARATIONS OF INTEREST:

None.

DISPENSATIONS

None.

DATE PUBLISHED:

13th July 2022

SIGNED



Democratic Services Manager
