

CABINET

Date of Meeting	Tuesday, 22 nd January 2019
Report Subject	21st Century Schools Programme – Connah’s Quay High School Project – Project Update
Cabinet Member	Cabinet Member for Education
Report Author	Chief Officer (Education and Youth)
Type of Report	Operational

EXECUTIVE SUMMARY

The report provides an update on Phase 2 of the capital improvement project at Connah’s Quay High School. This project is funded through Band B, Welsh Government’s (WG) 21st Century Schools Programme and the Council.

The project has been through a design development stage and has been value engineered (see Terms of Reference). However, the project team are unable to bring the project within the original budget envelope of £4m.

The cost to deliver the project is now £4.3m and will require an additional £300K to proceed in its current form.

There is contingency within the overall 21st Century Schools programme to cover the increase required for this project (based on the current intervention rates).

The report provides an explanation of the increase in project costs together with solutions to the funding shortfall.

RECOMMENDATIONS

1	To note the contents of the report and approve the additional expenditure required to deliver the project.
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REPORT DETAILS

1.00	BACKGROUND & OVERVIEW
1.01	Phase 1 of capital investment at Connah's Quay High School was completed on time and within budget during December 2018. This project was funded through the 21st Century Schools Programme Band A, which ends in March 2019.
1.02	The Strategic Outline Programme (SOP) for Band B 21st Century School Investment Programme has subsequently been approved in principle by WG and a paper outlining the onward investment programme (or statement of intent) was considered by Cabinet in January 2018.
1.03	Phase 2 of the proposed capital investment project at Connah's Quay High School was one of a number of projects which formed part of the agreed funding package with Welsh Government (WG) for its 21st Century Schools Band B Programme within an overall cost envelope of £85,420m.
1.04	In April 2018, Cabinet agreed to the proposal to take advantage of the WG initiative and draw down funding for the Connah's Quay High School project (Phase 2) prior to the start of Band B and enter into a two stage Design & Building contract with Kier Construction. This would enable a seamless transition between construction phases 1 and 2. The estimated cost of Phase 2 at Connah's Quay High School was £4m.
1.05	<p>At this time the intervention rate for traditional capital projects within the programme was 50% WG / 50% Council. However, in November 2018, WG announced changes to intervention rates as follows:</p> <ul style="list-style-type: none"> • Capital – Schools : 65% WG / 35% LA • Capital – PRU/ALN Schools : 75% WG/ 25% LA • MIM – 75% WG / 25% LA (through revenue budgets of both organisations).
1.06	The project (Phase 2) at Connah's Quay High School will now benefit from the new intervention rates with the Council's liability reducing from 50% to 35% of the total project costs.
1.07	In terms of the programme, design development has progressed as planned between May 2018 and December 2018. At this stage cost certainty is clarified with the contractor having evaluated the final design with their supply chain.
1.08	The project in its current form cannot be achieved for the original estimate of £4m. The project figure is £300k (or 7.5%) above the original estimate at £4.3m.
1.09	This is due to the following primary reasons:

	<ul style="list-style-type: none"> • Building materials cost increase as a result of Brexit uncertainty. Other contractors are also reporting similar issues across Wales and the wider UK as a whole. • Additional areas of refurbishment have been included in the sports block since the original estimate. Originally the majority of the sports block was being refurbished with small areas and circulation spaces excluded. A better end product would be realised by including these areas. • Following re-inspection of the sports hall roof, additional works are required in this area.
1.10	<p>There are a number of options available as follows:</p> <ol style="list-style-type: none"> 1) Reduce the scope of the project to bring within the funding envelope. 2) Redirect funding from other areas of the programme. Currently there is flexibility within the programme, given Cabinet's decision not to proceed with the Lixwm and Brynford proposed amalgamation (This option does not prohibit the Cabinet's desire to invest in Brynford CP).
1.11	<p>In addition, residual efficiencies could be available from other projects within the Band A programme i.e. Connah's Quay High School Phase 1 and John Summers High School demolition project. In theory any efficiencies from the aforementioned projects could be recycled into the Connah's Quay High School Project (Phase 2).</p> <p>At the time of writing final accounts are not available. However, should residual amounts become available they are likely to be modest and will not cover the full costs of the project increase.</p>
1.12	<p>To ensure a seamless transition between contract phases, the Contractor will be commissioned based on the agreed total project value of £4m, Thereafter, should cabinet approve the project, increased work items to the value of £300k will be added back into the contract.</p>
1.13	<p>There will also be a requirement to submit a variation to the original SOP to WG in the new year.</p>

2.00	RESOURCE IMPLICATIONS
2.01	A project team is in place to deliver the project.
2.02	The additional cost of this project can be delivered within the agreed funding envelope of the overall programme.

3.00	CONSULTATIONS REQUIRED / CARRIED OUT
3.01	Planning Application approval has previously been granted.

4.00	RISK MANAGEMENT
4.01	Property & Design Consultancy adopts and implements industry standard procedures for managing overall risk. The preferred Contractor (Kier) will have overall responsibility for managing the site specific risks for the project. This process will be monitored by Project Team Leaders / Officers and Construction (Design & Management) Advisors / Principal Designers during the Construction Phase.

5.00	APPENDICES
5.01	None.

6.00	LIST OF ACCESSIBLE BACKGROUND DOCUMENTS
6.01	None. Contact Officer: Claire Homard Job Title: Chief Officer (Education and Youth) Telephone: 01352 704601 E-mail: Claire.homard@flintshire.gov.uk

7.00	GLOSSARY OF TERMS
7.01	21st Century Schools - Is a collaboration between the Welsh Government (WG), the Welsh Local Government Association (WLGA) and local authorities. It is a major, long-term and strategic capital investment programme with the aim of creating a generation of 21st century schools in Wales. Capital - Money spent on assets (e.g. buildings, equipment and land). Value Engineering - Value engineering is a systematic method of improving building planning. The process results in lower design costs and better construction sequencing of a project while decreasing the overall cost. The value engineering concept tends to keep in place those functions which expedite and optimize the planning, design, and construction of building projects, while removing unnecessary cost. This process is often used to keep projects from running over budget and or time without sacrificing the integrity of the design/construction process.

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