

# Business Case

## *Release of Ryefield Centre, Ross on Wye*

*March 2018*

### 1 Outline business case

#### 1.1 Project outline

The project is to release the Ryefield Centre in Ross-on-Wye for redevelopment. This opportunity arose as part of the work for the cabinet report ([14<sup>th</sup> September 2017](#)) regarding future use of the children centre buildings. The report has two relevant recommendations regarding this business case:

- (b) subject to provision being made in the 2018/19 capital programme and to reaching appropriate agreement with Ross Town Council, Ross children centre services be provided from Ross Library and the Old Chapel;
- (g) the chief finance officer be authorised to take all operational decisions necessary in consultation with director children's wellbeing to implement the above recommendations within approved budgets and in accordance with the council's corporate property strategy.

These recommendations were made based on the Ryefield Centre being under occupied compounded by the ceasing of provision for people with learning difficulties. The remaining services are children centre service, MAO (multi-agency office) and East Team for Adults and Well Being. Therefore outlined in the cabinet report was the proposal:

**Ryefield, Ross:** a long term proposal to relocate the children centre to a new school site. In the short term children centre services provision to take place at the Old Chapel under a new agreement with the town council, along with use of the library. It is also envisaged that the MAO and additional office space will be available at the Old Chapel thereby freeing the Ryefield Centre for alternative use which will be subject to a separate decision.

Option	Analysis
Do nothing	Retain the Ryefield Centre for council use. This has a revenue implication on the running costs of £65k and does not release a capital asset.
Do the minimum	Retain the Ryefield Centre and promote the site for different use for internal services, improve the MAO and promote for hire/lease use. There is no current enquiry for hire of the site – if a tenant was found there could be a reduction of the cost to the council in running the site with a potential income of around £55,000 p.a. for all the remaining space being leased (for a value of £7.00 per ft <sup>2</sup> ); half available space being leased creating an income of approx. £30,000 p.a.; quarter of space being leased at an income value of approx. £16,000 p.a. This does not release a capital asset.

Option	Analysis
Do something	<p>As outlined in the cabinet report this option would be to relocate remaining services and release the site for development potential. Depending on the development options the site has an estimated value of in excess of £500k and potentially significantly more this is dependent on the future use.</p> <p>The action required would be:</p> <ul style="list-style-type: none"> <li>• Capital works at Ross Library to cater for children centre services</li> <li>• Capital works at the Old Chapel to accommodate Adults and Well Being East Team, MAO and children centre services</li> <li>• New lease arrangement for the Old Chapel</li> <li>• Complete value of capital works is: £272k</li> </ul>

## 1.2 Return on Investment

Benefit	Initial Analysis	Comparison / References
Release of the asset will depend on future development intention	Capital value in excess of £500,000 capital receipt may be realised by redevelopment via DRP or sale on open market	Sale of: Bath Street £2.0m Brockington £1.48m Moor House £425,000
Revenue saving	£45k	£20k retained to cover costs for new sites e.g. rates and utilities; inclusive of maintenance costs
Capital liability	Included in the revenue costs	Full repairing lease costs
Total – capital	In excess of £500,000	
Total revenue	£45k	

## 2. Business Case

### 2.1 Expected Benefits

Expected Benefit	Initial analysis	References/Comparisons
Release of asset	Capital value in excess of £500,000 capital receipt may be realised by redevelopment via DRP or sale on open market	Sale of: Bath Street £2.0m Brockington £1.48m Moor House £425,000
Use of assets: The maximum use of the Ross Library space to create a multi-use facility (already shared with the Job Centre Plus). Also use of the Old Chapel which the town council have not been able to let. Creates a revenue saving.	Revenue saving as outlined above and making use of existing assets.	Ross Library an existing shared site with DWP.

Expected Benefit	Initial analysis	References/Comparisons
Removal of capital liability	As outlined above.	Release of underutilised buildings of the council.

## 2.2 Expected Dis-benefits

Dis-benefits	Mitigation
Disruption to customers – there will be disruption to customers / users of the services during change.	Allow a long lead-in period to communicate to customers; also customer benefit e.g. kitchen for events, increased community use, customer cross over activity, city centre location.
Disruption to staff – there will be disruption to staff as a result of the moves.	Ensure the work is well planned and communicated to staff.
Use of library space – spaces will be rearranged in the library to accommodate children centre services. This could cause upset to current users and attract media interest.	Communicate the benefits to library users, including increased use by children for next generation for library users.
Overage withdrawn from Old Chapel to enable the Town Council to maximise the benefit from the building.	Current agreement of 50/50 payment between the two parties, given the nature of the property, the restricted site and permitted development rights overage provision unlikely to exceed the value of the five year rent free period agreed in respect of the lease to the Council.
Herefordshire Council to lose any financial benefit of the sale of the Old Chapel with the overage condition.	

## 2.3 Expected Costs

Expected capital costs are as below – this will not be confirmed until the work has been tendered:

Ross library	Totals	
Ross entrance	12	
Children centre (including health and safety requirements of the outside space)	125	
IT	10	
furniture / white goods	10	
Ground works	15	172
Chapel		
Works	65	
IT	10	
White goods	5	80
Relocation costs		10
Project manager		10
		272

## 2.4 Major Risks

<b>Risk</b>	<b>Mitigation</b>
<b>Start-up risks</b>	
Costings too low as budgeted.	Confirmation of costs via through tender process before works begin.
Non-agreement terms for the use of the Old Chapel.	Terms agreed in principle.
New accommodation cannot meet the needs for customers.	Consultation with children centre users has taken place and alteration to plans made to provide additional space.
New accommodation cannot meet the needs of staff.	Implementation of council policy on better ways of working to create flexibility.
<b>Initiating a Project</b>	
Progress on implementing the project.	Established a project board to oversee implementation.
Customers and staff un-prepared for changes.	Communicate in advance implementation dates.
<b>Implementation</b>	
Slippage of time and budget.	Managed through a project board. Project manager assigned to oversee the project.
Market not interested in the development of Ryefield Centre.	Part of the development partner portfolio.
Clawback from Dfe with funds invested in the Ryefield Centre for children centre service in 2007.	Dfe informed of the potential changes with continued provision for services in the town.

## 2.5 Investment Appraisal

An investment appraisal should be completed for all medium and large scale projects, specifically if a project is likely to involve capital investment.

<b>Scenario 1</b>	<b>Capital £'000</b>	<b>Revenue £'000</b>
Benefit capital (in excess of and likely to be higher based on market value)	500	
Revenue savings		45
Cost capital (includes health and safety works)	272	
Net benefit	228	45

## 2.6 Investment Assumptions

There are several assumptions:

- That the cost of the capital works are as valued – this will be subject to tender process to confirm cost and timescale.
- That the value of the Ryefield Centre is an estimate only based on sales of comparable properties.
- The estimated value of rent free is £50k which is offset by value of the overage which would cease after 5 years. There is an option for an extended lease though this is likely to be based on rental charge.

## 3 Benefits Review Plan

### 3.1 Measures

**Guidance:** What are the measures for the benefits expected; against what baseline; to what target; who is accountable for the expected benefits.

Measure description	Baseline Measure	Target Measure	Measurement Method and responsibility
Net beneficial benefit of the development of the Ryefield Centre offset with capital spend.	Estimated minimum capital receipt of £228k.	Capital receipt of in excess of £500k	Income generated.

### 3.2 Reviews

**Guidance:** What resources are needed to carry out the review work; when the reviews will occur?

Review	Purpose	Attendees	Review Date / Timing
Project Management	Ensure the project meeting budget and timescale targets	Members of the Children Centre Services Implementation Board	Meet monthly
Finance	Assess capital spend and progress.	Capital Strategy Working Group	Meet monthly
Legal and property	Legal agreement and property sales	na	na

### CONTRIBUTION AND DISTRIBUTION LIST

Name	Organisation	Job title	Role
Natalia Silver	Herefordshire Council	Assistant Director Communities	Author
Andrew Husband	Herefordshire Council	Strategic Property Services Manager	Co-author
Gill Stratford	Herefordshire Council	Estates Management Officer Commercial	Co-author
Andrew Lovegrove	Herefordshire Council	Chief Finance Officer	Decision Maker
Chris Baird	Herefordshire Council	Director for Children's Well Being	Consultee
Geoff Hughes	Herefordshire Council	Director for Economy Communities and Corporate	Consultee
Internal consultees	Herefordshire Council	Internal consultees as part of governance process	