

Economy, Communities and Corporate

Business Case

Capital accommodation budget: Alteration and enhancement of property assets 2018/19

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Version: 1.1

Date of Last Update: 29/08/18



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Document Log

Version	Status	Date Update	Description of Change	Pages affected
1.0	Draft	09/08/18	Creation of business case identifying project expenditure	All
1.1	Final	29/09/18	Updated following peer review	8

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PROGRAMME BUSINESS CASE

1. Purpose

The aim of the business case is to drive the projects identified for delivery in 2018/19. The business case should cover the totality of the business change proposed, not just one element of it

This business case has been produced to enable estate alteration and enhancement projects to be delivered which will support business change, meet the need to relocate staff, fully utilise property assets and ensure buildings are safe and fit for purpose.

This document provides the detailed business case that supports this decision to invest in improving corporate properties.

2. Reasons

The accommodation programme that was designed in 2016 has largely been delivered and residual capital accommodation budget remains available to improve the estate. Three key areas where expenditure will deliver greatest benefit within the available budget of £509k have been identified and prioritised:

- There is an urgent need to relocate staff from existing premises at Bath Street as the lease is due to expire at the end of September and whilst some additional time may be available to continue occupation, the owner of the premises will not grant a new lease to the council. Improvement and repurposing of existing estate assets will enable staff and services to be relocated.
- In addition, the inspection and review of Multi-agency offices (MAO) has identified opportunities to improve premises so that underutilised space can be optimised and more localised working, and service delivery, can be enabled.
- An assessment of the council's principle office at Plough Lane, Hereford has identified the need to improve emergency evacuation facilities to ensure the property is fit for future purpose.

It is widely recognised that it is best practice to manage estate assets through adopting a whole life approach to asset management. This with the objectives of:

- sustaining the asset in an optimal condition so that it is fit for purpose throughout its life; and
- reducing its whole life cost.

It is a 'common sense' approach, with the appropriate maintenance and improvement making sure the desired condition of the asset is sustained at the least overall cost and it remains fit for purpose.

By taking action in accord with this business case the council will improve assets to meet business need and enhance the whole life cost of estate assets. This investment will support the delivery of corporate objectives and protect the value of assets.

3. Options

Investment options for have been considered in respect of the three key issues and our assessment takes account of:

- suitability;
- cost; and
- deliverability

The assessment has identified the most suitable option in each case the will deliver the required outcomes and will reduce the whole life cost.

Relocation of children's wellbeing:

The lease in respect of the premises expires on the 25th September and we are presently seeking to extend occupation by way of licence with the landlord. Alternatively a legal option is available to extend the term for a limited period. It is therefore imperative that we relocate staff. One option has already been rejected as it would displace a third party provider from premises owned by the council (Governors House).

Three options are open to us:

- a) Lease premises from the commercial market: This has been discounted due to the lack of suitable premises which meet the service requirement. Had suitable premises identified the cost of rent, fit out and other associated overheads would mean it is unlikely this option would have provided a cost saving and in the fullness of time, it is possible that staff would have to be relocated again when the lease term expires.
- b) Lease premises from another public sector organisation: This has been discounted as no suitable premises are available. The same issues in respect of cost and security of tenure also apply.
- c) Repurpose existing council premises: By optimising the use of space and investing in unoccupied premises it will be possible to relocate staff.

Option c) is therefore the most viable and therefore proposed. A cost summary is provided as follows:

Proposal	Cost	Comment
Refurbish 1A. St Owen Street for the relocation of the Provisioning team	£105k	The premises are currently vacant. This would also include the creation of a small MAO for CWB and AWB staff
Relocate the 16+ team to the Ground Floor 33/35 Union Street	£20k	This work predominantly covers to make areas secure
Relocate Early Help and family support to Nelson House	£25k	This makes currently unoccupied space fit for purpose and also fulfils lease obligations
Relocate Democratic Services and Member facilities to the Shirehall	£20k	To enable 16+ to occupy 33/35 Union Street and provides meeting rooms which are currently available at the Media Centre
Total Estimated Cost	£170 k	

Improvement to Multi-Agency Offices:

Inspection and review of multi-agency offices has identified opportunities to improve the availability of accommodation to enable more localised working and service delivery. As these are opportunities the alternative options are limited but can be broadly summarise as follows:

- a) Maintain the status quo: This would not achieve the benefits derived from making improvement to the premises
- b) Relocate the MAO's to more suitable premises: In each case this is currently neither available nor would be cost effective
- c) Investment to improve the availability of MAO accommodation: This would enhance the ability for staff to work more locally and deliver services to communities in the market towns and rural areas.

Option c) is therefore the most viable and therefore proposed. A cost summary is provided as follows:

Proposal	Cost	Comment
Refurbish underutilised space at the Museum Store, Friar Street, Hereford to create a MAO	£30k	The premises are currently partially underutilised. This would also include the creation of an MAO and meeting rooms which could deal with excess demand from the nearby offices at Plough Lane
Reconfigure and improve underutilised accommodation at Leominster MAO	£90k	The space at Leominster is poorly configured and unsuitable, as a consequence areas are underutilised. This work would make the space fit for purpose and provide rooms for meeting the public in a secure and confidential environment.
Increase the availability of MAO space and improve the standard of meeting rooms at Ledbury	£15k	This would increase the capacity of the MAO and improve the rooms available to meet the public.
Total Estimated Cost	£135 k	

Increase Emergency Evacuation Capacity at Plough Lane Offices:

An assessment of the emergency evacuation facilities at Plough Lane has identified the need to increase the number of fire escape routes given the building's occupational capacity and likely future demand for space.

In this case there are no alternative options that are viable. Maintaining the status quo presents risks and does not future proof the building. Relocating the whole building compliment elsewhere is not feasible within recognised timelines.

The proposal is therefore to build an external fire escape which would meet statutory compliance and this is the proposed course of action. The estimated cost is £200k.

4 Affordability

The approved Capital Accommodation Budget for 2018/19 is £509k and this is provided from prudential borrowing. It is therefore intended to utilise this budget for the identified projects.

5 Value for Money

The proposed projects represent value for money on a case by case basis.

With regard to the relocation of Children's Wellbeing staff, the net.annual revenue cost saving from the termination of the lease and repurposing of council property assets is circa. £120k. This represents payback on capital invested within 1.5 years and is identified as a saving the MTFS.

Investment in the MOA's effectively increases operational capacity within existing buildings and thereby drives more efficient use of space. Although less readily quantifiable the additional capacity increases the ability of staff work locally and deliver services to the communities they serve. Overall cost will remain largely unaffected however any increase in utility costs will managed within existing budgets.

The need to improve emergency evacuation at Plough Lane protects the future use of the building and therefore extends the property's lifecycle. There are no significant additional revenue implications.

6 Benefits Expected

The expected benefits have been previously stated, however they are in general; financial (particularly in the case of relocating Children's Wellbeing staff), efficiency gains in the use of the council's freehold property (particularly in the case of the MAO's), extending the lifecycle of buildings, ensuring they are compliant and future proofed (in the case of Plough Lane)

7. Risks

The key risks are identified below:

Table 2 - Risks

Risk	Mitigation
Relocation of Children's Wellbeing: Expiry of the lease before staff relocated	Discussions are in hand with the landlord of the Media Centre for a licence to extend the occupation in order to allow the relocation of staff and we believe this will be forthcoming. If this is not agreed then legal remedies are available to effectively extend the tenancy for a limited period.
Change in contractor: New contractor from 1 st September 2018	We are agreeing the program of work with the new contractor BBLP as part of the mobilisation process and therefore projects are planned so that early commencement can take place in order to deliver within required timelines.

8. Timescale

A detailed project delivery plan will be established but it is the intention complete the enabling improvements to facilitate the Children's Wellbeing move as soon as governance is approved. The work to create the MAO at Friar Street and improvements at Ledbury can be completed before the end of the calendar year. The timescale for the completion of the detailed design work in respect of the Leominster MAO will determine the project delivery.

The provision of a new external fire escape at Plough Lane could be accomplished within the financial year however as detailed design and survey work has yet to be undertaken this remains uncertain. However it is anticipated that the project could be significantly progressed within the financial year 2018/19.

9. Evaluation

All projects within the programme have been assessed and evaluated on the basis of urgency, compliance with statute, value for money, driving efficiency and not least corporate objectives.

The projects have therefore been prioritised accordingly and are therefore submitted for approval.