

## **PROJECT DOCUMENTATION**

### **Stage 1 Business Case**

*Upgrade and Renewal of CCTV Equipment*

# **Business Case**

## **1. Purpose of Document**

The purpose of this document is to set out the justification for the undertaking of a project based on the estimated cost of development and the anticipated benefits to be gained.

The business case is used to say why the forecast effort and time will be worth the expenditure. The on-going viability of the project will be monitored by the Project Board against the benefits identified in this business case.

## **2. Background and Reasons for the Project**

### **2.1 Background**

CCTV cameras were installed across Hereford City, Ledbury, Leominster and Ross-on-Wye in the mid-nineties. The images from these cameras were received in the Bath Street police station control room. With the impending change in the use of the police control room and the new Data Protection Act 1998 both the West Mercia Police and Herefordshire Council funding a new state of the art digital recording CCTV Control Room in the Shirehall.

Since opening in June 2003 the CCTV control room has dealt with in excess of 50,000 incidents ranging from a number of murder enquiries to missing children.

The CCTV digital records are no longer supported by the manufacturer, therefore should any of the recorders fail the images from the CCTV cameras will not be recorded.

The CCTV cameras out in the field have been repaired as and when they have failed and a number were renewed to dome type cameras in 2009.

### **2.2. Summary of Reasons for the project**

Document any compelling reasons for this project.

- The CCTV digital recorders are no longer supported by the manufacturer. Previous failures of the equipment have been repaired, this will no longer be possible. The new equipment would provide a number of operational benefits over the existing system in that it would be possible to monitor remotely from any location, which should the control room become unusable on an occasion, will not prevent the CCTV across the county being monitored.
- The current analogue video matrix is no longer fully supported by the manufacturers. They can be repaired by specialist companies but because they are now obsolete being able to obtain the parts is now proving difficult. A video matrix is a switch that routes video inputs from cameras to video outputs that are fed to monitors and DVRs for recording as required. Should the matrix fail images from camera would no longer be able to be recorded or reviewed.

- The cost of annual BT fibre optics to bring images from 6 cameras in Hereford and the all of the market towns cost 33K. This is a considerable revenue sum. To replace the networks in the market towns to IP and replace existing analogue cameras to IP ones in the market towns would realise a saving of approximately 21K per annum for the Town Councils once the capital sum has been paid off.
- The proposed system has a number of inbuilt and add on apps that will aid with the efficiency of the system including:
  - ANPR (Automatic Number Plate Recognition) which will assist in incidents where vehicles are involved.
  - Mapping of incidents to provide analysis of where the current hot spots for offences are
  - The ability to monitor CCTV cameras from a remote location should the CCTV Control Room be quarantined for any reason.

### 3. Objectives

- To maintain and improve the service so that it can continue to support officers of West Mercia Police, colleagues in Herefordshire Council, colleagues of the city council and town councils, colleagues of Hereford BID and maintaining the feeling of safety in the area where CCTV is located and help reduce the fear of crime in those areas.

### 4. Contribution to Strategic Objectives

How CCTV contributes to all of Herefordshire Council's priorities:

- **Enable residents to live safe, healthy and independent lives**
- **Keep children and young people safe and give them a great start in life**
- **Support the growth of our economy**
- **Secure better services, quality of life and value for money**
  - by being able to monitor incidents and breaches of CBOs and alerting police and partner agencies across the city and market towns to them. For example a group of young people who have been on the radar for a number of months for ASB are now being given CBOs to deal with their behaviour. CCTV assists with identifying street drinking anti-social behaviour which has resulted in a number of known street drinkers who cause a nuisance being given CBOs to address their behaviour. CCTV also provides evidence for breaches of CBOs. The CCTV Commissioning Officer is heavily involved in various groups that are tackling ASB caused by young people and street drinking.
  - Herefordshire CCTV supports this aim through use of CCTV cameras to identify incidents, offenders and victims of harm. With the evidence gathered this in turn will assist and support WMP to focus on key areas and locations.

- During opening hours, especially during the night time economy CCTV operators will alert police officers to all incidents whereby aggressive behaviour takes place between members of the public that appear to be couples, family members or intimate partners, whether this is caused by males or females. The Street Pastors are also notified of the incidents so that they can assist the vulnerable person to get home or be reunited with friends.
- CCTV will alert police officers to incidents of suspected drug misuse and dealing. The CCTV service works closely with HAND (Herefordshire Against Nighttime Disorder) to identify persons involved in incidents or crime and anti-social behaviour related to crime.
- To provide evidence relating to hate crime and identify and alert police to incidents where a hate crime is suspected.
- Herefordshire CCTV works closely with the Safer Neighbourhood Teams and Integrated Offender Management teams to identify repeat offenders of crime, public order and anti-social behaviour. When police officers need to find a person of interest, one of their first calls is to the CCTV control room to assist in the location of these people.
- CCTV has previously provided evidence to support cases of sexual violence which have resulted in long custodial sentences for the offender. CCTV also proactively monitors vulnerable people and alerts police and other agencies (particularly Street Pastors) to the incident.
- To monitor and assist with keeping vulnerable people safe. CCTV assists the night time economy in monitoring incidents of disorder, identifying offenders and alerting police officers and doormen to persons of interest involved in violence against a person or disorder. The monitoring and searching of vulnerable people takes place at all hours of the day with calls being made from the local hospital to assist in searches of missing patients.
- Herefordshire CCTV is actively involved in various strategic groups around CSE and vulnerable children. The CCTV operators are constantly asked to support WMP to locate vulnerable children throughout the county and identify any trends or links around these vulnerable children, locations, peer groups, associates, etc.

## 5. Stakeholders

The key stakeholders of the project with an analysis of their potential role on the project;

- Project sponsor –
- Project Manager –
- Project Manager –  
Senior user-
- Senior supplier U/K
- Key users – West Mercia Police, Herefordshire Council, Hereford Cathedral, Hereford City Council, Ledbury Town Council, Leominster Town Council, Ross-on-Wye Town Council, HMRC (Her Majesty's Revenues & Customs)

## **6. Scope**

- The proposal is to maintain and improve the CCTV provision to Hereford, Leominster, Ross and Ledbury and support the police, council officers etc. and reduce costs by: renewing digital video recorders and associated Matrix, upgrading the analogue links to IP links in markets towns and upgrading analogue cameras to IP cameras in the market towns

## **7. Work Performed**

Details of the work undertaken in putting together the Business Case, e.g.

- A consultant was employed to assess the current state of the equipment and make recommendations on the system to both reduce revenue costs and to recommend a financially sustainable system for the future.
- An assessment of the pay back of capital grant which should be delivered within 8 1/2 years
- Buy in from city and town council's to continue to make their annual contributions as agreed until capital grant is repaid.
- All public space CCTV systems have to comply with the Data Protection Act 2018 and the Human Rights Act 1998. The Herefordshire CCTV system has a number of protocols for operation as well as a full audit trail of the use of the system to ensure that the principles of both acts are adhered to and are compliant.

## **8. Benefits**

### **1.1. Benefits**

- Reduction in costs to the relevant town councils totalling £22,590
- Improvement in images going from analogue to digital which will support better identification and number plate recognition
- Reduction in costs of installing new cameras in future as IP network will already be in place.

### **1.2. Adverse Effects**

**NONE Identified**

## 9. Options

- Do nothing – the system can be run as it is without any further investment. This will render the service redundant when either the digital recorders or matrix fails.
- Option 1 – Renew the digital video recorders and matrix which will see the service continue for the future. Any analogue cameras in Hereford would be able to be renewed on an adhoc basis, but any renewals in the market towns will still need to have analogue cameras. There is no future cost benefit to this option.
- Option 2 – Renew the digital video recorders and matrix which will see the service continue for the future. Upgrade the links in the market towns to wireless links which will allow for an upgrade of the analogue cameras to IP cameras which will in turn reduce the annual costs by circa 21K. Any analogue cameras in Hereford would be able to be renewed on an adhoc basis.

### 1.3. Summary of costs for each option

A summary of each option and the relative additional costs to the Council are shown in the table below:

Option	Project costs	Annual on-going costs	Return on investment
Option 1	£47,882	0	0
Option 2	£136,443	0	£22,590 per annum <i>(for the market towns from between 4½ and 8½ years)</i>

### 1.4. Summary of benefits achievable from each option

A summary of the benefits from Section 8 achievable for each option is shown below:

Option	Increased fee income	Saving on administration time	Mainstreaming benefits
Option 1	N	N	N
Option 2	N	N	Y

### 1.5. Summary of impact and scale of people change for each option (if potentially a decision-making factor)

A summary of the impact and scale of people change for each option may be shown below:

Option	Impact for people (positive, negative, neutral)*	Scale of change (low, medium, high)*
Option 1	NONE	
Option 2	NONE	

\*: It may be clearer to describe the impact and scale of each change option for some projects.

### 1.6. Summary of adverse effects for each option (if and only if this is potentially a decision-making factor)

A summary of the adverse effects of the change for each option may be shown below:

Option	People impacted	Nature and scale of impact
Option 1	NONE	
Option 2	NONE	

## 10. Costs and timescales of recommended option

### 1.7. Recommended Option

Option 2 – The current digital video recorders are no longer supported by the manufacturer which means that should a recorder fail the system is redundant. The video matrix which controls how the images are routed through to the recorders and monitors is also at a stage where it is highly unlikely that it could be repaired and if so it would take a long time and cost a lot of money.

This option will allow for the current digital video recorders for analogue cameras to be replaced with a new digital video recorder platform that will accommodate both analogue and IP cameras. IP cameras are seen to be the way forward and produce superior images and have the ability to be added seamlessly to the network. The new system would also have the ability to deal with routing of images around the system either on spots monitors or a digital back wall screen.

### 1.8. Project Implementation Costs – Recommended Option

The table below shows a summary of the (new and additional) costs of implementing the recommended option. Full details of these costs can be found in Appendix 12 – Financial Template.

Capital cost of project	2019/20	2020/21	2021/22	Future Years	Total
<i>Option 1: minimum required to maintain a useable CCTV system</i>	43,800				43,800

<i>Option 2: renewal of Ledbury, Leominster &amp; Ross-on-Wye transmission and cameras</i>	<b>134,100</b>				<b>134,100</b>
<i>Consultant to write specification</i>	<b>2,082</b>				<b>2,082</b>
<i>Consultant to manage installation project</i>	<b>4,343</b>				<b>4,343</b>
<b>TOTAL</b>	<b>184,325</b>				<b>184,325</b>

### 1.9. Summary of ongoing costs against benefits – Recommended Option

NONE

#### 1.10. Staff Resources and Costs

NONE

##### 1.10.1. Core Funded Roles

NONE

##### 1.10.2. Ongoing Service Support Roles

NONE

#### 1.11. Change Management

NONE

#### 1.12. Sustainability Assessment

	<i>+ve</i>	<i>-ve</i>
<i>Environmental</i>		
<i>Social</i>	<p><i>Benefits to:</i></p> <ul style="list-style-type: none"> <li>- <i>Stakeholders – better quality images to secure more detections giving greater kudos</i></li> <li>- <i>Council – public opinion on how Herefordshire Council value CCTV</i></li> </ul>	<p><i>Potential issues and adverse effects for:</i></p> <ul style="list-style-type: none"> <li>- <i>Unrealistic expectations raised to the ability of CCTV</i></li> <li>- <i>Negative press regarding “Big Brother” expenditure</i></li> <li>-</li> </ul>



	<i>in the community will increase</i> <ul style="list-style-type: none"> <li>- <i>Local Community will feel safer in the knowledge that investment has been made in security</i></li> </ul>	
<i>Economic</i>	<ul style="list-style-type: none"> <li>- <i>Future cost savings to the town councils</i></li> </ul>	<ul style="list-style-type: none"> <li>- <i>Costs of IP networks</i></li> <li>- <i>Cost of new DVRs</i></li> </ul>

### 1.13. Timescales

The project can be broken into *n* stages.

- Stage 1 – Procurement writing of specification, out to tender, selection of supplier
- Stage 2 – Agree programme of work and inform partners and stakeholders
- Stage 3 – Install and commission new equipment
- Stage 4 – Go Live

This early planning would indicate the following timescales could be achievable:

Activity	Dates
➤ Pre-project – consider recruitment of resource needed for project start date (subject to funding sign off)	
➤ Project start	21/01/2019
➤ Project governance established	21/01/2019
➤ Prepare detailed requirements for procurement	01/02/2019
➤ Project documentation prepared	01/02/2019
➤ Detailed project plan created	14/02/2019
➤ Privacy Impact and Equality Impact Assessments completed	01/03/2019
➤ Prepare procurement documentation	01/03/2019

Activity	Dates
➤ Procurement initiated	01/04/2019
➤ Procurement process	01/04/2019
➤ Supplier selected	01/06/2019
➤ Contract signed	15/06/2019
➤ Implementation plan agreed with chosen supplier	01/07/2019
➤ Post-procurement finances review	01/07/2019
➤ System build	01/09/2019
➤ System training	30/09/2019
➤ Final testing and system checks	01/03/2020
➤ Go live	15/03/2020
➤ Project closure process started	15/03/2020
➤ Project close	31/03/2020

## 11. Risks

Risks are potential threats to the Council that may occur but have not yet happened. Risk management will monitor the identified risks and take any remedial action should the risk happen. The risks associated with the project are set out in detail in the risk log in Appendix 6, identified as the risks to the Council if the project does not go ahead, and the risks if it goes ahead with the recommended option. In summary the main risks are as follows.

### 1.14. Risks of not going ahead with the project

- The system will fail and there will be no recording or visual monitoring of CCTV across the county

### 1.15. Risks that will need to be addressed if the recommended option goes ahead

- Strategy to cover the monitoring of CCTV whilst the system is being renewed and how this can be managed

## 12. Issues

There is a significant number of important issues which need to be resolved and decisions which need to be made to achieve the successful delivery of the benefits of the project.

- Identify any key issues which need to be resolved to achieve the benefits of the project
- Getting clear dates on when the system will be out of operation and tying these into days which are “less riskier” i.e. Friday, Saturday nights
- Allowing time for set up and training of kit

- Managing the expectations of stakeholders and partners during the process
- Obstacles to completing the project e.g. skills gaps.

### **13. Dependencies**

#### **1.16. Initiatives which this project depends on are:**

- Town Councils' buy in to continue contributing towards CCTV
- Continued financial support from the PCC or West Mercia Police

#### **1.17. Other initiatives which depend on this project are:**

## 14. Appendices

### a. Appendix 1 – Roles and Responsibilities

#### Core Funded Roles

Role	Description of Main Duties
<b>Project Sponsor</b>	<ul style="list-style-type: none"><li>▪ Help to describe, prioritise and agree the requirements</li><li>▪ Evaluating suppliers during procurement</li></ul>
<b>Project Manager</b>	<ul style="list-style-type: none"><li>▪ Managing the project budget</li><li>▪ Help to describe, prioritise and agree the requirements</li><li>▪ Approving functional and non-functional requirements</li><li>▪ Evaluating suppliers during procurement</li><li>▪ Approving the Implementation Plan for the <i>business area</i></li><li>▪ Approving the Training Needs Analysis</li><li>▪ Leading the implementation of the system in the <i>business area</i></li><li>▪ Identify users who can inform the project</li><li>▪ Act as project link with users who will be affected by the changes</li><li>▪ Represent other users views and opinions at the Project Board</li><li>▪ Be an advocate for the project</li><li>▪ Review and test outputs from the project to ensure they meet the end users' needs</li><li>▪ Leading the User Testing and Training</li><li>▪ Working to produce training and guidance materials</li><li>▪ Deliver training and guidance</li></ul>
<b>Procurement Manager</b>	<ul style="list-style-type: none"><li>▪ Supporting the procurement process</li><li>▪ Ensuring that the procurement is compliant with the appropriate procurement rules</li></ul>

#### Non-Core Funded Roles

These roles will be directly chargeable to the project.

Role	Description of Main Duties
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Role	Description of Main Duties
<b>Project Manager</b>	<ul style="list-style-type: none"><li>▪ Building and leading the project team</li><li>▪ Day-to-day control of the project</li><li>▪ Escalating issues and risks which the team cannot resolve</li><li>▪ Delivery of project outputs to cost, quality and time</li><li>▪ Working with the Business Lead to implement the system</li><li>▪ Understanding the user requirements and advising as to how the system can be used to meet these requirements</li></ul>

## **b. Appendix 2 – Financial Template**

Separate Document

# **Business Case**

*Supporting Growth and Efficiency by Investing in the  
Highway Asset*

## **BUSINESS CASE**

The Business Case is used to document the justification for the undertaking of a project, based on the estimated costs (of development, implementation and incremental ongoing operations and maintenance costs) against the anticipated benefits to be gained and offset by any associated risks.

**Prepared by – xxxx**

**For the attention of – CSWG**

### **Supporting Growth and Efficiency by Investing in the Highway Asset**

This scheme has 2 capital components:

- 1) Investment in the condition and safety of the main road network (A and B Roads) to support the local economy, support safety improvements, protect existing investment in the network and secure resilience.
- 2) Condition of structures (bridges) across the County to ensure access for communities.

Delivery 2017/18, 2018/19, 2019/20.

As described in the Local Transport Plan, Asset Management Policy, the aim is to support the growth of the county by making the best use of its transport assets and where possible facilitate more efficient usage together with improvements in the quality of our public places.

Public places should be safe and enjoyable for all to use responsibly. Public places should also remain safe through all seasons of the year. The infrastructure that is vital to a functioning county should be resilient to the impact of weather and climate.

The transport assets should provide a network that facilitates the efficient and safe movement of people and goods whilst protecting the quality of life within communities.

The council will encourage and support the growth of competitive local business and enterprise through works to enhance and maintain public places and by the way that work is delivered.

This investment will assist in avoiding mounting revenue costs associated with the maintenance and management of the most extensive and valuable physical asset for which the council is responsible.

The attached slide pack provides an overview of this scheme.

## 1 OUTLINE BUSINESS CASE

### Business Options

The table below summarises each business option.

Option	Analysis
Do nothing	Continued deterioration in the condition of the main roads and bridges will result. 20 bridges are at risk of early failure. The direct cost to the council of repairing or replacing a failed bridge is significant and the cost to the local economy of a main road network that is in poor condition is also significant.
Do the minimum	<p>The council has the opportunity to gain funding to deliver both components of this scheme through a successful bid to the Department For Transport's (DfT) Challenge Fund, the next round of which will be held in 2017/18 seeking scheme bids for funding from 2018/19 to 2020/21. The Challenge Fund seeks bids in two categories, up to £20m and over £20m. Both components would be (separate) bids in the up to £20m category. To progress a challenge fund bid, the council will have to provide a local contribution, from funds outside those provided to it by the DfT, of 10% minimum. 10% of £40m is £4m. This sum could be provided in advance of the DfT funds in 2017/18 and over the 3 years from 2018/19 to 2020/21. As such a minimum of £1m per year would be required.</p> <p>In addition to the local contribution, to succeed the Council's bids will have to ably demonstrate the:</p> <p>Strategic Case for Investment - the strategic fit will identify a clear need to undertake the scheme now to ensure that the problem does not get any worse. The case is supported by good quality evidence.</p> <p>Project Delivery - will be realistic, with clear timescales for completion. Financial risks will be identified and No significant risks will remain, or adequate mitigation measures have been identified. A fully evidenced and comprehensive risk register will be provided.</p> <p>Economic Case - the information and data and analysis will be provided to assist the assessment of the bids. This will use the latest methods that we have developed alongside DfT to assess the economic benefit of investment in highway maintenance.</p>



Option	Analysis
	<p>Management Case - All governance arrangements will be in place with clear line of accountability, all as required for all major projects and in accord with our Public Realm Services Contract.</p> <p>Project Planning - An outline project plan will be developed, with realistic timeframes and task durations. Contingency (float) or critical path may also have been included with a summary of lessons learned (if applicable).</p> <p>Risk Management - A risk register will be provided. Any significant risks will be identified and adequate mitigation measures will also have been identified.</p> <p>The £4m invested would, subject to successful bids, would bring in up to £36m of additional funding, an average of an additional £12m per year over the 3 years from 2018/19 to 2020/21.</p>
Do something	<p>As above the Council will bid to the Challenge fund and both components would be (separate) bids in the up to £20m category. The assessment criteria for the previous bidding round awarded bids that made a local contribution of &gt;21%. As such to maximise our potential for success the council will have to provide a local contribution, from funds outside those provided to it by the DfT, of 21%. 21% of £40m is £8.4m. This sum could be provided in advance of the DfT funds in 2017/18 and over the 3 years from 2018/19 to 2020/21. As such £2.1m per year would be desired.</p> <p>The £8.4m invested would, subject to successful bids, would bring in up to £31.6m of additional funding, an average of an additional £10.53m per year over the 3 years from 2018/19 to 2020/21.</p> <p>Further to the above it should be noted that in the 2016 Budget, the Chancellor of the Exchequer accelerated this Government's commitment to invest £100 billion in infrastructure by 2020-21. The Budget states that this 'will include bringing forward funding for the Highways Maintenance Challenge Fund and the Pothole Action Fund, and enabling the delivery of thirteen thousand shared ownership homes two years early.'</p> <p>As such the delivery programme for this second tranche of Challenge funding may be brought forward (this may be announced in the Autumn Statement). As such some funds may be available from DfT during 2017/18.</p>

## Return on Investment

The table below summarises the return on this investment:

Benefit	Initial Analysis	Comparison / References						
<p>The £8.4m invested would, subject to successful bids, would bring in up to £31.6m of additional funding, an average of an additional £10.53m per year over the 3 years from 2018/19 to 2020/21.</p> <p>The benefit to both the council, in terms of future cost avoidance, and the economic and social benefits to the people of Herefordshire will be fully evaluated as part of our Challenge Fund Bids.</p>	<p>An immediate benefit cost ratio of <math>31.6/8.4=3.76</math></p>	<p>If the initial value for money of this project is evaluated using the methodology described in the Department for Transport's advice note 'Value for Money Assessment: Advice Note for Local Transport Decision Makers' It would be rated as high VfM.</p> <table border="1" data-bbox="1082 770 1465 1585"> <tr> <td data-bbox="1082 770 1238 1585" rowspan="5">VfM Threshold</td> <td data-bbox="1238 770 1465 875"> <ul style="list-style-type: none"> <li>Poor VfM if BCR is below 1.0</li> </ul> </td> </tr> <tr> <td data-bbox="1238 875 1465 1048"> <ul style="list-style-type: none"> <li>Low VfM if the BCR is between 1.0 and 1.5</li> </ul> </td> </tr> <tr> <td data-bbox="1238 1048 1465 1220"> <ul style="list-style-type: none"> <li>Medium VfM if the BCR is between 1.5 and 2.0</li> </ul> </td> </tr> <tr> <td data-bbox="1238 1220 1465 1393"> <ul style="list-style-type: none"> <li>High VfM if the BCR is between 2.0 and 4.0</li> </ul> </td> </tr> <tr> <td data-bbox="1238 1393 1465 1585"> <ul style="list-style-type: none"> <li>Very High VfM if the BCR is greater than 4.0</li> </ul> </td> </tr> </table>	VfM Threshold	<ul style="list-style-type: none"> <li>Poor VfM if BCR is below 1.0</li> </ul>	<ul style="list-style-type: none"> <li>Low VfM if the BCR is between 1.0 and 1.5</li> </ul>	<ul style="list-style-type: none"> <li>Medium VfM if the BCR is between 1.5 and 2.0</li> </ul>	<ul style="list-style-type: none"> <li>High VfM if the BCR is between 2.0 and 4.0</li> </ul>	<ul style="list-style-type: none"> <li>Very High VfM if the BCR is greater than 4.0</li> </ul>
VfM Threshold	<ul style="list-style-type: none"> <li>Poor VfM if BCR is below 1.0</li> </ul>							
	<ul style="list-style-type: none"> <li>Low VfM if the BCR is between 1.0 and 1.5</li> </ul>							
	<ul style="list-style-type: none"> <li>Medium VfM if the BCR is between 1.5 and 2.0</li> </ul>							
	<ul style="list-style-type: none"> <li>High VfM if the BCR is between 2.0 and 4.0</li> </ul>							
	<ul style="list-style-type: none"> <li>Very High VfM if the BCR is greater than 4.0</li> </ul>							
<p>Total</p>	<p>£31.6m immediate benefit a BCR of 3.76 (High VfM).</p>							

## 1.1 DETAILED BUSINESS CASE

### Expected Benefits

The detailed business case will be developed for each Bid in accordance with the assessment criteria for the DfT Challenge Fund. The bid criteria for the second tranche

of the Challenge Fund have yet to be announced. Bid development is advancing in accord with the criteria established in the first tranche and recognisable best practice.

Expected Benefit	Initial analysis	References/Comparisons
It is anticipated that the detailed business case will demonstrate Very high VfM.	BCR>4.0 with all economic benefits included	Our 2014 business case for Major Investment in highway infrastructure assets demonstrated a BCR of 2.5. this did not include for any social and economic benefits.

### Expected Dis-benefits

The Council may not succeed in its bids to the Challenge Fund.

### Expected Costs

The cost of preparing high quality challenge fund bids. this is estimated at £60K.

### Major Risks

Risks management will be developed in the detailed business case that will support our Challenge Fund Bids.

The major risk to this business case centres around our ability to succeed in the second tranche of bidding to the Challenge Fund. This risk will be mitigated by the investment of time and resources into the development of high quality bids.

Beyond the bidding process the key project risks are likely to be as set out in the table below:

Major Risks
Impairment in the highway asset, as a consequence of the severe weather and the resulting damage to the asset, is not fully addressed through damage repair works (as funded through Bellwin and any other Severe Weather Damage funding) The risk is that the overall condition of the highway asset will have deteriorated significantly and this will reduce the scale of the anticipated benefits.
Underlying drainage issues, that have and will lead to accelerated deterioration in the highway asset, are not addressed through the investment period, leading to the benefits realised as a result of the investment not being sustained.

Customers and Stakeholders expect this significant investment to address all highway defects throughout the county, which it will not. The risk is that expectations will be raised to unrealistic levels which will never be met, leading to a reduction in overall customer satisfaction with the condition of roads.

The overall condition of the highway asset is not elevated to a level that enables a reduction in the need for the reactive response to highway defects. The risk is that this will lead to an increase in the proportion of reactive works and a consequential reduction in the level of highway works that can be capitalised and a pressure on revenue budgets.

The overall condition of the highway asset is not elevated to a level that sees a reduction in the number of potholes that are of a size, or in a location, that cause damage or injury to highway users and their property. As a consequence, the scale of benefits anticipated to be realised by residents and businesses will not be realised resulting in sustained or increased cost to residents and businesses in Herefordshire. There would also be consequential reduction in the overall satisfaction in the condition of roads.

Delivery through the associated programme of works is not aligned with the asset management strategy through the investment period and throughout the asset lifecycle. As a consequence the overall condition of the asset may be significantly less than that which should be achieved over time. This may result in the need for a further major investment to make a step change in condition. The risk is that this further investment need occurs before the 'original' investment has been paid for. As such the further investment will be unaffordable.

The impairment in the highway asset, as a consequence of the severe weather throughout the lifecycle of the asset and the resulting damage to the asset, is not fully addressed through damage repair works (as funded through Bellwin etc.). The risk is that the actual overall condition of the highway asset will be impaired and this will reduce the scale of the anticipated benefits.

## Investment Appraisal

	Year 1	Year 2	Year 3	Total
Benefit		c£10.53M	c£10.53M	c£10.53M
Cost	£2.1M	£2.1M	£2.1M	£2.1M

	Year 1	Year 2	Year 3	Total
Risks	£0.06M			
Net benefit	£31.6m immediate benefit a BCR of 3.76 (High VfM).			

### Investment Assumptions

That the Challenge Fund assessment criteria for Tranche 2 are broadly equivalent to the criteria set for Tranche 1.

That 2 bids will be allowed.

## 1.2 BENEFITS REVIEW PLAN

### Measures

Measure description	Baseline Measure	Target Measure	Measurement Method and responsibility
Challenge Fund Bid  1) Investment in the condition and safety of the main road network (A and B Roads) to support the local economy, support safety improvements, protect existing investment in the network and secure resilience.	No Bid	Bids Successful	MoM – DfT confirm funding.  Responsibility - Head of Highways and Community Services
Challenge Fund Bid  2) Condition of structures (bridges) across the County to ensure access for communities.	No Bid		

## Reviews

Review	Purpose	Attendees	Review Date / Timing
Bid resources in place	To ensure high quality bids can be prepared		October 2016
Bids prepared	To ensure that bids are ready to be submitted		January 2017 (to be adapted in accord with challenge fund bid process, once published)
Bid success	To evaluate success		April 2017 (to be adapted in accord with challenge fund bid process, once published)

## **PROJECT DOCUMENTATION**

## **FEASIBILITY BUSINESS CASE**

Estate Capital Programme 2019/20 -2021/22

## **Stage 0 Business Case**

### **Purpose of Document**

This Feasibility Business Case contains information that describes the justification for setting up and continuing the development of a detailed Business Case for the Estate Capital Programme 2019/20-2021/22. The Business Case is to be submitted to the Capital Review Board and if accepted, a more detailed Business Case will be developed.

### **Objectives**

If the Business Case is approved then the programme can move into the implementation phase and deliver the following:

- Ensure that the Council's estate is maintained, safe and fit for purpose
- Address identified risks
- Reduce revenue expenditure through invest to save projects
- Extend the lifecycle of Council assets and protect/enhance value

The Business Case sets out a three year programme in order to provide clearer strategic direction regarding investment in the estate which differs from the more short term approach adopted in previous years.

### **Background**

Herefordshire Councils' estate is basically split into two categories: Operational and Investment. Schools effectively form part of the operational estate but are subject to a separate capital programme and are therefore not included within this feasibility business case.

The Council's estate includes circa. 1080 assets of varying degrees of legal interest and use. Whilst optimisation of the estate is an ongoing processes based upon review and pro-active engagement with services, investment in key property assets is required for the four key reasons set out in the Objectives described above.

A three year programme is proposed in respect of prioritised projects rather than a short term annualised plan which, to date, has been the conventional approach. Projects have been assessed prior to inclusion in the programme and those that neither meet key criteria nor are not supported by sufficient information have been omitted. This is not to say that such projects are permanently disregarded should future assessment mean that they qualify for inclusion in the programme. In such circumstances bids for capital funding will be made on a project by project basis.

The capital programme, including the rationale and/or benefits for each proposed project, is provided at 9. Potential Costs and Options for Project



## **Project Drivers and High Level Issues**

The three year programme provides a clear investment strategy which is prioritised through the assessment of criteria primarily focussed on (1) identified risk and (2) invest to save (MTFS savings), through the delivery of property specific projects. Cost appraisal is estimated i.e. high level and detailed evaluation has not been undertaken in respect of each project.

The capital programme will, with regard to the Council's objectives, aim to:

- *To secure better services, quality of life and value for money:*  
Through minimising property costs and reducing the risk of service failure
- *Support the growth of our economy*  
Through the release property assets for alternative use and/or development
- *Keep children and young people safe and give them a great start in life*  
Through the proposed investment in the St. Owen's Centre and Hunderton Nursery

## **High Level Metrics**

- Revenue cost savings per annum
- Rent income/Capital receipt
- Occupancy cost per capita
- Reduced maintenance cost per annum

## **Scope**

### **Included in Scope**

All properties identified within the proposed capital programme and those released in due course as a consequence of the identified projects.

### **Not included in Scope**

All other properties within the estate.

## **Stakeholders**

- Service users and occupiers (including tenants)
- Property Services
- Legal Services
- Finance
- Facilities Management
- Health & Safety

## **Dependencies**

### **Initiatives which depend on this project are:**

- Future Corporate Asset Strategy
- Better Ways Of Working (BWOW) – Strategy and Implementation
- Future Investment Asset Strategy
- Reduced energy consumption and carbon output
- Annual Financial Savings Targets

### **This project depends on:**

- Appropriate levels of resource and expertise
- Consultant and/or contractor performance
- Information as to service plans and strategy
- The required level of engagement from stakeholders

## **Benefits**

The anticipated benefits of the proposed project are listed below:

- Reduced revenue costs included as MTFS savings
- Capital receipts
- Risk management
- Protecting service delivery

## **Quantifiable**

- Reduced costs
- Capital receipts
- Increased revenue (from investment portfolio)
- Improved EPC grade
- Compliance

## **Non-quantifiable**

- Risk mitigation

## **Contribution to Strategic Objectives**

- To secure better services, quality of life and value for money

- Support the growth of our economy
- Keep children and young people safe and give them a great start in life

### Potential Costs and Options for Project

The three year programme is shown in the table below:

Planned Capital Programme						
Property	Description	2019/20	2020/21	2021/22	Comment	Rationale/Benefits
Shirehall	Rewiring of building, new switch room, boiler and plant room		£600k		Infrastructure renewal required as there is an increasing risk of failure	Risk of failure
	Roofing works			£400k	Identified through survey. To ensure building integrity is protected and the property is watertight	Risk of failure
Plough Lane	Roofing works	£200k			To remedy existing roof leaks which are impacting on the working environment and service delivery	Roof failure already impacting on building use
	Replace A/C units to data centre			£100k	Required to ensure essential ICT systems are	Risk of failure

					protected against failure	
	Replace Air Handling Units		£150k		Existing units are worn out and require replacement to make sure the property is fit for use. The recent reduction in catering provision illustrates the impact of unit failure	Risk of failure
	Toilet & stairwell improvements	£150k			Required for building compliance and future proofing	Invest to Save (MTFS saving). To enable the release of other buildings and reduce associated costs
	Drainage & resurfacing car park			£400k	To make sure drainage and the surface is fit for future use	To protect future use and address deterioration
Hereford Crematory	Reline burners		£50k		Required to ensure continued operation of equipment and service delivery	Risk of failure
Various sites	Upgrade resilience	£20k	£20K	£20k	Improvements to make sure buildings are protected in respect of recognised risk e.g. fire doors	Risk of failure

Investment portfolio	EPC's to enable lease renewal & letting	£150k	£150k	£150k	To meet statutory regulation and increase investment income	To address compliance and legacy issues, increase revenue and enhance investment value
Elgar House	Boilers		£125k		Council's responsibility under the lease	Risk of failure
Hereford Library	Lift installation		£100k		To meet statutory obligation and enhance use of upper floors	To address DDA compliance
Hunderton Nursery	Re-Roof	£200k			Identified through survey to ensure building remains fit for use and watertight	Risk of failure
Maylord & Widemars h Car Parks	Fire Suppression system		£750k		Identified risk further to report on fire in Liverpool multi-storey car park	H & S identified risk
5 Blackfriars	Refurbish (Disposal evaluation)	£50k			Improvements to enable disposal	Invest to Save (building disposal/capital receipt)
Unadopted Roads	Remedial work	£100k	£100k	£100k	Identified risk of increased claims for vehicle damage	Mitigate risk
Churchill House	External Works		£50k		Required to address deterioration of doors,	Risk of not meeting legal obligation

					fenestration and external fabric	
Old Priory Leominster	Roof repairs	£30k			Necessary to address current roof leaks and protect building integrity/use	Risk/Invest to Save (MTFS saving). To enable potential disposal
St. Owen's Centre	Re-Roofing and replace roof lights	£150k			Identified through survey to ensure building remains fit for use and watertight	Risk of failure
Kington Library	External windows and decoration			£20k	Identified through survey to address deterioration.	To protect future use and address deterioration
Glass House, Widemars h Street	Demolition	£100k			Acquired under Link Road CPO. Not marketable.	Invest to Save. Demolition to reduce liability and market/sell as part of larger site (capital receipt)
Emergency Capital Works			£200k	£200k	Utilised in previous years to address urgent needs	Required contingency for emergency works to prevent service failure
<b>Total</b>		<b>£1,150k</b>	<b>£2,295k</b>	<b>£1,390k</b>		

In each case the 'Do Nothing' option is not viable and each proposed project represents the considered way forward.

### Costs and Timescales to Develop the Full Business Case

- The full business case in respect of the 2019/20 programme will be developed from existing staff resource in the Property Services Department with support from client

Departments identified at 5. above and consultants/ contractors as appropriate. This business case will be developed prior to the commencement of the 2019/20 financial year.

- Full business cases with then be produced for the subsequent financial years under the programme timeline.

### **Risks of not doing the Project**

The programme seeks to reduce the risks identified on a project by project basis within the table under 9. Potential Costs and Options for Project.

Aside from cost, the council risks reputational damage if it fails to adequately manage its estate and enhance or release value through capital investment.

### **The key risks of not doing the project are:**

- Impact on service delivery
- Rising cost
- Loss of income
- Loss in value/deterioration of property assets
- Reputational risk
- Non-Compliance with statute/regulation

### **The key project risks are:**

- Statutory
- Financial
- Service

## **Appendices**

**Appendix 1 – Finance Template**

**Appendix 2 – Equality and Diversity considerations**

**Appendix 3 – Privacy and information security considerations**

**Appendix 4 – Sustainability considerations**





## **PROJECT DOCUMENTATION**

## **FEASIBILITY BUSINESS CASE**

School Transport Route Planning Software

## **Stage 0 Business Case**

### **Purpose of Document**

This Feasibility Business Case outlines the benefits of procuring transport route planning software for school transport. It identifies the current challenges of manual planning and the financial and administrative benefits of introducing a suitable software package.

### **Objectives**

If the Business Case is approved then the project can move into the implementation phase and deliver the following:

- An Improved and more efficient system of school transport route planning:
  - Reduced administration time planning school transport routes
  - Greater route efficiency – improved vehicle utilisation and reduced distance and time travelled for students
  - Delivery of lower revenue costs achieved through a reduction in the number of contracts required
  - Benefits to the Herefordshire environment including, lower carbon emissions, less traffic congestion, lower use of fuel.

### **Background**

The home to school transport network has historically been planned manually using tools such as AutoRoute. This work is carried out by staff members within the Passenger Transport team. The network consists of 2 areas, mainstream educational transport including college transport, and special needs educational transport which also includes PRU schools, looked after children and adult social care.

Planning is carried out throughout the year to take account of new or diminishing demand. Special educational needs transport in particular can vary greatly from month to month as demand changes. A large planning exercise is undertaken between May and September each year which adjusts services to meet the demands of the new academic year commencing in September.

### **Project Drivers and High Level Issues**

The scale and complexity of the school transport network limits manual planning from achieving the most efficient and optimised services. The current network of routes and services has organically developed over many years.

A full scale review of the mainstream educational network is due to be carried out with the aim of reducing contracting costs and meeting cost saving targets of the MTFs. Specialist route planning software will provide considerable benefits over the traditional manual approach in that it will save considerable time, allow for multiple routing options to be tested and also support double runs (when a contracted vehicle can serve more than one route/educational establishment thus reducing overheads).

## High Level Metrics

The school transport network provides daily transport to 4,300, primary, secondary, college, and SEN students traveling to 98 educational establishments. The service is provided by external transport operators, supported by a small in house Council fleet. Currently 230 contracts are held with operators to supply these services. The total contracted cost of the service is £4.7m per annum.

## Scope

### Included in Scope

School transport including mainstream, college, SEN, LAC and PRU. Adult social care transport.

### Not included in Scope

Public transport, subsidised and commercial bus services. However, it might be possible to use this software to review and design subsidised timetabled public bus routes.

## Stakeholders

- Transportation and Access
- IT Support

## Dependencies

### Initiatives which depend on this project are:

A full review of the mainstream educational transport network is due to be carried out over the next 3 years to optimise the network, reduce costs, and meet cost saving targets of the MTFs. This will encompass all contracts held with commercial operators, 4,000 primary, secondary, and college students and 78 educational establishments. Transport route planning software is required to fully realise the potential of this initiative and achieve the cost saving targets.

The areas that depend on the outcome of this initiative are:

- 78 Herefordshire schools and colleges
- 4,000 Herefordshire school students and college students from Herefordshire and neighbouring counties
- 40 Herefordshire based commercial transport operators

### This project depends on:

Available capital to purchase software.

Limited IT support to ensure that software will be compatible with council systems. As the software will be web based rather than hosted locally it is anticipated that there will be minimal implications for integration with council systems. An application support specialist from Hoople has attended initial software demonstrations to provide advice and review compatibility.

## Benefits

The anticipated benefits of the proposed project are listed below:

### Quantifiable

- Reduced contracting costs (estimated £225k over 3 years). This is based on average contract costs of around £25k. It is anticipated that the number of contract reductions will increase after the first year as more of the network is subject to review.
- A lower number of vehicles required to deliver the service
- An increase in the number of passengers carried per vehicle
- Reduction in CO2 emissions

### Non-quantifiable

- Improved user experience for students and schools

## Contribution to Strategic Objectives

Enable residents to live safe, healthy and independent lives	Improved service delivery and better resilience for school transport enabling parents to work and contribute to the Herefordshire economy.
Keep children and young people safe and give them a great start in life	Improved service delivery and better resilience for school and college transport enabling children to access education and develop skills for the future.
Support the growth of our economy	Reduced revenue costs for Herefordshire Council will allow for expenditure in other areas that can support the growth of the economy. Reduction in number of vehicles on the school run will assist in overall objectives to reduce congestion which will assist local economies.
Secure better services, quality of life and value for money	<ul style="list-style-type: none"><li>• Reduced contracting costs</li><li>• Improved Service Delivery</li><li>• Reduced carbon emissions</li></ul>

## Potential Costs and Options for Project

Should funding be granted it is intended to procure suitable software using the Government G-Cloud digital marketplace procurement framework. G-cloud allows buyers to find and purchase technology faster and cheaper than entering into individual procurement contracts.

Potential suppliers of suitable software are currently being evaluated through product demonstrations.

Initial estimates place the cost of the project at £30k per annum for 3 years.

### **Costs and Timescales to Develop the Full Business Case**

Timescales:

Oct 18	Capital funding request
Nov/Dec 18	Develop procurement specification and detailed business case – support from Hoople through the SLA.
Mar 19	Successful capital funding request
Mar 19	Decision report
April – 19	Procurement Exercise via G-Cloud framework
May 19	Contract Award
June 19	implementation of software

Development of the full business case could be completed as part of normal Passenger Transport Management duties with some limited support from Hoople to ensure compatibility with council systems.

### **Risks of not doing the Project**

The key risks of not doing the project are:

#### **The key risks of not doing the project are:**

School transport will continue to be planned manually. Routes will not be as optimised and efficient as they could be and contracting costs will not be reduced. Potential revenue cost savings will not be realised and the cost saving targets of the MTFS will be missed.

#### **The key project risks are:**

Achieved savings will not be greater than the cost of software purchase. This is unlikely as conservative estimated potential savings are substantially greater than the estimated costs.

### **Appendices**

**Appendix 1 – Finance Template (separate)**

**Appendix 2 – Sustainability considerations**

	+ve	-ve
Environmental	<ul style="list-style-type: none"> <li>• Fuel savings</li> <li>• Reduced carbon emissions</li> <li>• Reduced congestion</li> </ul>	None
Social	<ul style="list-style-type: none"> <li>• Improved service and shorter journey times for students</li> <li>• Improved service for schools &amp; colleges</li> <li>• traffic reductions during peak travel times</li> <li>• Reduced workload for Herefordshire Council Passenger Transport – allow for more focus on other key tasks</li> </ul>	<ul style="list-style-type: none"> <li>• Route changes may attract complaints from parents (this would be mitigated by implementing a communications programme and close liaison with schools)</li> </ul>
Economic	<ul style="list-style-type: none"> <li>• Reduced contracting costs</li> <li>• Support for parents/carers to be economically active as they will not be occupied transport children to and from school</li> </ul>	<ul style="list-style-type: none"> <li>• Software costs</li> </ul>

**PROJECT DOCUMENTATION**

**Stage 1 Business Case**

*Traveller Site Development*

## **Business Case**

### **1. Purpose of Document**

The purpose of this document is to set out the justification for the undertaking of a project based on the estimated cost of development and the anticipated benefits to be gained.

The business case is used to say why the forecast effort and time will be worth the expenditure. The on-going viability of the project will be monitored by the Project Board against the benefits identified in this business case.

### **2. Background and Reasons for the Project**

The council is preparing a Travellers' Sites Development Plan Document (DPD) as part of its Local Plan. This will focus on the accommodation needs of the Traveller community (Gypsies, Travellers and Travelling Show People) up to 2031.

The Travellers' Sites Development Plan Document was submitted to the Secretary of State for Housing Communities and Local Government on 27 February 2018 for examination.

The examination hearing for the Herefordshire Travellers' Sites Development Plan Document took place in May 2018.

In the post hearing advice the Inspector asked the Council to review the sections of the Gypsy and Traveller Accommodation Assessment in relation to turnover of pitches on the local authority sites. This review has resulted in a further five pitches being required in the County before 2022/23 and further 11 pitches between 2023 and 2031. This is in addition to the nine pitches already identified in the Travellers Sites DPD.

This Capital Bid seeks to facilitate this challenging requirement of increasing provision of Traveller Pitches.

In addition to the duty described above, concerns have been raised by Elected Members and the Director for Children's Services regarding the condition of the Council Managed Traveller Sites. The brick units have been upgraded over the past few years but are requiring further modernisation and upgrade. When the sites were first built there was not such demand on the facilities, these are now lacking and require upgrade. In addition the doors, fencing and general landscaping are requiring replacement and/or improvement.

Many of the repair and call out works are associated with electricity problems including trip outs, where residents are left without electricity until the supply can be re-instated. The supply to the sites needs upgrade to cope with modern appliances.



## Summary of Reasons for the project

Document any compelling reasons for this project.

- Comply with the DPD
- To modernise the units and to secure income.
- Comply with landlord responsibilities.
- To be responsive to the needs and opinion of our tenants.

## Objectives

- To develop new pitches
- Modernise existing units
- Improve facilities to the units
- Reduce the maintenance costs for traveller sites owned or leased by the Council.

## Contribution to Strategic Objectives

Enable residents to live safe, healthy and independent lives	This project also supports residents of Council owned sites to live safe, healthy and independent lives, and supports the choices available for persons not wishing to live in 'bricks and mortar'.
Keep children and young people safe and give them a great start in life	Better provision of accommodation and an increase in plots available will enhance traveller children's lives. Stability in accommodation enables facilities to be accessed more easily.

Support the growth of our economy	The rising maintenance costs of the housing stock will be reduced as the accommodation is improved, this reduction will be realised for future years.
Secure better services, quality of life and value for money	<p>Development of good quality accommodation supports the secure better services, quality of life and value for money element within the Corporate Plan.</p> <p>If the Council were to seek alternative management/ownership of the Sites, if the properties are in improved condition, seeking this type of change would be feasible.</p>

**Not included in scope**

- General repair and maintenance of sites
- Routine planned maintenance

**Stakeholders**

The key stakeholders of the project with an analysis of their potential role on the project;

- Property Services
- Gypsy and Traveller Service
- Planning
- Building contractor

- Gypsy and Traveller Community
- Residents of the sites
- HCA
- Housing Solutions Team

### **Scope**

- Developing new pitches at Bromyard x 2, Pembridge x 4.
- Improvements to the fencing and communal areas of the x 6 sites

### **Work Performed**

Details of the work undertaken in putting together the Business Case

- Stock condition survey
- Basic survey quotes from Property Services
- Consultation with residents on existing sites
- Fire Risk Assessments
- Basic environmental advice
- Basic Planning advice
- Best practice landscaping

Should also include a subsection on Equality and Diversity:

### **Benefits**

#### **a. Benefits**

- Demonstrate that the Council is working towards delivery of the requirements of the DPD and GTAA
- Secures and increases rental income from the properties now and into the future

- Reduces the repair and maintenance costs due to improved facilities
- Ensures that the housing and cultural needs of the travelling community are appropriately acknowledged and supported.
- Residents will feel encouraged to look after better quality accommodation and surroundings
- Improve the chances of seeking alternative management/ownership of the sites to achieve Housing Association benefits for the residents.

**b. Key Project risks**

Development of Traveller sites is not always popular with the Community in general and can attract adverse Political attention. The project will need careful management both in terms of finance and managing the public interest element.

Work on sites can cause some disruption to residents. The work carried out over the past three years has been managed well by careful selection of appropriate contractors, who are aware of the difficulties of working in areas where residents remain in their homes while the work is being carried out.

As there is not currently a depreciation budget for the planned maintenance of the sites, there is not currently a budget to undertake planned work when they need replacement or repair.

As such it is proposed that the revenue contributions for the capital repayments are met corporately.

**Options**

- Accept as proposed
- Reject proposals
- Select part of the bid

**c. Summary of costs for each option**

A summary of each option and the relative additional costs to the Council are shown in the table below:

Option	Project costs	Annual on-going costs	Return on investment
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Option 1	£1,539,500	Increase in number of pitches requiring routine maintenance and repair	Increase in income from additional rental income
Option 2	Nil	Increase in maintenance costs due to brick units deteriorating and land/fencing requiring repair/replacement. Potential difficulty renting pitches due to deteriorating units resulting in a decrease in income	No Capital repayments
Option 3	If funds are to be allocated for part of the project, it is difficult to pursue the project. The residents are not supportive of development of the new pitches, without the other work being progressed.  The requirements of the DPD can only be met by increasing the number of pitches and these are the easiest pitches to supply.		

**d. Summary of benefits achievable from each option**

A summary of the benefits from Section 8 achievable for each option is shown below:

Option	Increased fee income	Saving on repair and maintenance	DPD benefits
Option 1	Y	y	y
Option 2	N	n	n

Option 3	Y	n	y
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**e. Summary of impact and scale of people change for each option (if potentially a decision-making factor)**

A summary of the impact and scale of people change for each option may be shown below:

Option	Impact for people (positive, negative, neutral)*	Scale of change (low, medium, high)*
Option 1	Positive for current and new residents Positive for Council for delivery of DPD	High High
Option 2		High
Option 3	Positive for new residents waiting for plots. Positive for delivery for DPD	High

*\*: It may be clearer to describe the impact and scale of each change option for some projects.*

**f. Summary of adverse effects for each option (if and only if this is potentially a decision-making factor)**

A summary of the adverse effects of the change for each option may be shown below:

Option	People impacted	Nature and scale of impact
Option 1	Capital repayments – the repayment period in monetary terms is approximately 70 years	
Option 2	Negative for residents as they were consulted over their priorities and this would show a lack of consideration for their responses.	

Option	People impacted	Nature and scale of impact
	Reputation negative for the Council due to non-compliance with the DPD.	
Option 3	Negative for existing tenants who were consulted regarding improvements they prioritised	

### Costs and timescales of recommended option

#### g. Recommended Option

Option 1. The money not received during the last bid is key to pursuing the project. The past application included modernisation works identified during the consultation phase by the current residents. The residents did not fully support either the transit site or development of new pitches, as these were seen as less important to them, than the other works. In addition the application included additional resource to manage the project; currently there is no resource to be able to pursue this work. The bid received from the previous year of £360,000 covers the development of three pitches only.

There is no resource to manage a project of this size within the current structure, therefore, the money provided for the pitches to date, cannot be used without resource to lead on the project.

The other improvement works requested by residents was not included and this has proved to be contentious amongst the residents and is included in this bid.

#### h. Project Implementation Costs – Recommended Option

The project covers an extended period and the HC7 resource would be crucial to see it through to implementation. The money secured to date £360,000 for the development of 3 x pitches cannot be pursued with the current resource in the team. The one dedicated member of this team is a HC5 and is fully occupied. The Service Manager has four other busy areas including Licensing which does not allow them to support this project in a day to day capacity. It is expected that this HC11 would provide management support to the HC7 project manager. This post should be implemented prior to the project being undertaken.

The exact costs of Planning Permissions and an agent to produce suitable plans etc are unknown, but it is has been estimated in the bid. Similarly for any Environmental searches which may be required.

It is likely none of the planned work will commence until after April 2019, including the 3 x pitches for which funding is already allocated.



### i. Staff Resources and Costs

The following project staff costs have been identified. These are a mix of core-funded roles and non-core funded roles.

The Business Lead role will be performed by Claire Corfield who is the Service Manager for the Gypsy and Traveller Service. The project will be managed by the Project lead which is included in the bid.

### j. Timescales

The project can be broken into stages.

- Stage 1 – Procurement
- Stage 2 – Survey and detailed costing
- Stage 3 – Contractor
- Stage 4 – Implementation (will be broken down into sections)
- Stage 5 – Ground works
- Stage 6 – Build
- Stage 7 – snagging

This early planning would indicate the following timescales could be achievable:

Activity	Dates
➤ Pre-project – consider recruitment of resource needed for project start date (subject to funding sign off)	January/February 2019
➤ Project start	April 2019
➤ Project documentation prepared	June 2019
➤ Project governance established	September 2019
➤ Detailed project plan created	September 2019
➤ Privacy Impact and Equality Impact Assessments completed	June 2019
➤ Prepare detailed surveys for procurement	June 2019
➤ Prepare procurement documentation	June 2019
➤ Commence recruitment of additional resource	Jan/Feb 2019
➤ Procurement initiated	July 2019
➤ Procurement process	August 2019
➤ Contractor selected	August 2019
➤ Contract signed	September 2019
➤ Implementation plan agreed with chosen supplier	September 2019
➤ Post-procurement finances review	Monthly after September 2019
➤ Communication strategy prepared	January 2019
➤ Start build date on units requiring upgrades	April 2019
➤ Start build date on new units not require planning consent	August 2019

<b>Activity</b>	<b>Dates</b>
➤ Agent selected to draw plans and make planning permission applications	August 2019
➤ Planning approval period	December 2019
➤ Start build for remaining plots requiring planning consent	January 2020
➤ Project closure process started	March 2020
➤ Project closure reports completed	August 2020
➤ Benefits review	October 2020
➤ Project close	December 2020

## **Risks**

Risks are potential threats to the Council that may occur but have not yet happened. Risk management will monitor the identified risks and take any remedial action should the risk happen. In summary the main risks are as follows.

- k. Non compliance with DPD**
- l. Reduction in income from rental**
- C. Increase pressure on maintenance budget**
- d. Continued challenge regarding the condition of the sites**

## **Issues**

There is a significant number of important issues which need to be resolved and decisions which need to be made to achieve the successful delivery of the benefits of the project.

- Some of the project is subject to Planning Consent
- The project depends on sourcing suitable contractors
- There is no contingency or budget to pay the additional Capital borrowing from the income
- No depreciation plan is in place for costs of upkeep on the sites. Budget only exists for basic repair and maintenance.

**This project depends on:-**

- m. Residents on sites**
- n. Preparing the property for consideration of a change in management/ownership of the sites**
- c. Planning consent**
- d. Finance available to pursue the project**

## Core Funded Roles

Role	Description of Main Duties
<b>Service Manager HC11</b>	<ul style="list-style-type: none"><li>▪ Help to describe, prioritise and agree the requirements</li><li>▪ Approving functional and non-functional requirements</li><li>▪ Act as project link with users who will be affected by the changes</li><li>▪ Represent other users views and opinions</li><li>▪ Be an advocate for the project</li><li>▪ Review refurbishment work to ensure they meet the end users' needs</li><li>▪ Building and leading the project team</li></ul>
<b>Gypsy Liaison Officer HC5</b>	<ul style="list-style-type: none"><li>▪ Assist with communication between the residents and visitors to the sites.</li><li>▪ Accompany visitors/contractors to the sites as required.</li><li>▪ Send written communication to residents as required.</li><li>▪ Arrange meetings for residents as required.</li></ul>

## Non-Core Funded Roles

<b>Project Manager HC7</b>	<ul style="list-style-type: none"><li>▪ Managing the project budget</li><li>▪ Day-to-day control of the project</li><li>▪ Escalating issues and risks which they cannot resolve</li><li>▪ Delivery of project outputs to cost, quality and time</li></ul>
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## Appendix 1 – Financial Assessment

## **PROJECT DOCUMENTATION**

## **FEASIBILITY BUSINESS CASE**

### *Hereford Transport Package*

Release: Final

Date: 23 January 2019

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## Stage 0 Business Case

### 15. 1. Purpose of Document

This Feasibility Business Case contains information that describes the justification for continuing the development of outline Business Case for Hereford Transport Package (HTP) project from the Strategic Outline Business Case (SOBC) which is published on the council's website and can be viewed by following the link below:

[https://www.herefordshire.gov.uk/download/downloads/id/13069/hereford\\_transport\\_package\\_strategic\\_outline\\_business\\_case.pdf](https://www.herefordshire.gov.uk/download/downloads/id/13069/hereford_transport_package_strategic_outline_business_case.pdf)

This Feasibility Business Case is to be submitted to the Capital Strategy Board and if accepted, a more detailed outline Business Case will be developed.

### 16. 2. Objectives

If the business case is approved then the project can continue in 2019/2020 and project development can continue to current programme. Detailed design of the bypass could continue with consultation planned for February / March 2019 and summer / autumn 2019 and planning application submission by end 2019. Approved funding will also enable support for landowners who are impacted by the scheme to be provided subject to appropriate governance decisions. Development of the active travel measures which would accompany the bypass would also continue based on February / March 2019 consultation feedback. Approval of the business case will also enable development of funding bids.

### 17. 3. Background

#### 3.1 Project Drivers and High Level Issues

The Hereford Transport Package includes the proposed Hereford Bypass and a package of walking, cycling, bus and public realm schemes. It is a key infrastructure project that will:

- Improve local and regional connectivity by providing an alternative route to the existing A49 through the city
- Encourage new business and job creation by making Hereford a more attractive place to locate with improved road connections and more reliable journey times
- Enable the delivery of future housing and educational development, attracting people to live and study in the city
- Reduce the impact of accidents and breakdowns on the city's roads by providing an alternative crossing for the River Wye
- Reduce the impacts of transport on air quality and noise within the city, and improve road safety
- Encourage healthy lifestyles by improving public spaces and encouraging more people to walk and cycle

The Hereford Transport Package, is identified as a priority within the council's Economic Vision, Local Plan Core Strategy (LPCS) and Local Transport Plan (LTP) and also within the Marches Strategic Economic Plan and Midlands Connect regional transport strategy.

#### 1.18. 3.2 High Level Metrics

**Scheme History:**

## Cabinet Decision Report – 16 June 2016

On 16 June 2016 cabinet approved that work commence to develop the Hereford relief road (Hereford bypass) in support of proposals within the adopted Core Strategy.

In taking this decision cabinet approved the recommendation that:

**authority be delegated to the assistant director environment and place to take all operational actions necessary to progress the Hereford bypass to route selection within the resources (including external funding) available**

At that time the costs of this development work were being sought through a bid for funds under the DfT's Large Local Majors Transport Fund, summarised in the table below. The aim of the fund is to provide funding for large, transformative, local schemes that are too big to be taken forward within Local Growth Deal allocations and might not otherwise be funded.

A total of £2.65m was being sought from the DfT to develop the business case for Hereford bypass and complementary measures with a local contribution of £0.6m.

It was acknowledged in the decision report that if funding was not awarded through the Department for Transport Large Local Majors fund consideration would need to be given to allocate further local revenue funding and once a route for the scheme had been selected to include the scheme in future revisions of the capital programme.

	2016/17 £m	2017/18 £m	TOTAL £m
Funding sought from DfT large local majors fund	1.95	0.70	2.65
Local funding	0.30	0.30	0.60
<b>TOTAL</b>	<b>2.25</b>	<b>1.00</b>	<b>3.25</b>

The 2016/2017 & 2017/2018 revenue funding set out within this report would deliver:

- Assessment of the Core Strategy Corridor to consider a long list of possible route for the bypass.
- Detailed technical assessment of a long list of 24 possible routes using a range of assessment criteria to enable a short list to be recommended.
- Production of a Corridor Assessment Framework document and associated reports to support shortlist recommendation.
- Detailed consultation on bypass long list and possible complimentary active travel measure which would form the Hereford Transport Package.
- Analysis of consultation feedback in a detailed consultation report to support cabinet decision.
- Commencement of development of outline business case for the HTP including traffic surveys and modelling work to support economic assessment of the scheme in future years

## Cabinet Decision Report – 18 January 2018

On 18 January 2018 cabinet considered a report which set out the technical route assessment work (including public consultation) which had progressed subsequent to the June 2016 cabinet decision. This report summarised the assessment of 24 possible routes for the bypass and feedback to the

consultation about the scheme which had taken in place April / May 2017. The report recommended a shortlist of seven possible bypass routes for further development and consultation along with a package of measures which would be delivered alongside a bypass. This would enable a preferred package to be developed.

In taking this decision cabinet authorised the then assistant director of environment and place to continue development and technical work to inform a decision to select a preferred route for the bypass.

Within the resource implications section of the January 2018 report the revenue spend in 2016/17 was confirmed as £1.4m and forecast revenue spend in 2017/2018 was forecast as £1.612m giving a total forecast revenue spend of £3.012m. As the Large Local Major bid to DfT referred to as a funding source in the report to cabinet in June 2016 had not been successful this report confirmed the funding of the revenue spend was from an external grant of £590K from Highways England, an external grant of £150K from Midlands Connects and a mix of council revenue and reserve budget. The full detail of this can be seen in paragraphs 33-36 of the January 2018 report.

The 2017/2018 and 2018/2019 revenue funding set out within this report enabled delivery of:

- Detailed technical assessment of a short list of 7 possible routes using a range of assessment criteria to enable a preferred route for the bypass to be recommended.
- Production of a suite of documents to support preferred route selection decision as follows:

Stage 2 Scheme Assessment Report

Stage 2 Environmental Assessment Report

Route Selection Report

Preferred Route Report

- Detailed consultation on seven possible routes for the bypass and further detail of the possible complimentary active travel measure which would form the Hereford Transport Package.
- Analysis of consultation feedback in a detailed Sage 2 consultation report to support cabinet decision.
- Continued development of outline business case for the HTP including traffic modelling work to support economic assessment of the scheme in future years to enable external bids for funding to be developed

Capital spend in 2017/2018 was forecast as £500K and capital spend in 2018/2019 was forecast as £2.45m to confirm a preferred route and to develop a planning application for the scheme. It was intended that this capital cost was to be funded from the council's corporately funded prudential borrowing as the project was included in the proposed capital programme to be approved by Council 26 January 2018.

Cabinet Decision Report – 27 July 2018

On 27 July 2018 cabinet considered a report which set out the technical route assessment work (including public consultation) which had progressed following the selection of a shortlist of seven possible routes in the January 2018 cabinet report. This report summarised the assessment of each of the seven routes for the bypass and feedback to the consultation about the scheme which has taken in place February and March 2018. The report recommended that having due regard to this technical



work (set out in a suite of documents appended to the cabinet report) and consultation feedback the red route be approved as the preferred route for further scheme development and consultation along with recommended active travel measures prior to submission for planning and any other permissions.

In taking this decision cabinet authorised the then director for economy, communities and corporate to take all necessary steps to progress detailed design and consultation with a maximum cost of £2.45m.

Within the resource implications section of this July report the estimated capital cost of the bypass based on the level of design detail set out in the Stage 2 Scheme assessment report appended to the cabinet report was set out in paragraph 88 for each of the seven possible route.

The estimated capital cost of the red route is shown as £153m and a comparison of this to bypass costs set out in the SOBC was detailed in paragraph 90.

In paragraph 93 of the July cabinet paper the revenue spend to the end of May 2018 was confirmed as £4.037m. This was the revenue cost of the technical work of both the long list and shortlist of possible routes and consultation required to enable a preferred route to be selected which is set out in more detail above.

The final revenue expenditure position (from 2014/2015 to July 2018) is £5.11m. This has been funded as follows:

Highways England	£590K
Midlands Connect	£300K
HC Revenue Budgets & Reserves	£4.22m

Paragraph 94 confirmed that approval of £2.960m capital budget for 2018/2019 and set out that would fund detailed design and consultation of the preferred route and package in year. This capital funding is delivering:

- Detailed topographical and ground investigations to progress the detailed design of the red route.
- Commencement of detailed design of earthworks, structures, pavements construction, footways, signals, street lighting and junctions along the red route
- Continuation of ecological surveys to enable the impact of the scheme to be determined and to inform mitigation measures design
- Continuation of traffic modelling to inform noise and air quality mitigation measures
- Consultation in early 2019 on the possible complementary improvement schemes to support package development
- Continued development of the outline business case for the scheme and preparation of appropriate funding applications.

Paragraph 96 of the July 2018 cabinet sets out progressing the scheme further in 2019/2020 would be the subject of applications for funding and would need to be considered in the annual review of the capital programme however no estimated annual budgets beyond 2018/2019 were presented.

Following the selection of a preferred route and a more detailed programme for the preparation of the planning application for the scheme and the required consultation has been developed and forms the basis of the request for capital funding in 2019/2020.

Capital funding of £3.5m in 2019/2019 would deliver:

- Completion of detailed design of the bypass to a standard for a planning application
- Continuation of ecological surveys to inform the design of the scheme and the development of the planning application
- Continuation of traffic modelling to inform noise and air quality mitigation measures to inform the design of the scheme and the development of the planning application
- Preparation of a suite of planning documents for the scheme
- Consultation with landowners to inform scheme design and planning documents for the scheme
- Engagement with planning authority to support submission of planning application
- Analysis of January / February consultation to enable development of HTP package of measures
- Consultation in late Summer / Autumn 2019 on the bypass detail and planning application
- Submission of planning application
- Continued development of the outline business case for the scheme and preparation of appropriate funding applications.

In summary the following costs are associated with the optioneering work and route development undertaken and planned design work to inform a planning application is as follows:

Activity		Revenue / Capital	Cost
Route optioneering to develop and consult on a long list and subsequent short list of possible bypass routes.	From 2014/2015 to July 2018	Revenue	£5.11m
Progression of detailed design and consultation of preferred route and package measures development.	August 2018 – end March 2019	Capital	£2.960m
Detailed design and consultation of the preferred route and planning application development. Business Case and funding application development Package measures development and consultation	April 2019 – March 2020	Capital	£3.5m

Further costs associated with the completion of the detailed design and further consultation of the approved scheme, procurement and full business case development prior to construction will be set out in future report and business case for next year's spend.

A Housing Infrastructure Fund application has been developed and is due to be submitted in March 2019 seeking to secure external funding required for the scheme. Further bids to Government will be

progressed as opportunities arise. However to ensure that the project is able to progress to current programme the capital funding being requested for 2019/2020 is needed.

#### **1.19. 4. Scope**

##### **1.20. 4.1 Included in Scope**

**18. There is a current approved capital budget to end 2018/2019 of £2,960,000 and this business case is requesting a further £3.5m to enable further development work to progress in 2019/2020 including the detailed design and consultation of the bypass, to develop a planning application and outline business case for the bypass and to enable support to be provided to those affected by the scheme. This funding will also enable the development of a package of walking, cycling, public transport and public realm improvement schemes which will enable detailed design and consultation. This is set out in detail above.**

BBLP and their sub-consultants WSP professional services costs associated with this project are procured through the councils Public Realm contract and form part of the council's annual plan. This contract was awarded to BBLP following a competitive OJEU procurement process in 2012/2013 and design professional services are within the scope of this contract and annual fee proposals are reviewed and monitored regularly.

Appropriate internal staff costs associated with this project are capitalised and are included within the costs above but are not broken down.

##### **1.21. 4.2 Not included in Scope**

Estimated costs in future years for the HTP are not included in this bid.

Information of these future costs for bypass and the walking, cycling, public transport and public space improvements were set out in the July 2018 cabinet report. These costs will be updated further following public consultation and detailed design and set out in future project decision reports, outline and full business case documents for the project.

#### **19. 5. Stakeholders**

The SOBC sets out key stakeholders within the strategic case section of the document and this has been developed into a comprehensive stakeholder group for this project following a number of consultation events and can be seen in the most recent consultation report by following the link below:

<http://councillors.herefordshire.gov.uk/documents/s50058868/Appendix%201%20-%20Phase%202%20Consultation%20Report.pdf>

#### **20. 6. Dependencies**

##### **1.22. 6.1 Initiatives which depend on this project are:**

The delivery of the Hereford Transport Package enables the delivery of the planned housing and employment growth set out in the Councils local plan core strategy and will support the delivery of the

new NMITE University. The scheme will also deliver regional benefits which supports its inclusion in the Marches LEP SEP.

### **1.23. 6.2 This project depends on:**

The delivery of the HTP complements the delivery of the SWTP and the HCCTP and the southern bypass junction connects with the Southern Link Road western junction. Once complete a further link from the A49 to the A4103 route can be considered for delivery. Further inter-dependencies are set out in section SC7 of the SOBC.

## **21.7 Benefits**

The anticipated benefits of the Hereford Transport Package project are set out in the Economic case section (EC2) of the SOBC and these have been further developed for consultations and are listed below:

The HTP will:

- Facilitate economic growth by reducing peak hour journey times.
- Encourage sustainable development by creating attractive alternatives to shorter car journeys
- Provide network resilience by reducing the impact of accidents and breakdowns and maintenance work on the city's main road network
- Encourage healthier lifestyles by providing facilities for walking and cycling
- Improve air quality and reduce noise
- Reduce severance by improving connections for pedestrians and cyclists
- Improve safety for all road users

### **1.24. 7.1 Quantifiable**

A benefits cost ratio for the bypass was assessed as part of the SOBC and is set out in the economic case section of the report. A BCR of 10.5 for the bypass route calculated in accordance with Department for Transport criteria is well above the value of 2 which DfT consider represents high value for money. The BCR will be recalculated in the Outline Business Case and subsequent Full Business Case for the scheme based on revised scheme cost estimate to ensure continued value for money as the detail of the scheme is developed and delivery of the scheme proceeds.

### **1.25. 7.1 Non-Quantifiable**

**22. The wider economic benefits which the HTP will deliver are set out in the economic case (EC3) of the SOBC which details the job creation which will be delivered by the scheme. The Environmental impacts and benefits of the scheme are set out in section EC4 of the SOBC and the social benefits are detailed in EC5.**

An initial assessment of impacts and benefits is set out in an AST within the SOBC. At that stage this was based primarily on qualitative work. A full AST will be completed in line with DfT criteria in the Outline Business case for the scheme.

Within the management case section (MC4) of the SOBC a benefits realisation strategy is set out with a monitoring and evaluation strategy outlined in MC5. These will be developed further in the outline and full business case documents for the project.

### 23.8 Potential Costs and Options for Project

The current estimated outturn cost of the HTP project is £186m which comprises an estimated cost of £153m for the Hereford bypass and an indicative cost of £29m for walking, cycling, nus and public realm improvements.

A comparison of the current estimated cost compared to the original SOBC was set out in paragraph 90 of the Hereford Transport Package report presented to cabinet in July 2018 as follows:

Package Element	Estimated Total Cost (£) – Current year Prices (2014)	Estimated Total Cost (£) – Current year Prices (2018)
Western Relief Road (excluding Southern Link & with Risk adjusted)	£136,270,000	£153,000,000 (subject to selection of red route as preferred bypass route )
Public realm, active mode and traffic management scheme for existing route of A49	£10,000,000	To be updated as active travel measures are further developed
Public realm, active mode and traffic management scheme for radial A routes within urban area	£10,000,000	To be updated as active travel measures are further developed
Urban traffic control system including local management centre	£5,000,000	To be updated as active travel measures are further developed
20 mph schemes for residential areas	£2,000,000	To be updated as active travel measures are further developed
City wide active travel mode projects	£2,000,000	To be updated as active travel measures are further developed

These costs will be updated in the outline and full business case documents as the project is delivered to ensure that the benefits of the scheme and value for money is demonstrated at the appropriate points for decision making.

Section SC8 of the SOBC confirms that a full Option Assessment Report (OAR) was prepared in 2003 identifying key problems and those options best placed to mitigate problems and meet objectives. This work indicated that a package of multi modal measures was required and this is detailed within this section of the SOBC. The OAR has been supplemented by a number of update reports which are detailed in this section of the SOBC report and an updated OAR will be developed for the Outline Business Case.

## **24. 9 Costs and Timescales to Develop the Full Business Case**

The cost of producing a HTP Outline business case with the associated traffic modelling is estimated at approximately £200,000 and is included within the capital costs presented within this report. This cost would be funded from current 2018/2019 capital budget and the 2019/2020 budget if approved. The outline business case is currently programmed to be developed by end 2019.

## **25. 10 Risks of not doing the Project**

Section SC3 of the SOBC details the consequences of failing to implement the scheme and lists the following:

- Market failure – congestion on the existing trunk road and key junctions will hold back housing and employment growth.
- Worsening car use for short trips – more car use and lower accessibility to sustainable modes of travel.
- Extended social deprivation – areas of Hereford become isolated and deprived.
- Resilience of network decreases – single river crossing failure increasing network failure risk
- City centre damage – through traffic continues to travel through city impacting on environment and communities.

**PROJECT DOCUMENTATION**

**FEASIBILITY BUSINESS CASE**

Hereford City Centre Improvements





## **Stage 0 Business Case**

### **Purpose of Document**

This Feasibility Business Case contains information that describes the justification for setting up and continuing the development of a detailed Business Case for the Hereford City Centre Improvements project. The Business Case is to be submitted to the Capital Strategy Board and if accepted, a more detailed Business Case will be developed.

### **Objectives**

If the Business Case is approved then the project can move into the implementation phase and deliver the following:

Hereford City Centre improvements which comprise refurbishment of the High Town area in line with the Herefordshire Streetscape Strategy.

The refurbishment project involves investment in the High Town public realm in accordance with the adopted masterplan and involves improvements to the public realm with high quality materials and a consistent approach to soft and hard landscaping.

The refurbishment scheme is part of the plan for Hereford to create an attractive, vibrant city centre to help support existing businesses and create new opportunities to encourage more visitors and retailers. They are designed to support the local economy and provide safe and enjoyable places for visitors to and residents of the city centre.

This feasibility business case requests resource to develop a Business Case and deliver these improvements such to a more detailed business case.

### **Background & Issues**

The Old Market development has improved the leisure and shopping experience in Hereford and has brought more people to the city since it opened in May 2014. The refurbishment of Widemarsh Street in 2010 created a popular and attractive link between the old and new parts of the city and the High Town refurbishment will extend this area.

The High Street area of High town has been refurbished to a standard consistent with Widemarsh Street and this work was completed in 2016/2017.

The refurbishment of Commercial Street to a similar standard is ongoing and will be complete by spring 2019.

The next phase of the refurbishment scheme was due to commence in spring 2019. However the delivery of the next phase of the High Town area is now at risk due to Western Power Distribution (WPD) plans for a new substation in the city centre area.

The location of and design of this substation is currently in pre-planning application stage and will be further developed in consultation with HC planning team.

The delivery of a new substation in the city centre area will require works to the electricity network in the city centre area and into St Peters Street. The full extent of this work will not be finalised until the substation detailed design is complete. Until the extent of this work is confirmed there is a risk that any further refurbishment of the High Town area within the current refurbishment master plan would be impacted by future WPD works.

It is therefore proposed that works in the High Town area be suspended until WPD substation works are future developed.

Plans for refurbishment of Broad Street and King Street were developed in 2012/2013 but were not progressed at that time as a result of local business feedback at that time. In recent months the Green Dragon Hotel in Broad Street has been acquired and there are plans for investment in this key city centre hotel.

Herefordshire have been asked to consider investment in the Broad Street / King Street area to complement this city centre hotel refurbishment and to improve this key area of the city adjacent to the cathedral, library, restaurants and businesses.

A preliminary design for the refurbishment of Broad Street and King Street have been developed and this could be consulted on to determine current support for this project and to inform detailed design and delivery.

This request is for the estimated cost of the design, consultation and delivery of the Broad Street / King Street improvements.

Refurbishment of the city centre will support the growth of the economy and will provide a safe and pleasant space for residents and visitors.

### 1.10. High Level Metrics

Capital cost of project	2019/20	2020/21	2021/22	Future Years	Total
	£000	£000	£000	£000	£000
	1500	2000	2000		5500
<b>TOTAL</b>	<b>1500</b>	<b>2000</b>	<b>2000</b>		<b>5500</b>

### 1.20. Included in Scope

Preliminary design for the refurbishment of Broad Street have been developed and these could be consulted on to determine support for this project and to inform detailed design and delivery.

Estimated scheme development and construction costs are included in this request outlined in the table above.

### 1.3. Not included in Scope

Costs submitted are estimated design and construction costs. No land acquisition costs are included in these figures.

Stakeholders

Key groups listed below. This is not a complete list and a stakeholder engagement strategy would be developed should the scheme progress.

Cabinet & Local members

Hereford City Council

Hereford Business Improvement District

Retailers  
 Businesses  
 Residents  
 Hereford Civic Society  
 Hereford Vision Links  
 Royal National College for the Blind

**Dependencies**

**1.3 Initiatives which depend on this project are:**

This scheme could lead to further regeneration projects of city buildings and other public realm schemes associated with the delivery of the NMITE university projects or the Hereford Area Plan.

The improvements will be consistent with and complement the Hereford City Centre Transport Package public realm schemes and Hereford Transport Package active travel projects.

**1.4. This project depends on:**

The development of the project will involve key city centre stakeholder groups and their input will shape the proposals developed.

**Benefits**

Hereford City Centre improvements are designed to support the local economy and enhance the retail environment. The refurbishment scheme is part of the plan for Hereford to create an attractive, vibrant city centre to help support existing businesses and create new opportunities to encourage more visitors and retailers. A monitoring plan could be developed with the Hereford BID team to determine if the refurbishment scheme has resulted in increased in footfall and business growth.

**Contribution to Strategic Objectives**

Refurbishment of the city centre will support the corporate priority to support the growth of the local economy.

**Potential Costs and Options for Project**

<b>Capital cost of project</b>	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>	<b>Future Years</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
	<b>1500</b>	<b>2000</b>	<b>2000</b>		<b>5500</b>
<b>TOTAL</b>	<b>1500</b>	<b>2000</b>	<b>2000</b>		<b>5500</b>

## **Costs and Timescales to Develop the Full Business Case**

The estimated cost for 2019/2020 above would enable the commissioning of technical resource to develop the business case, undertake the detailed design and to consult on the project to determine if the project will proceed to delivery. Estimated construction / delivery costs are set out above to subsequent years.

## **Risks of not doing the Project**

Not progressing this work will reduce the investment in the city centre and this is not consistent with the council's corporate policy to support local economy and growth.

## **Appendices**

**Appendix 1 – *Bid Request***

**Appendix 2 – Equality and Diversity considerations**

*To be developed as part of a more detailed business case.*

**Appendix 3 – Privacy and information security considerations**

*To be developed as part of a more detailed business case.*

**Appendix 4 – Sustainability considerations**

*To be developed as part of a more detailed business case.*

**PROJECT DOCUMENTATION**

**FEASIBILITY BUSINESS CASE**

*Corporate Fleet Procurement*

## Stage 0 Business Case

### Purpose of Document

This Feasibility Business Case contains information that outlines and highlights the physical and operational issues regarding the council's current corporate fleet of vehicles and proposes recommendations to replace the aging stock with new vehicles.

### Objectives

If the Business Case is approved then the project can move into the implementation phase and deliver the following:

- Replace the existing corporate fleet (excluding pool cars) with new, fuel efficient vehicles to:
  - Reduce the risk of service disruption and increased costs caused by vehicle break downs
  - Reduce service and maintenance costs
  - Improve the fuel efficiency and reduce CO2 emissions,
  - To deliver procurement savings through a corporate procurement,
  - Mitigate future in year revenue pressures as the existing fleet fails without allocated budget for replacement.
  - To reduce revenue costs by replacing lease vehicles.
  - Develop a financially sustainable vehicle replacement cycle.

### Background

The council currently operates 42 vehicles.

This includes 8 pool cars available to all staff and 34 vehicles across the following service areas:

- *Transportation and Access Services;*
- *Waste Management; Bereavement;*
- *Parking; Libraries,*
- *Environmental Health,*
- *Trading Standards,*
- *Pest Control;*
- *Gypsy and Traveller Service;*
- *Home Improvement Agency;*
- *Markets and Fairs*
- *Facilities Management to deliver statutory services.*

The pool cars are jointly managed by the Energy & Active Travel team and Facilities Management with the remaining vehicles managed by the relevant service area.

The majority of the vehicles are included within the public realm contract and are maintained by Balfour Beatty Living Places (BBLP) at the workshop at Unit 3, but there are a number of lease vehicles which are full repairing leases so are outside the Fleet Maintenance annex of the annual plan.

The majority of vehicles are owned by the Council, although 14 vehicles are currently leased.

Of these leased vehicles, 8 are lease only and 6 are full repairing leases.

All of the leases either expire around May 2018 or can be cancelled with minimal charge.

**This business case seeks to replace the 34 service vehicles with 30 new vehicles on an invest-to-save basis.**

## **Project Drivers and High Level Issues**

The fleet as a whole is reaching a significant age and vehicles are failing and beyond repair, leaving services needing to hire replacement vehicles on an individual basis with expensive lease contracts and no budget to do so.

Historically under the previous vehicle maintenance contract the council paid a set fee for all maintenance and as such assets were typically sweat as there was no additional maintenance cost.

As fleet maintenance is now cost reimbursable under the current Public Realm contract the Council only pays for any work undertaken.

Due to the aging nature of the fleet this is beginning to create a revenue pressure for the centralised maintenance budget.

Whilst the council centralised vehicle maintenance costs in 2014/15, there is currently no budget provision for vehicle depreciation/future replacement which will create additional revenue pressures across service areas in future years as vehicles require replacement.

The proposal is to replace the council's operational fleet which will address the risks and concern relating to the age of the fleet and ensure service delivery.

Replacement of the fleet addresses service pressures and need for individual teams replace vehicles. The fleet replacement identifies potential corporate savings through corporate procurement / standardisation of specification. The replacement also identifies saving in maintenance budgets through the annual plan.

**This invest to save proposal seeks to utilise the annual revenue savings generated by this proposal to fund the capital repayments.**

## **Scope**

### **Included in Scope**

*Purchase of 30 new standardised vehicles to replace the existing fleet*

### **Current Fleet**

### **Not included in Scope**

Pool cars

## Stakeholders

- *Waste Management*
- *Home Improvement Agency*
- *Pest Control*
- *Libraries*
- *Markets and fairs*
- *Transportation and Access*
- *Facilities Management*
- *Parking*
- *Environmental Health*
- *Trading Standards*
- *Procurement*
- *Bereavement*
- *Licensing and Traveller Services*

## Dependencies

### Services which depend on fleet vehicles are:

All of the services outlined above are dependent on the fleet vehicles in order to ensure service delivery.

Some examples are outlined below:

- *Transport and Access*
  - In addition to contracting taxi/minibus transport, transportation and access provide in house transport to a range of children and adults with special needs throughout the County.
  - These are statutory services for children accessing education and adults accessing day care provision.
  - Due to the small size and geographical spread of the service reliable, good quality vehicles are essential in being able to deliver a high quality service that parents, students and adults with special needs can depend up on.
  - Like most transport authorities, initial reviews have confirmed that retention of a limited in house fleet for special transport is essential for resilience.
  - The ratio of in house provision to contracted provision is around 1:8
- *Parking*
  - One van is essential for collection of large amounts of cash from the councils on and off-street P+D machines throughout the county. It is also required by staff for maintenance of the machines such as minor repairs and stocking the machines with tickets.
  - A second small vehicle is essential for parking enforcement purposes across the county.
  - Some officers do not have their own vehicle available and there is also a need to carry out some mobile patrols especially as more parking restrictions are being introduced in outer lying areas.
  - There are also times such as when the cash collection van goes in for a service that a replacement van is required as we have to have business continuity
- *Trading Standards*
  - Support the growth of our economy and Reduce anti-social behaviour - The vehicle is used for the enforcement of illegal tobacco where items are seized and for covert checks. Also under the weights and measures act we have a statutory duty to carry out verification and testing of weights and measures equipment such as petrol measures and large weighing machine which require testing equipment to be carried to the place of test.



- Enable Residents to live safely, healthy and independent lives by preventing vulnerable consumers from being exploited by direct assistance and intervention in regard to Rogue Traders  
Vulnerable can include the elderly, disabled, special needs, socially excluded and low income families
- **Community Protection**
  - Enable Residents to live safely, healthy and independent lives and reduce anti-social behaviour.
    - The enforcement of fly tipping, littering abandoned vehicles and anti-social behaviour
  - Supporting the improvement of quality of our natural and built environment for the collection of stray dogs.
- **Libraries**
  - Daily deliveries and collections to/from libraries, council sites, partners and traded services, across Herefordshire and its borders:
    - 13 library sites:
      - 4 core libraries, 2 branch libraries, 5 community libraries
      - Central Libraries Unit at Hereford and library store at Rotherwas
    - 10 rural book schemes
    - 150+ housebound customers
    - 32 residential homes and sheltered housing schemes
    - 40 primary schools
    - 12 high schools
    - Archives and Museums
    - County courier to council and partner sites
  - The library vehicles deliver services to some of the most vulnerable residents across the county.
  - The vehicles are in use every day in all weathers and road conditions.
  - The library vans have the highest mileage of any vans in the council fleet.
  - They are all in a very poor condition and have been subject to repeated breakdowns and repairs.
  - This has raised concerns both about the safety of their continued use, and about the economic and practical viability of continuing to repair obsolete vehicles. Because of this, one delivery van has recently been withdrawn from use and the other is likely to follow before the end of the year.
  - The service has had to draw on reserves to hire vans until new ones are purchased, but this is not sustainable in the long-term.
  - In addition, the service is currently relying on council pool cars to deliver books to housebound customers, residential homes and sheltered housing. The cars aren't designed to carry large crates, which leaves staff liable to manual handling injuries. It also means fewer pool cars are available for other staff to use.
  - Because of this, the service has had to decline requests from new home delivery customers and residential homes.
  - A service review has determined that a small van would be most appropriate for these deliveries which often require drivers to access narrow roads in rural areas.

### **This project depends on:**

- The requested capital available to replace the corporate fleet.
- An officer decision report will be required for this project to proceed with procurement and draw down the requested capital.
- The Energy & Active Travel team will work with the Commercial team on the procurement of the new fleet vehicles utilising the Crown Commercial Services procurement framework.

### **Benefits**

*The anticipated benefits of the proposed project are listed below:*

- Reduction in maintenance and therefore reduction in cost of Balfour Beatty Living Places contract
- Increasing service resilience and cost avoidance of service disruptions caused by vehicle breakdowns and downtimes for repairs
- Reduction in fuel costs and associated carbon emissions across all services with more fuel efficient vehicles
- Cost savings through exiting higher cost vehicle leases
- Reduction in risk (health and safety)
- Improved service reliability and punctuality
- Improved experience for service users
- Reduction in risk of loss of income through non-delivery of traded services (library services to schools and partners)
- Ability to expand services to vulnerable residents and traded services
- Appropriate vehicles for services maximising efficiencies of deliveries and reducing risk of accidents
- Car parking: The benefits of our service having new fleet vehicles are that it would eliminate the need to individually have to negotiate a leased cash collection van, add resilience to the service and minimise officer time and disruption each time existing vehicles break down. The current enforcement van is not considered roadworthy by some officers and in the event of an accident new vehicles would offer more protection

### Quantifiable

- Reduced maintenance costs through the Fleet Annex of the BBLP Annual Plan. This is currently estimated within the business case template and is being calculated through the development of the annual plan.
- Fuel efficiencies with new vehicles – estimated at 10% per vehicle
- Reduction in vehicle lease costs – detailed in section 4.1
- Reduction in service disruptions and associated cost avoidance from vehicle breakdowns

### Non-quantifiable

- Staff feeling safer in new vehicles; confidence in delivering services, particularly in outlying rural areas
- Less disruption to service delivery. For example the parking enforcement van broke down 3 times last year and impacted service delivery.
- Improved customer satisfaction - service users and the wider Herefordshire public will have confidence that Herefordshire Council is committed to providing the best service possible to children and adults with special needs.

### Contribution to Strategic Objectives

<p>Enable residents to live safe, healthy and independent lives</p>	<ul style="list-style-type: none"> <li>• Improved service delivery and better resilience for Social Care Transport helps to build independence and links with the community</li> <li>• Improved service delivery and better resilience for statutory library services serving over 600,000 residents a year.</li> <li>• Improved service delivery for housebound library customers, residential homes and sheltered housing schemes; helping residents to remain independent in their own homes and combating social isolation.</li> </ul>
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Keep children and young people safe and give them a great start in life	<ul style="list-style-type: none"> <li>• Improved service delivery and better resilience for Special Education Needs Transport enables children to access specialist education, developing essential life and learning skills for the future.</li> <li>• Improved service delivery for library services to schools, providing resources to support literacy and learning.</li> <li>• Improved service delivery for countywide Bookstart scheme, supporting literacy development for babies and young children through Health Visitors and Children’s Centres</li> </ul>
Support the growth of our economy	<ul style="list-style-type: none"> <li>• Improved service delivery and better resilience for services to Community Libraries and Rural Book Schemes in local shops and community centres.</li> <li>• Council savings in relation to current fleet commitments (budget and pressures) will enable re-allocation of funds to support priorities including local economy.</li> <li>• On and off-street parking income is an important source of income to the council which contributes towards the councils services. Enforcement provides an incentive for motorists to comply with parking restrictions ensuring that specific bays are available for those who need them.</li> </ul>
Secure better services, quality of life and value for money	<ul style="list-style-type: none"> <li>• Reduced vehicle maintenance costs</li> <li>• Improved Service Delivery &amp; reliability</li> <li>• Reduced carbon emissions</li> <li>• Reduced fuel costs</li> <li>• Improved public relations</li> </ul>

## Potential Costs and Options for Project

### Potential options

#### 1. No nothing

This option has been discounted as the existing, aging vehicle fleet is currently causing service delivery issues for a number of service areas and is also beginning to create a revenue pressure for the centralised maintenance budget.

Additionally, without the creation of a new vehicle depreciation budget to replace vehicles which are at the end of their life, this option will place revenue budget pressure.

#### 2. Lease vehicles

This option was explored in detail in 2017 and has been discounted due to significantly larger financial costs.

#### 3. Purchase vehicles – RECOMMENDED OPTION

As the Council has access to nationally vehicle procurement frameworks this offers strong value for money on vehicle purchasing. .

Additionally, through low cost access to prudential borrowing the Council is able to save against higher rate private financing costs which are integrated into vehicle leasing costs.

The full capital costs and resultant impact on revenue budgets are detailed below.

After the 6 year loan repayment period it is proposed that the Council reviews the future fleet conditional/requirements and to repeat this process in order to create a financially sustainable vehicle replacement cycle

### Proposed new fleet

Vehicle	Number	£ per Vehicle	Total £
Ford Transit 350 L2 Diesel FWD H3 Van TDCi 125ps w/Loadlift	1	11,500	11,500
Ford Transit Connect T220 L1 Diesel 1.5 TDCi 100ps Van	9	11,470	103,230
Ford Transit Connect T220 L1 Diesel 1.5 TDCi 100ps Van Powershift	1	11,984	11,984
Ford Transit Courier Diesel 1.5 Tdci Trend Van	4	10,340	41,360
Ford Transit Custom 340 L1 Diesel FWD 2.0 TDCi 130ps Low Roof Van	1	16,556	16,556
Ford Transit Custom 340 L1 Diesel FWD 2.0 TDCi 130ps Low Roof Van w/Dual Side Load Doors	2	16,556	33,112
Renault MASTER - LL35 ENERGY dCi 145 Business L/Roof Luton Loloader	2	23,497	46,994
Toyota Yaris Hatchback Vvt-I Hybrid Icon 5dr CVT Auto [Nav]	1	9,157	9,157
Mercedes Benz Sprinter 514CDi Long diesel high roof basic mini bus 17 seater	6	34,186	205,116
Dacia Duster 4X4	1	15,000	15,000
Ford Transit 2.0 TDCi 130ps H3 Van	1	16,787	16,787
Ford Transit 2.00 TDCi 170ps H3 VAN	1	20,111	20,111
<b>Vehicles only</b>	<b>30</b>		<b>530,907</b>
SPECIALIST ADAPTION FOR VANS – ESTIMATED Need solid bulkheads, Ply or plastic lining and roof vents, shelving (car parks)			10,000
SPECIALIST WHEELCHAIR ACCESSIBLE CONVERSION FOR MINIBUS			106,260
<b>Vehicles and required modifications</b>			<b>647,167</b>
Inflation @3%			19,415
Delivery costs	30	700	21,000
Project contingency @10%			50,000
<b>TOTAL</b>			<b>737,582</b>

### Proposed revenue impacts

Revenue budget implications	2019/20	2020/21	2021/22	Future Years	Total
<i>Estimated RCCO – assuming 6year borrowing</i>	<b>125.77</b>	<b>125.77</b>	<b>125.77</b>	<b>377.32</b>	<b>754.64</b>
<i>Estimated reduction in fuel costs</i>	<b>-5.00</b>	<b>-5.00</b>	<b>-5.00</b>	<b>-15.00</b>	<b>-30.00</b>
<i>Estimated reduction in annual maintenance costs</i>	<b>-60.00</b>	<b>-60.00</b>	<b>-60.00</b>	<b>-150.00</b>	<b>-330.00</b>
<i>Reduction in annual lease costs through termination of existing vehicle leases.</i>					
Transportation and Access - School Transport	<b>-40.00</b>	<b>-40.00</b>	<b>-40.00</b>	<b>-120.00</b>	<b>-240.00</b>
Waste Management	<b>-3.90</b>	<b>-3.90</b>	<b>-3.90</b>	<b>-11.70</b>	<b>-23.40</b>
Car Parking	<b>-3.70</b>	<b>-3.70</b>	<b>-3.70</b>	<b>-11.10</b>	<b>-22.20</b>
Gypsy & Travellers service	<b>-2.50</b>	<b>-2.50</b>	<b>-2.50</b>	<b>-7.50</b>	<b>-15.00</b>
Trading Standards + Community Protection	<b>-4.80</b>	<b>-4.80</b>	<b>-4.80</b>	<b>-14.40</b>	<b>-28.80</b>

Pest Control	-7.20	-7.20	-7.20	-21.60	-43.20
Revenue contribution from pool car income if required to cover contingency borrowing if required	-5.00	-5.00	-5.00	-15.00	-30.00
<b>TOTAL</b>	<b>-6.33</b>	<b>-6.33</b>	<b>-6.33</b>	<b>11.02</b>	<b>-7.96</b>

## Costs and Timescales to Develop the Full Business Case

Costs: Officer time -

Timescales:

<b>Oct 18</b>	Capital bid submission
<b>Nov/Dec 18</b>	Develop procurement spec and detailed business case
<b>Mar 19</b>	Successful capital bid
<b>Mar 19</b>	Decision report
<b>April – 19</b>	Procurement Exercise
<b>May 19</b>	Contract Award
<b>July 19</b>	Receipt of vehicles

## Risks of not doing the Project

### The key risks of not doing the project are:

- Decreasing service quality and service failure. The current fleet is aging, vehicles are breaking down or becoming end of life and impacting statutory services.
- The HC fleet maintenance costs will continue to increase, placing increased pressure on the centralised budget within the public realm contract.
- Higher fuel costs and higher CO2 and NOX emissions of older vehicles.
- Increasing costs of individual services being forced to take out expensive lease vehicles one at a time as the fleet fails.
- In addition as vehicles require replacement this will create additional pressure on individual service budgets.
- As the vehicles age, without replacement this will likely increase vehicle down time as they will require more frequent maintenance.
- Parking will have unreliable vehicles resulting in cash not being collected from P+D machines, increased risk of theft from the machines, officers unable to maintain the machines. Enforcement officers may not be able to travel to market towns and outlying areas, loss of enforcement income and service disruption with unreliable vehicles. Service does not have a budget to replace vehicles.

### The key project risks are:

- Not securing the required capital allocation
- Inflationary price increases next financial year, although this has been included at an estimated 3% within the business case.

- Service changes that will change the required fleet – this has been mitigated by the joint development of this proposal with each service manager.
- A contingency budget allocation of £50k has also been included within the business case to mitigate against any unforeseen risks.

## Appendices

### Appendix 1 – Fleet Capital Funding Request - Finance Template (Oct 2018)

#### Appendix 2 – Equality and Diversity considerations

There are no equality and diversity impacts of this proposed project as the proposed vehicle replacement specification has been developed with service managers in as a like for like replacement of the vehicles currently in operation in order to continue to meet the needs of staff and service users.

#### Appendix 3 – Privacy and information security considerations

There are no privacy and information security impacts of this proposed project

#### Appendix 4 – Sustainability considerations

	<i>+ve</i>	<i>-ve</i>
<b>Environmental</b>	Fuel savings Carbon saving Reduction in air pollution Reduced number of vehicles	N/A
<b>Social</b>	Improved resilience to service delivery Improved working conditions for staff operating these vehicles Improved staff safety Safeguarding clients (social care; SEN) and improved service delivery	N/A
<b>Economic</b>	Mitigated future vehicle replacement costs - these will be delivered through revenue savings Reduced financial costs of service disruptions through vehicle breakdowns. Reduced fuel costs through improved fuel efficiency	N/A

**PROJECT DOCUMENTATION**

**Stage 1 Business Case**

*PC/Laptop Replacement Programme*

## **Business Case**

### **Purpose of Document**

The purpose of this document is to set out the justification for the undertaking of a project based on the estimated cost of development and the anticipated benefits to be gained.

The business case is used to say why the forecast effort and time will be worth the expenditure. The on-going viability of the project will be monitored by the Project Board against the benefits identified in this business case.

### **Objectives**

A programme of PC replacement to enable employees of the organisation can operate flexibly and efficiently, replacing out of date equipment that can cope with up to date applications.

### **Background**

- a) A laptop or desktop device enables staff to interact with critical council applications. Old equipment is generally of a specification which is below the minimum standard for the modern applications which run on it. This often results in poor performance and devices becoming frequently unresponsive to the user.
- b) Devices within the current desktop and laptop estate have previously been supported with a 4 or 5 year hardware warranty. The devices scheduled for replacement will be of an age where they are now out of warranty, unsupported and prone to failure.
- c) Older devices have high failure rates. This increases demand on the IT services (to manage device repair and replacement) and impacts staff productivity while devices are exchanged.
- d) Devices which are subject to poor performance will have an impact on staff's experience of using critical council applications which hold citizen information and facilitates service delivery to the public (Mosaic, Tribal, Civica, Unit 4 Business World, e-mail) and could lead to a deterioration in customer service performance.

### **Project Drivers and High Level Issues**

This project is to provide a rolling programme of device replacements for the staff computing across Herefordshire Council. There are currently 1707 devices being used and the programme of replacements will be planned to carry out replacing 25% of the estate each year on a like for like basis.

The 1707 devices are made up of 1103 laptops and 604 PCs. Based on the current cost of these devices and allowing 2% inflation annually, 427 devices will be replaced annually.

### **Scope**

#### **Included in Scope**

All laptops and PCs used by Herefordshire Council staff.

#### **Not included in Scope**

Any specialist devices which have been purchased individually by teams i.e. devices which are bespoke or not part of the standard estate, e.g. any iPads and mobile phones.



## **Stakeholders**

List the people / stakeholders who will be involved in the development of the Business Case, include details of the project sponsor and any other resource required.

Project Sponsor: xxxx

Senior Supplier: xxxx

Desktop Team Leader: xxxx

List the people / stakeholders who will be consulted during the development of the Feasibility Business Case.

As above and IM&T Board Members

## **Dependencies**

This project will reduce the complexity and size of the Windows 10 project.

## **Benefits**

The anticipated benefits of the proposed project are:

- Maintain staff productivity levels by replacing ageing equipment.
- Support the agile working principles by providing replacement PCs with laptops.

## **Contribution to Strategic Objectives**

This project, by providing the tools for staff to carry out their roles underpins the functions of Herefordshire Council and in doing so will support the strategic priorities. This project specifically supports the objective to secure better services, quality of life and value for money.

## **Potential Costs and Options for Project**

The price of replacement devices fluctuates each year, as technology matures and becomes standard in the industry the point price of devices will potentially reduce, if there are supply issues for any of the components then the price will increase. Consequently, for every year a replacement programme will be developed which will allow for the replacement of as many devices as possible within the budget constraints. The proposed budget will allow for a 25% of all devices to be replaced each year but the actual amount carried out may vary.

A procurement exercise will be carried out to find a suitable supplier from which Herefordshire Council can procure devices. Currently this is undertaken on an annual basis and whilst the prices are usually lower than can be obtained by spot purchasing it is felt that greater savings can be made by carrying out a procurement for four years.

## **Costs and Timescales to Develop the Full Business Case**

Costs will be based on the (listed) resource requirements, and the time period that each resource is required, in order to develop the Full Business Case. Costs would normally include resources for:

- Project manager for the initial procurement
- Technical appraisal and support to support the procurement

- Engineering resource for the device planning and roll out.

### Risks of not doing the Project

Replacing devices on ad hoc basis as they fail will have significant impact on the following costs:-

1. The purchase price of each device will be higher if procured only as and when devices are needed. The benefits of a large scale procurement will not be achieved as the suppliers will not be able to plan for the volumes required.
2. Staff using failing equipment will be held up whilst replacements are delivered, this will be done when needed and will not be planned and carried out at a convenient time.
3. Engineers will be needed to prepare and deliver devices at short notice, this is likely to have an impact on other scheduled work which will have to be delayed to accommodate the unscheduled device replacement.
4. If a device fails there is potential for work to be lost on the device, this could be small amounts that the user was progressing at the time of the failure or could be significant if documents had been saved locally and had not been transferred to the network.

### Sustainability Considerations

	+ve	-ve
Environmental	e.g. Energy savings Transport savings Paper savings	e.g. Additional Energy costs Transport costs Paper costs
Social	Benefits to: - Individuals - Stakeholders - Council - Local Community	Potential issues and adverse effects for: - Individuals - Stakeholders - Council - Local Community
Economic	Potential increases to revenues Reduction of financial risk Future cost savings	Software costs (initial and ongoing) Storage costs Additional staff costs

**PROJECT DOCUMENTATION**

**Stage 1 Business Case**

*Dual use of Ledbury Children Centre*

## **Business Case**

### **Purpose of Document**

The purpose of this document is to set out the justification for the undertaking of a project based on the estimated cost of development and the anticipated benefits to be gained.

The business case is used to say why the forecast effort and time will be worth the expenditure. The on-going viability of the project will be monitored by the Project Board against the benefits identified in this business case.

### **Background and Reasons for the Project**

#### **Background**

In September 2017 Herefordshire Council cabinet agreed a set of measures regarding the future use of children centre buildings ([link](#)). These including a range of action to maximise the use the centres, reduce the cost burden and improve access for users.

Including in the recommendations was the transfer of operation of the children centre to schools where relevant (namely on the school site), with the schools having first refusal to operate the centres. In the case of Ledbury children centre, the schools (Ledbury Primary School) has made it clear they do not wish to take on the children centre due to the cost of operation (currently in the region of £30k per annum).

Therefore the Children Centre implementation board has reviewed the option of the site considering the capacity for additional use.

Simultaneously, it has become clear there is an issue of office use at the Masters House for the East Team and MAO. A small amount of investment is being made to improve the sound proofing of the Masters House, with this project providing additional space to support BWOW objectives.

The project is therefore looking at maximising the space at the Ledbury children centre whilst providing a solution the problem of office space at the Masters House.

#### **Summary of Reasons for the project**

- Maximise space on a premise;
- Retain for children centre services whilst providing better value for money in operating the site;
- Address the issue of inadequate office space at the Masters House;
- Meet the objective of BWOW to create positive experience for people working from MAO and within localities;
- Negates the requirement to lease or purchase other premises to meeting office space in Ledbury.

#### **Objectives**

The main aims and objectives of the project were outlined in the cabinet report of June 2017:

Therefore, in understanding the factors of change and previous scrutiny / cabinet reports, the principles for the future operation of sites for early years is as below:

- a) Families able to access children centre services through retained sites or via community venues
- b) The buildings see an increased range of uses as a local resource for children, families and wider community use
- c) That facilities are community led including by schools where there is a firm basis to achieve this
- d) That other assets in the community, particularly libraries, leisure centres, schools and nurseries provide universal services for children
- e) That sites are used to proactively support the increased demand for nursery and school places in the county
- f) Where a service, function or office facility is displaced every effort is made for an alternative to be available for affected families
- g) A financial consideration is factored into decision making relating to the wider responsibility of the local authority in meeting its financial obligations and priorities.

## **Contribution to Strategic Objectives**

In relation to the corporate delivery plan the following objectives were outlined in the cabinet report of September 2017 :

The recommendation of this report supports delivery of the council's corporate plan priorities to "secure better services, quality of life and value for money" and "keep children and young people safe and give them a great start in life". Related actions are as follows:

- Work in partnership to make better use of resources, including sharing premise costs through co-location of services and local solutions for community use facilities such as libraries
- Improve the provision of good information and signposting to enable people to support themselves and each other, getting the right help at the right time as needs change
- Reconfigure £3.5m to deliver early years services including children centres, health visiting and school nursing to improve the health, well-being, developmental and educational outcomes of children aged 0-5 years
- Continue to develop a range of provision that can effectively identify and respond to safeguarding risks and needs; from the initial signs of the call for early help to a range of evidence-based interventions for a variety of complex situations
- Promote and enable access to universal opportunities and services for children with disabilities and their families and ensure a range of provisions to meet identified need.

## **Stakeholders**

The key stakeholders of the project with an analysis of their potential role on the project;

## **Scope**

The project would include some internal works to the site to make it fit for use as a dual use location. This includes careful consideration as the centre is used by families and children, though there is capacity due to the changing nature of children centre services.

## **Work Performed**

Activity to date includes:

- Cabinet report on future use of children centre buildings in September 2017;
- Establishment of the Children Centres Implementation Board;

- Programmes and activities to deliver the recommendation of the cabinet report;
- Discussions with Ledbury Primary school to take on the building;
- Review of alternative options;
- Review of the footprint of the building to understand options;
- Consideration of the needs of office space in Ledbury.

A full impact assessment was conducted as part of the September 2017 cabinet report and public consultation. Highest impact on protected categorists is age (children). However, there are no negative effects as children centre services will continue.

## **Benefits**

The benefits are as listed below:

- Maximise use of an underused site, making the most of cost of running the building;
- Enables community activity to continue to service local children and families;
- Retains a location for children centre services in Ledbury (e.g. health visits);
- Addresses the issue of suitability of office base at the Masters House in Ledbury with increased opportunity for BWOW;
- Addresses concerns of school that an external tenant might not be compatible on a school site or be competitive in the case of a private nursery.

## **Adverse Effects**

The adverse effect is:

- This approach does not create a cost saving;
- The school might be in a position to take the site on in 2-3 years;
- Decreases the case of the Masters House being a multi-function sites (though not enough to impact on clawback of lottery funding);
- Future increase use of the children centre could be restricted in using less on the building – though adequate space means this is very low risk.

## **Options**

There are several options as outlined below.

1. Do nothing. These means retaining the building solely for the use of children centre services.  
Pros:
  - Does not cause disruption
  - Means that the site is available for alternative use in the longer term if such requirement becomes available.
 Cons:
  - Un-used area not being maximised
  - Difficult to justify costs of operating the building
  - Does not solve the issues of limited office space at the Masters House.
2. Outsource. For the building to be operated by an external provider or part use.  
Pros:
  - Could generate an income or cost savings

- Increases the optimal use.  
Cons:
- Space is still needed for the children centre services
- Limited income to make it value for money to operate a lease
- School concern over potential competitor (e.g. nursery) or not compatible with the school site.

### 3. Create dual use.

Props:

- Retains ability to operate children centre services
- Addresses the issues of office space at the Masters House without additional cost
- Compatible use for the site.

Cons:

- A capital expenditure
- No savings or income generation
- Some disruption to relocate the MAO.

## Summary of costs for each option

A summary of each option and the relative additional costs to the Council are shown in the table below:

Option	Project costs £'000	Annual on-going costs £'000	Return on investment £'000
Option 1	0	31*	0
Option 2	20	27*	4
Option 3	60	31*	0

\*existing budget; \*\*reduced current budget due to lease income.

## Summary of benefits achievable from each option

A summary of the benefits from Section 8 achievable for each option is shown below:

Option	Increased fee income	Saving on administration time	Mainstreaming benefits
Option 1	N	N	N
Option 2	N	N	N
Option 3	N	N	Y

## Summary of impact and scale of people change for each option (if potentially a decision-making factor)

A summary of the impact and scale of people change for each option may be shown below:

Option	Impact for people (positive, negative, neutral)*	Scale of change (low, medium, high)*
Option 1	Negative Still have the problem of inadequate office space at Masters House in Ledbury	low

Option 2	Negative and Positive Could increase the use but will also impact on availability of space for current use.	low
Option 3	Positive (mainly) Address issue of office space at Masters House. Compatible use.	low

### Summary of adverse effects for each option (if and only if this is potentially a decision-making factor)

A summary of the adverse effects of the change for each option may be shown below:

Option	People impacted	Nature and scale of impact
Option 1	None –though continued problem of office space at Masters House for employees.	Non change.
Option 2	Children centre service users.	Depending on the nature of the outsourcing it could be that alternative use is made of the spaces. This would be kept to a minimum.
Option 3	None.	Create a compatible dual use sites.

### Costs and timescales of recommended option

#### Recommended Option

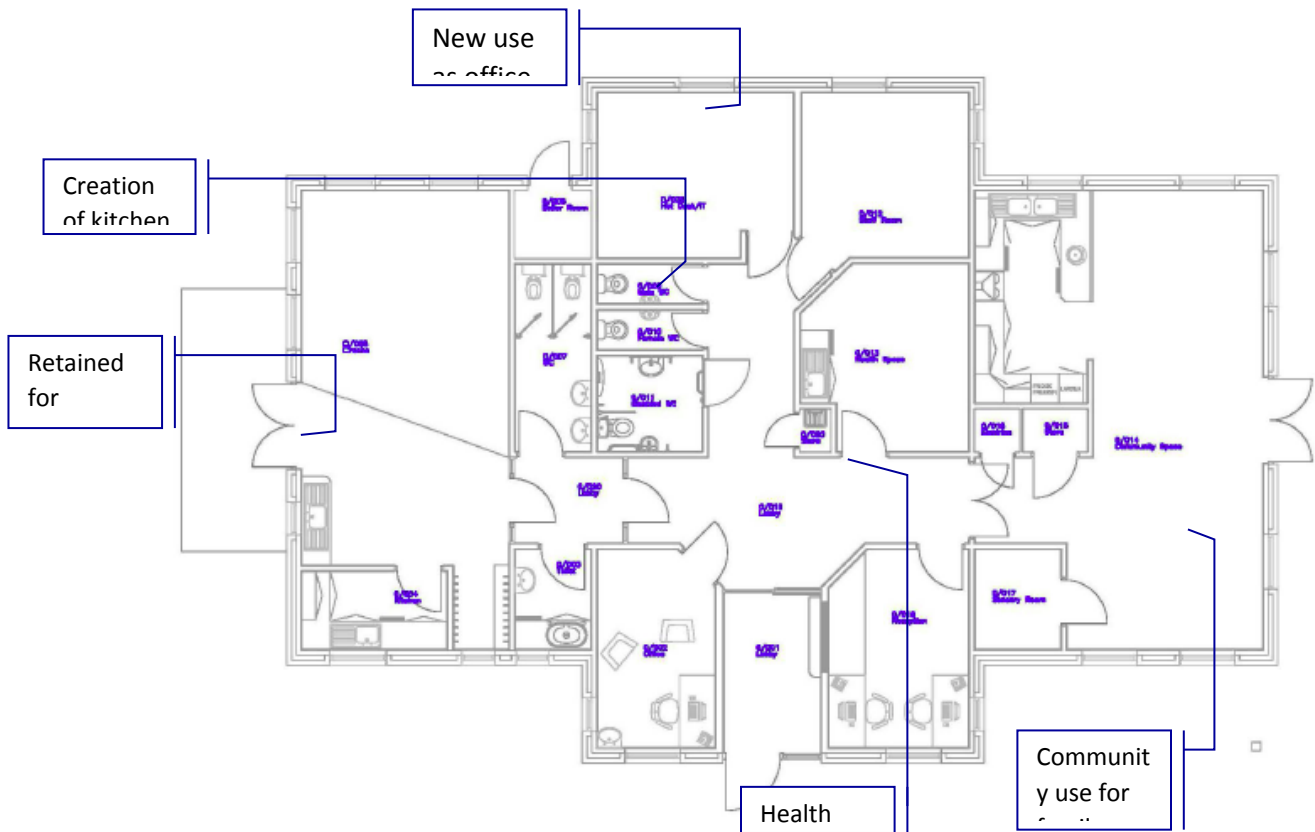
Option 3 – create a dual use site, that still enables children centre activity and activity by community group organising activities for children and families. Whilst also making best use of an underused site.

#### Project Implementation Costs – Recommended Option

The costs will be concerned with converting the children centre building based on:

1. Making back offices usable (e.g. additional sockets and desks).
2. Create a small kitchen to be used by the office.
3. Signage and branding.
4. Improve entrance areas.
5. Possible relocation of toilets.
6. Professional fees (10%).
7. IT including wifi.
8. Relocation costs.





The table below shows a summary of the (new and additional) costs of implementing the recommended option. :

**Total project implementation costs**

	2019/20	Total
	£000	£000
1		
+		
2	Project implementation costs - Revenue	0 0
3	Project implementation costs – Capital	60 0
5	<b>TOTAL FUNDING REQUEST TO WOW Board</b>	<b>60 60</b>
4	HARDWARE FUNDING REQUIREMENT (ICT CAPITAL and wifi included above)	0 0
6	<b>TOTAL NEW PROJECT IMPLEMENTATION COSTS</b>	<b>60 60</b>

**o. Summary of ongoing costs against benefits – Recommended Option**

The table below provides outlines the viability of the project. It includes a summary of ongoing costs to support the recommended option against anticipated benefits.

It is anticipated to no additional costs or very marginal due to additional use.

		2019/20	Total
		£000	£000
9	Gross identifiable benefits	0	0
10	Additional core salary (permanent staff on-going)	0	0
11	Additional Core Non-Salary (on-going requirement)	0	0
12	Total additional ongoing costs	0	0
	Net Spend Inflow/ (Outflow)	0	0
	Cumulative Net Spend Inflow/ (Outflow)	0	0

## Staff Resources and Costs

The following project staff costs have been identified. These are a mix of core-funded roles and non-core funded roles, and project funded backfill of existing roles to free up appropriate resource for the project. The Business Lead role will be performed by Assistant Director Corporate Services (chair of the Children Centre Implementation Board).

Ongoing Service Support Roles As part of management of MAOs. Cleaner already commissioned to manage the building.

## Change Management

See above. Some disruption.

## Sustainability Assessment

	+ve	-ve
Environmental	Neutral	With more use some minor additional energy used.
Social	Benefits to: <ul style="list-style-type: none"> <li>- Retained used by the community</li> <li>- Retained children centre activity</li> <li>- Additional office space at no additional loss.</li> </ul>	Neutral
Economic	Better use of resources	Neutral

## Timescales

The project can be broken into stages:

- Stage 1 – Confirm funding
- Stage 2 – Finalise design with stakeholders
- Stage 3 – Procurement works
- Stage 4 – conduct works
- Stage 5 – Signage
- Stage 6 – Relocation
- Stage 7 – Promotion

## **Risks**

**Risks of not going ahead with the project:** continued pressure over office use at the Masters House in Ledbury.

**Risks that will need to be addressed if the recommended option goes ahead:** management of the project to keep to time and cost.

## **Issues**

There is a significant number of important issues which need to be resolved and decisions which need to be made to achieve the successful delivery of the benefits of the project.

Issues:

Available funds. Solution: capital bid.

Obstacles:

- Management of the project. Solution: managed through the Children Centre implication board.

## **Dependencies**

**Initiatives which this project depends on are:** none.

**Other initiatives which depend on this project are:** BWOW implementation.

## **PROJECT DOCUMENTATION**

## **FEASIBILITY BUSINESS CASE**

### Temporary Accommodation Replacement Program

Release: Draft

Date: 06.11.2018

Author: xxx

Document Number: v.1

# Feasibility Business Case History

## Document Location

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## **Stage 0 Business Case**

### **1. Purpose of Document**

This Feasibility Business Case contains information that describes the justification for setting up and continuing the development of a detailed Business Case for the temporary accommodation replacement program project. The Business Case is to be submitted to the Children & Families Capital Programme Board and if accepted, a more detailed Business Case will be developed.

### **2. Objectives**

If the Business Case is approved then the project can move into the implementation phase and deliver the following:

- Ensure the council's estate is well maintained, safe and fit for purpose
- Reduce schools' revenue expenditure through more efficient buildings
- Extend the life cycle of the council's assets and protect / enhance their value
- Ensure that sufficient pupil places in suitable accommodation are available to meet demand in schools

The business case sets out a programme of work to remove temporary modular building on schools estates with permanent build accommodation.

### **3. Background**

Herefordshire Council is responsible for maintaining all community and voluntary controlled schools located within Herefordshire. This equates to 44 establishments on 45 sites. Optimisation of the schools estate is the subject of the schools capital investment strategy which seeks to ensure that there are sufficient high quality learning environments, in good condition, permanent structure buildings that are of the size set out in the Government building specifications. This project supports the Corporate Plan priority of 'Keeping children safe and giving them a great start in life'.

Schools have been assessed prior to inclusion in the program. Those that are not community or voluntary controlled have not been included in this program as they are not under local authority control, but may be considered at a future date. Only those schools that have children taught in temporary modular buildings have been considered, and of these only those with the most pressing need have been put forward.

The existing temporary modular building accommodation at Orleton CE Primary school has been deemed to be the one in most pressing need of replacement. In the past couple of years the school has renewed doors, replaced flooring, decorated them, patched the outside and renewed the ramp to access them along with the fire exits. The floors are separating along the lines at which the sections of the building join each other and the external finish is deteriorating and allowing water to ingress and rot the wood. The LPG heaters are also failing regularly despite a great deal of maintenance which appears to be due to the stress of the movement that happens as a result of the instability of the walls and floor.

Without any replacement accommodation, the children would not be able to be educated at the school and would have to be located at another school which would cost the council in terms of transportation to get these children to the alternative school.

### **3.1. Project Drivers and High Level Issues**

The schools capital investment strategy has a number of principles, one of which is that children should not be taught in temporary modular buildings. This project goes part way towards eradicating the use of such buildings for this purpose. The prioritised schools have temporary modular buildings that are nearing the end of their lifespan and are starting to impose considerable costs to keep them in operational order. In some cases the building themselves are beginning to pose a health and safety risk in terms of the structure, which may be deteriorating and adding to health issues for children and adults at risk from exposure to inappropriate conditions.

With regard to the council's objectives, this program will:

- To secure better services, quality of life and value for money  
Through minimising property costs and reducing the risk of service failure
- Keep children and young people safe and give them a great start in life  
Create permanent build accommodation that meets the governments building specifications

### **3.2. High Level Metrics**

- Revenue cost savings per year for the school
- Reduced maintenance costs per year

## **4. Scope**

### **4.1. Included in Scope**

Schools that have temporary modular buildings that are used to teach children on a regular basis.

### **4.2. Not included in Scope**

All other schools in Herefordshire.

## **5. Stakeholders**

- Headteachers of affected schools
- Chairs of Governors at affected schools
- Parents/guardians of affected schools
- Children & Families Directorate
- Property Services
- Procurement
- Finance



- Health & Safety
- Ward Councillors

## **6. Dependencies**

### **6.1. Initiatives which depend on this project are:**

None

### **6.2. This project depends on:**

- Appropriate levels of resource and expertise
- Contractor availability
- The required level of engagement from stakeholders

## **7. Benefits**

The anticipated benefits of the proposed project are listed below:

### **7.1. Quantifiable**

- Potential for reduced revenue costs to schools
- Fit for purpose teaching accommodation and associated infrastructure
- Improved Display Energy Certificate (DEC) rating for schools
- Compliance with government guidelines

### **7.2. Non-quantifiable**

- Provision of new classrooms designed and built to modern standards and offering a high quality learning environment for children
- Risk mitigation

## **8. Contribution to Strategic Objectives**

- To secure better services, quality of life and value for money
- Keep children and young people safe and give them a great start in life

## **9. Potential Costs and Options for Project**

- Do nothing – whilst the temporary modular buildings could continue to function in their current condition, there is uncertainty as to how long a lifespan they have left and how soon an incident will occur resulting in injury to a pupil or member of staff due to the poor condition of the buildings and the environment that is associated with water ingress into a building.
- Option 1 – renew the temporary modular buildings with another modular build. This goes against the principles of the schools capital investment strategy which looks to remove

temporary modular buildings and replace with permanent build where they continue to be required.

- Option 2 – Replace the temporary modular buildings with a permanent build structure creating classroom spaces that meet the government guidelines and are therefore fit for purpose.

The only viable option is option 2. Estimated costs have been provided based on Building Cost Information Service (BCIS) cost information at £450,000 for the replacement of two classrooms, each with cloakroom areas and storage, toilets and circulation. The cost also includes for the removal of the existing modular building and the reinstatement of the land.

## **10. Costs and Timescales to Develop the Full Business Case**

The full business case will be developed from existing staff resource in the Children & Families Education & Development team with support from other stakeholders. This will be developed prior to the project commencing at the start of the 2019/20 financial year.

## **11. Risks of not doing the Project**

Risks are potential threats that may occur but have not yet happened. Risk management will monitor the identified risks and take any remedial action should the risk happen.

### **11.1. The key risks of not doing the project are:**

- Impact on service delivery
- Increased cost of maintenance
- Further deterioration of the buildings
- Potential for serious physical injury
- Potential for illness caused from environmental conditions imposed by buildings
- Children would have to be accommodated elsewhere or not be educated. There would be an increase in transport costs to accommodate children elsewhere
- Reputational risk

### **11.2. The key project risks are:**

- Insufficient budget
- Insufficient resource
- Planning permission not obtained
- Disruption to school
- Contractor availability

## **12. Appendices**

**Appendix 1 – Finance Template**

## **Appendix 2 – Equality and Diversity considerations**

To be developed as part of a more detailed business case.

## **Appendix 3 – Privacy and information security considerations**

To be developed as part of a more detailed business case.

## **Appendix 4 – Sustainability considerations**

To be developed as part of a more detailed business case.

## **PROJECT DOCUMENTATION**

### **FEASIBILITY BUSINESS CASE**

#### *Hillside Service and Property Redesign*

Release: Draft

Date: 30 October 2018

Author: xxxx

Adults and Communities Directorate

Document Number:

## Feasibility Business Case History

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### **13. Purpose of Document**

In July 2018, a business case (phase 1 feasibility study) was approved by full council to explore options for the future use of the “Hillside” site.

Phase 1 of the project looked at feasibility for the site in two key areas:

1. commercial viability and future service delivery model for Hillside to be used as an Elderly Mental Illness (EMI) nursing facility
2. associated architectural redesign of the premises

This document provides an update on phase 1 of the project. Based upon the outcome of phase 1, it also sets out the request for the overarching capital costs associated with the next steps of the project.

### **14. Objectives**

1. To present the outcome of the phase 1 feasibility study to inform future decision making.
2. Based upon the above, seek the initial agreement for the overarching capital costs associated with the next steps of the project.

### **15. Background**

The council owns the freehold building currently known as Hillside Rehabilitation Centre (referred to as “Hillside”) situated on Pentwyn Avenue, Hereford HR2 7LB. Hillside is approximately one mile from the city centre between the Ross Road and Belmont Road.

Hillside is currently leased by Wye Valley NHS Trust (WVT). The site has for a number of years been operated by WVT as a community hospital. However, in 2017, a decision was made by NHS partners to close Hillside.

WVT have notified the council of its wish to end the current lease early. The council has not however accepted the lease termination due to an existing charge over the property.

Hillside currently has 22 en-suite bedrooms, 3 day rooms, 2 courtyards and onsite parking. Based upon the design of the property, phase 1 feasibility study set out to explore whether Hillside could be developed into a nursing home provision to meet the future needs of Herefordshire residents. The context for this is an ageing population with an increase in demand to provide high quality services for those with complex Elderly Mental Illness (EMI) needs set against a model of care that is financially sustainable.

#### **15.1. Project Drivers and High Level Issues**

- There are currently an estimated 44,800 people age 65 and over living in Herefordshire in 2016. Twenty-four per cent of Herefordshire’s population is aged 65 and over, compared to 18 per cent in England and Wales. Between 2016 and 2039 the number of people aged 65-84 is expected to increase by 34 per cent, and by 140 per cent among those aged 85 and over.
- By 2035 it is estimated that there will be 5,500 older people living with dementia in Herefordshire.
- Adult Social Care (ASC) currently spends £11.2m on nursing care provision for a total of 305 Herefordshire residents. Trend analysis shows that whilst numbers in this area are relatively static (as a result of the Herefordshire model for delivering ASC), care needs are however proportionately

increasing in complexity. As a result, 54% of placements in nursing homes are now paid over the “usual” rate.

- Capacity to meet demand for complex care in Herefordshire is already pressured. The council often has difficulty in both finding placements for people with high needs and controlling the cost of these placements.

## **16. Phase One Outcomes**

The local authority undertook a procurement exercise to commission expert consultant advisors in two key areas;

- a) Architecture and design consultancy support and;
- b) Financial modelling and commercial support.

### **16.1. Architecture and design consultancy support – outcome of feasibility**

The architectural design company appointed to support with the project was IBI Group and were instructed to complete a Royal institute of Chartered Surveyors (RICS) stage one feasibility costing.

The report provides guidance in terms of anticipating typical costs associated with Hillside and benchmarking against projects which have recently been completed to compare to similar schemes in other regions.

The report focusses on two preferred options for the future design:

- 1) A mixture of 30 newly built and refurbished bedrooms and en-suites across two households on a single storey (appendix one). Works consist of significant structural alterations and refurbishment to provide a facility of a standard and specification that reflects the current marketplace for the level of care proposed and will have a mixture of en-suite sizes.
- 2) 25 newly built bedrooms and en-suites across two households on a single storey (appendix two). Work consists of significant structural alterations and refurbishment and will ensure all bedrooms have the recommended size bathrooms for this client group.

The report demonstrates that there is very little difference in build cost between the design options and either can be completed within the requested £2,550,000 capital cost.

A number of assumptions have been made in the costings which include the following:

- the building is of a suitable structural stability to allow for modifications with minimum structural alterations
- specific project risks are not known fully until stage two and stage three work described on page 4 of the report is completed. As such a contingency of 10% has been included.
- design specifics may change once a provider is appointed

In addition there are a number of exclusions identified within the report including:

- asbestos removal
- technology within the home to enable independence
- work arising from ecological reports that cannot be assessed accurately until the stage two and stage three of the works are completed.



## **16.2. Financial modelling and commercial support - outcome of feasibility**

Cushman and Wakefield Limited were appointed as a commercial advisor to assist in assessing whether the proposed future use of Hillside as a nursing home operated by an external provider is commercially viable.

Commercial viability was assessed to establish whether an operating model was affordable to the council while remaining attractive to an external service provider.

The assessment of commercial viability focusses on the same two options of architectural design:

- 1) A mixture of 30 newly built and refurbished bedrooms and en-suites across two households on a single storey (appendix one).
- 2) 25 newly built bedrooms and en-suites across two households on a single storey (appendix two)

The commercial report was backed by a subsequent soft market test to gauge market interest in the project. The conclusion reached was that either design option was commercially viable.

At this stage adults and communities are completing a wider cost benefit analysis to finalise recommendations around design options.

## **17. Scope**

### **17.1. Included in Scope**

- The project will include completing a detailed business case to determine the final approval (or otherwise) for the project.
- Procurement and commissioning of care provider to support in final design and to operate the new facility
- Design and build including fixtures and fittings

### **17.2. Not included in Scope**

- Technology enabled care (this will be scoped, developed & costed as part of a planned assistive technology strategy)
- Some elements of operating equipment

## **18. Stakeholders**

Project Sponsor – Stephen Vickers (Director Adults & Communities)

Lead Member – Cllr Paul Rone (Lead Member Adults & Communities)

## **19. Dependencies**

- Agreed lease submission between the council and WVT
- Further demand analysis and testing of assumptions underpinning the commercial model and commissioning strategy.

## **20. Benefits**

The anticipated benefits of the proposed project are listed below:

- Meeting future demand pressures for nursing EMI care
- Controlling the costs of increasingly complex care
- Improved market resilience
- Revenue savings and cost avoidance for the ASC budget
- Improving outcomes for people receiving nursing care in Herefordshire by providing a high quality provision.
- Developing a training environment that supports and enhances the care and nursing workforce in Herefordshire
- Supporting timely discharge from hospitals.
- Utilising an existing capital asset for which the council owns the freehold

## **21. Contribution to Strategic Objectives**

The council's corporate plan has four priorities. The redesign of Hillside supports two of these:

- to enable resident to live safe, healthy and independent lives
- secure better services quality of life and value for money

## **22. Potential Costs and Options for Project**

- Capital Costs
  - Estimated costs of refurbishment- £2,550,000  
This could be financed either through prudential borrowing or through utilising capital receipts
- One-off Revenue Costs of Feasibility Study (included above)
  - Professional Fees (Legal and Architects Fees)
  - Consultancy Fees (commercial expertise to assess market viability)
- Additional Revenue Costs if project proceeds after feasibility study

The costs of placements to nursing beds and ongoing repairs and maintenance to Hillside are already included in existing budgets as these costs would have been incurred under the current circumstances, so additional revenue costs are small or none

## **23. Risks of not doing the Project**

### **23.1. The key risks of not doing the project are:**

- Lose the opportunity to develop additional nursing home capacity

- Failure to manage market pressures and costs
- Hillside will stand empty and continue to incur costs while the asset is not utilised and deteriorates
- Continue paying high rates for nursing beds which will affect the ongoing budgetary pressures.
- Control of the market and difficulty in sourcing placements will continue.

### The key project risks are:

Risk	Mitigation
<p>If the lease is not surrendered by WVT and the covenant remains on the building this could have a financial impact on the council</p>	<p>Legal advice to be sought, the project and redesign will not commence until this has been confirmed and will be monitored through the project board.</p>
<p>Delay in confirming the covenant will impact on the commencement of the redesign and the property remaining empty, which could encourage vandalism.</p>	<p>Interim arrangements for the building have been scoped however these will not commence until confirmation has been given. Security of the building is in place.</p>
<p>The estimated £2,550,000 for the refurbishment costs is below the actual costs following the detailed feasibility study.</p>	<p>The redesign work will not commence until a further decision is made to approve any additional costs.</p>
<p>The detailed commercial modelling demonstrates that the redesign would not be viable for providers to deliver a financially sustainable nursing home.</p>	<p>The redesign work will not commence and further guidance will be sought of the future utilisation of the building.</p>
<p>The lack of providers to deliver the care within the redesigned home.</p>	<p>Soft market testing has commenced to engage with the market and a commercial strategy will be developed.</p>

**PROJECT DOCUMENTATION**

**FEASIBILITY BUSINESS CASE**

Insert Project Name  
Waverley House, Leominster, Herefordshire

Release: Draft Date:

Author: xxxx

Document Number:

# Feasibility Business Case History

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## Stage 0 Business Case

### 24. Purpose of Document

The purpose of this report is to seek approval for capital monies for the internal remodelling of Waverley House, Leominster and to approve a total capital budget of up to £968k to fund the redesign for an additional 11 nursing beds.

### 25. Objectives

Secure capital funding to increase nursing placement capacity and maximise existing resources to meet future demand.

Maximise and secure bed provision for adult social care clients within a challenging high cost market.

Key milestone as follows:

- *Engage and appoint suitable employers agency to manage the project e.g. drafting tender pack, specifications, procurement and contracts- February 2019*

### 26. Background

Waverley House nursing home was built in 2006/07 and forms part of a 30 year block contractual agreement with Shaw Healthcare Ltd for a number of facilities, including residential and nursing homes and extra care properties, across the county.

A £400k capital budget was approved previously by council which estimated the build cost based on commercial advice at that time with Strongs estimating the cost of the project at £354,772 in June 2018. Since this point two official quotations have now been received which are higher than the estimate by Strongs, therefore in order to progress the project additional funding is required above the original estimate. The higher tender was £567,385 and the lower tender was £449,000 with several areas requiring further further clarification/underwriting.

The continuing rise in demand and the cost of care presents a significant challenge to deliver care services within our current funding levels. The expansion of capacity at Waverley House represents one part of the wider strategy for addressing this need ensuring we meet the Adults Wellbeing plan and corporate objectives including commissioning services that are value for money.

#### 26.1. Project Drivers and High Level Issues

- The council's ownership of the building, together with this savings forecast, provides evidence that the proposed arrangement represents a best value solution for the council and that the terms of investment are those which a normal market investor would make, thus demonstrating compatibility with state aid law.
- There are currently an estimated 44,800 people age 65 and over living in Herefordshire in 2016. Twenty-four per cent of Herefordshire's population is aged 65 and over, compared to 18 per



cent in England and Wales. Between 2016 and 2039 the number of people aged 65-84 is expected to increase by 34 per cent, and by 140 per cent among those aged 85 and over.

- By 2035 it is estimated that there will be 5,500 older people living with dementia in Herefordshire.
- Adult Social Care (ASC) currently spends £11.2m on nursing care provision for a total of 305 Herefordshire residents. Trend analysis shows that whilst numbers in this area are relatively static (as a result of the Herefordshire model for delivering ASC), care needs are however proportionately increasing in complexity. As a result, 54% of placements in nursing homes are now paid over the “usual” rate.
- Capacity to meet demand for complex care in Herefordshire is already pressured. The council often has difficulty in both finding placements for people with high needs and controlling the cost of these placements.
- Analysis of future demand for care home beds in Herefordshire has projected demand for nursing care home beds rising from the current 452 beds to 820 by 2036, indicating a requirement for an additional 368 beds over the coming 19 years. The estimated number of people in nursing care homes with dementia in Herefordshire is expected to rise from the current 294 to 554 over the same period.
- This is set against a demand for nursing beds per month which can fluctuate from 6 – 19 placements needed a month (based on DASHBOARD data) and therefore capacity is needed to meet this demand. If any of the nursing homes have any quality issues and with subsequent suspension on placements, capacity for EMI nursing beds can reduce very quickly and the council needs to ensure the market can meet the demand.
- Furthermore analysis of the use of the current 10 block contracted nursing EMI beds back to May evidences no voids. The council currently spot purchases in the region of 7 beds at any moment in time at Waverley in addition to the 10 block beds. Once the additional 11 beds are available under the block arrangement at a much lower rate, it will offer not only additional capacity but revenue savings to the council.

### **High Level Metrics**

- Reduction in DTOC figures
- Increased capacity in the market
- Improved value for money

## **27. Scope**

### **27.1. Included in Scope**

The proposal is to redesign and remodel the Waverley House building to increase the nursing EMI bed capacity by 11 beds ensuring the design meets the needs of individuals including utilising technology. This will involve moving the day care service to a smaller room at the rear of the building, the next phase will involve moving the 7 residential ‘reablement’ beds from upstairs down to the day care footprint. The next

phase will entail developing the old 7 reablement bed area into 11 new nursing EMI beds which will then become part of the block contract through a formal contract variation.

## **27.2. Not included in Scope**

Any other element of the block contractual arrangement with this Provider.

## **28. Stakeholders**

A project board has been developed and includes: Director of A&C, legal, property services, finance, procurement, Commissioners and the current Provider who is also and lease holder at Waverley.

## **29. Dependencies**

### **29.1. 6.1 Initiatives which depend on this project are:**

Due to the reduction of spot rate to block rate, Shaw Healthcare The Provider has requested a maximum six month transition period to minimise the financial impact of moving from the higher spot purchase rate to the block contract lower rate. This will reduce earlier if the spot purchased beds that are occupied by council funded residents. A transition period for the full six month period but the council will benefit greatly in the future usage of the beds. To assist in mitigating any risk around this transition period and ensure that capacity is fully utilised, there will be monitoring on a daily basis of actual capacity within Waverley House (both block and spot provision).

### **29.2. 6.2 This project depends on:**

- Subject to capacity within the construction market to deliver.
- Recruitment to additional staff for the Provider

## **30. Benefits**

### **30.1. 7.1 Quantifiable**

The anticipated benefits of the proposed project are listed below:

- Meeting future demand pressures for nursing EMI care
- Controlling the costs of increasingly complex care
- Improved market resilience
- Revenue savings and cost avoidance for the ASC budget
- Improving outcomes for people receiving nursing care in Herefordshire by providing a high quality provision.
- Supporting timely discharge from hospitals.
- Utilising an existing capital asset for which the council owns the freehold

- The property comes back to the council at the end of the contract in 2034, so the council are investing capital in their own building.
- The financial analysis set out in this report confirms that the council will recover the proposed level of capital investment over a period of 11 years, assuming of course that the maximum level of funding is required ie.£968k. This will be achieved by a saving on the bed rate of 11 nursing EMI beds which will move from the provider's spot bed rate to the block rate at the time the beds are available for use.

### **30.2. 7.2 Non-quantifiable**

- A care home market which will be resilient to fluctuating market pressures such as quality, reducing capacity due to home closures, change of owners or business.
- Additional nursing bed provision in county is imperative and part of a wider commissioning and market management approach.
- Good quality additional beds in the market will offer more choice to clients in county.

## **31. Contribution to Strategic Objectives**

This project will support the council corporate objectives and the adults wellbeing plan to:

- To enable residents to live safe, healthy and independent lives
- Secure better services, quality of life and value for money

The successful implementation of this project is an integral part of the medium term financial strategy (MTFS) as it will enable nursing beds to be sought and utilised for a rate lower than is currently being purchased.

The council has duties under the Care Act 2014 to meet assessed eligible needs and to understand and manage its market to ensure choice, quality and sustainability.

The redesign and remodelling works will support the council's operational social work teams through increasing nursing care bed capacity, where there is demand and pressure and in particular the DTOC figures and hospital pressures.

## **32. Potential Costs and Options for Project**

The financial analysis set out in this report explains that the council will recover the proposed level of capital investment to a maximum of 11 years by a saving in the price of 11 beds which will move from the provider's spot to block rate. The council currently have eight individuals in spot purchase Nursing EMI beds at Waverley House at a 'market rate', this proposal will afford the council a potential saving of approx. £100k per annum against the spot purchased provision. The council's ownership of the building, together with this savings forecast, provides evidence that the proposed arrangement represents a best value solution for the council and that the terms of investment are those which a normal market investor would make, thus demonstrating compatibility with state aid law.

The council 'tested' the market and went out to formal tender in August 2018 for the building works and received formal quotations which were received on 4 September 2018. The council now has indicative costs for the project e.g. Architects fees, legal costs, bank charges, Employer Agency costs, Fixture, Fittings & Equipment.

## Costs and Timescales to Develop the Full Business Case

Key milestones as follows:

- Engage and appoint suitable employers agency to manage the project e.g. drafting tender pack, specifications, procurement and contracts- February 2019
- Secure formal tenders/quotations- March 2019
- Select the construction company and award the works based on procurement process- April 2019
- Complete the phased remodelling and redesign works – up to 26 weeks after commencement of works by 1 November 2019
- Block contract variation agreed – by the 1 November 2019
- Provider recruit staff – by 1 November 2019
- New nursing EMI care home beds available at Waverley House -1 November 2019

<b>Capital cost of project</b>	<b>2019/20</b>
<b>(Please note these are approximate costs)</b>	<b>£000</b>
<i>Build cost</i>	<b>650</b>
<i>Fixture and fittings</i>	<b>60</b>
<b>Project management costs (designs, bank and legal fees, building regs, project management fees)</b>	<b>170</b>
<b>Contingency 10%</b>	<b>88</b>
<b>TOTAL</b>	<b>968</b>

The capital request must be submitted by the end of October 2018, but the outcome of the request will not be fully known until Full Council has considered the capital programme in February 2019. The formal quotations for the building works received on the 4<sup>th</sup> September 2018 will have expired (13 weeks from tender submission date). The council are currently establishing whether or not the formal quotations received will be honoured until the outcome of the capital funding request is known. As such we may need to undertake a further competitive tender exercise which will take approximately 3 months.

### 33. Risks of not doing the Project

The option of not doing the project is not recommended as the council is experiencing difficulties in sourcing nursing bedded provision in Herefordshire to enable it to meet the eligible needs of vulnerable adults and is highlighted in the A&C Risk register.

#### 33.1. The key risks of not doing the project are:

- Lack of affordable nursing EMI care provision
- Increased numbers of DTOC
- Not managing the market as per Care Act 2014

- Meeting the Medium Term Financial Strategy (MTFS) targets
- Not meeting the corporate aims and objectives
- Not maximising the councils available building and contractual resources

**33.2. The key project risks are:**

- Insufficient capacity within the construction market to respond positively within the timescales required.
- Health and social care workforce pressures are well documented. Other strategies are in place to mitigate this as a risk.

## **34. Appendices**

*Appendix 1 – Outline capital funding request*

**34.1. Appendix 2 – Equality and Diversity considerations**

N/A.

**34.2. Appendix 3 – Privacy and information security considerations**

N/A

**34.3. Appendix 4 – Sustainability considerations**

N/A covered in this report.