

CAPITAL INVESTMENT BUSINESS CASE

Corporate Estate Condition Surveys



EXECUTIVE SUMMARY

The Executive Summary is a short summary of the Business Case and should be the last section you complete, this will enable you to extract or only the key facts from relevant sections i.e. 'project on a page'. The summary is a 'snapshot' of the business case which will need to tell the story and sell the proposal.

Current Situation

Lack of condition surveys for the corporate estate

The risks presented by this are:

- The council is unaware of its backlog maintenance position
- General condition ratings of buildings are out of date
- Maintenance is not being prioritised based on condition meaning funding is not targeted
- Decisions are not being made on whether to keep or released a building based on its condition score
- Issues identified in condition surveys are not given a high enough priority and eventually deteriorate into bigger issues requiring capital expenditure with a high level of borrowing currently owed by the Facilities Management team
- Lack of information and high costs of maintaining unoccupied buildings

Proposal

Procure fast programme of condition surveys to be completed on corporate estate

Condition surveys will provide:

- Data of significant maintenance issues and associated budget costs
- Priority rating for the above
- An overall condition rating for the property
- Allow decisions to be made on what to retain and what to find other use for (see non-financial benefit section)
- Allow a long term maintenance plan to be developed as part of a wider asset management plan. This will allow targeted maintenance plans for the high priority buildings (in terms of condition and use I.E Ballard House, Council House)
- Allow identification of assets suitable for 'Community Asset Transfer'

Recommended Decision

It is recommended that the Service Director for HR & OD:

- Approves the Business Case
- Authorises the procurement process.
- Delegates the award of the contract to Facilities Manager – Ralph Bint

SECTION I: PROJECT DETAIL

Project Value (indicate capital or revenue)	£180k inc. contingency	Contingency (show as £ and % of project value)	- 20%
Programme	Building Maintenance	Directorate	Transformation & Change
Portfolio Holder	Cllr Mark Lowry, Finance	Service Director	Kim Brown

Senior Responsible Officer (client)	Ralph Bint	Project Manager	FM Team
Address and Post Code	Citywide	Ward	Citywide
Current Situation: <i>(Provide a brief, concise paragraph outlining the current situation and explain the current business need, problem, opportunity or change of circumstances that needs to be resolved)</i>			
<p>Best practice (e.g RICS) shows that general condition surveys on a corporate estate should take place every five years. The council has conducted condition surveys on the majority of our estate however the majority of these are much older than the five year recommendation with only 29 being complete since 2017. The risks presented by this are:</p> <ul style="list-style-type: none"> • The council is unaware of its backlog maintenance position • General condition ratings of buildings are out of date • Maintenance is not being prioritised based on condition meaning funding is not targeted • Decisions are not being made on whether to keep or released a building based on its condition score • Issues identified in condition surveys are not given a high enough priority and eventually deteriorate into bigger issues requiring capital expenditure with a high level of borrowing currently owed by the Facilities Management team 			
Proposal: <i>(Provide a brief, concise paragraph outlining your scheme and explain how the business proposal will address the current situation above or take advantage of the business opportunity) and (What would happen if we didn't proceed with this scheme?)</i>			
<p>The proposal is to procure a programme of condition surveys across the corporately occupied estate. Redacting listed properties and a few anomaly structures there are circa 180 properties which are either occupied by PCC (wholly or partly), used to deliver services by partner agencies (Children Centres) or maintained by PCC but used by third parties (changing rooms, bowling pavilions).</p> <p>Condition surveys will provide:</p> <ul style="list-style-type: none"> • Data of significant maintenance issues and associated budget costs • Priority rating for the above • An overall condition rating for the property • Allow decisions to be made on what to retain and what to find other use for (see non-financial benefit section) • Allow a long term maintenance plan to be developed as part of a wider asset management plan. This will allow targeted maintenance plans for the high priority buildings (in terms of condition and use I.E Ballard House, Council House) • Allow identification of assets suitable for 'Community Asset Transfer' 			

Milestones and Date:

Contract Award Date	Start On Site Date	Completion Date
TBC pending framework discovery	ASAP	End 2021

SECTION 2: PROJECT RISK, OUTCOMES AND BENEFITS

Risk Register: The Risk Register/Risk Log is a master document created during the early stages of a project. It includes information about each identified risk, level of risk, who owns it and what measures are in place to mitigate the risks (cut and paste more boxes if required).

Potential Risks Identified			Likelihood	Impact	Overall Rating
Risk			Low	Low	Low
Mitigation			Low	Low	Low
Calculated risk value in £ (Extent of financial risk)	£0				

Outcomes and Benefits

List the outcomes and benefits expected from this project.

(An **outcome** is the result of the change derived from using the project's deliverables. This section should describe the anticipated outcome)

(A **benefit** is the measurable improvement resulting from an outcome that is perceived as an advantage. Benefits are the expected value to be delivered by the project, measurable whenever possible)

Financial outcomes and benefits:	Non-financial outcomes and benefits:
Long term benefit of maintenance prioritisation prevent leakage completing unnecessary repairs.	<ul style="list-style-type: none"> • Data on cost of maintaining the retained estate • Backlog maintenance identified and prioritised • Reduction of maintenance requests • Identification of buildings appropriate for community asset transfer

Low Carbon

What is the anticipated impact of the proposal on carbon emissions	N/A
How does it contribute to the Council becoming Carbon neutral by 2030	Improve maintenance strategy for the council adopting a fabric first approach to carbon reduction.
Have you engaged with Procurement Service.	Yes
Procurement route options considered for goods, services or works	<p>The value for this requirement is £180k which also includes a contingency which sits below the current threshold of £189,330.00, procurement options are as follows:-</p> <p>Below Threshold Tender Process Overview: For contracts valued below the OJEU threshold requires a process compliant with Contract Standing Orders.</p> <p>Key Information: Either:</p> <ul style="list-style-type: none"> - Invite a minimum of 3 suppliers to submit tenders (one stage process) OR - Advertise the opportunity nationally allowing any supplier to submit a tender (one or two stage depending on timescales and market interest) <p>Pros:</p> <ul style="list-style-type: none"> - Maximum flexibility e.g. advertise or not, not set timescales, no set questions. Tailor to our exact requirements - Inviting suppliers: - Select known suppliers (confidence to deliver)

	<ul style="list-style-type: none"> - More accurately calculate procurement timescales (known quantity) - Streamline the process (one stage) - National advertisement: - increases level of competition (potential to reduce costs and increase innovation) <p>Cons:</p> <ul style="list-style-type: none"> - Maximum flexibility= longer to prepare documents - Inviting suppliers: - reduce potential level of competition (set number of suppliers) - Missed opportunity to engage with unknown suppliers - Need to assess supplier suitability (unlike framework) - National advertisement: - May need to undertake 2 stage process if market saturated= longer timescales - Unknown quantity to evaluate (tenders if 1 stage, SQs if 2 stage) - Need to assess supplier suitability (unlike framework) + more stringently due to unknown suppliers <p>An assessment of the available Public Sector frameworks available to the Council was carried out by PCCs procurement team due to the tight timescales, those assessed:</p> <p>Procure Partnerships Framework:</p> <p>Pros:</p> <ul style="list-style-type: none"> - The framework has followed a robust procurement process and is fully compliant with Public Contract Regulations 2015 - Supplier suitability already assessed- (no need to undertake SQ stage and know suppliers are suitable) - Terms and conditions already agreed - Framework provider support - Direct award or Mini Competition - No fees to PCC to use (a flat fee of £250 to the winning supplier (max)) <p>Cons:</p> <ul style="list-style-type: none"> - Direct Award reduces competition - Set procedures and other key documentation such as T&Cs reduces ability for PCC to tailor to our exact requirements/ some things may not readily fit into current contract - Risk of supplier challenge- why are we not competing to open market? =reputational damage - Using a framework reduces the potential level of competition compared to open market- (set suppliers) - Framework fee charged to suppliers will be built into tender price - Missed opportunity to engage with unknown suppliers <p>The following additional frameworks were also investigated but were proven to be unsuitable:</p>
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	<p>ESPO 676 – Total Facilities Management Solutions – Currently expired and out to the market, should be live and available around April 2021, currently no visibility of the framework.</p> <p>NHS/SBS/8874 – Hard Facilities Management – On investigating, this framework is for the provision of FM and not consultancy.</p> <p>NHS/SBS/9256 – Construction Consultancy Services 2 – This framework has multiple disciplines e.g. Surveyors (Lot 4), Multi-Disciplinary (Lot 12).</p>
Procurements Recommended route.	Recommendation is to run competition against Procurement Partnership Framework splitting the requirement into three smaller lots (Large, Medium and Small buildings based on Gross Internal Area)
Who is your Procurement Lead.	Kim Kingdom
Which Members have you engaged with and how have they been consulted (including the Leader, Portfolio Holders and Ward Members)	Councillor Mark Lowry (Cabinet Member for Finance) briefed.

SECTION 4: FINANCIAL ASSESSMENT

FINANCIAL ASSESSMENT : *In this section the robustness of the proposals should be set out in financial terms. The Project Manager will need to work closely with the capital and revenue finance teams to ensure that these sections demonstrate the affordability of the proposals to the Council as a whole.*

CAPITAL COSTS AND FINANCING

Breakdown of project costs including fees surveys and contingency	Prev. Yr. £m	20/21 £m	21/22 £m	22/23 £m	23/24 £m	24/25 £m	Future Yrs. £m	Total £m
Surveys			£180k					
Total capital spend			£180k					

Provide details of proposed funding: *Funding to match with Project Value*

Breakdown of proposed funding	Prev. Yr. £m	20/21 £m	21/22 £m	22/23 £m	23/24 £m	24/25 £m	Future Yrs. £m	Total £m
Corporate Capital			£180k					
Total funding			£180k					

Which external funding sources been explored	N/A
Are there any bidding constraints and/or any restrictions	N/A

or conditions attached to your funding	
Tax and VAT implications	VAT payable on consultancy/ professional fees.
Tax and VAT reviewed by	Sarah Scott

REVENUE COSTS AND IMPLICATIONS

Cost of Developing the Capital Project (To be incurred at risk to Service area)

Total Cost of developing the project	NIL
Revenue cost code for the development costs	NIL
Revenue costs incurred for developing the project are to be included in the capital total, some of the expenditure could be capitalised if it meets the criteria	N
Budget Managers Name	Ralph Bint

Ongoing Revenue Implications for Service Area

			Prev. Yr.	20/21 £	21/22 £	22/23 £	23/24 £	23/24 £	Future Yrs.
Service area revenue cost									
Other (eg: maintenance, utilities, etc)									
Loan repayment (terms agreed with Treasury Management)									
Total Revenue Cost (A)					0	0			
Service area revenue benefits/savings									
Annual revenue income (eg: rents, etc)					0	0			
Total Revenue Income (B)					0	0			
Service area net (benefit) cost (B-A)					0	0			
Has the revenue cost been budgeted for or would this make a revenue pressure									
Which cost centre would the revenue pressure be shown						Has this been reviewed by the budget manager		Y/N	
Name of budget manager			Ralph Bint						
Loan value	£	Interest Rate	%	Term Years		Annual Repayment	£		
Revenue code for annual repayments									

Service area or corporate borrowing	
Revenue implications reviewed by	

Version Control: *(The version control table must be updated and signed off each time a change is made to the document to provide an audit trail for the revision and update of draft and final versions)*



Author of Business Case	Date	Document Version	Reviewed By	Date
Dan Williams	15/01/2021	v 1.0	K Brown	00/00/2021
Dan Williams	01/02/2021	v 2.0		00/00/2021

SECTION 6: RECOMMENDATION AND ENDORSEMENT

Recommended Decision

It is recommended that the Service Director for HR & OD:

- Approves the Business Case
- Authorises the procurement process.
- Delegates the award of the contract to Facilities Manager – Ralph Bint

[Name, Portfolio]		Service Director	
Either email dated:	date	Either email dated:	15/03/2021
Or signed: 		Signed: 	
Date: 17/03/2021		Date: 17/03/2021	