

# CAPITAL INVESTMENT BUSINESS CASE

Plymouth Sound National Marine Park- Heritage Lottery New Horizons Programme



## 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.*

Plymouth made history in 2019 when key local, regional and national partners came together to create the UK's first ever National Marine Park.

Our 'Park in the Sea' will be a 21st century park enabling a new collaboration between ocean, heritage and City. The Park will be co-designed with communities to enable lifelong connection, fostering positive behaviours and delivering transformational benefits for individuals and heritage. More than a Park, our 'Park in the Sea' will transform lives, employment, education, volunteering and environment; re-establishing the bond between people and place that has defined Plymouth.

In 2019 The National Heritage Lottery Fund (NLHF), Heritage Horizons were launched to fund large scale inspirational projects that would transform the lives of people, places and heritage. The strap line of the fund was 'Backing big ideas, unlocking possibilities'. The perfect fund to bring the NMP to life. After a multi stage application process Plymouth City Council on behalf of the bid partnership were awarded funding for the Plymouth Sound National Marine Park project. The total award is just under £9.6million for a 7 year programme. A summary of the NMP Project can be found in Appendix A the Plymouth National Marine Park – Project Overview Document.

The Horizons programme is structured by initially offering a 'Development Phase' grant to enable the testing and trialling of approaches and enabling project design and development before the 'Delivery Phase' application is submitted. Providing the application is acceptable this releases the 'Delivery Phase' funding. The development stage can last up to 2 years and the delivery phase up to 5 years.

### **Development Phase finances.**

- NLHF grant £921,500, which includes a capital (£301,500) and revenue (£620,000) spend. The match funding was made up of:
- £500k of cash match from PCC (in the bid this was £348k but proposed increase to deliver better development phase outcomes)
- £175k cash match utilising the Getting Britain Building Funding
- £243k of non-cash contributions.

### **Delivery Phase finances**

- NLHF grant £8.6million.
- £2million cash match from PCC (In the bid was £2.25M but match moved into development phase to deliver better outcomes)
- £2.25million of additional grants and donations
- £1.388Million of non-cash contributions.

This business case requests that £801,500k is added to the capital programme which is made up of £500k of corporate borrowing and £301,500 of NLHF funding. This will enable the NLHF grant to be formally accepted and the development phase to commence.

The main risk to the project include:

- Ongoing impact of Covid
- Lack of consensus between partners and stakeholders

- Low- engagement from target groups.
- Failure to meet bid submission timeline/ Unable to secure consents within deadlines.
- Cost overruns

All of these risks have proposed mitigation to ensure a successful development phase and submission of a deliver phase bid.

The Plymouth Sound National Marine Park will deliver a transformational change for the people, Plymouth and the environment. The development phase will be the first stage in realising the benefits the NMP can deliver.

## SECTION I: PROJECT DETAIL

<b>Project Value (indicate capital or revenue)</b>	£1,596,500 (Development Phase total value {excluding in kind contributions}) Capital £976,500 Revenue £620,000	<b>Contingency (show as £ and % of project value)</b>	£152,800 (10%)
<b>Programme</b>	Economic	<b>Directorate</b>	Place
<b>Portfolio Holder</b>	Cllr Nick Kelly	<b>Service Director</b>	David Draffan
<b>Senior Responsible Officer (client)</b>	Kat Deeney	<b>Programme Manager</b>	Caroline Cozens
<b>Address and Post Code</b>	Plymouth Sound, the City and surrounding communities.	<b>Ward</b>	Citywide

**Current Situation:** *(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)*

The NHLF has provided a development phase grant offer to Plymouth City Council on behalf of the partnership. We need to now gain formal permission from the NLHF to start this phase by the submission of key documents which includes demonstrating our cash match funding is secured.

This business case seeks to secure the cash match for the development phase bid which will end in June 2023. This will release the £921,500 grant from the NHLF and enable the development phase to commence.

**Proposal:** *(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?)*

Once we have received formal confirmation of our secured match funding we can submit our formal submission to start to the NHLF and once agreed we can commence development phase works. This will include:

- **Delivery of an NMP Activity Plan** – which aims to engage the entire City in designing the NMP, testing and trialling approaches to engagement to ensure everyone can feel part of the Park. This will include city wide events, targeted programmes with groups not currently connected to the Sound, digital innovation hubs, piloting a community access project and maritime heritage project. Work to pilot an NMP ocean ambassadors and marine citizenship programme will be undertaken in this phase as will the trialling of programmes to support NMP enterprise and future careers.

- **Evaluation** – An extensive evaluation and active learning programme will run alongside the testing and trialling to assess the impacts of the programmes in the development phase to inform the delivery phase programmes.
- **Designing and developing capital projects within the Park** – By the delivery phase bid submission we have to have designed all capital projects to RIBA 3 and secured all necessary consents. This will include development work at our hub sites, Tinside and the Hoe, Mount Batten Peninsula, Mount Edgcumbe and the National Marine Aquarium as well as designing a nature recovery programme for the Sound, and working with the community to plan a network of community access hub projects. These hubs will also have a key role in delivering the Activity Plan programme.
- **Reviewing options for future alternative investment models** - to enable a sustainable financing model to be developed in the delivery phase.

If we don't secure the corporate borrowing that forms the essential cash match funding for the bid, we will not be able to secure the NLHF funding and will have to withdraw from the Horizons programme.

Milestones and Date:		
Contract Award Date	Start On Site Date	Completion Date
Permission to Start from NHLF _ Oct 21 Procurement Winter 21/22	Development phase (project design and development) until June 2023 Submission of delivery stage bid June 2023 Delivery stage commencing Autumn 2023	December 2028

## 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
<b>Risk</b>	Ongoing impact of Covid-19, including staff sickness	Medium	Medium	Medium
<b>Mitigation</b>	Draw upon internal and external expertise, use of digital wherever possible and redeployment of resources	Medium	Low	Low
<b>Risk</b>	Unable to secure consensus amongst partners and stakeholders	Medium	High	Medium
<b>Mitigation</b>	Commitment to collaborative working through NMP Board & wider stakeholders	Low	Medium	Medium
<b>Risk</b>	Low-engagement from target groups	Medium	High	High
<b>Mitigation</b>	Detailed, diverse and well-resourced Activity Plan	Low	Medium	Medium
<b>Risk</b>	Failure to meet bid submission deadlines	Medium	Medium	Medium
<b>Mitigation</b>	Clear timetable, regularly monitored & reviewed with remedial action as necessary	Low	Low	Low
<b>Risk</b>	Unexpected wildlife issues impacting planning / unable to secure special consents	Medium	Medium	Medium
<b>Mitigation</b>	Work closely with relevant authorities and take remedial action as necessary	Medium	Medium	Medium

<b>Risk</b>	Cost over-runs / unexpected increases / lack of availability of materials due to external forces i.e. Covid, Brexit	Medium	Medium	Medium
<b>Mitigation</b>	We will cost engineer and ultimately cover any cost over-runs	Medium	Low	Medium
<b>Risk</b>	Discovery of underlying contamination affecting capital works	Medium	Medium	Medium
<b>Mitigation</b>	Remedial action as necessary	Medium	Medium	Medium
<b>Calculated risk value in £ (Extent of financial risk)</b>	£1m	We are at RIBA 0 and we will review regularly as risks are understood.		

### 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:

- Securing of £921,500 of NLHF funding for the development phase
- Enabling the bid development to release £8.6million of NLHF funding for the delivery phase.
- The financial outcomes anticipated at the end of the 7 year programme are -
  - Increase in visitor numbers from 5.2million to 6million by the end of the project period.
  - NMP project investment will create 464 jobs
  - Deliver £18.4 million of GVA.
  - Supported the development of 20 new NMP enterprises.

#### Non-financial outcomes and benefits:

1. Establish the UK's first National Marine Park;
2. Protect and enhance a world class natural environment and heritage landscape;
3. Be a national exemplar and thought leader in enabling a positive response to climate change for government, Plymouth and the Heritage Fund;
4. Level up access to heritage to ensure all citizens and Lottery players can enjoy the benefits;
5. Provide new employment opportunities and career pathways in sustainable future ocean jobs;
6. Act as a city-wide and regional stimulus for economic 'green' recovery post COVID;
7. Position Plymouth as a UK Top Ten day-visitor destination
8. Champion health and well-being with a new generation of engaged volunteers, communities and heritage champions;
9. Get the entire City in, on under and next to the water through 5 gateways and a network of community projects;
10. Deliver an innovation pilot for digital heritage engagement that will give the Park an international platform.

### Low Carbon

#### What is the anticipated impact of the proposal on carbon emissions

The NMP's whole focus is around encouraging positive behavioural changes and delivering an exemplar for environmental sustainability. Specifically:

	<ul style="list-style-type: none"> <li>• Utilising the investment to maximising the opportunity for nature-based solutions, biodiversity net gain and ensuring maintenance reduces carbon consumption.</li> <li>• Built assets and infrastructure improvements will be delivered to high sustainability, net zero standards. We will prioritise sustainable transport options, aligning with other citywide initiatives.</li> <li>• Our engagement programme will inspire behaviour change and conservation to enjoy the NMP in environmentally sustainable ways, understanding the links between human activity, water quality and wildlife.</li> <li>• Local businesses will be supported to sign up to the city's Plastic Free charter, Food Plymouth's sustainable food charter, and citywide recycling initiatives.</li> <li>• Digital, virtual and on-site interpretation will raise awareness of nature sustainability and climate change within the NMP and encourage pro-environmental behaviours.</li> </ul>
<b>How does it contribute to the Council becoming Carbon neutral by 2030</b>	Responding to the climate emergency will be at the heart of developing the NMP. The development phase will enable the testing and trialling engagement approaches as well as designing the delivery stage interventions in a manner which is a flag ship for net zero carbon transition.
<b>Have you engaged with Procurement Service?</b>	Yes
<b>Procurement route options considered for goods, services or works</b>	A number of specialist consultancy services will be required to develop the capital projects from RIBA 1 to RIBA 3 (as per the Heritage Fund requirements). The details of these procurements are not yet determined. They will be discussed in detail with the procurement service in the coming months and collaboratively developed and agreed. They will be compliant with contract standing orders and the Public Contract Regulations 2015.
<b>Procurements Recommended route.</b>	As above to be agreed
<b>Who is your Procurement Lead?</b>	Holly Golden/ Kim Kingdom
<b>Is this business case a purchase of a commercial property</b>	No
<b>If yes then provide evidence to show that it is not 'primarily for yield'</b>	
Which Members have you engaged with and how have they been consulted ( <i>including the Leader, Portfolio Holders and Ward Members</i> )	<b>Leader - continuous consultation through the bidding stage and since the award was announced.</b>

#### SECTION 4: FINANCIAL ASSESSMENT

Breakdown of project costs including fees surveys and contingency	Prev. Yr. £	21/22 £	22/23 £	23/24 £	Future Yrs. £	Total £
Physical Hubs (Tinside pool and Cove; Mount Edgcumbe, Mount		101,500	302,000	50,000	*Dependant on outcome of	453,500

Batten, National Marine Aquarium, incl contingency)					Development Phase	
Other capital project development (digital, nature recovery, investment fund dev, interpretation and community access)		10,000	108,500			118,500
Capitalised salaries (contribution towards)		60,000	140,000	29,500		229,500
<b>Total capital spend</b>		<b>171,500</b>	<b>550,500</b>	<b>79,500</b>		<b>801,500</b>

Breakdown of proposed funding	Prev. Yr. £	21/22 £	22/23 £	23/24 £	Future Yrs. £	Total £
<b>Development Phase</b>						
PCC Capital		61,500	378,500	60,000		500,000
Heritage Lottery (Capital)		110,000	172,000	19,500		301,500
LEP Funding		175,000				175,000
Heritage Lottery (Revenue)		190,000	430,000			620,000
<b>Total Development Funding</b>		<b>536,500</b>	<b>980,500</b>	<b>79,500</b>		<b>1,596,500</b>
<b>Delivery Phase</b>						
PCC Capital					2,000,000	2,000,000
Heritage Lottery					8,660,600	8,660,600
<b>Total Delivery Funding</b>					<b>10,660,600</b>	<b>10,660,600</b>
<b>Total Project</b>		<b>536,500</b>	<b>980,500</b>	<b>79,500</b>	<b>10,660,600</b>	<b>12,257,100</b>

<b>Which external funding sources been explored</b>	£9.5m Heritage Lottery funding secured Possible bids to other funders, central government, Sport England, Nature organisations.
<b>Are there any bidding constraints and/or any restrictions or conditions</b>	<ul style="list-style-type: none"> <li>NLHF Terms and Conditions</li> <li>June 2023 deadline to submit the delivery phase bid to draw down £8.6m</li> </ul>

<b>attached to your funding</b>	
<b>Tax and VAT implications</b>	Tax and VAT implications to be fully understood in collaboration with Finance in the development phase including understanding any risks associated with subsidy control.
<b>Tax and VAT reviewed by</b>	Sarah Scott

## REVENUE COSTS AND IMPLICATIONS

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

<b>Total Cost of developing the project</b>	£1,596,500
<b>Revenue cost code for the development costs</b>	TBC
<b>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</b>	Y
<b>Budget Managers Name</b>	

### Ongoing Revenue Implications for Service Area

	Prev. Yr.	21/22 £	22/23 £	23/24 £	23/24 £	25/25 £m	Future Yrs.
Service area revenue cost							
Other (eg: maintenance, utilities, etc)							
Loan repayment (terms agreed with Treasury Management)				25,310	25,310	25,310	25,310/yr
Total Revenue Cost (A)							
Service area revenue benefits/savings							
Annual revenue income (eg: rents, etc)							
Total Revenue Income (B)							
Service area net (benefit) cost (B-A)							
Has the revenue cost been budgeted for or would this make a revenue pressure	<p>The revenue cost for this proposal only relates to the corporate borrowing costs of the £500k capital match.</p> <p>The revenue implications of the capital item delivery will be understood at the end of the Development Phase and included in the Business case to accept the Delivery Phase funding for the project subject to the bid being acceptable.</p>						
Which cost centre would the revenue pressure be shown	Corporate code.	Has this been reviewed by the budget manager				Y/N	
Name of budget manager							

<b>Loan value</b>	£500,000	<b>Interest Rate</b>	1.9%	<b>Term Years</b>	25	<b>Annual Repayment</b>	£25,310
<b>Revenue code for annual repayments</b>			Corporate code				
<b>Service area or corporate borrowing</b>			Corporate Borrowing				
<b>Revenue implications reviewed by</b>			Ruth Didymus (Borrowing repayments) and Sharon Gillet.				

**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)*

<b>Author of Business Case</b>	<b>Date</b>	<b>Document Version</b>	<b>Reviewed By</b>	<b>Date</b>
Kat Deeney	16/09/2021	v 1.1	Caroline Cozens	16/09/2021
Kat Deeney	16/09/2021	v 2.0	Mohammed Sajjid	00/00/2021
Kat Deeney	16/09/2021	V 3.0	Ruth Didymus/Sharon Gillet	28/09/2021

## SECTION 6: RECOMMENDATION AND ENDORSEMENT

### Recommended Decision

#### It is recommended that the Leader of the Council:

- Approves the Business Case
- To accept the £921,500 funding offer by the National Lottery Heritage Fund (NLHF) for the development phase of the National Marine Park (NMP) project.
- Allocates £801,500 for the project into the Capital Programme funded by £500,000 of Corporate Borrowing and £301,500 by the NLHF Horizons funding.
- Ring fence a further £2million of Corporate Borrowing to support the Delivery Phase of the project.
- Authorises the procurement process
- Delegates the award of the contract to Service Director for Economic Development

<b>[Councillor ick Kelly (Leader)]</b>		<b>Service Director: David Draffan</b>	
<b>Either email dated:</b>	<i>Date 13.10.2021</i>	<b>Either email dated:</b>	<i>Date 10/10/2021</i>
<b>Or signed:</b>		<b>Signed: David Draffan</b>	
<b>Date:</b>		<b>Date:</b>	
		<b>Service Director</b>	
		<i>[Name, department]</i>	
		<b>Either email dated:</b>	<i>date</i>
		<b>Signed:</b>	
		<b>Date:</b>	