

CAPITAL INVESTMENT BUSINESS CASE

Western Approach LED Lighting Scheme



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.

key notes

- Lighting installation at the end of its efficient life
- Insulation requires replacement due to inefficiency and progressive failure of containment
- System is currently energy inefficient
- BC to fully replace lighting installation and install emergency lighting
- Total works £340,000
- Additional contingency 10% £34,000

key risks

- Lighting system failure prior to works commencing. Loss of income for Western Approach Car Park.
- H&S risk from further containment coming loose/falling from ceiling.

It is recommended that the Leader of the Council:

- Approves the Business Case
- Allocates £374,000 for the project into the Capital Programme funded by Service Borrowing.
- Delegates the award of the installation contract to Kim Brown, Service Director for HROD, against existing Term Contracts.

SECTION I: PROJECT DETAIL

Project Value (indicate capital or revenue)	£340,000 Capital	Contingency (show as £ and % of project value)	£34,000 10%
Programme	Building Maintenance	Directorate	HROD
Portfolio Holder	Councillor Richard Bingley, Leader	Service Director	Kim Brown
Senior Responsible Officer (client)	Dan Williams	Project Manager	
Address and Post Code	Ballard House, PL1 3BJ	Ward	Sutton and Mount Gould

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)

Lighting installation within Western Approach is deemed poor with many fittings not working and containment damaged posing a H&S risk and risk of complete lighting failure. Lighting is required within multi-story carparks as a matter of safety for drivers and pedestrians.

The current installation is not energy efficient with current fittings rated 140 watt which can be replaced for 50 watt LED fittings.

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?)

Proposal is to completely replace the lighting infrastructure throughout the property including installation of emergency lightings. This will be with 50 watt LEDs to reduce the energy consumption by over 50%

800 fittings are to be replaced with 6" LEDs 50W each and on microwave motion detection turning off after 5 minutes of no movement.

Existing energy use estimate: 110kW for 17 hrs a day (estimate from known lighting controls and use) @ £0.15/kWhr is approx. £102.5k/year.

This reflects reasonably closely with the electricity bill for WA Car Park (including the used and generated on site energy value) of £98k/year.

Replacing with the same number 800 fittings at 6" LEDs 50W each and on microwave and off after 5 mins giving about: 40kW say 5 hrs a day @£0.15 gives £11,000 a year.

Pay back rate (present energy cost minus anticipated future energy use) in the order of £87k a year. (Indicating a payback of about 4 years 4 months would be possible)

It should be noted that:

At the moment the top three floors are seldom used and therefore with microwave detection the use will be significantly less than 5 hours.

These are based on energy costs of only 15pence/kWhr, this is exceeded and is anticipated to go up by an additional 60% by Apr 2023. This will increase the saving and therefore shorten the payback.

Works	£
Materials and Labour	300,000
Project management and QS fees	40,000
Subtotal	340,000
Contingency 10%	34,000
Total	374,000

Milestones and Date:

Contract Award Date	Start On Site Date	Completion Date
ASAP		12 Week Programme

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	Lighting system failure prior to works commencing. Loss of income for Western Approach Car Park.	Medium	Medium	Medium
Mitigation	Works to commence ASAP using existing contract arrangements	Low	Low	Low
Calculated risk value in £ (Extent of financial risk)	£22.6k per month			

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:
<ul style="list-style-type: none"> Decreased energy spend due to improved installation Cost avoidance of total failure reactive works 	<ul style="list-style-type: none"> Improved safety and reliability of light installation Achievement toward carbon reduction plan

Low Carbon	
What is the anticipated impact of the proposal on carbon emissions	Overall Decrease
How does it contribute to the Council becoming Carbon neutral by 2030	Improved energy efficiency of the asset
Have you engaged with Procurement Service.	No
Procurement route options considered for goods, services or works	Procurement will be via existing Term Contractors
Procurements Recommended route.	N/A
Who is your Procurement Lead.	N/A
Which Members have you engaged with and how have they been consulted (including the Leader, Portfolio Holders and Ward Members)	

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. £k	20/21 £k	21/22 £k	22/23 £k	23/24 £k	24/25 £m	Future Yrs. £k	Total £k
Construction				300				300
Contingency				34				34
Project Management				40				40
Total capital spend				374				374

Provide details of proposed funding: <i>Funding to match with Project Value</i>								
Breakdown of proposed funding	Prev. Yr. £k	20/21 £k	21/22 £k	22/23 £k	23/24 £k	24/25 £m	Future Yrs. £k	Total £k
Service Borrowing - Parking				374				374
Total funding				374				374

Which external funding sources been explored	None
Are there any bidding constraints and/or any restrictions or conditions attached to your funding	None
Tax and VAT implications	VAT will be payable on works
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	£0
Revenue cost code for the development costs	
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	Darren Stoneman

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)				42732	42732	42732	299124
Total Revenue Cost (A)				42732	42732	42732	299124
Service area revenue benefits/savings							
Annual revenue savings (eg: rents, etc)			0	87000	87000	87000	87000 p.a
Total Revenue Income (B)			0	0			
Service area net (benefit) cost (B-A)			0	44268	44268	44268	44268

							p.a
Has the revenue cost been budgeted for or would this make a revenue pressure		Budgeted					
Which cost centre would the revenue pressure be shown		0499	Has this been reviewed by the budget manager			Yes	
Name of budget manager		Mike Artherton					
Loan value	Service Borrowing £374,000	Interest Rate	2.5%	Term Years	10	Annual Repayment	£42,732
Revenue code for annual repayments		0499					
Service area or corporate borrowing		Corporate Borrowing Service Borrowing					
Revenue implications reviewed by		Stephen Coker					

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	21/02/2022	v 1.0		00/00/2022

SECTION 6: RECOMMENDATION AND ENDORSEMENT

Recommended Decision

It is recommended that the Leader of the Council:

- Approves the Business Case
- Allocates £374,000 for the project into the Capital Programme funded by Service Borrowing.
- Delegates the award of the roof repair contract to the Service Director for HROD, against existing Term Contracts.

Leader – Councillor Richard Bingley		Service Director – Philip Robinson	
Either email dated:	date	Either email dated:	
Or signed: 		Signed: 	
Date:		Date: 18.5.22	
		Service Director – Kim Brown	
		Either email dated:	
		Signed: 	
		Date: 19.05.2022	