

CAPITAL INVESTMENT BUSINESS CASE

01994-21 Car Park Waterproofing and Structural works – Budget Increase



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.

Structural and condition surveys undertaken in 2017 identified a range of maintenance works that required to be undertaken if the Council wanted to maintain the future operation of its 5 car parks i.e. Regent Street, Mayflower East, Theatre Royal, Western Approach and Napier Terrace, protecting the Council's future ability to generate revenue from these assets.

In 2019/20, the leader of the council approved a £1.6m capital investment to undertake these works, however the works were delayed due to Covid-19 and, despite a number of approaches to the market, the Council was only able to award works to undertake the works in 2022.

Since the capital approval costs had increased, including the impact of inflation, where, in 2023, an additional £199,900 was approved via the S151 Officer to increase the budget to £1,799,900.

A survey was undertaken a year prior to the works commencing which identified there has been further degradation to the car parks to that which was identified in 2017. Unfortunately, the majority of the works is not apparent until the contractors are on site.

Works have commenced at Theatre Royal and Napier Terrace and hammer testing surveys have been undertaken which could only be carried out once the floors are closed to the public. The repairs were then exposed which have been found to be extensive. Repairs to the parapets are not obvious until jet washing has been undertaken; again, there have been more than expected. Further surveys are also being undertaken i.e. Chloride to establish the state of the concrete structures and Carbonation which will confirm whether there is any corrosion. Therefore, if this is the trend then the other 3 car parks may require a similar extent of repairs.

Regent Street Car Park recently closed for approx. 1 week as it became unsafe for the public to use. Urgent repairs were undertaken to the external panels above the entrance and exit to allow it to re-open. However, there are further surveys and repairs required to the other sides of the car park.

The risk of not undertaking these works are financial and reputational. There would be a reduction in car park capacity with the likelihood of phased closure of the car parks reduction income to the council, creating reputational risk such as recent closure of Regent Street Car Park and Mayflower West in 2013.

Any closure or reduction of car park capacity would significantly impact on businesses and the economic wellbeing of the City.

There are no real alternative options to consider. If the Council is to maintain its ability to generate income from these car parks for the next 20 years, this investment is required. These works do not include any 'cosmetic' works or works to improve the look and feel of the car park and customer experience, these works are solely associated with the absolute minimum work required to extend the asset life. Failure to deliver £2,199,900 of preventative maintenance will place £39m income at significant risk.

SECTION I: PROJECT DETAIL			
Project Value (indicate capital or revenue)	£400,000 Capital monies bringing the overall total to £ 2,199,900 of which £1,799,900 has been approved.	Contingency (show as £ and % of project value)	10% contingency of the overall budget.
Programme	To be incorporated within current programme of works and delivered by November 2023.	Directorate	Place - SP&I
Portfolio Holder	Cllr Mark Coker, Strategic Planning and Infrastructure	Service Director	Philip Robinson (Street Services)
Senior Responsible Officer (client)	Mike Artherton	Project Manager	Jackie Keith
Address and Post Code	Prince Rock Depot Macadam Road Plymouth PL4 0RZ	Ward	St Peter and the Waterfront
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>A survey was undertaken a year prior to the works commencing, so there has been further degradation. Unfortunately, the majority of the works is not apparent until the contractors are on site.</p> <p>Works have commenced at Theatre Royal and Napier Terrace and hammer testing surveys have been undertaken which could only be carried out once the floors are closed to the public. The repairs are then exposed which have been found to be extensive. Repairs to the parapets are not obvious until jet washing has been undertaken; again, there have been more than expected. Further surveys are also being undertaken i.e. Chloride to establish the state of the concrete structures and Carbonation which will confirm whether there is any corrosion. Therefore, if this is the trend then the other 3 car parks may require a similar extent of repairs.</p> <p>The progress is speedy therefore, we are unable to wait for approval of additional monies when the extent of repairs are known at each car park. We believe this is the more pragmatic approach to request further monies upfront. If we wait until the full extent is known then this will cause a delay to the programme and the council will incur further costs.</p> <p>The risk of not undertaking these works are financial and reputational. There would be a reduction in car park capacity with the likelihood of phased closure of the car parks reduction income to the council, creating reputational risk such as recent closure of Regent Street Car Park and Mayflower West in 2013.</p> <p>Any closure or reduction of car park capacity would significantly impact on businesses and the economic wellbeing of the City.</p>			
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>Works are due to be carried out on Mayflower East, Regent Street Car Park and Western Approach. We will not know the extent of the works until the contractor carries out further surveys.</p> <p>The risk of not undertaking these works are financial and reputational. There would be a reduction in car park capacity with the likelihood of phased closure of the car parks reduction</p>			

income to the council, creating reputational risk such as recent closure of Regent Street Car Park and Mayflower West in 2013.

Any closure or reduction of car park capacity would be expected to significantly impact businesses and the economic wellbeing of the City.

There are no real alternative options to consider. If the Council is to maintain its ability to generate income from these car parks for the next 20 years, this investment is required. These works do not include any 'cosmetic' works or works to improve the look and feel of the car park and customer experience, these works are solely associated with the absolute minimum work required to extend the asset life. Failure to deliver £2,199,900 of preventative maintenance will place £39m income at significant risk.

Milestones and Date:		
Contract Award Date	Start On Site Date	Completion Date
20 th January 2023	May 2023	November 2023

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	Lost income, reduced parking, reputation, economic wellbeing of the city.	High	High	High
Mitigation	Carry out the works identified in this programme.	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:
Ensure the Councils car parks remain operational for the next 20 years (assuming subject to routine maintenance) enabling generation of parking income – equivalent to a net income of £39M based on current levels of income.	Enhanced customer service and customer experience

Low Carbon

What is the anticipated impact of the proposal on carbon emissions	Not Applicable	
How does it contribute to the Council becoming Carbon neutral by 2030		
Have you engaged with Procurement Service?	Yes	
Procurement route options considered for goods, services or works	Tender	
Procurements Recommended route.	Tender	
Who is your Procurement Lead?	Simone Newark	
Is this business case a purchase of a commercial property	No	
If yes then provide evidence to show that it is not 'primarily for yield'		
Which Members have you engaged with and how have they been consulted (including the Leader, Portfolio Holders and Ward Members)	Mark Coker, Cabinet Member for Transport Consulted through Portfolio brief	

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. Exact amounts only throughout the paper - not to be rounded.*

CAPITAL COSTS AND FINANCING

Breakdown of project costs including fees surveys and contingency	Prev. Yr.	22/23	23/24	24/25	25/26	26/27	Future Yrs.	Total
	£	£	£	£	£	£	£	£
Surveys and Fees			30,000					
Construction Costs			350,000					
Contingency			20,000					
Total capital spend			400,000					

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

Breakdown of proposed funding	Prev. Yr.	22/23	23/24	24/25	25/26	26/27	Future Yrs.	Total
	£	£	£	£	£	£	£	£
Service Borrowing			400,000					
Total funding			400,000					

Which external funding sources been explored	N/A
Are there any bidding constraints and/or any restrictions or conditions attached to your funding	
Tax and VAT implications	
Tax and VAT reviewed by	

REVENUE COSTS AND IMPLICATIONS

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

Total Cost of developing the project	N/A as the project has already been developed.
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	Y/N
Budget Managers Name	

Ongoing Revenue Implications for Service Area

	Prev. Yr. £	22/23 £	23/24 £	24/25 £	25/26 £	26/27 £	Future Yrs. £
Service area revenue cost							
Other (eg: maintenance, utilities, etc)							
Loan repayment (terms agreed with Treasury Management)				34,874	34,874	34,874	592,855
Total Revenue Cost (A)				34,874	34,874	34,874	592,855
Service area revenue benefits/savings							
Annual revenue income (eg: rents, etc)							
Total Revenue Income (B)							
Service area net (benefit) cost (B-A)				34,874	34,874	34,874	592,855
Has the revenue cost been budgeted for or would this make a revenue pressure	The cost pressure to parking is accepted in order to mitigate the risks highlighted in this Business Case.						

Which cost centre would the revenue pressure be shown	0496	Has this been reviewed by the budget manager	Y
Name of budget manager	Mike Artherton		
Loan value	£400,000	Interest Rate	6%
		Term Years	20
		Annual Repayment	£34,873.82
Revenue code for annual repayments	0496/7802		
Service area or corporate borrowing	Service Borrowing		
Revenue implications reviewed by	Jozef Lewis		

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)

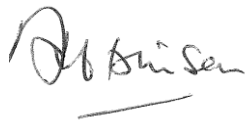
Author of Business Case	Date	Document Version	Reviewed By	Date
Jackie Keith	06/06/2023	v 1.0	Mike Artherton	08/06/2023
Jackie Keith	13/06/2023	v 3.0	Tim Thomas and Jackie Keith	17/07/2023

SECTION 6: RECOMMENDATION AND ENDORSEMENT

Recommended Decision

It is recommended that the Leader of the Council:

- Approves the Business Case
- Allocates an additional £400,000 for the project into the Capital Programme funded by service borrowing
- Authorises the procurement process
- Delegates the award of the contract to Service Director for Philip Robinson

Councillor Tudor Evans (The Leader of the Council)		Service Director - Phillip Robinson (Service Director for Street Services)	
Either email dated: 05/09/2023	<i>Date: 05/09/2023</i>	Either email dated:	<i>Date: 05/09/2023</i>
Or signed:		Signed: 	
Date: 05/09/2023		Date: 05/09/2023	