

CAPITAL INVESTMENT BUSINESS CASE

Tavistock Place, Brownfield Land Release Funding Round 2



EXECUTIVE SUMMARY

The Council has successfully secured £353,250 from the Brownfield Land Release Fund Round 2 (BLRF2) to demolish two old, redundant Council owned buildings in Tavistock Place, near The Box.

This business case provides an overview of the work to prepare for the demolition of these buildings, recommends that the BLRF2 funding is added to the Capital Programme and that work commences on the procurement of a demolition contractor with the aim of starting the demolition work in early 2024.

Whilst the details of the future redevelopment of the site are yet to be determined, the aspiration is that the site is used to build upon the recent investment in The Box to firmly establish the area as a vibrant cultural and leisure destination.

SECTION I: PROJECT DETAIL

Project Value (indicate capital or revenue)	£353,250	Contingency (show as £ and % of project value)	£39,500 or 12.5%
Programme	City Centre Regeneration	Directorate	Place - ED
Portfolio Holder	Cllr Tudor Evans	Service Director	David Draffan
Senior Responsible Officer (client)	Matt Ward	Project Manager	Iain Mackelworth
Address and Post Code	36-39 Tavistock Place, PL4 8AX	Ward	Drake

Current Situation:

The Council owned site at Tavistock Place is located in Plymouth City Centre close to the main university campus and opposite The Box and is currently occupied by two old, poor quality, redundant buildings which until recently have provided storage for the Museum and Gallery.

The redevelopment of the Tavistock Place site is a long-held ambition. The site is included in the Joint Local Plan as part of Policy PLY18 and the former Plymouth Social Club was acquired by the Council in 2017 for redevelopment along with the adjacent Museum Annex.

In March 2023 the Council submitted an application to the Brownfield Land Release Fund Round 2 (BLRF2) for the demolition of the existing buildings, removing a significant development constraint and de-risking the site. The demolition of these buildings is a critical first step to redevelopment which will further improve the area which has already benefited from significant investment over the last few years and as a result has established itself as a major destination within the city centre.

Proposal:

This Business Case seeks approval to add the BLRF2 grant to the Capital Programme and to undertake the demolition works.

The demolition works are expected to commence in the first quarter of 2024 following a procurement exercise to appoint a demolition contractor. Hoarding will be erected around the site as part of the demolition contract. It is proposed that the area of hoarding fronting onto Tavistock Place is used to promote The Box.

Whilst the details of the future redevelopment of the site are yet to be determined, the aspiration is that any new development builds upon the recent investment in the area. As such future development will be expected to incorporate high-quality design with active ground floor uses and whilst the details are the subject of ongoing work and consultation with partners, stakeholders and local agents the aim is to incorporate uses which complement The Box and firmly establish the area as a vibrant cultural and leisure destination.

Milestones and Date:

Contract Award Date	Start On Site Date	Completion Date
January 2024	March 2024	April 2024

SECTION 2: PROJECT RISK, OUTCOMES AND BENEFITS**Risk Register:**

Potential Risks Identified		Likelihood	Impact	Overall Rating
Risk	Demolition costs exceed available funding	Low	Medium	Medium
Mitigation	Re-tender. In the event that an acceptable contract price cannot be secured do not proceed with contract and return the grant.	Low	Low	Low
Calculated risk value in £ (Extent of financial risk)	£0			
Risk	Lack of market interest in site following demolition meaning the grant conditions cannot be met resulting in repayment of grant in full or in part.	Low	Medium	Medium
Mitigation	Pro-active marketing on commencement of demolition works. The grant condition relating to Land Release is 3 years from completion of works.	Low	Low	Low
Calculated risk value in £ (Extent of financial risk)	£353,250			

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:**

Minor reduction in holding costs. Increase in land value. Potential Capital receipt from sale of land.	Reduced Health and Safety risk associated with holding old, redundant buildings. Wider economic and social benefits associated with the removal of poor-quality buildings and future redevelopment.
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Low Carbon	
What is the anticipated impact of the proposal on carbon emissions	Overall positive. The buildings are considered economically and functionally obsolete and re-use is not considered suitable in this instance. Redevelopment of the site creates the opportunity to replace two old inefficient buildings with a modern energy efficient development.
How does it contribute to the Council becoming Carbon neutral by 2030	The demolition works contribute towards the following Corporate Commitments in the Net Zero Action Plan: BHP1 – Thermal energy efficiency BHP2 – Efficient use of electricity Future redevelopment of the site enabled by the demolition works support the following: BHP3 – Renewable electricity BHP6 - Sustainable construction
Have you engaged with Procurement Service?	Yes
Procurement route options considered for goods, services or works	Framework or competitive tender.
Procurements Recommended route.	The recommendation will be that a subsequent procurement route options analysis will be undertaken between the department and procurement to determine the procurement route which will represent best value for the Council. Formal sign off will be sought for the recommended route, which will be in accordance with Contract Standing Orders and Public Contract Regulations 2015
Who is your Procurement Lead?	To be confirmed.
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'	N/A
Which Members have you engaged with and how have they been consulted (including the Leader, Portfolio Holders and Ward Members)	The Leader of the Council and the Portfolio Holder for Finance have been briefed by officers from the Economic Development Service. The Ward members for Drake have been briefed via e-mail and phone.

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. £	23/24 £	24/25 £	25/26 £	26/27 £	27/28 £	Future Yrs. £	Total £
Demolition Works		241,000	103,250					344,250
Surveys		9,000						9,000
Total capital spend		250,000	103,250					353,250

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

Breakdown of proposed funding	Prev. Yr. £	23/24 £	24/25 £	25/26 £	26/27 £	27/28 £	Future Yrs. £	Total £
BLRF		250,000	103,250					353,250
Total funding		250,000	103,250					353,250

Which external funding sources been explored	Brownfield Land Release Funding Round 2
Are there any bidding constraints and/or any restrictions or conditions attached to your funding	The BLRF 2 work need to commence by the 31 st March 2024. The land needs to be released (unconditional sale or start on site in the event of direct delivery by the Council) by 31st March 2027.
Tax and VAT implications	The VAT implications will depend on the ultimate use of the sites once the demolition works have been completed. The receipt of any future VAT-exempt income (for example from the freehold sales or leasehold disposals of the sites) might have an adverse impact on the Council's partial exemption position. At this stage, the VAT relating to the demolition costs will be recoverable but will need to be included in the partial exemption calculation. The proposals for the future use of the site will need to be closely monitored, however, and any necessary action taken (such as opting to tax) to ensure that the Council is able to fully recover VAT.
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	£7,000
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Revenue cost code for the development costs	5489/5732
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
Budget Managers Name	Matt Ward


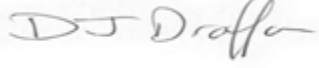
Ongoing Revenue Implications for Service Area							
	Prev. Yr. £	23/24 £	24/25 £	25/26 £	26/27 £	27/28 £	Future Yrs. £
Service area revenue cost							
Other (eg: maintenance, utilities, etc)		N/A					
Loan repayment (terms agreed with Treasury Management)							
Total Revenue Cost (A)							
Service area revenue benefits/savings							
Annual revenue income (eg: rents, etc)		N/A					
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							
Which cost centre would the revenue pressure be shown					Has this been reviewed by the budget manager	Y/N	
Name of budget manager							
Loan value	£N/A	Interest Rate	%	Term Years		Annual Repayment	£
Revenue code for annual repayments	N/A						
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
Iain Mackelworth	00/00/2023	v 1.0	Matt Ward	00/00/2023
	00/00/2023	v 2.0		00/00/2023

SECTION 6: RECOMMENDATION AND ENDORSEMENT**Recommended Decision****It is recommended that the Leader of the Council:**

- Approves the Business Case
- Allocates £353,250 for the project into the Capital Programme funded by the Brownfield Land Release Fund Round 2
- Authorises the procurement process
- Delegates the award of the contract to Service Director for Economic Development where they would otherwise not have authority to do so.

Councillor Tudor Evans(Leader of the Council)		Service Director	
Either email dated:	<i>date</i>	Either email dated:	
Or signed: 		Or signed: 	
Date: 17 November 2023		Date: 16 November 2023	