

CAPITAL INVESTMENT BUSINESS CASE

Plymouth Community Diagnostic Centre



EXECUTIVE SUMMARY

This Business Case provides an overview of the Community Diagnostic Centre (CDC) Project and sets out the background and rationale for the sale of Council owned land at Colin Campbell Court to the University Hospitals Plymouth NHS Trust for the delivery of a new CDC, providing scanning and diagnostic services in the heart of the City Centre.

The Business Case Recommends that the Council re-allocates £534,400 from an existing allocation within the Capital Programme for a project on the same site, which is no longer proceeding, to deliver a package of Service Diversion and Enabling works to support the delivery of the CDC.

SECTION I: PROJECT DETAIL

Project Value (indicate capital or revenue)	£534,400	Contingency (show as £ and % of project value)	£46,400 (10%)
Programme	Colin Campbell Court	Directorate	Place - ED
Portfolio Holder	Cllr Mark Lowry	Service Director	David Draffan
Senior Responsible Officer (client)	Matt Ward	Project Manager	Iain Mackelworth
Address and Post Code	Colin Campbell Court, Plymouth, PL1 1PZ	Ward	St Peter and the Waterfront

Current Situation:

The University Hospitals Plymouth NHS Trust (NHS Trust), with support from Plymouth City Council, submitted a bid to government for funding for a new Community Diagnostic Centre (CDC) to provide significant additional diagnostic capacity in the city centre with the aim of improving health outcomes in Plymouth.

The CDC will be delivered by the NHS Trust on land owned by the Council at Colin Campbell Court which is allocated for redevelopment and regeneration within the Joint Local Plan (PLY7). The delivery of the CDC marks the culmination of years of work undertaken by the Council to assemble the land and clear the site for redevelopment. Without this work, which has been supported by the Council's strategic partners Homes England and the One Public Estate Programme, as well as local stakeholders, the CDC would not have been able to meet the timetable required to secure the funding.

In October 2023 the NHS Trust, supported by the Council, opened a temporary scanning facility on Colin Campbell Court to provide these important services in the area ahead of the opening of the main CDC facility in 2025.

In December 2023, the NHS Trust submitted a Planning Application for the CDC which is currently under consideration by the Local Planning Authority and scheduled to be determined in March 2024.

Proposal:

The delivery of the CDC is strongly aligned with the Council's Corporate Plan which includes a priority to work with the NHS Trust to provide better access to health, care and dentistry. The delivery of the CDC also marks an important first step in the regeneration of Colin Campbell Court which is one of six major regeneration sites within the City Centre identified in the Joint Local Plan (PLY6). As such, it is proposed that the Council supports the delivery of this important project by:

- Selling the land to the NHS Trust for one pound.
- Undertaking enabling works, including the relocation of an existing sewer immediately adjacent to the CDC building.

The Planning application includes an attenuation tank immediately to the North of the CDC building. Both the Council and the NHS Trust have acknowledged that locating the attenuation tank in this location is suboptimal and an inefficient use of land with the high risk that the attenuation tank may need to be moved in future to make way for further phases of new development. However, the Council and the NHS Trust agreed to this solution to allow design work to continue pending identification of an alternative and better option. Following further advice from engineers a better option has been identified involving the relocation of the sewer, this would allow the attenuation tank to be located within the red-line of the land to be transferred to the CDC and eliminates the risk that the tank may need to be relocated in future.

It is proposed that the sewer diversion and enabling works are undertaken by the Council with these works funded from the allocation within the Capital Programme for the Cavell Centre, which is not now proceeding. Whilst the CDC will occupy part of the site allocated for the Cavell Centre the building is smaller and the enabling works are not as extensive; the budget for the Cavell Centre also included public realm and highways works which are not required for the CDC. Therefore, it is recommended that the balance of funding (£2,594,679.47) for the Cavell Centre is removed from the Capital Programme.

Milestones and Date:

Contract Award Date	Start On Site Date	Completion Date
July 2024	August 2024	October 2024

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

Potential Risks Identified		Likelihood	Impact	Overall Rating
Risk	The capital required from the Council is not approved and the service diversion works are not undertaken. As a result, the attenuation will need to be located on a plot with development potential and there is a high probability that the attenuation tank will need to be re-located in the near to medium term. The temporary nature of the attenuation solution is also considered to increase the planning risk. Any delay in securing planning permission represents a significant risk to the project given the time constraints of the funding.	Medium	Medium	Medium
Mitigation	Undertake sewer diversion works now so that the attenuation tank can be situated in a location which is future proof.	Low	Low	Low

Calculated risk value in £ (Extent of financial risk)	£464,000		
--	----------	--	--

Potential Risks Identified		Likelihood	Impact	Overall Rating
Risk	The costs of the sewer diversion work exceed the budget.	Low	Medium	Low
Mitigation	The budget is based upon the costs for the sewer diversion works for the Cavell Centre. The work required for the CDC are simpler and therefore the budget is considered a worst-case scenario. There are up to four possible options for the diversion works, the chosen option will represent the best balance of budget and programme risk.	Low	Medium	Low
Calculated risk value in £ (Extent of financial risk)	£0			

Potential Risks Identified		Likelihood	Impact	Overall Rating
Risk	The works are not delivered within time which impact on the delivery of the CDC.	Medium	Medium	Low
Mitigation	The works are estimated to take 6/7 months (including design). Early approval of Capital Funding and commencement of works. There are up to four possible options for the diversion works, the chosen option will represent the best balance of budget and programme risk.	Low	Medium	Low
Calculated risk value in £ (Extent of financial risk)	£0			

Outcomes and Benefits	
List the outcomes and benefits expected from this project.	
Financial outcomes and benefits:	Non-financial outcomes and benefits:
<p>The CDC project is likely to deliver net additional car parking revenue (Western Approach) from staff and visitors, although it is not possible to quantify this at this stage.</p> <p>The CDC is likely to lead to a net increase in business rates income to the Council, although it is not possible to quantify this at this stage.</p>	<p><u>Outcomes & Benefits</u></p> <ul style="list-style-type: none"> Improved Diagnostic Capacity and Health Outcomes. Including 34K additional CT scans/year & 9K additional MRI Scans. The CDC represents the first phase of regeneration of Colin Campbell Court, acting as a catalyst to encourage further phases of development. This would further revitalise the area, increase footfall, engagement, and vitality, and enhance the resilience of the West End of Plymouth. Additional jobs linked to construction activity.

Low Carbon	
What is the anticipated impact of the proposal on carbon emissions	The project has a limited negative impact on Carbon Emissions associated with the construction activity.
How does it contribute to the Council becoming Carbon neutral by 2030	The project supports climate change adaptation by enabling delivery of a permanent solution to the attenuation of surface water associated with the new CDC.
Have you engaged with Procurement Service?	Yes
Procurement route options considered for goods, services or works	Options include, but are not limited to, Invitation to Tender process or utilisation of a predetermined framework agreement
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 route(s) 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.
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'	N/A
Which Members have you engaged with and how have they been consulted (including the Leader, Portfolio Holders and Ward Members)	Cabinet Member for Health and Adult Social Care. Cabinet Member for Finance.

SECTION 4: FINANCIAL ASSESSMENT

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
	£	£	£	£	£	£	£	£
Enabling Works			£464,400					£464,400
Fees & Project Management		£15,000	£55,000					£70,000
Total capital spend		£15,000	£519,400					£534,400

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
	£	£	£	£	£	£	£	£
Corporate Borrowing		£15,000	£519,400					£534,000
Total funding		£15,000	£519,400					£534,000

Which external funding sources been explored	External funding has been secured to support the up-front options and feasibility work to identify the best solution to the challenge of attenuating surface water. However, this funding cannot be used to cover the Council's internal Project Management costs.
Are there any bidding constraints and/or any restrictions or conditions attached to your funding	The funding secured by the NHS Trust to deliver the CDC requires that the building is completed in 2025.
Tax and VAT implications	<p>The Council has opted to tax the site of Colin Campbell Court. Provided that the option to tax is not disapplied for any reason, any associated supply of land will be taxable, which means that the VAT incurred on the sewer diversion project costs will be fully recoverable provided that:</p> <ul style="list-style-type: none"> • The Council places the purchase order • The contractor issues a VAT invoice in the name of the Council • The Council pays the invoice(s) using its own funds. <p>As a result of the option to tax at Colin Campbell Court, though, the Council is required to charge VAT on income received from the NHS relating to land and property transactions such as any contribution towards the cost of the diversion works.</p>
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	£70,000
Revenue cost code for the development costs	N/A
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	£70,000
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)	N/A						
Total Revenue Cost (A)	N/A						

Service area revenue benefits/savings							
Annual revenue income (eg: rents, etc)		N/A					
Total Revenue Income (B)		N/A					
Service area net (benefit) cost (B-A)		N/A					
Has the revenue cost been budgeted for or would this make a revenue pressure		N/A					
Which cost centre would the revenue pressure be shown		N/A	Has this been reviewed by the budget manager			Y	
Name of budget manager		Matt Ward					
Loan value	£	Interest Rate	%	Term Years		Annual Repayment	£
Revenue code for annual repayments		N/A					
Service area or corporate borrowing		N/A					
Revenue implications reviewed by		N/A					


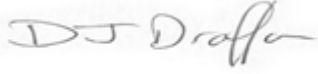
Version Control:

Author of Business Case	Date	Document Version	Reviewed By	Date
Iain Mackelworth	14/02/2024	VI	Matt Ward	19/02/2023
Iain Mackelworth	19/02/2024	Final Draft		
Iain Mackelworth	12/03/2024	Final		

SECTION 6: RECOMMENDATION AND ENDORSEMENT

It is recommended that the Leader:

- Approves the sale of Council owned land at Colin Campbell Court for £1 to University Hospitals Plymouth NHS Trust to enable the delivery of the Community Diagnostic Centre (CDC).
- Approves the Capital Business Case to deliver enabling works to support the delivery of the CDC.
- Authorises the procurement process for the enabling works.
- Approved the virement of £534,400, Corporate Borrowing, from a project on the same site which is not now proceeding to the Clinical Diagnostic Centre project.
- Approves the removal of £2,594,679.47, Corporate Borrowing from the Capital Programme allocated to a project on the same site which is not now proceeding.
- Grants authority to the Service Director for Economic Development to award all contracts and complete any agreements associated with the sale of the land and completion of the Council's enabling works.

Councillor Tudor Evans OBE (Leader of the Council)		Service Director	
Either email dated:	<i>date</i>	Either email dated:	
Or signed: 		Or signed: 	
Date: 14 March 2024		Date: 12 March 2024	