

# CAPITAL INVESTMENT BUSINESS CASE

*Efford and Honicknowle Youth Centres – Solar & Insulation*



## EXECUTIVE SUMMARY

### Summary

Efford and Honicknowle Youth Centres are part of the cooperate estate and have recently been awarded £3m (£2.4m Youth Investment Fund and a further £600,000 for legacy maintenance works including two new roofs at the sites) which will completely revamp the sites and deliver significantly more services to young people and communities than ever before. In order to spend money wisely, maximise the space and work towards mitigating climate change a further £1,000,000 is required to install solar insulate the roofs and walls. This investment by helping make the sites considerably more self-sustainable in terms of running costs and help to bring this corporate asset in line with the Net Zero Action Plan (NZAP).

### Benefits of Doing it Now

1. **Cost Efficiency:** Save costs by utilising existing project resources and contractors who will be on site as part of the renovation works
2. **Time Savings:** Remove the need to carry out further, planning, procurement and tendering exercises as can be incorporated into existing plan
3. **Synergies:** Streamline construction tasks.
4. **Design Integration:** Ensure a cohesive result.
5. **Minimized Disruption:** Reduce closures and disruptions.
6. **Comprehensive Assessment:** Address uncovered issues immediately.
7. **Increased Property Value:** Attract paying tenants for financial sustainability.

### Consultation

*It is understood that both CMT and Cabinet have discussed these works and are aware of the needs; Emergency Climate funding has been granted. It has also been put into the pipeline of works in advance of the creation of this business case*

## SECTION I: PROJECT DETAIL

<b>Project Value (indicate capital or revenue)</b>	£1,000,000	<b>Contingency (show as £ and % of project value)</b>	20%
<b>Programme</b>	Community Infrastructure	<b>Directorate</b>	People
<b>Portfolio Holder</b>	Cllr Jemima Laing (Cabinet Member for Children's Social Care, Culture and Communications).	<b>Service Director</b>	Matt Garrett (Community Connections)
<b>Senior Responsible Officer (client)</b>	Dave Ryland	<b>Project Manager</b>	John London
<b>Address and Post Code</b>	Blandford Rd, Plymouth PL3 6HU; Honicknowle Youth Centre, Honicknowle Grn, Honicknowle, Plymouth PL5 3PX;	<b>Ward</b>	Honicknowle Efford and Lipson

**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)*

Efford, Honicknowle and Fredrick Street Youth Centres have become tired and are in need of a host of repairs and maintenance. Through the Youth Investment Fund, the authority has successfully bid for £2.4m to renovate the sites and has a further £600k to address new roofs and legacy maintenance issues. Efford and Honicknowle sites currently rely on electricity and a gas boiler for power and even with the works there is still an opportunity to move away from high carbon fossil fuel dependence and improved thermal efficiency.

**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?)*

We are proposing that we take advantage of the fact that we have investment that will give a new lease of life to authority assets and provide a real boost to the local communities by leveraging the contractors who will be working on the sites to carry out these energy efficiency works. A bid has been successful with the Emergency Climate Fund to fully furnish the Efford and Honicknowle sites with solar arrays which will put energy back into the grid at a profit, whilst insulating both the walls under the new cladding and the new roofs making both sites extremely energy efficient and environmentally sustainable. This is a one-off opportunity as the new cladding will be installed to both buildings. It would not be possible to retrofit at a later date without significant damage and disruption.

**Why is this your preferred option:** *(Provide a brief explanation why this option is preferred) and (Explain why this is a good capital investment and how this would be an advantage for the Council) and (explain how the preferred option is the right balance between the risks and benefits identified below).*

**Cost Efficiency:** Performing the works and renovations simultaneously will be more cost-effective than doing them separately. For instance, we will be able to share certain costs, such as labour, equipment, and project management, which will result in overall savings.

**Time Savings:** Combining these works and renovations could save time compared to doing them sequentially. This is especially important as the option to do at a later date is not possible for the Insulation works.

**Synergies in Work:** Some works and renovations may require similar or overlapping work. For example, replacing the roof and applying the cladding; it makes sense to do this while other work is being done. Coordinating these tasks will most likely streamline the construction process.

**Integrated Design:** Performing energy efficiency works and renovations together allows for a more integrated design approach. We can ensure that the insulation elements blend seamlessly with the cladding and new roofs, installing the solar panels at the same time, creating a cohesive and aesthetically pleasing result.

**Minimized Disruption:** A decant is required in the two buildings as they will be closed; doing so once is preferable to doing it twice, as it will reduce the impact on young people, on resources working from the location and people who book out the building spaces.

**Increased Property Value:** A fully renovated and repaired building that is environmentally sustainable with low or no running costs generally has a higher chance of attracting paying tenants, such as small businesses and charities, helping secure the financial sustainability of the building

**Option Analysis:** *(Provide an analysis of 'other' options which were considered and discounted, the options considered must be a 'do Nothing' and 'do minimum' and 'viable alternative' options. A SWOT – Strength, Benefit, Opportunity, Threat analysis could be attached as an appendix).*

<b>Do Nothing Option</b>	Do not include the energy efficiency works in the renovation works
<b>List Benefits:</b>	Cost avoidance initially of £1m, however the work will have to be carried out at some point to meet our green/climate change agenda and prices are only increasing, works will be destructive and require the replacement of the new cladding and also further site closures
<b>List Risk / Issues:</b>	Serious risk to success of YIF requirement to make site environmentally sustainable
<b>Cost:</b>	Potentially >£1m
<b>Why did you discount this option</b>	Not doing the changes is likely to cause damage and further cost undermining the renovation project
<b>Do Minimum Option</b>	
	Complete solar panels only
<b>List Benefits:</b>	Less initial spend; however, the building will not be energy efficient through heat loss and will not achieve sustainability targets
<b>List Risk / Issues:</b>	Cladding once installed without the insulation to walls, would need to be removed and replaced in order to insulate at a later date. Emergency Climate change fund may not be available at a later date
<b>Cost:</b>	Around half initially; but insulation costs later are likely to be significantly more expensive
<b>Why did you discount this option</b>	Risks too high
<b>Viable Alternative Option</b>	
	n/a
<b>List Benefits:</b>	
<b>List Risk / Issues:</b>	
<b>Cost:</b>	
<b>Why did you discount this option</b>	

<b>Strategic Case:</b>	
<b>Which Corporate Plan priorities does this project deliver?</b>	Spending money wisely
	Focusing on prevention and early intervention
	Keeping children, adults and communities safe
	Green investment, jobs, skills and better education

<b>Milestones and Date:</b>		
Contract Award Date	Start On Site Date	Completion Date
August 2024	August 2024	31 March 2025

<b>SECTION 2: PROJECT RISK, OUTCOMES AND BENEFITS</b>					
<b>Risk Register:</b> <i>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).</i>					
<b>Potential Risks Identified</b>			<b>Likelihood</b>	<b>Impact</b>	<b>Overall Rating</b>
<b>Risk</b>	Initial outlay		Medium	Medium	Medium
<b>Mitigation</b>	Sourced funding through the emergency climate change fund		Medium	Low	Low

<b>Calculated risk value in £ (Extent of financial risk)</b>	£60,000	<b>Risk Owner</b>	Dave Ryland		
<b>Risk</b>	Staff decant at each site		High	Medium	High
<b>Mitigation</b>	Include works with renovation, therefore reducing to a single decant period		High	Low	Medium
<b>Calculated risk value in £ (Extent of financial risk)</b>	£0	<b>Risk Owner</b>	Dave Ryland		

**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:**

Sites will become environmentally and economically sustainable  
By adding solar panels and improving insulation running costs should reduce and value of assets should greatly increase

Sites will become environmentally sustainable  
By fixing issues, we should see a safer environment for PCC staff, stakeholders and members of the public on site.  
We will also be able to offer a warm space for community members to attend which is key to support those impacted by the cost of living crises.

**SECTION 3: CONSULTATION**

**Does this business case need to go to CMT**

No

**Date business case approved by CMT  
(if required)**

**Climate Impact Assessment**

**Upload Climate Impact Wheel**

Complete - Efford and Honicknowle Youth Centres – Solar & Insulation CIA (Attached as appendices)

**Summary of the anticipated impact of the proposal on the climate (including any proposed mitigations and impacts beyond 2030)**

Installing solar PV and improving the efficiency of the building fabric will have overall benefit of contributing to the climate agenda.

**Have you engaged with Procurement Service?**

Yes

**Procurement route options considered for goods, services or works**

An 'Invitation to Tender' procurement process is currently live, whereby this element of works will be included within as additional scope.

<b>Procurements Recommended route.</b>	As above	
<b>Who is your Procurement Lead?</b>	Simone Newark	
<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>		

<b>Which Members have you engaged with and how have they been consulted</b> <i>(including the Leader, Portfolio Holders and Ward Members)</i>	Cllr Penberthy & Cllr Laing – Spoken to on the phone and in Portfolio Holder Sessions.
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<b>Confirm you have taken necessary Legal advice, is this proposal State Aid compliant, if yes please explain why.</b>	Yes. Legal sign-off attained
<b>Who is your Legal advisor you have consulted with?</b>	Liz Bryant

<b>Equalities Impact Assessment completed</b> <i>(This is a working document which should inform the project throughout its development. The final version will need to be submitted with your Executive Decision)</i>	Yes
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## 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

<b>Breakdown of project costs including fees surveys and contingency</b>	<b>Prev. Yr.</b>	<b>23/24</b>	<b>24/25</b>	<b>25/26</b>	<b>26/27</b>	<b>27/28</b>	<b>Future Yrs.</b>	<b>Total</b>
	£	£	£	£	£	£	£	£
Solar and Insulation installation	0	0	£1,000,000	0	0	0	0	£1,000,000
<b>Total capital spend</b>	<b>0</b>	<b>0</b>	<b>£1,000,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>£1,000,000</b>

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

<b>Breakdown of proposed funding</b>	<b>Prev. Yr.</b>	<b>23/24</b>	<b>24/25</b>	<b>25/26</b>	<b>26/27</b>	<b>27/28</b>	<b>Future Yrs.</b>	<b>Total</b>
	£	£	£	£	£	£	£	£
Efford Youth Centre	0	0	£500,000	0	0	0	0	£500,000

Honicknowle Youth Centre			£500,000					£500,000
<b>Total funding</b>	<b>0</b>	<b>0</b>	<b>£1,000,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>£1,000,000</b>

<b>S106 or CIL</b> (Provide Planning App or site numbers)	Preplanning reference numbers:  24/00223/FUL Honicknowle  24/00220/FUL Efford
<b>Which alternative external funding sources been explored</b>	Youth Investment fund £2.4m will cover renovations and £600k from Estates will cover legacy repairs
<b>Are there any bidding constraints and/or any restrictions or conditions attached to your funding</b>	No
<b>Tax and VAT implications</b>	The project will generate some VAT-exempt income relating to the hire of rooms or premises at Honicknowle and Efford Youth Centres. A proportion of the VAT incurred (in the region of £200k) on the capital cost will need to be included therefore in the Council's partial exemption calculation. It is likely, however, that the amount of VAT concerned will be able to be accommodated within the 'de minimis' limit and there will be no adverse impact on the Council's overall partial exemption position. The VAT incurred on the cost of the project will be fully recoverable, but the expenditure will need to be monitored to ensure that the Council remains below its 'de minimis' partial exemption limit.
<b>Tax and VAT reviewed by</b>	Sarah Scott
<b>Will this project deliver capital receipts?</b> (If so please provide details)	No

## 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>	£0 assimilated into Project manager time and covered by the Capital project
<b>Revenue cost code for the development costs</b>	3881
<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>			Dave Ryland				
<b>Ongoing Revenue Implications for Service Area</b>							
	<b>Prev. Yr.</b>	<b>23/24 £</b>	<b>24/25 £</b>	<b>25/26 £</b>	<b>26/27 £</b>	<b>27/28 £</b>	<b>Future Yrs.</b>
<b>Service area revenue cost</b>							
<b>Other</b> (eg: maintenance, utilities, etc)	0	0	0	0	0	0	0
<b>Loan repayment</b> (terms agreed with Treasury Management)	0	0	0	0	0	0	0
<b>Total Revenue Cost (A)</b>	0	0	0	0	0	0	0
<b>Service area revenue benefits/savings</b>							
<b>Annual revenue income</b> (eg: rents, etc)	£25k	£25k	£25k	£25k	£25k	£25k	£25k
<b>Total Revenue Income (B)</b>	£25k	£25k	£25k	£25k	£25k	£25k	£25k
<b>Service area net (benefit) cost (B-A)</b>							
<b>Has the revenue cost been budgeted for or would this make a revenue pressure</b>	Budgeted						
<b>Which cost centre would the revenue pressure be shown</b>	n/a		<b>Has this been reviewed by the budget manager</b>			Y	
<b>Name of budget manager</b>	Dave Ryland						
<b>Loan value</b>	£0	<b>Interest Rate</b>	0%	<b>Term Years</b>	0	<b>Annual Repayment</b>	£0
<b>Revenue code for annual repayments</b>	n/a						
<b>Service area or corporate borrowing</b>	Service Area						
<b>Revenue implications reviewed by</b>	Katie Rosewarne						

**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
S. Hambleton	7/06/2024	v 1.0	Dave Ryland	7/6/24
Anna-Leigh Selvester	7/6/24	VI.1	S. Hambleton	7/6/24
S. Hambleton	12/6/24	VI.2	Dave Ryland	12/6/24
S. Hambleton	13/6/24	VI.3	Dave Ryland	13/6/24

## SECTION 5: RECOMMENDATION AND ENDORSEMENT

### Recommended Decision

It is recommended that the Leader of the Council:

- Approves the Business Case
- Allocates £1,000,000 for the project into the Capital Programme funded by Climate Emergency Investment Fund
- Delegates the award of the contract to Service Director for Community Connections where they would otherwise not have the authority to do so.

<b>Councillor Tudor Evans OBE (Leader)</b>		<b>Service Director</b>	
<b>Either email dated:</b>	24/07/2024	<b>Either email dated:</b>	date
<b>Or signed:</b> N/A		<b>Signed:</b> Dave Ryland	
<b>Date:</b> N/A		<b>Date:</b> 24/07/24	