

Appendix Two

ARGYLL & BUTE COUNCIL

OUTLINE BUSINESS CASE FOR SERVICE DEVELOPMENT PROJECTS

DEPARTMENT Community Services and D & I **SERVICE** Community & Culture and
Roads & Amenity Services

Asset Group: _____

Project Name: **Toilet Block and Car Park at Carradale Harbour**

1. Executive Summary:

Introduction and context including description of problem/challenge/business requirement; description of do nothing option and why it is not acceptable; description of do minimum option; and description of preferred option if this is not do minimum.

Request by Carradale Harbour Group for a long term lease under the Third Sector Asset Transfer Process of the toilet block and car park (excluding the net storage area) in order that the Group can improve the access to the harbour and develop new facilities for visitors, enhance the tourism experience and indirectly improve the local economy.

The do nothing option would see the toilets remain open requiring the Council to pay an annual grounds maintenance costs on going refurbishment costs and staffing costs in relation to cleaning. An opportunity would be missed to potentially upgrade the facilities for visitors, improve the aesthetics of the area, promote tourism , assist to improve the local economy and eliminate the Council's expenditure on maintenance .

The transfer option would be to commit a long term lease of the public conveniences and car park to the Carradale Harbour Group or such other third sector group as may wish to develop the toilets and car park which can present an acceptable business case. The lease would enable the Group to undertake a development plan for the toilets and car park thereby improve the aesthetics of the area. Thereafter the Group would continue to develop the harbour area for visitors and fishermen thereby improving the tourism experience and indirectly assisting to improve the local economy. The Council would save the staffing and grounds maintenance costs.

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2. Impact on Council Plans:

This section should demonstrate links to Council's Corporate Plan; the Service Plan; Area Plans; Corporate Strategies; and compliance with legal and national priorities.

Corporate Plan 2013-2017 - The proposed long term lease of the public conveniences and car park contributes to the outcomes of the Corporate Plan through;

Corporate Objective 2 - Working together to realise the potential of our communities.

Corporate Objective 3 - Working together to realise the potential of our area.

Community Plan and Single Outcome Agreement - The proposed long term lease of the public conveniences and car park would contribute to the outcomes of the Community Plan and Single Outcome Agreement through;

Outcome 1 - The economy is diverse and thriving.

Outcome 5 - People live active, healthier and independent lives.

Outcome 6 - People live in safer and stronger communities

National Priorities. - The proposed long term lease of the public conveniences and car park contributes to the Scottish Government's national priorities through;

National Priority 1 - Economic Recovery & Growth.

National Priority 4 - Safer & Stronger Communities

3. Affordability:

Show that the project is an acceptable and prudent investment for the Council and that ongoing costs can be sustained; Capital Costs are affordable; ongoing revenue costs are affordable; provide information on external funding for the project.

The proposed long term lease has no capital costs associated with it. The Council would receive annual income from the lease. Additional revenue savings would be made through the elimination of the annual staffing and grounds maintenance costs estimated at £6,800.

There will be a cost associated with staff time to progress the long term lease to conclusion although such costs are applicable to all lease agreements to a greater or lesser degree.

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OUTLINE BUSINESS CASE FOR CAPITAL PROJECTS - COST PLAN

DEPARTMENT Community Services and D & I **SERVICE** Community & Culture and Roads & Amenity Services

Asset Group:

Project Name: Toilet Block and Car Park at Carradale Harbour

Nature of Expenditure (delete as appropriate)

Replacement/Cost Saving/Carbon Management/Expansion

Details of asset being replaced if any:-
N/A

Disposal of Asset

Market Value	<input type="text" value="10000.00"/>	Based on valuation carried out by DVS Property Specialists.
		For the long lease option, as opposed to outright acquisition - the District Valuer has provided a rental valuation for the ground and PCs. The figure provided is £750 per annum on the basis of a 25 year lease.
Removal costs (estimate)	<input type="text" value="10000.00"/>	Estimated
Marketing costs (estimate)	<input type="text" value="1000.00"/>	
Other costs	<input type="text" value="0.00"/>	
Net Market Value of Asset	<input type="text"/>	

total rental income over 25yr lease for commercial 18750.00 let

7750.00 less - Total disposal costs

less - maintenance cost 37500 savings over 25 yrs

less - annual energy cost 7500 over 25yrs

Revenue Costs

Cost Per Annum
£

Maintenance Cost

1500

Estimate - Based upon -
Sweep / pot-hole / empty
gullies / pc consumables.

Energy Cost

300

Estimate for electricity

Other Running Cost

5000

Estimate - based upon - PC
Cleaner (£3,150 per annum)
/ non-domestic rates / public
liability insurance

Total Revenue Cost

6800

Capitalised Revenue Costs (10 years)

Total Net Market Value of Asset

-34000.00 income less costs
-1360 divided by 25 yr lease

Net savings of £1,360 P.A.
suggest a pepper corn
rent £100 P.A. for the
100 asset

Ongoing contract with
the Council to continue
to supply cleaning
3150 services P.A.

suggested annual rental
(with salary increases
3250 built in to the contract)

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BUSINESS CASE LIFE CYCLE COST CALCULATION

<u>ASSET DESCRIPTION</u>	Toilet Block and Car Park at Carradale Harbour		
	Note	£	
Initial Cost or Purchase Price	1	10000.00	Based on valuation by DVS.
Commissioning or Installation Cost		n/a	incl Relining - £500
Maintenance Cost per Annum	2	0.00	* £6,500 Est. cost to maintain car park surface - £200 pa
Energy Cost per Annum	2	0.00	*£300
Other Running Costs per Annum	2	0.00	n/a
Useful Life (Years)		25.00	
Discount Rate		2.00%	
Residual Value		10000.00	
Total Life Cycle Cost			
Life Cycle Cost Per Annum			

Notes:

1. Where Initial Cost is calculated over a construction period see Data Sheet
2. For analysis of costs see Data Sheet
3. For the long lease option, as opposed to outright acquisition - the District Valuer has provided a rental valuation for the ground and PCs. The figure provided is £750 per annum on the basis of a 25 year lease.

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BUSINESS CASE LIFE CYCLE COST CALCULATION - PRESENT VALUE

<u>ASSET DESCRIPTION</u>	car park and public toilets at Carradale	
	£	
Initial Cost or Purchase Price	10000.00	Based on valuation by DVS - or £750 per annum rental.
Commissioning or Installation Cost		
Maintenance Cost per Annum	6500.00	
Energy Cost per Annum	300.00	Estimated
Other Running Costs per Annum	0.00	Estimated
Residual Value	-7809.38	
Present Value Life Cycle Cost		

LIFE CYCLE COST CALCULATION WORKSHEET

1. Construction Cost of Asset 10000.00

2. Construction Period (months) 2.00%

3. Discount Rate 0.00

4. Present Value 0.00

5. Construction Period in Years 0.00

6. Maintenance Cost per annum Analysis

Planned Repairs	
Emergency Repairs	
Abnormal Repairs	
Cleaning	

Total Maintenance Cost per Annum 0

7. Energy Costs per annum Analysis

Oil	
Gas	
Electric	
Other	

Total Energy Cost per annum 0

8. Other Running Costs per annum Analysis

Total Other Running Costs per annum 0

Argyll & Bute Council -

			RISK ASSESSMENT					
Ref	Category	Risk Description	Chance	Impact	Score	Risk Level	Risk Lead	Mitigating Action
1	strategic & financial	No strategic risk. Ongoing grounds maintenance liability. Cost to remove structure.	3	1	3	Red/ Green/ Amber		Disposal to community group.
2	operational	The property is no longer operated as a public convenience.	1	1	1	Red/ Green/ Amber		N/A
3	statutory	Planning/Building Standards Conditions	1	5	5	Red/ Green/ Amber		Community Group would need to obtain consents to develop the site. The Council would need to obtain a Building Warrant for the demolition of the property if the sale does not progress to conclusion.
4	project	Unforeseen technical difficulties	2	5	10	Red/ Green/ Amber		Community group recommended to have a ground investigation study undertaken.
5	project	Higher than predicted construction costs and time delays	3	5	15	Red/ Green/ Amber		Community group to appoint a suitably qualified Project Manager.
6	project	Poor contractor performance	2	4	8	Red/ Green/ Amber		Community group to vet prospective contractors and ensure they have appropriate experience and indemnity insurance.
7	project	Level of contingencies / design risk	1	4	4	Red/ Green/ Amber		Community group to appoint suitably qualified Project Manager/ Architect.

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**BENCHMARKING SHEET FOR SERVICE DEVELOPMENT
AND STRATEGIC CHANGE PROJECTS AT OBC STAGE**

DEPARTMENT Community Services and D & I **SERVICE** Community & Culture and Roads & Amenity Services

Asset Group: _____

ProjectName: **Toilet Block and Car Park at Carradale Harbour**

	Target	Actual
Project Benefits		
List of measures and targets to be used to determine if the Project has been a success in terms of service delivery.		
a) The asset is maintained in a safe and presentable condition. b) There has been a marked increase in customer demand. c) The asset is clearly being well managed. d) A public consultation exercise has been carried out and it is clear that the public are satisfied with the condition of the asset and its availability for their use. e) Accurate financial records are held and maintained and it is clear that the project is financially viable.	Site sold and maintenance obligations ceased	
Project Financials		
List of capital costs, revenue costs and external funding.		
Capital Cost of project		
Revenue Costs		
External Funding		

	Target	Actual
Project Delivery		
Project Team Formed	N/A	
Project Plan Agreed	N/A	
Specification Finalised	N/A	
Land Acquired	N/A	
Planning, Building Warrant or Other Permission Secured	N/A	
Project Notification Advertised if required	N/A	
Tenders Invited	N/A	
Tenders Returned	N/A	
Tenders Evaluated	N/A	
Contractor Appointed	N/A	
Contractor Starts on Site	N/A	
Duration of Construction Contract and milestones if appropriate	N/A	
Practical Completion	N/A	
Council Takes Possession	N/A	
Service Delivery Commences	N/A	
Contractor's Final Account Agreed	N/A	
Making Good Defects Completed	N/A	

Project Risk

List of risks identified at OBC/FBC stage. Show new risks and whether any risks materialised how they were managed and their impact. Summarise if risks managed effectively.

See attached Risk Log sheet. No new risks have been identified.

Overall Project Summary.

Third sector organisation wish to take over responsibility for public toilets and car park which is currently maintained by the Council. Ongoing maintenance liabilities, for both the car park and public convenience, would be transferred across to the new operator thereby allowing the Council to reduce future revenue maintenance costs. The lease must be worded to ensure that, in future, full access to both the pc and car park will be available to the public. Recycling area to remain in its present location with full access available for use by public and emptying by contractor. There may be some limited scope to reduce car park spaces, but this will have to be based on an agreed formula, using historical data, which ensures that car parking availability, at times of high demand, is not compromised. A Council employee currently carries out cleaning duties at the public convenience. Entrances to the car park act as passing places - these must be fully maintained in their present condition. Space and access to recycling bins to be maintained. Free access to remain to net storage area.

The new operator will be responsible for all future maintenance costs such as gully cleaning, road sweeping within the car park, delineation of car parking spaces, grass cutting and surfacing repairs. The operator will also be responsible for the payment of non-domestic rates, water, sewerage and electricity charges. The operator will hold insurance to cover 3rd party liability claims.