

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:

Former public toilets on strategic landbank site Dervaig Isle of Mull

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 North West Mull Community Group for the transfer of the former Dervaig Public Toilets and ground in order that the Group can rebuild new toilets and develop new amenities for visitors, enhance the tourism experience and indirectly improve the local economy.

The do nothing option would see the former toilets remain closed and require the Council to pay an annual grounds maintenance charge and an opportunity would be missed to potentially provide new facilities for visitors, improve the aesthetics of the area, promote tourism, assist to improve the local economy and eliminate the Council's expenditure on maintaining the grounds.

The transfer option would be to pass over responsibility for the former public conveniences to the North West Mull Community Group or such other third sector group as may wish to acquire the toilets and which can present an acceptable business case. The sale would enable the Group to remove the former toilets and thereby improve the aesthetics of the area. Thereafter the Group would construct new toilets for visitors thereby improving the tourism experience and indirectly assisting to improve the local economy. The Council would save the annual 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 disposal of the former Dervaig Public Toilets 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 disposal of the former Dervaig Public Toilets 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 disposal of the former Dervaig Public Toilets contributes to the Scottish Government's national priorities through;

National Priority 1 - Economic Recovery & Growth.

National Priority 4 - Safer & Stronger Communities

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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 sale has no capital costs associated with it. The Council would receive a small capital receipt and would prevent the need for any future capital expenditure for replacement or the removal of the existing structure. Additional revenue savings would be made through the elimination of the annual grounds maintenance charge.

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

4. Deliverability/Work Schedule:

Show that project can be delivered successfully in respect of timescale; management arrangements; and what are the residual or knock on consequences.

The Council has all the relevant professional disciplines within the Council to progress the sale to conclusion. Sales of assets have been successfully managed previously and no issues are anticipated with this sale. The sale will be managed by the Estates Services and will be progressed by the Estates Services, Governance & Law and the Social Enterprise Team.

The sale will be progressed in accordance with indicative timescales within the third sector disposal procedures and in accordance with the requirements and/ or limitation of the North West Mull Community Group and such funding as they may require to obtain.

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5. Risk Log:

This section should set out foreseen risks as they affect Impact on Council Plans as well as on asset condition and suitability; affordability; deliverability. Indicate action aimed at mitigating these risks and highlight whether any contingency plans are likely to be needed. Provide a summary of three cost and timetabling scenarios - optimistic, realistic, and pessimistic - relating to the project (see 6a below).

See Risk Log Worksheet which sets out the chance, impact and mitigating actions re the following:-

The risk to the Council is minimal. Annual grounds maintenance charges at £426 per annum are minimal and the assessed cost of removing the structure should the sale not proceed is again a small sum at only £1,000. Should the sale fail to proceed the Council has the staff and budgetary resources to organise the removal of the existing structure.

As the grounds maintenance charge is small the Council is at no significant disadvantage in allowing the group time to pursue a purchase of the property. The advantages of a successful sale are much more significant as a new public convenience will be built for visitors to Mull and the existing structure which is not in a good condition will be removed. Improving the facilities for visitors will indirectly enhance the local economy through greater visitor numbers. A temporary improvement to the local economy will result from the construction of the new facility.

The Council's Social Enterprise Team will assist the North West Mull Community Group with their third sector asset transfer application and the preparation of a robust business plan.

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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: **Former public toilets on strategic landbank site Dervaig Isle of Mull**

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	£	30000.00	Based on valuation carried out by DVS Property Specialists for commercial sale of land that would offer no public benefit.	
Removal costs (estimate)	£	1000.00	saving if asset is transferred over.	disposal for a nominal amount of £5,000 in replacement costs
Marketing costs (estimate)	£	1000.00		£2,000 saving in demolition and publicity costs
Replacement Costs	£	35000.00	Estimate based on replacement costs for existing facility	£4,260 annual maintenance costs (ten years) A possible saving of £11,260
Net Market Value of Asset	£	-7000.00		

Revenue Costs

Cost Per Annum
£

Maintenance Cost	426	Esitmated ground maintainance costs P.A.
Energy Cost	N/A	
Other Running Cost	N/A	
Total Revenue Cost of existing	426	
	4260	
Capitalised Revenue Costs (10 years)		
Total Net Market Value of Asset	-7000.00	

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BUSINESS CASE LIFE CYCLE COST CALCULATION

ASSET DESCRIPTION Former public toilets on strategic landbank site Dervaig Isle of Mull

	Note	£
Initial Cost or Purchase Price	1	<u> </u> 35000.00 incl
Commissioning or Installation Cost		<u> </u> 426.00
Maintenance Cost per Annum	2	<u> </u> 0.00
Energy Cost per Annum	2	<u> </u> 0.00
Other Running Costs per Annum	2	<u> </u> 10.00
Useful Life (Years)		<u> </u> 2.00%
Discount Rate		<u> </u> 30000.00
Residual Value		<u> </u> 9260.00
Total Life Cycle Cost		<u> </u> 926
Life Cycle Cost Per Annum		<u> </u>

Notes:

1. Where Initial Cost is calculated over a construction period see Data Sheet
2. For analysis of costs see Data Sheet

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BUSINESS CASE LIFE CYCLE COST CALCULATION - PRESENT VALUE

<u>ASSET DESCRIPTION</u>	Former public toilets on strategic landbank site Dervaig Isle of Mull	
	£	
Initial Cost or Purchase Price	30000.00	Based on valuation by DVS
Commissioning or Installation Cost		
Maintenance Cost per Annum	426.00	
Energy Cost per Annum	0.00	
Other Running Costs per Annum	0.00	
Residual Value	-26947.76	
Present Value Life Cycle Cost		

LIFE CYCLE COST CALCULATION WORKSHEET

1. Construction Cost of Asset	0.00
2. Construction Period (months)	
3. Discount Rate	2.00%
4. Present Value	0.00
5. Construction Period in Years	0.00
6. Maintenance Cost per annum Analysis	
Planned Repairs	426
Emergency Repairs	
Abnormal Repairs	
Cleaning	
Total Maintenance Cost per Annum	426

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: _____

Project Name: **Former public toilets on strategic landbank site Dervaig Isle of Mull**

Project Benefits	Target		Actual
<p>List of measures and targets to be used to determine if the Project has been a success in terms of service delivery.</p> <p>a) The budgeted expenditure has been achieved</p> <p>b) The required additional accomodation has been provided</p> <p>c) The level of customer satisfaction is at least good</p>	<p>maintenance obligations ceased</p> <p>Liability reduced</p> <p>Imporved accommodation at no Area enhanced and customer satisfaction significantly increased</p>		
Project Financials			
<p>List of capital costs, revenue costs and external funding.</p> <p>Capital Cost of project</p> <p>Revenue Costs</p> <p>External Funding</p>	<p>-426</p>		

Project Delivery	Target		Actual
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 and rebuild the derelict toilets and develop the area of ground which is currently maintained by the Council. It is a small site and has limited development potential. It could offer savings in the region of £11,000. Negating the Councils ongoing maintenance costs and the cost of disposing or replacing of the derelict toilets. It is recommend that the asset is transferred to the Community group for a nominal amount of £100. Transfer at this cost is fair and equitable and ensures best value for the Council and the wider community.

Transfer of the asset would need to specify that the site is used for community benefit and that a new public convenience is erected in the future.