One Public Estate | Shirebrook Public Services Hub

STRATEGIC OUTLINE CASE / OUTLINE BUSINESS CASE

Document control

Project name	Shirebrook One Public Estate	**Project number**	GASG0033
Date of Issue	July 2020	**Version number**	07
Reason for issue	Draft issued to client for review and comment		

Document author	Victoria Powell/ Michael Davies	**Grade**	Senior Consultant/Director
Signature			
Contributors			
Approved by	Darren Crocker	**Grade**	Director
Signature			

Version Control

Date	Issue	Revision
25/02/19	Document created	00
11/03/19	Updated with technical information	01
18/03/19	Internal draft review	02
29/03/19	Draft issued to client for comment	03
13/05/19	Final draft for internal review	04
20/04/20	Draft issued following appraisal of additional options	05
23/04/20	Final draft issued following receipt of Client comments	06
14/07/20	Final draft reissued to include wider stakeholder comments	07

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Introduction

Introduction

This document has been produced in line with HM Treasury "Green Book" principles on the evaluation of capital projects in government.

It is intended to provide more than what would be provided in a Strategic Outline Case ("SOC"), but not fully compliant with the requirements of an Outline Business Case ("OBC").

The document is structured to include the following 5 elements in line with the 5-case model:

1. The **Strategic Case**: Why is an intervention necessary and what benefits should the Partners expect to achieve as a result of such an intervention?

   This is set out in **Section 1.**

2. The **Economic Case**: What are the options available to achieve the strategic intent and which one offers the best Value for Money?

   This is set out in **Section 2**.

3. The **Commercial Case**: How can the project be procured and delivered?

   This is set out in **Section 3**.

4. The **Financial Case**: How will the project be financed and what does it cost?

   This is set out in **Section 4**.

5. The **Management Case**: How will the programme be delivered and what governance arrangements will be put in place to assure delivery commensurate with the strategic intent?

   This is set out in **Section 5**.

1

Strategic Case

1 The Strategic Case

The Strategic Case sets out the background to why an intervention is necessary and what benefits are being targeted by any potential intervention(s).

1.1 One Public Estate ("OPE") and Objectives

OPE partnerships across the country have shown the value of working together across the public sector and taking a strategic approach to asset management. At its heart, the programme is about getting more from our collective assets - whether that's catalysing major service transformation such as health and social care integration and benefits reform; unlocking land for new homes and commercial space; or creating new opportunities to save on running costs or generate income. This is encompassed in three core objectives:

- Creating economic growth (new homes and jobs);
- Delivering more integrated, customer-focused services, and
- Generating efficiencies, through capital receipts and reduced running costs.

The country's need for new housing – in the right places and at the right price – has become greater as the housing crisis has continued. OPE therefore puts a special emphasis on freeing-up public sector land for building houses, alongside other objectives of better services and efficiencies.

Any proposed investment needs to align to the aims of Derbyshire County Council and Partners' policy objectives to improve efficiency by unlocking the potential value of public sector assets through a collaborative approach to asset management. Further details of which can be found in the following documents:

- One Public Estate – Building a Movement through Partnership, and
- Unlocking the Value in Public Sector Assets.

Bolsover District Council, on behalf of the Bolsover Partnership and its strategic partners, has been successful in applying for OPE funding to commission an in-depth feasibility study, considering a 'Concept' design and a number of sites which may be suitable, all of which are under Public ownership.

The benefits of the project are expected to;

- Improve community facilities and customer experience of public services through single point ‘hub’ and ‘multi space’ concepts;
- Services will align with wider requirements of housing, migration forecasts and the like;
- Reduced running costs through occupying less space and making buildings more efficient, and
- Creating opportunities for capital receipts through disposals of surplus assets.

This Public Services Hub project also aligns to the key criteria of the OPE programme, namely;

- More integrated, customer-focused services through a single point;
- Reducing running costs;
- Generating capital receipts, and
- Creating economic growth

1.2 The Local Context

Situated in the district of Bolsover in North-East Derbyshire, Shirebrook is a town in the Bolsover district of north-east Derbyshire on the border with Nottinghamshire, England. It had a population of 13,300 in 2001, reducing to 9,760 at the 2011 Census. It lies 16miles (26km) South-East of Sheffield, 17miles (27.5km) North of Nottingham and 22miles (35.5km) North-East of Derby.

The town of Shirebrook has a high level of deprivation which is reflected in key social and economic indicators, such as employment levels, health, skills and economic inactivity. The town has been the focus of significant regeneration and economic development activity for the past 15 years and remains a key priority for Bolsover District Council. Despite the level of deprivation, the town shows positive signs of economic growth with Homes England delivering a housing scheme with Keepmoat for 1,000 new homes.

The 93-acre, £24million development funded by English Partnerships and administered by East Midlands Development Agency, Brook Business Park is predominantly designated to Sports Direct that occupy four giant warehouses totalling 111,000 square metres, with a training facility, helipad and a retail store. Sports Direct amongst its 3,000 workers employs a large number of people who decided to migrate to Shirebrook from eastern states of European Union.

The large numbers of migrant workers, although in many ways positive, have had two material negative consequences:

- The influx of migrant workers has not been well received among some elements of the local population who in some ways seek to recover from the loss of mining in the area, and
- Some of the migrant families themselves have acute and complex health and support needs which require a joined-up approach to be effective.

This situation exists elsewhere in the Country and in December 2017, the government through their Minister for (then) Communities and Local Government, Lord Bourne, announced a £1.26 million aid-package from the Controlling Migration Fund, after a bid was successful from local networking groups Bolsover Partnership and Shirebrook Forward NG20 to assist with the consequences of the large influx of Eastern European workers. The money is a two-year investment intended to improve access to public services, integrate resident and migrant communities, improve the shopping and Market Square area and ease pressures on housing, schooling and health services resulting from migration.

Alongside the NG20 Building Resilience Programme, any project brought forward under the OPE should seek to effect change in service delivery by facilitating a medium for the public sector service providers to explore collaborative working options for the future delivery of public sector services in Shirebrook to meet the rise in the current and future health and social care demand.

This project is taking place in an environment of continued austerity and the need to create financially sustainable systems. The partners have identified the above OPE criteria as being the investment objectives for the project. This document details to the feasibility and option appraisal of developing a Public Services Hub in Shirebrook.

1.3 The Current Position

1.3.1 Stakeholders

The business case for the Public Services Hub is being led by Bolsover Partnership which was formed in 2011 and brings together the main service providers and agencies within the Bolsover area in an effort to drive local regeneration and service improvement.

A number of services have been identified as key to the success of this initiative and from this a number of key Partners. These are:

- Bolsover District Council (the District Council);
- Derbyshire County Council (the County Council);
- Derbyshire Community Health Services NHS Foundation Trust (DCHS);
- NHS Derby and Derbyshire Clinical Commissioning Group (CCG), and
- Shirebrook Town Council.

1.3.2 Scope and Shortcomings of Services

From discussions with the services themselves, a number of issues were raised with the ability of the current asset base to respond to changing needs and the demographics in question – they are simply not fit for purpose. These are set out in the following table:

Stakeholder	Service	Description
Debyshire County Council	**Adult Education**	The service plans to expand its service offering to include outdoor teaching however this is not possible at the Carter Lane site due to building layout on the site.
Debyshire County Council	**Learning Disabilities**	The service currently does not have a sensory area and have a demand for it to meet their future service delivery plan. The existing accommodation does not allow for this additional space.
Debyshire County Council	**Children's Early Years**	There is a demand for a modern service delivery which is more accessible and improved outdoor play spaces. The existing accommodation and site are limited to allow this service improvement and change.
Debyshire County Council	**Public Health**	The service plan is to be customer-facing and offer additional customer interactive services.
Debyshire County Council	**Library**	There is a demand for a modern service delivery and a move to greater use of self-service facilities. The library would like to expand its information service offering by being co-located with health, social care and community services to meet customer needs. There is redundant under-utilised space in a building.
CCG / GP	**GP Service**	The GP service need to expand/extend accommodation to meet service demand however there is insufficient site space for this future expansion/extension.
Derbyshire Community Health Service	**Maternity**	The midwifery service does not currently have any physical base within Shirebrook, and this directly affects service delivery to local customers.
Derbyshire Community Health Service	**Mental Health Services**	The service does not currently have any physical base within Shirebrook, and this directly affects service delivery to local customers.

As part of the stakeholder engagement, briefs were developed for each service which describe the preferred "to be" position – this is included as **Appendix A** of this SOC / OBC.

Through a review of the service requirements for accommodation it was established that a total Gross Internal Floor Area ("GIFA") in the region of 6,870m2 is required to provide the most efficient space that meets the present and future needs for all services/tenants to be located in the Hub[1].

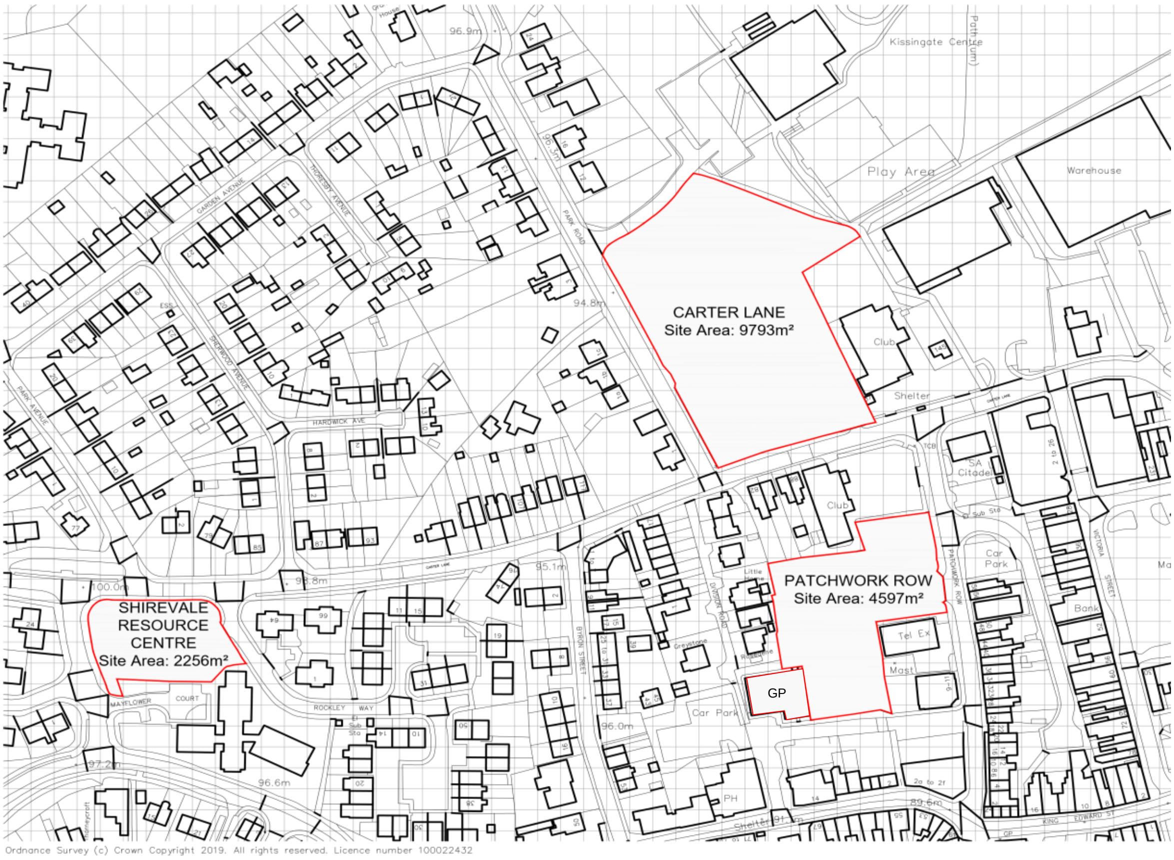
[1] During and subsequent design development phase, areas, and adjacencies should be discussed and confirmed along with other design principles and changes made accordingly. For example, although the library provision has been developed in line with accepted benchmarks, it has been raised by the service as being too large for the actual need.

1.3.3 Assets Utilised

The relevant services are delivered from a number of assets in the Town:

- Carter Lane
- Patchwork Row;
- Shirevale Resource Centre, and
- GP Surgery (adjacent Patchwork Row).

The sites are located within relatively close proximity of each other as shown on the map below:



Some of the services proposed for the Hub are based at these three sites, and the remaining services are either located in surrounding areas (the GP Surgery is located in a building adjacent to Patchwork Row) or do not currently provide a full suite of services (DCHS). As can be seen, although they are within the same vicinity, they do little to facilitate joined up service provision.

The table below provides a summary of the potential sites and lists all the services currently provided.

Proposed Site:	Shirevale	Carter Lane	Patchwork Row	Other Locations
Location:	Rockley Way, Shirebrook, NG20 8PD	Carter Lane, Shirebrook, NG20 8PE	Patchwork Row, Shirebrook, NG20 8JQ	-
Site Area:	2256m^2	9793m^2	4597m^2	-
Properties:	**Shirevale Resource Centre**	**Community Education Centre** **Carter Lane Day Centre** **Earlybirds Private Nursery** **Shirebrook Children's Centre**	**Shirebrook Health Centre** **Shirebrook Library**	Various
				
Ownership:	Freehold	Freehold	Freehold	Various
Description:	The Shirevale site is a small development area situated on the edge of the centre of Shirebrook. The site comprises a secluded single storey building, car parking for circa 10 cars and a private garden to the rear of the property.	The Carter Lane site comprises the old Carter Lane School with Victorian origins accessible from Carter Lane and Park Road. The site is situated adjacent to open grassland accessible from Park Road.	Patchwork Row site comprises the Shirebrook Health Centre which is on a raised level with a bank and a Library which is at a significantly lower level of the site and in line with the road.	The Shires Health Centre (GP Service) is a separate building adjacent to the Shirebrook Health Centre.
Services:	**Day Care of Older People** **Social Work** **Occupational Therapy**	**Adult Education** **Elderly Services** **Learning Disabilities** **Children's Early Years** **Multi-Agency Team** **Public Health** **Private Nursery**	**Community Nursing** **Podiatry** **Health Visitors** **Diabetes Education** **Dental** **Sexual Health** **Speech & Language Therapy** **Library**	**GP Service** **Maternity** **Mental Health Day Services** **Job Centre** **Voluntary Organisation/ Charities**

1.3.4 Broader Issues

As discussed above, Shirebrook is a priority site for economic development for Bolsover District Council. Any centralisation of services will have a consequential impact on land release and / or wider development for either job creation and / or housing. As a result, the impact on the wider economy will also need to be considered in the choices around sites for redevelopment.

Like the rest of the public sector, the public sector stakeholders forming part of this project will be under severe financial pressure as grant is reduced. It is important that the optimum solution is found and that this contributes to more efficient costs to the public sector whilst meeting service need.

1.4 Rationale for Change and Expected Benefits

1.4.1 Rationale for Change

The rationale for change can be summarised as:

- Provision of fit for purpose assets;
- Improved services and more effective services through co-location;
- More efficient revenue costs, and
- Increased capital receipts and economic benefit.

1.4.2 Expected Benefits

In order to determine the benefits of the scheme and how well each option performs, a benefits mapping exercise was held with stakeholders to develop a benefits logic map and the management process to ensure that the benefits are realised to achieve the strategic and operational objectives. The results of the benefits realisation workshop are set out in **Appendix B** and the main benefits (in priority order) set out in the table below:

Code	Benefit
B1	Reduce facilities management costs and energy expenditure.
B2	Improved service to the public and customer satisfaction including the ability for integrated events.
B3	Generation of capital receipts.
B4	Reduced expenditure on agency staff.
B5	Improved staff retention and perception.
B6	Keep Shirebrook general practitioners list open in light of known future demand.
B7	To assist in the delivery of the local plan.
B8	Ability to utilise both shared staff and resources along with the ability for joint training initiatives.
B9	The ability to operate out of fit for purpose buildings.
B10	For public services to be seen as integrated to the public across all agencies and increase footfall.

These will be measured as part of the review process following implementation. Further details on this are set out in the management case.

2

Economic Case

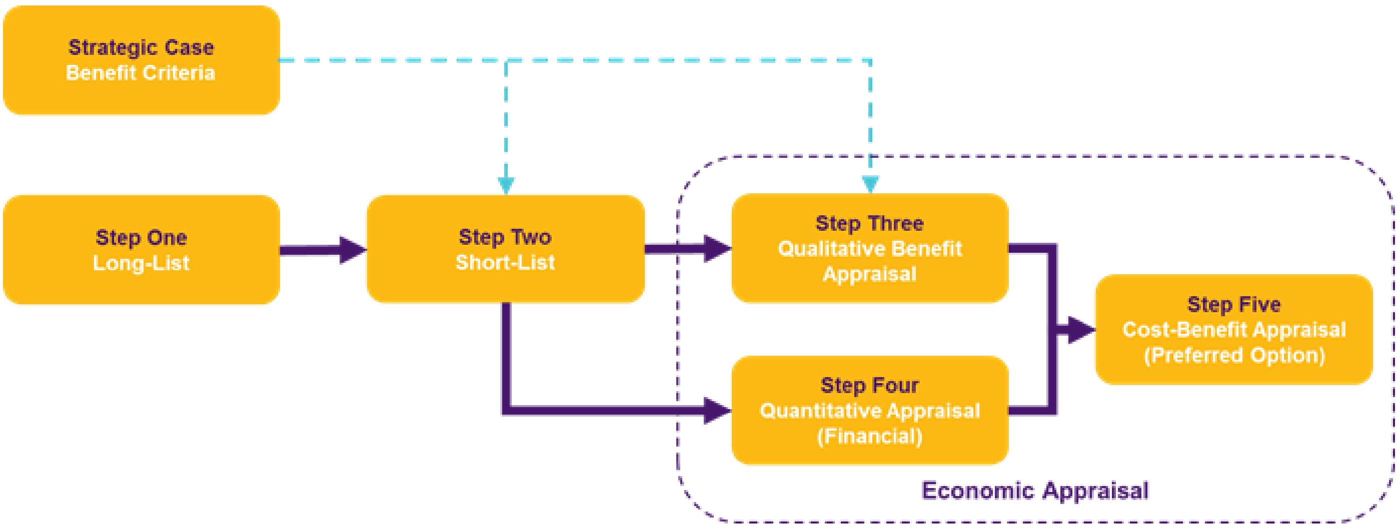
2 Economic Case

This section of the business case details the range of options that have been considered to determine a preferred option for the consolidation of the identified health, social care and community services onto a single site in a Public Services Hub.

The options appraisal is conducted consistent with HM Treasury guidance which has an aim to determining the option that best achieve value for money after consideration of the outcomes that are estimated to be achieved and the present value of costs.

2.1 Methodology

The methodology used to appraise the options is detailed below:



The results of applying the methodology is set out in the remainder of this economic case.

This diagram is explained below:

- **Benefits and evaluation criteria** are determined at the outset to prevent any “gaming”;
- A **longlisting** exercise is undertaken to identify probable options;
- A **shortlist** is determined where any unfeasible options are removed;
- An **economic appraisal** is performed which includes:
  - A **qualitative appraisal** against the previously determined benefit criteria
  - A **quantitative (financial) appraisal** is undertaken on an NPV basis, and
- A **cost / benefit appraisal** is undertaken to identify the Preferred Option.

2.2 Evaluation Criteria

A number of stakeholder engagement workshops took place to undertake the options appraisal, the first step being to identify the evaluation criteria. The evaluation criteria were formed from the following Critical Success Factors ("CSFs") and expected benefits:

Critical Success Factors	Benefits
Integrated delivery of co-located services	Enables the member organisations to align their estate to better meet service and operational needs.
	The project can be planned and delivered without adversely affecting the day-to-day operation of the organisations.
	Maximising the opportunity for services to work together with appropriate adjacencies.
	Staff satisfaction is maintained (or enhanced) supporting staff recruitment and retention through improved premises.
Better access and convenience of location	Location of hub is at the most convenient site for customers.
	Improves or enhances public accessibility and visibility of service.
More fit for purpose public estate	Site used for hub generates maximum benefit to the estate.
	Leads to reduction in system-wide operational costs (i.e. PPM, soft FM, utilities etc.) or increased system-wide revenue generation.
	Enables disposal of surplus estate to generate capital receipts which supports the wider capital programmes.
Car parking and external spaces	Appropriate external spaces and car parking available.
Flexibility for futureproofing	Flexibility of internal spaces and overall site for future expansion.

This evaluation was used in both Step 2 (Short-list) and Step 3 (Qualitative Benefit Appraisal).

2.3 Long-Listing - (Step One)

Initially, there were three sites in Shirebrook that were identified by the Partnership as potential sites for the new 'Hub' as follows:

- Carter Lane;
- Patchwork Row, and
- Site of Shirevale Resource Centre.

A longlist of potential solutions was developed that could potentially meet the requirements. These were[2]:

- Do Nothing (baseline required in line with guidance);
- Option Ai - Consolidate all services at Carter Lane;
- Option Aii - Consolidate all services at Carter Lane (excluding the GP surgery)
- Option B - Consolidate all services at Patchwork Row;
- Option Bii – Consolidate all services at Patchwork Row (excluding the GP surgery)
- Option Ci – Consolidate all services at site of Shirevale Resource Centre, and
- Option Cii – Consolidate all services at site of Shirevale Resource Centre (excluding the GP surgery).

2.4 Assessment of long list of options

In order to short-list the options, two workshops were held with the Project Control Board and the Project Officer Group to evaluate the options on the 4 March 2019

At these sessions, it was determined that two of the sites (Patchwork Row, options Bi and Bii, and the site of Shirevale Resource Centre, options Ci and Cii) had insufficient site area to accommodate the likely floor area at the proposed public services hub. These sites were removed from the evaluation at this stage and therefore were not shortlisted.

[2] As it was not clear at the outset whether the GPs would want to form part of the project, to avoid lost time, options were developed which considered this element both in and out of the scope of accommodation.

During the completion of the SOC / OBC, there were other events which, if known at the time would have impacted on the shortlisting process. These are discussed below, with the options removed as if the information was known at the time:

- Throughout the production of this document, the GPs were consulted with a view to their surgery forming part of the scheme, however, ultimately they decided not to participate (this removed all options which anticipated the GPs occupying space in the hub, namely option Ai – “Consolidate all services at Carter Lane”, and
- At a meeting to discuss initial findings on the SOC / OBC, it was agreed that Portland Road, a site previously discounted, should once again form part of the scheme – this introduced a new option – Option Dii – “Consolidate all services at the Portland Road site (excluding the GP surgery)”.

2.5 Shortlisting - (Step Two)

The assessment of the long options was then taken forward for evaluation by the PBC and POG. The stakeholder review of the long list of options against the OPE objectives and evaluation criteria is set out in **Appendix C** with the shortlist which will progress to the steps 3 – 5, economic appraisal, summarised in the following table:

Option	Take Forward for Shortlisting
Do Nothing (Baseline)	✓
Option Ai – Consolidate all services at Carter Lane	✘
Option Aii – Consolidate all services at Carter Lane (exc GPs)	✓
Option Bi – Consolidate all at Patchwork row	✘
Option Bii – Consolidate all at Patchwork row (exc GPs)	✘
Option Ci - Consolidate all at the site of Shirevale Resource Centre	✘
Option Cii - Consolidate all at the site of Shirevale Resource Centre (exc GPs)	✘
Option Di - Consolidate all at the site of Portland Road	✘
Option Dii - Consolidate all at the site of Portland Road (exc GPs)	✓

This shortlist was confirmed by a meeting of the Project Control Board.

Note: As set out in Appendix C – Option Dii - Consolidate all at the site of Portland Road (exc GPs) was reintroduced later in the process.

2.6 Economic Appraisal - (Steps Three, Four & Five)

This section provides a detailed overview of the main costs and benefits associated with each of the short-listed options. It comprises of three steps (steps three, four and five):

Step	Description
Step Three: Qualitative Appraisal	The appraisal of the qualitative benefits associated with each option was undertaken and used a weighted scoring methodology to firstly assess the relative importance of the strategic objectives (outlined above) and associated evaluation criteria and secondly, assess how well (or otherwise) each option fared against the strategic objectives. This is achieved by: – Identifying the benefits criteria relating to each of the investment objectives. – Weighting the relative importance (in %) of each evaluation criteria in relation to each investment objective. – Scoring each of the short-listed options against the evaluation criteria on a scale of 0 to 500. – Deriving a weighted score for each option.
Step Four: Quantitative Appraisal	The net present value (NPV) of the short-listed options has been calculated in line with HMT guidance (the green book): – In line with guidance, VAT has been excluded; – Depreciation is excluded as it is not a cash payment, and – All costs are in constant pay and prices.
Step Five: Cost-Benefit Appraisal	In line with guidance, we have undertaken a combined analysis examining the cost per point. The option with the lowest cost per point of benefit is the preferred option that best represents VfM.

2.7 Qualitative appraisal - (Step Three)

The appraisal of the qualitative benefits associated with each option was undertaken and uses a weighted scoring methodology to firstly assess the relative importance of the strategic objectives (outlined above) and associated benefits criteria and secondly, assess how well (or otherwise) each option fared against the strategic objectives.

The stakeholder organisations and individual service leads have assessed the available options against the evaluation criteria (see section 2.3) to discount any unviable options and establish a short-list of options. This was completed firstly in a group where a consensus was reached. With the inclusion of option Dii, participants were again asked to score the options individually. This led to a range of scores and so it was necessary to moderate the scores with any outliers being removed.

The comparison of the long list of options against the investment objectives and evaluation criteria resulted in a short-list of three options being agreed and taken forward – these are discussed below:

Option	Description
Do nothing	This option represents no change from the status quo and delivers no aspect of the OPE strategic objectives. It would provide limited change to current ways of working, and consequently will not achieve the OPE benefits or objectives. Whilst the change impact of this option would be the lowest, it represents a high-risk course of action longer term, as backlog maintenance remains an issue and the service quality/performance are unlikely to improve.
Option Aii: Co-Locate at Carter Lane, excl. GPs	New build Public Services Hub located at the Carter Lane site which includes the grassland to the north. The Hub GIFA of 5362m^2 includes for all identified services excl. the GP service, as per the indicative sketch design set out in **Appendix Di**[3].
Option Dii: Co-Locate at Portland Road excl GPs	New build Public Services Hub located at the Portland Road site which includes the grassland to the north. The proposed Hub building with a GIFA of 5383m^2 is set out in **Appendix Dii**[4]. As a separate design was not prepared to exclude the GP Surgery, this plan is not reflective of the final design of this site (it includes 3 floors for instance). Removing the GP accommodation would reduce the space and allow the top floor to be removed from the design. For the avoidance of doubt, the area used in the calculations, is based on an assumed schedule of accommodation excluding the GP accommodation (and so does not fully reflect the indicative design.

Scores were awarded on the following basis:

Score	Awarded As
001 – 100	Very little or no impact on the critical success factor and associated benefits
101 – 200	Minor impact on the critical success factor and associated benefits
201 – 300	Some impact on the critical success factor and associated benefits
301 – 400	Significant impact on the critical success factor and associated benefits
401 – 500	Maximum impact derived on the critical success factor and associated benefits

The weightings and scoring of the objectives and benefits for each option are as follows:

[3] The sketch designs set out in Appendices Di and Dii are provided mainly to assess massing and the ability of the site to accommodate the space initially identified. As design develops, we would expect the areas may be challenged and potentially reduced. In addition, the adjacencies of some of the spaces may change as new ways of working between the agencies are discussed and implemented.

Critical Success Factor	Benefits	Weighting	Do Nothing		Aii - Consolidate all EXC GP Surgery on Carter Lane Site		Option Dii - Consolidate all EXC GP Surgery on Portland Road Site	
			Raw (out of 500)	Weighted (%)	Raw (out of 500)	Weighted (%)	Raw (out of 500)	Weighted (%)
Integrated delivery of co-located services	Enables the member organisations to align their estate to better meet service and operational needs. The project can be planned and delivered without adversely affecting the day-to-day operation of the organisations. Maximising the opportunity for services to work together with appropriate adjacencies. Staff satisfaction is maintained (or enhanced) supporting staff recruitment and retention through improved premises.	40%	10.3	4.1	290.0	116.0	330.0	132.0
Better access and convenience of location for customers and end users	Location of hub is at the most convenient site for customers. Improves or enhances public accessibility and visibility of service.	20%	2.4	0.5	294.4	58.9	280.0	56.0
More fit for purpose Public Estate	Site used for hub generates maximum benefit to the estate. Leads to reduction in system-wide operational costs (i.e. PPM, soft FM, utilities etc.) or increased system-wide revenue generation. Enables disposal of surplus estate to generate capital receipts which supports the wider capital programmes.	15%	20.5	3.1	300.1	45.0	298.2	44.7
Car Parking and external spaces	Appropriate external spaces and car parking available.	15%	52.6	7.9	331.8	49.8	295.9	44.4
Flexibility for future-proofing	Flexibility of internal spaces and overall site for future expansion.	10%	68.0	6.8	279.3	27.9	256.8	25.7
		100%		22.4		297.6		302.8
				4%		60%		61%

This shows that options Aii and Dii, consolidate at Carter Lane and Portland Road respectively are extremely close in qualitative terms. In contrast, the “Do Nothing” option scores extremely poorly indicating the dissatisfaction with the current situation.

Key factors influencing the scoring were similar for both Carter Lane and Portland Road as follows:

- **Do Nothing** has scored poorly across all criteria from a non-financial perspective as.
  - It does not facilitate joint working between the services / stakeholders;
  - Multiple locations are not convenient for groups with complex needs;
  - Current fitness for purpose and satisfaction issues are not addressed, and
  - Current car parking issues remain.

- **Hub at Carter Lane exc GPs (Option Aii)** has scored high across all benefit criteria from a non-financial perspective as:
  - It will provide premises that support the current and future models of service delivery from all remaining stakeholder organisations and services;
  - The utilisation of the Carter Lane site is improved and a more efficient use of site area;
  - The hub will remain in a location familiar to service users;
  - However, a downside is that it will need to be implemented on a 'live' site with necessary decant / recant. Inevitably, there is likely to be some disruption and temporary operational changes may be required to accommodate the works);
  - It offers potential for economic development but not to the same level as the Portland Road option, and
  - All internal and external space requirements are fully met with, as the largest site, the potential and flexibility for futureproofing too.
- **Hub at Portland Road exc GPs (Option Dii)** has scored high across all benefit criteria from a non-financial perspective as:
  - It will provide premises that support the current and future models of service delivery from all remaining stakeholder organisations and services;
  - It can be implemented on an available site with no disruption to operation impact on the public services;
  - As this will release the more central (and larger) Carter Lane site which is likely to be in more demand than other sites, the wider economic benefit is likely to be comparatively better than other options;
  - All internal and external space requirements are fully met with some ability for futureproofing (although not to the same extent as Carter Lane), but
  - Although not too far away, the location is not as central as Carter Lane (it may also be unfamiliar to some and could cause confusion in groups of high need), and
  - Site is in public sector ownership but not the ownership of any of the potentially occupying parties and so the related land transaction may be more difficult.

2.8 Quantitative appraisal - (Step Four)

2.8.1 Introduction

The quantitative analysis includes two elements:

- The assessment of the whole life costs of the options over an assumed life of the project (40 years)[5], and
- A high-level quantification of some of the wider economic benefits that could accrue but which do not feature anywhere else in the evaluation.

2.8.2 Option Costs

Options costs of the options have been established and have been analysed on a Net Present Value ("NPV") basis which seeks to equalise the costs at the same price date and so the impact of timing of cashflows and inflation are normalised.

The NPVs of the options have been calculated on the following basis:

- Costs are inflated as follows:
    - Capital costs are uplifted to the assumed mid-point of construction at 4% pa;
    - Revenue costs are inflated at 2.5% pa for the relevant period to the first year of construction 2021 / 22, and
    - No inflation is included beyond that listed above and so are included in nominal terms.
- NPVs are calculated for an assumed 40-year life of the building at a nominal discount rate of 3.5% in line with HM Treasury guidance;
- NPVs are calculated at 01 April 2020 values;
- Areas and capital costs for the options are set out in **Appendix E;**
- Capital receipts are calculated by reference to site areas and rates provided by Commercial Agents, Pygott and Crone – their market report is included as **Appendix F**;
- Existing revenue costs have been provided by the relevant entities. The values at 2017 / 18 prices are set out in **Appendix G**, and

[5] During and subsequent design development phase, areas, and adjacencies should be discussed and confirmed along with other design principles and changes made accordingly. In advance of that, it has been raised by the service as being too large for the actual need (the library provision was developed in line with accepted benchmarks. At this stage, as this will impact the economic case equally (and not materially), it does not impact on the final decision and has not been amended.

- New revenue costs have been prepared based on a mix of inputs provided by Gleeds and by utilising existing information as follows:
  - Hard FM maintenance (Gleeds at £15 / m2 of Net Internal Area (“NIA”) – current prices);
  - Hard FM compliance (Gleeds at £3.50 / m2 of NIA – current prices);
  - Response repairs (Gleeds at 10% of Hard FM maintenance);
  - Caretaking and cleaning (Gleeds at £13.50 / m2 of Gross Internal Area (“GIA”);
  - Trade waste (based on existing costs;
  - Business rates (based on existing costs;
  - Grounds maintenance (based on existing costs);
  - Utilities (based on existing costs), and
  - Lifecycle and cyclical repairs (Gleeds on a profile which equate to a nominal total of 36% of the capital costs over the assumed life of the asset).

The detailed quantitative analysis is included as **Appendix H**.

The NPVs for the options are set out below:

2.8.3 NPV Analysis - Do Nothing Option

The Do-Nothing option has an NPV of £8.8m over the 40-year period. It shows that there are currently £1m of backlog repairs required **but excludes the cost of any other planned maintenance.** However, as there is no programme of works, there are no capital (or acquisition) costs.

The Do-Nothing option is the option against which all other options are assessed.

Building / Cost / Income	NPV @ 01-Apr-20 3.50%	Total	Year 1 01 April 2021	Year 2 01 April 2022	Year 3 01 April 2023	Year 4 1 April 2024	Year 5 1 April 2025
TOTALS - DO NOTHING OPTION							
Acquisition Costs	0	0	0	0	0	0	0
Capital Costs	0	0	0	0	0	0	0
Capital Receipts (Enter as Neg)	0	0	0	0	0	0	0
Backlog Maintenance	1,000,308	1,035,319	1,035,319	0	0	0	0
Lifecycle Costs	0	0	0	0	0	0	0
Utilities	1,150,357	2,242,036	52,140	52,140	52,140	52,140	52,140
FM Costs	6,635,180	12,931,912	300,742	300,742	300,742	300,742	300,742
Revenue Income (Included Above)	0	0	0	0	0	0	0
Total	**8,785,845**	**16,209,267**	**1,388,202**	**352,883**	**352,883**	**352,883**	**352,883**

2.8.4 NPV Analysis – Option Ai – Consolidate on Carter Lane (exc GP Surgery)

Option AII option has an NPV of £26.3m over the 40-year period. This is considerable larger than the NPV for the Do-Nothing option due to the cost of the new hub building. This option would not allow any capital receipts to be generated.

Utilities costs are higher than the Do-Nothing option reflective of the fact that the new building provides considerably more floor space.

Remaining FM costs are roughly equivalent of the Do-Nothing option showing the expected efficiency of the newer and single building (note: no assessment has been made for any benefits in operational staffing costs).

Building / Cost / Income	NPV @ 01-Apr-20 3.50%	Total	Year 1 01 April 2021	Year 2 01 April 2022	Year 3 01 April 2023	Year 4 1 April 2024	Year 5 1 April 2025
TOTAL - OPTION AII (CARTER LANE)							
Acquisition Costs	0	0	0	0	0	0	0
Capital Costs	17,011,384	18,270,000	3,806,250	9,135,000	5,328,750	0	0
Capital Receipts (Enter as Neg)	-372,542	-427,500	0	0	0	-427,500	0
Backlog Maintenance	0	0	0	0	0	0	0
Lifecycle Costs	3,327,429	6,910,171	0	0	0	172,754	172,754
Utilities	2,258,690	4,690,689	0	0	0	117,267	117,267
FM Costs	4,117,996	8,551,966	0	0	0	213,799	213,799
Revenue Income (Included Above)	0	0	0	0	0	0	0
Total	**26,342,958**	**37,995,326**	**3,806,250**	**9,135,000**	**5,328,750**	**76,321**	**503,821**

2.8.5 NPV Analysis – Option Di – Consolidate on Portland Road (exc GP Surgery)

Option Dii option has an NPV of £24.9m over the 40-year period. Again, this is considerably larger than the NPV for the Do-Nothing option due to the cost of the new hub building. The capital cost is lower than that of Carter Lane as demolition costs are not relevant and there is no allowance for the cost of a phased build programme. In addition, the capital receipt is largest.

Similar to option Aii, utilities costs are higher than the Do-Nothing option reflective of the fact that the new building provides considerably more floor space.

Remaining FM costs are roughly equivalent of the Do-Nothing options showing the expected efficiency of the newer and single building (note: no assessment has been made for any benefits in operational staffing costs).

Both utilities and FM Costs are similar to that of the Carter Lane option as the areas are broadly similar.

Building / Cost / Income	NPV @ 01-Apr-20 3.50%	Total	Year 1 01 April 2021	Year 2 01 April 2022	Year 3 01 April 2023	Year 4 1 April 2024	Year 5 1 April 2025
TOTAL - OPTION DII (CARTER LANE)							
Acquisition Costs	407,717	421,988	421,988	0	0	0	0
Capital Costs	15,810,251	16,980,000	3,537,500	8,490,000	4,952,500	0	0
Capital Receipts (Enter as Neg)	-845,081	-969,750	0	0	0	-969,750	0
Backlog Maintenance	0	0	0	0	0	0	0
Lifecycle Costs	3,092,487	6,422,261	0	0	0	160,557	160,557
Utilities	2,267,472	4,708,927	0	0	0	117,723	117,723
FM Costs	4,146,409	8,610,972	0	0	0	215,274	215,274
Revenue Income (Included Above)	0	0	0	0	0	0	0
Total	**24,879,257**	**36,174,397**	**3,959,488**	**8,490,000**	**4,952,500**	**-476,196**	**493,554**

2.9 Wider Economic Benefits

The potential economic benefits of the options are set out in the table below:

Option	Do Nothing	Option Aii	Option Dii
Area to be Disposed	-	1.9 acres	4.51 acres
Potential Housing Units	-	31	73
Of Which Nunber Affordable (10%)	-	3	7
Potential Annual New Homes Bonus	-	£52,851	£124,333
Potential New Homes Bonus (4 Years)		£211,404	£497,732
Or			
Assumed Area Floorspace Created (at 2,000 / acre)		3,801m2	9,023m2
Assumed Jobs Created (at 60-70m2 industrial / warehousing)		54 – 63	129 - 150

The table above shows that as developing Portland Road for the hub releases significantly more public sector land for redevelopment, that the economic benefits are similarly greater.

2.10 Cost-Benefit Appraisal - (Step Five)

We have undertaken a combined analysis examining the cost per point. The results are set out in the following table:

Option	Do Nothing	Option Aii	Option Dii
Qualitative Weighted Scores	22	298	303
Net Present Value (NPV)	£8,785,845	£26,342,958	£24,879,257
NPV per point score	**£392,839**	**£88,519**	**£82,165**
Overall Rank	**3**	**2**	**1**
Switching Value	**378%**	**8%**	**-**

The table shows that Option Dii is the most VfM option with a margin of safety of 8%.

2.11 The Preferred Option

As can be seen from appraisal process, on a cost / benefit and potential economic benefit basis, the Preferred Option is the **co-location of all services to the Portland Road site (Option Dii)**.

The remaining elements to the SOC / OBC cover, specific to this option:

- The **Commercial Case**: How can the project be procured and delivered?
- The **Financial Case**: How will the project be financed and what does it cost? And
- The **Management Case**: How will the programme be delivered and what governance arrangements will be put in place to assure delivery commensurate with the strategic intent?

3

Commercial Case

3 Commercial Case

3.1 Introduction and Base Principles

The purpose of the commercial case is to set out the planned approach that will be taken to ensure the successful delivery of the preferred scheme. Key issues to manage are in relation to this scheme are:

- **Delivery structure –** how will the scheme be brought forward? This is key as it impacts on a commercial feasibility, cost and timescales as well as how it will be procured and the resulting governance "hurdles";
- **Procurement approach** – the scheme may involve significant expenditure either capital or revenue. The stakeholders are governed by OJEU, national and local regulation in ensuring good stewardship of public funds;
- **Risk allocation –** what are the risks of the project and procurement and which party are they allocated to? And
- **Contractual** – what are the contracts that will need to be put in place and an indication of their key terms

These are further discussed below.

3.2 Delivery Structure

At the highest level, there are two potential ways to take the project forward:

- A capital-based approach where the Public Sector in its broadest sense incurs expenditure in the development of the new facility, owns the freehold and occupies the building, and
- A revenue-based approach where the land is sold to a developer and leased back from the relevant public sector occupiers or an investment fund could finance the proposals.

Given there is little by way of any commercial elements in the project or any real development risk, we do not consider that a developer sourced revenue-based approach will provide value for money as effectively the proposals will be more expensive by reference to:

- The "profit" the developer would require to undertake the scheme (there is likely to be a transaction cost for the project regardless, but the developer's margins are typically higher than those of the relevant professional team;
- The cost of finance the developer can access and would need to utilise in order to finance the development / build, this being considerably higher than that which the Council can secure, and
- Any lease between the developer and the Council will need to be of investment grade to ensure a liquid market and will therefore require period reviews which could disadvantage the Council (Public Sector finance likely to be fixed and therefore reducing in real terms).

- Similarly, an investment fund is unlikely to be a good option for the scheme as:
- The value of the scheme may not be sufficient to generate enough interest in the market and therefore competition amongst funders, and
- Should there be market interest, although costs of finance can be comparable or even lower than the Public Sectors' any consequential lease is likely to have mandatory annual upward review mechanisms meaning lease costs can quickly increase at a time when public sector budgets are in decline.

As a result, we suggest that a capital-based approach be used with one of the occupying public sector entities taking the lead role with other public sector entities occupying the space they need.

One way in which this could be achieved is as follows:

- Given the fact that they their services occupy the majority of the space, Derbyshire County Council would effectively be the developer (and managing agent / entity) of the building, and
- The other public sector organisations forming part of the project (Bolsover District Council, Derbyshire Community Health Services, Shirebrook Town Council), enter into a lease with the County Council for the space they occupy, paying rent and service charge as appropriate.

More detail is set out in the "Contractual" section below.

3.3 Procurement Approach

3.3.1 Introduction

The procurement approach will need to be developed to be commercially robust such that it achieves a Value for Money solution for the stakeholders. This will change depending on the value of goods and services being procured – these are (lower values first):

- Under the relevant body's standing orders and financial regulations, for very low value items, it is likely that there will be some discretion permitted at a Directorate / Portfolio level to directly (or more easily) appoint;
- Again, under standing orders and financial regulations, as values increase but below OJEU thresholds, there will be guidance over the number of quotes and the robustness of any procurement process;
- For works contracts which are thought to likely exceed the relevant OJEU threshold in force at the time, and irrespective of standing orders and financial regulations, an EU compliant process will be required. The relevant threshold governing the need for an EU compliant procurement process is approximately £4.5m (correct as of the time of writing). As a result, an EU compliant process will be required. This is discussed below, and
- Similarly, to the extent individual or packages services (FM etc) are to be provided by an external party rather than the public sector directly, the threshold would be circa £180k (again, correct as of the time of writing).

3.3.2 OJEU Procurement

The European Public Contracts Directive is transposed into UK law by the Public Contracts Regulations 2015 and the Procurement (Scotland) Regulations 2015. It governs the procurement activities of public sector bodies and stipulates when an EU compliant procurement process must be undertaken.

Given the capital cost of the options set out in the Economic Case it is certain that these will fall under OJEU and will require an OJEU compliant procurement route to be followed. There are two ways in which this can be achieved:

- Run a new OJEU compliant process, and
- Utilise a framework or other methodology which is "pre-approved".

3.3.3 OJEU Compliant Process[6]

Undertaking a separate OJEU compliant process will ensure greater control over bidders, scope, evaluation and therefore should produce the "perfect" outcome in terms of attracting the bidders you wish, meeting the exact scope and, through competitive tension, at the optimum "market" price.

However, depending on the type of OJEU process followed, this can take a significant amount of time to prepare and undertake and can therefore be expensive in terms of internal Officer time and, potentially, external advisors.

The different types of OJEU procurement are set out below:

- **Open Procurement –** The open approach is generally used where the procuring authority has a high degree of certainty around what it wants to procure. In addition, it is more often used in the procurement of services where the procuring authority doesn't need to pre-qualify bidders, a high number of bids are received and generally the lowest priced bid is awarded the project. Such a process is intended for the purchase of commodities.
- **Restricted Procurement –** The restricted approach is more appropriate when the authority wants pre-qualify bidders to reduce the number of prior to tender, allowing the authority to evaluate a limited number of proposals. Bidders would have to meet a minimum standard set out within the Pre-Qualification Questionnaire (PQQ). Under this route however, the procuring authority would still have to have a high degree of certainty around their ability to specify their requirements as it does not allow for any negotiation.

[6] Note – we are not lawyers and have set out here our understanding of applicable procurement legislation. However, we would always recommend this is validated by the Council's internal or external legal advisors.

- **Competitive Dialogue –** Where the solution for the project is not fully developed and / or the procuring authority wants to work with bidders to develop proposals (i.e. there are a number of variables / ways in which the desired outcomes can be achieved, or the procuring authority is not able to properly specify), Competitive Dialogue is more appropriate. The regulations set out a number of conditions for the use of Competitive Dialogue:
  - The needs of the procuring authority cannot be met without adaptation of readily available solutions;
  - The requirements include design or innovative solutions;
  - The contract cannot be awarded without prior negotiation because of specific circumstances related to the nature, the complexity or the legal and financial make up or because of risks attached to them;
  - The technical specifications cannot be established with sufficient precision by the contracting authority with reference to a standard, European Technical Assessment, common technical specification or technical reference, and
  - An open / restricted procedure procurement has been run but only irregular or unacceptable tenders have been submitted.

- **Competitive Procedure with Negotiation** – The Competitive Procedure with Negotiation is intended for use when the procuring authority is able to substantially articulate its requirements but there are some variable requirements that are open to interpretation by bidders. This is a relatively new development intended to fill the gap between the Restricted and Competitive Dialogue procedures (see above). The process seeks to establish a tendered position with each bidder in similar fashion to the restricted procedure above, however it provides the procuring authority with the right to exercise a right of negotiation where it is considered that the tendered outcomes do not wholly align with expectations or there are aspects of the proposed solution that the procuring authority believes could be reconfigured to provide better value for money (always with reference to the same evaluation and award criteria).

3.3.4 OJEU Compliant Framework

To try and better streamline procurement and to facilitate an earlier draw down of works (and services), a number of bodies, have sought to “pre procure” via OJEU, contractors who are available to then be engaged by the public sector quickly and efficiently whilst maintaining an OJEU complaint position.

These can either be by mini-tender where a smaller number of contractors are approached directly for prices or a direct appointment. Although in either case maximum rates for at least some items will have been agreed through a prior process allowing some cost certainty, there could be (certainly will be in the case of single source frameworks) potentially, better rates achieved through a new OJEU process. However, the likelihood and quantum of this will need to be assessed against the additional administration cost and time of doing so.

3.4 Procurement Route

3.4.1 Enabling services

Supporting the development of proposals and / or take the project through the planning process is likely to require some form of OJEU compliant procurement depending on whether certain costs are novated to the construction contractor as part of their appointment.

To the extent the Council wishes to continue with the current team, its procurement obligations can once again be discharged through the Scape framework or alternatively, other frameworks could be used, or lastly, a full OJEU tender exercise undertaken.

3.4.2 Capital Costs

Given the current uncertainty over costs as a result of the potential impact on the construction sector arising from the future consequences of Covid 19, it is not recommended that a procurement route be adopted where a single supplier was approached as this is unlikely to be value for money. Instead some form of competition should be undertaken either:

- By way of a mini competition either through one framework or through approaching single suppliers from multiple frameworks and making a comparison, or
- By undertaking an OJEU procurement through the restricted route, the scope being relatively defined but with a need to limit the market to entities with a track record of similar projects.

3.4.3 Maintenance and Management Costs

It is likely that each organisation has in place current in-house or external maintenance arrangements for the property it occupies.

From an external perspective, at least in the short term, it could be possible for one / many of these to be utilised to service the new accommodation to the extent that:

- Their values are in excess of the services OJEU limit and they have been pre procured through OJEU (if they haven't, then rolling them over to a contract caught by the legislation would be a breach of procurement rules);
- There is sufficient flexibility in the scope and value of the original OJEU advertisement to allow them to be rolled over, and
- They are considered value for money.

From an internal perspective, in terms of maintenance, Derbyshire County Council may have in-house services to provide the necessary services to the new asset.

- In terms of maintenance and other FM costs, again Derbyshire County Council may have internal services that could provide these services on behalf, not only of itself, but to other occupants. Subject to its own VfM tests and assuming they fall under the OJEU services threshold, the occupants could enter into a contract with DCC for such services but on a contract by contract basis.

If there is a concern over VfM or the parties do not agree, then the only options will be to procure a new FM / maintenance contract.

3.5 Risk Allocation

The main risk of the approach are as follows:

- **Land acquisition** – although in public sector ownership (Shirebrook Town Council), DCC will still need to acquire the land. To the extent that this cannot be completed or there is additional cost to what is assumed, this will impact on the project's timescale and cost.

  Early engagement with the landowner will be key in assisting in the management / mitigation of this risk.

- **Planning** – the impact of the planning process on both the deliverability of the project and its costs will rest with DCC. The Local Planning Authority, although also a public sector body, will need to operate independently.

  During the development of the physical options, the project teams' architects have liaised with the Local Planning Authority, this should continue as part of the management of this risk.

- **Cost / income risk** – to date, the project team have used historic benchmarks to assess both the costs of the project and any capital receipts, however, the outturn costs and income will only be known when the market is tested. Any movement in assumptions will impact on project cost.

  Currently, it is too soon to assess the impact of the current pandemic on the construction sector and sales values / capital receipts (although in terms of the latter we are aware that a number of Commercial Agents are not issuing advice and / or including significant caveats in their reports). This will need to be kept under review and it may be that a fuller market test (rather than the use of a framework) will give a better indication of the market.

- **Finance cost** – historically, PWLB finance has been available and at favourable rates. However, announcements in the budget could lead you to question whether this situation is set to continue. In addition, the impact of Covid 19, the measures the Governments has taken to support businesses and individuals could potentially provide upward pressure on gilt rates which could manifest itself in higher PWLB rates, cost of finance and overall project costs.

  DCC and their Treasury Managers will need to keep Public Sector finance rates under review and test additional types of finance to ensure it remains the optimum financing solution.

- **Demand / Residual value** – at present, demand has been set by reference to the various entities' requirements in the locality. However, this can change for various reasons including policy / political, demographics, service need etc – to the extent demand for space changes for either DCC or other occupants, they will potentially be owning property / occupying space for which they have no use and which may not have an alternative commercial use (residual value below)

To assist in the management of risk, all entities will need to have service delivery plans and underlying estate strategies which are as robust as possible. DCC will need to ensure that is has reasonable minimum commitments in lease terms with other occupiers and that the space is as flexible as possible to make it valuable either to itself, other public sector occupants or the private / third sector.

3.6 Contractual

Based on the commercial approach outlined above, the following contracts will need to be entered into:

- **Agreements to lease –** given cost exposure, DCC may wish to enter into some form of binding agreement with the other potential occupiers to limit cost exposure. This will be binding and will need to set out the terms of the future lease which will need to be present "best value" for all parties under relevant local government legislation;
- **Enabling services** – depending on the evaluation of internal capacity and capability, it may be necessary to enter into contract with a number of providers (project managers, cost managers, site surveys / engineers etc and architects) to progress the project;
- **Site purchase** – DCC will need to enter into a purchase agreement with the current landowner of the site. The value will need to present "best value" under relevant local government legislation;
- **Build contract** – DCC, following the relevant procurement exercise, will need to enter into a contract with another party for the construction of the new facility;
- **Management and maintenance contracts –** DCC may need to enter into contract with a number of providers to provide management and maintenance service to the new building (part of which will be offset by service charges charged to the occupants;
- **Building leases** – building leases will need to be entered into between DCC and other public sector occupants. To the extent agreements to lease are entered into these should reflect the terms set out in those documents. This will cover the lease for the occupied space and reflect any service charges and their basis;
- **Staff terms and conditions –** to the extent moving their employment to the new facility has not been anticipated by or is accommodated in existing staff terms and conditions, these will need to be amended accordingly;
- **Site sales –** upon vacating the current sites, to the extent they are to be disposed of, the relevant parties will need to enter into sales agreements with the future purchaser / developer.

4

Financial Case

4 Financial Case

4.1 Introduction

The Finance Case sets out the whole life financial costs associated with the delivery of the Preferred Scheme – "Dii - Consolidation on Portland Road (exc GP Surgery)", as described in the Economic Case.

The Finance Case differs from the Economic Case in that it deals with the financial and funding implications of the project both in terms of capital and revenue implications. This includes assessing cash flows associated with funding the capital cost of the option, the cost of any borrowing and the long-term impact on revenue costs.

4.2 Capital Costs

The capital cost has been developed for the Preferred Scheme (and other shortlisted options). A full breakdown of the capital cost is included within **Appendix E**. These costs have been prepared on the following basis:

- An allowance has been made for the acquisition cost of the Portland Road site. This is based on input provided by our Commercial Agents, Pygott and Crone;
- Order of Cost Estimate prepared by Gleeds Cost Management based on a variety of sources;
- Costs were prepared at the quarterly cost base at the time of preparation. Regardless of what this was, all costs have been updated to Q4 2020. We have not sought to amend our inflation assumptions and so this presents for any impact of the current global pandemic;
- Costs are "all in" and therefore include allowances for prelims, overheads and profit, fees, risk and contingency – in terms of the latter – this is currently assumed to be 5%, and
- Gleeds Cost Management have used the designs provided by Arc Partnership[7].

[7] During and subsequent design development phase, areas, and adjacencies should be discussed and confirmed along with other design principles and changes made accordingly. For example, although the library provision has been developed in line with accepted benchmarks, it has been raised by the service as being too large for the actual need. This may change the design, the financial case and the various contributions accordingly.

A summary of the acquisition and capital costs is set out in the table below:

Cost Category	**(£)**
Acquisition	
Acquisition Costs	**421,988**
Main Build	
Demolition and Enabling	201,000
Ground Floor Main Build	5,802,000
First Floor Main Build	4,928,000
Second Floor Main Build[8]	1,404,000
External works	335,560
Fees, Risk and Inflation	4,306,198
Main Build	**16,976,758**
Say	**16,980,000**

4.3 Capital Funding

The Preferred Options' acquisition and capital costs of £421,988 and £16,980,000 respectively (£17,401,988 in total), will be met from a mixture of borrowing and capital receipts as follows:

Site	**(£)**
Borrowing	16,432,238
Capital Receipts	969,750
TOTAL	**17,401,988,**

These are discussed further below.

[8] This is low compared to the costs of other floors as it reflects the removal of the GP premises and associated circulation allowances – in reality, it would be possible to redesign the building over 2 floors.

4.3.1 Public Sector Borrowing

The bulk of the funding will be provided by public sector borrowing. In line with the delivery structure, as DCC will be the lead entity and "developer", being the property freeholder, it has been assumed that DCC will be the borrower. The borrowing has been built into the financial projections on the following basis:

- Borrowing will be from the Public Works Loan Board ("PWLB") or equivalent;
- Interest only will be serviced during the development phase;
- Interest is charged on any brought forward balance and in-year borrowing;
- Interest has been assumed to be at 2.50%;
- The loan is consolidated in the first year of operation (at which time it is assumed to be reduced by the value of the capital receipts), and
- Repayment is made over the assumed life of the asset (40 years) on an annuity basis.

The loan schedule is set out in **Appendix I**. From this we can conclude:

- Peak debt is £17,401,988 (immediately prior to the new facility becoming operational) in 2023 / 24.
- Interest costs (which will represent growth in revenue costs for DCC) in the development phase are:
  - 2021 / 22 = £98,987;
  - 2022 / 23 = £313,712, and
  - 2023 / 24 = 445,367.
- The loan is fully repaid at the end of 2063 / 64 (40-year term).

Although DCC will be the principal lender and responsible for the loan repayment, a proportion of the debt will be covered by the lease payments made by the other building occupants this is discussed further in the "Revenue Implications" section below.

4.3.2 Capital Receipts

The potential returns that the Council could generate from the disposal of the surplus sites is set out in the table below:

Site	Area (Ac)	£ / Ac	(£)
Carter Lane	2.41	225,000	542,250
Patchwork Row	1.34	225,000	301,500
Shirevale	0.56	225,000	126,000
TOTAL			**969,750**

The £ / Acre figure was provided by Commercial Agent's, Pygott and Crone who undertook a market review of the area as part of the development of this SOC / OBC. This market review is set out in **Appendix F**. This was received prior to the current pandemic and so the values should be treated with some caution.

All capital receipts are assumed to be occur in the year following occupation of the new facility.

4.4 Revenue Implications

4.4.1 Basis

The revenue implications have been calculated on the following basis:

- To reflect the delivery structure with DCC being the "lead" entity with other occupants being tenants;
- Affordability will be measured against the current budgeted costs (uplifted to the first year of operation);
- Revised revenue costs have been prepared for the new facilities to include:
    - FM costs, utilities and lifecycle costs
      (these are based on the hub at its increased size), and
    - The revenue costs of debt service (see above).
- In line with the first point:
    - DCC will incur all costs, revenue costs and debt service costs, and
    - A proportion of debt service costs and other revenue costs will be recovered from other occupiers based on the relative space utilised as rent and service charges respectively.

4.4.2 Revenue Costs and Income

Revenue costs (and income) for the Preferred and other options have been prepared on the following basis:

- Existing costs have been provided by the relevant entities. These have been updated inflated to the project's commencement (2021 / 22), and
- New revenue costs have been prepared based on a mix of inputs provided Gleeds and by utilising existing information as follows:
    - Hard FM maintenance (Gleeds at £15 / m2 of Net Internal Area ("NIA") – current prices);
    - Hard FM compliance (Gleeds at £3.50 / m2 of NIA – current prices);
    - Response repairs (Gleeds at 10% of Hard FM maintenance);
    - Caretaking and cleaning (Gleeds at £13.50 / m2 of Gross Internal Area ("GIA");
    - Trade waste (based on existing costs;
    - Business rates (based on existing costs;
    - Grounds maintenance (based on existing costs);

- Nursey income (based on existing income);
- Utilities (based on existing costs), and
- Capital lifecycle and cyclical maintenance
(Gleeds, based on a Gleeds profile over 40 years but equalised over the term).

A detailed breakdown of revenue costs and income is included at **Appendix J**. Note, this excludes relevant inflation.

4.4.3 Overall Scheme Affordability

The table below shows the surplus / deficit of the project for its initial years. Note, as the lifecycle profile has been “smoothed”, the remaining years of the assets’ life are assumed to be the same as year 4:

Building / Cost / Income	Total	Year 1 01 April 2021	Year 2 01 April 2022	Year 3 01 April 2023	Year 4 1 April 2024
Costs					
Sub Total - Debt Service	27,042,004	98,987	313,712	445,367	654,598
Sub Total - Existing Annual Costs	2,093,967	1,388,202	352,883	352,883	0
Sub Total - New Annual Costs	18,775,902	0	0	0	469,398
TOTAL COSTS	**47,911,873**	**1,487,189**	**666,594**	**798,250**	**1,123,996**
Existing Budgets					
TOTAL - EXISTING BUDGETS	**16,209,267**	**1,388,202**	**352,883**	**352,883**	**352,883**
PROJECT SURPLUS / -DEFICIT	**-31,702,606**	**-98,987**	**-313,712**	**-445,367**	**-771,113**

As can be seen, the new project represents growth in revenue cost of circa £771,113 in a full year (at 2021 / 22 prices). However, it should be noted that:

- This reflects a new build and fully maintained building, over time the gap is likely to become lower as the lack of schedule maintenance leads to increased maintenance costs;
- There could be operational staffing savings but these cannot be assessed and so have not been quantified, and
- The majority of the “affordability gap” relates to the debt service for the new building with only £116,515 per annum linked to a rise in FM Costs (despite the new building being bigger than the current space provided. Given that debt service costs will be fixed for the life of the loan, this gap will reduce over time due to the impact of inflation.

4.4.4 Impact on Revenue Position of Each Occupier

The table above shows the overall deficit position of the scheme, however, this will impact on the occupiers to a greater or lesser degree. The following table shows how the deficit above is met by each party (figures represent the growth against current budgets:

Building / Cost / Income	Total	Year 1 01 April 2021	Year 2 01 April 2022	Year 3 01 April 2023	Year 4 1 April 2024
NET REVENUE IMPACT UPON DCC (SURPLUS / -DEFICIT)	-25,589,314	-98,987	-313,712	-445,367	-618,281
NET REVENUE IMPACT UPON DCHS (SURPLUS / -DEFICIT)	-4,030,101	0	0	0	-100,753
NET REVENUE IMPACT UPON DWP (SURPLUS / -DEFICIT)	-2,083,191	0	0	0	-52,080

As can be seen, the project would lead to growth in all revenue budgets when compared to current costs – for example (in a full year at 2021 / 22 prices):

- DCC share = £618,281;
- DCHS share = £100,753, and
- DWP share = £52,080.

As above, this is largely due to the need to impact of the new build, additional space and would reduce in real terms over time due to a large element of the gap (debt service) not being subject to inflation.

The table shows DCC being responsible for the revenue impact of the project – this is the initial debt service during the development phase. This is not an equitable position and in reality, it would be the case that these costs are also shared between the eventual occupants

The affordability analysis is included as **Appendix K**.

4.5 Summary of the Financial Case

The financial case sets the net (of capital receipts) capital cost of the scheme at £16.4m (although the peak debt prior to applying the capital receipts due from the scheme is £17.4m). This is assumed to be met from public sector borrowing (PWLB).

The project will result in a need for an increased revenue budget of £771k in the first full year of operation (2024 / 25 at 2021 / 22 prices). This will be met from the occupants as follows:

- DCC share = £618,281;
- DCHS share = £100,753, and
- DWP share = £52,080.

The majority of the increase cost is due to the need to provide a totally new building (debt service costs of £655k) with the residual £116k linked to additional FM costs. Given the building is not currently fit for purpose and has a level of backlog maintenance, DCC have benefitted from a low asset cost for some time and the majority of the increase (debt service) is to some extent inevitable. In addition, given the increased space provided in the new facility, the increased FM costs, although unwelcome, is not unreasonable.

5

Management Case

5 Management Case

The management case will describe the arrangements that DCC will employ in the successful delivery of this project including the Key Performance Indicators ("KPI's") which will be used objectively to ensure we are on track. Lastly it will identify our current thoughts on potential risk and / or change which could occur during the life of the project and how these challenges will be managed.

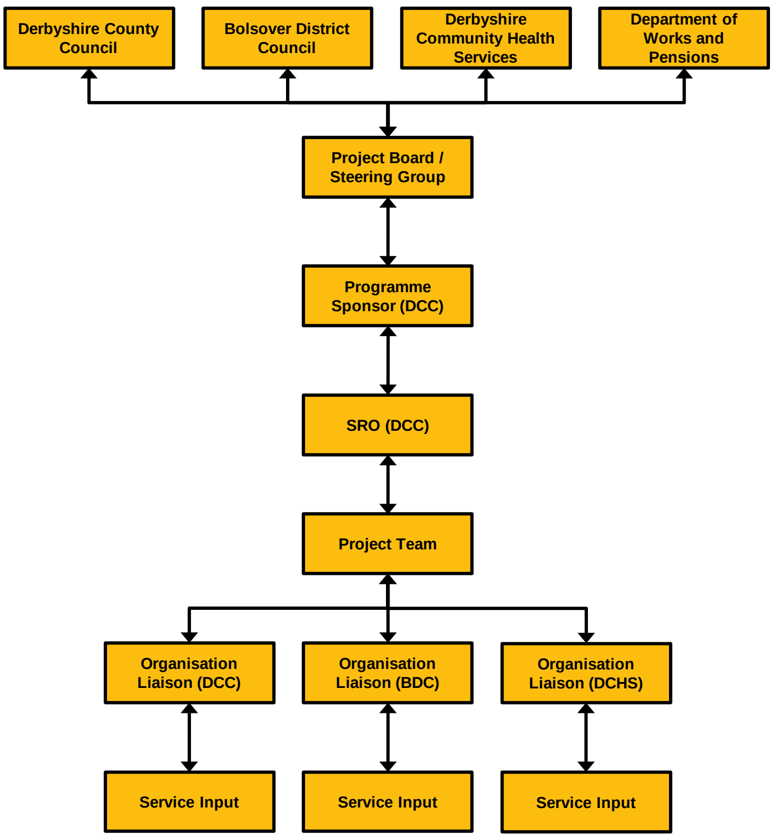
Key issues to manage are in relation to this scheme are:

- Project framework;
- KPIs, monitoring and oversight;
- Risk management, and
- Benefits, evaluation and realisation.

These are further discussed below.

5.1 Project Framework

The proposed governance structure, lines / nature of reporting and responsibilities are set out in the diagram below:



In terms of the diagram set out above:

- The organisational sponsor, DCC and other public sector occupiers will nominate representatives for the project board. To allow for efficient governance and decision-making, it is expected that the representatives will have some delegated / decision-making powers. These entities will receive regular updates from the Programme Board in terms of minutes and updates from the representatives.
- A programme board will be established consisting of senior officers and elected members of DCC and the other public sector organisations. The role of this body will be to provide a rounded view, make decisions (under delegation) and help steer the programme and projects to ensure an optimum result.
- DCC will nominate a project sponsor with overall accountability for the delivery of the project.
- DCC will nominate a Senior Responsible Officer (SRO) will overall responsibility for the delivery of the project. The SRO is a senior individual and will be responsible for reporting progress to the Programme Board and ensuring that their recommendations are implemented.
- A project team will be established, chaired by the SRO and attended by (at the very least) liaison leads from each of the public sector entities representing the services which will co-locate and operate from the new facility together with any functional support (finance, legal etc). This body will drive the project
- A Liaison Officer will be appointed from each of the public sector entities to represent the relevant services' interest and progress their individual project aspects on a day to day basis.
- Each individual service of each public sector body will have an appointed lead for that service who will lead on the development of proposals for that service and report to the overall organisation liaison as necessary.

It is recognised that available finance can often constrain the level of capacity and capability it is able to employ to full time / substantive posits. In response it may consider a "mixed economy" approach to its resource planning which, depending on circumstances will also utilise temporary / fixed term appointments and consultancy appointments. These could include:

- Project management
- Design / architecture;
- Cost management;
- Commercial agency, and
- Strategic asset management.

A decision will be made on the need for additional external resources as the project progresses.

5.2 KPIs, Monitoring and Oversight

Progress will be monitored by:

Monitoring and Oversight Measure	Description
Progress against the project plan	The project plan will include a series of tasks with appropriate milestones and deliverables. This will be a live document constantly reviewed and updated. As can be seen from comments set out above, the plan will contain a critical path and any movement against this will be closely monitored.
Internal team and consultancy workstream organisation and service plans	Below project plan level, the workstreams for each organisation / service will each have their own plans and programmes. For example, consultancy proposals and appointments will include activities and deliverables likely to be at a more granular level than the project plan. The organisation liaisons will manage the inputs on this basis, this providing an "early warning" of any programme slippage.
Financial management	Spend throughout will be profiled. Periodic financial statements will be provided alongside the forecasting of physical progress and financial commitments monitored accordingly.
Periodic progress reporting	There will be "checks and balances" in terms of the regular updates against plan demanded by the SRO as well as key reporting to the project board, either as part of "business as usual" reporting, gateways or to support decision-making – such events will be scheduled as events on the project plan. This will continue into the operational phase as the actual use, outputs and outcomes of the project will need to be captured.

The monitoring of outputs and outcomes relative to the objectives for the investment is covered in the final section "Evaluation and Benefits Realisation".

5.3 Risk Management

The objective of the risk management process is to establish and maintain a "risk aware" culture that encourages on-going identification and assessment of project risks. Risk management is an essential part of the development of any project. Risk should be managed proactively through a process of identification, assessment and mitigation.

The potential risks for this project at a high-level are considered to be as follows (some of these briefly being discussed as part of the commercial case):

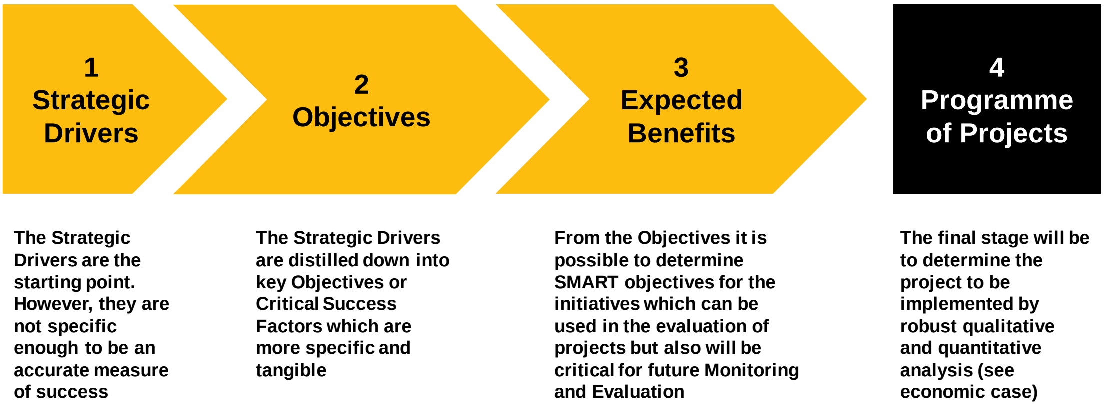
Risk	Impacts	Mitigation
Project does not receive the support from participant organisations.	Scope of project changes, delay, outcome / outputs are undermined, project potentially aborted.	Stakeholders were identified early on in the project development phase, to date there has been significant engagement with stakeholders, this will continue throughout any remaining phases of the project.
It is not possible to acquire the Portland Road site, or a "ransom" situation arises placing an uneconomic value on the site.	Project delay / higher than anticipated costs impacting on DCCs financial position, project potentially aborted.	Early engagement with landowner to establish value and commercial terms
Scheme fails to achieve a satisfactory planning permission.	Project delay / higher than anticipated costs impacting on DCCs financial position, project potentially aborted.	The Local Planning Authority has been engaged throughout the SOC / OBC process and has been consulted on all emerging designs.
Current pandemic and "lock down" / "social distancing" continue for an extended period.	Project delay / higher than anticipated costs impacting on DCCs financial position, project potentially aborted.	None at present – the implications are potentially so wide-ranging for the construction sector and economy in general that it is not possible to assess the implications of this and so similar to the approach taken by Commercial Agents and other property advisors, we have not sought to price this and have priced at pre Covid 19 levels, in future it may be the case that the consequences are better known and so this position will need to be reviewed in the future.
The development costs of the hub are higher than expected.	Business plan is not achieved placing higher than anticipated financial costs on DCC.	More extensive design undertaken than what would be expected at this stage of project development and the use of an experienced QS will limit the potential for under provision / over optimistic budgeting

Risk	Impacts	Mitigation
	To the extent this continues and / or the level of materiality, the future of the project could be in jeopardy.	
The cost of finance is higher than that assumed in this SOC / OBC. This could be as a result of government finance raising required to support Covid 19 measures and the impact this has on gilt values.	Project costs increase, potentially Impacting on required lease values. To the extent these cannot be higher than market which will leave a residual cost for DCC which may not be acceptable.	DCC's Treasury Managers will need to keep rates PWLB rates under review and test additional types of finance to ensure it remains the optimum financing solution
The running costs of the hub are higher than expected.	Higher than anticipated costs impacting on occupier financial positions. Occupiers seek more economic accommodation, benefit of co-location are lost.	Running costs have been determined by FM specialists and so should be robust. These, combined with the increase in area, have increased costs to the participants above current levels. To the extent participants' involvement is signed off, it is hoped that further increases would be limited to inflation.
New pathways, ways of working cannot be established between the participant organisations.	Benefits of co-locating are lost and outputs and outcomes for the locals are lower than expected.	No work has been undertaken on organisational change and so a working party will need to be established to understand the services, their touch points and how these can be changed in order to provide a more holistic and effective service for locals.
Demand change resulting in obsolescence of the hub building.	DCC are left with a building with excess space or is just surplus to requirements leaving a residual management and maintenance cost.	A memorandum of understanding will need to be reached between the parties with a minimum commitment to occupation. The space should be designed as flexibly as possible so as to make it valuable to DCC in an alternative use, other public sector occupants or the private / third sector.

At present. we have included general provisions within the financial projections thought appropriate for this project at the current stage of development. Going forward, these risks should be properly quantified and compared to the current allowances.

5.4 Benefits, Evaluation and Realisation

In the Strategic and Economic Cases, we set out the process we have followed in terms of distilling the strategic drivers for the project into more meaningful objectives, the expected benefits that would accrue and lastly how this links to the proposed programme of projects. This is represented by the diagram below:



A benefits logic mapping process has been undertaken with the full Benefits Logic Map being set out in **Appendix B.**

The resulting benefits have been prioritised in line with the organisations' strategic objectives, number of objectives achieved per benefit and ability to provide financial, operational or social value benefit.

The ten main benefits identified are as below:

Code	Benefit
B1	Reduce facilities management costs and energy expenditure.
B2	Improved service to the public and customer satisfaction including the ability for integrated events.
B3	Generation of capital receipts.
B4	Reduced expenditure on agency staff.
B5	Improved staff retention and perception.
B6	Keep Shirebrook general practitioners list open in light of known future demand.
B7	To assist in the delivery of the local plan.
B8	Ability to utilise both shared staff and resources along with the ability for joint training initiatives.
B9	The ability to operate out of fit for purpose buildings.
B10	For public services to be seen as integrated to the public across all agencies and increase footfall.

During the implementation phase, KPIs and benefits realisation strategy will be developed further. This could be achieved by utilising the Association for Project Management's (APM) benefit management lifecycle which includes the following stages:

- Identify and quantify;
- Value and appraise;
- Plan;
- Realise, and
- Review

A diagram explaining the process is included at **Appendix L**.

Appendices

Appendix	Description
Appendix A	Service Briefing
Appendix B	Benefits Realisation
Appendix C	Shortlisting
Appendix D	Sketch Designs
Appendix E	Areas and Capital Costs
Appendix F	Market Review
Appendix G	Existing Revenue Costs
Appendix H	Quantitative Analysis
Appendix I	Loan Schedule
Appendix J	New Revenue Costs
Appendix K	Affordability
Appendix L	Benefits Process

Appendix A – Service Briefing

See separate document.

Appendix B - Benefits Realisation

See separate document.

Appendix C – Shortlisting

Reference to:	Option A: Do Nothing (Baseline)	Ai: Co-Locate at Carter Lane.	Aii: Co-Locate at Carter Lane, excl. GP Service.	Bi: Co-Locate at Patchwork Row.	Bii: Co-Locate at Patchwork Row, excl. GP Service.	C: Co-Locate at Shirevale Site	C: Co-Locate at Shirevale Site, excl GP Service
OPE Objectives							
More integrated, customer-focused services	✘	✓	✘	✘	✘	✘	✘
Reducing running costs	✘	✓	✓	✓	✓	✘	✘
Generating capital receipts	✘	✓	✓	✓	✓	✘	✘
Creating economic growth (new homes & jobs)	✘	✓	✓	✓	✓	✘	✘
Evaluation Criteria							
Integrated delivery of co-located services	✘	✓	✘	✘	✘	✘	✘
Better access and convenience of location for customers	✓	✓	✓	✓	✓	✘	✘
More fit for purpose Public Estate	✘	✓	✓	✓	✓	✘	✘
Car Parking and external spaces	✓	✓	✓	✘	✘	✘	✘
Flexibility for futureproofing	✘	✓	✓	✘	✘	✘	✘
Summary	**Short-List**	**Discount**	**Short-List**	**Discount**	**Discount**	**Discount**	**Discount**

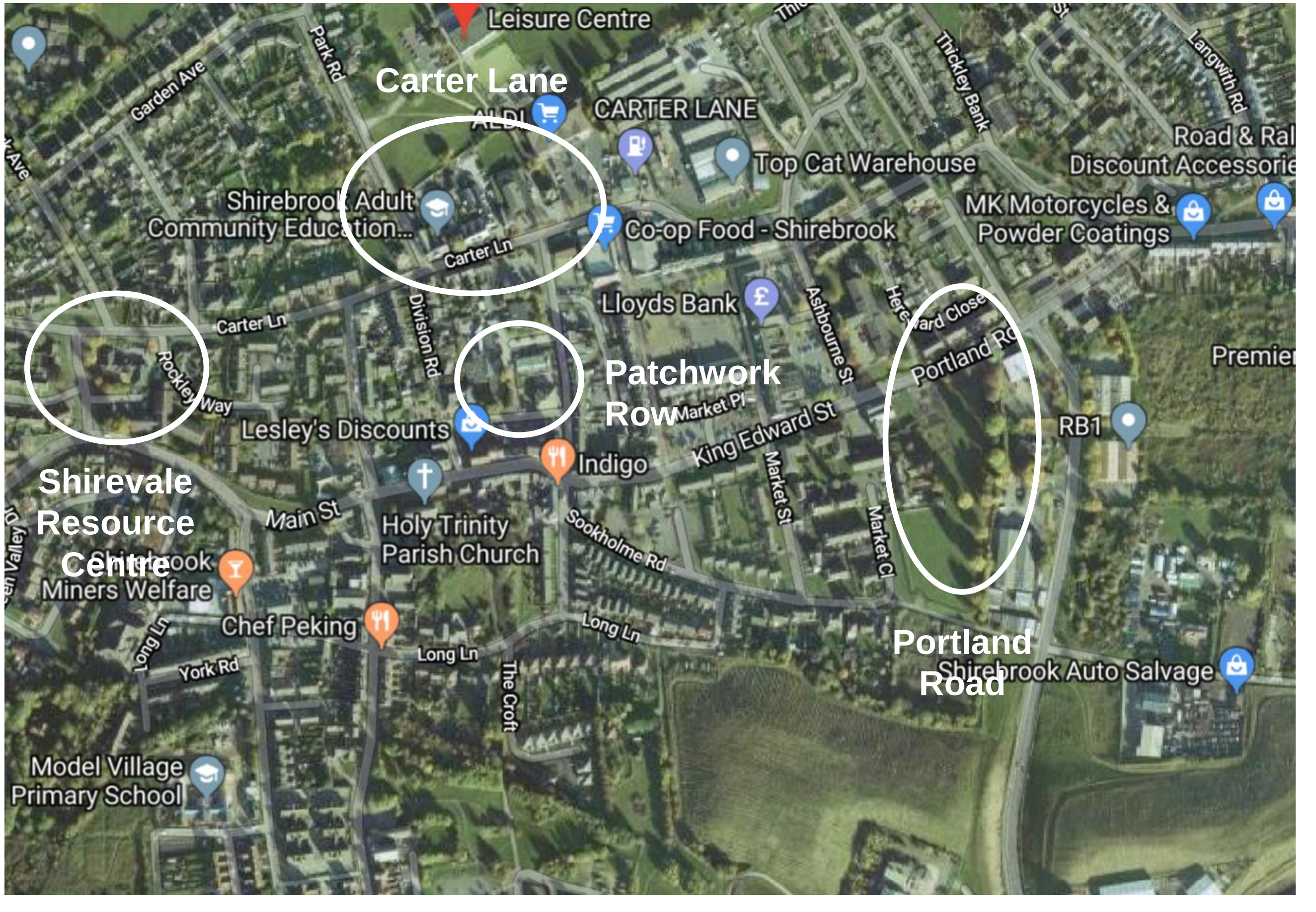
Note: Option Di – Consolidate at Portland Road (excluding GPs) was shortlisted outside of this process.

Appendix Di – Sketch Designs – Option Aii (Carter Lane)

See separate document.

Appendix Dii –Option Dii - Portland Road

Site Juxtaposition



The Site (Copyright Google Maps)

Sketch Designs

Sketch designs set out in separate document.

Note: The design includes the GP Surgery. A separate design has not been produced to exclude it. In essence, it should be possible to reduce area and floors (the top floor would not be required) in a different design. However, we can confirm that the mass could be accommodated, and the area required is as per the financial analysis performed.

Appendix E – Areas and Capital Cost

See separate document.

Appendix F – Market Review

See separate document.

Appendix G – Existing Revenue Costs

The existing revenue costs provided by DCC are set out below (2017 prices)

One Public Estate - Asset Information Form									
Site ID	**Shirebrook Children Centre**	**Shirebrook Adult Education Centre**	**Adult Care Day Services**	**MAT & Youth Service**	**Private Day Nursery**	**TOTAL Carter Lane (NR00003)**	**Shirebrook Library**	**Shirevale Resource Centre**	**GRAND TOTAL**
Property Name	**Carter Lane Complex**	**Carter Lane Complex**	**Carter Lane Complex**	**Carter Lane Complex**	**Carter Lane Complex**		**Shirebrook Library**	**Shirevale Resource Centre**	
Street Address	Carter Lane	Carter Lane	Carter Lane	Carter Lane	Carter Lane		Patchwork Row	Rockley Way	
Town	Shirebrook, Derbyshire	Shirebrook, Derbyshire	Shirebrook, Derbyshire	Shirebrook, Derbyshire	Shirebrook, Derbyshire		Shirebrook, Derbyshire	Shirebrook, Derbyshire	
Post Code	NG20 8QJ	NG20 8QJ	NG20 8PE	NG20 8PE	NG20 8PE		NG20 8AL	NG20 8PD	
UPRN	3485-02	3485-01	1400-02	3485-02	1400-01-L02		1856-01	4488-01	
Tenure	Freehold	Freehold	Freehold	Freehold	Lease Out		Freehold	Freehold	
Floor Area (m2, gross internal)	328.25	882.53	415.24	See column D		**1626.02**	348.70	409.57	**2384.29**
Floor Area (m2, net internal)	301.31	743.13	346.97	See column D		**1391.41**	313.82	355.23	**2060.46**
Land Area (ha)	0.036975	0.163957	0.043946	See column D			0.100774	0.220496	
Floor plans	Available 3485-02	Available 3485-01	Available 1400-02	See column D	Available 1400-01		Available 1856-01	Available 4488-01	
Site Plans	Available	Available	Available	See column D	Available		Available	Available	
Elevations									
Cost Centre	NR00003	NR00003	NR00003	NR00003	N/A		KLL1250	AW51220	
Cleaning & Caretaking	£37,221.93					**£37,221.93**	£629.78	£1,702.75	£39,554.46
Maintenance	£14,063.21					**£14,063.21**	£1,582.86	£2,333.29	£17,979.36
Rents (Income)	-£24,100.00					**-£24,100.00**	£0.00	£0.00	-£24,100.00
Security	£2,248.90					**£2,248.90**	£1,752.00	£533.00	£4,533.90
Business Rates	£12,558.70					**£12,558.70**	£9,317.60	£0.00	£21,876.30
Trade Waste	£3,621.85					**£3,621.85**	£358.35	£1,358.68	£5,338.88
Building Maintenance	£20,863.35					**£20,863.35**	£4,617.33	£4,583.85	£30,064.53
Building Cleaning	£49,246.67					**£49,246.67**	£8,712.87	£0.00	£57,959.54
Grounds Maintenance	£0.00					**£0.00**	£1,240.97	£1,009.59	£2,250.56
Facilities Management Costs (2017)	**£115,724.61**					**£115,724.61**	**£28,211.76**	**£11,521.16**	**£155,457.53**
Gas	£14,314.85					£14,314.85	£1,700.43	£3,888.64	£19,903.92
Electricity	£14,536.15					£14,536.15	£1,924.43	£4,198.33	£20,658.91
Water	£4,153.35					£4,153.35	£609.88	£1,910.54	£6,673.77
Utilities Costs (2017)	**£33,004.35**					**£33,004.35**	**£4,234.74**	**£9,997.51**	**£47,236.60**
Insurance Costs	Not Known	Not Known	Not Known	Not Known	N/A		Not Known	Not known	
Lease (if applicable)	N/A	N/A	N/A	N/A	Lease Out		N/A	N/A	
Sub-Leases (all occupants)	N/A	N/A	N/A	N/A	N/A		N/A	N/A	
Condition Survey	22.08.2017	20.01.2017	22.02.2018		28.02.2008		15.08.2014	12.04.2016	
Title	DY442999	DY442999	DY442999		DY442999		DY443461	DY484491	
Planned Preventative Maintenance Schedule	**£124,634.00**	**£195,554.00**	**£128,728.02**		**£107,723.00**	**£556,639.02**	**£97,437.00**	**£190,872.00**	**£844,948.02**
Forward Maintenance Register - Lifecycle plan									
Building Maximum Occupancy									
Current Building Occupancy	Local Authority	Local Authority	Local Authority	Local Authority	Tenant		Local Authority	Local Authority	**Local Authority**
Suitability reports	None	None	None	None	None		None	None	**None**
Current demand and utilisation information	Being Evaluated	Being Evaluated	Being Evaluated	Being Evaluated	N/A		Good	Good	**Good**
Any Known Building Issues	None	None	None	None	None		None	None	**None**
Any Known Occupier Issues	None	None	None	None	None		None	None	**None**
Total FM (See Breakdown)	£115,724.61					£115,724.61	£28,211.76	£11,521.16	£155,457.53
Total Utilities (See Breakdown)	£33,004.35					£33,004.35	£4,234.74	£9,997.51	£47,236.60
Total Preventative Maintenance / Lifecycle	£124,634.00	£195,554.00	£128,728.02	£0.00	£107,723.00	£556,639.02	£97,437.00	£190,872.00	£844,948.02
Grand Total	**£273,362.96**	**£195,554.00**	**£128,728.02**	**£0.00**	**£107,723.00**	**£705,367.98**	**£129,883.50**	**£212,390.67**	**£1,047,642.15**

Appendix H – Quantitative Analysis

Do Nothing (years 9-40 are the same)

Economic Case										
Option F - Do Nothing										
Building / Cost / Income	**NPV @ 01-Apr-20 3.50%**	**Total**	**Year 1 01 April 2021**	**Year 2 01 April 2022**	**Year 3 01 April 2023**	**Year 4 1 April 2024**	**Year 5 1 April 2025**	**Year 6 1 April 2026**	**Year 7 1 April 2027**	**Year 8 1 April 2028**
Building 1 - Carter Lane										
Acquisition Costs	0	0								
Capital Costs	0	0								
Capital Receipts (Enter as Neg)	0	0								
Backlog Maintenance	593,648	614,425	614,425	0	0	0	0	0	0	0
Lifecycle Costs	0	0	0	0	0	0	0	0	0	0
Utilities	803,758	1,566,517	36,431	36,431	36,431	36,431	36,431	36,431	36,431	36,431
FM Costs	2,818,251	5,492,748	127,738	127,738	127,738	127,738	127,738	127,738	127,738	127,738
Revenue Income (Included Above)	0	0								
Total	**4,215,656**	**7,673,690**	**778,594**	**164,169**	**164,169**	**164,169**	**164,169**	**164,169**	**164,169**	**164,169**
Building 2 - Shirebrook Library										
Acquisition Costs	0	0								
Capital Costs	0	0								
Capital Receipts (Enter as Neg)	0	0								
Backlog Maintenance	103,915	107,552	107,552	0	0	0	0	0	0	0
Lifecycle Costs	0	0	0	0	0	0	0	0	0	0
Utilities	103,129	200,998	4,674	4,674	4,674	4,674	4,674	4,674	4,674	4,674
FM Costs	687,043	1,339,042	31,141	31,141	31,141	31,141	31,141	31,141	31,141	31,141
Revenue Income (Included Above)	0	0								
Total	**894,087**	**1,647,591**	**143,367**	**35,815**	**35,815**	**35,815**	**35,815**	**35,815**	**35,815**	**35,815**
Building 3 - Shirebrook Resource Centre										
Acquisition Costs	0	0								
Capital Costs	0	0								
Capital Receipts (Enter as Neg)	0	0								
Backlog Maintenance	203,562	210,687	210,687	0	0	0	0	0	0	0
Lifecycle Costs	0	0	0	0	0	0	0	0	0	0
Utilities	243,470	474,521	11,035	11,035	11,035	11,035	11,035	11,035	11,035	11,035
FM Costs	280,576	546,840	12,717	12,717	12,717	12,717	12,717	12,717	12,717	12,717
Revenue Income (Included Above)	0	0								
Total	**727,608**	**1,232,048**	**234,440**	**23,753**	**23,753**	**23,753**	**23,753**	**23,753**	**23,753**	**23,753**
Building 4 - DCHS										
Acquisition Costs	0	0								
Capital Costs	0	0								
Capital Receipts (Enter as Neg)	0	0								
Backlog Maintenance	99,183	102,655	102,655	0	0	0	0	0	0	0
Lifecycle Costs	0	0	0	0	0	0	0	0	0	0
Utilities	0	0	0	0	0	0	0	0	0	0
FM Costs	2,849,310	5,553,283	129,146	129,146	129,146	129,146	129,146	129,146	129,146	129,146
Revenue Income (Included Above)	0	0								
Total	**2,948,494**	**5,655,937**	**231,801**	**129,146**	**129,146**	**129,146**	**129,146**	**129,146**	**129,146**	**129,146**
Building / Cost / Income	**NPV @ 01-Apr-20 3.50%**	**Total**	**Year 1 01 April 2021**	**Year 2 01 April 2022**	**Year 3 01 April 2023**	**Year 4 1 April 2024**	**Year 5 1 April 2025**	**Year 6 1 April 2026**	**Year 7 1 April 2027**	**Year 8 1 April 2028**
TOTALS - DO NOTHING OPTION										
Acquisition Costs	0	0	0	0	0	0	0	0	0	0
Capital Costs	0	0	0	0	0	0	0	0	0	0
Capital Receipts (Enter as Neg)	0	0	0	0	0	0	0	0	0	0
Backlog Maintenance	1,000,308	1,035,319	1,035,319	0	0	0	0	0	0	0
Lifecycle Costs	0	0	0	0	0	0	0	0	0	0
Utilities	1,150,357	2,242,036	52,140	52,140	52,140	52,140	52,140	52,140	52,140	52,140
FM Costs	6,635,180	12,931,912	300,742	300,742	300,742	300,742	300,742	300,742	300,742	300,742
Revenue Income (Included Above)	0	0	0	0	0	0	0	0	0	0
Total	**8,785,845**	**16,209,267**	**1,388,202**	**352,883**	**352,883**	**352,883**	**352,883**	**352,883**	**352,883**	**352,883**

Option Aii – Consolidate at Carter Lane (exc GPs) (years 9-40 are the same)

Economic Case										
Option - Aii - Consolidate all EXC GP Surgery on Carter Lane Site										
Building / Cost / Income	NPV @ 01-Apr-20 3.50%	Total	Year 1 01 April 2021	Year 2 01 April 2022	Year 3 01 April 2023	Year 4 1 April 2024	Year 5 1 April 2025	Year 6 1 April 2026	Year 7 1 April 2027	Year 8 1 April 2028
Building 1 - Public Services Hub										
Acquisition Costs	0	0	0	0	0	0	0	0	0	0
Capital Costs	17,011,384	18,270,000	3,806,250	9,135,000	5,328,750	0	0	0	0	0
Capital Receipts (Enter as Neg)	-372,542	-427,500	0	0	0	-427,500	0	0	0	0
Backlog Maintenance	0	0	0	0	0	0	0	0	0	0
Lifecycle Costs	3,327,429	6,910,171	0	0	0	172,754	172,754	172,754	172,754	172,754
Utilities	2,258,690	4,690,689	0	0	0	117,267	117,267	117,267	117,267	117,267
FM Costs	4,117,996	8,551,966	0	0	0	213,799	213,799	213,799	213,799	213,799
Revenue Income (Included Above)	0	0	0	0	0	0	0	0	0	0
Total	**26,342,958**	**37,995,326**	**3,806,250**	**9,135,000**	**5,328,750**	**76,321**	**503,821**	**503,821**	**503,821**	**503,821**

Option Dii – Consolidate at Portland Road (exc GPs) (years 9-40 are the same)

Economic Case										
Option - Dii - Portman Road (Exc GP Surgery)										
Building / Cost / Income	NPV @ 01-Apr-20 3.50%	Total	Year 1 01 April 2021	Year 2 01 April 2022	Year 3 01 April 2023	Year 4 1 April 2024	Year 5 1 April 2025	Year 6 1 April 2026	Year 7 1 April 2027	Year 8 1 April 2028
Building 1 - Public Services Hub										
Acquisition Costs	407,717	421,988	421,988	0	0	0	0	0	0	0
Capital Costs	15,810,251	16,980,000	3,537,500	8,490,000	4,952,500	0	0	0	0	0
Capital Receipts (Enter as Neg)	-845,081	-969,750	0	0	0	-969,750	0	0	0	0
Backlog Maintenance	0	0	0	0	0	0	0	0	0	0
Lifecycle Costs	3,092,487	6,422,261	0	0	0	160,557	160,557	160,557	160,557	160,557
Utilities	2,267,472	4,708,927	0	0	0	117,723	117,723	117,723	117,723	117,723
FM Costs	4,146,409	8,610,972	0	0	0	215,274	215,274	215,274	215,274	215,274
Revenue Income (Included Above)	0	0	0	0	0	0	0	0	0	0
Total	**24,879,257**	**36,174,397**	**3,959,488**	**8,490,000**	**4,952,500**	**-476,196**	**493,554**	**493,554**	**493,554**	**493,554**

Appendix I – Loan Schedule

Option Dii - Portman Road (Exc GP Surgery)						-969,750	Capital Receipts															
Building / Cost / Income	NPV @	Total	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20
	01-Apr-19		01 April	01 April	01 April	1 April	1 April	1 April	1 April	1 April	1 April	1 April	1 April	1 April	1 April	1 April	1 April	1 April	1 April	1 April	1 April	1 April
Year from 1/4	3.50%		2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040
Year 1																						
Opening Balance			0	-4,058,475	-4,159,937																	
Debt Drawdown	-3,959,488	-3,959,488	-3,959,488	0	0																	
Interest @			-98,987	-101,462	-103,998																	
Annuity @																						
2.50%	0	0																				
Closing Balance			-4,058,475	-4,159,937	-4,263,935																	
Year 2																						
Opening Balance			0	0	-8,702,250																	
Debt Drawdown	-8,202,899	-8,490,000	0	-8,490,000	0																	
Interest @			0	-212,250	-217,556																	
Annuity @																						
2.50%																						
Closing Balance			0	-8,702,250	-8,919,806																	
Year 3																						
Opening Balance			0	0	0																	
Debt Drawdown	-4,623,212	-4,952,500	0	0	-4,952,500																	
Interest @			0	0	-123,813																	
Annuity @																						
2.50%	0	0																				
Closing Balance			0	0	-5,076,313																	
Operational Phase																						
Opening Balance			0	0	0	0	-16,188,445	-15,938,558	-15,682,423	-15,419,885	-15,150,784	-14,874,955	-14,592,231	-14,302,438	-14,005,400	-13,700,937	-13,388,862	-13,068,985	-12,741,111	-12,405,041	-12,060,568	-11,707,484
Debt Drawdown (Net of Capital Receipts)	-14,820,937	-16,432,238	0	0	0	-16,432,238	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Interest @						-410,806	-404,711	-398,464	-392,061	-385,497	-378,770	-371,874	-364,806	-357,561	-350,135	-342,523	-334,722	-326,725	-318,528	-310,126	-301,514	-292,687
Annuity @						654,598	654,598	654,598	654,598	654,598	654,598	654,598	654,598	654,598	654,598	654,598	654,598	654,598	654,598	654,598	654,598	654,598
2.50%	0	0																				
Closing Balance			0	0	0	-16,188,445	-15,938,558	-15,682,423	-15,419,885	-15,150,784	-14,874,955	-14,592,231	-14,302,438	-14,005,400	-13,700,937	-13,388,862	-13,068,985	-12,741,111	-12,405,041	-12,060,568	-11,707,484	-11,345,573
Grand Total Debt Service Costs	13,867,389	27,042,004	98,987	313,712	445,367	654,598	654,598	654,598	654,598	654,598	654,598	654,598	654,598	654,598	654,598	654,598	654,598	654,598	654,598	654,598	654,598	654,598
Total Annuity (Rent Recovery)		0																				
Peak Debt			-4,058,475	-12,862,187	-18,260,054	-16,188,445	-15,938,558	-15,682,423	-15,419,885	-15,150,784	-14,874,955	-14,592,231	-14,302,438	-14,005,400	-13,700,937	-13,388,862	-13,068,985	-12,741,111	-12,405,041	-12,060,568	-11,707,484	-11,345,573

Option Dii - Portman Road (Exc GP Surgery)																							
Building / Cost / Income	Year 21	Year 22	Year 23	Year 24	Year 25	Year 26	Year 27	Year 28	Year 29	Year 30	Year 31	Year 32	Year 33	Year 34	Year 35	Year 36	Year 37	Year 38	Year 39	Year 40	Year 41	Year 42	Year 43
	1 April	1 April	1 April	1 April	1 April	1 April	1 April	1 April	1 April	1 April	1 April	1 April	1 April	1 April	1 April	1 April	1 April	1 April	1 April	1 April	1 April	1 April	1 April
Year from 1/4	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055	2056	2057	2058	2059	2060	2061	2062	2063
Year 1																							
Opening Balance																							
Debt Drawdown																							
Interest @																							
Annuity @																							
2.50%																							
Closing Balance																							
Year 2																							
Opening Balance																							
Debt Drawdown																							
Interest @																							
Annuity @																							
2.50%																							
Closing Balance																							
Year 3																							
Opening Balance																							
Debt Drawdown																							
Interest @																							
Annuity @																							
2.50%																							
Closing Balance																							
Operational Phase																							
Opening Balance	-11,345,573	-10,974,613	-10,594,380	-10,204,641	-9,805,159	-9,395,690	-8,975,983	-8,545,784	-8,104,831	-7,652,853	-7,189,576	-6,714,717	-6,227,986	-5,729,087	-5,217,716	-4,693,561	-4,156,301	-3,605,610	-3,041,152	-2,462,582	-1,869,549	-1,261,689	-638,633
Debt Drawdown (Net of Capital Receipts)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Interest @	-283,639	-274,365	-264,860	-255,116	-245,129	-234,892	-224,400	-213,645	-202,621	-191,321	-179,739	-167,868	-155,700	-143,227	-130,443	-117,339	-103,908	-90,140	-76,029	-61,565	-46,739	-31,542	-15,966
Annuity @	654,598	654,598	654,598	654,598	654,598	654,598	654,598	654,598	654,598	654,598	654,598	654,598	654,598	654,598	654,598	654,598	654,598	654,598	654,598	654,598	654,598	654,598	654,598
2.50%																							
Closing Balance	-10,974,613	-10,594,380	-10,204,641	-9,805,159	-9,395,690	-8,975,983	-8,545,784	-8,104,831	-7,652,853	-7,189,576	-6,714,717	-6,227,986	-5,729,087	-5,217,716	-4,693,561	-4,156,301	-3,605,610	-3,041,152	-2,462,582	-1,869,549	-1,261,689	-638,633	-0
Grand Total Debt Service Costs	654,598	654,598	654,598	654,598	654,598	654,598	654,598	654,598	654,598	654,598	654,598	654,598	654,598	654,598	654,598	654,598	654,598	654,598	654,598	654,598	654,598	654,598	654,598
Total Annuity (Rent Recovery)																							
Peak Debt	-10,974,613	-10,594,380	-10,204,641	-9,805,159	-9,395,690	-8,975,983	-8,545,784	-8,104,831	-7,652,853	-7,189,576	-6,714,717	-6,227,986	-5,729,087	-5,217,716	-4,693,561	-4,156,301	-3,605,610	-3,041,152	-2,462,582	-1,869,549	-1,261,689	-638,633	-0

Appendix J – New Revenue Costs

	Capital Cost £	NIA m²	GIA m²		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
				GLEEDS GENERATED FM																				
				HARD FM MAINTENANCE	56,966	56,966	56,966	56,966	56,966	56,966	56,966	56,966	56,966	56,966	56,966	56,966	56,966	56,966	56,966	56,966	56,966	56,966	56,966	56,966
				HARD FM COMPLIANCE	13,292	13,292	13,292	13,292	13,292	13,292	13,292	13,292	13,292	13,292	13,292	13,292	13,292	13,292	13,292	13,292	13,292	13,292	13,292	13,292
				RESPONSE REPAIRS	5,697	5,697	5,697	5,697	5,697	5,697	5,697	5,697	5,697	5,697	5,697	5,697	5,697	5,697	5,697	5,697	5,697	5,697	5,697	5,697
				CARETAKING AND CLEANING	72,674	72,674	72,674	72,674	72,674	72,674	72,674	72,674	72,674	72,674	72,674	72,674	72,674	72,674	72,674	72,674	72,674	72,674	72,674	72,674
				TOTAL ANNUAL PPM/FM (GLEEDS GENERATED)	**148,629**	**148,629**	**148,629**	**148,629**	**148,629**	**148,629**	**148,629**	**148,629**	**148,629**	**148,629**	**148,629**	**148,629**	**148,629**	**148,629**	**148,629**	**148,629**	**148,629**	**148,629**	**148,629**	**148,629**
				FM UTILISING CLIENT FIGURES																				
Option Dii: Portman Road (Excluding GP Surgery)	16,980,000	3,797.73	5,383.28	TRADE WASTE	12,054	12,054	12,054	12,054	12,054	12,054	12,054	12,054	12,054	12,054	12,054	12,054	12,054	12,054	12,054	12,054	12,054	12,054	12,054	12,054
				BUSINESS RATES	49,393	49,393	49,393	49,393	49,393	49,393	49,393	49,393	49,393	49,393	49,393	49,393	49,393	49,393	49,393	49,393	49,393	49,393	49,393	49,393
				GROUNDS MAINTENANCE	16,214	16,214	16,214	16,214	16,214	16,214	16,214	16,214	16,214	16,214	16,214	16,214	16,214	16,214	16,214	16,214	16,214	16,214	16,214	16,214
				NURSERY INCOME	-24,100	-24,100	-24,100	-24,100	-24,100	-24,100	-24,100	-24,100	-24,100	-24,100	-24,100	-24,100	-24,100	-24,100	-24,100	-24,100	-24,100	-24,100	-24,100	-24,100
				TOTAL ANNUAL PPM/FM (CLIENT BASED)	**53,561**	**53,561**	**53,561**	**53,561**	**53,561**	**53,561**	**53,561**	**53,561**	**53,561**	**53,561**	**53,561**	**53,561**	**53,561**	**53,561**	**53,561**	**53,561**	**53,561**	**53,561**	**53,561**	**53,561**
				UTILITIES (UTILISING CLIENT FIGURES)	**106,651**	**106,651**	**106,651**	**106,651**	**106,651**	**106,651**	**106,651**	**106,651**	**106,651**	**106,651**	**106,651**	**106,651**	**106,651**	**106,651**	**106,651**	**106,651**	**106,651**	**106,651**	**106,651**	**106,651**
				CAPITAL LIFECYCLE & CYCLICAL REFURBISHMENT	-	-	-	-	**169,800**	-	-	-	-	**169,800**	-	**339,600**	-	-	**169,800**	**169,800**	-	-	-	**679,200**
				GRAND TOTAL	**308,841**	**308,841**	**308,841**	**308,841**	**478,641**	**308,841**	**308,841**	**308,841**	**308,841**	**478,641**	**308,841**	**648,441**	**308,841**	**308,841**	**478,641**	**478,641**	**308,841**	**308,841**	**308,841**	**988,041**

	Capital Cost £	NIA m²	GIA m²		21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	TOTAL
				GLEEDS GENERATED FM																					
				HARD FM MAINTENANCE	56,966	56,966	56,966	56,966	56,966	56,966	56,966	56,966	56,966	56,966	56,966	56,966	56,966	56,966	56,966	56,966	56,966	56,966	56,966	56,966	**2,278,637**
				HARD FM COMPLIANCE	13,292	13,292	13,292	13,292	13,292	13,292	13,292	13,292	13,292	13,292	13,292	13,292	13,292	13,292	13,292	13,292	13,292	13,292	13,292	13,292	**531,682**
				RESPONSE REPAIRS	5,697	5,697	5,697	5,697	5,697	5,697	5,697	5,697	5,697	5,697	5,697	5,697	5,697	5,697	5,697	5,697	5,697	5,697	5,697	5,697	**227,864**
				CARETAKING AND CLEANING	72,674	72,674	72,674	72,674	72,674	72,674	72,674	72,674	72,674	72,674	72,674	72,674	72,674	72,674	72,674	72,674	72,674	72,674	72,674	72,674	**2,906,971**
				TOTAL ANNUAL PPM/FM (GLEEDS GENERATED)	**148,629**	**148,629**	**148,629**	**148,629**	**148,629**	**148,629**	**148,629**	**148,629**	**148,629**	**148,629**	**148,629**	**148,629**	**148,629**	**148,629**	**148,629**	**148,629**	**148,629**	**148,629**	**148,629**	**148,629**	**5,945,154**
				FM UTILISING CLIENT FIGURES																					
Option Dii: Portman Road (Excluding GP Surgery)	16,980,000	3,797.73	5,383.28	TRADE WASTE	12,054	12,054	12,054	12,054	12,054	12,054	12,054	12,054	12,054	12,054	12,054	12,054	12,054	12,054	12,054	12,054	12,054	12,054	12,054	12,054	**106,651**
				BUSINESS RATES	49,393	49,393	49,393	49,393	49,393	49,393	49,393	49,393	49,393	49,393	49,393	49,393	49,393	49,393	49,393	49,393	49,393	49,393	49,393	49,393	**1,975,703**
				GROUNDS MAINTENANCE	16,214	16,214	16,214	16,214	16,214	16,214	16,214	16,214	16,214	16,214	16,214	16,214	16,214	16,214	16,214	16,214	16,214	16,214	16,214	16,214	**648,561**
				NURSERY INCOME	-24,100	-24,100	-24,100	-24,100	-24,100	-24,100	-24,100	-24,100	-24,100	-24,100	-24,100	-24,100	-24,100	-24,100	-24,100	-24,100	-24,100	-24,100	-24,100	-24,100	**-964,000**
				TOTAL ANNUAL PPM/FM (CLIENT BASED)	**53,561**	**53,561**	**53,561**	**53,561**	**53,561**	**53,561**	**53,561**	**53,561**	**53,561**	**53,561**	**53,561**	**53,561**	**53,561**	**53,561**	**53,561**	**53,561**	**53,561**	**53,561**	**53,561**	**53,561**	**2,142,432**
				UTILITIES (UTILISING CLIENT FIGURES)	**106,651**	**106,651**	**106,651**	**106,651**	**106,651**	**106,651**	**106,651**	**106,651**	**106,651**	**106,651**	**106,651**	**106,651**	**106,651**	**106,651**	**106,651**	**106,651**	**106,651**	**106,651**	**106,651**	**106,651**	**4,266,056**
				CAPITAL LIFECYCLE & CYCLICAL REFURBISHMENT	**679,200**	**679,200**	-	-	**169,800**	**169,800**	-	**339,600**	-	-	**169,800**	**169,800**	-	-	-	**679,200**	**679,200**	**679,200**	-	-	**6,112,800**
				GRAND TOTAL	**988,041**	**988,041**	**308,841**	**308,841**	**478,641**	**478,641**	**308,841**	**648,441**	**308,841**	**308,841**	**478,641**	**478,641**	**308,841**	**308,841**	**308,841**	**988,041**	**988,041**	**988,041**	**308,841**	**308,841**	**18,466,442**

Note:

The costs above are provided at 2019 values (i.e. 2-years inflation required to start of operations).

For the purposes of modelling, “capital lifecycle and cyclical maintenance” have been equalised on a “sinking fund basis” over the life of the asset.

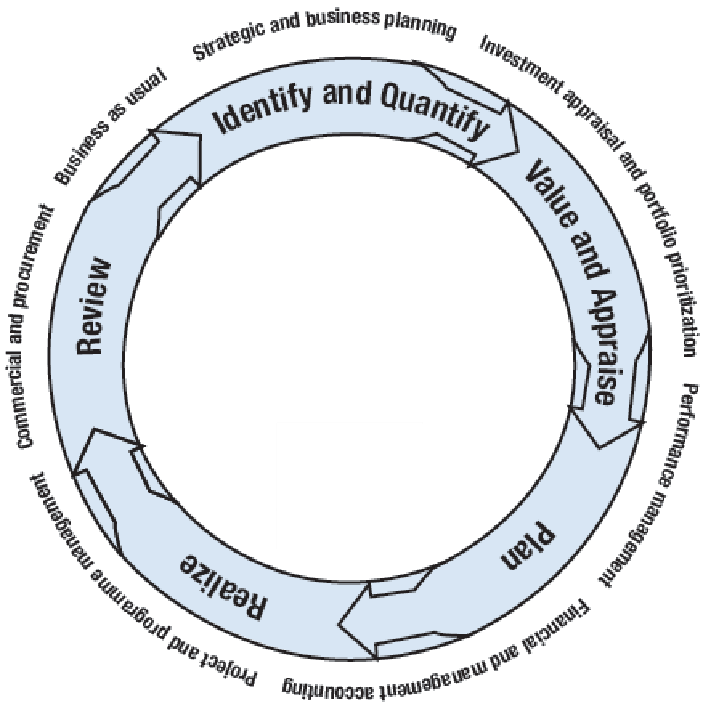
Appendix K – Affordability

Economic Case					
Affordability					
Building / Cost / Income	**Total**	**Year 1 01 April 2021**	**Year 2 01 April 2022**	**Year 3 01 April 2023**	**Year 4 1 April 2024**
Costs					
Debt Service					
Debt Service	27,042,004	98,987	313,712	445,367	654,598
Sub Total - Debt Service	27,042,004	98,987	313,712	445,367	654,598
Existing Annual Costs					
Facilities Management	902,226	300,742	300,742	300,742	0
Utilities	156,421	52,140	52,140	52,140	0
Lifecycle / Cyclical Refurbishment (non Capital)	1,035,319	1,035,319	0	0	0
Sub Total - Existing Annual Costs	2,093,967	1,388,202	352,883	352,883	0
New Annual Costs					
Gleeds FM	5,945,154	0	0	0	148,629
Remaining FM (Client Based)	2,142,432	0	0	0	53,561
Utilities	4,266,056	0	0	0	106,651
Lifecycle / Cyclical Refurbishment (non Capital)	6,422,261	0	0	0	160,557
Sub Total - New Annual Costs	18,775,902	0	0	0	469,398
TOTAL COSTS	**47,911,873**	**1,487,189**	**666,594**	**798,250**	**1,123,996**
Existing Budgets					
Nursery Income (Included in Net FM Cost Above)					
No Income Assumed for Community					
Carter Lane - Backlog Maintenance	614,425	614,425	0	0	0
Carter Lane - Lifecycle	0	0	0	0	0
Carter Lane - Utilities	1,566,517	36,431	36,431	36,431	36,431
Carter Lane - FM Costs	5,492,748	127,738	127,738	127,738	127,738
Shirebrook Library - Backlog Maintenance	107,552	107,552	0	0	0
Shirebrook Library - Lifecycle	0	0	0	0	0
Shirebrook Library - Utilities	200,998	4,674	4,674	4,674	4,674
Shirebrook Library - FM Costs	1,339,042	31,141	31,141	31,141	31,141
Shirebrook Resource Centre - Backlog Maintenance	210,687	210,687	0	0	0
Shirebrook Resource Centre - Lifecycle	0	0	0	0	0
Shirebrook Resource Centre - Utilities	474,521	11,035	11,035	11,035	11,035
Shirebrook Resource Centre - FM Costs	546,840	12,717	12,717	12,717	12,717
DCHS - Backlog Maintenance	102,655	102,655	0	0	0
DCHS - Lifecycle	0	0	0	0	0
DCHS - Utilities	0	0	0	0	0
DCHS - FM Costs	5,553,283	129,146	129,146	129,146	129,146
TOTAL - EXISTING BUDGETS	**16,209,267**	**1,388,202**	**352,883**	**352,883**	**352,883**
PROJECT SURPLUS / -DEFICIT	**-31,702,606**	**-98,987**	**-313,712**	**-445,367**	**-771,113**

Building / Cost / Income	Total	Year 1 01 April 2021	Year 2 01 April 2022	Year 3 01 April 2023	Year 4 1 April 2024
Economic Case					
Affordability					
Of Which:					
DCC Position					
Existing Costs	-1,603,874	-1,156,401	-223,736	-223,736	
Debt Service (as Landlord)	-27,042,004	-98,987	-313,712	-445,367	-654,598
New FM Costs					
Gleeds FM	-5,945,154	0	0	0	-148,629
Remaining FM (Client Based)	-2,142,432	0	0	0	-53,561
Utilities	-4,266,056	0	0	0	-106,651
Lifecycle / Cyclical Refurbishment (non Capital)	-6,422,261	0	0	0	-160,557
Sub Total - New FM Costs	-18,775,902	0	0	0	-469,398
Existing Revenue Costs					
Backlog Maintenance	932,665	932,665	0	0	0
Lifecycle	0	0	0	0	0
Utilities	2,242,036	52,140	52,140	52,140	52,140
FM Costs	7,378,629	171,596	171,596	171,596	171,596
Sub Total - Existing Revenue Costs	10,553,329	1,156,401	223,736	223,736	223,736
Recoverable Lease Income from Relevant Occupiers:					
CCG / GP	0	0	0	0	0
DCHS	5,464,410	0	0	0	136,610
DWP	1,237,873	0	0	0	30,947
Sub Total - Lease Income	6,702,282	0	0	0	167,557
Recoverable Service Charge Income from Relevant Occupiers:					
CCG / GP	0	0	0	0	0
DCHS	3,731,536	0	0	0	93,288
DWP	845,318	0	0	0	21,133
Sub Total - Service Charge Income	4,576,854	0	0	0	114,421
NET REVENUE IMPACT UPON DCC (SURPLUS / -DEFICIT)	**-25,589,314**	**-98,987**	**-313,712**	**-445,367**	**-618,281**
DCHS Position					
Existing Costs	-490,093	-231,801	-129,146	-129,146	
Lease Payable	-5,464,410	0	0	0	-136,610
Service Charge Payable	-3,731,536	0	0	0	-93,288
Less Existing Budgets	5,655,937	231,801	129,146	129,146	129,146
NET REVENUE IMPACT UPON DCHS (SURPLUS / -DEFICIT)	**-4,030,101**	**0**	**0**	**0**	**-100,753**
DWP Position					
Existing Costs	0	0	0	0	
Lease Payable	-1,237,873	0	0	0	-30,947
Service Charge Payable	-845,318	0	0	0	-21,133
Less Existing Budgets	0	0	0	0	0
NET REVENUE IMPACT UPON DWP (SURPLUS / -DEFICIT)	**-2,083,191**	**0**	**0**	**0**	**-52,080**

Appendix L – Benefits Process

Benefits Management Key Stages and Deliverables



The Benefits Management Cycle (APMG-International)

Benefits Management stage	***Products***
1. Identify & Quantify	• Benefits Logic Map • Benefit Profiles
2. Value & Appraise	• Business Case & Cost Benefit Analysis
3. Plan	• Benefits Prioritisation • Baselining • Business Readiness Assessment • Risk Assessment • Benefits Realisation Plan • Governance & Ownership Model
4. Realise	• Monitoring, Tracking & Reporting against the Plan • Collating benefits progress data & gathering information for Governance forums • Communication & Stakeholder Engagement Strategy
5. Review	• Benefits Reviews on Project Completion