

# Capital Programme Review 2017-18 Project Appraisal Form

**COMMITTEE & BID NUMBER**

Strategy & Resources Bid 6

**PROJECT TITLE**

Epsom Business Hub

**ACCOUNTABLE OFFICER**

Officer responsible for project planning and delivery of the scheme. Accountable officers are also responsible for post project review.

Mark Berry

**DETAILS OF PROJECT**

Project scope, what is included/excluded in the scheme

The business hub is a project to create a flexible and affordable shared working space within the town centre for entrepreneurs, freelancers and homeworkers from the Epsom and Ewell area. The delivery of the proposed hub meets an objective set out in the Economic Development Action Plan adopted by the Council in April 2016 and referenced as a key priority in the Corporate Plan 2016/20.

This proposal is for a first phase project to mitigate potential risk and expenditure by initially optimising office floor space located within the Old Town Hall. Evidence suggests that this is a deliverable and economically viable model. Success would allow for the project to be extended within the Town Hall and possibly to other Borough Council assets located in and around the Town Centre.

Just over 100sq m of underutilised office space has been identified in the Old Town Hall as potential accommodation for around 15 desks and locker storage (subject to some internal relocation of EEBC staff and existing tenants); with two adjoining rooms for meeting space and the bottom of the main staircase that could be used as an informal meeting area. Business users would enter the building via the Old Town Hall entrance and further controlled access points would need to be put in place to restrict movement to the business hub area, kitchen and toilets.

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	<p>The project would be established and delivered in partnership with a private sector business hub operator. The Council would be responsible for preparing the contract, lease and other legal documentation; providing the initial capital funding to set up the hub to cover broadband installation, redecoration; controlled access points; furnishings and marketing and ensuring as landlord that the general fabric of the accommodation is 'fit for purpose' in terms of meeting necessary requirements for its use for hub users.</p> <p>The operator would be responsible for the day to day running of the hub; appointing and overseeing a hub manager; entering into relevant contractual arrangements with occupants; ensuring that occupants comply with provisions of the lease; establishing financial systems and procedures to record and monitor all cost / expenditure and revenue income and preparing the necessary accounts.</p>
<p>Project outcomes and benefits</p>	<p>The main objectives of providing the space is to strengthen small business growth and job creation by addressing the shortage of flexible and affordable small business space in the town centre; improving access to innovation, skills and services for existing local organisations. Increasing and intensifying commercial / economic activity also contributes to town centre economic vitality and viability.</p> <p>Some existing employment / office space has recently been lost under changes to the Permitted Development Regime and other local managed office centres are almost fully occupied. Businesses may look to locate in neighbouring areas if no space is available in the Borough. The hub will open up opportunities for very small businesses to set up, expand and progress into larger office footprints in the Borough.</p> <p>A number of economic outputs would be agreed with the provider over a five year period, This would need to be agreed with a provider as part of the contract but it is envisaged that in Year 1 the project could support 10 local businesses, creating 2-3 jobs and 1 potential apprenticeship.</p>

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### FINANCIAL SUMMARY

		Cost of Project £	Comments and detail where necessary. Provide appendices where relevant. Examples of business cases spreadsheets can be found in the Finance Handbook
a	Estimated cost of purchase, works and/or equipment	30,000	See annex1 for breakdown of costs
b	Consultancy or other fees	0	
c	<b>Total Scheme Capital Costs (a+b)</b>	30,000	
d	External Funding Identified (e.g. s106, grants etc.) Please give details, including any unsuccessful funding enquiries you may have made.	0	
e	<b>Net Costs to Council (c-d)</b>	30,000	
f	Internal Sources of Capital Funds Identified (e.g. repairs & renewals reserve etc.)	0	
g	<b>Capital Reserves Needed to Finance Bid (e-f)</b>	<b>30,000</b>	
h	Annual Ongoing Revenue <b>Additional Savings</b> as a Direct Result of the Project	tbc	
i	Annual Ongoing Revenue <b>Additional Costs</b> as a Direct Result of the Project	tbc	

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Year	2017/18 £	2018/19 £	2019/20 £
<b>Spend Profile of Scheme</b> – please identify which year (s) the scheme spend will fall into	30,000	0	0

### REVENUE IMPACT

Can Revenue Implications Be Funded From the Committee Base Budget? – Please give details	tbc
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### CORPORATE PLAN 2016/20

<b>Is this investment linked to EEBC's Key Priorities?</b> If so, say which ones and evidence how. How does project fit within service objectives?	Yes – referenced in 'Supporting Businesses' and the Local Economy Priorities includes the objective to create 'space for startup incubator businesses to grow and expand'.
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### TIMESCALES

What is the proposed timetable for completion of the project? Give estimated start and finish dates for each stage of the project. These dates will be used as milestones during quarterly budget monitoring to assess performance of project delivery.

		Target Start Date	Target Finish Date
1	Design & Planning	October 2016	November 2016
2	Further Approvals Needed	tbc	tbc
3	Tendering (if necessary)	November 2016	January 2017
4	Project start date	April 2017	
5	Project Finish Date		September 2017

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## BASELINE CRITERIA

All capital schemes are assessed against criteria set by the Capital Member Group annually. Bids should meet at least one of these criteria. State which capital criteria(s) for assessing bids are met and why. Leave blank any which are not met.

Spend to Save schemes should meet the following criteria;

- Payback of the amount capital invested within the project within 5 years (7 years for renewable energy projects).
- The return required on capital employed should be linked to the potential cost of borrowing (MRP) rather than potential loss of investment income.
- Risk of not achieving return on investment is low.
- Clear definition of financial cost/benefits of the scheme.

Members may consider schemes with longer paybacks on major spend to save projects going forward, especially those that incur borrowing.

<p><b>Is there a guarantee of the scheme being fully externally funded and is it classed as a high priority?</b> Please give details of funding streams, including any restrictions on the funding.</p>	<p>No</p>
<p><b>Is the Scheme a Spend to Save Project?</b> Will investment improve service efficiency including cost savings or income generation? What is the payback in years?</p>	<p>tbc</p>

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<p><b>It is mandatory for the Council to provide the scheme?</b> Is investment required to meet Health and Safety or other legislative requirements? If so state which requirements.</p>	No
<p><b>Is this project the minimum scheme required to continue to deliver the services of the Council?</b> - Is investment required for the business continuity of the Council? If so say how.</p>	No

### ASSET MANAGEMENT PLAN

Is investment identified in the Council's Asset Management Plan?	No
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### PRIORITISATION

State which **one** of the four prioritisation categories are met and why.

1	Investment essential to meet statutory obligation.	
2	Investment Important to achieve Key Priorities.	Space for start-up incubator businesses to grow and expand is a key success measure outlined in the Corporate Plan 2016/20
3	Investment important to secure service continuity and improvement.	
4	Investment will assist but is not required to meet one of the baseline criteria.	

### RISKS ASSOCIATED WITH SCHEME

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1	Outline the risks of delivering this project to timetable and budget. (Please do not include risks to the service or asset if project is not approved.)	<p>The level of take up and income generation for the business hub is below expectation.</p> <p>Expenditure invested into the business hub is not recovered.</p>
2	Are there any risks relating to the availability of resources internally to deliver this project	Yes
3	Consequences of not undertaking this project	<p>The Council's objectives and priorities in relation to economic development in the Economic Development Strategy and Corporate Plan would not be achieved.</p> <p>The provision of small business space will continue to fail to meet demand and will act as a barrier to business growth in the Borough. As well as the negative impact on the growth of existing businesses located in the area, opportunities for high value inward investment will be lost.</p> <p>Missed opportunity to create a viable long term revenue stream for the Council.</p>
4	Alternative Solutions (Other solutions considered – cost and implications)	

<b>Is consultation required for this project?</b> Please give details of the who with and when by.	Yes – some current users of Town Hall
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<b>Ward(s) affected by the scheme</b>	Town ward
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## Accountable Officer Responsible for Delivery of the Scheme

Name and Signature ..... Date .....

## Whole life revenue costs of capital project

Where savings or budget virements are being used to part fund a project, the relevant budget manager must sign the appraisal form.

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## Accountable Officers for the revenue implications of the project

Project Manager Name and Signature ..... Date  
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Revenue Budget Holder Name and Signature ..... Date  
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Service Accountant Name and Signature ..... Date  
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