

Capital Programme Review 2023-24 Project Appraisal Form

COMMITTEE & BID NUMBER

Environment & Safe Communities Bid 2 – Alex Rec Dojo

PROJECT TITLE

Alex Rec Dojo - Demolish existing defective structure, provide, install and build new portable building.

ACCOUNTABLE OFFICER

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

Ian Dyer/ Mark Shephard/ Tony Foxwell

DETAILS OF PROJECT

<p>Project scope, what is included/excluded in the scheme</p>	<p>Scope of Works To fully demolish and remove existing defective timber portable building. To procure and engage supplier to manufacture new fit for purpose portable building and deliver and erect on site. Building will have to conform to current building regulations and have tea making facilities and water for washing hands. The main pavilion will continue to be used for toilet facilities for the Martial Arts Dojo The proposed size of building to be approximately 14m x 9m with a height of 2.4m.</p> <p>Construction is plastic coated steel external finish with internal plasterboard walls and ceilings, vinyl floor finish, air conditioning and heating. Internal power supply connection and consumer unit.</p> <p>Breakdown of costs: Demolition and removal £20k Planning permission £2.5k Building control £2.5k Manufacture of new portable building £120k Construction of pad foundations £15k Connection of services £10k Installation and erecting of new building (inc) Fire alarm and intruder (inc)</p> <p>Total budget £170k</p>
<p>Project outcomes and benefits</p>	<p>Criteria This will be a spend to save scheme if demolition is funded elsewhere on the basis that if the proposal is not accepted, we would have to demolish anyway as existing building is dangerous and unsafe!</p> <p>The proposed martial arts building will be run by Nam Yang but under new management and as such have suggested they can afford to pay us around £2k per month based on current turnover, however prior to vacating the current building, they have had to move into two other alternative premises, they were turning over more than £7k per month so £2.5k would be affordable. Income statements have been supplied and evidence can be given if required.</p>

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Background Information

The original temporary building was installed in 1998 and was run until recently by Iain Armstrong along with a paid employee dealing with the administration and two coaches. At the beginning of this year, we had to close down the property due to safety concerns and the club moved to two alternative premises at Glyn School and a local church hall. Steven Keen, the Head Teacher, who grew up as a member of the club (from the age of 6) and became an English professional champion in 2016, is now the business owner along with his long term partner Melanie Jones who provides the business and administrative support. The second coach remains as part of the coaching support.

Whilst the turnover has dropped slightly since they moved to the alternative accommodation, we have seen evidence that the turnover was previously up to £7k per month before expenses. The drop in turnover is attributable to the lack of flexibility of classes due to fitting in with other operations (eg using Glyn School), but if the property is available for their own use, it will be much easier to make the most of it, including personal one to one classes if required. A new property in the park will also attract more potential clients as attractive new premises will appeal to a wider audience. We believe the rental level achievable is easily replicated with other potential users eg café, or other similar users to that currently envisaged, meaning that if the business should fail, there would be a ready market to appeal to and the rental level is reflective of the facility. The facility itself will bring a welcome park user later into the afternoon which can help deter unwanted attention. It is believed therefore that the facility will be well received by the local park users, well used and should alternative occupiers be required, readily lettable in the market as there is a lack of such facilities. A rent of circa £25,000 per annum would be commensurate with a new property of a size that suits a variety of occupiers, in such a location with a good footfall and a relatively affluent local market.

Payback calculation

Income will be £2.5/month x 12 = £30k per annum
£30k x 5 years = £150k which is the cost of the project excluding demolition.

After 5 years payment, all future rental income will be profit and we expect the business to operate for minimum 10 years to start with. Minimum £150k profit for EEBC.

Capital Members comments

Members agreed this scheme should progress to final bid stage if it can meet the spend to save criteria. Officers should ensure that a fully agreed lease is in place before expenditure is incurred. Members also requested that there should be consideration given to regular rent reviews/increases as part of any rental agreements.

Evidence has been provided with the bid that the Nam Yang club currently receive income more than £5k a month. Therefore, they feel comfortable allocating £2.5k/month towards the project which they will pay in monthly rent. **The aspiration is that with new premises, they will be able to attract more people back to the self-contained premises to achieve a turnover of £7k per month and potentially**

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	<p style="color: red;">increase their turnover further as previously people were deterred by the state of repair of the old property.</p> <p>With regards to the lease, we can ensure there is an agreement in place prior to commencing the project. The agreement will include a copy of the proposed lease to be signed on handover of building.</p> <p>There will be 5 yearly rent reviews terms to be agreed.</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	150k +20k demolition	
b	Consultancy or other fees	0	
c	Total Scheme Capital Costs (a+b)	150k + 20k demolition	
d	External Funding Identified (e.g. s106, grants etc.) Please give details, including any unsuccessful funding enquiries you may have made.	0	
e	Net Costs to Council (c-d)	170k	
f	Internal Sources of Capital Funds Identified (e.g. repairs & renewals reserve etc.)	0	
g	Capital Reserves Needed to Finance Bid (e-f)	170k	
h	Annual Ongoing Revenue Additional Savings as a Direct Result of the Project	30k	They are not savings but income for this spend to save scheme. Payback in 5 years
i	Annual Ongoing Revenue Additional Costs as a Direct Result of the Project	0	

Year	2023/24 £
Spend Profile of Scheme – please identify which year (s) the scheme spend will fall into	170k

REVENUE IMPACT

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Can Revenue Implications be funded from the Committee Base Budget? – Please give details	N/A
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ENVIRONMENTAL IMPACT

Does the scheme meet any of the Council's Climate Change Action Plan targets, and if so, which ones?	Yes, all modern buildings must be constructed to be energy efficient and this falls under climate change action plan,
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FOUR YEAR PLAN 2020/24

Is this investment linked to EEBC's Key Themes? If so, say which ones and evidence how. How does project fit within service objectives?	Green & vibrant - Work with partners to reduce our impact on the environment and move closer to becoming carbon neutral.
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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	May 2023	
2	Further Approvals Needed	N/A	
3	Tendering (if necessary)	June 2023	
4	Project start date	August 2023	
5	Project Finish Date	September 2023	

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 (10 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.

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<p>Is there a guarantee of the scheme being fully externally funded and is it classed as a high priority? Please give details of funding streams, including any restrictions on the funding.</p>	<p>No</p>
<p>Is the Scheme a Spend to Save Project? Will investment improve service efficiency including cost savings or income generation? What is the payback in years?</p>	<p>Yes, payback within 5 years evidence included.</p>
<p>Is it mandatory for the Council to provide the scheme? Is investment required to meet Health and Safety or other legislative requirements? If so state which requirements.</p>	<p>The existing building is in a dangerous condition and should be demolished in advance of the new works for safety purposes.</p>
<p>Is this project the minimum scheme required to continue to deliver the services of the Council? - Is investment required for the business continuity of the Council? If so, say how.</p>	<p>No</p>

ASSET MANAGEMENT PLAN

<p>Is investment identified in the Council's Asset Management Plan?</p>	<p>yes</p>
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PRIORITISATION

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

<p>1</p>	<p>Investment essential to meet statutory obligation.</p>	
<p>2</p>	<p>Investment Important to achieve Key Priorities.</p>	<p>Encourage and support business creation and growth. Reduction in carbon dioxide emissions across the borough and within the council.</p>
<p>3</p>	<p>Investment important to secure service continuity and improvement.</p>	
<p>4</p>	<p>Investment will assist but is not required to meet one of the baseline criteria.</p>	

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RISKS ASSOCIATED WITH SCHEME

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.)	The major risk currently is inflated prices due to higher material and labour cost. If the costs increase too much in a year then the budget will be insufficient to carry out the works.
2	Are there any risks relating to the availability of resources internally to deliver this project	no
3	Consequences of not undertaking this project	We will lose this business within the community and the Dojo facility.
4	Alternative Solutions (Other solutions considered – cost and implications)	None

Is consultation required for this project? Please give details of the who with and when by.	Yes under planning permission.
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Ward(s) affected by the scheme	Town Ward
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Accountable Officer Responsible for Delivery of the Scheme

Name and Signature

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.

Accountable Officers for the revenue implications of the project

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Project Manager Name and Signature Date

Revenue Budget Holder Name and Signature Date

Service Accountant Name and Signature Date

Director Name and Signature Date
