

Nottingham City Council

Appendix A - Business Case

**Project Title: Hyson Green Library
Relocation**

Lead Department: Major Programmes



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DOCUMENT CONTROL

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CONTENTS

	Page
1.0 Purpose of Document	4
2.0 Executive Summary	4
3.0 Strategic Fit	
3.1 Background and Business Needs	4
3.2 Strategic Objectives and Outcomes	6
3.3 Scope	7
3.4 Constraints	7
3.5 Dependencies	8
3.6 Key Risks	8
3.7 Benefits	8
4.0 Option Appraisal	9
5.0 Commercial Aspects	11
5.1 Outline Costs & Capital Cost Table	11
5.2 Value for Money	12
6.0 Affordability	
6.1 Summary of costs	12
6.2 Funding	14
7.0 Achievability	14
8.0 Appendices	
Appendix A – Public consultation Findings	16
Appendix B – Equality Impact Assessment	16
Appendix C – Delegated Decision	16
Appendix D - Outline Benefit Realisation Plan	17
Appendix E – Project Governance Structure	19

1.0 PURPOSE OF DOCUMENT

This document defines the project's Business Case and provides the baseline against which the project is continually assessed.

2.0 EXECUTIVE SUMMARY

This Business Case reviews and supports the option to relocate the Hyson Green Library into the Mary Potter Joint Service Centre (JSC). This involves reconfiguring the space at the Mary Potter JSC, downsizing the area currently used by Acorn Resource Centre, amalgamating three reception desks and relocating the library function. This will provide longer library opening hours, modern facilities (including free wi-fi), the convenience of having several services and agencies located in one place and use of multi-purpose meeting rooms. The proposals will realise revenue savings of £7,000 per annum and address the current underutilisation of the Acorn Resource Centre that is estimated to cost the Council £78,000 per annum. Subject to approval by Executive Board in July 2014, the work at the Mary Potter JSC will commence in August 2014 with a completion date in the Spring of 2015. This solution involves an estimated capital expenditure of £780,000.

3.0 STRATEGIC FIT

3.1 Background of Business Need

The Council is undertaking a series of Citizen Programmes that intend to transform the Citizen experience, these programmes including Customer Access, Citizen First and Strategic Asset Management. The Community Provision in Neighbourhoods (CPIN) strategy aims to deliver 'A network of modern accessible multi-purpose facilities, conveniently located, offering higher quality frontline services and support for citizens'. CPIN forms part of the wider Strategic Asset Management Programme that aims to transform the operational property estate through investment and disinvestment in facilities to create better, efficient and a harder working property portfolio to meet the needs of Citizens and services.

The Customer Access Programme (CAP) aims to bring improved customer satisfaction and value for money from having services designed around the customer. It also aims to make them more efficient, by simplifying the ways in which the customer accesses and uses Council services and making effective use of local and digital services. The Council's JSCs and libraries have been identified as forming the network of Neighbourhood and Community hubs for accessing Council services.

The Localism Act (in force from 1st April 2012) encourages increased shared use of public assets and places a duty on local authorities in respect of making the best use of their assets in support of local priorities.

The Council's JSC Programme was initiated in 2002/3 and formed part of the Council's "Access to Services Strategy". The Council was successful in securing PFI grant from Central Government to support the joint procurement of three JSC schemes in partnership with the NHS through the Local Improvement Finance Trust Initiative (LIFT)(Refer to Section 5.0). The Mary Potter JSC was the second of these schemes to be opened in 2007/8. Although the Council secured PFI grant for all of the JSCs, this funding did not extend to include day care services. Therefore the Council is committed to pay the full lease plus charge for the term of the 25 year lease.

The Acorn Day Centre is located on the ground floor of the Mary Potter JSC and is under occupied and under-utilised. Occupancy figures from April 2012/February 2013 averaged 28 Citizens per day with the Centre being operational between 9.00am – 5.00pm Monday – Friday. The current occupancy levels are not anticipated to increase particularly in respect of personalised budgets and the closer integration/sharing of space with main stream services supporting the Inclusion Agenda of the Council.

The Mary Potter Centre accommodates a number of services that includes NHS, Nottingham City Homes and Council services including a Children Centre and the Acorn Resource Centre. The JSC currently has three separate receptions for Council Services closely located within the heart of the building.

A Delegated Decision Approval in April 2014 (1440) initiated a Feasibility Project to relocate the Hyson Green Library into the Mary Potter JSC to include the amalgamation of three reception desks. The approval granted the authority for the Council to initiate a variation under the terms of the Lease Plus Agreement (Letter 1).

A User and Citizen consultation was held on the proposed relocation of the library to the Mary Potter JSC during the period 2nd April to 9th May 2014. The public consultation covered Berridge, Arboretum and Radford wards and included a survey that was distributed to households within the above areas. The main finding of the survey was that 49% of respondents either strongly agreed/agreed in favour of the relocation. Whilst 41% of respondents disagreed/strongly disagreed with the proposal, the main reasons were due to respondents concerns regarding the potential impact on the Acorn Resource Centre service users. A separate Service User Consultation on the proposed design was held with Acorn Resource Centre and Children Centre service users. Following Health and safety concerns with the original plans, a revised layout for the reconfiguration of the ARC to accommodate the Hyson Green library involved:

- Additional activity space so that the total area for activities has only been reduced by 20% i.e. the loss of the dining area.
- Another existing Hoist DWC has been retained making a total of three
- The main entrance was moved so that it did not open into the Oaks room close to the kitchenette

The full results of the Public Consultation are covered in Appendix A

Relocating the Hyson Green library from the current building, which is over 100 years old to the Mary Potter Joint Service Centre (JSC) will make better use of the space at the centre. The relocation will allow the Council to invest and make better use of its assets and realise short and long term savings and efficiencies whilst releasing a surplus property. It will provide additional service benefits of longer opening hours, modern facilities (including free wi-fi) and the convenience of having several services and agencies located in one place. The relocation will provide the opportunity to create a new operating model focused upon supporting citizens to self-serve and improving digital literacy.

3.2 Strategic Objectives and Outcomes

Relocating the Hyson Green library to the Mary Potter JSC will meet a number of objectives that includes:

Nottingham Plan to 2020

One of the Strategic levers in the Nottingham Plan to 2020 is the Strengthening of Communities and improving services, The relocation of the library supports this by:

1. Creating a facility that promotes community use and integrated service delivery across a range of public sector services, including an integrated Ask Here front desk for the Council and partner services and
2. Offering an integrated library function providing a single point of contact to Citizens through a single Ask Here desk and extended opening hours.

Shaping Our Future Library and Information Service 2012-2017

The 'Shaping Our Future Library and Information Service 2012-2017' strategy includes an objective that the Joint Service Centres will provide a minimum of 5 days opening and give access to library expertise, resources, facilities and activities. This should include a children's area, community meeting space and Wi-Fi access.

Moving the Hyson Green library function to Mary Potter JSC will assist the Strategic Asset Management (SAM) objective to reduce the Council estate by 10%.

This development will also facilitate the new library design requirements. The City's vision for its Library provision is 'creating better futures' underpinned with the following core values:

- A welcoming customer-centred service
- Being responsive, flexible and timely in its provision
- Promoting learning and skills
- Supporting Innovation and Knowledge sharing
- Having a commitment to Excellence
- Providing equality of access
- Having a passion to address disadvantage and provide opportunities to improve

life skills and well-being

Libraries in Nottingham are visible creative hubs and catalysts to engage and link with communities.

Strategic Asset Management

Day care services such as those provided at the Acorn Resource Centre have been reducing in demand as a result of the national personalisation agenda changes and the introduction of personal budgets. These services can be provided in a reconfigured Acorn Resource Centre or in other areas of the city closer to citizen's homes.

Moving the library will make more efficient use of the under-utilised space in the Mary Potter Joint Service Centre.

3.3 Scope

The preferred option covered in the feasibility study (option 1) involves:

- The relocation of the Hyson Green Library into the Mary Potter JSC
- The reconfiguration of the footprint currently inhabited by the Acorn Resource Centre (ARC), resulting in a dual footprint for both the ARC and Library Services
- A single 'Ask Here' facility to be the front desk for Library services, Day Centre and Children's Centre with extended opening hours

The development of this business case has involved:

- Survey work on the Hyson Green Library building to produce 20 year life cycle costs to cover the remaining lease on Mary Potter JSC for the Business Case
- Plans, design and costs from LIFT Co for the refurbishment of Mary Potter

A change to scope was introduced at the end of May 2014 when a decision was made by Nottingham City Homes to close the payment desks located in the Joint Service Centres. This impacts the Mary Potter JSC design and has resulted in a loss of revenue. Changes to the design are included in this project and have incurred additional costs.

Out of Scope

- Disposal of the Hyson Green Library building. This building can only be declared surplus once the Council's Executive Board have approved the relocation of the library to Mary Potter JSC
- New Art Exchange's proposal for an International Enterprise Exchange
- Business model for the downsizing of the Acorn Resource Centre

3.4 Constraints

The following constraints have been identified:

- Financial (capital): The Council's Capital Programme includes budgetary provision of £780,000 in support of this project.

- **Financial (revenue):** The project is to be delivered within the existing revenue constraints of the existing services that includes a reduction of reception resource due to the Strategic Choice realignment of Business Support. The revised operating model of the Ask Here/library will use existing staffing resource.
- **Legal:** The LIFT procurement route was used for the construction and operation of the JSC. The capital works are to be undertaken by LIFT through a minor structural variation that falls within change control mechanisms available under the Lease Plus Agreement and the Strategic Partnering Agreement
- **Partnership:** NHS Community Health Partnerships (CHP) will need to agree the change of usage on behalf of the NHS sub tenants before the project can proceed
- **Site Constraints:** The existing Mary Potter JSC Tenants require the site to be developed while they are in occupation with minimal disruption to the delivery of services. Access to the site for construction purposes must be separate from the public and controlled to maintain business as usual.

3.5 Dependencies

This project is dependent on the Adult Services Provision Programme which includes a business model for projected future day care use.

The Customer Access Programme includes a channel shift to more effective use of local and digital services and provides an option for Customers to self-serve.

3.6 Key Risks

Type	Description	Mitigation
Financial	Relocation of Hyson Green Library cannot proceed due to affordability and budgetary constraints	The costs for the reconfiguration are included in the capital programme and endorsed by Leadership Group. A Value for Money exercise will take place to ensure construction costs meet original indicative cost
Financial	Strategic Choice's Business Support realignment that includes the Acorn Resource Centre and Children's Centre receptionist posts, has reduced the resource pool for extended opening hours.	Premises savings to be ring fenced to support extended opening hours e.g. staff and/or self-serve facilities. Operating Model to include current Ask Here opening hours Monday – Friday 8.30 – 17.30 hrs and additional Saturday opening
Service Provision	Fluctuations in the number of service users attending the Acorn Resource Centre may result in further underutilisation or lack of space in Acorn	Adult Services to create future Business Model for Social Care Services

3.7 Benefits

Relocating Hyson Green Library to Mary Potter has identified the following benefits:

- Improved library facilities and longer opening hours
- A single access point (Ask Here desk) for all Council Services
- Improvement in citizen satisfaction having one reception area (Ask Here desk) for all Council services
- Greater opportunity for community cohesion and social inclusion through bringing library services into the JSC which has a range of facilities. Both Children’s Centre and Acorn service users will have access to library facilities, activities and services
- Increase in the number of new members joining the library, increase in the number of loans and enquiries
- Improved access to IT including free wi-fi
- Potential additional revenue from room lettings at the JSC
- Local employment opportunities during the construction phase
- Addresses the underutilisation of space in the Acorn Resource Centre to the value of £78,000 per annum supporting the Council’s commitment to improve asset management
- Reduces the Council’s revenue costs associated with the current library of circa £7,000 per annum and reduces maintenance liability of £239,000 over a 20 year period

The possible dis-benefits from this project are:

- Possible reduction in the number of service users attending the Acorn Resource Centre due to the reconfiguration of the centre which, if the numbers further reduce, will result in closure of the centre

An outline Benefit Realisation Plan can be found in Appendix D

4.0 OPTION APPRAISAL (Economic Case)

Four options were covered in the Feasibility Study carried out in March 2014. The following table covers the capital expenditure, additional revenue and maintenance involved with each option.

Description	Capital	Additional Revenue p.a	Maintenance (20 yrs)
1. Relocate the Hyson Green library function to Mary Potter Joint Service Centre	£780,000	-£6,934	-£239,000 (saving)

2. Remain in existing Hyson Green library and extend the opening hours	£0	£26,000	£239,000
3. Refurbishment of the Hyson Green library building and extend the opening hours	£700,000 ¹	£26,000	£60,000 (estimated)
4. Do nothing	£0	£0	£239,000

An option appraisal was carried out as part of the feasibility study. The following table scores each option (1-10) against 6 objectives.

- Option 1: Move Library function and reconfigure Mary Potter Joint Service Centre
Option 2: Extend existing Hyson Green library opening hours
Option 3: Refurbish existing Hyson Green library
Option 4: Do Nothing

Each objective has been given a weighting of 1 to 5

Objective	Weighting	Score option 1	Score option 2	Score option 3	Score option 4
Improve customer access (CAP) by having a single point of access i.e. 'Ask Here' desk and integrate with library function	4	40	0	0	0
Extend library and Ask Here desk opening hours (minimum 5 days)	5	50	25	50	10
Contribution to Strategic Asset Management objective	4	40	0	0	0
Revenue saving (running cost)	5	25	0	0	0
Improved property utilisation – more efficient use of space	3	30	6	6	0
Facilitate the regeneration of Hyson Green	3	30	0	6	0
Total		215	31	62	10

¹ Based on £1100 per square metre plus 15% fees and fit out

Option 1 was endorsed by Leadership Group on 20 March 2014 i.e. reconfiguring the space at the Mary Potter Centre as originally commissioned with LIFT Co. This will provide longer opening hours, modern facilities (including free wi-fi), the convenience of having several services and agencies located in one place and use of multi-purpose meeting rooms. Subject to approval by Executive Board in July 2014, the work at Mary Potter will commence in August 2014 with a completion date in Spring 2015. This solution involves an estimated capital expenditure of £780,000.

5.0 COMMERCIAL ASPECTS (Financial Case)

The LIFT model is one that is based upon the procurement of a LIFT Co that will in turn procure the designing, building, financing and maintaining of new and/or refurbished facilities. Organisations enter into a lease (Lease Plus) with a project company owned by LIFT Co. ‘Lease Plus’ offers more than a traditional lease; the landlord being required to take on more of the longer term risks related to the property than under a traditional lease. Tenants make monthly rental payments from the date of ‘building handover’ including lease costs (rental plus service costs), pass through costs (rates and property insurance) and utilities. If the Tenant should wish to make a variation to the lease including ‘function and use’ and operating hours, then the change control mechanism applies which may involve an additional charge. Under the terms of the Lease Plus agreement, the Strategic Partnering Board is to approve changes to services that result in a Minor Structural Variation.

The LIFT Co has a responsibility to provide value for money. In respect to the contract variation an open book approach is to be adopted to the appointment of sub contractors and work packages. In addition the Council has appointed independent advisors who have provided a cost validation statement in respect of the design and construction costs and will continue to provide advice in respect to market testing.

The procurement of furniture, equipment and services in support of the relocation will take place using one of the Council’s legal framework agreements to achieve value for money.

5.1 Outline Costs & Capital Costs

The following table summarises the costs involved to reconfigure the Mary Potter JSC

Description	Capital	Revenue savings p.a	Maintenance savings (20 yrs)
Relocate the Hyson Green library function to Mary	£780,000	-£6934	-£239,000

Potter Joint Service Centre			
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A delegated decision – 1440 (May 2014) approved £32,360 for the feasibility and cost development for the Business Case; structural survey work on the Hyson Green Library building and the cost to conduct user, stakeholder and citizen consultation on the proposed move of the library to Mary Potter JSC. This is included in the above capital cost.

5.2 Value for Money

Independent advisors have estimated that £0.239m maintenance and lifecycle liability in respect of the current Hyson Green Library over a 20 year period. This relocation will therefore negate the need for this investment as well as releasing the property for future community use.

The relocation is anticipated to realise a revenue saving of £7,000 arising from existing premises costs of the Hyson Green Library.

For accounting purposes the recommendation is that under the Lease Plus Agreement, 43% of the annual recharge to Adult Services and the corresponding budget for the ARC is transferred to Library Services. The required budget virement is estimated to be £78,000 to take effect in 2015-16. Over the remaining term of the Lease Plus Agreement this will equate to approximately £1.4million.

6.0 AFFORDABILITY (Financial case)

6.1 Summary of Costs

Capital Expenditure

The reconfiguration of the Mary Potter JSC will cost £780,000 which will be funded from the council's Capital Programme.

A summary of this capital expenditure is listed below:

Capital Costs

Description	Cost
Mary Potter JSC Construction and fees	£641,867
MPC Fit Out costs	£ 99,883
Quantity Surveyors Fees	£ 10,000
Survey Work on Hyson Green library	£ 8,250

Project Management	£ 15,000 ²
Communications	£ 5000
Total	£780,000

The detail and breakdown of cost involved is covered below.

Item	Cost			
LIFT Co Design and Construction Costs				
Total (excl. VAT)	£641,867			
FIT OUT				
IT Costs including Wi-Fi (Ground Floor only); PCs, Laptops, Plasma screens		£55,883		
Library Furniture (Shelving, tables and chairs)		£44,000		
Total Fit Out		£94,000		
Other Council Costs				
Quantity Surveyor Fees (including Value for Money assessment for Feasibility and Sub Contracting phases)			£10,000	
Hyson Green Library Surveys			£ 8,250	
Project Management			£15,000	
Communication and Marketing			£ 5,000	
TOTAL			£780,000	

The construction cost for this solution is approx. £800 per m2. These costs have been verified by external Quantity Surveyors, Faithful and Gould.

Assumptions

1. The installation of the wi-fi involves 20 man days of network effort at a cost of £8000. This will be resourced from the Communities IT budget.
2. Prompted by a Strategic Choice decision concerning Council payments and consultation with tenants, Nottingham City Homes has decided to close cash payment desks at all the JSCs. A recommendation has been made to convert the payment desk at Mary Potter JSC into a bookable meeting room and a small store/cleaners cupboard. The cost of this work is included within the project at an approved cost envelope of £30,000.

² Project Management calculated as 3 days per week during design, 2 days per week during construction and 2 days per month during snagging, defect fixing, handover period

Revenue Expenditure

Description	Cost
Printer maintenance	£ 600
Additional Cleaning and security at Mary Potter	£ 6,037
Wi-fi maintenance	£ 2,859
Staffing (assume neutral)	£ 0
Saving from Hyson Green library running costs	-£16,430
Total (saving)	-£ 6,934

6.2 Funding

The capital required for the reconfiguration of the Mary Potter JSC is to be funded from the Council's Capital Programme.

The existing premises and staffing budgets of the Hyson Green Library are to fund the additional costs of extended opening hours at the Mary Potter JSC, but a revenue saving of £7,000 is to be realised.

7.0 ACHIEVABILITY (Project Management case)

Key milestones have been identified for the delivery of the proposed changes to Mary Potter Centre as shown below:

Table 7.1

Milestone	Date
Feasibility Study Approved	March 2014
Design fee Approved	March 2014
Engagement/Consultation	April 2014 – November 2014
Staff Consultation (45 days)	Commence August
Critical Design Consultation	2 nd April – 23 rd April
Public Consultation	2 nd April – 9 th May
Hyson Green Library Surveys	July 2014
Critical Design completion	May 2014
Full Business Case Approved (Exec Board)	22 nd July 2014
Detailed Design	August – September 2014
Design Review and Sign Off	October 2014

Mary Potter Centre construction complete	March 2015 (tbc)
Snagging/Defects Period	Tbc
Mary Potter fit out and commissioning	April 2015 (tbc)
Handover to Users	Spring 2015 (tbc)

A Hyson Green Library Relocation Project Board has been set up. The governance structure is outlined in Appendix E.

A detailed stakeholder and engagement map has been produced as part of the project.

8.0 APPENDICES

Appendix A Public Consultation Findings

The results of the consultation can be found at the following location or on the Nottingham Insight website

\\Nccfpw2k36\shd_dev\Major Programmes\Joint Working\CPIN\3.0 Hyson Green\5.0 Communications\Public\Proposal to relocate and modernise Hyson Green Library survey findings may9.docx

Appendix B Equality Impact Assessment

The following is a link to the Equality Impact Assessment conducted in March 2014.

[\\Nccfpw2k36\shd_dev\Major Programmes\Joint Working\CPIN\3.0 Hyson Green\1.0 Project Management\1.4 Business Case\EIA 06 03 2014 \(2\).doc](\\Nccfpw2k36\shd_dev\Major Programmes\Joint Working\CPIN\3.0 Hyson Green\1.0 Project Management\1.4 Business Case\EIA 06 03 2014 (2).doc)

Appendix C Delegated Decision

Delegated Decision 1440, 24th April 2014, 'Hyson Green Library relocation Project' approved funding of £32,360 for the feasibility and cost development for the Business Case. Details can be found at the following location:

<http://open.nottinghamcity.gov.uk/comm/viewdd.asp>

Appendix D - Outline Benefit Realisation Plan

Benefit	Measure	Baseline	Target	Target Date	Owner
Reduction in running costs due to closure of Hyson Green Library	Financial saving over the period of the Mary Potter JSC lease	Current annual running costs for Hyson Green library are approximately £16,000 per annum. Maintenance cost £238,928 over a 20 year period which covers the remaining period of the 18 year lease on Mary Potter JSC	Annual running costs for Mary Potter JSC are expected to increase by approx. £9,000 per annum. Therefore a revenue saving of £126,000 is expected over the remaining period of the lease (18 years) plus a saving of £238,928 on maintenance.	April 2016 to 2035	Major Programmes Finance Team
Increased use of library facilities in Hyson Green	Increase in the number of new members joining the library and increase in the number of loans	There are currently 7823 (2013) registered library members at Hyson Green library. The number of new members joining the library each year is currently 1500. The number of annual visits is currently	New members – 2,500 each year. Visits –100,000 per year Enquiries – 20,000 per year .	March 2017	Library operations Manager

		58,000 per year The number of enquiries is currently 7700 per year			
Improvement in Customer Satisfaction	Customer surveys at Mary Potter Centre, number of compliments and complaints	87% of Library staff rate the current facilities at Hyson Green library as good/very good	94% of Adults rating the new library as good/very good in line with 94% Mary Potter satisfaction rate	October 2015 (next Adult Plus survey)	Library operations Manager and Mary Potter Centre Manager
Local Employment opportunities during construction phase	LIFT Co and its contractors to work with the Council's Employers Hub to ensure new vacancies meet targets	n/a	75% of new vacancies to be filled by residents of Nottingham City.	November 2014 to March 2015	Carillion Construction Project Manager
More efficient use of the space at Mary Potter	Reduction in the cost of the Acorn Resource Centre	Acorn Resource Centre currently occupies 724 sq metres at a cost of £214,000 which equates to £6294 p.a. per service user	Acorn Resource Centre will occupy 414 sq metres at a cost of £4079 p.a. per service user.	March 2016	Head of Residential and Day Care

Appendix E – Hyson Green Library Relocation Project Board

