

EAST AYRSHIRE COUNCIL

CABINET – 26 JANUARY 2011

OPTION APPRAISAL – RELOCATION OF FLOWERBANK NURSERY AND PROVISION OF NEW ADULT DAY SERVICE FACILITIES IN KILMARNOCK TOWN CENTRE

Report by the Executive Director of Finance & Corporate Support and Executive Director of Education and Social Services

1. PURPOSE OF REPORT

- 1.1 The purpose of this report is to advise Cabinet of an appraisal of options in respect of the relocation of the Flowerbank Nursery and Family Centre and the provision of a new Adult Day Service Facility within Kilmarnock town centre, and to recommend an option based on this appraisal.

2. BACKGROUND

- 2.1 Cabinet at its meeting of 1 December 2010 approved a report recommending the site consisting of the current Woodstock Primary School and Woodstock Centre as the optimum location for the relocation of the Flowerbank Nursery and Family Centre and the new build Adult Day Service facility.
- 2.2 Within the confines of the consolidated site a number of possible building configurations can be considered with which to deliver the required services. On this basis it was therefore agreed that proposals would be subject to the completion of an appraisal exercise which would allow options to be assessed against key assessment criteria, and to recommend a preferred option based on this appraisal.
- 2.3 The option appraisal exercise also presents the Council with an opportunity to deliver on its asset management aspirations to ensure our buildings are in the right places, to the right standards, providing modern, efficient facilities accessible to all, meeting service needs and community expectations.

3. SCOPE OF THE PROJECT

- 3.1 Within the boundaries of the joint assessment it is important to establish the scope of project in relation to each distinct service in order to ensure the appraisal exercise takes appropriate cognisance of this.

Adult Day Service

- 3.2 The aim of the Adult Day service provision is to create a safe facility for adults with physical or learning disabilities in Kilmarnock, and to work in partnership with these adults and their families to provide a service which meets their individual needs.

- 3.3 In order to deliver on the aims of the Adult Day Service provision the following features are deemed essential in the project design and selection of site :
- Provision of “fit for purpose” facilities for adults with physical and learning disabilities which enhance opportunities to improve social stimulation educational and recreational activities
 - Community centred
 - Easily accessible for transportation links
 - Meets regulation standards set out in the Regulation of Care (Scotland) Act 2001

Nursery and Family Centre

- 3.4 The aim of the Nursery and Family Centre is to provide a suitable facility within Kilmarnock which meets both the needs of providing statutory ante and pre-school education for children under 3 years of age with additional learning support needs or requiring protection.
- 3.5 In order to deliver on the aims of the Nursery and Family Centre the following features are deemed essential in the project design:
- Provision of “fit for purpose” accommodation for younger children in the age range 0 – 5, including facilities suitable for children who have additional support needs or in need of protection
 - Community centred
 - Easily accessible for transportation links
 - Meets regulation standards as set out in the Regulation of Care Scotland Act 2000

Other Services

- 3.6 Consideration was also given to the possibility of relocating some or all of the services currently located at the Gateway Centre, Kilmarnock within the recommended building or buildings for the Adult Day Service. However, to incorporate the accommodation needs of the Gateway Centre, which also includes accommodation for 12 staff, within the proposed Adult Day Service facilities would require a significant increase in the footprint in order to maintain the current programme of day activities; as a result there is a significant risk of over development of site from a planning perspective. In addition, there are significant concerns that adequate parking provision can be provided. If accommodation for the Gateway Centre could be provided within the development site, these concerns may result in unacceptable compromises on the core elements of the project.
- 3.7 The Head of Community Care is keen to ensure that the new Adult Day Service Facility is recognised as providing facilities for as wide a client group as possible, and it will therefore be available for appropriate use by other community groups both during the working day and at evenings and weekends.

4. APPRAISAL OF OPTIONS

4.1 Identification of Options

4.1.1 The following potential options for configuration of buildings within the approved site to deliver on key objectives of the project have been identified for consideration as part of this option appraisal exercise :

Option	Details
Option 1	Separate Facilities (Refurbishment and New) - Relocation of Flowerbank Nursery and Family Centre within refurbished and extended Woodstock School, and new build on site of Woodstock Centre for Adult Day Service.
Option 2	Separate Facilities (All New) – new build replacement facility on site of the Woodstock School for Flowerbank Nursery and Family Centre, and new build on site of Woodstock Centre for Adult Day Service
Option 3	Combined Facility – new build facility for both the relocation of the Flowerbank Nursery and Family Centre and Adult Day Service facilities on the combined sites of Woodstock School and Woodstock Centre.

Note – The options are based on a footprint for the new Flowerbank Nursery and Family Centre which is approximately 45% larger than the existing facility, and a footprint equivalent to that of the existing Rosebank Centre for the new Adult Day Service facility, which both meet the requirements as indicated by Education and Social Services.

4.1.2 It should be noted that it is not feasible to create a physical link between existing and proposed new buildings in order to create a common entrance due to the topography of the site, and on this basis this option has not been considered.

4.1.3 It should also be noted that the development on the site of the Woodstock Centre will require the appropriate relocation of staff currently based within the existing facilities which will be carried out in consultation with the Executive Director of Educational & Social Services.

4.1.4 For more details of the options under consideration see Appendix 1.

5. DETAILED OPTION APPRAISAL

5.1 Overview

- 5.1.1 Decision making in local authorities is becoming increasingly complex. As the rate of change increases and the number of options widens, decisions based on intuition and historical reference have less credibility. A more analytical, objective and defensible decision making process is needed.
- 5.1.2 Option appraisal therefore defines and assesses different potential options to achieve required outputs or outcomes. It assists in making decisions on an informed and transparent basis and provides a consistent, systematic approach to decision-making.
- 5.1.3 A weighting and scoring approach has therefore been adopted for the assessment of options relating to the optimum site configuration for delivering the proposed services. Weighting and scoring enables a consistent comparison of unvalued costs and benefits. The basic approach involves assigning weights to the project assessment criteria, based on their relative importance, and then scoring each option in terms of how well it performs against those weighted objectives. The weighted scores are then totalled and the options ranked.
- 5.1.4 The option appraisal methodology adopted for this assessment therefore comprised of two elements; financial and non financial (comprising asset management and strategic assessment). The financial element and non-financial elements have been given an equal weighting of 50%.

5.2 Non-Financial Assessment – (Combined weighting 50%)

Strategic Assessment

- 5.2.1 A key element in all option appraisals is to define a clear set of objectives. As part of this project strategically focused objectives have been established after discussion with colleagues in Social Services and Early Education and Childcare.
- 5.2.2 Each option has therefore been scored giving due consideration to the strategic objectives set out below. The proposed development should achieve the following objectives :
- Service Delivery and Improvement – the option contributes positively to service delivery objectives, local and national policy drivers and workforce operational needs, and maximises opportunities for service improvement and integration.
 - Business Efficiency – the option contributes positively to business efficiency and improvement.
 - Partnership – the option maximises partnership working with all stakeholders and contributes positively to reshaping early years education and childcare, and adults requiring day service facilities in the Kilmarnock area.

5.2.3 This element of the option appraisal process was carried out at a meeting on 7 January 2011. A copy of the consensus scores and associated notes in relation to the Strategic Assessment exercise has been attached at Appendix 2.

Asset Management Assessment

5.2.4 It is important to assess each option relative to important Asset Management criteria, such as availability of site, ground conditions, access, planning and strategic environmental considerations, layout, and traffic impact assessment factors.

5.2.5 This assessment was scored in a manner consistent with the Strategic Assessment by representatives from the Finance & Asset Management Service. See Appendix 2 for details.

5.3 Financial Assessment – (Weighting 50%)

5.3.1 As part of this exercise, the Asset Management Service has assessed the costs relating to the options under consideration. The following financial information has therefore been collated for each option:

- Initial capital expenditure; and
- Whole life capital and revenue costs, including an assessment of revenue savings where applicable.

5.3.2 It should be noted that the whole life costs included within the financial assessment model relates to the costs associated with running the current facilities as a baseline position. As a result the financial assessment only takes cognisance of those additional costs or savings expected as a result of the option relative to this baseline position.

5.3.3 When comparing options, some costs and benefits will occur in different time periods. The technique of discounting has therefore been used to convert costs and benefits to Net Present Values (NPV) for comparative purposes. A discount rate of 3.5%, as recommended by HM Treasury Green Book, has been used for NPV calculation, and applied consistently to all options.

5.3.4 The NPV assessment for each option has therefore been transposed into a points score with the lowest NPV receiving 50, and all other options receiving points based on their proximity to the lowest. See Appendix 2 for details.

6. RECOMMENDED DEVELOPMENT OPTION BASED ON APPRAISAL EXERCISE

- 6.1 Summarised below are details of the consolidated Financial and Strategic Assessment scores for the options under consideration. The weighted scoring for each option is summarised below :

Option	Financial Assessment	Non - Financial Assessment	Total
<i>Weighting</i>	50%	50%	100%
Option 1	25.00	21.00	46.00
Option 2	17.66	24.00	41.66
Option 3	13.96	21.50	35.46

- 6.2 On this basis, it is recommended that Cabinet approve the option to the refurbish and extend the existing Woodstock School for the relocation of the Flowerbank Nursery and Family Centre, and to construct the new Adult Day Service Centre on the site of the demolished Woodstock Centre, and for the Executive Director of Educational and Social Services to commence the necessary consultation exercises based on this proposal.
- 6.3 The construction of facilities over two separate sites would allow for the each development to be delivered on a phased basis. As the Woodstock School will not be available for development until May / June 2012 (when staff and pupils transfer across to the new Willowbank SEN School) there is the potential for works to commence sooner on the Adult Day Service Facility, dependent on the relocation of staff current based at the Woodstock Centre. Works could be carried out in parallel to minimise the time construction works are on site, however, it is recommended that the phased programme is adopted in order to take advantage of the earlier start on site for the Adult Day Service Facilities.
- 6.4 The new Adult Day Services facility will be based on the Rosebank Day Care design, providing significant advantages in terms of cost and time by reusing this proven model.
- 6.5 Adoption of the phased construction option will also allow Education and Social Services to deliver on efficiency savings in relation to day care services totalling £0.200m within agreed timescales identified within 2011/12 Budget Proposals.

7. FINANCIAL IMPLICATIONS

- 7.1 The Capital Programme currently has allocations of £1.750m in respect the Flowerbank Nursery and Family Centre Project and £2.500m in relation to the provision of Kilmarnock Area Adult Day Service Facility. It is currently estimated that the proposed option to construct a new Adult Day Service Facility on the site of the Woodstock Centre, and to refurbish and extend the Woodstock School for the relocation of the Flowerbank Nursery and Family Centre can be accommodated within the consolidated approved budget allocation.

- 7.2 It should be noted that the estimates relating to capital investment requirements at this stage are for indicative purposes only. Overall allocations and profiles can only be established following completion of a finalised layout and full site investigations.
- 7.3 During the development of the finalised layout it will be necessary to ensure that all stakeholders with an interest in the outcome of the project are consulted. It is therefore proposed that this will be dealt with by the Project Management Teams for each respective project.

8. PROJECT MANAGEMENT TEAM

- 8.1 Establishing an effective organisational structure for project management and development is crucial to the delivery of a successful project. Every project has need for direction, management, control and communication. It is therefore recommended that both projects are managed on a basis consistent with the PRINCE2 approach.
- 8.2 The PRINCE2 project management structure is based on a customer / supplier environment. The structure assumes there will be a customer who will specify the desired outcome, make use of the outcome and pay for the project and a supplier who will provide resources and skills to create that outcome.
- 8.3 Project Management Teams have already been established for each project to drive forward capital investment, it is therefore proposed that these project teams assume a lead responsibility for driving forward each aspect of the development.

9. COMMUNITY PLANNING IMPLICATIONS

- 9.1 This development will support the delivery of key targets and actions within the community planning themes of Promoting Lifelong Learning, Improving Health and Wellbeing and Delivering Community Regeneration.

10. POLICY / LEGAL IMPLICATIONS

- 10.1 The new facilities will be subject to the necessary statutory consultation requirements in relation to Educational provision.
- 10.2 The development of both new facilities will be subject to the statutory planning requirements, and the design of the buildings will meet all the necessary legislative standards.

11. RISK IMPLICATIONS

- 11.1 Any risk associated with this development will be managed through the adoption of appropriate Project Management Methodologies as defined by PRINCE2.

12. RECOMMENDATIONS

12.1 Cabinet is asked to:

- i) note the option appraisal work carried out , as detailed at sections 4 – 6 of the report;
- ii) approve the proposal to construct a new Adult Day Service Facility on the site of the Woodstock Centre and to refurbish and extend the Woodstock School to provide replacement facilities for Flowerbank Nursery and Family Centre, and for the developments to commence on a phased basis.
- iii) remit the respective Project Management Teams to commence the necessary consultations for each individual scheme; and
- iv) otherwise note the contents of this report.

Alex McPhee

Executive Director of Finance and Corporate Support

Graham Short

Executive Director of Education and Social Services

10 January 2011

APPENDIX 1

Option	Detail	Estimated Capital Cost	Pros	Cons
1	Relocate the Flowerbank Nursery and Family Centre within a refurbished and extended Woodstock School (footprint approximately 45% larger than the existing facility) and a new build on the site of the Woodstock Centre for the Adult Day Service Centre (footprint equivalent to that of the Rosebank Centre)	£4.306m	<ul style="list-style-type: none"> • Cheapest option compared to alternatives • Allows for each building relocation to proceed independently of one another which could have advantages in terms of a start on site • Efficiency savings identified within 2011/12 budget proposals for Adult Day Services will be delivered within agreed timescale • Potential benefits through reusing design for Rosebank Centre for new Adult Day Service 	<ul style="list-style-type: none"> • Refurbishment not as advantageous in terms of end product as new build • Possible longer period of disruption to neighbouring properties if construction works not done concurrently • No co-location or economies of scale
2	Relocate the Flowerbank Nursery and Family Centre within a new build on the cleared Woodstock School site (footprint approximately 45% larger than the existing facility) and a new build on the site of the Woodstock Centre for the Adult Day Service Centre (footprint equivalent to that of the Rosebank Centre)	£4.784m	<ul style="list-style-type: none"> • All modern, fit for purpose facilities • Allows for each building relocation to proceed independently of one another which could have advantages in terms of a start on site • Efficiency savings identified within 2011/12 budget proposals for Adult Day Services will be delivered within agreed timescale • Potential benefits through reusing design for Rosebank Centre for new Adult Day Service 	<ul style="list-style-type: none"> • Possible longer period of disruption to neighbouring properties if construction works not done concurrently • No co-location or economies of scale
3	Relocate the Flowerbank Nursery and Family Centre and Adult Day Services within a new build with shared entrance on the cleared Woodstock School and Woodstock Centre sites (footprint of consolidated building is based on a footprint approximately 45% existing nursery facility, and equivalent to the Rosebank Centre for the new Adult Day Service)	£4.969m	<ul style="list-style-type: none"> • Possible economies of scale through shared premises. • Modern, fit for purpose facilities 	<ul style="list-style-type: none"> • Most expensive option when compared to alternatives • Efficiency savings for Adult Day Services will not be delivered with timescales • Possible operational challenges with a shared entrance due to disparate client groups • Difficulties providing a level site equivalent to the required footprint due to site topography • No benefits of reusing previous designs as new design required • No advantages in terms of timing as development on site cannot commence until mid-June 2012 to coincide with completion of new Willowbank School

NON FINANCIAL ASSESSMENT

Locations	Strategic Assessment			Asset Management Assessment				Total Score
	Service Delivery	Business Efficiency	Partnership	Buildability	Suitability	Sustainability	Risk	
Option 1 - Separate Facilities (Refurbished and New)	10	10	10	3	3	3	3	42.0
Option 2 - Separate Facilities (All New)	10	10	10	4	5	5	4	48.0
Option 3 - Combined Facility	8	8	10	3	5	5	4	43.0
Max Score	10	10	10	5	5	5	5	
Max Section Score	30			20				50

Key

The matrix table reflects the initial analysis and investigations of the different options. The viability of each option is reflected in its relative score (the higher the score the more viable the option).

Notes

Option 1	<p>Strategic Assessment - 1) Service Delivery - option contributes positively to services objectives, presents no challenges in terms of operational needs, and will provide opportunities for service improvement and integration 2) Business Efficiency - possibility of constructing the new build Day Services Facility independently of Nursery will allow Social Services to deliver on a number of efficiency measures within timescale. 3) Partnership - option will maximise opportunities to work in partnership with all stakeholders to reshape early years and adult day services. Asset Management - 1) Buildability - extending existing property not ideal, phasing of refurbishment of existing property and new build may result in prolonged disruption to neighbouring properties, movements in and around site would also require careful planning 2) Suitability - refurbished school will not fully meet Educational requirements for 21st century learning and teaching, new build day care facility will meet all requirements 3) Sustainability - sustainable measures will be built in to improve energy efficiency to acceptable standards, would partially meet Education objectives in terms of improving learning and teaching environment, b</p>
Option 2	<p>Strategic Assessment - 1) Service Delivery - option contributes positively to services objectives, presents no challenges in terms of operational needs, and will provide opportunities for service improvement and integration 2) Business Efficiency - possibility of constructing the new build Day Services Facility independently of Nursery will allow Social Services to deliver on a number of efficiency measures within timescale 3) Partnership - option will maximise opportunities to work in partnership with all stakeholders to reshape early years and adult day services. Asset Management - 1) Buildability - phasing of new builds may result in prolonged disruption to neighbouring properties, movements in and around site would also require careful planning 2) Suitability - new build facilities will meet all Educational requirements for 21st century learning and teaching, and day care requirements 3) Sustainability - sustainable measures will be built in to improve energy efficiency to acceptable standards, both facilities would also provide fully accessible facilities 4) Risk - minimised risk factor relates to lesser ongoing repair costs for new build properties, proposal is likely to be more acceptable to</p>
Option 3	<p>Strategic Assessment - 1) Service Delivery - a shared facility may present operational challenges in terms of the divergent client groups which would require careful planning and co-ordination 2) Business Efficiency - construction of a combined facility would result in Social Services being unable to deliver on a number of efficiency measures within timescale 3) Partnership - option will maximise opportunities to work in partnership with all stakeholders to reshape early years and adult day services. Asset Management - 1) Buildability - topography of site will require a significant amount of cut and fill to create level footprint for combined facility 2) Suitability - new build facilities will meet all Educational requirements for 21st century learning and teaching, and day care requirements 3) Sustainability - sustainable measures will be built in to improve energy efficiency to acceptable standards, combined facility would also provide fully accessible facilities 4) Risk - minimised risk factor relates to lesser ongoing repair costs for new build properties, no possibility of phased development resulting in delayed start on site.</p>

FINANCIAL ASSESSMENT

Options		NPV	
		Option NPV	Score
Option 1		£ 984,559	50.00
Option 2		£ 1,393,963	35.32
Option 3		£ 1,763,331	27.92

Option 1	<p>Capital Investment - based on new build Adult Day Services Facility based on the Rosebank Centre model (footprint 696m²) and refurbishment and extension of Woodstock School for Flowerbank Nursery and Family Centre (footprint of 928m²) Revenue Impact - model assumes revenue savings identified within the 2011/12 budget proposals for the Day Services totalling £0.200m can be delivered from 2012 onwards (Social Services 2011/12 budget proposals have yet to be approved by Cabinet). Additional revenue costs include an assumed increase of 50% on NDR for the Nursery due to the increase rateable value, and an assumed maintenance at an average of £0.025m to cover the first 5 years, increasing by £0.005m every 5 years thereafter. No assumed saving on utility costs or supplies and services.</p>
Option 2	<p>Capital Investment - based on new build Adult Day Services Facility based on the Rosebank Centre model (footprint 696m²) and new build Flowerbank Nursery and Family Centre on the Woodstock Centre site (footprint of 928m²) Revenue Impact - model assumes revenue savings identified within the 2011/12 budget proposals for the Day Services totalling £0.200m can be delivered from 2012 onwards (Social Services 2011/12 budget proposals have yet to be approved by Cabinet). Additional revenue costs include an assumed increase of 50% overall due to the increase rateable value, and an assumed maintenance at an average of £0.005m to cover the first 5 years, increasing by £0.005m every 5 years thereafter. No assumed saving on utility costs or supplies and services.</p>
Option 3	<p>Capital Investment - based on new build facility for Adult Day Services Facility and Flowerbank Nursery and Family Centre on the cleared Woodstock School and Woodstock Centre sites (footprint of 1,624m²) Revenue Impact - model assumes revenue savings identified within the 2011/12 budget proposals for the Day Services totalling £0.200m can be delivered from 2013 onwards (Social Services 2011/12 budget proposals have yet to be approved by Cabinet). Additional revenue costs include an assumed increase of 50% overall due to the increase rateable value, and an assumed maintenance at an average of £0.005m to cover the first 5 years, increasing by £0.015m every 5 years thereafter. No assumed saving on utility costs or supplies and services.</p>