Better Utilisation of Property Assets Programme

Learning and Development Facilities

Business Case

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Content

A **Technical Brief** has been produced to contain all common assumptions or definitions for each element of the Business Case, e.g. financial model, sensitivity analysis.

1. Executive Summary

The facilities used for training CCC employees include existing ‘unmanaged’ rooms, the Professional Development Centres in Cambridge (CPDC), Godmanchester (GPDC) and Wisbech (WPDC), as well as the hire of external facilities. The work associated with this project demonstrated a differential in the price and value of those facilities. Generally hiring external facilities is expensive in relation to using internal facilities though there are exceptions, particularly where regular bookings are made. Local community facilities tend to be inexpensive though not always suitable for all types of training. Larger facilities i.e. those for more than 100 delegates are used rarely and the relative expense of providing such a facility internally is unattractive.

The three Professional Development Centres are part of the scope of this project and have the potential to provide £1.4M in capital receipts and £50K pa in savings from relinquished leases if the council chooses to vacate them. The largest potential revenue gain associated with this project though is a reduction in the £800K per annum spent on external facilities and catering for training.

Of the options considered, the most expensive in Net Present Cost (NPC) terms was to re-provide existing training space in a custom built facility (Option 1). All of the other Options have the potential to improve on the Baseline Option 0A. The best performance in NPC terms was Option 2A, which would see the external provision of all training currently carried out within the PDCs. This showed an improvement of over £1M on the Baseline Option 0A. The Enhanced Baseline Option (0B) would result in an improvement of around £800K on the Baseline Option 0A.

The Non Financial Appraisal revealed the best performing option against the objectives of the Better Utilisation of Property Assets Programme (objectives that are linked to the council’s wider objectives) as Option 1 to provide a new centre followed by the Baseline Option (0A). These options have the potential to make contributions to local community engagement, environmental performance, partner working, modernisation of training and quality and performance.

There is the opportunity of “joining” this project with one or more other BUPA projects and in this event accruing economies of scale across the BUPA programme. The Shire Hall project is recognised as an opportunity to re-configure space utilisation and may lead to some of the requirements of this project being met.

The County Council, in considering its preferred option, will have to balance the capital cost with the long-term efficiency, sustainability, accessibility benefits and regeneration opportunities offered by this project in a recession.

Discussion with the services who manage the Learning and Development process on behalf of Cambridgeshire County Council revealed little appetite for significant change unless capital spend is undertaken. There is a belief that the current process of utilising PDCs and external facilities where cost effective will continue to meet the current requirements, but it is agreed that wider use of existing internal facilities should be undertaken. This assumes that training will continue to be provided in the current manner. Therefore **Option 0B** is the recommended option, which would look to continue with existing provision of the PDCs, whilst implementing processes to reduce the current expenditure on external facilities. This would be achieved through both intensifying the usage of CCC facilities such as Grafham Water, Burwell House and Corporate meeting rooms (where possible) for training as well as negotiating corporate contracts with selected external venues to improve value for money.

2. Background and Context

2.1 The Need for Change

Currently Cambridgeshire County Council trains CCC and partner employees (such as the PCT) via a number of methods and at a number of locations, both internal and external. The types of training include the mentoring scheme, desk-top/at desk training, on-line guides and classroom training. In addition, seminars and conferences are run each year for anywhere up to 200 people.

It was clear that as the facilities used for training CCC employees were being supplied through existing corporate meeting rooms; the Professional Development Centres in Cambridge, Godmanchester and Wisbech and the external hire of facilities; there was likely to be a differential in the price and value of those facilities. The perception was that hiring external facilities was expensive in relation to using internal facilities and the appraisal stage of this project set out to test this hypothesis. In simplest terms, if either the use of internal training space or hiring of external facilities could be shown to represent better value, then the project would focus on providing extra capacity internally or externally accordingly. For example, if the use of external facilities represented better value, then the existing internal space could be re-provided through external suppliers.

There are a number of key 'push' factors including:

- The cost of the GPDC lease: £50K pa plus running costs.
- The cost of 'casual hire of external facilities': In 2008-09 financial year this cost the authority almost £1M though erroneous recording puts this figure closer to £800K.
- The unsuitability, as indicated by the Suitability Survey of 2007, of main training sites in Trumpington, Godmanchester and Wisbech which include transport, layout access and facilities e.g. refreshments, IT network.
- The inability to access the Professional Development Centres easily via public transport.

In addition there are a number of key 'pull' factors including:

- The value of the CPDC site – estimated at £1.4M assuming limited planning permission is granted. This could rise closer to the £5.25M valuation by Strategy and Estates (Sept 2006) if more extensive planning permission was granted, however more recent estimates are that the site is unlikely to realise a capital receipt in excess of £4M.
- The opportunities offered by other BUPA schemes currently under consideration to provide new training facilities alongside new office developments – principally the Shire Hall Project.

- The opportunity to make more efficient and concerted use of other council facilities e.g. meeting rooms in existing CCC buildings.
- The opportunity to dispose of WPDC that is very under utilised through sale yielding capital receipts or cost effective re-use.

2.2 The Objectives

For the main BUPA Programme objectives, see the accompanying Technical Brief.

The objectives specific to the project include:

- Reducing the 'casual hire of external facilities' expenditure.
- Using the facilities available for training within the organisation in a more concerted way.
- Investing in communities through a policy of hiring local community facilities where appropriate.
- Ensuring DDA compliant internal training venues are available.

2.3 The Challenge

Current use of internal and external space for training is un-coordinated and patchy particularly away from the main Professional Development Centres. Looking to establish corporate contracts with external venues as well as, where feasible, extending the usage of corporate meeting rooms is likely to be a key focus of this project. Other challenges that are likely to arise are detailed below:

- The political environment and any changes brought about to facilities and the type and quantity of training.
- Technical advances leading to training being carried out in different ways.

3. Scope

The scope of the project covers a number of existing facilities used for training and development. These are principally:

- Cambridge Professional Development Centre.
- Godmanchester Professional Development Centre.
- Wisbech Professional Development Centre.

Centre	Tenure	Designation under suitability survey	Gross Internal Area (sqm)	PDC Employees	Other CCC employees located at PDCs	Capital receipt/lease value
CPDC	Freehold	Better Utilisation (BU)	1419	2	31	£1.4M – capital
GPDC	Leasehold	BU	589	4	50	£49,253 – lease
WPDC	Freehold - subject to restrictive covenants	BU	48	1	1	TBC

Figure 1. Professional Development Centres Key Information

As a result of the options appraisal process, further rooms within other locations are also considered within scope. This includes suitable rooms in CCC buildings and training space that may be available in other locations.

Many services would be affected by changes to the location and provision of training facilities. The principle services are those based within Professional Development Services i.e. Professional Centre Services and Education ICT Service.

The impact of future levels of e-learning is not fully understood and further consideration should be given to whether an increase is likely and the impact this may have on the size of the final solution and the type of space required. However after consultation, for the purposes of this business case, it has been assumed that training will continue in the same style for the foreseeable future.

Also to be considered in scope is the extending of opening hours into the evening for locations with training space.

4. Options Appraisal

4.1 Options considered

The principle aim of the options appraisal was to clarify the relative costs of internal and external provision of training facilities. The options were designed to reveal the relative costs of providing the space either internally, entirely through external suppliers or a mix of the two.

Wisbech PDC is currently under utilised in terms of training but has other uses such as outdoor educational events. This site is currently perceived to have little or no impact on the outcome of this project, but assessment will be undertaken to see whether a cost effective disposal or reuse can be arranged. There will be opportunities to consider the future of this location in other BUPA projects such as the Fenland Project.

The table below describes in more detail the options that shall be considered in this business case:

	Option 0A	**Option 0B**	**Option 1**	**Option 2A**	**Option 2B**	**Option 3A**	**Option 3B**
Option Summary	Baseline	Enhanced Baseline	Build and run new training facility	Procure training facilities though external contracts	Enhanced External - No PDCs	Mix of 2B and retain CPDC	Mix of 2B and retain GPCD

Option Description	Occupying The Castle (Wisbech Professional Development Centre), 42 West Street (Godmanchester PDC) and Trumpington (Cambridge PDC).	Occupying The Castle (Wisbech Professional Development Centre), 42 West Street (Godmanchester PDC) and Trumpington (Cambridge PDC). Reducing spend on using external facilities through corporate contracts and increasing use of existing internal facilities	Occupying new building on part of the Trumpington site. No longer lease GPDC. CPDC land sold except portion held back for new training centre. Assess use of WPDC (perceived to have no net impact on project.) Provision of office space for staff currently occupying PDCs.	No longer lease GPDC. CPDC land sold. Assess use of WPDC (perceived to have no net impact on project) Provision of existing office space for staff currently occupying PDCs.	No longer lease GPDC. CPDC land sold. Assess use of WPDC (perceived to have no net impact on project). Provision of existing office space for staff currently occupying PDCs.	Retain CPDC, no longer lease GPDC. Assess use of WPDC (perceived to have no net impact on project.) Re-provide training currently carried out in these locations with a mix of external contracts (90%) and internal facilities (10%)	Retain GPDC, sell CPDC. Assess use of WPDC (perceived to have no net impact on project.) Re-provide training currently carried out in these locations with a mix of external contracts (90%) and internal facilities (10%)
Overview	Training and development activities provided as current.	Training and development activities provided as current, but seek better utilisation of internal and external facilities to reduce external spend	Training and development activities primarily provided in new facility, with some use of other CCC and partner facilities.	All training and development assumed to be provided in facilities through contracts with external suppliers	90% of training and development provided in facilities through contracts with external suppliers and 10% use of other CCC and partner facilities.	Training and development activities carried out both through external contracts, CPDC, and better utilisation of internal training facilities (e.g. Grafham Water)	Training and development activities carried out both through external contracts, GPDC, and better utilisation of internal training facilities (e.g. Grafham Water)
Gross Internal Area (GIA)	Gross Internal Area = 2056 sqm including 795 training space at CPDC and GPDC.	Gross Internal Area = 2056 sqm including 795 training space at CPDC and GPDC	GIA = 795 sqm for training based on existing space in CPDC and GPDC.	There will be no specialist training space provided under this option.	There will be no specialist training space provided under this option.	GIA = 1144 sqm including relocation of all employees currently based in PDCs and some new training space	GIA = 626 sqm (relocation of all CCC employees currently based in PDCs).
Receipts from Sales	£0 capital receipts	£0 capital receipts	£0.4M capital receipts (allowing for £1M for part of site retained for building new centre)	£1.4M capital receipts	£1.4M capital receipts	£0 capital receipts	£1.4M capital receipts

Figure 2. Options Characteristics Table

A number of factors were considered in designing the options e.g. other potential sites for Options 2 and 3. The selection of the existing CPDC site for Option 1 allowed indicative costing figures to be based on this site. When considering potential sites, any site selected was required to be within easy reach of public transport, have the area to support the building and parking and where possible re-use CCC land.

The bulk of re-provision of space in the various options is office accommodation. There are around 80 employees based at the Professional Development Centres who are not directly responsible for the management of the centres. It has been assumed that it will be possible to accommodate the office based employees in the existing portfolio at a cost of £3.5k per employee per annum.

Detailed discussions have taken place with services that have significantly influenced the recommended option. Further discussions will be required to confirm the suitability of the final solution.

The graph below summarises CCC's current training usage using the frequency of various group sizes. As is shown in this sample, most training groups contain fewer than 30 people. Group sizes are generally between 0-25 people (average 12). Even so, it can be seen that contingencies must still be made for groups of up to 140 people. This information is based on a sample of CCC training run using external facilities.

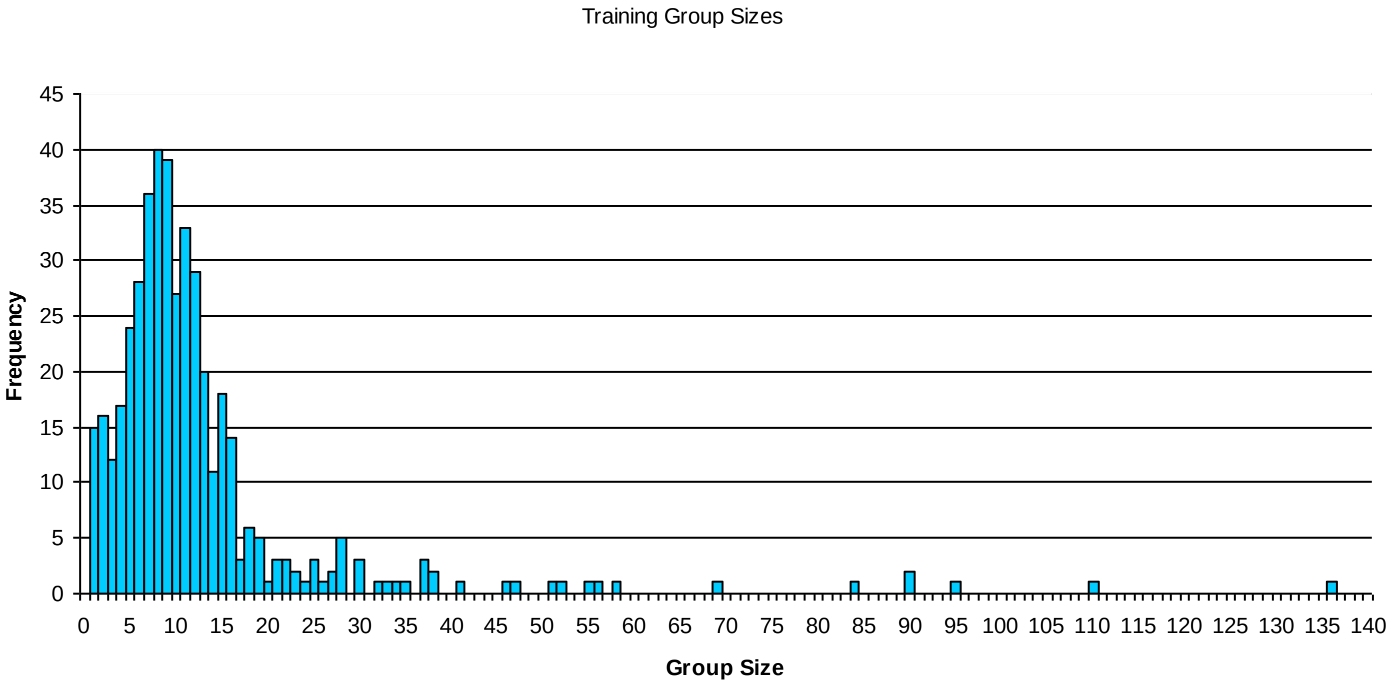


Figure 3. Training Group Sizes

4.2 Assessment Criteria

Both a financial and non-financial appraisal were carried out for each of the options. Briefly, the criteria for these were:

- Financial - Net Present Cost (40 Year) and Revenue Costs at Year 10.
- Non-financial – Service Modernisation/Transformation, Environmental Sustainability, Economic Regeneration, Efficiency Gain, Quality and Performance, Reputation, Partner Working and Deliverability.

The non-financial criteria were weighted and the same weightings applied to each BUPA project. In each case the non-financial appraisal was carried out by at least 3 people. At least 2 took part in the appraisal for each phase 1 project to maintain a consistent approach.

4.3 Evaluation of Options

4.3.1 The Financial Appraisal

Financial information was gathered for the options. This included existing lease costs, FM and maintenance costs and other running costs. Information was also gathered for Option 1 to indicate the cost of provision including build costs, future FM and maintenance costs and other running costs. Information was gathered for Options 2A and 2B on the cost of external facilities including catering. For all options involving the sale of PDCs the cost of the provision of office space for existing occupants was also gathered.

In some cases, actual data was unavailable and expert opinion and industry standards were applied. Assumptions were made about the number of external delegates and the split between day delegate rate and room hire to arrive at an indicative figure for the number of external delegates and the actual amount of space being hired. These were based on calculations of room size and layout that have been checked using a secondary source. It was assumed that office accommodation would be provided at a 5:10 desk ratio.

Once the figures had been compiled, Net Present Cost and Revenue Savings were calculated, verified and approved by an accountant.

	Option 0A	Option 0B	Option 1	Option 2A	Option 2B	Option 3A	Option 3B
Net Present Cost	£15,164,684	£14,371,113	£28,063,052	£14,105,474	£14,681,451	£14,612,270	£15,895,299
Operating Expenditure (Year 10)	£749,670	£694,407	£1,070,852	£824,465	£863,755	£824,465	£863,755

Figure 4. Net Present Costs and Revenue Costs at Year 10.

The financial appraisal indicates a potential saving through greater provision of training rooms internally thus reducing the use of external facilities.

4.3.2 The Non-financial Appraisal

In addition to the financial appraisal of the options, there was a need to test the options against the objectives of the BUPA Programme. Categories reflected the objectives using sub-division to reflect the need to score their different aspects. For example, ‘Environment’ was separated into a building performance element and a travel element, which were scored separately then aggregated to produce a single score.

Category (weighting)	Option 0A - Baseline	Option 0B – Enhanced Baseline	Option 1 – New Built Facility	Option 2A – External (No PDCs)	Option 2B – Enhanced External (No PDCS)	Option 3A – Mix of 2B and retain CPDC	Option 3B – Mix 2B and retain GPDC
Service Modernisation/ Transformation (15%)	1.4	1.4	3	1.6	1.4	1.2	1.2
Environmental Sustainability (20%)	2	2	3	2.5	2.5	1	1
Economic Regeneration (15%)	1	1	1	2	2	1	1
Efficiency Gain (12.5%)	1	1	2.5	1.8	1.8	1.5	1.3
Quality and Performance (5%)	1	2	4	1	1	1	1
Reputation (5%)	1	1	3	1	1	1	1
Partner Working (12.5%)	3	3	3	1	1	2	2
Deliverability (15%)	4.7	4	2.7	2.3	2.3	3.3	2.7
Total inc weighting	206	201	264	183	180	157	144

Figure 5. Non-Financial Appraisal Scores (weighted).

The results of the non-financial appraisal, indicates the potential of Option 1 (New Build) to best meet the objectives of the Programme. However Baseline (0A) and Enhanced Baseline (0B) options to sustain the status quo, score reasonably well against the other options.

4.4 Preferred Option

The results of the appraisal process were presented to the BUPA Programme Sponsor and Programme Board on 23 July 2009. The Board recommended further consideration of Options to dispose of PDCs and utilise a small new facility combined with extensive use of existing internal facilities, or wholly use of existing internal facilities (previous Options 3a and 3b).

At the Programme Board meeting on 27 August 2009, it was agreed to recommend a null option involving condensing all training currently carried out at PDCs into other internal facilities.

A revised valuation of £1.4M was then advised by Strategy and Estates for CPDC (down from £4M). This obviously has significant consequences in realising sufficient capital receipts to underpin the option recommended by the Programme Board on 27 August 2009. After further consultation with the services responsible for Learning and Development, it has been decided that the Enhanced Baseline (0B) is the best option to recommend to Members. This delivers one of the best financial returns and scores well in the non financial appraisal. More importantly this option continues to meet the current needs of the organisation in terms of Learning and Development requirements whilst looking to drive down external expenditure through better utilisation of internal facilities.

Characteristic	Reasoning	Details
Greater and more planned use of external local community facilities.	The hiring of such facilities tends to be at more reasonable rates and the money will go to support local communities.	This will provide facilities for less formal conferences/ workshops and primarily for 20-100 trainees/delegates
Continues use of the existing PDCs	They continue to meet the requirements for Learning and Development across the organisation	Continue to use CPDC and GPDC. WPDC will be assessed for disposal or cost effective re-use
The use of existing CCC space e.g. meeting rooms and facilities such as Grafham Water and Burwell House in a more managed way.	The totality of these rooms are currently not under a central control and their use is not therefore being optimized	This will primarily supply training space for small groups.
The use of any new meeting room space provided as part of other BUPA schemes.	This will optimize the use of the new space.	This will primarily supply training space for small groups.
Opportunities to enhance or relocate PDCs can continue to be considered if and when they arise.	If lower cost/higher performance PDC sites become available, consideration of these could bring about either savings or improvements to the quality of service delivery.	This primarily relates to opportunities to consider alternatives to GPDC.

Figure 6. The Characteristics of the Preferred Option.

There would be a certain degree of service redesign required as part of the recommended option. The Business Support Helpdesk has existing functionality allowing the booking of rooms, but this is not fit for purpose and new software requirements have been included in cost estimates. The current support offered by the PDC employees would be focused on central locations with telephone availability to help with technical IT issues at remote venues. Further analysis of the potential to include extension of event management beyond PDC's will be undertaken at the next stage of the project

A policy would be required to support the new arrangements. This policy would include only booking facilities (excepting PDCs where current arrangements will remain) through a central function i.e. Business Support Helpdesk, the use of preferred suppliers of external facilities where competitive rates prevail and the potential for cancellation charges etc. In addition, guidance would be needed to explain the process changes to training organisers.

Policy and service redesign must be delivered through a parallel work stream. In addition, the key services and employees responsible for delivering training will need to be consulted further.

Should option 0B be approved it will also become urgent that the council begin the process of renegotiating the lease for GPDC which expires in June 2011.

The figures indicate that there is value both financially and to communities in using local community facilities in a more concerted way as part of the strategy for reducing external expenditure. Some small investment in a number of local community facilities to improve their suitability for use as learning and development centres could be considered.

There are a number of additional changes to working practice that would be required to maximise the benefits of option 0B. These include:

- Greater use of meeting rooms at currently less busy times. These times are from building opening until 10am, at lunchtime and from 4pm until building closes. Meeting rooms are also noticeably less busy on Fridays. This could result in some, but limited enhanced capacity.
- Consideration could be given to providing common resources in larger meeting/training locations, e.g. ceiling mounted projectors for rooms where capacity exceeds 20 people. Some teams also have laptop computers and light projectors that are used to run meeting/training events. There could be a process to place these under the control of the central administration facility building on existing good practice to ensure effective use of these expensive resources.

The map overleaf displays the locations of the 3 PDCs, which would all be retained under option 0B.

Figure 7. Map of PDC Locations

5. Preferred Option

5.1 Affordability

5.1.1 Cost

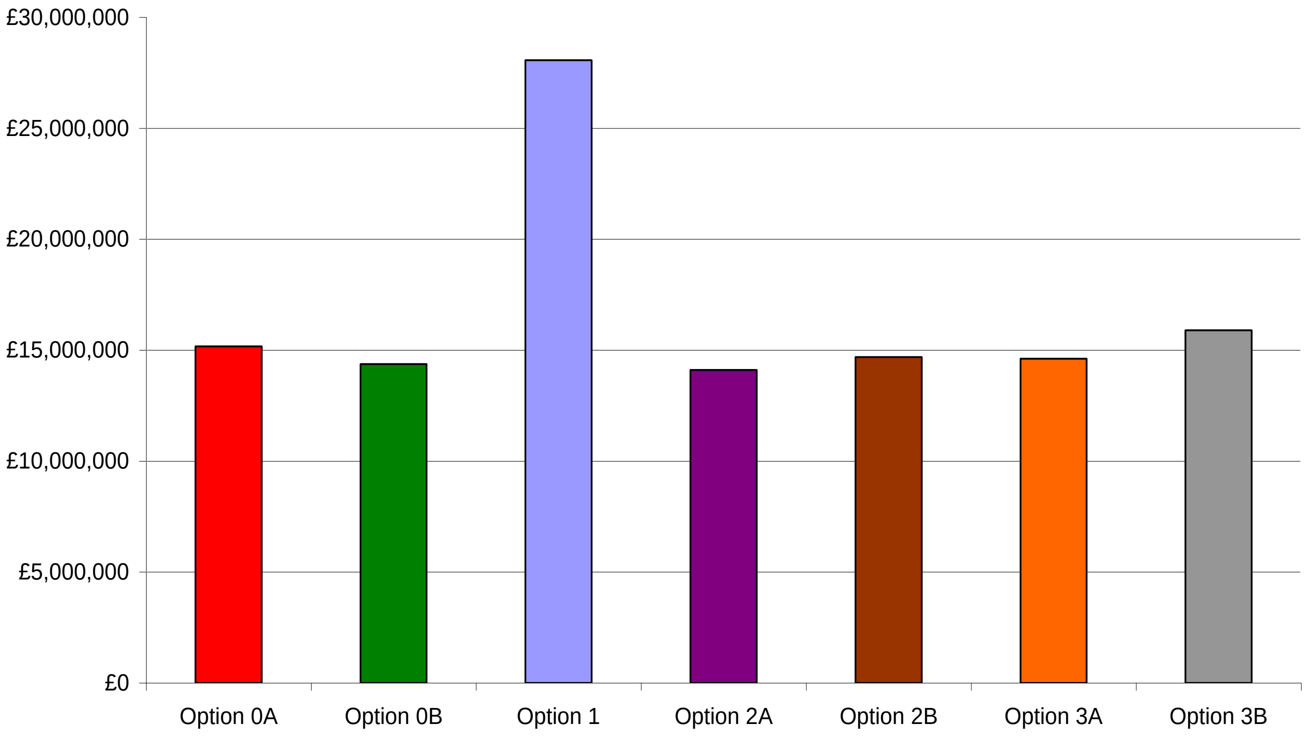
Figure 8 below displays the headline costings for all the options.

	Option 0A	Option 0B	Option 1	Option 2A	Option 2B	Option 3A	Option 3B
Capital Cost	£1,259,120	£1,281,890	£6,797,979	-£1,163,353	-£1,163,353	£916,977	-£934,137
Revenue Cost (40 Years)	£31,085,334	£29,154,536	£51,480,764	£29,968,768	£32,508,084	£29,778,512	£35,319,020
Net Present Cost	£15,164,684	£14,371,113	£28,063,052	£14,105,474	£14,681,451	£14,612,270	£15,895,299
Operating Expenditure (Year 10)	£749,670	£694,407	£1,070,852	£824,465	£863,755	£824,465	£863,755

Figure 8. Headline Costs for Options.

The following diagram compares the Net Present Cost of the options to the current baseline position:

Figure 9 - Net Present Cost



As the diagram above illustrates, all the options – bar option 1 - lie relatively close to each other. This implies that there is no substantial difference financially between providing facilities externally or internally.

Also worth noting is that with external expenditure reductions set at 10% there is little or no saving generated through the "enhanced" options with option 0B outperforming

0A and 2A outperforming 2B. Option 3A clearly outperforms option 3B indicating that if either of the centres were retained it should be CPDC.

Figure 10 - Net Operating Expenditure (Year 10)

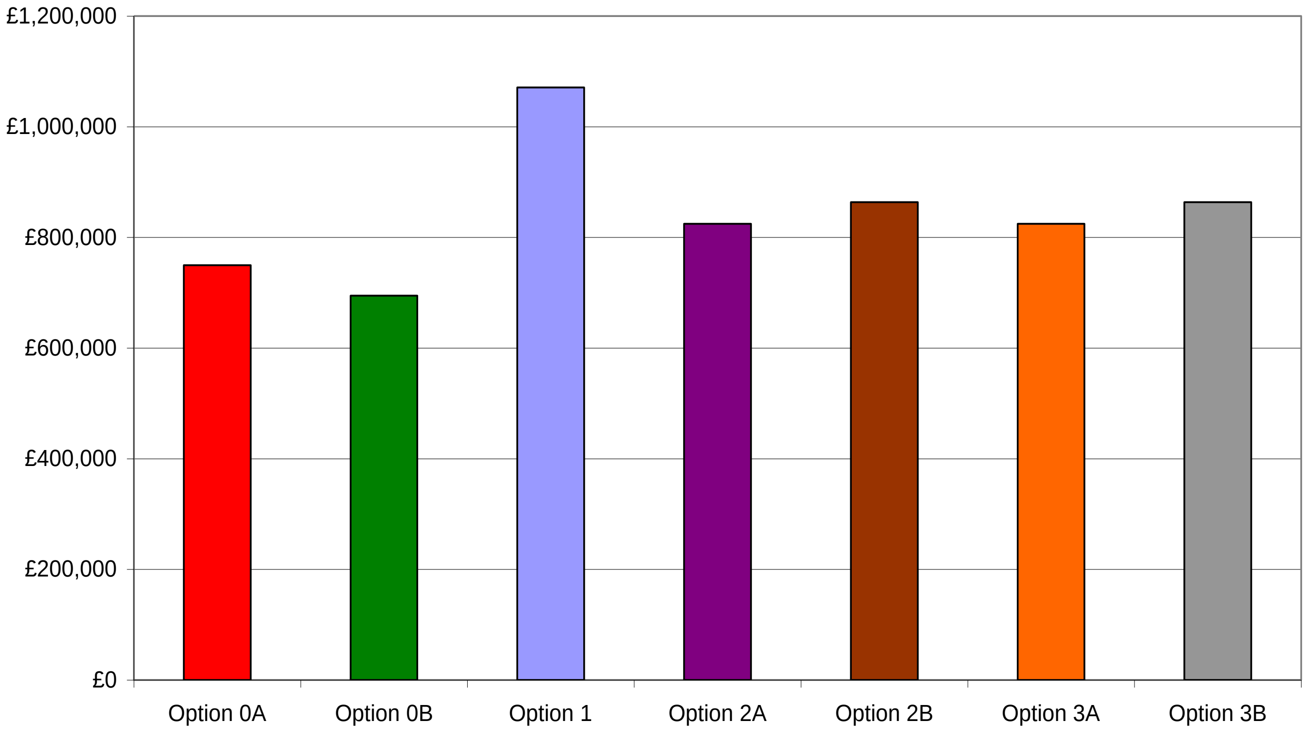


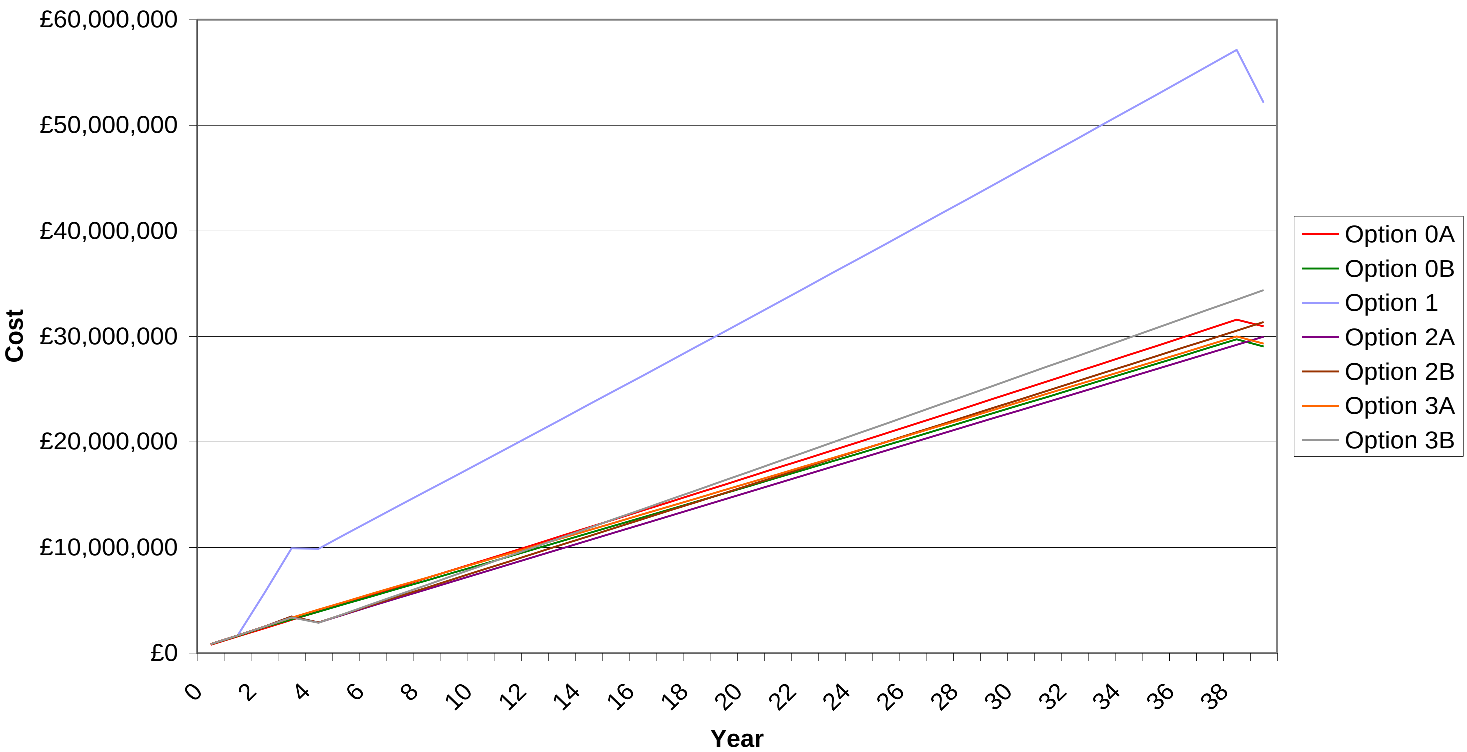
Figure 10 above describes the revenue costs of the project in year 10. This year has been selected to remove the impact of the short-term spike in revenue expenditure resulting from employee reorganisation costs.

The key point illustrated by this diagram is that the baseline operating expenditure, particularly in Option 0B is lower than in any of the external options (2A, 2B, 3A, 3B). This shows that it is the capital implications of these options (particularly the potential capital receipt for CPDC) that lead to their lower NPC scores. As well as this the revenue costs associated with office reprovision for staff based in CPDC and GPDC have led to the revenue expenditure rising for non-baseline options.

5.1.2 Affordability Diagram

The diagram below describes the spread of costs over the 40 years for each option. Early spikes in cost generally relate to capital expenditure associated with built solutions, whilst slumps that follow often represent the realisation of the capital receipts. The steady expenditure that follows this reflects the operating expenditure of the options, whilst the final drop around year 40 represents the residual value(s) of retained properties which is shown as a capital receipt. This diagram reflects total figures prior to any discounting taking place.

Figure 11 - Affordability (Cumulative)



The most obvious trend to note from this diagram is that all the options (barring option 1) track very closely together. This indicates that there is little to choose between the options.

5.1.3 Funding source

It is assumed that any capital outlays would be funded using prudential borrowing and the costs of servicing this debt have been built into estimates throughout the projects life. Options resulting in above baseline revenue expenditure would represent an additional drain on the councils' revenue budget.

5.2 Achievability

5.2.1 Timescale

Timescales are dependant on the selected option. Broadly speaking for option 1, the office re-provision and/or training space (if other options were considered) would be delivered with land acquisition (if required) in Year 2, Construction in Years 3 and 4 followed by the occupation of the space also in year 4. For externalised solutions it is anticipated that the process, including competitive tendering would be completed in year 3.

Preliminary work, such as developing a user-friendly booking system for training areas and reducing the level of external expenditure on facilities, can commence in advance of any re-provision element.

For option 0B it is anticipated that the project would be managed over a 3 year period, at which point the 10% reduction in external expenditure on facilities would be realised and further reductions would be targeted as “business as usual”.

5.3 Investment Appraisal

Work to date on this project has shown that in financial terms the best performing options lie very close to each other. It was apparent that the accuracy of these figures was dependant on 3 key assumptions. These have been explored as sensitivities below.

5.4 Sensitivity Analysis

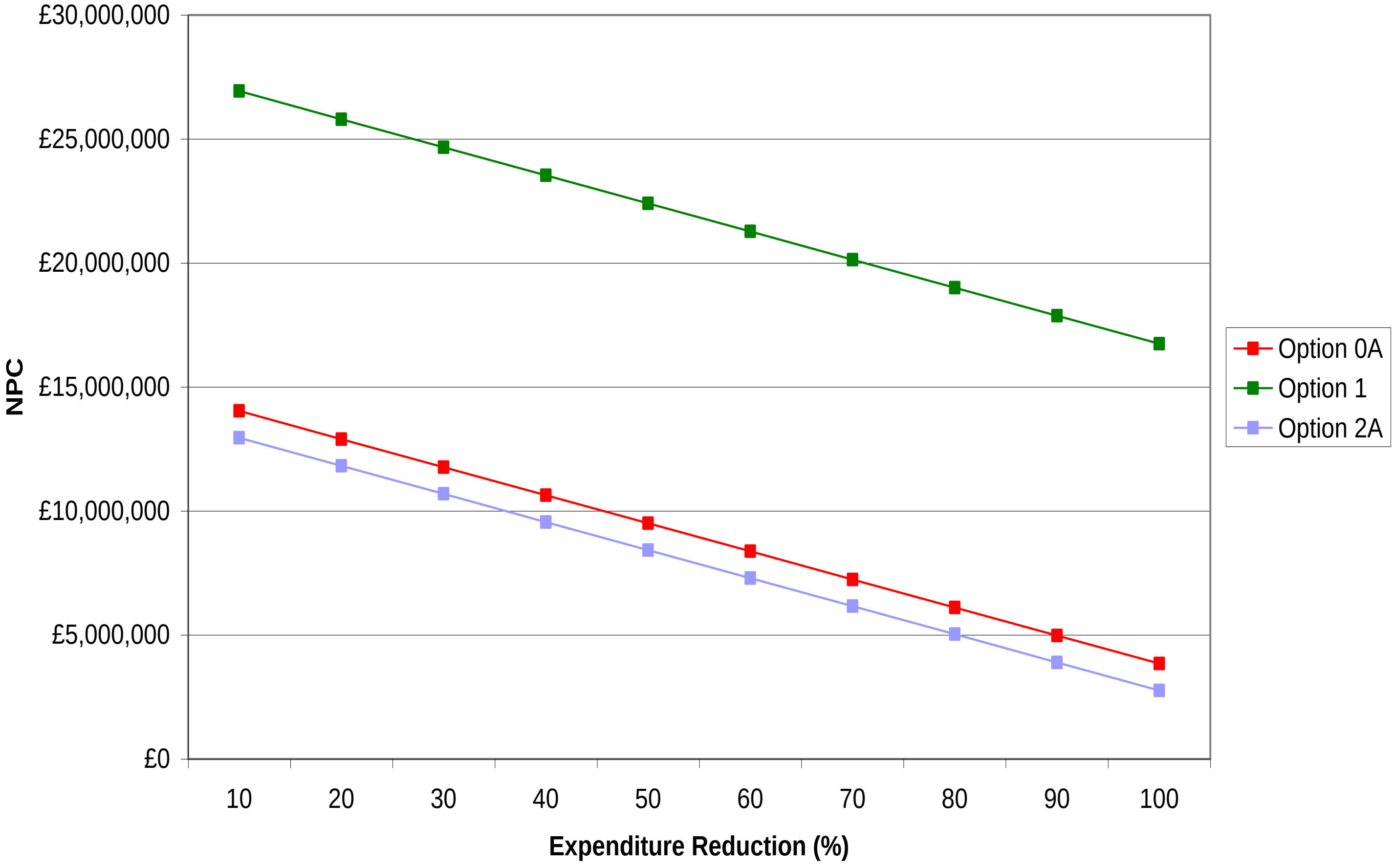
The project has been tested according to the following sensitivities:

1) Variations to the level of reductions to external expenditure that can be achieved. All enhanced options have an inbuilt assumption of a 10% reduction in external expenditure through intensifying meeting room. This sensitivity will test the impact on the NPCs of options resulting from setting this figure anywhere between 0% and 100%. This sensitivity can also be used to test the impact of a reduction in headcount levels as this is likely to impact directly on levels of external expenditure (it is assumed that PDCs will remain at capacity despite headcount reductions as services seek to switch from external venues to vacated space in PDCs).
2) An elevated capital receipt from the CPDC site as a result of planning permission being granted on an enlarged site. It is estimated that were planning permission to be granted on current grass areas on the site, a capital receipt in the region of £4m could be achieved.

<u>External Expenditure Reductions</u>

The diagram below describes the likely impact of reductions to the level of external expenditure resulting from achieving more intensive use of existing training capacity within the portfolio. As the enhanced options are predominantly reflected as a point on these curves (for example Option 0B represents a 10% reduction in expenditure on Option 0A) no separate lines have been included for them.

Figure 12 - Impact of External Expenditure Reductions on NPC



The diagram above demonstrates the cost reductions in NPC terms that could be realised through reductions in the external expenditure currently carried out across the organisation. For "enhanced" options there has been an assumption that a 10% reduction in the level of external expenditure shall be achieved. The diagram above shows the implications of either failing to meet this target or exceeding it.

There are 2 main mechanisms through which this reduction can be achieved, only one of which is within the control of the project. These are:

1) More concerted usage of existing space
This relates to ambition to utilise existing meeting space more effectively. A study of meeting/training room usage across the CCC property portfolio (excluding libraries and outdoor education centres) has created an estimate that there is a capacity of 1441 hours (assuming 9-5 usage) per week of unused meeting room time. This equates to roughly 72000 hours per year of meeting room space that goes unused. Although it is clear that a 100% occupancy rate is unachievable, and whilst a large number of

meeting rooms would not have the capacity to host training, this study has indicated that there is significant scope particularly on Fridays and in meeting rooms off the Shire Hall campus to extend the amount of training carried out internally across the portfolio. This capacity would be further enhanced if the extra capacity within Library meeting rooms and outdoor education centres (such as Grafham Water) could be fully utilised.

2) Headcount Reductions
As a result of the tight projections of future budgets it has already been acknowledged that cuts are likely both to employee numbers and training budgets across the council. This also would serve to pull down external expenditure as the demand for training falls. The graph above assumes that there will be no reduction in the usage of the PDCs as this occurs as training reductions would serve to reduce levels of external training before being aloud to impact on PDC demand.

Elevated CPDC capital receipt

The impact of increasing the capital receipt for CPDC from £1.4m to £4m is roughly a £4m reduction in the final NPC for any option that divests of the site. This assumes the capital receipt is realised in Year 4 and includes a further revenue stream on the assumption that this receipt is used to pay back debt (at a return of 4.5% per annum).

Therefore this would result in the NPC for option 1 falling to £24m, Option 2A to £10m and option 2B to £10.5m.

This same £4m rule can be applied to any subsequent options that are developed to test the impact of a £2.6m rise in capital receipt values.

5.5 Benefits

The financial benefits of 0B are also demonstrated in 5.1.1. In summary these are an NPC saving of £800K when compared to the baseline and revenue saving of over £50K per year after initial one-off revenue costs.

Non-financial benefits are detailed in the following table:

Benefit	**Aim**
More efficient use of existing space.	Existing rooms are brought into space offering alongside new and external rooms.
Promote a sense of community.	Community facilities identified and brought into space offering where appropriate
Contributes to reduction of carbon footprint.	Potentially more suitable locations when bookings administered centrally
Higher service performance and quality.	Survey shows 80% reduction in number of services identifying lack of availability as reason for hiring external facilities.
Improved cost effective use of training resources	Light projectors and laptop computers shared around those running training events
Promote and support partnership working.	Ensure that 5 partners organisations also use the facilities where appropriate to do so

Figure 13. The Non-financial Benefits Associated with Option 0B

5.6 Risks and Impact

The following are identified as key risks specific to Option 0B:

Risk	Probability	Impact	Mitigating action
Difficulties in engaging key services.	B	2	- Senior Manager involvement in discussing option with employees.
CCC employees do not buy in to the option.	B	3	- Develop and implement an effective communication strategy and plan. - Provide support and advice to staff undergoing changes. - Ensure clear leadership is given from senior officers from across the council.
Disruption to service delivery.	C	3	- Planning of the design and delivery of the option with services.

Figure 14. Key Risk Associated with Option 0B

The management of risk is key to the success of Option 0B. Services will need to buy-in to the drive to reduce external bookings where these are not cost effective with locations and/or resources managed by the central administration function.

An extended risk analysis will be carried out as part of the planning work that will follow a decision to proceed with the preferred option. In addition, the impact of the Project on the Programme level risks that have already been identified will be undertaken.

5.7 Issues

The key issues are identified in Table 10

Issue	Action
Changes in headcount impact on requirement for space.	- Any new space to be flexible. - Option to reduce space in design. - Revisit other options if appropriate
Outcome of the review of the Shire Hall Scheme will affect potential location of space.	- Monitor progress on Shire Hall scheme. - Identify potential sites for provision of new training space should the Shire Hall project not produce a solution for location (3a only).
New ways of working including processes not developed.	- Design/develop systems, processes and guidelines alongside design of new space. - Involve services in decision-making.
Changes to processes require organisation wide buy-in.	- Produce clear process and guidelines. - Secure senior officer and member support. - Penalise non-compliance.
No Capital receipts planned under the project	- Pursue opportunities to realise a capital receipt for Wisbech Castle

Figure 15. Key Issues Associated with the Option 0B

6. Delivery Approach

6.1 Governance arrangement

The approach for Option 0B is highlighted.

The project will adhere to the corporate approach to Programme and Project Management.

The governance of the project will be through the existing BUPA Programme structure.

Key decision	**Timing**	**Responsible**
Cabinet approval to proceed to Stage 1	February 2010	Cabinet
Stage 1		
Sign-off the project plan	Spring 2010	Project Sponsor
Agree the resource allocation	Spring 2010	BUPA Programme Board
Identify room facilities and training resources available	Spring 2010	Project Team
Carry out business analysis to consider the procurement of new booking software	Summer 2010	
Design processes for booking rooms through central administration facility	Summer 2010	Project Team
Sign-off the central booking software design specification	Spring 2011	Project Board
Stage 2		
Procure central booking software	TBA	Project Team
Consider enhanced meeting room provision as part of the Shire Hall Project	TBC	Project Team
Initiate new processes	TBA	Project Team
Review project effectiveness	On completion	Cabinet

Figure 16. Governance for the delivery of Options 0B.

6.2 Approach for procurement

The procurement rules for Cambridgeshire County Council will be followed.

Procurement will apply to the room booking software.

Briefly the steps for procurement are:

- Create a design specification.
- Undertake the procurement process.
- Test software.
- Initiate use.
- Close the work stream.

In addition, preferred contractors would be identified to provide training facilities externally to supplement the internally available rooms.

A number of parallel work streams would run alongside the procurement including service redesign, updated systems and processes and communications.

6.3 Use of resources

There are a number of parallel work streams required to deliver this project. The resources in Table 13 are required to deliver all work streams.

Resource	Type	Area of responsibility
BUPA project management	Internal - project delivery.	The work associated with delivering the project.
Professional Development Centre Management Team	Internal - service delivery input.	Advice and input into the solution design and use.
Other CCC services involved in training	Internal - service delivery input.	Advice and input into the solution design and use.
Other CCC services e.g. IT, FM.	Internal - delivery of project elements.	Specialist resources required to deliver elements of the project including provision of IT and audiovisual facilities, design of the processes required, etc.

Figure 17. The Use of Resources to Deliver Option 0B.

7. Suggested Course of Action.

It is clear that the development of some new training space would bring a number of benefits to the council and wider community. However, the current economic climate, likely cost of such development and possible changes to local government structure suggests that **Option 0B** would be the most prudent in the short term. There is concern amongst the services that significant change will be difficult to deliver for the reasons stated above whilst current arrangements are perceived to support the existing learning and development requirements. This option will require work to secure some additional space to be found from the existing portfolio and/or through frame work contracts to supplement that currently available. In the case of the latter, this would only be if attractive terms could be agreed. This option will also require additional work with the services delivering training to ensure they have the right facilities at the right times. This could best be achieved through a central booking arrangement.

Continuous review of changes to the factors that might influence a move to a training centre approach should be monitored. The Shire Hall project is recognised as an opportunity to re-configure space utilisation and may lead to some of the requirements of this project being met. Also if an opportunistic purchase that would provide improved accommodation was forthcoming, the council may take the decision to pursue this. Additionally, if it was found that the size and number of rooms provided was inappropriate at any time, other options outlined in this paper could be revisited. If the opportunity to move does not present itself in the meantime, a full review should be carried out at year 5 in line with the review of the Shire Hall site.

8. Appendix

8.1 Appendix 1 – Financial Proforma (Options 0A-2B)

Below is the financial pro-forma for the Learning and Development Facilities project options 0A to 2B. To access the full pro-forma including timings see this link: L&DF Merged Financials v0.7.xls

	Option 0A Baseline	**Option 0B** Enhanced Baseline	**Option 1** New Centre	**Option 2A** No PDCs - All External	**Option 2B** Enhanced - No PDCs
CAPITAL					
1) Non-Recurrent Setup Costs					
Land	£0	£0	£750,000	£0	£0
Building	£0	£0	£3,050,452	£0	£0
Externals	£0	£0	£305,045	£0	£0
Fitout (incl office and training furniture)	£0	£0	£533,829	£0	£0
Move Costs	£0	£0	£14,600	£13,000	£13,000
IT	£0	£18,000	£207,958	£74,538	£74,538
Professional fees @ 15%	£0	£2,700	£729,282	£13,131	£13,131
Contingency @ 10%	£0	£2,070	£559,117	£10,067	£10,067
Sub-total	£0	£22,770	£6,150,282	£110,735	£110,735
2) Recurrent Capital Running Costs					
Maintenance	£1,259,120	£1,259,120	£2,047,697	£125,912	£125,912
Sub-total (pa)	£1,259,120	£1,259,120	£2,047,697	£125,912	£125,912
3) Non-Recurrent Capital Returns					
Residual Value - Trainng Space/Office Accommodation	£1,400,000	£1,400,000	£6,150,282	£0	£0
Capital Receipts	£0	£0	£1,400,000	£1,400,000	£1,400,000
Sub-total	£1,400,000	£1,400,000	£7,550,282	£1,400,000	£1,400,000
Net Capital Cost (40 Years)	£1,259,120	£1,281,890	£6,797,979	-£1,163,353	-£1,163,353
Capital Costs/Savings (vs Baseline)		£22,770	£5,538,859	-£2,422,473	-£2,445,243
REVENUE					
4) Recurrent Running Costs					
Staff	£6,653,520	£6,653,520	£6,653,520	£1,385,352	£6,653,520
IT	£1,360,000	£1,493,200	£856,000	£985,600	£985,600
External Expenditure	£23,545,246	£21,367,311	£23,545,246	£29,175,445	£25,321,702
FM Costs	£4,374,760	£4,374,760	£18,214,427	£4,532,476	£4,532,476
Lease Costs	£1,970,120	£1,970,120	£197,012	£197,012	£197,012
Income	-£7,916,850	-£7,916,850	-£7,916,850	-£3,596,465	-£3,596,465
Sub-total (pa)	£29,986,796	£27,942,061	£41,549,355	£32,679,420	£34,093,845
5) Non-Recurrent Running Costs					
Employee Reorganisation Costs	£0	£0	£79,724	£79,724	£79,724
Change Management	£0	£0	£0	£0	£0
Project Management	£0	£75,000	£200,000	£200,000	£200,000
Redundancy Payments	£0	£0	£0	£38,462	£0
Cost of Borrowing (Prudential)	£1,098,538	£1,137,475	£9,651,685	-£1,865,484	-£1,865,484
Sub-total	£1,098,538	£1,212,475	£9,931,409	-£1,547,299	-£1,585,760
Net Revenue Costs (40 Years)	£31,085,334	£29,154,536	£51,480,764	£31,132,121	£32,508,084
Revenue Costs/Savings (vs Baseline)		-£1,930,799	£20,395,429	£46,787	£3,353,549
OVERALL					
Total Project Cost (Incl. Res Value)	£30,944,454	£29,036,426	£52,128,460	£29,968,768	£31,344,731
Net Present Cost*	£15,164,684	£14,371,113	£28,063,052	£14,105,474	£14,681,451

8.2 Appendix 2 – Financial Proforma (Options 3A and 3B)

	Option 3A	**Option 3B**
	Mix - 2B and retain CPDC	Mix - 2B and retain GPDC
CAPITAL		
1) Non-Recurrent Setup Costs		
Land	£0	£0
Building	£0	£0
Externals	£0	£0
Fitout (incl office and training furniture)	£0	£0
Move Costs	£3,600	£9,200
IT	£6,390	£16,330
Professional fees @ 15%	£1,499	£3,830
Contingency @ 10%	£1,149	£2,936
Sub-total	£12,637	£32,295
2) Recurrent Capital Running Costs		
Maintenance	£904,340	£433,568
Sub-total (pa)	£904,340	£433,568
3) Non-Recurrent Capital Returns		
Residual Value - Trainng Space/Office Accommodation	£1,400,000	£0
Capital Receipts	£0	£1,400,000
Sub-total	£1,400,000	£1,400,000
Net Capital Cost (40 Years)	£916,977	-£934,137
Capital Costs/Savings (vs Baseline)		-£1,851,114
REVENUE		
4) Recurrent Running Costs		
Staff	£6,653,520	£6,653,520
IT	£748,000	£748,000
External Expenditure	£22,411,696	£24,526,300
FM Costs	£4,570,348	£7,866,328
Lease Costs	£197,012	£1,970,120
Income	-£5,874,584	-£4,905,286
Sub-total (pa)	£28,705,992	£36,858,982
5) Non-Recurrent Running Costs		
Employee Reorganisation Costs	£48,296	£0
Change Management	£0	£0
Project Management	£200,000	£200,000
Redundancy Payments	£0	£0
Cost of Borrowing (Prudential)	£824,225	-£1,739,962
Sub-total	£1,072,521	-£1,539,962
Net Revenue Costs (40 Years)	£29,778,512	£35,319,020
Revenue Costs/Savings (vs Baseline)		£5,540,508
OVERALL		
Total Project Cost (Incl. Res Value)	£29,295,490	£34,384,884
Net Present Cost*	£14,612,270	£15,895,299