

C. ECONOMIC CASE - OPTIONS APPRAISAL

This sets out the options that have been considered to determine the best value for money in achieving the Council's priorities

C1. Options reviewed

A full description and review of each option is in Section G1

Option 1 - recommended option – replace the boiler systems at Kings Heath and Ladywood Community Centres

This is the only option that will allow the Centres to keep functioning in the longer term and is a more cost-effective solution than the on-going using of temporary boilers for which the service is paying hire charges of c£80,000 a year. The project cost to replace the two boiler systems is estimated at £593,650 including fees and contingency provisions.

Option 2 – continue with temporary boilers

Temporary boilers are being hired as a short-term emergency measure in order that the Centres could continue to open to the public. However, the hire charges amount to an estimated £80,000 per year which is creating a budget pressure for the service. The hire costs are being met on a temporary basis by deferring expenditure in other areas of service and therefore this solution cannot be sustained indefinitely. Therefore, this option was discounted.

Option Discounted – repair of existing system

Following inspection, Acivico Ltd have advised that the boiler systems are obsolete and are beyond economic repair and that, at best, repairs would offer only a short- term solution as other parts of the system could fail at any time. This option was therefore discounted.

C2. Summary of Options Appraisal – Price/Quality Matrix

	Option score (out of 10)				Weight			Weighted Score		
Criteria	1	2	3		1	2	3			
1. Total capital cost	0	10	10	20%	0.0	2.0	2.0			
2. Upfront revenue cost	10	0	0		2.0	0.0	0.0			
3. Full year revenue consequences	8	4	2	30%	2.4	1.2	0.6			
4. Benefits: Council priorities	10	6	2	40%	4.0	2.4	0.8			
5. Benefits: Service priorities										
6. Deliverability and risks	8	6	4	10%	0.8	0.6	0.4			
7. Other impacts										
Total	36	26	18	100%	9.2	6.2	3.8			

G. SUPPORTING INFORMATION

(Please adapt or replace the formats as appropriate to the project)

G1. OBC OPTIONS APPRAISAL RECORDS (these are summarised in section C2)

The following sections are evidence of the different options that have been considered in arriving at the proposed solution. All options should be documented individually.

Option 1	<u>Recommended option</u> – replace the boilers systems at Kings Heath and Ladywood Community Centres
Information Considered	<p><i>What information was considered in evaluating the option – this must be the same for each option considered.</i></p> <ul style="list-style-type: none"> • Capital cost • Revenue costs • Views of customers, local community and elected representatives • Likely life of option • Effectiveness of solution
Pros and Cons of Option	<p><i>What were the advantages/positive aspects of this option?</i></p> <ul style="list-style-type: none"> • This option will permanently resolve the problem ie provide heating and hot water at both facilities • Avoids on-going and escalating hire and off contract fuel costs • Keeps an existing asset in use for the residents of Birmingham • Meets the expectations of user groups, Ward Councillors and the local community <p><i>What are the Disadvantages/negative aspects of this option?</i></p> <ul style="list-style-type: none"> • Capital cost
People Consulted	<p><i>Who was consulted regarding development of key elements of this option</i></p> <p>Ward Councillors Kings Heath & Brandwood Ward Ward Councillors Ladywood Ward NHS Estate Services (Ladywood H&CC)</p>
Recommendation	Proceed or Abandon this Option
Principal Reason for Decision	<p><i>What are the key reasons for the recommendation regarding this option</i></p> <p>This is the only option that provides a permanent solution</p>

APPENDIX 1 Attachment A

Option 2	Continue with temporary boilers
Information Considered	What information was considered in evaluating the option – this must be the same for each option considered. <ul style="list-style-type: none"> • Capital cost • Revenue costs • Views of customers, local community and elected representatives • Likely life of option • Effectiveness of solution
Pros and Cons of Option	<i>What were the advantages/positive aspects of this option?</i> <ul style="list-style-type: none"> • There is no immediate requirement for capital resources <i>What are the Disadvantages/negative aspects of this option?</i> <ul style="list-style-type: none"> • On-going and escalating hire and fuel costs that cannot be afforded from the service revenue budget
People Consulted	<i>Who was consulted regarding development of key elements of this option?</i> Ward Councillors Kings Heath & Brandwood Ward Ward Councillors Ladywood Ward NHS Estate Services (Ladywood H&CC)
Recommendation	Proceed or Abandon this Option
Principal Reason for Decision	<i>What are the key reasons for the recommendation regarding this option</i> On-going, unfunded, boiler hire charges which are not sustainable

Option 3	Repair existing boiler systems
Information Considered	What information was considered in evaluating the option – this must be the same for each option considered. <ul style="list-style-type: none"> • Capital cost • Revenue costs • Views of customers, local community and elected representatives • Likely life of option • Effectiveness of solution
Pros and Cons of Option	<i>What were the advantages/positive aspects of this option?</i> <ul style="list-style-type: none"> • One off revenue cost rather than on-going prudential borrowing charges <i>What are the Disadvantages/negative aspects of this option?</i> <ul style="list-style-type: none"> • Not feasible as boilers obsolete and beyond economic repair
People Consulted	<i>Who was consulted regarding development of key elements of this option?</i> Ward Councillors Kings Heath & Brandwood Ward Ward Councillors Ladywood Ward NHS Estate Services (Ladywood H&CC)
Recommendation	Proceed or Abandon this Option
Principal Reason for Decision	<i>What are the key reasons for the recommendation regarding this option</i> Not feasible