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PUBLIC SERVICE VILLAGE

THE BUSINESS CASE

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Lis also leads in the provision of workshops and training to support organisations with the delivery of estate strategies and the implementation of new asset management procedures and skills. Project work for individual clients and organisations includes real estate strategy and implementation plans, asset management planning and reviews of operational and non-operational property.

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CONTENTS:

Introduction.....	17
Why Have a Business Case?.....	17
What Was It?	19
Business Case Contents	19
The Strategic Case	19
The Customer Case	21
The Planning Case	21
The Economic Case - Affordability	21
The Overall Value For Money Assessment.	21
The Commercial Case	21
The Project Management Case	21
How Effective Was It?.....	21
Key Business Case findings.....	21
Conclusion.....	22

PUBLIC SERVICE VILLAGE

THE BUSINESS CASE

INTRODUCTION

Other papers will say what the Public Services Village (PSV) is going to do, what it is going to be like and what it will achieve. This paper explains how they know that, how they have reached the point where they can say, with confidence, that it is going to do this and it is going to achieve that, it is going to give us these efficiency savings? That is the work I had to do, to help put the business case together. This tested the initial idea and it was then possible to explain that it is going to work (or not) and these are the things that you ought to expect from it.

WHY HAVE A BUSINESS CASE?

Most surveyors today get involved in doing some sort of business case, some sort of feasibility testing, some sort of analysis. As a profession we started from a fairly low point on the learning curve but it is important to say that across the sector we continue to improve. The PSV project and its challenges are enormous. It is a huge complex property project and it is an immense responsibility to justify all decisions made about it. My purpose now is to share with you an understanding about the tools and techniques involved.

Why have a business case? The story starts in 2003 when I was asked as GVA Grimley to undertake a feasibility study for the co-location of six public services providers into a shared development at Bury St Edmunds. The prospect of trying to work with six public service agencies was a challenge and something taken on with a degree of trepidation. In reality cooperation has been fantastic. It is an incredibly exciting project. The six public services providers came together so well and I will share with you some of the reasons why this happened and how I think it can be replicated.

Initially the project came to us as a property project. Would this work in property terms? As our study developed it became clear to all of us this there was more involved



than just property. It is a people, a process and a place project; all three things, and two elements, the people and the process issues affect everything we do with property.

The initial feasibility study was positive and proved the worth of going further. The next step was to put together an outline business case. At this point pressures and problems eliminated four of the partners from Phase 1. These remained interested but were unable to join in the detailed investigation at that time. But the Borough and County Council were able to move forward and had sufficient confidence and courage to commission the next piece of work. This was to test with a degree of rigour whether they should go ahead. The outline business case required was to test and prove the case for the two authorities to rationalise and relocate all their office requirements on to this new development called the Public Service Village.

Figure 1 is an artist's impression of the PSV and Figure 2 shows the master plan site layout with Phase 1 shown next to the roundabout. It is innovative and exciting project that it is building in flexibility for future changes.

The brief was well defined, i.e. outline business case required to test and prove the case for SEBC and SCC rationalising and relocating office accommodation on to the shared PSV. It was challenging too. This business case was to investigate whether the PSV would:

- improve service delivery;
- support the local authorities' other programmes and projects;
- enable wider public services partner occupation in the future;
- be affordable and sustainable;
- prudent;
- value for money;



- acceptable levels of risk;
- planning requirements;
- achievable and deliverable;
- OGC Gateway Review requirements.

This is why I say it has moved on significantly from just being a property project. How many of the above issues are about property? For example the first question on the list is “Will it improve service delivery?” and “Will it support the two authorities’ other programmes and projects.” Both authorities have ambitious projects to do with work style, to do with dealing with the public, and future customers. The final point is will it “Meet OGC Gateway Review requirements”. That was a really difficult one, bearing in mind that only 15% of do meet them. Those were the drivers clearly set out, clearly defined.

WHAT WAS IT?

Figure 3 shows the project management framework. The client side is on the left hand side. The GVA Grimley core team is on the upper right hand side. From the start we worked with the two authorities and they were truly joined-up as that diagram is suggesting. We dealt with the project board/steering group, the real powerhouse. Opposite is the project director and just below the project manager and team from both client and consultancy side. The red bubble on the left is “Assurance” and this element was incredibly useful. It could be accurately described as a helpful irritation. In effect it was the external audit and comprised an employee from SCC and an employee from SEBC, neither of them being property people. But they were the constant irritation factor. Members constantly asked, “Are you sure they are doing the right thing? “Are

you sure they are asking the right questions?” They proved to be incredibly useful. I strongly recommend that you include such a role on any type of project.

Below the project manager and team are a whole range of work streams, task forces from both those authorities feeding in vital information in that we were modelling and testing. Also in support are planning, development and regeneration personnel from GVA Grimley. There are two other external consultants, transport consultant WSP and master planners and architects TTSP. This is a big team, with lots of effort being put in, and it pulled together incredibly well because there was a high level of collaboration. The project management framework is not just a diagram; it actually worked like that mainly due to clear project management.

The diagram gave a clear understanding of how the two authorities were interacting, how the client and consultant were interacting, when decisions were to be made, and how they were going to be reported. This ensured that the usual glitches that could occur with time scales and reports just did not happen. The requirements were managed and planned into the programme from the outset. A series of seminars pushed the programme through the business case and meant that we were exploring all the issues that you need to work through the business case with both the client and the appropriate task forces.

There is a wealth of guidance available on preparing a business case. The most useful sources of guidance are the OGC and also the old strategic partnering task force, formerly at the ODPM. Whilst there is a plethora of guidance the problem is making it work for you. The business case has to be constructed around the particular case.

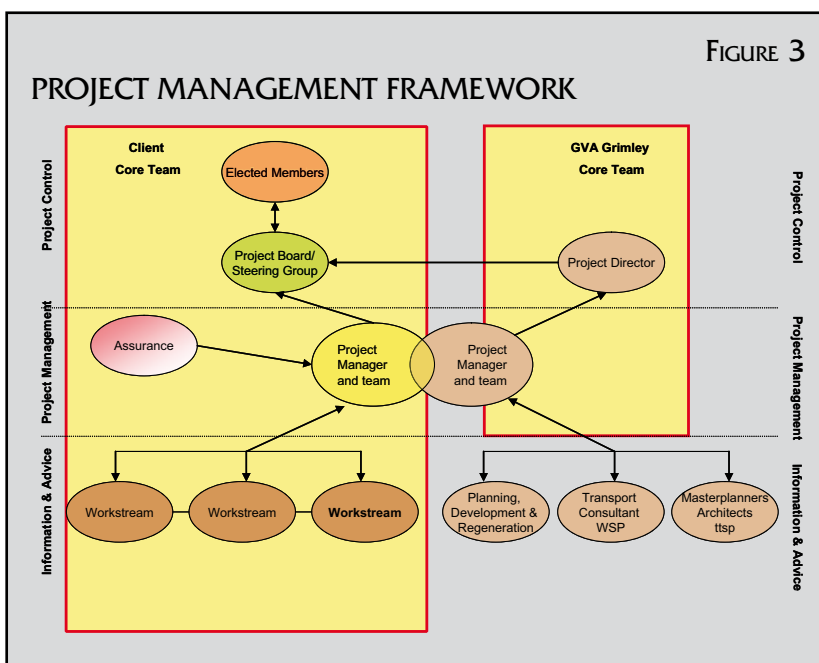


FIGURE 3

BUSINESS CASE CONTENTS

THE STRATEGIC CASE

The first part of the business case looks at the strategic background. If you get this wrong the rest will be wrong. Here you are trying to understand whether the project will fit with corporate and service delivery objectives. Will it deliver the objectives outlined in the initial brief? Will it improve service delivery? Will it improve customer access?

Establish the strategic objectives and the scope of the project. This has to be right. So spend some time on it. If it is wrong then all subsequent financial modelling and non-financial



modelling will be wrong, as you will be answering the wrong questions.

THE CUSTOMER CASE

Firstly, define who your customers are. We found there was a multiplicity of customers emerging as this exercise progressed. This helped began to understand how to reach out to them, how to satisfy them, and how to convince them that the project is necessary. We looked at benefits and disbenefits, the potential problems and at this point began to draft our risk strategy.

THE PLANNING CASE

You will not find anything in the Guidance about the planning case. This was a property project and one of the big issues was planning. We went straight into the master plan but then had to step back because the Assurance people, the sort of external audit, immediately began to ask such questions as "Are you absolutely sure this is the right site?" This could not be ignored and wisely the client listened to the suggestion that we step back a little bit and put in hand some hard testing on site choice. We did a sequential testing of five sites and this justified once and for all that the chosen site was the correct site. We were now able to proceed with the rest of the planning case; the master plan, consideration of the planning issues, transport/traffic analysis and the environmental impact of the scheme.

THE ECONOMIC CASE - AFFORDABILITY

The Economic Case is a combination of the financial analysis and the affordability issues from the two authorities' points of view. They are different. It is possible to prove that something is financially viable, and will demonstrate revenue savings and will be self-funding - but it may not necessarily be affordable. We used the standard Treasury 25 year life cycle cash flow analysis and tested this against affordability objectives and different funding approaches, i.e. will it be funded internally or externally or both. We also took a detailed look at cash flow to find out where the pinch points were.

THE OVERALL VALUE FOR MONEY ASSESSMENT

The Overall Value For Money Assessment is the conclusion of the analysis so far and is a combination of both the financial and non-financial criteria.

THE COMMERCIAL CASE

The Commercial Case can be overlooked this but is incredibly important. In essence the test is, this is where you are now, what are the procurement choices to reach where you want to go and how acceptable are those

choices to the market? At this point there is a degree of market testing required. Is the outcome of the project a sensible thing to be doing? Will you find people who are prepared to develop? Will you find people who are prepared to fund? Are there other options? What are the risk issues?

THE PROJECT MANAGEMENT CASE

The Project Management Case is the deliverability issue. Are the authorities in a position to handle the project? Or is now too big? What are the time scales? How are we going to deal with it? What resources do we need? Are we prepared to commit? If not find another solution otherwise you will disappoint yourselves and everybody else.

HOW EFFECTIVE WAS IT?

The PSV Business case was far more effective than I had even dared hope. The process was challenging for everybody, consultants and clients alike. It was testing. It was revealing. It was informative. It should be all of these things. And it was incredibly enjoyable. Everybody involved enjoyed it right from the feasibility study all the way through to the outline business case mainly because the clients were so clear about what they wanted to do. And they were prepared to take advice, listen and challenge, but prepared to make decisions and move on. The main conclusions about the process were: -

- Very effective - challenging, testing, revealing, informative;
- Systematic and comprehensive information collection, analysis and reporting;
- Productive and constructive;
- Highly collaborative - instrumental in development of future partnership;
- Strong sense of ownership and accountability;
- Effective and timely decision-making;
- Excellent audit trail.

And we passed Gateway Review 1: Business Justification.

KEY BUSINESS CASE FINDINGS

All I am going to say is that the business case did rigorously test, it did justify and it was positive for both local authorities. None of us knew whether that was going to be the outcome but were all satisfied that it was. And compared with the

status quo i.e. these two authorities not doing this thing and staying as they are, it represents a better value for money solution as there are substantial revenue efficiencies and revenue savings and there will be a negligible or zero impact on the council tax situation for both authorities. In summary the work demonstrated that compared with status quo the PSV represents:

- Best value for money solution;
- Annual efficiencies and revenue savings;
- Negligible or no impact on council tax.

CONCLUSION

We identified some tips for future business cases:

- **Clarity and consensus about business case scope, purpose and requirements**

The process will be very time consuming and costly. So be sure about what you are doing. Be sure what you are trying to do with this business case. Think it all through first. In this work we benefited from the initial feasibility study. Before embarking on a detailed business case, spend some time doing strategic thinking and if you are working with partners get consensus with them.

- **Ownership, commitment and support at senior executive and operational levels**

Absolutely critical.

- **Business Case approach and outputs to match with client and project needs**

The choice of what you want to test - and how - should be dependent on your project, circumstances, and client; i.e. horses for courses.

- **Strong and appropriate project management**
- **Communication and collaboration**
- Dedicated resource support

All parties must have open and flexible minds. Remember that as time goes by things will change and may not be quite what you expect. It is important to recognise and evaluate how this affects what you intend to do. Do not let it derail you. Take advice and assuming it is good advice, have the courage to continue with the project and see it through. That is how we did it.

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