

Executive Summary

Following development of four design Options for the proposed CRISIS Skylight at the Old Fire Station (OFS) and production of associated Cost Estimates, it has been determined only Option 1 can be contained within the original budget. This Option is the 'Do Minimum' Option but does not meet the agreed full brief.

Following presentation of this position at the Project Board on 21st August 2009, it was agreed that a further Option 2A be developed and costed. An appraisal of all Options in wider Financial and Non Financial terms has been undertaken, including establishing the amount of funding shortfall and potential funding sources.

As a result of this Option Appraisal, Option 3 represents the preferred Option, in overall consideration of Financial and Non Financial terms.

The Financial implication of this Option are an estimated Capital expenditure of £3,466,172 and would represent a potential £1,284,319 funding shortfall, in order to be delivered. A potential Phasing split has been provisionally identified as £2,689,809 and £776,903 for Phase 1 and 2 respectively. Although some potential funds have been identified, these are not guaranteed and therefore the full shortfall amount should be sought. In the event additional funding cannot be realised for this Option, serious consideration should be given to not proceeding further with the scheme to the implications and limitations of Options 1 to 2A.

In Summary, Oxford City and CRISIS need to determine whether they would support the recommendation and seek the required additional funding of £1,284,319 to deliver Option 3 for the proposed CRISIS Skylight at the Old Fire Station (OFS).

1.0 General**1.1 Introduction**

- 1.1.1 The purpose of this report is to Outline the various design Options that have been developed for the proposed CRISIS Skylight at the Old Fire Station (OFS), Oxford and evaluate them in Financial and Non Financial terms, to provide a justified recommendation of the Option(s) to be pursued further.
- 1.1.2 This report has been prepared following instructions from the OFS Project Board meeting held on 21st August 2009, to evaluate the initial Options developed including developing a further Option 2A and investigate additional sources of funding as appropriate.

1.2 Background Information

- 1.2.1 The aim of the project is to refurbish the Old Fire Station to a high standard, to provide a new Crisis Skylight centre alongside flexible facilities for arts and cultural uses. Together these spaces will be vibrant, quality spaces that bring people together and provide opportunities for progression, alongside participation and appreciation of the arts.
- 1.2.2 The project is a joint project between Crisis and Oxford City Council. Together they have formed a project board to oversee the project, chaired by Mel Barrett, Executive Director for City Regeneration at Oxford City Council. Oxford City Council's City Executive Board has delegated authority for the project to Mel Barrett, and the project board is the forum by which he ensures the project is on track.
- 1.2.3 The Old Fire Station building is situated at 40 George Street, Oxford. It has frontages onto George Street, Gloucester Green and the Gloucester Green coach station.
- 1.2.4 The building is an amalgamation of several buildings that have been converted and redeveloped over their lifespan. Currently the building is essentially in three parts, and it is considered important for this project that these parts be brought together into one coherent building, both horizontally and vertically.
- 1.2.5 Based upon the buildings most recent condition survey undertaken in February 2004 the building fabric appears to be in reasonable condition, with a number of general outstanding maintenance items particularly externally and internally requiring redecoration and upgrading to modern standards. The building generally suffers from poor DDA access and connectivity. The refurbishment proposals will have to consider a thorough evaluation of the physical fabric of the building, its services and arrangement to meet both the requirements of the brief and improve the building to modern standards.
- 1.2.6 Four design options were developed by the appointed design Team, together with associated estimated Capital Cost implications, of which only 1 Option can be contained within the original budget, determined by the current HCA funding approval for the project. Option 1 is also the 'Do Minimum' Option.
- 1.2.7 A Stage C report was presented on the initial design work undertaken by the appointed design Team together with associated estimated Capital Cost implications at the OFS Project Board meeting held on 21st August 2009.

1.3 Scope of Requirements

- 1.3.1 The key requirement of the project is to deliver a CRISIS Skylight at the OFS in accordance with the agreed brief which also includes a significant Arts element. The design Team were required to develop an appropriate design solution that can be delivered cost effectively to meet the requirements of the brief.
- 1.3.2 An Option 2A is to be developed that delivers the scope of Option 2, but also include the full refurbishment of the existing theatre space to provide a new flexible arts auditorium. The Capital cost of this Option is also to be determined and evaluated with the other options.
- 1.3.3 The Life Cycle cost and revenue implications of each Option are to be determined in order to determine the most appropriate option in overall financial terms.
- 1.3.4 The Funding requirements for each individual Option are to be determined including the investigation of additional sources of funding.
- 1.3.5 A Non financial appraisal of how each option meets the brief and individual requirements and aspirations of Oxford City Council, CRISIS and other key stakeholders.

1.4 Methodology

- 1.4.1 In order to demonstrate that the most appropriate Option(s) to be developed further and the consequential funding implications the report contains the outputs of the following methodology:
- 1.4.2 A Review of the proposed Option 2 and 3 to determine a design proposal for Option 2A by FCB the appointed Architect.
- 1.4.3 Preparation of a Cost Plan for Option 2A based on Option 2 with an outline of the key variances by Ridge the appointed Quantity Surveyors.
- 1.4.4 Preparation of a Life Cycle cost plan by Ridge for the Building and M & E elements, to demonstrate the value of High capital investment i.e. full replacement would achieve greater reduction in Life Cycle costs over the 25 years following the initial investment.
- 1.4.5 Identification of Funding requirements for individual Options and undertaking Initial research by Oxford City Council including Arts Officer, CRISIS and Design Team into potential sources of funding.
- 1.4.6 Evaluation of the individual proposed Options by Oxford City Council and CRISIS, in Quantifiable and Non-Quantifiable terms, to determine which Option more closely achieves the objectives of project, measured against the design brief issued.

2.0 Overview of Options

2.1 Introduction

2.1.1 The success of the Old Fire Station project is inextricably linked to the quality of the space that is created. The design ethos of the agreed brief requires space that is both welcoming, comfortable and supportive but in equal measure, inspirational, dynamic and purposeful. In addition to using high quality materials, the Stakeholders are keen to make use of natural light and original building features, avoiding any features with an ‘institutional feel’ such as suspended ceilings. Crisis’ work is centred on inspiring people – the refurbished building must do likewise and lift the spirits of those using it.

2.1.2 Consequently the design brief also outlines its requirements to include:

- ‘Wow factor’
- Vibrant and Enticing
- Inclusive
- Sustainable

2.1.3 The brief defines the requirements for the six distinct elements to the project:

- Crisis Skylight
- Skylight Café
- Flexible Arts auditorium
- Gallery space for visual arts
- Creative working spaces
- Office space for likeminded organisations

2.1.4 The appointed design team have received the agreed brief and visited CRISIS and the OFS and consequently developed four design Options and together with the requested additional Option 2A, which are included within ‘Exploring the Options’ document Appendix A and are further detailed below:

2.2 Option 1

2.2.1 A Skylight with retained existing Theatre (Target Budget Scheme)

Option description –

- Minimal structural work, except to open up foyer area, to add new stairs and lift and for new flat roof structure.
- Theatre not refurbished.
- As Theatre M&E not upgraded the hose tower remains full of duct work, so lift and stairs placed in front of hose tower.
- Limited work to basement.
- Limited work to third floor.
- Limited improvements to access within building.
- Basic refurbishment of first and second floors leaving changes in levels.
- Minimal work to overall building.

2.2.2 The Strengths and Weaknesses (Pro and Cons) of Option 1 have been evaluated by FCB as follows:

OFS Option Appraisal – Option 1 Design

S.W. Analysis

| Strengths | Weaknesses |
|--|---|
| <ul style="list-style-type: none"> • Creates a more open ground floor and reception area. • The lift and stairs introduces a clearer hierarchy of movement within the entire building. • Concentrates investment on Skylight Accommodation. | <ul style="list-style-type: none"> • Position of lift and stairs locks the building into a sub-optimal layout for the future. • Basement is not served by the lift (may not be acceptable to Access Officer). • No improvements to theatre means it cannot respond to user needs. • No link between OVADA and reception. • Toilets on first floor will still cause noise issues in theatre. • No link at first floor to CRISIS offices and performance space over OVADA. • Creative workshops not in ideal location. ▪ Access issues in first-third floor offices due to differences in levels. |

Table 1

Source: FCB 'Exploring the Options' Appendix A

2.2.3 This principle of this Option was to demonstrate what could be achieved for the original budget.

2.2.4 In summary Option 1 is targeted to meet the original Budget established by the PCP bid, but does not meet the agreed brief issued to the design Team. A fundamental issue is the isolation of CRISIS offices from the Skylight Centre, providing complex operational issues.

2.3 Option 2

2.3.1 A Skylight with redecorated existing Theatre (Progressive option)

Option description –

- Concentrates on Skylight accommodation.
- Existing Theatre and OVADA are redecorated and minimal work is carried out to the M&E.
- Limited work to basement and third floor offices.
- Some minor structural interventions around Theatre entrance and on existing flat roof area.

2.3.2 The Strengths and Weaknesses (Pro and Cons) of Option 2 have been evaluated by FCB as follows:

| OFS Option Appraisal – Option 2 Design | |
|--|--|
| S.W. Analysis | |
| Strengths | Weaknesses |
| <ul style="list-style-type: none"> • Creates a more open ground floor and reception area. • Access to theatre improved by platform lift. • Concentrates investment on Skylight Accommodation. | <ul style="list-style-type: none"> • Position of lift and stairs locks the building into a sub-optimal layout for the future. • Basement is not served by the lift (may not be acceptable to Access Officer). • Limited improvements to theatre (re-decoration) means it cannot respond fully to user needs. • No link between OVADA and reception. • Toilets on first floor will still cause noise issues in theatre. • No link at first floor to CRISIS offices and performance space over OVADA. • Creative workshops not in ideal location. ▪ Access issues in first-third floor offices due to differences in levels. |
| Table 2 | <i>Source: FCB 'Exploring the Options' Appendix A</i> |

2.3.3 Option 2 works closely with the existing layout and as a result struggles to accommodate the design brief. There is a large amount of circulation space, which results in quite an inefficient layout.

2.3.4 Delivery of this Option will enable works to be phased with priorities delivered first with opportunity to deliver further improvement later (This is a step between Option 1 and Option 3, but still with limited investment in arts element).

2.3.5 In Summary Option 2 potentially meets the priority requirements from the brief but clearly provides limited Arts investment, limited investment in M & E and access improvements with no BREEAM or more aspirational elements delivered. A fundamental issue is the isolation of CRISIS offices from the Skylight Centre, providing complex operational issues.

2.4 Option 2A

2.4.1 A Skylight with a new flexible Arts Auditorium (Enhanced Option 2).

Option description –

- Concentrates on Skylight accommodation.
- Existing Theatre is fully refurbished to provide new flexible Arts auditorium.
- OVADA space is redecorated and minimal work is carried out to the M&E.
- Limited work to basement and third floor offices.
- Some minor structural interventions around Theatre entrance and on existing flat roof area.

2.4.2 The Strengths and Weaknesses (Pro and Cons) of Option 2A have been evaluated based on developing the analysis of option 2 by FCB as follows:

| OFS Option Appraisal – Option 2A Design | |
|--|---|
| S.W. Analysis | |
| Strengths | Weaknesses |
| <ul style="list-style-type: none"> • Creates a more open ground floor and reception area. • Access to theatre improved by platform lift. • Concentrates investment on Skylight Accommodation. ▪ Improvement to theatre to provide new flexible Arts Auditorium | <ul style="list-style-type: none"> • No link between OVADA and reception. • Toilets on first floor will still cause noise issues in theatre. • No link at first floor to CRISIS offices and performance space over OVADA. • Creative workshops not in ideal location. ▪ Access issues in first-third floor offices due to differences in levels. |

Table 3 *Source: FCB Options 2A Appendix B*

2.4.3 This is an Option that is development of Option 2 requested by the Project Board but still clearly with limitations.

2.4.4 In Summary Option 2A potentially meets the priority requirements including the Flexible Arts Auditorium but still has limited investment in M & E and access improvements with no BREEAM or more aspirational elements delivered. A fundamental issue is the isolation of CRISIS offices from the Skylight Centre, providing complex operational issues.

2.5 Option 3

2.5.1 An integrated Skylight and Upgraded flexible Arts Auditorium.

Option description –

- Skylight accommodation.
- Total refurbishment of existing Theatre to provide new flexible Arts auditorium.
- All ductwork removed from tower and new stairs and lift inserted.
- OVADA gallery moved to Gloucester Green entrance.
- More significant refurbishment of basement including new plant, music room and workshop.
- Some more significant structural interventions to create easier access to arts auditorium and first floor accommodation over existing OVADA gallery.

2.5.2 The Strengths and Weaknesses (Pro and Cons) of Option 3 have been evaluated by FCB as follows:

OFS Option Appraisal – Option 3 Design

S.W. Analysis

| Strengths | Weaknesses |
|---|--|
| <ul style="list-style-type: none"> • Creates more inviting and accessible entrance to arts auditorium • Removing the ductwork allows the hose tower to be used as the stair tower creating a unique vertical movement space • Improvement to theatre to provide new flexible Arts Auditorium and more attractive to end users ▪ Moving theatre entrance back on ground and first floor allows links to accommodation to left of theatre ▪ Flexible Performance space linked to auditorium ▪ OVADA has more prominent frontage onto Gloucester Green ▪ Creative workshops have attractive space with plenty of light ▪ Toilets on ground floor are more accessible and do not cause noise issues ▪ Double height void brings light deep into plan from roof garden ▪ Access to theatre improved by platform lift and majority of access issues addressed with office spaces linked by ramps instead of steps | <ul style="list-style-type: none"> • Arts auditorium still blocks movement between spaces to some extent • Arts auditorium is smaller than before which means seating capacity is reduced to 126 retractable seats plus 4 wheelchair spaces • Current basement space allocation does not meet the brief. However potential exists to reorganise these to achieve compliance ▪ This version still has access issues due to the different levels and issues with natural ventilation (due to the location next to a busy street and the bus station) |

Table 4

Source: FCB 'Exploring the Options' Appendix A

2.5.3 In Summary Option 3 potentially meets the brief, but does provide a reduced capacity Flexible Arts Auditorium with some revenue implications.

2.6 Option 4

2.6.1 An integrated Skylight and new Flexible Arts Auditorium.

Option description –

- Skylight accommodation.
- Some more significant structural interventions to create open and welcoming entrance and to move theatre to where OVADA currently is to create new flexible Arts auditorium.
- All ductwork removed from tower and new stairs and lift inserted.
- OVADA gallery moved to Gloucester Green entrance.
- Basement completely refurbished including new plant, music room and workshop.
- Full double height light well created in foyer area.
- New M&E system throughout, using natural ventilation as much as possible.
- Access issues on all levels resolved as much as possible.

2.6.2 The Strengths and Weaknesses (Pro and Cons) of Option 4 have been evaluated by FCB as follows:

OFS Option Appraisal – Option 4 Design

S.W. Analysis

| Strengths | Weaknesses |
|---|---|
| <ul style="list-style-type: none"> • Entire building reorganised so that it is flexible and adaptable for the long term • Creates inviting and accessible entrance to skylight and arts auditorium. • Moving the flexible Arts Auditorium space to the side opens up the entire plan so more fluid movement can happen between all the accommodation ▪ The auditorium is larger (than Option 3) with 136 retractable seats and 6 wheelchair spaces ▪ Flexible Activity space is conveniently located in main foyer for general public use ▪ OVADA has more prominent frontage onto Gloucester Green ▪ Creative workshops have attractive space across from the art room ▪ Toilets on ground floor are more accessible and do not cause noise issues for auditorium ▪ Double height void brings light deep into plan from roof garden ▪ All access addressed in office and training spaces by ramps or platform lifts instead of steps | <ul style="list-style-type: none"> • The level entrance results in losing space in the basement • This scheme maximises the potential of the building but there are some inherent constraints embedded in the existing building. • This version still has access issues due to the different levels and issues with natural ventilation (due to the location next to a busy street and the bus station).. ▪ Current basement space allocation does not meet the brief. However potential exists to reorganise these to achieve compliance |

Table 5

Source: FCB 'Exploring the Options' Appendix A

2.6.3 In Summary Option 4 meets the brief, but some constraints of the existing building and access issues remain.

2.7 Option Accommodation Summary

- 2.7.1 The agreed brief prescribes the required facilities and target accommodation in m2 for each of the six distinct elements of the project.
- 2.7.2 FCB have tabled how each of the prepared Options measures against these targets. The resultant tabled accommodation schedule is included within Appendix A and B and further evaluated against brief within Section 4.
- 2.7.3 A Summary of the total areas is given below:

OFS – Design Options Accommodation Summary

| Option | Total Area (m2) | Net of Circulation |
|-------------------------------|--------------------------------|---------------------------|
| Agreed Design Brief V4 | 1507 (assumed 132 Circulation) | 1375 |
| Option 1 | 1685 (255 Circulation) | 1430 |
| Option 2 | 1687 (239 Circulation) | 1448 |
| Option 2A | 1682 (254 Circulation) | 1428 |
| Option 3 | 1692 (259 circulation) | 1433 |
| Option 4 | 1746 (199 Circulation) | 1547 |

Note original brief assumed circulation at 10%, which is not possible to achieve due to nature of and working with this existing building

Table 6

Source: FCB 'Exploring the Options' Appendix A and Option 2A Appendix B

3.0 Financial Appraisal

3.1 Introduction

- 3.1.1 This section of the Option appraisal looks at the individual Options in Financial terms.
- 3.1.2 Cost plans have previously been prepared by Ridge the appointed Quantity surveyor for the four Options and these are evaluated against the current agreed budget, together with inclusion of Costs for Option 2A.
- 3.1.3 The potential Funding shortfall for each Option is identified together with initial research on possibly opportunities.
- 3.1.4 The financial appraisal also reviews the projected Life Cycle cost implications for each individual option.
- 3.1.5 The Social Enterprise Revenue implications for each Option are also identified.

3.2 Estimated Capital Costs

- 3.2.1 The estimated capital Costs for each individual Option as presented to the Project Board are summarised as follows:

OFS Option Appraisal – Financial Appraisal – Estimated Capital Costs (Risk 10.5%)

| | Option 1 | Option 2 | Option 2A | Option 3 | Option 4 |
|----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Element | Estimated Cost | Estimated Cost | Estimated Cost | Estimated Cost | Estimated Cost |
| | <i>(£)</i> | <i>(£)</i> | <i>(£.)</i> | <i>(£)</i> | <i>(£)</i> |
| Works Total | £1,755,008 | £1,926,304 | £2,202,601 | £2,690,098 | £3,346,651 |
| Fees Total | £280,102 | £311,102 | £408,800 | £425,000 | £497,000 |
| FFE Total | £149,500 | £199,500 | £199,500 | £199,500 | £220,500 |
| Inflation | (-£74,000) | (-£80,000) | (-£92,000) | (-£112,000) | (£-127,000) |
| Project Total | £2,110,611 | £2,356,906 | £2,718,901 | £3,202,598 | £3,937,151 |

Table 7 Note: Figures exclude VAT
C

Source: Ridge Cost Plans See Appendix

- 3.2.2 Option 2A was identified and developed post Project Board is shown with an estimated cost of £2,718,901 (including 10.5% risk). Therefore the addition of a full flexible Art Auditorium with associated works, has an estimated cost of £361,995.

3.2.3 Following a review of the risk allowance previously included at 10.5%, this has been reviewed to reflect the increased risk associated with either limitation of refurbishment or extensive intervention. Consequently has been adjusted to 15% and the revised estimated capital costs for each individual Option are now summarised as follows:

OFS Option Appraisal – Financial Appraisal – Estimated Capital Costs (Risk 15%)

| | Option 1 | Option 2 | Option 2A | Option 3 | Option 4 |
|----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Element | Estimated Cost | Estimated Cost | Estimated Cost | Estimated Cost | Estimated Cost |
| | (£) | (£) | (£.) | (£) | (£) |
| Works Total | £1,826,210 | £2,004,800 | £2,292,300 | £2,799,213 | £3,482,949 |
| Fees Total | £280,102 | £311,102 | £425,000 | £550,000 | £600,000 |
| FFE Total | 149,500 | £199,500 | £229,500 | £229,500 | £229,500 |
| Inflation | £74,000 | £80,000 | £92,000 | £112,000 | £127,000 |
| Project Total | £2,181,813 | £2,435,402 | £2,854,800 | £3,466,712 | £4,185,449 |

Table 7A Note: Figures exclude VAT

Source: Ridge Cost Plans See Appendix C

3.2.4 There is an additional Fee Risk included within Options 2A to 4 as the level of Fees for this project value have yet to be agreed with the Design Team. However, it is believed the allowance provided is sufficient to agree this.

3.2.5 In addition, a further management cost allowance has been included to support the project to enable delivery including meeting the requirements and demands of raising additional disparate sources of funding.

3.2.6 In respect of FFE, an additional allowance of £30,000 for Theatre Control Room equipment has been included in Options 2A to 4.

3.2.7 The estimated capital costs for each individual Option as detailed in Table 7A have been used throughout the remainder of Option Appraisal to evaluation process i.e. Risk @15%.

3.2.8 The Design Team has also looked at Phasing the implementation of each Option, typically a 80/20 split, Phase 1 and 2 respectively e.g. the potential Phasing split for Option 3 has been provisionally identified as £2,689,809 and £776,903, Phase 1 and 2 respectively, which may enable further time for additional fund raising.

3.3 Funding Evaluation

3.3.1 As a consequence of the potential significant funding gap between the current approved Budget based on the HCA funding allocation and estimated Cost Implication of Options 2 – 4, investigation has been undertaken into additional sources of Funding.

3.3.2 The Funding gap for the individual Options, based on the 15% risk is currently as follows:

OFS Option Appraisal – Financial Appraisal – Current Funding Shortfall

| | Option 1 | Option 2 | Option 2A | Option 3 | Option 4 |
|------------------|----------|----------|-----------|------------|------------|
| Budget Shortfall | £0 | £253,009 | £672,407 | £1,284,319 | £2,003,056 |

Table 8 Note: Figures exclude VAT

Source: Allen Group funding Tracker See Appendix E

3.3.3 An initial investigation into additional sources of Funding identified the following potential funds:

- Oxford City Council (including Capital receipts and Prudential Borrowing)
- Arts Council
- Big Lottery
- Grants Trust & Foundations
- Loans
- Other Sources

3.3.4 Each potential source has an application process with varying amounts of award, processing time and overall potential success. Consequently, this will have additional demands on Management time.

3.3.5 It was agreed to identify the most likely funds and potential values, but rank them in terms of risk for the potential amount that could be received toward this project. Committed funds are given at 100% confidence (which currently only applies to current HCA funding), provisional was given a 70% confidence level and potential a 50% confidence level. Further details of these funds and indicative values are detailed in the Funding Tracker contained within Appendix E.

3.3.6 Using the value of the potential funds with prescribed confidence levels the revised funding shortfall position is summarised for each individual option as follows:

OFS Option Appraisal – Financial Appraisal – Potential Funding Shortfall

| | Option 1 | Option 2 | Option 2A | Option 3 | Option 4 |
|-----------------------------|------------|------------|------------|------------|------------|
| Option funding requirement | £2,181,813 | £2,435,402 | £2,854,800 | £3,466,712 | £4,185,449 |
| Current Budget Shortfall | £0 | £253,009 | £672,407 | £1,284,319 | £2,003,056 |
| Potential Additional Funds | £0 | £70,000 | £245,000 | £621,000 | £621,000 |
| Potential Funding shortfall | £0 | £183,009 | £427,407 | £663,319 | £1,382,056 |

- 3.3.7 As seen from Table 8 and 9 the level of Funding Shortfall for Option 2 to 4 ranges from £253,009 to £2,003,056.
- 3.3.8 Potential additional sources of funding have been identified and factored by risk between 100% and 50% of potential value. This could potentially reduce the level of Funding Shortfall for Options 2 to 4 to a range from £183,009 to £1,382,056.
- 3.3.9 The amount of potential funding available does vary, dependant on the scope of the Option. All Options include a further £70,000 committed by Oxford City Council for Building Repairs (Unfactored). Consideration has also been given to potential use of Capital Receipts and prudential borrowing, both of which would require significant Political support with high risk to the timescale.
- 3.3.10 The most significant potential contribution is from the potential 3rd Party Management Organisation, Ethical Property. This potential contribution of £500,000 factored to £350,000 is dependant on securing a 125 year lease for the building and achieving acceptance of the proposed CRISIS Skylight Business Model and associated revenue.
- 3.3.11 As no further funding has actually formally been agreed, the worst case scenario of the overall funding shortfall for Options 2 – 4 ranges from £253,000 to £2,003,056 as the target to be met.

3.4 Life Cycle Cost Implications

- 3.4.1 Ridge the appointed Quantity Surveyor have undertaken indicative Life Cycle Cost projections for each of the individual Options over a 25 year period.
- 3.4.2 The focus of the Life Cycle costing exercise has been on the Nett Building and M & E elements Capital element that has very different life Cycle cost implications for each individual Option.
- 3.4.3 The resulting analysis is as follows:

OFS Option Appraisal – Financial Appraisal – Life Cycle Costs

| Options | Capital Costs (Nett) from Cost Plan | | Life Cycle Costs (25 Years) | | Life Cycle Cost | |
|-----------|--|----------|--------------------------------|----------|-----------------|------|
| | M&E | Building | M&E | Building | Total | Rank |
| Option 1 | £486,590 | £554,736 | £458,103 | £573,563 | £1,031,666 | 2 |
| Option 2 | £513,090 | £601,710 | £386,486 | £642,563 | £1,029,049 | 3 |
| Option 2A | £620,090 | £739,710 | £412,189 | £683,963 | £1,096,152 | 1 |
| Option 3 | £941,879 | £746,000 | £139,624 | £409,400 | £549,024 | 5 |
| Option 4 | £1,025,102 | £915,875 | £164,372 | £430,186 | £594,558 | 4 |

Table 10 Note: Figures exclude VAT

Source: Ridge Life Cycle Cost Appendix D

- 3.4.4 From the Life Cycle Cost Analysis, Option 3 provides the best Life Cycle Cost over 25 years, marginally over Option 4. However, more space is generated in Option 4 so when this is considered Option 4 is potentially better.

3.5 Social Enterprise Revenue Implications

- 3.5.1 The proposed Skylight and Arts facilities at the Old Fire Station have complex revenue cost and income projections.
- 3.5.2 Eastside consulting were commissioned by CRISIS to produce a Social Enterprise business model with appropriate cost and revenue projections.
- 3.5.3 As a consequence of each Option providing a different mix of facilities, each option has been reviewed in the context of the original model and is detailed within Appendix F
- 3.5.4 The results of this analysis are summarised as follows:

OFS Option Appraisal – Financial Appraisal – Social Enterprise Revenue Implications (Profit)

| Net Profit Assumption | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Total Years 1 to 5 | Ranking |
|-----------------------|-----------|-----------|-----------|-----------|-----------|--------------------|---------|
| Option 1 | £4,306 | £6,214 | £5,385 | (£1,245) | £4,827 | £19,487 | 2 |
| Option 2 | (£40,369) | (£40,563) | (£48,209) | (£56,581) | (£56,581) | (£231,270) | 1 |
| Option 2A | (£6,475) | £31,318 | £25,466 | £26,650 | £36,251 | £113,210 | 3 |
| Option 3 | £44,475 | £37,268 | £31,522 | £26,504 | £43,234 | £182,993 | 5 |
| Option 4 | £40,990 | £33,784 | £28,020 | £23,758 | £39,393 | £165,945 | 4 |

Table 11
F

Source: Eastside Consultancy Models See Appendix

- 3.5.5 The Social Enterprise Profit implications therefore suggest Option 3 is preferred.

OFS Option Appraisal – Financial Appraisal – Social Enterprise Revenue Implications (Cash)

| Net Cash Flow Assumption | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Total Years 1 to 5 | Ranking |
|--------------------------|-----------|-----------|-----------|-----------|-----------|--------------------|---------|
| Option 1 | £5,865 | £6,245 | £4,813 | £4,916 | £3,043 | £24,882 | 2 |
| Option 2 | (£42,453) | (£45,203) | (£53,511) | (£54,909) | (£56,536) | (£252,612) | 1 |
| Option 2A | (£161) | £34,749 | £25,820 | £29,703 | £30,960 | £121,071 | 3 |
| Option 3 | £52,795 | £32,934 | £23,114 | £32,362 | £28,175 | £169,380 | 5 |
| Option 4 | £52,759 | £32,934 | £23,114 | £32,362 | £28,175 | £169,380 | 5 |

Table 11A

Source: Eastside Consultancy Models See Appendix F

- 3.5.6 The Social Enterprise Cash Flow implications suggest Option 3 and 4 would perform equally.
- 3.5.7 Therefore the Social Enterprise Revenue implications suggest Option 3 is preferred, with a marginal edge over Option 4.

3.6 Financial Summary

3.6.1 Detailed below is a summary of the Option Appraisal – Financial Elements.

OFS Option Appraisal – Financial Appraisal – Summary

| Element | Option 1 | | Option 2 | | Option 2A | | Option 3 | | Option 4 | |
|------------------|----------------|------|----------------|------|----------------|------|----------------|------|----------------|------|
| | Estimated Cost | Rank | Estimated Cost | Rank | Estimated Cost | Rank | Estimated Cost | Rank | Estimated Cost | Rank |
| | (£) | | (£) | | (£) | | (£) | | (£) | |
| Capital Cost | £2,181,813 | 5 | £2,435,402 | 4 | £2,854,800 | 3 | £3,466,712 | 2 | £4,185,449 | 1 |
| Life Cycle Costs | £1,031,666 | 2 | £1,029,049 | 3 | £1,096,152 | 1 | £549,024 | 5 | £594,558 | 4 |
| Revenue (Profit) | £19,487 | 2 | (£231,270) | 1 | £113,210 | 3 | £182,993 | 5 | £165,945 | 4 |
| Revenue (Cash) | £24,882 | 2 | (£252,612) | 1 | £121,071 | 3 | £169,380 | 5 | £169,380 | 5 |
| Overall Rank | | 3 | | 1 | | 2 | | 5 | | 4 |

Table 12 Note: Figures exclude VAT

Source: Data Extract from Tables 6-11

4.0 Non-Financial Appraisal

4.1 Introduction

4.1.1 In this section of the Option Appraisal report we identify and evaluate the Non-Financial outputs of each individual Option against the brief.

4.1.2 This includes an assessment by CRISIS and Oxford on how each of the individual Options measure against the brief

4.2 Evaluation against CRISIS Skylight brief

4.2.1 An evaluation of how each of the proposed Options measured against the brief was undertaken by CRISIS.

4.2.2 The detailed evaluation is included within Appendix G and is summarised as follows:

| OFS Option Appraisal – Non-Financial Appraisal Summary – Review by CRISIS | | | | | |
|--|-----------------|-----------------|------------------|-----------------|-----------------|
| | Option 1 | Option 2 | Option 2A | Option 3 | Option 4 |
| Essentials | (75%) 3 | (75%) 3 | (75%) 3 | (86%) 4 | (91%) 5 |
| Desirables | (66%) 1 | (77%) 3 | (77%) 3 | (89%) 4 | (90%) 5 |
| Other | 2 | 2 | 3 | 4 | 5 |
| Skylight Design Principles | 1 | 2 | 3 | 5 | 5 |
| Non CRISIS Space | 1 | 2 | 3 | 4 | 5 |
| Overall Rank | 1 | 2 | 3 | 4 | 5 |

Table 13
G

Source: CRISIS and Oxford City Council Option Review See Appendix

4.2.3 The preferred Option by CRISIS in Non Financial terms is Option 4, but only a marginal improvement over Option 3.

4.3 Evaluation against objectives by Oxford City Council

4.3.1 An evaluation of how each of the proposed Options measured against the brief was undertaken by Oxford City Council Project Team representative.

4.3.2 The detailed evaluation is included within Appendix G and is summarised as follows.

| OFS Option Appraisal – Non-Financial Appraisal – Review by Oxford City Council | | | | | |
|---|-----------------|-----------------|------------------|-----------------|-----------------|
| | Option 1 | Option 2 | Option 2A | Option 3 | Option 4 |
| Skylight | 1 | 2 | 3 | 4 | 5 |
| Arts Element | 1 | 2 | 3 | 4 | 5 |
| Other | 2 | 2 | 3 | 4 | 5 |
| Added Value | 3 | 3 | 3 | 4 | 5 |
| Overall Rank | 1 | 2 | 3 | 4 | 5 |

Table 14

Source: CRISIS and Oxford City Council Option Review See Appendix G

4.3.3 The preferred Option by Oxford City Council in Non Financial terms is Option 4.

4.4 Non-Financial Summary

4.4.1 A Summary of the Non Financial Assessment of each of the individual options is given as thus:

| OFS Option Appraisal – Non-Financial Summary | | | | | |
|---|-----------------|-----------------|------------------|-----------------|-----------------|
| | Option 1 | Option 2 | Option 2A | Option 3 | Option 4 |
| Review by Oxford | 1 | 2 | 3 | 4 | 5 |
| Review by CRISIS | 1 | 2 | 3 | 4 | 5 |
| Overall Non Financial Ranking | 3 | 3 | 3 | 4 | 5 |

Table 15

Source: Extract from Tables 13 & 14

4.4.2 The combined preferred Option by Oxford City Council and CRISIS in Non Financial terms is therefore Option 4.

5.0 Conclusions and Recommendations

5.1 Introduction

- 5.1.1 This report has been prepared following instructions from the OFS Project Board meeting held on 21st August 2009, to evaluate the initial Options developed including developing a further Option 2A and investigate additional sources of funding as appropriate.
- 5.1.2 Five design Options have been evaluated in Financial and Non Financial terms. The financial elements included consideration of Capital Cost, Life Cycle Cost and Revenue.
- 5.1.3 Options 2 to 4 all have funding shortfalls and an initial investigation into potential additional funding has been undertaken.

5.2 Financial Appraisal

- 5.2.1 The Capital Cost implications (including 15% risk), for Options 1 – 4, range from £2,181,813 to £4,185,449, compared to the current budget of £2,182,393. Option 1 is the lowest and progressing through to Option 4 the highest, in Capital terms.
- 5.2.2 The Funding Shortfall for Options 2 to 4 ranges from £253,009 to £2,003,056.
- 5.2.3 The most significant potential contribution is from the potential 3rd Party Management Organisation, Ethical Property. This potential contribution of £500,000 factored to £350,000 is dependant on securing a 125 year lease for the building and achieving acceptance of the proposed CRISIS Skylight Business Model with associated revenue and CRISIS paying a 'peppercorn rent'.
- 5.2.4 As no further funding has actually, formally been agreed the worst case scenario of the overall funding shortfall for Options 2 – 4 range of £253,000 to £2,003,056 remains the target to be met.
- 5.2.5 From the Life Cycle Cost Analysis, Option 3 provides the best Life Cycle Cost over 25 years, marginally over Option 4. However, more space is generated in Option 4 so when this is considered Option 4 is potentially better.
- 5.2.6 The Social Enterprise Revenue Implications suggest Option 3 is preferred, with a marginal edge over Option 4.
- 5.2.7 The Design Team has also looked at Phasing for each Option. The potential Phasing split for Option 3 has been provisionally identified as £2,689,809 and £776,903, Phase 1 and 2 respectively, which may enable further time for additional fund raising.

5.3 Non Financial Appraisal

- 5.3.1 The preferred Option by CRISIS in Non Financial terms is Option 4, but only a marginal improvement over Option 3.
- 5.3.2 The preferred Option by Oxford City Council in Non Financial terms is Option 4.
- 5.3.3 The combined preferred Option by Oxford City Council and CRISIS in Non Financial terms is therefore Option 4.

5.4 Project Team Recommendations

- 5.4.1 In consideration of the above, the Project team recommendation, subject to achieving guarantee of the necessary funding, is for the support of further development of Option 3.
- 5.4.2 However, if the additional space, increased ‘wow factor’ and further improvements to accessibility of the building identified in Option 4 could have measureable benefits, then this would be the preferred Option. This still has a further significant funding shortfall over and above Option 3.

5.5 Financial Implications

- 5.5.1 The Financial Implications of pursuing Option 3 further are an estimated Capital expenditure of £3,466,172.
- 5.5.2 The current Funding Shortfall for Option 3 is £1,284,319.
- 5.5.3 Potential additional funds have been identified including a contribution from a 3rd Party operator, which could be realised in the region of £621,000. This is however not guaranteed, but would still see a potential funding shortfall of £663,319. In the event the additional funding required cannot be realised for this Option, serious consideration should be given to not proceeding further with the scheme to the implications and limitations of Options 1 to 2A.
- 5.5.4 Therefore the funding shortfall target for Option 3 remains at £1,284,319.