

FINANCE AND RESOURCES ADVISORY COMMITTEE
20 January 2015 at 7.00 pm

Further to the recent despatch of agenda and papers for the above meeting, please find the following appendices which were marked as 'to follow':

7. **Capital Programme and Asset Maintenance 2015/18** (Pages 1 - 12)

To assist in the speedy and efficient despatch of business, Members wishing to obtain factual information on items included on the Agenda are asked to enquire of the appropriate Director or Contact Officer named on a report prior to the day of the meeting.

Should you require a copy of this agenda or any of the reports listed on it in another format please do not hesitate to contact the Democratic Services Team as set out below.

For any other queries concerning this agenda or the meeting please contact:

The Democratic Services Team (01732 227241)

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Capital Programme and Asset Maintenance

Capital Programme 2014-17 (Agreed by Cabinet 6 February 2014)

Appendix A

Chief Officer/Scheme	Funding Source				2014/15 £000	2015/16 £000	2016/17 £000
		2013/14					
		Budget £000	Forecast £000	Likely C/F £000			
Corporate Support	Capital Receipts	-	-	-	140	-	-
Back-up generator							
Communities and Business	Capital Receipts	61	0	61	-	-	-
Parish projects							
Environmental and Operational Services	Vehicle Renewal Fund	650	650	-	489	515	594
Commercial vehicle replacements							
Housing	net from cap reserve						
Improvement Grants		603	603	-	517	584	584
Gross cost		-396	-396	-	-410	-477	-477
Government DFG Subsidy							
TOTAL		918	857	61	736	622	701

The 2013/14 budget includes amounts carried forward from 2012/13.

Funding Sources

Vehicle Renewal Fund (Reserve)	489	515	594
Capital Financing Reserve	107	107	107
Capital Receipts	140	-	-
External Borrowing	-	-	-
	736	622	701

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Capital Programme and Asset Maintenance

Capital Programme 2015-18

Appendix B

Chief Officer/Scheme	Funding Source	2014/15			2015/16 £000	2016/17 £000	2017/18 £000
		Budget £000	Forecast £000	Likely C/F £000			
		Corporate Support					
Back-up generator	Capital Receipts	140	-	140	-	-	-
Communities and Business							
Parish projects	Capital Receipts	61	-	61	-	-	-
Environmental and Operational Services							
Commercial vehicle replacements	Vehicle Renewal Res.	489	489	-	498	514	501
Dunbrik Vehicle Workshop	Capital Receipts	-	-	-	234	-	-
Car Park	External Borrowing	-	-	-	4,000	-	-
Housing							
Improvement Grants (gross)	Gov Grant/ cap reserve	517	603	-	534	534	534
Finance							
Property Investment Strategy	Prop. Inv. Reserve	-	-	-	5,000	-	-
TOTAL		1,207	1,092	201	10,266	1,048	1,035

Funding Sources

Capital Receipts	234	-	-
Capital Financing Reserve	57	57	57
Vehicle Renewal Reserve	498	514	501
Property Investment Strategy Reserve ***	5,000	-	-
Government Disabled Facilities Subsidy	477	477	477
External Borrowing	4,000	-	-
	<u>10,266</u>	<u>1,048</u>	<u>1,035</u>

*** Part will be funded from Capital Receipts

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Capital Programme 2015/18

Scheme Bid Document - Scheme: Vehicle Replacement Programme

Description: Purchase of replacement commercial fleet vehicles that have reached the end of their fully depreciated operational life.

Service : Environmental and Operational Services

Portfolio Holder/Chief Officer : Cllr. Robert Piper/Richard Wilson

Financials :

CAPITAL COSTS	TOTAL	2015/16	2016/17	2017/18
	£000	£000	£000	£000
Gross scheme cost	1513	498	514	501
External Contributions (list)				

Net scheme cost	1513	498	514	501
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ONGOING REVENUE IMPLICATIONS

(excluding loss of interest)

Running costs

Income streams

Net cost	0	0	0
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Funding source: Funding is via the vehicle replacement fund which is financed by depreciation charges for all fleet vehicles and from the sale of any old vehicles. Depreciation charges are made on all vehicles over predetermined periods and met from fixed transport charges to relevant trading account or relevant service budget.

Other Resource Implications :	
Staffing	Managed by fleet management overhead account by existing employees
Asset Values	Approximately £3 M

Justification: (Statutory Duty / Community Plan Aims / Key Infrastructure / Additional Savings / Other)

To maintain services, mainly statutory. Supports all the Council's priorities

Capital Programme 2015/18

Scheme Bid Document - Scheme: Building works - Dunbrik Depot Vehicle Workshop

Description: Essential building works 1) To either demolish and rebuild substantially or alternatively remove and reconstruct the building roof line to provide sufficient door opening height for all current freighter designs to gain entry and 2) To replace outdated MOT testing facilities to realise increased income generation in accordance with Council aspirations.

Service: Environmental and Operational Services

Portfolio Holder/Chief Officer: Cllr. Robert Piper/Richard Wilson

Financials:

CAPITAL COSTS	TOTAL	2015/16	2016/17	2017/18
	£000	£000	£000	£000
Gross scheme cost	234	234	0	0
External Contributions (list)				
Net scheme cost	234	234	0	0

ONGOING REVENUE IMPLICATIONS

(excluding loss of interest)

Running costs – outsourced vehicle maintenance during building works.	25			
Income streams – Add. MOT income.		-15	-38	-38
Net cost		10	-38	-38

Funding source: From reserves or borrowed at fixed interest rate subject to business case.

Other Resource Implications :	Short term closure of workshop and MOT Test station during construction works.
Staffing	Managed by existing employees
Asset Values	Approximately £0.5 M

Justification: (Statutory Duty / Community Plan Aims / Key Infrastructure / Additional Savings / Other)

- 1) To have effective infrastructure to maintain vehicles essential in providing mainly statutory services.
- 2) Supports the Council’s priorities.
- 3) Additional MOT income generation by offering Class V tests.
- 4) Current replacement freighter purchases dictated by vehicle height limitations and may cease to offer best overall value.

Capital Programme 2015/18

Scheme Bid Document - Scheme: Sevenoaks Town Centre Car Park

Description: To award a contract to design and build elevated car decks on the existing Buckhurst 2 car park in accordance with Minute 46 of Council 1 April 2014.

Service : Environmental and Operations

Portfolio Holder/Chief Officer : Cllr R Hogarth/Richard Wilson

Financials :

CAPITAL COSTS	TOTAL	2015/16	2016/17	2017/18
	£000	£000	£000	£000
Gross scheme cost	4,000	4,000	-	-
External Contributions (list)				

Net scheme cost	4,000	4,000	-	-
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ONGOING REVENUE IMPLICATIONS
(excluding loss of interest)

Running costs				
Income streams	see note below		-267	-273
Net cost		x	-267	-273

Funding Source : The sum be financed from Borrowing from the Public Works Loans Board. (Council Minute 46 1 April 2014)

Income Streams: These were reported to Council in April 2014 in a breakdown of potential parking income based on a design of 300 spaces

Other Resource Implications :	
Staffing	Internal client management but project management, architectural, engineering, planning, transport and other consultancy all out sourced

<p>Asset Values</p>	<p>The above figure was approved at Council in April 2014 and was based on a feasibility carried out in November 2013; the actual cost will be greater because the preferred design has changed considerably from the original feasibility study; modifications are currently being worked on to mitigate the impact on the adjacent heritage asset and there will be construction cost uplifts depending on the actual construction date which, at the moment is uncertain.</p>
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Justification: (Statutory Duty / Community Plan Aims / Key Infrastructure / Additional Savings / Other)

This project supports the key aim in the Council's vision, as detailed in the approved Corporate Plan, to either borrow or utilise existing financial resources, to generate on-going revenue income.

Capital Programme 2015/18

Scheme Bid Document - Scheme: Improvement Grants

Description: Statutory Disabled Facility Grants (DFGs) including large scale voluntary transfer (LSVT) registered social landlords (RSL) aids and adaptations and cost of processing applications

Service: Housing Standards

Portfolio Holder/Chief Officer: Cllr Michele Lowe and Pat Smith

Financials:

CAPITAL COSTS	TOTAL	2015/16	2016/17	2017/18
	£000	£000	£000	£000
Gross scheme cost	1,602	534	534	534
External Contributions (list)	(1,431)	(477)	(477)	(477)
Net scheme cost	171	57	57	57

ONGOING REVENUE IMPLICATIONS

(excluding loss of interest)

Running costs

Income streams

Net cost	0	0	0
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Funding Source : Government Grant (DCLG) and Council budgets

Other Resource Implications :	
Staffing	Staff costs have been removed from the capital budget over a 5 year period
Asset Values	Assets not in Council ownership

Justification: (Statutory Duty / Community Plan Aims / Key Infrastructure / Additional Savings / Other)

It is a statutory duty to provide DFG's to older and or disabled residents. £250,000 is ring fenced for aids and adaptations for West Kent Housing Association (WKHA) tenants and both this and the Council's DFG service are eligible for DCLG funding.

The Council is running the DFG process in house as a pilot until June 2015 when it will be reviewed and Members provided with an update. The Home improvement Agency (HIA) still manages the larger DFG applications.

From 2015 the DCLG total budget for Kent will be administered by KCC (ring fenced for each Council so should not be an issue) However it is assumed it will not be less than last year's allocation.

A corporate saving of £50,000 per annum has been made from SDC budget from 1st April 2015 onwards

Capital Programme 2015/18

Scheme Bid Document - Scheme: Property Investment Strategy

Description: A sum of £5m is set aside for the purposes of building a diversified and balanced portfolio of investment assets.

Service: Finance

Portfolio Holder/Chief Officer: Cllr B Ramsey/Adrian Rowbotham

Financials:

CAPITAL COSTS	TOTAL	2015/16	2016/17	2017/18
	£000	£000	£000	£000
Gross scheme cost	5,000	5,000	-	-
External Contributions (list)				

Net scheme cost	5,000	5,000	-	-
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ONGOING REVENUE IMPLICATIONS

(excluding loss of interest)

Running costs

Income streams

see note below

Net cost		x	x	x
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Funding Source: The sum is set aside from a review of reserves as decision of Council 22 July 2014.

Income Streams: These were outlined on Gold Pages at Council on 22 July 2014 (and previously at Cabinet (10 April 2014) and FRAC (26 March 2014). Details are withheld as Exempt Information by virtue of Para. 3 of Part 1 of Schedule 12A LGA 1972.

Other Resource Implications :	
Staffing	Resource would be required from the Legal Section (or possible external legal advisors) to undertake legal pre purchase due diligence. There is also likely to be an increase in the level of Landlord and Tenant related legal work. The Investment Strategy proposal will require an element of financial management, which will include billing rents, service charge and insurance. It is proposed that this work

	will initially be undertaken by the Council's Finance Team. This will be subject to regular review and should a service charge administration role be required, it may necessitate external agents delivering the role, to enable compliance with the RICS Service Charge code of Practice.
Asset Values	n/a

Justification: (Statutory Duty / Community Plan Aims / Key Infrastructure / Additional Savings / Other)

This project is one of the steps being taken in the overall strategy to contribute to the aim of the Council becoming more financially self-sufficient as articulated in the approved Corporate Plan. As minute at Council (Minute 23 22 July 2014), a trading company is being investigated and further legal advice is being sought.