

NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL

CABINET – 10 FEBRUARY 2015

Title of Report	CAPITAL PROGRAMMES – GENERAL FUND, COALVILLE SPECIAL EXPENSES AND HOUSING REVENUE ACCOUNT (H.R.A). PROJECTED OUTTURN 2014/15 AND PROGRAMMES 2015/16 TO 2019/20
Key Decision	a) Financial Yes b) Community Yes
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Purpose of Report	<p>To advise Members of the likely Capital Outturn and the relevant financing for 2014/15 for the General Fund, Coalville Special Expenses and the H.R.A.</p> <p>To seek approval to the General Fund, Coalville Special Expenses and H.R.A Capital Programmes for 2015/16 to 2019/20 and associated funding</p> <p>To advise Cabinet of the proposed procurement routes for schemes over £100k and seek delegated authority to award contracts as appropriate.</p>
Reason for Decision	To enable projects to be included in the Programmes and proceed.
Council Priorities	The projects in the Capital Programmes help the Council achieve all its priorities.

Implications	
Financial / Staff	As contained in the report.
Links to relevant CAT	The Capital programmes are potentially relevant to all Corporate Action Teams (CATs).
Risk Management	The Capital Programmes are monitored at project level to ensure they are delivered on time and within budget.
Equalities Impact Screening	No impact at this stage.
Human Rights	None identified.
Transformational Government	The Programmes attached are integral to delivering better services.
Comments of Head of Paid Service	Report is satisfactory
Comments of Deputy Section 151 Officer	As author the report is satisfactory.
Comments of Monitoring Officer	Report is satisfactory
Consultees	Policy Development Group, CLT and budget holders. Leicestershire, Northamptonshire and Rutland Federation of Small Businesses.
Background Papers	None.
Recommendations	<p>A. THAT THE ESTIMATED GENERAL FUND, COALVILLE SPECIAL EXPENSES AND H.R.A. CAPITAL OUTTURN FOR 2014/15 AND PLANNED FINANCING BE NOTED.</p> <p>B. THAT COUNCIL BE RECOMMENDED TO APPROVE EXPENDITURE IN 2015/16 AS PER:</p> <ul style="list-style-type: none"> • APPENDIX “A” GENERAL FUND AND SPECIAL EXPENSES CAPITAL SCHEMES • APPENDIX “B” FOR HRA CAPITAL SCHEMES

	<p>AND IN 2016/17 THESE SCHEMES ONLY:</p> <ul style="list-style-type: none"> • £984,000 FOR THE VEHICLE REPLACEMENT PROGRAMME, AS DETAILED IN PARAGRAPH 3.4. <p>C. THAT CABINET NOTES THE PROPOSED PROCUREMENT ROUTES AND DELEGATES THE AUTHORITY TO AWARD THE CONTRACTS, AND ANY ASSOCIATED AGREEMENTS IN FURTHERANCE OF THE PROJECTS, AS DETAILED IN SECTION 7 (PROCUREMENT ROUTES) OF THIS REPORT.</p>
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1.0 INTRODUCTION

- 1.1 Appendix “A” shows the proposed General Fund and Special Expenses Capital Programme for 2015/16 to 2019/20.
- 1.2 Appendix “B” shows the H.R.A. proposed Capital Programme for 2015/16 to 2019/20.
- 1.3 The Appendices also present the estimated outturn for the current year for approval.

2.0 ESTIMATED OUTTURN 2014/15

- 2.1 The projected outturn for 2014/15 on General Fund schemes totals £2,284,500. This is a planned decrease of £9,500 on the original budget for the year of £2,294,000.
- 2.2 This managed decrease is caused by the following:

Schemes carried forward from 2013/14	£	£
User Work Station Replacement	47,000	
Improving Customer Experience (ICE)	60,000	
Waste Management System,	56,000	
SAN and Virtual Replacement	4,000	
Car Park(Retention Element)	1,000	
Disabled Facilities Grant	152,500	
Total		320,500
Additional Approved Schemes 2014/15		
Coalville Market Phase 2	127,000	
Additional Disabled Facilities Grant	17,000	
Total		144,000
Planned Reductions 2014/15		
Coalville Market Phase 2	(117,000)	
Disabled Facilities Grant – Slippage into 2015/16	(175,000)	
Whitwick Business Centre – Central Heating System - Under Spending	(50,000)	
Caravan Site – Appleby Magna, Fire Risk Scheme – slippage	(100,000)	

into 2015/16		
Council Offices Extension Car Park	(32,000)	
Total		<u>(474,000)</u> (9,500)

The planned financing of the General Fund expenditure totalling £2,284,500 in 2014/15 is as follows:

	£
Disabled Facilities Grant and PCT Monies Carried Forward	283,500
Revenue Contributions to Capital	149,000
Value for Money Reserve	354,000
Other Reserves	305,000
Leasing/Internal Borrowing	<u>1,193,000</u>
Total	<u>2,284,500</u>

2.3 There were sufficient funds identified prior to this capital spend being committed.

2.4 The carried forward schemes shown in paragraph 2.2 above represents expenditure which was originally expected and budgeted for in 2013/14 but which has fallen in 2014/15 and for which the budgeted financing has also been carried forward.

3.0 GENERAL FUND CAPITAL PROGRAMME 2015/16 TO 2019/20 – INDIVIDUAL SCHEMES

3.1 The programme for 2015/16 to 2019/20 detailed in Appendix A provides for a continuation of the current Disabled Facilities Grants Scheme and the Vehicle Replacement Programme. The following new schemes are included in the programmes for approval to commence in 2015/16:

3.1.1 User Workstation Monitor Replacements (£7,000)

The current monitors are between three and five years old and will need replacing as the fluorescent backlighting fails. Use of new LED lighting is more cost efficient and will reduce running costs.

3.1.2 Helpdesk Software Upgrade (£12,000)

The current LAN desk software is out of support and an improved call logging system is required in response to feedback from satisfaction survey. We will also save £6000 per annum in support charges from the old software.

3.1.3 Server and Storage additional capacity (£29,000)

The current servers are around six years old and will soon become out of support. Additional storage capacity will allow remaining business critical servers (such as OPENhousing and IDOX) to be migrated to updated hardware prior to a move to cloud based solution.

3.1.4 Replacement Telephone System (£70,000)

The Council currently uses two main telephone systems. One system is based on current technology and owned by the Council, with critical equipment located on various sites to provide continuity of service in the event of a critical power or telephone line failure. This system is used by Customer Services and Leisure. The other system, which is used by the majority of officers at the main council offices, is based on old technology and owned and managed by the provider. Adding sufficient capacity to the newer Customer Services / Leisure system to create a single telephone system to support all officers, and cancelling the existing contract, will save the Council approximately £40,000 per annum as well as providing a better service to customers and officers. Capital funding of £70,000 is requested to realise these savings and support these improvements

3.1.5 Improving Customer Experience Project (£172,000)

This project is the continuation and build up of prior year programme. This will include further development of the website and the introduction of smart 'phone apps in order to extend the range of customer contact options. The programme will also include targeted initiatives to engage staff through the use of technology, and to better understand and manage direct to service customer contact. A second phase of Planning For the Future (PFF) projects will include systems improvements to allow management information to be collected in a timelier and less costly manner

3.1.6 Belvoir Shopping Centre, Access Road Improvement Scheme (£12,000)

The existing main service road into the Belvoir Shopping Centre and the Market Hall (accessed off High Street) was resurfaced in 2010. The underlying concrete road construction gives rise to the development of cracks in the road surface at joint positions. These will need managing in order to seal the surface and maximise the life of the road surface. Sections of the adjacent footways also require improvement to maintain them in an acceptable condition and improve the general appearance of this area in keeping with other recent improvements at this site.

3.1.7 Silver Street Whitwick/Hermitage Leisure Centre Car Park (£50,000)

This heavily used car park has been subject to significant patching and repairs over the past few years to prolong its life expectancy but this is no longer efficient for the Council. The works will resurface the original large public car parking area situated immediately off Silver Street, which not only serves the leisure centre but also local residents.

3.1.8 Hood Park Leisure Centre – Outdoor Pool Removal of Asbestos and replacement roofing (£17,000)

This was identified by William Saunders Partnership (WSP) when they undertook condition survey in 2010. These works are necessary to ensure the existing roofing panels do not deteriorate to a point whereby they present a risk to staff or the public. The panels are located over the outdoor changing cubicles, staff control and plant room areas.

3.1.9 Hermitage Leisure Centre - External Roof Flashing (£12,000)

This has been identified through our in house annual condition survey in 2013. These works are necessary to ensure water ingress does not penetrate the building surrounding the roof area and create unnecessary damage to the building infrastructure. Over time the flashing has deteriorated and is now required to be replaced.

3.1.10 Hood Park Leisure Centre Health & Wellbeing Centre (£400,000)

The last major facility improvement to Hood Park Leisure Centre was completed in 2001 with the addition of an indoor swimming pool, fitness studio, squash courts and ancillary facilities. Since this time demand for health and fitness facilities has increased and housing developments in the Ashby area have been approved and built. Through the planning process S106 requests were made for leisure and recreation facilities to ensure that the leisure centre could continue to provide adequately for the health and fitness needs of residents. The Council has to date received just over £390,000 from developments in order to develop a Health & Wellbeing Centre at Hood Park Leisure Centre.

The development will include a new fitness suite with equipment tailored for targeted groups including the elderly, people with disabilities, GP referrals and young children. The equipment will also be suitable for those who are starting out for the first time in a gym environment. By developing this facility it will free up capacity in the existing fitness suite which is experiencing significant demand at peak times. This was reinforced through the Wigan Leisure Trust commissioned Latent Demand report which highlighted that if the centre had increased fitness facilities it would increase its usage and membership base.

The proposed facility area to be converted into the Health & Wellbeing Centre is the existing male and female dry side changing rooms. These changing rooms are part of the original building dating back to the 1970's. They were built to service the sport hall usage but the 2001 development has added further 1st floor changing room capacity and squash change capacity which it is felt could accommodate displaced usage.

The District Council has also been in discussion with Leicestershire Partnership Trust (NHS) who wish to relocate some of its services from the closure of Ashby Hospital to the Leisure Centre such as physiotherapy. The District Council feels that this would be beneficial to residents and present a pathway from rehabilitation into on-going physical activity in a one stop shop health environment. Therefore, it is proposed that the Health & Wellbeing Centre will include a number of consultation/appointment rooms for NHS use. The NHS have indicated they will pay for the relevant capital works and enter into a lease arrangement with revenue contributions for their spatial requirements.

3.1.11 Market Hall Wall (£30,000)

The wall separating the access to and exit from the market hall car parks has deteriorated over time to the point whereby the wall needs replacement. It is envisaged the works will see the lower portion of the wall (which acts as an earth retaining structure) replaced with a suitable earth retaining structure, and the upper portion replaced by a suitable metal balustrade in order to design out a potential hazard by enabling through visibility and improving visibility at the nearby pedestrian crossing point for both drivers and pedestrians. Although the land is owned by the precinct owners the responsibility for on-going maintenance lies with the District Council through its lease

agreement. This project is complex due to the location, the high volume of pedestrian and vehicle movements and as such will require consents and a licence agreement with the owners. The first phase will be to appoint a structural engineer from the indicative budget project budget of £30,000 to provide a costed design scheme.

3.1.12 Council Offices – Rear Extension Car Park (£20,000)

This car park is due for resurfacing due to increasing damage from surrounding tree roots and its age.

3.1.13 Waste Services HGV's (approx £468,000)

The existing Heavy Goods waste vehicles, including one mechanical sweeper and two waste collection vehicles, are to be replaced as part of the annual vehicle replacement programme to ensure reliability of waste and street cleansing service delivery.

3.1.14 Cars/vans (approx £117,000)

Six light vans are to be replaced across the fleet for 2015/16 as part of the annual vehicle replacement programme. These include three pick up vans for the Grounds Maintenance Team, and three transit vans for the Waste Services Team which are essential for service delivery and to control maintenance costs of increased repairs to ageing vehicles.

3.1.15 Plant/Equipment (approx £176,000)

This includes replacement of the Grounds Maintenance Team tractor as part of the annual fleet replacement programme and is essential for horticultural works. Additionally, a new tractor is required for the loading of refuse waste at Linden Way depot.

3.1.16 Acquisition of Key Sites (£400,000)

Purchase of land or properties so that they are unlocked for the provision of affordable housing.

3.2 With regard to the Fleet Replacement Programme, each year a number of vehicles either come to the end of their lease period or their lease extensions are reviewed. Each vehicle is reviewed based on its age, condition, mileage, potential risk of major repairs (due to being out of warranty) and a decision is made whether to extend the lease or replace the vehicle.

3.3 These decisions are made in the previous year in order to allow a suitable lead-in period from order to delivery in April, particularly for large items such as refuse vehicles. Many of these vehicles are built to order and these orders have to be placed before October for delivery the following April. Therefore, although they are actually acquired in April a commitment has to be made in the previous year.

3.4 In order to progress with the 2016/17 purchases approval is sought for the following vehicles:

	£
Refuse Kerbsider (End of Lease)	172,000
Refuse (2x refuse vehicles. End of Lease and End of Life)	350,000
Market Vehicles/Cars (End of Life)	15,000
Vans - Small (4x End of Lease)	60,000
Vans - Medium (2x End of Lease)	32,000
Vans - Pickup (End of Life)	25,000
Bin Lifter (New for refuse vehicle)	20,000
Tractor Plant (End of Life Baler, loading shovel and Tractor)	250,000
Mowing Machines (2x End of Lease)	<u>60,000</u>
Total	984,000

3.5 The General Fund Capital Programme (2015/16) will be funded by:

	£
S106/Grants	400,000
Internal Borrowing	1,050,000
Reserves	361,000
Revenue Contribution	549,000
Disabled Facilities Grants	<u>237,000</u>
Total	2,597,000

4.0 COALVILLE SPECIAL EXPENSES – ESTIMATED OUTTURN AND INDIVIDUAL SCHEMES

4.1 The projected out turn for Coalville Special Expenses is £216,000. This is £14,000 more than the approved budget of £202,000. This is mainly due to slippage from 2013/14 year on the following projects

	£
Coalville Park Improvements	1,000
Melrose Road Play Hub	2,000
Broomleys Allotments	1,000
Urban Forest Park – Play equipment	9,000
Owen Street – Floodlights	<u>1,000</u>
Total	<u>14,000</u>

4.2 There are no new schemes agreed at present for 2015/16.

5.0 H.R.A. CAPITAL PROGRAMME 2015/16 - 2019/20 – INDIVIDUAL SCHEMES

5.1 The HRA Capital programme (Appendix “B”) covers in detail the capital schemes for the period 2015/16 to 2019/20.

5.2 Planned spend in 2015/16 and onwards mainly consists of

5.2.1 Decent Homes Improvement Programme (DHIP)

The Decent Homes standard was introduced by the last Government to drive up the quality of social housing across the country. The standard sets a range of indicators for different elements of tenants' homes. North West Leicestershire previously had the highest national level of predicted Non Decency on this assessment at 70%.

Government had set aside £2.1bn, out of which £0.6bn was ring fenced to new Stock Transfer gap funding and the remaining £1.5bn was available for councils, with over 10% of their stock non decent, to bid for. The Council bid was successful and it received £3.7m for 2012/13, with further funding of £8.5m for years 2013/14 and £7.55m for 2014/15. The latter was the last year of grant funding from the Government, and there will be no further grants in the foreseeable future.

The Council will therefore continue to invest in the Decent Homes Investment Programme to maintain the level of decency across the Housing Stock.

The Decent Homes Improvement Programme for 2015/16 will invest £5.29 million in improving tenants' homes.

5.2.2 Housing Planned Investment Programme (HPIP)

In addition to delivering the Decent Homes Improvement Programme, there are a wide range of other investments required to maintain and enhance the housing stock and associated services and assets, which are outside the Governments definition of Decent Homes works. This part of the housing capital programme is funded by the annual transfer of a Major Repairs Allowance from the Housing Revenue Account.

6.0 CAPITAL RESOURCES

6.1 The resources estimated to be needed to finance the General Fund programme 2015/16 to 2019/20 total £5,984,250 as follows:

	£
2015/16	2,597,000
2016/17	1,536,750
2017/18	1,282,500
2018/19	984,000
2019/20	<u>51,000</u>
Total	<u>6,451,250</u>

6.2 Details of the planned funding of the programmes are included in Appendix A. Funding is in place in 2015/16 for the Disabled Facilities Grants Scheme (£560,000) consisting of £237,000 Disabled Facilities Grants, £174,000 of reserves and £149,000 of Revenue Contribution. There is also £443,000 Section 106 funding. The remaining schemes can be funded through either leasing or borrowing depending on value for money and provision has been made in the 2015/16 Revenue Budget.

6.3 The following resources are estimated to be available for financing the Housing Revenue Account Programme. A surplus of £997,000 can be carried forward to 2015/16.

	£
Major Repairs Reserve Balance at 1 st April 2014	1,996,000
Available Capital Receipts at 1 st April 2014	2,539,000
RCCO	2,922,000
Major Repairs Allowance 2014/15	3,978,000
Decent Homes Funding 2014/15	<u>7,377,000</u>
Resource available to Finance 2014/15 Capital expenditure	18,812,000
Less:	
Used to finance HRA Capital Expenditure in 2014/15	<u>17,656,000</u>
Resource available at 1 st April 2015	1,156,000
Contribution to Major Repairs Reserve 2015/16	3,991,000
Revenue Contribution in 2015/16	2,610,000
Retained Right to Buy Receipts	667,000
S106 Commuted Funds	559,000
Capital Receipts/Allowance	<u>122,000</u>
Resource available to Finance 2015/16 Capital Expenditure	<u>9,105,000</u>
Less:	
Used to Finance HRA Capital Expenditure in 2015/16	<u>9,105,000</u>
	0
Resource Available at 1 st April 2016	0

7.0 PROCUREMENT ROUTES

- 7.1 Where the authority is required to enter into a contract which has a value of £100,000 or more, Cabinet authority is sought prior to award of the contract. As Cabinet is considering the budgetary implications of the Capital Programmes, it is efficient for Cabinet to consider the award of subsequent high-value contracts at the same time. Cabinet is also asked to address a request for a waiver to the Contract Procedure Rules (CPR) for a particular selection of contract opportunities. Each will be considered in turn.
- 7.2 Although the procurement processes may be commenced sooner, the contract award will not take place before Council has approved the budget for the Capital Programmes. The authority's procurement documentation gives it a right not to award a contract, should Council not approve the budget.
- 7.3 Hood Park Leisure Centre – Health & Wellbeing Centre
- 7.3.1 The Health & Wellbeing Centre development will include the conversion of existing sports hall changing rooms into a new fitness suite with equipment tailored for targeted groups including the elderly, people with disabilities, GP referrals and young children. The Health & Wellbeing centre will also include a number of consultation/appointment rooms in partnership with Leicestershire Partnership Trust NHS, toilets and associated storage facilities.
- 7.3.2 In order to deliver this project in the most efficient way it is intended that the Council will be responsible for the procurement and management of the whole project i.e. the Council's Fitness facility area and the NHS consultation/appointment room area. This will involve agreeing a specification of works for the NHS requirements, a specification of works for the Council's requirements and agreeing appropriate cost allocations. By

undertaking the works simultaneously and through one contractor it will ensure best value for both parties.

- 7.3.3 As the project involves a mixture of goods and services with the Council's costs up to £400,000 (the NHS costs are still to be developed and as such the total project cost is yet to be finalised) it is envisaged to be delivered through two procurement processes. It is envisaged the building works and purchases of services will be procured through a relevant public sector framework. The Health & Wellbeing project will be under pinned by a number of formal contractual agreements with the NHS which will govern and regulate the development, the relationship with the Council and the new facilities on-going use.
- 7.3.4 The total project is expected to be a Band E contract under rule 2.2 of the Contract Procedure Rules (CPR). This report seeks delegated approval for the Director of Services, following consideration by Corporate Leadership Team of the full business case, in consultation with the Portfolio Holder, to progress this partnership project, agree Heads of Terms, agree capital and revenue arrangements with Leicestershire Partnership Trust NHS and enter into all necessary leases, contracts and agreements to facilitate this

7.4 Waste Services, Vans, Cars, Plant and Equipment

As part of the Fleet, Plant and Equipment Replacement Programme, replacements will need to be made to some of the Council's vehicles, equipment and plant. These have previously been purchased through an ESPO framework (in compliance with CPR 2.2.3), whereby ESPO undertake a mini-competition on behalf of the Council, to ensure that the price represents value for money. In addition there is a CCS framework for vehicles and so officers would select the most appropriate public sector framework for each item, considering which offers value for money for the Council at the time of procurement.

Cabinet is asked to delegate award of the subsequent contracts for vehicles, equipment and plant to the Director of Services in consultation with the Portfolio Holder.

7.5 Car Park Resurfacing

The Council will need to resurface three car parks/roads in the 2015-2016 financial year. Silver Street Whitwick car park, Council Offices Extension car park and the Market Hall driveway.

Where we are purchasing similar goods, works or services, we are under an obligation to aggregate the value so as to ensure, where that value is above the thresholds (for services contracts, the threshold is £172,514), the opportunity is advertised to potential European bidders. The aggregate value of these contract opportunities is £82,000, so below the thresholds which would require the authority to advertise the opportunity in Europe. At this value, it is a Band D contract requiring a formal tender process, pursuant to CPR 5.16.

To assist officers with scheduling the pre-procurement work and on-site delivery of the larger resurfacing schemes before winter, Cabinet is requested to grant a waiver to the CPR so the contract opportunities can be disaggregated. Each contract would then be procured in accordance with CPR, according to its own value. This would bring two into

Band B (Small) Contracts and one into Band C (Medium) Contract, all requiring three written quotations be sought and opening up the opportunities in the first instance to suitable businesses registered on the Buy Local portal.

Pursuant to CPR 3.2, Cabinet is asked to grant a waiver to CPR 5.16 so that each of the three resurfacing programmes can be treated as individual contract opportunities and procured in accordance with the CPR relevant to their particular value. Cabinet is asked to delegate award of the subsequent contracts to the Director of Services in consultation with the Portfolio Holder.

8.0 CONSULTATION

- 8.1 The Cabinet's draft Capital Programmes were presented to the Policy Development Group at its meeting on 7 January 2015. Consultation with the business community was by letter through the Leicestershire, Northamptonshire and Rutland Federation of Small Businesses. The comments of Policy Development Group are included in the minutes attached at Appendix C.