

Dear Councillor

CABINET - THURSDAY, 12 FEBRUARY 2015

I am now able to enclose for consideration at the above meeting the following reports that were unavailable when the agenda was printed.

**Agenda Item
No.**

3. 2015/16 REVENUE BUDGET AND MEDIUM TERM FINANCIAL STRATEGY (Pages 1 - 8)

To consider a report by the Head of Resources on the 2015/16 Revenue Budget and Medium Term Financial Strategy (2016/17 to 2019/20).

6. 2014/15 QUARTER 3 CAPITAL REVENUE MONITORING AND FORECAST OUTTURN (Pages 9 - 10)

To consider a report by the Head of Resources.

This page is intentionally left blank

One Leisure St Neots - 3G Sport Pitch (Replacement)

Portfolio Holder Sponsor: Executive Councillor for Commercial Activities

Reason for Briefing Note

Currently the 2015/16 Budget and MTFs Cabinet paper that is scheduled to be discussed at Cabinet on the 12th February 2015 does not formally require approval of the defined capital programme; such approval will be sought at a later date. Members should note that the revenue implications of capital currently included within the budget do meet current capital commitments.

Approval is required by Cabinet to provide capital funding to the above project to meet Sport England's bid submission deadline of the 23rd March 2015.

Background to the Project

This is a project to be delivered by HDC to replace the current "sand-based" all weather pitch that is coming to the end of its useful life at One Leisure St Neots. The total "estimated" build cost of the project is £355,740, of which Sports England will fund £274,400 (70%). It has been established today (12th February 2015) that to ensure continued service provision that there is a Sports England requirement that a sinking fund is established to meet future replacement costs, this has now been incorporated. Further, a review of income identified that only the incremental costs of the new pitch were included, however current income levels were required to be included. The impact is that over the assessment period (2015/16 to 2019/20) there is a net surplus of £47,274. The original HDC contribution of £117,600 will be paid back by 2018/19 (4 years) and with a minimum economic life of 7 years the Council will potentially gain financially in the last 2 remaining years (with appropriate maintenance the economic life could be up to 10 years).

If Sport England's contribution is not forthcoming this project will not go ahead.

The Capital Programme Proforma (outline Business Case) is shown below; this has been scored and reviewed by the Finance Governance Board.

Reason for Decision required at Cabinet (12th February 2015)

The submission of the bid to Sport England is required to be made on the 23rd March 2015. Between now and then it is necessary for some preliminary costings work to be undertaken at a cost of £6,000. If Cabinet approval is delayed until the 19th March 2015 this will not allow enough time for the work required to be completed by the bid submission deadline.

Resources Implications

There is always a risk with "spend-to-save" proposals. However, the Capital Programme Proforma is based on current estimated costs and income modelling. With regard to the latter, usage is expected to expand from the current September to April usage profile to a full-year usage profile. There are letters on file giving support from local sports organisations

and clubs who are currently not using the facility. Further, an outline project submission has been made to Sport England in respect of this project and has been approved.

It is therefore considered that the risk of underachievement is low.

Decision Required at Cabinet (12th February 2015)

Current recommendation as per Budget Setting report 2015/16:

It is recommended that Overview and Scrutiny provides comments to Cabinet in respect of the:

- additional savings that have been achieved (as shown on Table C in Appendix 1).
- the level of reserves currently modelled.
- confirm their continued support of a freeze in Council Tax for:
 - 2015/16, and
 - over the period covered by the Medium Term Financial Strategy (2016/17 to 2019/20).

Capital programme and the Fees and Charges Schedule.

Additional recommendation:

Cabinet approve the Councils:

1. submission of a bid to Sports England for the One Leisure St Neots - 3G Sport Pitch (Replacement) Project.
2. capital financial contribution to the One Leisure St Neots - 3G Sport Pitch (Replacement) Project of £117,600 subject to the successful approval of the bid noted in 1.

Capital Programme Proforma (outline Business Case)

Project sponsor			
Name	Jayne Wisely		
Division	One Leisure St Neots		
Project details			
Title	One Leisure St Neots Synthetic Pitch & Perimeter Fencing		
Cost centre number (allocated by Finance)		Estimated life of the proposal	7
Brief outline of the project	<p>The sand dressed full size synthetic pitch will be replaced with a 3rd generation long pile (60mm) carpet. Associated groundwork will be completed and improvements made to existing provision including; new fencing, improved security of site and installation of recessed goals to increase flexibility of use and to reduce running and maintenance costs. The project will improve quality of service provision for footballers and enable rugby union and rugby league to be played on an artificial playing surface in the District for the first time. The ability to subdivide the large playing area into small side games will be easier and better for players. Cricket will be an extra alternative (20:20 floodlit formula). The life expectancy of the current surface is 2015.</p>		
Estimated start date	01 May 2015	Estimated completion date	31 August 2015
Statutory duty			Score
Is there a statutory requirement to undertake this project?		(If "Yes" score = 5; if "No" score =1)	1
Please describe the consequences of not undertaking this scheme.	<p>The scheme is subject to a Sport England Improvement Fund application. If the application is successful, Sport England will contribute 70% to the overall cost. If the scheme is not approved the funding from Sport England will be lost. The existing synthetic pitch has a life expectancy of only 1 - 2 years. If when the life expectancy expires the Council decides to proceed with replacement, the Council will have to meet 100% of the cost.</p>		
Have alternative options for delivering the project been considered?			
Please give brief details	<p>The alternative will be to either replace the synthetic pitch in 2016 - 17 and HDC meeting the full cost of the replacement (c£400k @ current price) or to close the facility.</p>		
Corporate Plan 2014-2016			Score
The score should indicate the contribution the project makes to achieving the Corporate Planning aims.			
1 A Strong Local Economy			
1.1	Accelerate business growth and investment	60	60
1.2	Remove infrastructure barriers to growth	0	
1.3	Develop a flexible and skilled workforce	0	
2 Enabling Sustainable Growth			
2.1	Improve the supply of new and affordable housing to meet future needs	0	50
2.2	Develop sustainable growth opportunities in and around our market towns	0	
2.3	Enhance our green and built environment	50	
3 Working With Our Communities			
3.1	Create safer, stronger and more resilient communities	0	100
3.2	Improve health and well-being	100	
3.3	Empower local communities	0	
4 Ensuring we are a Customer Focused and Service Led Council			
4.1	Become more business like and efficient in the way we deliver services	30	100
4.2	Ensure customer engagement drives service priorities and improvements	70	
Total Corporate Plan score			310
Statutory indicator - from above			1
Total Corporate Planning score:			310

Financial Details

Capital costs	2014-15 £	2015-16 £	2016-17 £	2017-18 £	2018-19 £	2019-20 £	Total £
Project Cost	0	355,740	0	0	0	0	355,740
Expenditure 02	0	0	0	0	0	0	0
Expenditure 03	0	0	0	0	0	0	0
Sinking Fund for future replacement	0	0	25,000	25,000	25,000	25,000	100,000
Professional fees	0	36,260	0	0	0	0	36,260
Contingencies	0	0	0	0	0	0	0
Leverage from external bodies (-)	0	(274,400)	0	0	0	0	(274,400)
Total	0	117,600	25,000	25,000	25,000	25,000	217,600

Revenue implications	2014-15 £	2015-16 £	2016-17 £	2017-18 £	2018-19 £	2019-20 £	Total £
Employees	0	0	0	0	0	0	0
Premises	0	0	0	0	0	0	0
Transport	0	0	0	0	0	0	0
Supplies and services	0	0	0	0	0	0	0
Income (-)	0	(28,500)	(57,000)	(58,350)	(59,768)	(61,256)	(264,874)
Total	0	(28,500)	(57,000)	(58,350)	(59,768)	(61,256)	(264,874)

Results - whole life cost

Results - Net Present Value

Total revenue cost - first full year (2017-18)	(58,350)
Estimated life of the scheme/ asset	7
Total:	-408450
Total capital cost of the proposal	217,600
Whole life cost:	(190,850)

Net Present Value £ (142,873)

Results - Pay Back Period

Pay Back In Years 2018-19

Risk Assessment

Event	Likelihood	Impact	Total
	(1=low: 5=high)		
Failure to complete the project on time	1	2	2
Failure to control contract variations	1	2	2
Failure to complete within budget	1	2	2
Reputational damage to the Council	1	1	1
Risk appetite			7

Other indicators

Performance management

Performance indicator

Increased admissions, increased income,

Score

Impact assessment

The impact of not undertaking the project

<£10,000
£10,001 to £100,000
£100,001 to £500,000
>£500,001

Points

10
50
80
100

80

Efficiency savings/ value for money

Please give details of improved vfm in the services affected

Reduced maintenance and operational costs. Reduced equipment replacement costs. Improved customer satisfaction. Increasing sports participation.

Stakeholders

How will this proposal impact on Stakeholders?

Completion of the project will result in HDC improving the achieving of Sport England participation and target groups performance indicators.

Partnership

Please describe any partnership working and associated benefits

70% of the project cost will be funded by Sport England if the funding application is successful. Sport England will provide assistance in the development of the use of the facility. Potential to create long-term commitment from local sports clubs to use OLSN facility. One Leisure will work closely with SALT to develop programmes and to meet HDC and Sport England agendas.

Consultation

Please give details of any consultation regarding this scheme

Ongoing communication with current users regarding the need for pitch replacement. Consultation with SALT to determine market segmentation for the St Neots catchment.

COMT assessment of the proposal

Score

How would you assess the overall priority for this project?
The score should conform to: 3 = high; 2 = medium; 1 = low

Public

1

Political

1

Results - summary

Corporate Plan score

310

Risk appetite:

7

COMT assessment weighting

2

Statutory service

1

Total:

620

Impact assessment score

80

Feedback

Accepted/Rejected

Brief details and notes

NPV Based on total cost of £355,740

NPV								
Capital	1	2	3	4	5	6	7	8
	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
Preliminaries	0	355,740	0	0	0	0	0	0
Site costs	0	0	0	0	0	0	0	0
Contractor 01	0	0	0	0	0	0	0	0
Contractor 02	0	0	0	0	0	0	0	0
Professional fees	0	36,260	0	0	0	0	0	0
Contingencies	0	0	0	0	0	0	0	0
Leverage from external bodies (-)	0	(274,400)	0	0	0	0	0	0
	0	117,600	0	0	0	0	0	0
Revenue	1	2	3	4	5	6	7	8
	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
Employees	0	0	0	0	0	0	0	0
Premises	0	0	0	0	0	0	0	0
Transport	0	0	0	0	0	0	0	0
Supplies and services	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0
Income (-)	0	(13,500)	(27,000)	(28,350)	(29,768)	(31,256)	(32,819)	(34,460)
	0	(13,500)	(27,000)	(28,350)	(29,768)	(31,256)	(32,819)	(34,460)
Total	0	104,100	(27,000)	(28,350)	(29,768)	(31,256)	(32,819)	(34,460)
IRR	1.00	1.02	1.04	1.06	1.08	1.10	1.13	1.15
Discounted Cash Flow	1.00	0.98	0.96	0.94	0.92	0.91	0.89	0.87
	0	102,059	(25,952)	(26,715)	(27,501)	(28,310)	(29,142)	(30,000)
Payback Period								
Capital	1	2	3	4	5	6	7	8
	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
Preliminaries	0	355,740	0	0	0	0	0	0
Site costs	0	0	0	0	0	0	0	0
Contractor 01	0	0	0	0	0	0	0	0
Contractor 02	0	0	0	0	0	0	0	0
Professional fees	0	36,260	0	0	0	0	0	0
Contingencies	0	0	0	0	0	0	0	0
Leverage from external bodies (-)	0	(274,400)	0	0	0	0	0	0
	0	117,600	0	0	0	0	0	0
Revenue	1	2	3	4	5	6	7	8
	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
Employees	0	0	0	0	0	0	0	0
Premises	0	0	0	0	0	0	0	0
Transport	0	0	0	0	0	0	0	0
Supplies and services	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0
Income (-)	0	(13,500)	(27,000)	(28,350)	(29,768)	(31,256)	(32,819)	(34,460)
	0	(13,500)	(27,000)	(28,350)	(29,768)	(31,256)	(32,819)	(34,460)
	0	104,100	(27,000)	(28,350)	(29,768)	(31,256)	(32,819)	(34,460)
Total Cash Flow	0	104,100	77,100	48,750	18,982	(12,274)	(45,093)	(79,553)

NPV Based on total cost of £367,500 (£355,740 + 10% contingency on original HDC contribution)

NPV								
Capital	1	2	3	4	5	6	7	8
	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
Preliminaries	0	391,314	0	0	0	0	0	0
Site costs	0	0	0	0	0	0	0	0
Contractor 01	0	0	0	0	0	0	0	0
Contractor 02	0	0	0	0	0	0	0	0
Professional fees	0	36,260	0	0	0	0	0	0
Contingencies	0	0	0	0	0	0	0	0
Leverage from external bodies (-)	0	(301,840)	0	0	0	0	0	0
	0	125,734	0	0	0	0	0	0
Revenue	1	2	3	4	5	6	7	8
	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
Employees	0	0	0	0	0	0	0	0
Premises	0	0	0	0	0	0	0	0
Transport	0	0	0	0	0	0	0	0
Supplies and services	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0
Income (-)	0	(13,500)	(27,000)	(28,350)	(29,768)	(31,256)	(32,819)	(34,460)
	0	(13,500)	(27,000)	(28,350)	(29,768)	(31,256)	(32,819)	(34,460)
Total	0	112,234	(27,000)	(28,350)	(29,768)	(31,256)	(32,819)	(34,460)
IRR	1.00	1.02	1.04	1.06	1.08	1.10	1.13	1.15
Discounted Cash Flow	1.00	0.98	0.96	0.94	0.92	0.91	0.89	0.87
	0	110,033	(25,952)	(26,715)	(27,501)	(28,310)	(29,142)	(30,000)
Payback Period								
Capital	1	2	3	4	5	6	7	8
	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
Preliminaries	0	391,314	0	0	0	0	0	0
Site costs	0	0	0	0	0	0	0	0
Contractor 01	0	0	0	0	0	0	0	0
Contractor 02	0	0	0	0	0	0	0	0
Professional fees	0	36,260	0	0	0	0	0	0
Contingencies	0	0	0	0	0	0	0	0
Leverage from external bodies (-)	0	(301,840)	0	0	0	0	0	0
	0	125,734	0	0	0	0	0	0
Revenue	1	2	3	4	5	6	7	8
	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
Employees	0	0	0	0	0	0	0	0
Premises	0	0	0	0	0	0	0	0
Transport	0	0	0	0	0	0	0	0
Supplies and services	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0
Income (-)	0	(13,500)	(27,000)	(28,350)	(29,768)	(31,256)	(32,819)	(34,460)
	0	(13,500)	(27,000)	(28,350)	(29,768)	(31,256)	(32,819)	(34,460)
	0	112,234	(27,000)	(28,350)	(29,768)	(31,256)	(32,819)	(34,460)
Total Cash Flow	0	112,234	85,234	56,884	27,116	(4,140)	(36,959)	(71,419)

This page is intentionally left blank

BUDGET MONITORING REPORT 2014 /15 - ADDITIONAL RECOMMENDATION

Recommendations:

The Cabinet is recommended to agree the:

- Forecast Revenue Budget of £20.012m, giving a forecast outturn underspend of £0.858m.
- Forecast Capital Budget of £3.693m
- Allocation of £100,000 of the forecast outturn underspend to a new Earmarked Reserve, entitled "Alconbury and Molesworth Support and Challenge Fund".

This page is intentionally left blank