

**RIBBLE VALLEY BOROUGH COUNCIL
REPORT TO POLICY AND FINANCE COMMITTEE**

DECISION

Agenda Item 8

meeting date: 24 JANUARY 2012
title: REVISED CAPITAL PROGRAMME 2011/12 AND PROPOSED
PROGRAMME 2012/15

submitted by: DIRECTOR OF RESOURCES

principal author: NEIL SANDIFORD

1 PURPOSE

- 1.1 To approve the revised programme for the current year and also the future three-year capital programme for this Committee.

2 BACKGROUND

- 2.1 This report will review the following:

- i) The current year's programme.
- ii) Draft programme of schemes to be carried out in the following three years (2012/13 to 2014/15).

3 ORIGINAL PROGRAMME 2011/12 – CURRENT FINANCIAL YEAR

- 3.1 The original capital programme for the current year included two schemes at a total estimated cost of £55,000.
- 3.2 There has been an additional approval to the programme of £26,650, which is shown in Annex 1. This relates to the Land Charges system that was approved by this committee at its meeting in June 2011.
- 3.3 The original capital programme included an approved scheme relating to Clitheroe Market Redevelopment. This was to have been a joint scheme with Lancashire County Council at an estimated total cost of £30,000. Financing of the scheme was to be shared equally, with the County contributing £15,000 of the cost.

4 REVISING THE CURRENT YEAR'S PROGRAMME

- 4.1 We have now discussed in some detail the schemes in the programme with the budget holders and revised the programme to reflect likely expenditure this year. This is shown in Annex 1, alongside the original estimate.
- 4.2 Updated capital evaluation forms completed by the responsible officers for these schemes have been reported to committee in previous cycles.

4.3 In summary, the revised programme together with the original programme and expenditure to date is shown below:

Budget Analysis					Expenditure Analysis
Original Estimate 2011/12 £	Slippage from 2010/11 £	Additional Approvals 2011/12 £	Total approved Budget 2011/12 £	Revised Estimate 2011/12 £	Actual to date 2011/12 £
55,000	0	26,650	81,650	54,810	41,360

4.4 The above table shows that approximately 75% of the revised programme for this committee has been expended to date.

5 DRAFT PROGRAMME 2012/13 TO 2014/15

5.1 In August 2011, the Budget Working Group agreed a focus for the future capital programme, based on three years and split into categories of capital spend. At this time Heads of Service were invited to submit scheme bids for the 2012/13 to 2014/15 programme.

5.2 Four new bids have been submitted for this Committee. Details of the bids have been attached at Annex 2 and include how each scheme links to the Council's ambitions.

5.3 The table below provides a summary of the new proposals that have been put forward.

Scheme Title	2012/13 £	2013/14 £	2014/15 £	Total £
Non-Specific Measures to Reduce Energy Consumption in Council Buildings	10,000	10,000		20,000
Introduction of Photo Voltaic Schemes – Main Offices, Pool and Depot	147,000			147,000
Server and Network Infrastructure	25,000			25,000
Economic Development Initiatives	100,000			100,000
Total	282,000	10,000	0	292,000

5.4 It should be noted that this is a potential programme that will require further consideration by the Budget Working Group and by Special Policy and Finance Committee, who will want to ensure that it is affordable and achievable in both capital and revenue terms.

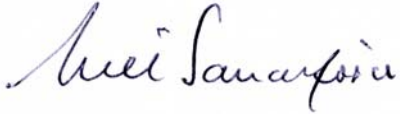
5.5 To this end, Corporate Management Team are due to meet to discuss the proposals within this report at the beginning of January 2012. Any feedback from this meeting will be provided to members verbally at the time of the Committee meeting.

5.6 Members should therefore consider the forward programme as attached and put forward any amendments they may wish to make at this stage, whilst being mindful of the limited capital resources that the council has available.

6 RECOMMENDED THAT COMMITTEE

6.1 Approve the revised capital programme for 2011/12 as set out in Annex 1.

6.2 Consider the future three-year programme for 2012/13 to 2014/15 as shown at paragraph 5.3 and attached at Annex 2, with any suggested amendments.



TECHNICAL ACCOUNTANT

PF2-12/NS/AC
15 DECEMBER 2011

**Policy and Finance Committee
Revised Capital Programme 2011/12**

Cost Centre	Scheme Description	Original Estimate 2011/12 £	Slippage from 2010/11 £	Additional Approvals £	Total Approved Budget £	Revised Estimate £	Expenditure to Date £
CCCRM	Contact Centre Customer Relationship Management System (CRM) Replacement	25,000	0	0	25,000	28,160	28,160
LCSYS	Land Charges System	0	0	26,650	26,650	26,650	13,200
CMRED	Clitheroe Market Redevelopment	30,000	0	0	30,000	0	0
	TOTAL POLICY AND FINANCE COMMITTEE	55,000	0	26,650	81,650	54,810	41,360

**Policy and Finance Committee
Proposed Three Year Capital Programme Bids**

RIBBLE VALLEY BOROUGH COUNCIL
Capital Programme Bids - 2012/13 to 2014/15

BID 1: *Non-Specific Measures to Reduce Energy Consumption in Council Buildings*

Service Area: Building Maintenance

Head of Service: Terry Longden

Brief Description:

The project is to identify, evaluate and install a series of measures that will effectively reduce energy consumption in Council operated buildings and of Council plant and vehicles. A series of individual schemes were successfully implemented last year. Whilst it can become increasingly difficult to achieve year on year energy consumption savings, this project seeks to continue this work.

Successful projects may include for example:

- Replacement of selected equipment with Energy efficient versions
- Insulation projects
- Auto light management systems
- Time controlled power management systems.
- Fuel use monitoring systems
- Vehicle tracking and routing systems
- Time management and Auto power switch off.
- Driver training initiatives

Further work will identify the individual schemes. The target payback period is 8 years, considered to be a realistic and achievable.

Project funded from a Capital budget of £20,000 over two years – 2012/13 and 2013/14.

Overriding aim/ambition that the scheme meets:

To be a well managed council

Government or other imperatives to the undertaking of this scheme:

The Council is required to produce year on year savings in energy consumption and CO2 outputs (PI ES6 (NI185))

Improving service performance, efficiency and value for money:

As energy costs continue to rise, payback periods from this type of investment will improve. Along with this, the efficiency of the Councils operations will also increase.

Consultation:

Making savings through reduced energy consumption is a regular theme at staff meetings, CMT, and at a Councillor level.

Start Date, duration and key milestones:

It is proposed that the scheme is rolled out in two phases, the first being in Summer 2012 and the second being in Summer 2013. The duration of each phase would be 3 – 4 weeks.

Financial Implications – CAPITAL:

Breakdown	2012/13 £	2013/14 £	2014/15 £
Equipment and Materials	10,000	10,000	-

Financial Implications – ANNUAL REVENUE:

Breakdown	£
Estimated SAVINGS on Premises Costs	-2,000
Estimated SAVINGS on Transport Costs	-500
Total Estimated <u>Annual</u> SAVINGS	-2,500
Estimated Lifespan	12 Years
Total Estimated <u>Lifetime</u> SAVINGS	-30,000
Estimated disposal/wind down costs	2,000
NET Estimated <u>Lifetime</u> Revenue SAVING	-28,000

Useful economic life:

Although the potential lifespan will vary depending upon the location and type of installation the average life is expected to be in the region of 12 years.

Additional supporting information:

While the scheme will be of benefit to the environment, we will endeavour to specify materials with a high recycled content and dispose of / reuse in a responsible way.

Impact on the environment:

None

Risk:

- **Political:** *There is increasing pressure from the Coalition Government for councils to operate at a lower cost and become more efficient in their operations.*
- **Economic:** *The twin factors of increased energy price volatility, and reduced access to finance have increased the need for low cost solutions.*
- **Sociological:** *Society is increasingly expecting more efficient buildings and services.*
- **Technological:** *Any suitable emerging technologies will be considered for inclusion in this scheme.*
- **Legal:** *In the event that the threshold for the CRC Scheme is reduced in the future, RVBC will have to purchase carbon credits at an anticipated cost of £30,000.00 per year. This upfront investment will help to reduce this cost.*
- **Environmental:** *As the manufacture of components increases, economies of scale may improve and the prices may reduce.*

RIBBLE VALLEY BOROUGH COUNCIL

Capital Programme Bids - 2012/13 to 2014/15

BID 2: Introduction of Photo Voltaic Schemes – Main Offices, Pool and Depot

Service Area: Building Maintenance

Head of Service: Terry Longden

Brief Description:

The proposed project is to install Photo Voltaic (PV) panels on the roof of the council buildings as outlined in the table below. The energy generated can be used to directly offset the electricity used in the operation of the building. Any excess power generated is fed into the electricity supply system (National Grid) and the Council receives a payment.

The table below identifies the payback period on such installations, which is dependant upon the installation costs of each unit of generating capacity. The payback period on the Church Walk site is significantly longer than the other sites because of the increased installation costs per unit of generating capacity (increased scaffold costs)

Site	Capital cost £	Approx payback period yrs
Church Walk Offices	65,000	15
Ribblesdale pool	30,000	10
Depot Recycling shed	45,000	10

Overriding aim/ambition that the scheme meets:

To be a well managed council

Government or other imperatives to the undertaking of this scheme:

The coalition governments feed-in tariff (FIT's) were introduced in April 2010. Proposed amendments to the Local Government Act 1967 contained in the pending Energy Bill will enable the sale of surplus electricity to the grid.

Improving service performance, efficiency and value for money:

An investment in PV panels will result in reduced electricity costs, as well as a potential income from the FIT's and the sale of surplus electricity i.e. from the council offices at the weekends.

Consultation:

Meetings have been held with Envirolink Northwest to advise on the potential installation as well as maximising the benefit and return on investment.

Start Date, duration and key milestones:

It is proposed that the scheme is rolled out in three phases, the first being in May 2012 and the second being in July 2012, and the final being in September 2012. The duration of each phase would be 5 – 6 weeks.

Financial Implications – CAPITAL:

Breakdown	2012/13 £	2013/14 £	2014/15 £
Equipment and Materials	140,000	-	-
Internal Staff Salaries	2,000	-	-
Planning Fees/Building Regulations	5,000	-	-
TOTAL	147,000	-	-

Financial Implications – ANNUAL REVENUE:

Breakdown	£
Estimated COSTS on Premises Costs	800
Estimated ADDITIONAL income	-14,000
Total Estimated <u>Annual</u> SAVINGS	-13,200
Estimated Lifespan	20 Years
Total Estimated <u>Lifetime</u> SAVINGS	-264,000
Estimated disposal/wind down costs	5,000
NET Estimated <u>Lifetime</u> Revenue SAVING	-259,000

Useful economic life:

The expected useful economic life of the panels would be 20 years.

Additional supporting information:

None

Impact on the environment:

Solar PV panels are made of 90% glass and therefore, at the end of their economic life, the majority of the materials can easily be recycled.

Risk:

- **Political:** *There is increasing pressure from the Coalition government for councils to operate at a lower cost and become more efficient in their operations.*
- **Economic:** *The twin factors of increased energy price volatility, and reduced access to finance have increased the need for sustainable solutions.*
- **Sociological:** *Society is increasingly expecting renewable solutions.*
- **Technological:** *Any suitable emerging technologies will be considered for inclusion in this scheme.*
- **Legal:** *In the event that the threshold for the CRC Scheme is reduced in the future, RVBC will have to purchase carbon credits at an anticipated cost of £30,000.00 per year. This upfront investment will help to reduce this potential cost.*
- **Environmental:** *As the global manufacture volume of PV panels increases, economies of scale will improve and prices may fall.*

BID 3: Server and Network Infrastructure

Service Area: IT Services

Head of Service: Lawson Oddie

Brief Description:

To consolidate and replace the Council's ageing servers and network switches. At the time of replacement, greener, more efficient and up to date technology will be taken full advantage of.

Overriding aim/ambition that the scheme meets:

To be a well managed Council

Government or other imperatives to the undertaking of this scheme:

The Council's ageing servers and network switches would become obsolete, more prone to disruptions to service and potentially irreparable if a major fault were to occur.

Improving service performance, efficiency and value for money:

The scheme looks to replace 7 physical servers that the council operate, with 3 greener, more efficient and up to date physical servers. As a consequence the energy consumption, and therefore revenue cost, would fall. Additionally there would be reduced energy consumption by the air conditioning system due to reduced heat output from the servers in the server room. Furthermore, the newer technology that will be used is greener, more efficient and has increased performance and reliability.

Consultation:

There has been no consultation outside of the team members of the IT Section.

Start Date, duration and key milestones:

April 2012:

Tasks – Implementation of VM Solution, Migration of first server, Migration of last server. Installation of Layer 3 Switch, VLAN Network, replace Ageing Layer 2 Switches.

Financial Implications – CAPITAL:

Breakdown	2012/13	2013/14	2014/15
	£	£	£
Equipment and Materials	25,000	0	0

Financial Implications – ANNUAL REVENUE:

Breakdown		£
There will be some energy savings. However, it is difficult to quantify with any accuracy		-

Useful economic life:

5 to 7 years

Additional supporting information:

None

Impact on the environment:

By using greener technology and reducing the number of physical servers, the effect on the environment from running IT systems at the council would be reduced.

Disposal of the existing servers would be through the company that the Council regularly use, and would abide by the WEEE Directive.

Risk:

- **Political:** *IT hardware failure could prevent reputational damage for the council if it impacts on a service area of high public profile. The method of implementation of the scheme would ensure minimal service disruption.*
- **Economic:** *None replacement of IT hardware presents the risk of major failure and consequential expenditure which would not be budgeted for. This would also impact on service delivery in other areas of the council.*
- **Sociological:** *None.*
- **Technological:** *IT hardware can rapidly become obsolete through technological advances. Care will be taken to ensure that the most up to date technology is taken advantage of.*
- **Legal:** *The Waste Electrical and Electronic Equipment Directive (WEEE Directive) will be followed in the disposal of obsolete hardware. There is no danger of breaching EU legislation around procurement – Contract Procedure Rules will be followed.*
- **Environmental:** *With IT hardware soon becoming outdated, disposal of old and obsolete hardware can be an issue. The Council use an external company in the disposal of its IT hardware and abide by the WEEE Directive.*

BID 4: Economic Development Initiatives

Service Area: Regeneration

Head of Service: Colin Hirst

Brief Description:

The project is to establish a general source of pump-priming and pre-investment funding to support the delivery of the Council's economic priorities. The bid particularly seeks to support our high growth sectors in the provision of land and premises or tourism infrastructure where applicable. The Council needs to be able to develop and respond to initiatives that will support delivery of business growth. In order to develop schemes, funding needs to be available to undertake works in areas such as valuation and feasibility assessments, due-diligence, initial planning and design work. As projects progress funding needs to be available to support acquisition, marketing and development. Specific funding for land or premises would be the subject of separate bids as required.

Early projects include identifying options to deliver employment land, schemes to support high growth business opportunities and necessary infrastructure to support our rural business base including Tourism.

Overriding aim/ambition that the scheme meets:

To sustain a strong and prosperous Ribble Valley

Government or other imperatives to the undertaking of this scheme:

This bid supports the Governments Growth aspirations and the emerging joint working with Partner Lancashire districts and The LEP.

Improving service performance, efficiency and value for money:

The funding will enable a range of potential projects to be brought forward to address the councils agreed aims and objectives. Specialist resources will be commissioned as necessary or to add to delivery capacity within the Council. In regard to sites it could be anticipated that either an asset would be realised with enhanced value if disposed or would generate an income stream for the Council depending upon the nature of the scheme.

Consultation:

Specific schemes would be subject to member agreement and public consultation as appropriate. Schemes would be consistent with the Councils Economic Development Strategy and Town centre Action Plans that have been subject to consultation. The project will also support delivery of the adopted Community Strategy and the Local Development Framework both of which have the benefit of widespread community consultation.

Start Date, duration and key milestones:

The project would be implemented from April 2012, with pre- development work to inform that start, taking place from November 2011. Key milestones would depend upon the individual projects developed. It is anticipated that Committee would consider an initial report on employment land options by no later than June 2012.

Financial Implications – CAPITAL:

Breakdown	2012/13 £	2013/14 £	2014/15 £
Total	100,000	0	0

Financial Implications – ANNUAL REVENUE:

Breakdown	£
Unspecified - General revenue costs would be anticipated to be contained within existing budgets	-

Useful economic life:

Dependent upon the nature of the project

Additional supporting information:

None

Impact on the environment:

Schemes would be expected to make a positive contribution to the environment to deliver Sustainable Development.

Risk:

- **Political:** *The Council has stated its intentions to support our local economy and deliver economic growth*
- **Economic:** *The bid is targeted towards economic development initiatives and supports the governments growth agenda*
- **Sociological:** *A strong local economy underpins a strong society and provides the means to deliver on all aspects of the Councils priorities.*
- **Technological:** *Initiatives can support High Growth Knowledge and Advanced Manufacturing sectors.*
- **Legal:** *The Council will need to undertake enhanced due-diligence steps in connection with some projects*
- **Environmental:** *projects will support the delivery of Sustainable Development and the Councils' ambitions to safeguard the qualities of the local environment through appropriate site provision.*