

DRAFT CAPITAL PROGRAMME 2008/09

PORTFOLIO RESPONSIBILITY: RESOURCES

CABINET

10 APRIL 2008

Wards Affected

Ross-on-Wye, Ledbury and Hereford wards.

Purpose

To put forward further capital programme proposals following Council's decision on 7 March 2008 to allocate additional resources to fund prudential borrowing in 2008/09 and 2009/10.

Key Decision

This is a Key Decision because it is likely to result in the Council incurring expenditure above agreed budgets for the service or function (shown as a line in the budget book) to which the decision relates but allowing for virements between budget heads and savings within budget heads of up to £500,000.

It was not included in the Forward Plan, however inclusion in the agenda gives the required notice in accordance with Section 15 of the Local Authorities (Executive Arrangements) (Access to Information) Regulations 2000.

Recommendation(s)

- THAT (a) additional capital resources of £440,333 be allocated to the scheme bringing together Ross-on-Wye Library and Info Services on one site;**
- (b) capital resources of £2.92m be allocated to the Masters House scheme in Ledbury;**
- (c) additional capital resources of £751,000 be allocated to the Hereford City Centre refurbishment; and**
- (d) the balance of the additional funding be held pending greater certainty about funding of other major projects.**

Reasons

- 1 To bring the Council's capital spending plans up to date following Council's decision on 7 March 2008 to allocate additional resources. This is in addition to the £1m of capital funding already allocated as part of the 2008/09 budget.

Considerations

OVERALL

- 2 The 2008/09 budget and Medium Term Financial Strategy 2008-2011 allows for additional prudential borrowing of £4.188m in 2008/09 and £4.635m in 2009/10. The

overall total of £8.823m has been earmarked for significant projects. Following Council's decision on 7 March to agree the budget and financial strategy, three significant projects were submitted for consideration as additional capital expenditure.

- 3 The Council faces a number of uncertainties around future capital projects with the precise likely financial commitment being unknown. These areas include office accommodation, Edgar Street Grid and the Livestock Market. It is for this reason that the Council needs to exercise caution when releasing funding for the capital programme.

CAPITAL BIDS

The Ross-on-Wye Scheme

- 4 The project for Ross-on-Wye was initiated to bring Library and Info services together and offer services from a single site. Any relocation of the Info Service that is currently based at Swan House (a non-council property) will produce savings as the property is rented. In 2008/09 the anticipated rent is £52,000 per annum.
- 5 The original capital budget of £800,000 for the refurbishment of Ross-on-Wye Library was estimated in 2004 and covered the projected building costs only as a starting point for the scheme. It did not take account of relocating the Tourist Information Centre (TIC), providing an alternative library service, refit costs for the library service resulting from the "re-organisation" of the internals of the site or the ICT costs.
- 6 During the construction phase of the refurbishment of Ross-on-Wye Library alternative service provision will be required for 9-12 months. This has not been provided for within the original projected budget. The preferred option is to maintain a front and back office library service on site during the period of refurbishment. Although this will present some management challenges it presents the best option balancing cost with value of service.
- 7 There is currently an allocation from the Corporate Capital Programme of £800,000 for the scheme. However, as shown from the cost estimate below there is a shortfall of £440,333:

Item	Estimate £
Building Costs for library / info	696,342
Professional Fees	109,674
Purchase of Land	45,000
Alternative service provision	97,000
Cost to relocate TIC	70,000
Library refit costs	58,500
ICT costs	104,000
Project management*	5,000
Book stock	20,000
Contingencies	34,817
Total Estimated Cost	1,240,333

*joint project board / manager with Ledbury Centre

Current allocation from the Corporate Capital programme	800,000
Shortfall	440,333

The Ledbury Centre

- 8 The current proposals see the Masters House in Ledbury becoming a central focus for the community with an extension to the building to house Info, the library, visitor / tourist centre, heritage and also community facilities. The Masters House is owned by the Council and is a Grade II Listed Building. The scheme will solve a number of issues including the current library's inability to be Disability Discrimination Act (DDA) compliant as well as meeting the needs of customers. The scheme also makes use of an historic asset which has been under utilised for a number of years as it currently fails to meet the requirements of the Corporate Customer Services Strategy.
- 9 The proposals have been developed from public consultation in 2007 conducted by the Ledbury and Area Development Trust. An Audience Development Plan and Business Plan have been produced. The estimated cost of £2.92m is itemised below. More detailed costs are being prepared (and should be available by the time of the Cabinet meeting) based on outline drawings (not architectural drawings).

Item	Estimate £
Refurbishment of existing building	375,000
Construction of new extension	695,000
Electrical Services installation and BWIC	282,000
Mechanical service installation and BWIC	293,000
Allowance for external work	100,000
contingency on building work	87,250
Heating / electrics	100,000
Structural repairs	150,000
Fixtures	200,000
fees	250,000
Project management	50,000
RFDI (self service)	34,000
PC network	9,200
Book stock	15,000
Landscaping	25,000
Preliminaries	157,000
Other Contingency	100,000
Total	2,922,450

- 10 An application for £400,000 has been submitted to Advantage West Midlands (AWM) for Multi Use Centre funding which has been approved by the Herefordshire Rural Access Partnership. However, this has yet to be approved by AWM who indicate there are no monies remaining for 2008/9 so funds, if agreed, will come forward in 2009/10. There is also an allocation to the Community Asset fund which is uncertain and a relatively small request for local fundraising. The Head of Economic and Community Services indicates there is also potential for raising funds locally though this will not be forthcoming until local individuals and groups see the scheme started.

Hereford City Centre Refurbishment

- 11 The Hereford City Centre refurbishment was started in 2005 when the Council agreed to spend £2m on refurbishing the centre of Hereford, following on from the refurbishment of Eign Gate.
- 12 High Street was the first area to be re-paved, from January to March 2006. High Town was refurbished from April to November 2006, with some features completed by March 2007.
- 13 The current proposal is estimated to cost £1.001m and seeks to refurbish Widemarsh Street to provide a level pedestrian-friendly surface from High Town to Blue School Street. The design would be upgraded in keeping with Widemarsh Street's importance as a link between Edgar Street Grid (ESG) retail quarter and the old city centre.
- 14 Whilst there is no legal requirements for this project to be carried out there is an expectation that it will proceed following the decision to pedestrianise Widemarsh Street. The design includes an allowance for using natural materials but this is based on the best available estimates.
- 15 It is anticipated that the scheme may be completed in 2009/10 and so allow time for discussions with the ESG developer about the final design and possible contribution to the overall cost.

Financial Position

- 16 The estimated expenditure for the three proposed schemes is as follows:

Scheme	2008/09 £	2009/10 £	Total
Ross-on-Wye Library	440,333	-	440,333
Masters House Ledbury	470,000	2,452,450	2,922,450
Hereford City Centre	751,000	-	751,000
TOTAL	1,661,333	2,452,450	4,113,783
Available funding	4,188,000	4,635,000	8,823,000
Balance brought forward	0	2,526,667	
Balance carried forward	2,526,667	4,709,217	4,709,217

- 17 The above indicates that after funding the Ross-on-Wye Library additional requirement, the Masters House development and the Hereford City Centre refurbishment, £4.709m remains. This can be held pending the need to fund other existing projects that may have a shortfall. After this has been resolved this may lead to the release of funds for other significant projects

Risk Management

- 18 The risks associated with proceeding or not with each bid need to be considered on an individual basis.

Appendices

None

Consultees

None identified

Background Papers

Medium Term Financial Management Strategy
Capital strategy

2008/09 PRUDENTIAL BORROWING BIDS

BID	AMOUNT				LIFE	ESTIMATED CAPITAL FINANCING COSTS				
	2008/09 £	2009/10 £	2010/11 £	2011/12 £		2008/09 £	2009/10 £	2010/11 £	2011/12 £	FUTURE YEARS £

Additional Prudential Borrowing Bids

Ross-on-Wye Library										
To create a one stop shop for information in Ross-on-Wye combining information and library services in one centre.	440,333				50	19,815	28,225	27,829	27,433	842,313
Masters House, Ledbury										
To create a multi-use combined centre in Ledbury, including Info, Library, visitor and heritage service, potential youth and community centre.	470,000	2,452,450			50	21,150	140,487	186,906	184,276	5,734,142
Hereford City Centre refurbishment										
Refurbishment of Widemarsh Street to provide a level pedestrian friendly surface from High Town to Blue School Street.	751,000				25	33,795	62,483	61,131		1,032,925
TOTAL BIDS RECEIVED	1,661,333	2,452,450	-	-		40,965	202,507	475,347	272,840	7,882,220