

OUTLINE CAPITAL FUNDING PRESSURE

Directorate	Economy, Communities & Corporate		
Scheme Name	Three Elms Trading Estate – Council Occupation Rationalisation to Improve Revenue		
Budget Holder	Andrew Husband/Gary Angove	Contact No	

Scheme description, timescale and demonstration of links to corporate priorities and savings plans	<p>Project to invest to reduce operating costs & generate income from industrial units at Three Elms Trading Estate that are currently occupied by Herefordshire Council.</p> <p>Scheme involves:</p> <ul style="list-style-type: none"> • Improvements to a single unit currently occupied by the Council, including the construction of a mezzanine floor, to enable the amalgamation of 2 service into a single property (Markets & Fairs Team plus “You at Home”) and provide additional storage. This will release one unit for letting to generate a rental income and accommodate the storage of some of the items stored in another • Improving working conditions of staff to comply with health & safety at work regulations • Relocating the over-night storage of vehicles out of a building and into a compound • Acquisition & re-use of c.5 shipping containers for storage purposes (to be accommodated within part of the Three Elms compound area) • Undertaking essential works to unit 37/38 to enable the letting & generation of a rental return from this building that has been un-let for over 10 years (currently used for Council storage) • Scheme may result in us having to terminate the use of part of a building by a charitable group that we allow on a good-will basis • Disposal & rationalisation of second hand furniture currently being stored • Capital budget includes a 10% contingency element as only provisional sums are available at present
Risks of not going ahead with the scheme – specifically how the investment will reduce risks identified on the corporate risk register	Council continue to use property assets inefficiently resulting in higher costs, missed opportunities for income generation & failing to put a building that has been unlettable for 10-15 years into a basic state that would be attractive to commercial business.
Other funding opportunities identified (eg capital receipts, capital grants, revenue savings)	Scheme will enable cost savings and additional income generation that will deliver a payback in approximately 3 years once works completed
Review from finance comments - price reliability, scheme deliverability, future years budget implications	

Capital cost of project	2018/19	2019/20	2020/21	Future Years	Total
	£125,400	£000	£000	£000	£000
TOTAL	£125,400				

Funding streams	2018/19	2019/20	2020/21	Future Years	Total
	£000	£000	£000	£000	£000
TOTAL					

Revenue budget implications	2018/19	2019/20	2020/21	Future Years	Total
Business rates (cost saving)	£000	£9,300	£18,600	£18,600	£000
<i>Utilities & maintenance (cost saving)</i>		£2,500	£4,500	£4,500	
<i>Rental income, service charge & insurance rent (additional income)</i>			£32,650	£32,650	
TOTAL		£11,800	£55,750	£55,750	