



## CABINET – 1ST OCTOBER 2014

**SUBJECT: INVEST TO SAVE BIDS**

**REPORT BY: ACTING DIRECTOR OF CORPORATE SERVICES AND SECTION 151 OFFICER**

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### **1. PURPOSE OF REPORT**

- 1.1 To ask Cabinet to consider a range of bids for one-off funding that will either result in on-going revenue savings or address identified unavoidable cost pressures.

### **2. SUMMARY**

- 2.1 Through the Capital Strategy Group, Heads of Service have been asked to submit bids for one-off funding that will result in cashable on-going revenue savings or will address unavoidable cost pressures.
- 2.2 This report presents details of the bids received and makes appropriate recommendations for Cabinet to consider.

### **3. LINKS TO STRATEGY**

- 3.1 2014/15 Budget Report agreed by Council on the 26<sup>th</sup> February 2014.

### **4. THE REPORT**

- 4.1 The 2014/15 Budget Report agreed by Council on the 26<sup>th</sup> February 2014 identified the potential to use General Fund balances of up to £2.499m for one-off capital expenditure as cost avoidance or Invest to Save schemes. Council approved a recommendation that bids to utilise this funding should be considered on a case-by-case basis by Cabinet.
- 4.2 A number of bids were invited through the Capital Strategy Group but due to a range of new emerging cost pressures and the worsening financial outlook it was not prudent to progress the bids due to the need to maintain adequate General Fund balances.
- 4.3 As an alternative, Heads of Service were invited to submit bids for consideration for funding under the "New Initiatives Fund". This is a separate reserve held by the Authority that has been previously used to provide one-off funding to support investments that generate cashable savings (i.e. an Invest to Save basis). Any funding awarded is subject to Cabinet approval and is repayable over a typical period of five years (in effect it is an internal loan).
- 4.4 A number of bids were subsequently received and these are summarised in appendix 1. A brief description of each proposal is provided in the appendix along with details of the amount requested, the annual saving and the payback period (i.e. the timeframe over which the initial outlay is recovered). Cabinet should note that the total funding available is £792,470 and that

the value of the bids submitted is £1,524,905.

- 4.5 The bids have been reviewed by the Corporate Management Team (CMT) and it is recommended that the following bids should not be considered for funding under the New Initiatives Fund due to the extended length of the payback period: -

Ref No	Description	Investment Required (£)	Payback Period (Years)
7	Caerphilly Day Centre - Replacement of Heating System.	30,000	27.0
8	Ystrad Mynach Day Centre - Boiler Replacement.	60,000	12.8
9	Brooklands Day Centre - Boiler Replacement.	80,000	12.5
10	Integrated Transport Unit - Purchase of Replacement Specially Adapted Vehicle for Social Services.	67,000	26.8
	<b>Total: -</b>	<b>237,000</b>	

- 4.6 The Directorate of Social Services is reporting a projected revenue budget underspend for the 2014/15 financial year and it is proposed that the funding requirement of £237k in the table above could be met through a Revenue Contribution to Capital Outlay (RCCO). Cabinet is asked to consider and endorse this proposal.
- 4.7 Bid reference number 5 in appendix 1 relates to a proposal to replace a number of low pressure sodium lanterns in street lights in residential areas. Cabinet will be aware that a range of options is currently being considered in relation to street lighting to support Medium-Term Financial Plan (MTFP) savings requirements. It is therefore recommended that until firm plans have been agreed for this service area the bid for £275k should not be supported.
- 4.8 Bid reference number 3 totals £150k and relates to drainage works at Coed Top closed landfill site. The works will not result in a revenue budget saving but will avoid an increase in monthly sewer discharge costs due to charges switching from estimated bills to meter readings from April 2014 (increase of circa £19k per month). There is no budget available within Public Protection to repay this investment so the bid cannot be approved on an Invest to Save basis. However, the works will avoid the need for budgetary growth and it is therefore recommended that the investment be approved and funded from projected 2014/15 revenue budget underspends within Miscellaneous Finance.
- 4.9 Bid reference number 6 relates to demolition works at Park Lane in Caerphilly. The total estimated cost is £215k, of which £93k can be met from the Urban Renewal budget. This leaves a balance of £122k. By carrying out these works costs of circa £45k to £50k per annum can be avoided (NNDR/insurance/security inspections etc.). The demolition will also provide a cleared site that will benefit future disposal and generate a capital receipt. There is no budget available within Corporate Property to repay under Invest to Save so it is recommended that this bid should also be funded from projected 2014/15 revenue budget underspends within Miscellaneous Finance.
- 4.10 Bid reference number 11 totals £60k and relates to the refurbishment of toilets and conference facilities in the Visitor Centre at Llancaiach Fawr. Cabinet will be aware that major improvement works are currently being undertaken at the Manor House and that Llancaiach Fawr will be hosting the Urdd Eisteddfod in May 2015. The Council's Capital Programme for 2016/17 includes £50k for Llancaiach Fawr and it is recommended that this be brought forward to 2014/15 to undertake the works to the toilets and conference facilities. The balance of £10k will be funded in-year from existing revenue budgets within Regeneration, Planning & Economic Development.
- 4.11 The remaining bids (reference numbers 1, 2, 4, 12 and 13) total £680,905 and are suitable for funding on a repayable Invest to Save basis.

## **5. EQUALITIES IMPLICATIONS**

5.1 There are no equalities implications arising from this report.

## **6. FINANCIAL IMPLICATIONS**

6.1 As identified throughout the report.

## **7. PERSONNEL IMPLICATIONS**

7.1 There are no direct personnel implications arising from this report.

## **8. CONSULTATIONS**

8.1 There are no consultation responses that have not been reflected in this report.

## **9. RECOMMENDATION**

9.1 Cabinet is asked to: -

9.2 Approve a Revenue Contribution to Capital Outlay (RCCO) from anticipated 2014/15 underspends in the Social Services revenue budget to fund the proposed investments of £237k outlined in paragraph 4.5 of the report.

9.3 Endorse the recommendation not to support the bid of £275k in relation to street lighting due to options currently being considered as part of the Medium-Term Financial Plan.

9.4 Agree that the bids for Coed Top closed landfill site (£150k) and Park Lane demolition works (£122k) should be funded from 2014/15 projected underspends within Miscellaneous Finance.

9.5 Agree that £50k funding in the Capital Programme for 2016/17 is brought forward to 2014/15 to fund the refurbishment of the toilets and conference facilities in Llancaiach Fawr, with the balance of £10k being met from revenue budgets.

9.6 Agree that the remaining bids totalling £680,905 should be approved for funding on a repayable Invest to Save basis.

9.7 Agree that with the exception of the Islwyn Bowls Club at 7 years, the other approved Invest to Save bids should be repaid over a period of 5 years.

9.8 Agree that the difference between Invest to Save repayments and savings generated should be set-aside to support the MTFP.

## **10. REASONS FOR THE RECOMMENDATIONS**

10.1 To ensure the prudent use of resources to generate revenue savings or avoid the need for budgetary growth.

## **11. STATUTORY POWER**

11.1 Local Government Acts 1972 and 2000.

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Consultees: Corporate Management Team  
Capital Strategy Group  
Cllr Barbara Jones, Deputy Leader and Cabinet Member for Corporate Services  
Gail Williams, Monitoring Officer

Appendices: Appendix 1 – List of Invest to Save Bids

Background Papers: -

Council 26/02/14 - Budget proposals 2014/15 and medium term financial strategy 2014/2017