

AGENDA

Meeting: CABINET CAPITAL ASSETS COMMITTEE
Place: Committee Room A - Council Offices, Monkton Park, Chippenham
Date: Tuesday 14 June 2011
Time: 1.30 pm

Please direct any enquiries on this Agenda to Chris Marsh, of Democratic Services, County Hall, Bythesea Road, Trowbridge, direct line (01225) 713058 or email chris.marsh@wiltshire.gov.uk

Press enquiries to Communications on direct lines (01225)713114/713115.

This Agenda and all the documents referred to within it are available on the Council's website at www.wiltshire.gov.uk

Membership:

Cllr John Noeken	Cllr Toby Sturgis
Cllr Fleur de Rhe-Philippe	Cllr John Thomson
Cllr Jane Scott OBE (Chairman)	

AGENDA

Part I

Items to be considered when the meeting is open to the public.

1. **Apologies**

To receive any apologies for absence.

2. **Minutes of the previous meeting** *(Pages 1 - 14)*

To confirm and sign as a correct record the minutes of the Cabinet Capital Assets Committee meeting held on 19 April 2011 (copy herewith).

3. **Chairman's Announcements**

4. **Declarations of interest**

To receive any declarations of personal or prejudicial interests or dispensations granted by the Standards Committee.

5. **Capital Budget Monitoring 2010/11 Outturn Report** *(Pages 15 - 26)*

To consider the attached report of the Chief Finance Officer, regarding capital budget monitoring.

6. **Castledown Business Park, Ludgershall** *(Pages 27 - 34)*

To consider the attached report of the Service Director, Economy and Enterprise, regarding the proposed acquisition of land at Castledown.

7. **Urgent items**

Any other items of business that the Chair agrees to consider as a matter of urgency.

Part II

Items during whose consideration it is recommended that the public should be excluded because of the likelihood that exempt information would be disclosed.

CABINET CAPITAL ASSETS COMMITTEE

DRAFT MINUTES OF THE CABINET CAPITAL ASSETS COMMITTEE MEETING HELD ON 19 APRIL 2011 AT COUNCIL CHAMBER - COUNCIL OFFICES, BROWFORT, DEVIZES.

Present:

Cllr John Noeken, Cllr Fleur de Rhe-Philipe, Cllr Jane Scott OBE (Chair), Cllr Toby Sturgis and Cllr John Thomson

Also Present:

Cllr John Brady, Cllr Christopher Cochrane, Cllr Peter Colmer, Cllr Tony Deane, Cllr Richard Gamble, Cllr Lionel Grundy OBE, Cllr Jon Hubbard, Cllr David Jenkins, Cllr Alan Macrae, Cllr Howard Marshall, Cllr Laura Mayes, Cllr Bill Moss, Cllr Sheila Parker, Cllr Dick Tonge and Cllr Stuart Wheeler

20. Apologies

There were no apologies for absence.

21. Minutes of the previous meeting

The minutes of the meeting held 7 February 2011 were presented and it was,

Resolved:

To approve and sign the minutes as a correct record.

22. Chairman's Announcements

There were no Chairman's announcements.

23. Declarations of interest

There were no declarations of interest.

24. **Capital Budget Monitoring 2010-11**

The Cabinet Member, Finance, Performance and Risk, introduced the report and summarised the recommendations made.

Members' attention was drawn to the amendments to the programme since the last Committee update, and Members were briefed that the programme remains on track.

Following discussion regarding the points raised and recommendations made in the officer's report, it was,

Resolved:

- a) To note the current position of the 2010-11 capital programme.
- b) To note the budget changes in section 1 of Appendix B of the report.
- c) To note the additional reprogramming of budgets in section 2 of Appendix B of the report.
- d) To note the detailed allocation of Highways spending in 2011/12.

25. **Proposed Revisions to Capital Programme**

The Cabinet Member, Finance, Performance and Risk, introduced the report and summarised the recommendations made.

Members' attention was drawn to the spending plans and the beneficial grant support available in lieu of borrowing.

The Leader questioned whether the grant funding was ring-fenced and it was confirmed by the Cabinet Member that it was not.

Following discussion regarding the points raised and recommendations made in the officer's report, it was,

Resolved:

- a) That Members note the impact and intended purposes of the 2011/12 Department for Education schools capital allocations
- b) That a further report on future years should be brought to the Cabinet Capital Assets Committee once the outcome of the national capital review is known.

26. **Workplace Transformation Programme Update**

The Interim Programme Director, ICT, IM and The Campus and Operational Delivery Programme provided a brief update on the progress of the Workplace Transformation Programme, making the following key points:

- Programme remains within budget for all major transformation works;
- Currently ahead of schedule in respect of target phase completion dates;
- Contract arrears being monitored, though none exist in respect of major works;
- Current consultation being undertaken through Community Area Boards and by public advertisement for proposals for alternative sites to deliver services within campus programme;
- ICT and systems thinking already being implemented to good effect;
- Recent milestones include the completion and staff migrations to Bourne Hill, Salisbury, and Shurnhold, Melksham; and
- Members' attention drawn to the County Hall remodelling contract award paper contained in Part II of the meeting agenda.

The Cabinet Member, Resources, praised the dedication of those involved in the programme and the progress made so far.

The Leader noted that in undertaking face-to-face staff consultation across the organisation, feedback on ICT provision since this had been moved in-house had improved dramatically, and recognised those responsible.

27. **Replacement of Simdell Housing Management IT System**

The Cabinet Member, Economic Development, Planning and Housing, introduced the report and outlined the key reasons for the proposal as follows:

- Audit Commission report identified area as a key weakness, despite generally positive evaluation;
- Current system has certain limitations that point to a strong cost-benefit case for the proposed system replacement;
- Several options considered, and proposal is the result of an extensive assessment of these; and
- Recommended timescale is to implement the new system as soon as possible in the interests of the business.

The Cabinet Member endorsed the proposals to the Members of the Cabinet Capital Assets Committee.

The Leader raised a question in respect of the proposed system's potential interactivity with SAP. The Corporate Director, Resources, confirmed that while

initially the system would serve as a stand-alone and had no need to interact with SAP, this capacity could be built in for any future requirement.

The Cabinet Member, Finance, Performance and Risk, raised a point in respect of the management of the Housing Revenue Account budget, and recommended careful monitoring to ensure that this was not severely depleted by fragmented projects such as this. The Cabinet Member recommended that the proposals be considered as part of a whole package of schemes. In light of this, the Leader requested a report from the Service Director, Housing, to outline the headline budget implications for the Housing Service.

After a discussion regarding:

- The implications of interest rates and the treasury function in respect of housing funding;
- The wide-ranging impacts of Homes and Communities Agency allocations nationwide, creating winning and losing local authorities; and
- The relatively positive condition of the Service in terms of reserves available if necessary, depending on success with grant funding.

It was,

Resolved:

- a) That the Cabinet Committee note and endorse this project to improve services within the Housing Management Service, as set out in the report and accompanying business case; and
- b) That the Cabinet Committee note and approve the funding required for this development.

And to,

Request that the Service Director, Housing, provides a report to the Cabinet Capital Assets Committee in July 2011 outlining the Service budget, implications of grant funding and the condition of reserves available.

28. **24, 26 and 28 Endless Street Salisbury - Business Case for Use by Wiltshire Coroner**

The Cabinet Member, Resources, introduced the report and outlined the key issues as follows:

- Authority has statutory obligation to accommodate, or fund the accommodation of, the County Coroner;

- Proposal to prepare and dispose of no. 24 Endless Street as an open market capital receipt, retaining nos. 26-28 with slight modifications;
- Limitations to development of adjoining Council-owned car park due to density of habitation surrounding and current operational value;
- Potential benefit of disposing of nos. 26-28 Endless Street outweighed by duty to re-accommodate coroner and implications of listed building consents required to make buildings suitable for disposal;
- Current accommodation satisfies the Salisbury-based nature of the coroner and their ability to remain largely independent of the Council; and
- Proposal to dispose of Trowbridge Town Hall as a capital receipt.

The Cabinet Member drew attendees' attention to the more detailed costs provided at the meeting and endorsed the report proposals to the Cabinet Committee.

The Leader summarised that the proposal was supported by the Coroner's office and emphasised the need to consult with the Trowbridge Area Board over the disposal of Trowbridge Town Hall.

The Cabinet Member, Finance, Performance and Risk, emphasised the importance of monitoring the costs of enabling works to ensure these do not escalate if the proposal is approved. The Programme Director, ICT, IM and the Campus and Operational Delivery Plan, assured members that mechanisms are in place for this and that £50,000 budget is considered sufficient.

After discussion by the Cabinet Committee, it was,

Resolved:

- i) To remove 26 and 28 Endless Street, Salisbury from the schedule of capital assets to be disposed of by the Council.**
- ii) To separate 24 Endless Street from number 26 and dispose of 24 on the open market for residential development.**
- iii) To convert 26 and 28 Endless Street, Salisbury, to provide accommodation for the Wiltshire Coroner's service, to include 2 court rooms and office accommodation.**
- iv) To dispose of Trowbridge Town Hall as part of the capital asset disposal programme.**

And,

That the Cabinet Member, Resources, work with Trowbridge Area Board should an option to transfer Trowbridge Town Hall to community use be identified.

29. **Old Manor Hospital Site, Salisbury**

The Cabinet Member, Adult Care, Communities and Libraries, introduced the report and outlined the key issues as follows:

- Old Manor Hospital site is of significance, as part of the gateway into Salisbury;
- Site poses several challenges, of which the most significant is the presence of several listed buildings in poor states of repair;
- In light of the above, site is considered only to have significant value as a clear site;
- Potential uses include Primary Care Trust facilities, extra care housing, dementia housing or other sheltered housing stock; and
- At this stage, approval is sought to enter negotiations for the acquisition of the site, and any further decisions will be brought back to the Cabinet Capital Assets Committee.

The Leader emphasised that, given its current condition, the Council should not expect to pay for the site, and that its £2m valuation is based on a clear site. Acquisition could be facilitated through Secretary of State intervention if necessary. This view was endorsed by the Leader of the Opposition, in attendance, who backed an approach to the Secretary of State to this effect.

The Cabinet Member, Finance, Performance and Risk, expressed concerns that the site would only function as a cleared site and therefore viability should be fully investigated before proceeding. The Cabinet Member, Economic Development, Planning and Housing, commented that, whilst this would be undertaken, the site's value as a community asset means that it should be developed as such if practicable, even if funded by asset sales elsewhere.

The Leader raised the issue of Homes and Communities Agency funding and requested that recommendation (b) be amended to stipulate that as high a proportion of the £25,000 requested is obtained through HCA grant as possible.

After discussion by the Cabinet Committee, it was,

Resolved:

- a) To approve in principle the acquisition of the Old Manor Hospital and Old Laundry sites in Salisbury from the Primary Care Trust for the development of extra care housing and care home facilities for older people subject to the satisfactory conclusion of negotiation with the trust.**
- b) To authorise the provision of up to £25,000 from the Adult Care capital budget, subject to securing as much of this as possible in HCA grant funding, to undertake further investigations on the site**

to include surveys and a robust feasibility study. Any grant funding obtained will be deducted from the £25,000 Adult Care budget available for this.

- c) To delegate authority to the Head of Strategic Property Services, the Service Director for Adult Care Strategy and Commissioning and the Service Director for Economy and Enterprise to progress the negotiations to acquire the site.**
- d) Note that a further report will be submitted to the Cabinet Capital Assets Committee once the negotiations are concluded to seek approval to purchase the site and to identify the capital and revenue resource implications involved.**
- e) To note that a full business case will be presented to Members once the site has been acquired as to the proposed development on the site and the most economically advantageous method to achieve this.**

And that,

A joint letter from the Leader of the Council and Leader of the Opposition to the Secretary of State should be drafted prior to the Summer Recess in respect of the option to obtain a compulsory purchase order on the site, if necessary.

30. Hungerdown Lane Site, Chippenham

This item was withdrawn prior to the meeting and was therefore not considered by the Committee.

31. Urgent items

The Chair agreed to consider two items under urgent business, as follows:

a) Wiltshire Local Investment Plan

It was agreed that this item should be considered as an urgent matter on the grounds that there would be no other suitable meeting at which it could be considered prior to the deadline for submissions to the Homes and Communities Agency. It was also noted that a further stage of consultancy would be required prior to the deadline. Consent was granted by the Chairman of the Council to consider this as a key decision not published in the Forward Work Plan on the basis that the final Plan would have a significant effect on communities living or working in an area comprising two or more electoral divisions.

The Service Director, Economy and Enterprise, introduced the report and history of the Local Investment Plan, including its links with the Single Conversation document and Core Strategy. The urgency of the matter was reiterated and the following points made:

- The Homes and Communities Agency require submission of an approved Local Investment Plan detailing priority sites and indicative housing figures prior to issuing grant funding;
- In this instance, the authority has to adhere to the process for funding, despite ongoing changes in central government with the impending Localism Bill; and
- That the draft document requires approval in outline only, with the final version to be considered and agreed by Cabinet / Cabinet Capital Assets Committee at a later date.

A question was received from the Cabinet Member, Leisure, Sport and Culture, in respect of the status of the sites detailed in the Plan. The Service Director clarified that the Plan is currently, in part, a legacy document which is subject to change in respect of further research and the content of the Core Strategy.

The Cabinet Member, Economic Development, Planning and Housing, emphasised the imperative to bid out of responsibility to the county's Registered Social Landlords as well as the demands on housing provision.

After discussion by the Cabinet Committee, it was,

Resolved:

That the Wiltshire (draft) Local Investment Plan is approved for the purposes of identifying affordable housing priorities for the HCA Investment Programme 2011-15 and informing the HCA business planning process. And to,

Delegate to the Service Director, Economy & Enterprise, the continued development of the LIP and the further investigation on investment priorities in conjunction with colleagues and partners for consideration at a subsequent Cabinet Capital Assets Committee.

The Chairman stressed that the approval of this document in its draft form by the Cabinet Committee serves purely to facilitate the submission of the representative figures therein to the Homes and Communities Agency and will not be given regard in the adoption of the final Local Investment Plan or Core Strategy.

It was then,

Resolved:

To agree that in accordance with Section 100A(4) of the Local Government Act 1972 to exclude the public from the meeting for the subsequent business of the meeting because it is likely that if members of the public were present there would be disclosure to them of exempt information as defined in Paragraph 3 of Part I of Schedule 12A to the Act and the public interest in withholding the information outweighs the public interest in disclosing the information to the public.

The Cabinet Capital Assets Committee noted the confidential appendix attached to the report at 12(a).

b) Proposed Bid for Grant Funding to Deliver Additional Affordable Housing

It was agreed that this item should be considered as an urgent matter on the grounds that there would be no other suitable meeting at which the item could be considered prior to the deadline for bids on 3 May 2011.

The Cabinet Member, Economic Development, Planning and Housing, introduced the report and outlined the key issues as follows:

- Report proposals seek only approval to bid for funds, and do not commit the authority to the scheme detailed or any future strategy or plan;
- Site identified is subject to ongoing investigation into its most beneficial use;
- Scheme would enable new revenue source for the Council, as the type of housing proposed would generate 80% of market rental rate; and
- Further consultation with the Tenants' Panel required prior to bid submission, hence urgency of the matter.

The Cabinet Member, Finance, Performance and Risk, voiced support for the scheme and referred back to the earlier point on monitoring the commitment of funds from the Housing Revenue Account. It was agreed that this would be addressed by the report requested at minute no. 27. The value for money of the grant funding available was noted to be limited, but not prohibitive.

The Cabinet Member, Waste, Property and Environment, emphasised concern for considered approach in respect of project risks associated with ground works and cost implications resultant of current building height standards. It was agreed that assessment would be undertaken to ensure a viable scheme in this regard.

After discussion by the Cabinet Committee, it was,

Resolved:

That the Cabinet Capital Assets Committee:

- a) Approves the submission of a bid in line with the Framework guidance, and
- b) Gives Officers the discretion to continue improving and negotiating on the bid, provided that any amendments are approved by the Cabinet Member before submission takes place. Officers will report back to the Cabinet Capital Assets Committee meeting following bid submission of any amendments made, and
- c) Authorises Officers to work up the schemes, including gaining approval to include specific sites in the programme and the submission of planning applications so that by the time the result of the bid is announced, the Council is able to deliver in accordance with the anticipated timescales.

32. **Proposed disposal of Council owned land at Bowerhill, Melksham**

The Cabinet Member, Finance, Performance and Risk, introduced and endorsed the report, outlining the key issues as follows:

- Approval would enable the disposal of an underused facility, which would be re-provided to better effect elsewhere through a Section 106 agreement upon development of the site;
- Redevelopment would provide new link road that would alleviate current access issues, especially for HGVs, in the town; and that
- Proposals offer a common-sense course of action in all respects.

The Leader endorsed the proposals and invited the views of the Leader of the Opposition, also the local member, who made the following points:

- Concerns expressed by Parish Council in respect of the loss of amenity space and in particular the loss of the pavilion on site;
- Recognises that the above would be re-provided through the aforementioned Section 106 agreement, as explained by the Head of Strategic Property Services;
- Agreement that the site is underused and inefficient;
- Proposed new link road welcomed by Member and local people, and would offer environmental benefit; and
- Local economic benefit of redeveloping site also welcomed;

The Cabinet Member, Leisure, Sport and Culture, noted that the redevelopment of the site could attract employment from Bath & North East Somerset, mitigating the negative converse trend usually observed.

The Leader welcomed the proposals and recognised that this solution was the product of several years' work to enable the best possible outcome for the site.

After discussion by the Cabinet Committee, it was,

Resolved:

That the Cabinet Capital Assets Committee:

- (i) Agree to entering into negotiations to dispose of the running track site at Bowerhill, Melksham at open market value to Herman Miller.**
- (ii) Delegate authority to the Service Director of Economy and Enterprise, in agreement with the Chief Finance Officer and the Head of Strategic Property Service and consultation with the Cabinet Member for Economic Development, Planning and Housing and the Cabinet Member for Finance, Performance and Risk to conduct those negotiations and agree terms with the company.**

33. Contract Award for the County Hall Remodelling Construction Works

The Cabinet Member, Resources, introduced the report and outlined the key issues as follows:

- Proposal follows planning permission for the remodelling works, which was granted on 6 April 2011 by the Strategic Planning Committee;
- Preferred contractor is able to commence work immediately upon contractual agreement;
- Project risks, as set out at pt 23 in the report, have been assessed and will be monitored continuously;
- English Heritage have confirmed that listed building consent is not required for the work, removing this potential risk;
- Remodelling works will enable operational benefits through the co-location of services and new working practices;
- Parent company of preferred contractor limits risk by offering guarantees on contract; and therefore the Cabinet Member,
- Recommends delegation of authority to the Director, Resources, to award the contract to the preferred bidder.

The Cabinet Member, Highways and Transport, questioned whether provision would be made in the remodelling works to enable a district heating system. The Head of Strategic Property Services confirmed that the agreed works were future-proofed to facilitate the accommodation of either a district heating system or combined heat and power system in future.

The Cabinet Member, Waste, Property and Environment, expressed approval that plans had achieved a BREEAM "Very Good" standard, and that the works

could act as a precedent to improve upon this in future developments such as the campuses.

The Cabinet Member, Resources, commented that the project drew on the recent successes at Bourne Hill and the History Centre and the Leader emphasised that signs were encouraging in respect of the remodelling works.

After discussion by the Cabinet Committee, it was,

Resolved:

That authority be delegated to the Corporate Director, Resources to:

- a) **Award the contract for the remodelling of County Hall to the preferred bidder, as discussed, for the sum proposed.**
- b) **Approve a reduced overall project budget of £22,335,000 as part of the existing Campus and Operational Delivery Programme budget allocation. This sum includes a specific project contingency for the County Hall build project of £4,928,000. The budget will be monitored regularly, and contingency released back to the wider programme budget as and when project risk declines over the next twelve months and the revised catering approach is fully developed.**

34. **Purchase of the Former Tisbury Nadder Middle School Site from Thistledown Trust (Plymouth Brethren)**

The Cabinet Member, Resources, introduced the report and outlined the key issues as follows:

- Site is available through a buy-back clause, which it is recommended the Council utilise;
- Local pattern of public sector land use is conducive to occupation by Wiltshire Council;
- Purchase of site is supported in principle by the Community Area Board;
- Authority also has right to refusal on site valuation provided, and therefore the site may be available at below open market value; and therefore,
- Approval sought to commence negotiations for the acquisition of the site, with any further progression in terms of development requiring full Cabinet approval at a later date.

After discussion by the Cabinet Committee, it was,

Resolved:

That, as part of the wider Campus and Operational Delivery Programme, authority to negotiate and complete the purchase of the former Tisbury Nadder Middle School is delegated to the Corporate Director, Resources, so that the property may form part of the development of a Tisbury campus as requested by the Chair of the Area Board.

(Duration of meeting: 11.00 am - 12.40 pm)

The Officer who has produced these minutes is Chris Marsh, of Democratic Services, direct line (01225) 713058, e-mail chris.marsh@wiltshire.gov.uk

Press enquiries to Communications, direct line (01225) 713114/713115

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WILTSHIRE COUNCIL

AGENDA ITEM NO. 5

CABINET CAPITAL ASSETS COMMITTEE

14 JUNE 2011

Capital Budget Monitoring 2010/11 Outturn Report

Executive Summary

The report reflects the final position of the 2010/11 Capital Budget.

There is a final spend of £6.692m below the full year budget for 2010/11.

The report details budget changes which are to be noted by Cabinet.

Proposal

- a. To note the final outturn position of the 2010/11 Capital programme.
- b. Note the budget changes in section 1 and 2 of Appendix B.
- c. Approve the reprogramming of schemes as detailed in Appendix A.

Reasons for Proposals

To inform Cabinet of the final outturn financial position of the 2010/11 capital budget and to identify schemes within the programme where budgets are required to be reprofiled into 2010/11.

Michael Hudson

Interim Chief Finance Officer

Capital Budget Monitoring 2010/11 Outturn Report

Purpose of Report

1. To update Cabinet on the final outturn position of the 2010/11 Capital Programme.

Background

2. Between the last capital budget monitoring report presented to Cabinet and the end of the 2010/11 financial year, the budget has been adjusted as detailed in the below table.
3. Appendix B to the report contains a further breakdown of the additional budget adjustments which Cabinet are asked to note (Section 1 and 2).
4. In addition there have been budget movements between schemes (no additional budget) also detailed in the table below;

Budget Movements for final outturn report 2010/11

	£m	Notes
Capital budget as per previous monitoring report (19th April 2011)	120.496	
Budget amendments for additional budget added to programme;		
Budget adjustments awaiting Cabinet approval (CFO Delegations).	0.801	Net budget adjustments as detailed in Appendix B of this report.
Other budget movements – no additional budget;		
Other schools projects expansions	(0.049)	Budget moved between education schemes
Other schools projects replacements	0.049	Budget moved between education schemes
LPSA PRG (DCE)	(0.109)	Contribution for scheme – budget moved to WTP
WTP	0.109	Contribution for scheme – budget moved to WTP
LTP – Integrated Transport	(1.000)	Final allocation of highways budgets
LTP – Maintenance of Principal/Non Principal roads	1.000	Final allocation of highways budgets
Major Highway Improvements	(0.140)	To reflect cost of Petersfinger Park and ride budgeted within major highways improvements
Petersfingers Park and Ride	0.140	To reflect cost of Petersfinger Park and ride budgeted within major highways improvements
LTP – Integrated Transport	(0.189)	Final allocation of highways budgets
Road Maintenance Vehicles	0.189	Final allocation of highways budgets
Final Capital budget 2010/11	121.297	

Summary of 2010/11 Capital Budget

5. The final capital outturn position for the 2010/11 capital budget is summarised below;

Department	Budget 2010/11 £m	Final Expenditure 2010/11 £m	Variance 2010/11 (under)/Over £m
Children & Education	51.665	47.811	(3.854)
Resources	24.836	25.186	0.412
Neighbourhood & Planning	42.471	40.963	(1.508)
Community Services	2.326	0.584	(1.742)
Total:	121.297	114.544	(6.630)
Leasing Capital Payments		0.062	0.062
Total Expenditure:		114.606	(6.692)

* A negative variance indicates a underspend

6. The 2010/11 capital programme is showing a final spend of £6.692m below the approved budget. This can be broken down as follows

	£
Reprofiling of schemes into 2011/12	6.673
Net underspend on Project Costs	<u>0.019</u>
Total net underspend	6.692

7. A full breakdown of the final position of schemes within the capital programme can be seen in Appendix A. This Appendix also details the treatment of any year end variance against each scheme.
8. Members are asked to approve the reprogramming of expenditure; meaning the budget in 2011/12 will be increased overall by £6.673m. By approving the reprogramming, schemes are continued to be seen as a priority for the organisation.

Leasing costs

9. Costs associated with leasing have been charged through the capital programme in order to ensure that all fixed assets are recorded accurately on the Council's Asset register. There are two separate leasing elements included in the programme;

- I. External Finance Leases - These are leases arranged with external leasing companies. Under accounting guidelines, the structure of the lease arrangement requires the Council to show the assets within its own accounts. The inclusion of costs within the programme is a necessary step to ensure assets are recorded on the asset register. In 2010/11 there have not been any additions to the programme due to External finance leases.
 - II. Schools Internal Leasing – This is the continuation of the internal leasing scheme which Wiltshire County Council administered for a number of years. It takes advantage of the prudential borrowing available to the Council in order to achieve value for money. Rather than Schools entering into costly lease arrangements, the Council utilises its borrowing abilities to purchase the assets for Schools and then receives annual payments from Schools to recover the cost of the assets. To ensure the assets are included within the Council’s asset register, the costs need to be charged to the capital programme.
10. For completeness, the costs associated with each element of leasing are highlighted within the Resources section of Appendix A.

Major variations against outturn budget

11. The overall net position of the capital programme for 2010/11 is a variance of £6.692m. The major variances against the budget and a brief description of the reasons for the variances are as follows;

Children and Education variances

12. Wellington Academy £0.834m variance. The overspend of £0.834 million against the profiled budget for Wellington Academy is due to the main school buildings being completed ahead of schedule. The budget was reprofiled following delays to the building work in December 2010 however good progress was then made in the first quarter of 2011. It is not anticipated that the overall project budget will overspend. Therefore the overspend will be treated as negative slippage and the budget in 2011/12 will be reduced accordingly.
13. Additional accommodation £0.809m variance – this underspend is due to planning delays on the Matravers School Sixth Form Centre partly caused by badgers on the site. The budget will be moved into 11/12 as slippage
14. NDS maintenance £0.975m variance – The New Deals for Schools allocation covers a 17 month period, additional budgets added to the 2010/11 budget in the February monitoring report should have been added to the 2011/12 budget. The budget will be moved into 2011/12 as slippage.

15. Other education schemes variances – Planning delays and complications around the transferring of schools to Academy status in one case have meant there are additional underspends on other schemes. All budgets will be moved to the 2011/12 budget as slippage.

Resources variances

16. Workplace Transformation £1.501m variance. Works have advanced more quickly than expected in the previous monitoring report in a number of areas particularly around the IT infrastructure works. Workplace schemes are under close scrutiny and this overspend is not regarded as a true overspend over the life of the individual projects it is just a reprofiling of budgets across years. This overspend will therefore be reduced from the budget in 11/12 in the form of negative slippage
17. Buildings repairs and maintenance £0.795m variance. Following the review of all capital spend undertaken by the CCAC there were delays over the commissioning of works whilst the status of the budgets were decided. These projects have now been commissioned and work started on site so this underspend will be treated as slippage and moved into 2011/12.

Neighbourhood and Planning variances

18. There are few significant variances in this department but some points to note.
19. Highways schemes – Highways and Land Drainage schemes have individual variances that net to £0.503m. These overspends represent the bringing forward planned work on numerous individual schemes and costs of completion of schemes such as Petersfinger Park and Ride. The net position represents a variance from budget of 2%. The net overspends will be managed by reducing the budget in 2011/12 using negative slippage.
20. Leisure and Amenities - £0.475m variance. This is the budget to repair churchyards under the Council's control. This will be investigated further in 2011/12.
21. Housing schemes including HRA have a net £1.003m variance. These schemes are all grant funded (or ringfenced funding for the HRA). There have been delays in work referrals for the private sector housing grants schemes and other timing delays in the affordable housing area. All budget is committed to schemes in 11/12 so this budget will be added to the 2011/12 budget as slippage.

Community Services variances

22. Adult Care Strategy and Commissioning £1.233m variance. This scheme is grant funded and has progressed much more slowly than anticipated in the previous monitoring report. This budget will be added to the 2011/12 budget as slippage.

Financing of 2010/11 Capital Expenditure

23. The Capital expenditure in 2010/11 (£114.606m) was financed by the following sources;

Funding Stream	Capital Funding £m
Capital Grants & Contributions	49.626
Capital Receipts	8.494
Revenue Contributions & use of capital reserve	1.046
Major Repairs Allowance (Funding Housing Revenue Account)	4.463
Borrowing	50.977
Total:	114.606

24. The financing of the 2010/11 capital expenditure was structured to take into account the annual revenue payments the Council is required to make each year in terms of debt repayment (Minimum Revenue Provision). The above financing structure ensures debt repayment is kept at a manageable level and represents the best value for money option for the Council.

Main Considerations for the Council

25. To note the final outturn position of the 2010/11 Capital Programme and approve the reprogramming of schemes in Appendix A.
26. Note the budget changes in section 1 of Appendix B.

Environmental Impact of the Proposal

27. Wiltshire Council is preparing for its mandatory inclusion to the Carbon Reduction Commitment (CRC). The CRC is the UK's mandatory climate change and energy saving scheme. The objectives of the scheme are to improve energy efficiency and reduce carbon dioxide emissions. It is calculated that 79% of the Council's carbon footprint comes from energy use in buildings. Capital schemes therefore have the potential to greatly increase or decrease carbon emissions, for example schemes making council buildings more energy efficient will reduce the Council's carbon footprint. The budget setting process for the 2011-12 assessed the

perceived impact of schemes on the Council's carbon footprint and built this into the mechanism for setting the 2011/12 budget.

Equality and Diversity Impact of the Proposal

28. No equality and diversity issues have been identified arising from this report.

Risk Assessment

29. The capital budget for 2010/11, as detailed in this report, is approximately £121 million and within this programme there are a number of potential risks from cost overruns or lower than expected levels of capital receipts. Such issues will be highlighted as soon as they establish themselves through the monthly reporting process. Members may wish to bear in mind that the capital programme has been set for three years and therefore risks will be appraised over the whole period.

Financial Implications

30. These have been examined and are implicit throughout the report

Legal Implications

31. There are no legal implications arising from this report.

Michael Hudson

Interim Chief Finance Officer

Report Author: Stephen MacDonald

Unpublished documents relied upon in the preparation of this report: NONE
Environmental impact of the recommendations contained in this report: NONE

SCHEME NAME	DEPARTMENT	2010/11 BUDGET £m	2010/11 EXPENDITURE £m	VARIATION £m	VARIATION ANALYSED	
					(Underspend)/Overspend £m	Reprofiling of Scheme £m
Wellington Academy	DCE	19.880	20.714	0.834		0.834
Salisbury Academy	DCE	0.700	0.699	(0.001)		(0.001)
Extended Schools	DCE	1.342	0.839	(0.503)		(0.503)
Additional Accommodation	DCE	1.983	1.159	(0.824)		(0.824)
Access and Inclusion	DCE	1.193	0.747	(0.447)		(0.447)
NDS Maintenance	DCE	3.951	2.975	(0.975)		(0.975)
NDS Modernisation	DCE	0.610	0.704	0.094		0.094
Devolved formula Capital	DCE	4.111	4.111	0.000		0.000
DCSF Primary Capital programme	DCE	3.954	3.451	(0.503)		(0.503)
Melksham Oak School	DCE	4.375	4.503	0.128		0.128
DCSF Targeted Capital 14-19 SEN	DCE	1.075	0.815	(0.260)		(0.260)
Targeted Capital Food Technology General	DCE	0.803	0.461	(0.342)		(0.342)
Targeted Capital School Kitchens General	DCE	0.929	0.929	(0.000)		(0.000)
Other Projects New Schools	DCE	0.405	0.345	(0.060)		(0.060)
Other Schools Projects - Expansions	DCE	0.668	0.075	(0.594)		(0.594)
Other Schools Projects - Replacements	DCE	0.172	0.170	(0.002)		(0.002)
DCSF Specialist Schools	DCE	0.000	0.000	0.000		0.000
Targeted Capital Standards & Diversity G	DCE	0.000	0.000	0.000		0.000
DCSF 14-19 Diplomas reforms	DCE	0.696	0.694	(0.002)		(0.002)
DCSF Information System Parents & Providers	DCE	0.000	(0.010)	(0.010)		(0.010)
Sure Start early years	DCE	4.201	3.838	(0.362)		(0.362)
LPSA PRG (DCE)	DCE	0.000	0.000	0.000		0.000
Aiming High for Disabled Children	DCE	0.478	0.477	(0.001)		(0.001)
Youth Projects	DCE	0.138	0.115	(0.024)		(0.024)
	DCE TOTAL	51.665	47.811	(3.853)	0.000	(3.853)
BMP/SAP	DOR	0.455	0.455	0.000		0.000
LPSA PRG (Resources)	DOR	0.043	0.000	(0.043)		(0.043)
Area Boards	DOR	0.615	0.322	(0.293)		(0.293)
Revenue & Benefits Systems.	DOR	0.250	0.244	(0.006)		(0.006)
WTP	DOR	19.386	20.887	1.501		1.501
School Internal Leases	DOR	0.000	0.062	0.062	0.062	
Buildings repair & Maintenance	DOR	2.577	1.782	(0.795)		(0.795)
The Shambles	DOR	0.010	0.010	(0.000)		(0.000)
County Farms	DOR	0.004	0.000	(0.004)		(0.004)
Redundancy Capitalisation Directive	DOR	1.462	1.462	(0.000)		(0.000)
Other DOR Initiatives	DOR	0.034	0.025	(0.009)		(0.009)
	DOR TOTAL	24.836	25.248	0.412	0.062	0.350
LTP – Integrated Transport	DNP	3.914	4.278	0.365		0.365
Bridges & Structures	DNP	4.178	4.216	0.038		0.038

SCHEME NAME	DEPARTMENT	2010/11 BUDGET £m	2010/11 EXPENDITURE £m	VARIATION £m	VARIATION ANALYSED	
					(Underspend)/Overspend £m	Reprofiling of Scheme £m
LTP – Maintenance of Principal/Non Principal roads	DNP	10.150	10.520	0.369		0.369
Additional Highway Maintenance	DNP	2.639	2.225	(0.414)		(0.414)
Footways	DNP	0.249	0.211	(0.038)		(0.038)
Land Drainage	DNP	0.473	0.700	0.227		0.227
Major Integrated Tr. Improvements	DNP	0.034	0.032	(0.002)		(0.002)
Major Highway Improvements	DNP	0.147	0.077	(0.070)		(0.070)
Petersfingers Park and Ride	DNP	0.140	0.140	(0.000)		(0.000)
Waste Vehicles (Purchase)	DNP	2.068	2.096	0.027		0.027
Leisure & Amenities	DNP	0.563	0.117	(0.445)		(0.445)
Car Park Maintenance	DNP	0.000	0.000	0.000		0.000
Waste Management	DNP	2.159	1.894	(0.265)		(0.265)
LPSA PRG (TEL)	DNP	0.225	0.230	0.005		0.005
Road Maintenance Vehicles	DNP	0.281	0.281	(0.000)		(0.000)
Pest Control vehicles	DNP	0.168	0.168	0.000		0.000
PTU Vehicles	DNP	0.000	0.000	0.000		0.000
Other LHA Initiatives	DNP	0.000	0.000	0.000		0.000
Corporate Carbon Reduction	DNP	0.400	0.329	(0.071)		(0.071)
Consolidated IT System	DNP	0.000	0.000	0.000		0.000
Tidworth Castledown	DNP	0.181	0.101	(0.080)	(0.080)	
Economic Development	DNP	0.306	0.291	(0.015)		(0.015)
Disabled facilities grants Housing	DNP	2.500	2.468	(0.032)		(0.032)
Corporate other housing grants	DNP	1.090	1.008	(0.082)		(0.082)
Strategic Housing	DNP	2.561	2.180	(0.382)		(0.382)
New Housing	DNP	4.422	4.107	(0.315)		(0.315)
HRA	DNP	3.623	3.296	(0.326)		(0.326)
	DNP Total	42.471	40.963	(1.508)	(0.080)	(1.428)
Adult Social Care Strategy & Commissioning - Older People	DCS	1.339	0.105	(1.233)		(1.233)
Adult Social Care Strategy & Commissioning - Learning Disability	DCS	0.177	0.073	(0.104)		(0.104)
Adult Social Care Strategy & Commissioning - Mental Health	DCS	0.626	0.353	(0.273)		(0.273)
Resources Other	DCS	0.127	0.028	(0.099)		(0.099)
Safer, Stronger Communities Fund	DCS	0.057	0.025	(0.032)		(0.032)
	DCS TOTAL	2.326	0.584	(1.742)	0.000	(1.742)
TOTAL CAPITAL PROGRAMME 2010-2011		121.297	114.606	(6.692)	(0.019)	(6.673)

CHIEF FINANCE OFFICER (CFO) - EXERCISE OF DELEGATED POWERS & REQUESTS FOR ADDITIONAL RESOURCES WITHIN THE

Cabinet Meeting:
 Financial Year:

SECTION 1 - DELEGATED CFO POWERS

"Adjustment/addition of scheme in the capital programme which has no effect on the net funding position of the programme i.e. Additional resources available in the form of Grant, Section 106 contributions etc which fund the addition, "

Project Name: Sure Start Early Years
 Budget Change:

2010/11	2011/12	2012/13
36,283		

 Funding Source: Parish Council Contributions to capital schemes

Project Name: Integrated transport
 Budget Change:

2010/11	2011/12	2012/13
612,558		

 Funding Source: Highways contributions from developers to fund integrated transport schemes

Project Name: Pest control vehicles
 Budget Change:

2010/11
152,879

 Funding Source: Revenue contributions made to finance purchase of vehicles

801,720 Total Delegated Changes Approved by Section 151 Officer

SECTION 2 - DELEGATED CFO POWERS

"Schemes within the capital programme which require the reprogramming of expenditure between years due to scheme not progressing as originally anticipated or other circumstances"

No Reprogramming of expenditure has been undertaken for the outturn monitoring report

0 Total Re-profiling

SECTION 3 - REQUESTS TO CABINET FOR ADDITIONAL RESOURCES

"Adjustment/addition of scheme to the capital programme which places an additional funding requirement on the programme"

No Reprogramming of expenditure has been undertaken for the outturn monitoring report

0 Total requests for additional resources

In the exercise of my delegated powers (Section 1 and 2), I hereby authorise the amendments to the Capital Programme summarised above.

CHIEF FINANCE OFFICER: Michael Hudson

SIGNED:

DATE: June 2011

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WILTSHIRE COUNCIL

CABINET CAPITAL ASSETS COMMITTEE

14 June 2011

Subject: Castledown Business Park Ludgershall

Cabinet Member: Cllr Fleur de Rhé Philipe
Economic Development and Strategic Planning

Key Decision: Yes

Purpose of Report

1. To seek authority for the acquisition of 17.75 hectares (31.1 acres) of land at Castledown Business Park Ludgershall (see **Appendix 1**).

Background

2. Approximately 10 years ago the South West Regional Development Agency (SWRDA) acquired the land at Castledown Business Park from the Ministry of Defence for the purpose of promoting regeneration of the area.
3. After a marketing process SWRDA entered into a Development Agreement with St Modwen to develop out the site.
4. Following the grant of planning consent, St Modwen spent in excess of £2 million on infrastructure, which is to be refunded from the sales of individual development plots.
5. In 2008 the Council acquired a 150 year lease on phase 1 (Castledown Business Park) extending to approximately 0.77 hectares (1.9 acres), upon which it has constructed The Castledown Business Centre and a number of commercial units which are let out to various companies.
6. In light of the forthcoming disbandment of the Regional Development Agency, SWRDA has offered the Council the opportunity of acquiring the freehold of the entire site (including Phase 1), but subject to the Development Agreement with St. Modwen continuing.

Main Considerations for the Council

7. If the Council does not take up the offer from SWRDA then it is likely that the property will be passed across to the Homes & Communities Agency (HCA).
8. Whilst the HCA is considered a competent authority to deal with the property, inevitably it will have a large number of similar sites passed across to it which will probably be dealt with on a priority basis. Where Ludgershall would appear on such a list is unknown.

9. In addition, the HCA may well be required to sell the land on the open market, with the possibility that ownership might pass to a body for whom, regeneration of Ludgershall would not be its key driver.
10. It is also considered that the Council would be equally, if not more, effective than the HCA in generating interest arising from its local knowledge, together with its contacts with business leaders and other companies. Especially, given our presence and role in business development from the site.
11. The Council's work through the Military/Civilian Sponsoring Group leaves it well placed to ensure maximum synergy is achieved in the development of this site alongside MoD sites in the vicinity.
12. In addition, work undertaken jointly with the Homes and Communities Agency has identified how Ludgershall could develop into a more balanced community if development was managed in concert. Wiltshire Council's acquisition of the key site would enable a number of significant developments to be delivered in the best interests of the local community.
13. Jointly with the Council, St. Modwen will be actively promoting the development opportunities on a national scale. It is reasonable to assume that companies interested in occupying parts of the site will perceive the Council as being able to make decisions quickly compared to the HCA.
14. Accordingly, the acquisition of the site from SWRDA will assist the Council to deliver its Local Economy objectives set out in the Corporate Plan.

Environmental and Climate Change Considerations

15. There are no environmental or climate change considerations arising from the proposal. The development of individual plots on the site will have implications and these will be dealt with through the process of securing detailed planning consent.

Equalities Impact of the Proposal

16. There are no equalities issues arising out of the proposal.

Risk Assessment

17. There is a financial risk attached to the proposed acquisition, which is outlined in the next section.

Financial Implications

18. The Agreement with St. Modwen functions as follows: Sales receipts from the disposal of individual plots are ring-fenced to fund the infrastructure provided by the company which is contained in a 'Development Account'. However, this is subject to a minimum land value which the Council can choose to collect or to put into the Development Account to mitigate interest payment costs which is a legitimate element of the Account.

19. In addition, St. Modwen will charge the Council a Service Charge for the management of the site, currently standing at around £15K per annum. The Council's exposure to such a revenue cost will reduce as and when the various plots are occupied. There is currently no revenue budget within Property Services or Economy & Enterprise to meet this ongoing charge and represents a pressure to be managed in year for 2011/12, and an increase in growth for 2012/13.
20. Both the above elements have been taken into account by Strategic Property in its assessment of the purchase price, based upon assumptions relating to inflation and the rate of disposal of individual plots. On this basis, it is considered that the Council will, at worst, be in a cost neutral position over a 10-15 year period, assuming it collects the minimum land value.
21. The Agreement with St. Modwen will expire in about nine years' time. If some or all of the plots have not been disposed of, then any outstanding costs within the Development Account are the responsibility of the company.
22. The purchase of the site is currently not in the Capital Programme and if approved will need to be added and approved by Full Council. The funding will be met from increased borrowing undertaken during the year; it is anticipated that due to the size of the purchase, there will be minimal revenue impact during the year due to timings and cash flow of the overall Programme. However, the increased revenue cost of financing will need to be factored into the setting of the 2012/13 revenue budget.
23. Any other potential financial implications in terms of accounting policies and practices, e.g. group accounts, are still to be assessed in detail. However, it is unlikely that there would be an impact on the Council's bottom line.

Legal Implications

24. When SWRDA tendered the Development Agreement opportunity it did not follow a formal EU public procurement procedure. Whilst the relevant public procurement challenge period has now expired, there is a possibility that by SWRDA extending the Development Agreement "End Date" (i.e. the long stop date by which all of the development works have to be completed and the Agreement terminates) by five years this might constitute a "material change", effectively giving rise to a new Development Agreement that should have been awarded to St Modwen, subject to the EU public procurement rules and a breach of EU public procurement law that could be challenged in the High Court.
25. A material change may arise where the original End Date was in any way material in SWRDA's choice of St Modwen as the original winner of the tender process, or where the new End Date would have allowed for the inclusion of tenderers, other than those initially included, or would have allowed for the acceptance of a tender, other than the one initially accepted. This seems unlikely, although the position is not clear. Further, a change to the End Date does not appear to alter the economic balance under the Development Agreement so as to materially favour the Developer. It would allow the Developer (and potentially the Council) more time to develop and sell each development plot, but any increase or decrease in profits deriving from changes in the commercial property market over a longer development period would affect both parties.

- 26 Even if a variation of the End Date did amount to a material change, the risk of challenge may be small and the chance of a successful challenge may be low. It is relevant that the extension is needed in order to obtain St Modwen's consent to the assignment, to improve the commercial viability of Development Agreement, and that the extension can be objectively justified, e.g. it has become necessary as a result of external market factors leading to a decline in demand for commercial property and therefore a more protracted development period, following the global economic crisis and recession. Such factors would tend to mitigate the risk of the extension being material or of any challenge succeeding in court.

Options Considered

27. The Council could do nothing, allowing the site to either remain with the HCA or be sold onto the open market. Either option would, however, reduce the Council's ability to stimulate development and regeneration in the area.

Conclusions

28. That the Council should acquire the site.

Proposal

29. To acquire the 17.75 hectares (31.1 acres) of land at Castledown Business Park Ludgershall for the sum of £180,000 on terms set out in the attached Council offer.

Reason for Proposal

30. To help stimulate regeneration opportunities in the area in accordance with the Council's Corporate Plan.

MARK BODEN
Corporate Director, Neighbourhood and Planning

Report Author:
Alistair Cunningham
Service Director – Economy and Enterprise
Tel No. (01225) 713203

The following unpublished documents have been relied on in the preparation of this Report:

None

Appendices:

Appendix 1 – Indicative Masterplan



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Do not scale off this drawing.

All heights, levels, labels and dimensions to be checked on site before any work is put in hand.

- Ownership Boundary
- - - Outline PA Development Boundary

Rev C: RG 02.03.06 Phase One updated to reflect tender information.
 Pumping Station location amended to reflect drawing 7908-001 A001F
 Rev B: RG 17.02.06 Phase One updated. General amendments to site.
 Constraints through site amended issued for Marketing
 Rev A: RG 23.11.05 Phase One updated. Issued for Broom registration



ST. MODWEN DEVELOPMENTS LIMITED

Stephen George & Partners
 ARCHITECTS & PLANNERS

Dominkin Court
 43 Station Road, Sedgehall
 Birmingham B91 3RT
 Tel 0121 711 6929
 Fax 0121 711 4548



PROJECT
**Castledown Business Park
 Ludgershall**

DRAWING TITLE
Indicative Masterplan

DRAWING STATUS
FEASIBILITY

CAD REF	DRAWN	TEAM
7908 A002	RG	IY
DATE	SCALE	
23.11.2005	1:1250 @ A1	
PROJECT NO	DRAWING NO	REVISION
7908	A002	C

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