



BROMSGROVE DISTRICT COUNCIL

SPECIAL MEETING OF THE EXECUTIVE CABINET

WEDNESDAY, 27TH OCTOBER 2004, AT 4.00 P.M.

COMMITTEE ROOM, THE COUNCIL HOUSE, BURCOT LANE, BROMSGROVE

A G E N D A

Council Agendas and Minutes are available on our web-site at www.bromsgrove.gov.uk

MEMBERS: Councillors D. C. Norton (Executive Leader), Mrs. M. M. T. Taylor (Deputy Executive Leader), B. L. Fuller C.B.E. Q.F.S.M., Mrs. J. M. L. A. Griffiths, R. Hollingworth and P. J. Whittaker

1. To receive apologies for absence
2. Declarations of interest
3. To confirm the Minutes of the Meeting of the Executive Cabinet held on 13th October 2004
4. Public Questions
5. Issues arising from Overview and Scrutiny Committees
6. Draft Recovery Plan for Bromsgrove
7. Procurement Request - Kerbside Recycling Vehicles
8. Artrix Funding
9. To consider any other business, details of which have been notified to the Head of Administrative Services prior to the commencement of the Meeting and which the Chairman, by reason of special circumstances, considers to be of so urgent a nature that it cannot wait until the next Meeting

S. NIXON
Chief Executive

The Council House
Burcot Lane
BROMSGROVE
Worcestershire
B60 1AA

18th October 2004

BROMSGROVE DISTRICT COUNCIL

MEETING OF THE EXECUTIVE CABINET

Wednesday, 13th October 2004 at 6.00 p.m.

PRESENT: Councillors D. C. Norton (Executive Leader), Mrs. M. M. T. Taylor (Deputy Executive Leader), B. L. Fuller C.B.E., Q.F.S.M., Mrs. J. M. L. A. Griffiths, R. Hollingworth and P. J. Whittaker.

Observers: Councillors A. N. Blagg, Mrs. R. L. Dent and Mrs. K. M. Gall.

84/04 **MINUTES**

The Minutes of the Meetings of the Executive Cabinet held on 8th September and 15th September 2004 were submitted.

RESOLVED: that the Minutes of the Meetings be approved and confirmed as a correct record.

85/04 **TENDERS COMMITTEE**

The Minutes of the Tenders Committee held on 20th September 2004 were submitted.

RESOLVED: that the Minutes be noted.

86/04 **ISSUES ARISING FROM OVERVIEW AND SCRUTINY COMMITTEES**

(1) **SCRUTINY REPORT - TAXI RANKS**

Consideration was given to the recommendation of the Housing and Planning Policy Scrutiny Committee that the Cabinet approve the Scrutiny Task Group Report on Taxi Ranks and the recommendations contained within it. The financial implications of the recommendations were reported. Councillor Mrs. R. L. Dent, a Member of the Taxi Ranks Scrutiny Task Group, addressed the Cabinet in support of the recommendations. Cabinet Members were mindful of the limited financial resources available to the Council and it was therefore

RESOLVED:

- (a) that the Housing and Planning Policy Scrutiny Committee be thanked for their report;
- (b) that the recommendations within the report be considered as part of the budget preparation process, and in relation to other priorities and demands.

(2) **SCRUTINY REPORT - DISABLED FACILITIES GRANTS**

Consideration was given to the recommendations of the Housing and Planning Policy and Health and Leisure Scrutiny Committees that the Cabinet approve the Scrutiny Task Group Report on Disabled Facilities Grants and the recommendations contained within it. Members noted that there were minimal financial implications and it was

RESOLVED: that the Scrutiny Report on Disabled Facilities Grants and the recommendations within it be accepted.

87/04

PARISH CHARTER FOR BROMSGROVE

The Cabinet considered a draft Parish Charter for Bromsgrove which it was proposed to offer to Parish Councils as a framework for future relationships. Discussions were still ongoing with regard to the financial arrangements between the District Council and Parish Councils so this aspect of the Charter would be developed at a later date. Following discussion, it was

RESOLVED: that the draft Parish Charter for Bromsgrove be supported as an interim arrangement pending a final decision consequent upon a financial report, and that it be circulated to Parish Councils with an invitation to enter the relationship described in it.

88/04

MEDIUM TERM FINANCIAL PLAN

Consideration was given to a report on the proposed timetable and process to be followed in order to establish the Council's revenue and capital budgets for 2005/06 and medium-term financial plan to 2007/08. It was noted that as the Council's priorities were not likely to be approved as part of the Corporate Plan until December 2004, it would be necessary for Members to give some detailed indication as to their priorities and their relative order of priority outside of the Corporate Plan process, in order to enable the preparation of the budget. It was

RESOLVED: that the approach outlined in the report for deciding the 2005/06 budgets and medium-term financial plan to 2007/08 be approved subject to the following amendments:

- (i) the addition of paragraph 4.12 to state that "In appropriate cases the capital will be subject to a repayment schedule at an interest rate agreed with the Corporate Director (Resources)";
- (ii) the timetable set out in Appendix A be amended to include the words "and portfolio holders" in the first line of the process for 20th September and in the first line of the process for 27th September to 5th November.

89/04

MONITORING OF THE REVISED CAPITAL PROGRAMME 2004/05

The Cabinet considered a report which monitored the position of the revised Capital Programme for 2004/05 as at the end of August 2004. The report set out the variance for each scheme together with explanatory comments from budget holders. Following discussion, it was

RESOLVED:

- (a) that the underspend of £1.057 million at August 2004 and the forecast underspend of £0.390 million at the end of the 2004/05 financial year be noted;
- (b) that the progress made on capital schemes to date as set out in the report be noted.

90/04

VOLUNTARY ENGAGEMENT - MONITORING BOARD ARRANGEMENTS

Consideration was given to a report which presented the Minister's response to the Lead Official's report on the Council as part of the Voluntary Engagement process and which also detailed the arrangements for the Government's Monitoring Board. Following discussion, it was

RESOLVED:

- (a) that the Minister's letter received on 7th September 2004 be noted and that the points raised therein be addressed as part of Bromsgrove's Recovery Plan;
- (b) that the Members of the Monitoring Board set out in paragraph 5.3 and the Terms of Reference set out in Appendix 2 of the report be noted and that approval be given to the Council's representatives set out in paragraph 5.5 of the Report;
- (c) that a Special Meeting of the Cabinet and a Special Meeting of the Council be

held on 27th October 2004 to receive and discuss the Recovery Plan for submission to the Minister by 29th October 2004.

91/04 **PERFORMANCE INFORMATION - FIRST QUARTER 2004/05**

Consideration was given to information in relation to the Council's performance during the first quarter of 2004/05 during which Members raised a number of questions to which Officers responded accordingly. It was

RESOLVED: that the report be noted.

92/04 **PRIVATE SECTOR HOUSING STRATEGY AND GRANT ASSISTANCE POLICY**

The Cabinet considered a report which set out a revised Private Sector Housing Strategy to improve poor standard, unfit or empty dwellings and to enable people to remain in their own homes, together with a number of alternative options relating to the method of grant allocation and recovery when an improved dwelling was sold. Following discussion, it was

RESOLVED:

- (a) that the Private Sector Housing Renewal Strategy set out in Appendix I of the report be approved;
- (b) that the Private Sector Housing Assistance Policy set out in Appendix II of the Report be approved on the basis of it incorporating the method of grant allocation and recovery set out under Option 4b as detailed in section 4 of the report.

93/04 **ARRANGEMENTS FOR THE REVIEW OF DECISIONS UPON HOMELESSNESS OR NON-ACCEPTANCE ON THE COUNCIL'S HOUSING REGISTER**

The Cabinet considered a proposal to revise the membership of the Appeals Panel when it was dealing with certain housing related appeals in order to contribute towards a good working relationship with Bromsgrove District Housing Trust. It was

RECOMMENDED: that when the Appeals Panel is considering a matter connected with homelessness or non-acceptance of an applicant to the Council's Housing Register, a representative of Bromsgrove District Housing Trust be co-opted on to the Panel.

94/04 **CAR PARKING SERVICE - INTRODUCTION OF KEYPADS**

The Cabinet considered a proposal to introduce keypads for the entry of registration numbers on pay and display machines in the Council's car parks as a means of improving enforcement against non-payers as it would stop the practice of ticket swapping. It was predicted that the cost of the keypads would be offset by additional revenue generated within a few months of the scheme being introduced. Having noted the business case for the proposal, it was

RECOMMENDED:

- (a) that approval be given to the introduction of keypads for the entry of registration numbers on pay and display machines operated by the Council with immediate effect;
- (b) that the Council agree to release the necessary funds from usable capital receipts as a loan repayable by 30th April 2005 with 5% interest applied.

95/04 **REQUEST FROM WYRE FOREST DISTRICT COUNCIL FOR CCTV MONITORING**

The Cabinet considered a request from Wyre Forest District Council for Bromsgrove Council to provide a monitoring service for CCTV cameras in Kidderminster Town Centre.

The Head of Community Safety and Engineering clarified the business case for the proposal by drawing Members' attention to the following points:

The proposed additional 7 cameras for Wyre Forest could be accommodated at no extra cost either to the infrastructure or the day to day management.

A proposed charge of £1,500 per camera per annum (£10,500 per annum) would be made for this monitoring provision which was based on the current commercial rate for this activity.

The proposed Service Level Agreement was for an initial 3 years therefore providing a minimum of £31,500 (inflation would be added to years 2 and 3 payments).

The proposed Service Level Agreement would provide for the monitoring of up to 12 cameras. For each additional camera beyond 7, Wyre Forest would pay £1,500 per annum plus inflation for monitoring services.

The total income per annum assuming 12 cameras were utilised would be £18,000 per annum plus any relevant inflation factor.

The minimum revenue over 3 years would therefore be £31,500 plus any inflation factor.

The absolute maximum revenue over 3 years would be £54,000 plus any inflation factor.

The provision of 7 cameras or 12 cameras for Wyre Forest with the existing commitment of an additional 5 cameras for Bromsgrove Council would take the total operation of cameras in the control room to either 96 or 101 cameras.

That when the threshold band of 100 - 110 operational cameras is breached consideration for additional staffing, particularly at peak periods, would need to be addressed.

The provision of an extra person to cover these periods would cost at current rates approximately £18,000 per annum.

It was proposed that any costs associated with future expansions of the CCTV scheme would be met by the income generated from service agreements.

Following discussion and in light of the business case, it was

RESOLVED:

- (a) that the proposal from Wyre Forest District Council be approved on the basis of the terms as set out in the report;
- (b) that the Head of Community Safety and Engineering in conjunction with the Head of Legal Services conclude the formal Service Level Agreement.

96/04

HOUSING CAPACITY STUDY

Consideration was given to the outcome of consultation on the draft Bromsgrove Housing Capacity Study. Local Planning Authorities were required to produce an Urban Capacity Study in order to establish how much housing can be accommodated within their urban areas. Following discussion, it was

RESOLVED:

- (a) that the contents of the Housing Capacity Study as now reported be approved and adopted as the District's Urban Capacity Study;
- (b) that subject to the Cabinet receiving an annual briefing note, the Standards Committee be requested to approve the delegation of powers to enable Officers

to update the site details and housing figures on an annual basis using data from the Housing Land Availability Study.

97/04

PROPOSED CLOSURE OF HAGLEY POST OFFICE

(The Chairman agreed to the consideration of this item as a matter of urgency as a decision was required thereon before the next meeting of the Executive Cabinet).

The Head of Administrative Services reported that the Council had been consulted by Post Office Limited on a proposal to close the Post Office branch in Birmingham Road, Hagley. Any response needed to be submitted by 10th November 2004.

Members expressed their objections to the proposal as they felt it would deprive the local community of easily accessible Post Office services and possibly also the local shop. It was also felt the closure would particularly disadvantage vulnerable people such as the elderly. It was therefore

RESOLVED: that Council register its strong opposition to the proposed closure of Hagley Post Office.

98/04

LOCAL GOVERNMENT ACT 1972

RESOLVED: that, under Section 100A(4) of the Local Government Act 1972, the public be excluded from the Meeting during the consideration of the item of business the subject of the following Minute on the grounds that it involves the likely disclosure of "Exempt Information" as defined in Part I of Schedule 12A to the Act, the relevant paragraph of that part being as set out below:-

Minute No.
99/04

Paragraph(s)
12

99/04

T.F. 60 LIMITED - FOOD SAFETY ACT 1990 AND THE FOOD SAFETY (GENERAL FOOD HYGIENE) REGULATIONS 1995

(The Chairman agreed to the consideration of this item as a matter of urgency as a decision was required thereon before the next meeting of the Executive Cabinet).

The Head of Environmental Health Services referred to a decision taken at the last meeting of the Cabinet to instigate legal proceedings against T.F. 60 Limited for offences under the Food Safety (General Food Hygiene) Regulations 1995 and Food Safety Act 1990 (Minute No. 83/04 refers) and updated Members on the case. It was

RESOLVED: that legal proceedings be instigated against the company's sole director and also, if necessary, against the company or any individual for obstruction.

The Meeting closed at 8.10 p.m.

Chairman

BROMSGROVE DISTRICT COUNCIL

EXECUTIVE CABINET

27TH OCTOBER 2004

JOINT REPORT OF THE CHIEF EXECUTIVE AND THE LEADER

DRAFT RECOVERY PLAN FOR BROMSGROVE

1. SUMMARY

- 1.1 This report presents the draft Recovery Plan for Bromsgrove which has been prepared as part of the Council's Voluntary Engagement with the Government. Members are asked to consider and approve the draft Recovery Plan for submission to the Minister by 29th October 2004.

2. RECOMMENDATION

- 2.1 That approval be given to the draft Recovery Plan for submission to the Minister for comment, and that Members recognise the draft Recovery Plan will be the subject of discussion by the Monitoring Board.
- 2.2 That the Leader and Chief Executive be requested to submit the draft Recovery Plan to the Minister by 29th October 2004.
- 2.3 That approval be given to the establishment of a joint senior officer and cross-party Member Working Group to act as an internal Monitoring Group and that the membership includes three Members from the majority group and the three Leaders of the larger opposition groups or their nominees.

3. BACKGROUND

- 3.1 As Members are aware, the Council requested Voluntary Engagement with the Government in June 2004. A letter was subsequently received from the Minister setting out the concerns he expected to be addressed as part of the Council's Recovery Plan. The Minister requires the draft Recovery Plan for consideration by 29th October 2004.
- 3.2 Members are also aware that staff and representatives of partners and local communities have contributed comments and suggestions for consideration as part of the draft Plan. Similarly, all Members were invited to be involved in the preparation and feedback workshops on the draft Plan.
- 3.3 The draft Recovery Plan is set out in two parts. The first section describes all the main elements of the Plan including the background to the Council's position, the approach it has taken in the preparation of the Plan and the views and comments of many in order to establish the baseline from which it will recover.

- 3.4 Part one also sets out the difference people will see within the first 12 months of recovery, the main headings the Minister wishes to be addressed and the eight themes through which the Council will channel its development. Each theme of improvement is mapped out in a summary as a two year work programme, although quite naturally some overlap with one another. This section also highlights the resource and internal monitoring arrangements to ensure the successful delivery of the Recovery Plan.
- 3.5 Part two of the draft Plan sets out in more detail each of the actions required to address more specific pieces of work including the target timescales, the improvement measures, the risks and the responsible officers.
- 3.6 In the absence of an independent CPA inspection, we have taken the opportunity to spend some time on setting the context and establishing the baseline from which improvement will be measured, for information and reference purposes for all interested parties including staff.
- 3.7 All Members and Officers have a full part to play to ensure the improvements and the delivery of the Recovery Plan are achieved. As part of the internal monitoring arrangements, it is proposed to establish a senior officer and cross-party Member Monitoring Group. This will include three Members from the majority group and the three Leaders from the larger opposition groups.
- 3.8 The Council is expected to report improvements on a regular basis to the formal Monitoring Board. The first meeting of this Board will take place on 9th November 2004.

4. Financial Implications

- 4.1 The financial implications at this stage are as summarised in the draft Recovery Plan. The Council included provision of £400,000 per annum in the 2003/04 budget process as its commitment to resourcing improvements. It is also recognised that the Council may need to address the need for additional contributions as part of the 2005/06 budget process. In the interim it is proposed to work with the Lead Official (ODPM) to develop a submission to the Capacity Building Fund for further support.

5. Other Implications

- 5.1 The draft Recovery Plan seeks to ensure improvements across all areas of service provision and corporate governance. Therefore matters such as Equalities and Environmental implications will be reviewed as part of the recovery process.

Contact officer

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BROMSGROVE DISTRICT COUNCIL

SPECIAL EXECUTIVE CABINET

27th OCTOBER 2004

PROCUREMENT REQUEST

Responsible Portfolio Holder
Responsible Head of Service

Councillor Brian Fuller
Acting Head of Depot Services

1. SUMMARY

- 1.1 The purpose of this report is to seek approval for the purchase of 4 additional second hand Kerbside waste recycling freighters in order to continue the roll out of the waste recycling service across the District in compliance with the DEFRA Government Grant for the scheme.

2. RECOMMENDATION

- 2.1 It is recommended that Executive Cabinet:

- 2.1.1 approve the purchase of 4 second hand Kerbsider recycling vehicles at a total cost of £135k, as detailed in Option 5, in order to continue the roll out of the recycling scheme;
- 2.1.2 approve the funding from the £500k set aside in the Revised Capital Programme for 2004/05;
- 2.1.3 waive the Council's financial regulations in respect of purchase of the recycling freighters.

3. BACKGROUND

- 3.1 Members are aware that the Council purchased 4 new Recycle freighters in March 2004 to undertake the collection of household waste recyclables using the red and blue box system for all the rounds.
- 3.2 Trials were held in Bromsgrove District to establish the amount of paper, plastics, cans and bottles, which an average house holder should produce, however 6 months experience has revealed that a higher percentage of house holders are participating in the scheme than was originally anticipated. This would appear to be supported by the national trend with other authorities experiencing the higher level of recycling.
- 3.3 To enable the Council to handle the higher levels of recyclables we have to date trialled various options such as caged vehicles, rear loaders, different routes and Kerbsiders. There are currently 3 rounds rolled out and we now believe these vehicles will provide a faster loading and greater capacity capability.

- 3.4 It was always appreciated that the recycling service would need additional vehicles and provision was made for further purchases in the 2005/6 capital programme. As a result of the much higher than anticipated recycling rate, it is necessary to bring the date forward. It has also been possible to take advantage of the low mileage second hand vehicles which provide a faster loading capability and greater volume capacity.

4. **VEHICLE REQUIREMENTS**

- 4.1 Following the evaluation, additional vehicles of the Kerbside design are now required to enable the recycling programme to be rolled out across the rest of the District and to enable a round to be completed in the designated day.
- 4.2 Because of the urgent need to procure the vehicles, it is recommended that the Council waive the financial regulations.
- 4.3 Six possible options have been investigated over a 3 year time span (which is the minimum quoted by a supplier), and these are illustrated below:

Option 1

The purchase of 6 new additional caged recycling vehicles.

Option 2

The leasing of 6 new additional caged recycling vehicles for 3 years.

Options 1 and 2 will each require 6 crews at 3 persons per crew. (1 driver and 2 loaders per crew)

Option 3

The purchase of 4 new Kerbsider recycling vehicles.

Option 4

The leasing of 4 new Kerbsider recycling vehicles for 3 years.

Option 5

The purchase of 4 second-hand Kerbsider recycling vehicles.

Option 6

The leasing of 4 second-hand Kerbsider recycling vehicles for 3 years.

Options 3 to 6 will each require 4 crews at 3 persons per crew. (1 driver and 2 loaders per crew)

5. **FINANCIAL IMPLICATIONS**

- 5.1 A financial evaluation of all options has been undertaken and Option 5 for the purchase of 4 second hand Kerbsider recycling vehicles for 3 years is the option recommended as being the most cost effective solution. Approval is therefore required for the purchase of the vehicles in question at a cost of £135k. Provision exists in the Revised 2004/05 Capital Programme for the purchase of vehicles and plant.

The cost of each option is illustrated below: (please see **Appendices I & II** for a full financial evaluation)

Option 1

The purchase of 6 new additional caged recycling vehicles.

This option to obtain these vehicles by outright purchase will cost £300k.

Option 2

The leasing of 6 new additional caged recycling vehicles for 3 years.

This option to obtain these vehicles under a 3 year operating lease will cost £90k per annum in revenue operational leasing charges making a total of £270k.

Option 3

The purchase of 4 new Kerbsider recycling vehicles.

This option to obtain these vehicles by outright purchase will cost £356k.

Option 4

The leasing of 4 new Kerbsider recycling vehicles for 3 years.

This option to obtain these vehicles under a 3 year operating lease will cost £106.8k per annum in revenue operational leasing charges making a total of £320Ak.

Option 5

The purchase of 4 second-hand Kerbsider recycling vehicles.

This option to obtain these vehicles by outright purchase will cost £135k.

Option 6

The leasing of 4 second-hand Kerbsider recycling vehicles for 3 years.

This option to obtain these vehicles under a 3 year operating lease will cost £45.9k per annum in revenue operational leasing charges making a total of £ 137. 7k.

- 5.3 **Appendix II** shows a detailed financial analysis of each of the options and demonstrates that option 5 is the most financially advantageous. This is therefore the recommended option.

6. **LEGAL IMPLICATIONS**

- 6.1 None

7. **RISK MANAGEMENT CONSIDERATIONS**

- 7.1 It is a DEFRA requirement that the recycling service is fully rolled out across Bromsgrove District by 31st March 2005.

Background Papers:

Vehicle quotations from suppliers.

Contact officer

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APPENDIX I

FINANCIAL EVALUATION OF VEHICLE OPTIONS

Costing of Recycling Crews

Options 1 & 2

Crew	Hourly Rate £	Hours Per Week	Cost Per Week £	On Costs For NI & Super. Sickness Etc	Full Weekly Cost
Driver	7.23	40	289.20	33%	385
Loader	6.60	40	264.00	33%	351
Loader	6.60	40	264.00	33%	351
Cost of 1 Crew Per Week					<u>1,087</u>
Cost of 6 Crews Per Week					<u>6,521</u>
Cost of 6 Crews Per Annum					<u>£339,105</u>

Options 3 to 6

Crew	Hourly Rate £	Hours Per Week	Cost Per Week £	On Costs For NI & Super. Sickness Etc	Full Weekly Cost
Driver	7.23	40	289.20	33%	385
Loader	6.60	40	264.00	33%	351
Loader	6.60	40	264.00	33%	351
Cost of 1 Crew Per Week					<u>1,087</u>
Cost of 4 Crews Per Week					<u>4,348</u>
Cost of 4 Crews Per Annum					<u>£226,070</u>

Discounted Cashflow Calculations for Recycling Vehicles

OPTIONS FOR THE ACQUISITION OF ADDITIONAL RECYCLING VEHICLES

Opt. 1 Purchase of 6 New Caged Recycling Vehicles

Purchase	Value £300,000 (6 X £50,000)	6 Crews - Cost Per Annum
	£300,000	£339,105
Discount rate	4.75%	Using Capital Receipts

End of	Factor	Purchase	Loss of interest	Disposal Proceeds	Maintenance & Road Tax	Cost of Crews	Total Costs
		£	£	£	£	£	£
Year 0	1	300,000	3,000		2,700	84,776	390,476
Year 1	0.95465		12,000		7,500	339,105	342,344
Year 2	0.91136		12,000		7,500	339,105	326,820
Year 3	0.87004		12,000	-60,000	7,500	339,105	259,798
Total 3 year period					(Net Present Value)		1,319,438

Option 2 Lease of 6 New Caged Recycling Vehicles

Operational Lease	Value £300,000	6 Crews - Cost Per Annum
Discount rate	4.75%	£339,105
	Lease rental per £1000	No allowance made for mileage and condition penalties
	£ 300	

End of	Factor	Lease rental	Residual	Disposal Proceeds	Maintenance & Road Tax	Cost of Crews	Total Costs
		£	£	£	£	£	£
Year 0	1	22,500			2,700	84,776	109,976
Year 1	0.95465	90,000			7,500	339,105	416,807
Year 2	0.91136	90,000			7,500	339,105	397,906
Year 3	0.87004	90,000			7,500	339,105	379,863
Total 3 year period					(Net Present Value)		1,304,552

Option 3 Purchase of 4 New Kerbsider Recycling Vehicles for 3 Years

Purchase	Value £356,000 (4 X £89,000)	4 Crews - Cost Per Annum
Discount rate	4.75%	£226,070
	£356,000	
	Using Capital Receipts	

End of	Factor	Purchase	Loss of interest	Disposal Proceeds	Maintenance & Road Tax	Cost of Crews	Total Costs
		£	£	£	£	£	£
Year 0	1	356,000	3,560		1,800	56,518	417,878
Year 1	0.95465		14,240		5,000	226,070	234,186
Year 2	0.91136		14,240		5,000	226,070	223,567
Year 3	0.87004		14,240	-71,200	5,000	226,070	151,482
Total 3 year period					(Net Present Value)		1,027,113

Discounted Cashflow Calculations for Recycling Vehicles

Option 4 Lease of 4 New Kerbsider Recycling Vehicles for 3 Years							
Operational Lease		Value £356,000 (4 X £89,000)					
		£356,000					
Discount rate	4.75%	Lease rental per £1000	No allowance made for		4 Crews - Cost Per Annum		
		£ 300	mileage and condition penalties		£226,070		
End of	Factor	Lease rental	Residual	Disposal Proceeds	Maintenance & Road Tax	Cost of Crews	Total Costs
		£	£	£	£	£	£
Year 0	1	26,700			1,800	56,518	85,018
Year 1	0.95465	106,800			5,000	226,070	322,549
Year 2	0.91136	106,800			5,000	226,070	307,923
Year 3	0.87004	106,800			5,000	226,070	293,960
Total 3 year period					(Net Present Value)		1,009,450
Option 5 Purchase of 4 Second Hand Kerbsider Recycling Vehicles for 3 Years							
Purchase		Value £134,924 (4 X £33,731)					
		£134,924					
Discount rate	4.75%	Using Capital Receipts		4 Crews - Cost Per Annum			
				£226,070			
End of	Factor	Purchase	Loss of interest	Disposal Proceeds	Maintenance & Road Tax	Cost of Crews	Total Costs
		£	£	£	£	£	£
Year 0	1	134,924	1,349		1,800	56,518	194,591
Year 1	0.95465		5,397		9,800	226,070	230,326
Year 2	0.91136		5,397		9,800	226,070	219,882
Year 3	0.87004		5,397	-17,000	9,800	226,070	195,121
Total 3 year period					(Net Present Value)		839,920
Option 6 Leasing of 4 Second Hand Kerbsider Recycling Vehicles for 3 Years							
Operational Lease		Value £134,924 (4 X £33,731)					
		£135,000					
Discount rate	4.75%	Lease rental per £1000	No allowance made for		4 Crews - Cost Per Annum		
		£ 340	mileage and condition penalties		£226,070		
End of	Factor	Lease rental	Residual	Disposal Proceeds	Maintenance & Road Tax	Cost of Crews	Total Costs
		£	£	£	£	£	£
Year 0	1	11,475			1,800	56,518	69,793
Year 1	0.95465	45,900			9,800	226,070	268,993
Year 2	0.91136	45,900			9,800	226,070	256,795
Year 3	0.87004	45,900			9,800	226,070	245,150
Total 3 year period							840,731
Summary of Net Present Value Costs Over 3 years							£
	Option 5	Purchase of 4 Second Hand Kerbsider Recycling Vehicles for 3 Years					839,920
	Option 6	Leasing of 4 Second Hand Kerbsider Recycling Vehicles for 3 Years					840,731
	Option 4	Lease of 4 New Kerbsider Recycling Vehicles for 3 Years					1,009,450
	Option 3	Purchase of 4 New Kerbsider Recycling Vehicles for 3 Years					1,027,113
	Option 2	Lease of 6 New Caged Recycling Vehicles					1,304,552
	Option 1	Purchase of 6 New Caged Recycling Vehicles					1,319,438

BROMSGROVE DISTRICT COUNCIL

EXECUTIVE CABINET

27th OCTOBER 2004

ARTRIX FUNDING

Responsible Portfolio Holder	Councillor June Griffiths
Responsible Head of Service	Director of Leisure Services, Robbie Hazlehurst

1. **SUMMARY**

1.1 This report seeks the Council's agreement to the funding mechanism for the new Arts Centre, the Artrix.

2. **RECOMMENDATION**

2.1 The Executive Cabinet is recommended to agree:-

1. To the provision of 'start-up' funding for the Artrix of £41,000 from the 2004/5 Revenue Budget and;
2. That the agreement to pay 'short fall' funding of up to £120,000 per annum for the next ten years to the Artrix will commence with effect from 1 April 2005 and;
3. To pay the 'shortfall' funding of up to £120,000 per annum quarterly in advance for the first three years of the Artrix's operation with the necessary adjustments to the amount paid by the Council being made following the receipt of their annual accounts and;
4. That this arrangement be reviewed at the end of year two by the Corporate Director Resources and;
5. To advise the Trust that there will be no further revenue funding available from the Council in the current financial year and;
6. To retain the remaining sum of £5,500 from the current years revenue budget to cover any costs the Council may incur related to utility costs, insurance etc.

3. **BACKGROUND**

3.1 As Members may recall the Executive Cabinet when it considered its Forward Capital Programme on 16th January 2002 recognised that there would be revenue consequences associated with building the Arts Centre of up to £200,000 per annum. This figure has subsequently been refined and reviewed and the Draft Capital Programme report presented to Executive Cabinet on 21st January 2004

identified the revenue consequences of the Arts Centre as being up to a maximum of £120,000 per annum.

3.2 Members will also recall that the Executive Cabinet agreed at its meeting on the 29th January 2003 to provide deficit funding towards the Arts Centre's operating costs for a period of ten years subject to a review at year eight when two years notice may be given to the Arts Centre Trust of the Council's intention to amend or withdraw from the agreement. This was subsequently endorsed at the Council meeting on the 25th February 2003. This agreement was reported to potential Trustees when the two Trusts were set up in April 2003.

3.3 Within the revenue budget for 2003/4 a sum of £40,000 was included as potential 'start up' funding for the new Arts Centre of which approximately only £10,000 was spent. The revenue budget for 2004/5 contains the sum of £46,500 related to the Arts Centre.

4. **PROPOSAL**

4.1 The Chairman of the Trust has written to the Chief Executive requesting that the Council considers the following proposal:-

- (i) That the £46,500 contained within the current year's budget be paid to the Trust as start up funding; and
- (ii) That the Council considers restructuring its payments to the Trust so that payments particularly in the first 2 - 3 years be paid quarterly in advance, to assist with the Trust's cash flow, with any adjustment in relation to the deficit funding being made following the closure of the Trust's. annual accounts.

4.2 For Members information North East Worcestershire College have agreed to restructure their payments to the Trust in order to support their operation during the 'start up' period having due regard to their potential cash flow difficulties.

4.3 At this point Members should be aware that there are some costs which the Council will incur associated with the building and setting up the Arts Centre related to utility accounts, insurance etc., that will need to be accounted for and it is proposed that £5,500 be set aside for this purpose.

5. **FINANCIAL IMPLICATIONS**

5.1 The Council as outlined above has already given a commitment towards the provision of revenue funding on a deficit basis for a period of 10 years and has identified the maximum figure of £120,000 as a revenue consequence as part of its Capital Programme for 2004/5.

5.2 As outlined above the Council does have £46,500 within its current years revenue budget allocated to the Arts Centre. However should Members agree to the provision of the start up funding from its budget for 2004/5 and the commencement of the ten year agreement with effect from 1 April 2005 the Trust should be advised that there will be no further revenue funding available from the Council in the current financial year.

5.3 The cost of restructuring the agreement with the Arts Centre Trust is estimated to be in the order of £1,000 - £2,000 per head based upon the loss of interest the Council may incur as a result of paying the money in advance.

6. **LEGAL IMPLICATIONS**

6.1 There are no legal implications associated with this report.

7. **RISK ASSESSMENT**

7.1 The restructuring of the agreement with the Trust will assist in ensuring the success of the Arts Centre due to the fact it provides the Trust with a positive cash flow, particularly in its early days whilst it develops a programme of activity.

BACKGROUND PAPERS

Letter from the Chairman of the Trust - 6th October 2004

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