

THE ROYAL BOROUGH OF KENSINGTON AND CHELSEA
CABINET AND CORPORATE SERVICES SCRUTINY COMMITTEE
24 JANUARY 2011

REPORT BY THE EXECUTIVE DIRECTOR FOR CORPORATE SERVICES

CORPORATE SERVICES
CAPITAL BUDGET 2011/12 – 2013/14

This report presents the draft capital budget for 2011/12 – 2013/14 for the Corporate Services Business Group. The total budget cost over this period is £24.49 million all of which would be Council funded.

The most significant capital project for this Business Group is the SPACE Programme (Office Accommodation).

The Scrutiny Committee is invited to submit any comments it may have to the Cabinet meeting on 17 February 2011.

FOR COMMENT

1. INTRODUCTION

- 1.1 The Medium Term Budget Prospects and Business Planning report to Cabinet on 22 July 2010 set out the background and planning guidelines to be adopted in drawing up the Revenue Budget and Capital Programme for the Council.
- 1.2 The schemes in this report have been through a prioritisation process that considered both operational necessity, contribution to the capital strategy and value for money.
- 1.3 Bids have been subjected to scrutiny first by an independent officer panel and then by the Cabinet Members for Finance and IT and Housing and Property. The Cabinet Member for Finance and IT emphasised to all Business Groups the need for their bids to be realistic in the present financial situation. Where costs have not yet been yet committed, Business Groups have been asked to reduce the cost of schemes below the budgeted level, avoiding over-specification of works and ensuring that scheme costs are not excessive.

2. CORPORATE SERVICES CAPITAL STRATEGY / OBJECTIVES

- 2.1 The Corporate Services' capital programme aims to support the Borough's aim of 'renewing the legacy' with the major transformational programme on the office environment (SPACE) re-defining the future working arrangements of the Council and the renewal of the mechanical and electrical services in Kensington Town Hall.
- 2.2 There is significant investment proposed in upgrading and improving the Council's IT infrastructure, particularly related to business continuity, more efficient information storage and the customer interface, so promoting the aim for 'really good services'.
- 2.3 Corporate Services' projects not only meet the needs of our own Business Group but also have a wider impact in facilitating service delivery across the whole Council.

3. PROPOSED CAPITAL PROGRAMME 2011/12 - 2013/14

- 3.1 **Appendix A** provides details of the proposed schemes showing the cost of each project phased over financial years together with the funding source(s). **Appendix B** summarises the funding sources of the total programme in more detail over each financial year.
- 3.2 There is one scheme costing over £1 million as follows:-

Main Spending Start Year	Business Group/ Scheme	Latest Est Cost	Previous Est Cost	Change in Council Funding	Total Council Funding	Budget Stage
		£'000	£'000	£'000	£'000	
2010/11	<u>Corporate Services</u> Office Accommodation (SPACE)	23,835	23,835	0	23,835	Readying
	TOTAL	23,835	23,835	0	23,835	

New Schemes added to the programme

- 3.3 The Kensington Town Hall Solar Panels project supports the Council's commitment to climate change. The availability of a guaranteed Feed-In Tariff from government will produce significant revenue and savings for the Council.

- 3.4 As with all rolling programmes, another year has been included for the Civic Offices major works project so adding a further £380,000 to the programme.

Significant schemes in the existing programme

- 3.5 The SPACE Programme continues to be included at the level approved by Cabinet and now includes the six year mechanical and electrical modernisation programme for the Kensington Town Hall along with double-glazing and wall insulation works. A tender was recently accepted for Phase 1 works to the third floor, with work expected to commence on site in April 2011.

Pipeline Schemes

- 3.6 There are a number of projects which may appear in future years' capital budgets but which are at an exploratory stage and therefore not yet sufficiently advanced to be included in the 2011/12 – 2013/14 programme. These 'pipeline' schemes are shown in the table below with best estimates of the likely cost and could amount to a further £6.5 million of capital expenditure of which £6.5 million would need to be funded from Council resources.

Business Group / Scheme	Start Year	Total Cost £'000	Council Funding £'000	
Appraisal/ Concept (Stage 1)				
Corporate Services				
ICT Infrastructure re-structure (phase 1)	2013/14	400	400	
Internet Content Management System - new	2014/15	350	350	
Kensington Town Hall Boilers and Central Heating Plant	2014/15	1,000	1,000	NEW
Kensington Town Hall Busbars Installation	2012/13	650	650	NEW
Kensington Town Hall Replacement of Chillers	2014/15	1,500	1,500	NEW
Kensington Town Hall Roof Survey and Repairs	2012/13	300	300	NEW
Unified Communications	2012/13	210	210	
		4,410	4,410	
Strategic Brief/Outline Cost (Stage 2)				
Corporate Services				
Council Archives Rationalisation	2011/12	400	400	NEW
Infrastructure - Netbackup	2011/12	150	150	NEW
Infrastructure Replacement - Corporate Servers	2011/12	68	68	NEW
Ken Town Hall Air Handling Units	2011/12	560	560	NEW
Learning Management System Replacement	2011/12	50	50	NEW
Property Management Information System	2011/12	500	500	NEW
Residential Portfolio Renovations	2011/12	200	200	NEW
Shop Front Refurbishments	2011/12	60	60	NEW
Southern Row Business Centre Refurbishment	2011/12	80	80	NEW
		2,068	2,068	
TOTAL STAGE 2 (STRATEGIC BRIEF/OUTLINE COST)		2,068	2,068	
TOTAL PIPELINE SCHEMES		6,478	6,478	

- 3.7 The table above includes a number of schemes relating to Kensington Town Hall plant and services totalling £2.9 million. The central heating boiler and chillers are reaching the end of their serviceable life and need replacing.

Rolling Programmes

- 3.8 The draft capital budget also includes a number of rolling programmes of smaller schemes that are aggregated as a cash limit for each year. These are as follows:

Title	Description	2010/11 £'000	2011/12 £'000	2012/13 £'000	2013/14 £'000
Corporate Services					
Civic Offices Major Works	Major maintenance works to the Council's three operational buildings.	674	380	380	380

Associated Revenue Costs

- 3.9 A number of schemes require one-off associated revenue funding which, due to accounting rules, cannot be treated as capital expenditure but is nevertheless required for the delivery of certain schemes. This includes the cost of feasibility studies prior to schemes becoming firmer plans.

Capital Bids Funded from Property Strategy Reserve

Cost type	Business Group/ Cost	2010/11 £'000	2011/12 £'000	2012/13 £'000	2013/14 £'000
Corporate services					
Feasibility	19-27 Young Street Study	25	250	0	0
Feasibility	5 and 6 Acklam Road Study	0	5	0	0
Feasibility	Carlisle Building Study	0	20	0	0
Feasibility	Edenham Site Study	0	5	0	0
Feasibility	Hidden Homes	15	0	0	0
Feasibility	Holland Park Review	20	0	0	0
Feasibility	Holland Park YHA Study	0	8	0	0
Feasibility	Kensal Rd and Ladbroke Grove Land	0	5	0	0
Feasibility	Libraries Review	0	15	0	0
Feasibility	Lots Road Combined Study	0	25	0	0
Feasibility	Munroe Mews Study	0	20	0	0
Feasibility	Office Accommodation Strategy	60	0	0	0
Feasibility	People First	0	40	0	0
Feasibility	Pre School/ Nursery Review	0	45	0	0
Feasibility	Shop Front Refurbishment Feasibility	0	13	0	0
Feasibility	Stronger Families	0	15	0	0
Feasibility	Waste Depot Review	0	60	0	0
Feasibility	Westway Area Review	60	0	0	0
TOTAL		180	526	0	0

4. LEGAL AND PERSONNEL ISSUES

- 4.1 The capital programme includes a number of schemes to upgrade and improve the buildings portfolio of the Business Group. This will benefit the physical environment for both service users and staff.

5 DIVERSITY IMPLICATIONS

- 5.1 The establishments within the Royal Borough provide opportunities for various users with a wide range of backgrounds and abilities. The Council's Equality Scheme Action Plan commits the Council to improve the accessibility of the buildings in the borough. The capital programme therefore includes a number of schemes designed to achieve these improvements. For this Business Group the Office Accommodation (SPACE) project will improve the current grading of Kensington Town Hall from fair to good.

6. RECOMMENDATIONS

- 6.1 The Scrutiny Committee is invited to refer any comments on the Business Group's draft Capital Budget to the 17 February 2011 Cabinet for their consideration.

FOR COMMENT

Derek Myers
Town Clerk and Chief Executive

Background papers: Capital Programme files 2011/12 – 2013/14

Officer contact: Lyn Myers, Group Finance Manager. Tel: 020 7361 2310.

[✓ = Authority to spend]

CORPORATE SERVICES

APPENDIX A

CAPITAL PROGRAMME 2011/12 - 2013/14 (£'000)

Project Title	Project Description	Start Year	Exp to 31 March 2010	2010/11	2011/12	2012/13	2013/14	Later Years	Total Cost	Full Year Revenue	External Cash Funding and Receipts	Internal Cash Funding	Corporate Funding	Capital Strategy Objectives	Borough Aims, Community	Programme Status
Belvedere Restaurant Structural Repairs	Structural repairs to the Belvedere Restaurant bell tower	2010/11	0	0	0	0	0	275	275	9	100	175	0	1	R1,R3	4
Civic Offices Major Works	Major maintenance works to the Council's three operational buildings.	2010/11	0	674 ✓	0	0	0	0	674	61	0	0	674	8,9	R3,C6	R
Civic Offices Major Works	Major maintenance works to the Council's three operational buildings.	2011/12	0	0	380	0	0	0	380	34	0	0	380	8,9	R3,C6	R
Civic Offices Major Works	Major maintenance works to the Council's three operational buildings.	2012/13	0	0	0	380	0	0	380	34	0	0	380	8,9	R3,C6	R
Civic Offices Major Works	Major maintenance works to the Council's three operational buildings.	2013/14	0	0	0	0	380	0	380	34	0	0	380	8,9	R3,C6	R

[✓ = Authority to spend]

CORPORATE SERVICES

CAPITAL PROGRAMME 2011/12 - 2013/14 (£'000)

Project Title	Project Description	Start Year	Exp to 31 March 2010	2010/11	2011/12	2012/13	2013/14	Later Years	Total Cost	Full Year Revenue	External Cash Funding and Receipts	Internal Cash Funding	Corporate Funding	Capital Strategy Objectives	Borough Aims, Community	Programme Status
Civic Suite and Reception	Refurbishment of Committee rooms 1,2 and 5 and the Civic reception in Kensington Town Hall.	2010/11	0	134 ✓	0	0	0	0	134	7	0	134	0	8,9	R3,C6	5
Customer Relationship Management Software	Purchase and Implementation of Microsoft Customer Relationship Management software for the 'Here to Help' contact lines.	2007/08	406	58 ✓	0	0	0	0	464	71	0	464	0	6	R1,R2,C6	5
Data Storage Management	The purchase and implementation of data storage management software. This allows files that have not been accessed for a set period of time to be archived.	2011/12	0	0	400	0	0	0	400	20	0	400	0	6,9	C3,C4,R1, R2	3
Electronic government projects	Electronic government projects across the council. This includes three kiosks for Customer Services Centre, sharepoint upgrade and digital asset management	2005/06	219	10 ✓	0	0	0	0	229	21	0	229	0	6	R1,R2,C6	5
Financial Systems Enhancement and Upgrade	Improvements include - replacement of workflow with an outlook based system, improvements to cashiering and cash management systems and upgrade to next release of One World.	2008/09	298	202 ✓	0	0	0	0	500	25	0	500	0	6,7	R2,C1-C8	5

[✓ = Authority to spend]

CORPORATE SERVICES

CAPITAL PROGRAMME 2011/12 - 2013/14 (£'000)

Project Title	Project Description	Start Year	Exp to 31 March 2010	2010/11	2011/12	2012/13	2013/14	Later Years	Total Cost	Full Year Revenue	External Cash Funding and Receipts	Internal Cash Funding	Corporate Funding	Capital Strategy Objectives	Borough Aims, Community	Programme Status
Internet Content Management System	Replacement of the content management system for the Council's website with additional functionality.	2006/07	283	53 ✓	0	0	0	0	336	37	0	336	0	6	R1,R2,C6	5
IT Infrastructure Development	Investment and renewal of IT Infrastructure, network & telecommunications. Data and voice continuity elements to improve home working access and building in resilience for the contact lines.	2007/08	342	13 ✓	0	0	0	0	355	225	0	355	0	6	R1,R2,C6	5
Kensington Town Hall Solar Panels	Installation of Solar photo voltaic panels across roof space at the Kensington Town Hall corporate buildings site	2011/12	0	20	530	0	0	0	550	28	0	550	0	1,2,7,8,9,10	R1,R3,C1	3
Network Access Control	The implementation of enhanced network security preventing unauthorised access to the Council's network.	2010/11	0	50	100	100	0	0	250	38	0	250	0	1,4,6,9	R2,	4
Office Accommodation (SPACE)	Re-design of Kensington Town Hall office accommodation including the modernisation of the mechanical and electrical services. Includes cavity wall insulation and replacement of windows.	2010/11	698	1,188 ✓	5,920	6,441	8,573	1,015	23,835	(501)	0	2,035	21,800	6,7,8	R1, R2, R6	4

[✓ = Authority to spend]

CORPORATE SERVICES

CAPITAL PROGRAMME 2011/12 - 2013/14 (£'000)

Project Title	Project Description	Start Year	Exp to 31 March 2010	2010/11	2011/12	2012/13	2013/14	Later Years	Total Cost	Full Year Revenue	External Cash Funding and Receipts	Internal Cash Funding	Corporate Funding	Capital Strategy Objectives	Borough Aims, Community	Programme Status
Removable Media Control	Implementation of a solution for controlling the use of removable media devices, such as USB sticks, MP3 Players and digital cameras. This supports securing GCSx network access.	2010/11	0	50	0	0	0	0	50	3	0	50	0	6,9	R1,C3	4
SAN Replacement	Replacement of the two Storage Area Networks (SANs), one at the Town Hall and one situated at Pembroke Road.	2010/11	0	330	0	0	0	0	330	62	0	330	0	1,4,6,9	R2,C1	4
TOTALS			2,246	2,782	7,330	6,921	8,953	1,290	29,522	208	100	5,808	23,614			

BUSINESS GROUP SUMMARY OF FUNDING

APPENDIX B

Business Group/ Funding Source	Exp to 31 March 2010	2010/11	2011/12	2012/13	2013/14	Later Years	Total
Corporate Services	£'000	£'000	£'000	£'000	£'000	£'000	£'000
EXTERNAL FUNDING							
Contributions Other	0	0	0	0	0	100	100
TOTAL	0	0	0	0	0	100	100
INTERNAL FUNDING							
Other Reserves	1,486	1,580	1,316	503	343	518	5,746
Revenue Contributions	62	0	0	0	0	0	62
TOTAL	1,548	1,580	1,316	503	343	518	5,808
CORPORATE FUNDING							
General Resources	698	1,202	6,014	6,418	8,610	672	23,614
TOTAL	698	1,202	6,014	6,418	8,610	672	23,614
TOTAL COUNCIL FUNDING (Internal and Corporate)	2,246	2,782	7,330	6,921	8,953	1,190	29,422
TOTAL ALL SOURCES OF FUNDING	2,246	2,782	7,330	6,921	8,953	1,290	29,522