

# REPORT TO EXECUTIVE

## PORTFOLIO AREA: FINANCE AND RESOURCES

Date of Meeting:	25 NOVEMBER 2002		
Public			
Key Decision:	Yes	Recorded in Forward Plan:	Yes
Inside Policy Framework			

**Title:** RENEWALS RESERVE - REPLACEMENTS 2003/04

**Report of:** THE CITY TREASURER

**Report reference:** FINANCIAL MEMO 2002/03 NO 63

### Summary:

Within the overall General Fund balances the City Council has established a Renewals Reserve for the replacement of items of vehicles, plant and equipment. The appendices attached to this report detail all the items contained within the Replacement Programme and set down the items for replacement in 2003/04.

### Recommendations

As part of the budgetary process for 2003/04 the Executive is asked to approve in principle the 2003/04 equipment replacements as follows:

- i. Equipment replacements totalling £353,435 as summarised in **Appendix A**, of which £100,000 is a new bid for 2003/04 (paragraph 2.2, note 1), and which has been considered separately by the Executive as part of the New Spending Bids for 2003/04.
- ii. Vehicle and Plant replacements totalling £739,850 as summarised in **Appendix B**, of which £8,500 is in respect of new vehicles due for replacement in 2003/04 (paragraph 3.2 notes 5 and 6) and £23,395 is in respect of new vehicles acquired in 2002/03 which have been funded from existing base budgets.

It is recommended that the total cost of those items due for renewal in 2003/04 be financed by an appropriation from the Renewals Reserve maintained for that purpose, or if the City Treasurer considers it appropriate by way of an operational or finance lease.

It is recommended that Contract's Procedure Rule No.10 be suspended as it relates to the assignment of leases on any vehicles/plant financed by way of operational lease in 2003/04.

It is recommended that replacements will be subject to the Heads of Service, in consultation with the appropriate Portfolio Holder, being able to justify the replacement for each item over £5,000 prior to the item being replaced and also subject to meeting any funding requirements from within base budgets.

**Contact Officer:** John Neil

**Ext:** 7287

Report to The Executive Financial Memo

25 November 2002 2002/03 No. 63

## RENEWALS RESERVE 2003/04

### 1. BACKGROUND INFORMATION AND OPTIONS

1.1 As part of the process of allocating fund balances the Policy and Finance Committee agreed on 24 January 1991 to the establishment of a Renewals Reserve.

2. This Renewals Reserve was to be provided for:-

(a) Items of Equipment;

(b) Items of Vehicles and Plant.

3. The purpose of establishing the Renewals Reserve is to set aside annually a financial provision to meet the Council's requirements for the acquisition of vehicles and plant and equipment and thus avoid wide fluctuations from year to year in spending demands charged against the General Fund. It is intended that a full review of the fund balances and items provided for will be undertaken once the Housing, DSO and Leisuretime transfers have been completed.

1.4 It is a requirement that Heads of Service in consultation with Portfolio Holders must be able to justify replacements individually over £5,000 and ensure that any ongoing contributions can be met from within base level budgets especially in relation to new items.

### 2. EQUIPMENT REPLACEMENT PLAN

1. The attached **Appendix A** summarises the Equipment Replacement Plan which has been prepared on information supplied by all Chief Officers totalling £353,435 (including Cemeteries £225,000). The detailed plan is available from the City Treasurer on request.
2. The following items are those which have not previously been included in the plan:

Description Replacement Value Annual Charge Note

**New Bids 2003/04:**

Ledger Systems £100,000 £16,500 (1)

Replacement

Notes

(1) This request was considered by the Executive on 28<sup>th</sup> October 2002 (FM2002/3

No.66) where the request was made to advance funding from the Renewals Fund

repayable at existing budget provision rate of £16,500 to the year 2007/08.

**3. VEHICLE AND PLANT REPLACEMENT PLAN**

1. The attached **Appendix B** summarises the Vehicle and Plant Replacement Schedule that has been prepared on information supplied by the Transport Co-ordinator of Carlisle Works. The detailed plan is available on request from the City Treasurer.
2. The following items which have not previously been included in the renewals plan:

Description Replacement Value Annual Charge Note

**New Bids 2002/03**

Vauxhall Astra Est £6,595 £0 (1)

Ford Transit Van £6,000 £0 (1)

Carryall Golf Buggy £1,400 £0 (2)

Pathway Sweeper £5,950 £1,200 (3)

TFM Box Trailer £1,150 £0 (4)

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**New Bids 2003/04**

Etesia Ride On Mower £6,000 £1,920 (5)

Tandem Axle Trailer £2,500 £0 (6)

Notes:

1. These vehicles have been funded from Raffles Area Strategy budgets. These items were approved by the Executive on 15/04/02 (H030/02), the vehicles will be required for one year only.
2. This vehicle was funded from Community Support Leisure Revenue budgets and is an additional vehicle for use in special events.
3. This vehicle was funded from DSO Revenue budgets and is an additional Street Cleaning vehicle.
4. These trailers have been funded from DSO Revenue budgets and when replaced in five years will be funded from within base level budgets.
5. This mower's annual lease charges will be funded from within DSO Revenue budgets.
6. This trailer was funded from DSO Revenue budgets and when replaced in six years will be funded from within base level budgets.

### **3. STANDING ORDER 55/CONTRACT'S PROCEDURE RULE NO.10**

1. Financial Memo 2000/01 No. 45 was circulated to the Policy and Resources Committee on 05 July 2000 detailing the possible problems there could be on obtaining best value from prospective lessors if they were not allowed to assign any operational leases on the replacement/renewal of the City Council's vehicles and plant. The Council therefore agreed to suspend Standing order 55 as it relates to our operational lease requirements.
2. Standing Order 55 has been replaced by Contract's Procedure Rule No.10 and suspension of this rule is therefore required.

## **5. REVIEW OF USE OF RENEWALS FUND**

5.1 The value and use of the renewals fund will be reviewed, in the near future in particular to:

- i. Assess the overall level of balances held within the fund. The current fund levels as at 31/3/02 are:

Equipment Fund £1,156,209

Vehicles and Plant Fund £1,468,824

- ii. Assess to what extent the Council's vehicles, plant and equipment replacements are adequately covered by the fund

## **6. CONSULTATION**

Overview and Scrutiny as part of the budget process.

## **7. STAFFING / RESOURCES COMMENTS**

Not Applicable

## **8. CITY TREASURERS COMMENTS**

Included within the main body of the report.

## **9. LEGAL COMMENTS**

Not Applicable

## **10. CORPORATE COMMENTS**

The Heads of Business Units have been fully involved in the compilation of these plans.

## **11. RISK MANAGEMENT COMMENTS**

Not Applicable

## **12. EQUALITY ISSUES**

Not Applicable

## **13. ENVIRONMENTAL IMPLICATIONS**

Not Applicable

## **14. CRIME AND DISORDER IMPLICATIONS**

Not Applicable

**15. RECOMMENDATIONS 15.1** As part of the budgetary process for 2003/04 the Executive is asked to approve in

principle the 2003/04 equipment replacements as follows:

- i. Equipment replacements totalling £353,435 as summarised in Appendix A, of which £100,000 is a new bid for 2003/04 (paragraph 2.2, note 1 ), and which has been considered separately by the Executive as part of the New Spending Bids for 2003/04.
  
- ii. Vehicle and Plant replacements totalling £739,850 as summarised in Appendix B, of which £8,500 is in respect of new vehicles for 2003/04 (paragraph 3.2 notes 5 and 6) and £23,395 is in respect of new vehicles acquired in 2002/03 which have been funded from existing base budgets.

**15.2** It is recommended that the total cost of those items due for renewal in 2003/04 be financed by an appropriation from the Renewals Reserve maintained for that purpose, or if the City Treasurer considers it appropriate by way of an operational or finance lease.

**15.3** It is recommended that Contract's Procedure Rule No.10 be suspended as it relates to the assignment of leases on any vehicles/plant financed by way of operational lease in 2003/04.

**15.4** It is recommended that replacements will be subject to the Heads of Service, in consultation with the appropriate Portfolio Holder, being able to justify the replacement for each item over £5,000 prior to the item being replaced and also subject to meeting any funding requirements from within base budgets.

## **16. REASONS FOR RECOMMENDATIONS**

16.1 To allow the City Council's plan for the replacement of vehicles, plant and equipment to proceed.

D THOMAS

City Treasurer

John Neil

**Ext:** 7287

**Contact Officer:**

**EQUIPMENT RENEWALS PLAN SUMMARY**

<b>DEPARTMENT</b>	<b>REPLACEMENT DUE 2002/03 ESTIMATE</b>	<b>REPLACEMENT AMOUNT 2003/04</b>	<b>CURRE REPLACEME PRI</b>
<b>TOWN CLERK &amp; CHIEF EXECUTIVE</b>			
PERSONNEL & TRAINING	0	1,000	13,8
ADMINISTRATION	0	7,545	52,8
CORPORATE PLANNING	0	0	18,8
ECONOMIC DEVELOPMENT UNIT	5,630	7,240	33,8
COMMUNICATIONS	0	0	22,1
<b>CITY TREASURERS</b>			
CITY TREASURERS	90,000	100,000	317,8
GENERAL	0	0	30,0
I.T.	0	0	1,212,9
<b>HOUSING</b>			
HOUSING	0	0	17,8
<b>ENVIRONMENT &amp; DEVELOPMENT</b>			
PLANNING SERVICES	0	12,650	116,9
ENVIRONMENTAL SERVICES	0	0	43,3
CAR PARKS	0	0	
CCTV	0	0	429,0
<b>LEISURE &amp; COMMUNITY DEVELOPMENT</b>			
TULLIE HOUSE	0	0	
PARKS	0	0	2,9
SHEEPMOUNT	1,890	0	83,4
STONY HOLME	0	0	30,2
SWIFTS	0	0	3,9
POOLS	0	0	201,8
SANDS CENTRE	0	0	575,4
CEMETERIES	0	225,000	225,0
BENEFITS ADVICE	0	0	6,0
<b>GRAND TOTAL</b>	<b>97,520</b>	<b>353,435</b>	<b>3,436,9</b>

**VEHICLES & PLANT RENEWALS PLAN SUMM**

<b>COMMITTEE</b>	<b>* REPLACEMENT AMOUNT 2003/04</b>	<b>CURRENT REPLACEMENT PRICE</b>	<b>BALANCE OF CONTRIBUTIONS 31/03/03</b>
PERSONNEL & TRAINING SUB	0	14,900	7,941
ECONOMIC DEVELOPMENT	0	0	0
ENVIRONMENT & DEVELOPMENT	0	86,500	31,565
HOUSING	0	12,595	33,277
LEISURE	7,000	293,240	68,422
WORKS	732,850	1,927,000	1,006,704
<b>GRAND TOTAL</b>	<b>739,850</b>	<b>2,334,235</b>	<b>1,147,909</b>

**\* The intention is to finance these acquisitions by operational lease.**