

Ref:
Journal No:
Journal Name:

Powys County Council

Capital Budget Virement Application Form

[Please see guidance notes on page 2532 of the Intranet]

To Head of Finance

From Place _____ (Directorate)

Schools _____ (Service)

Ian Roberts _____ (Head of Service)

Gareth Jones _____ (Budget Holder)

David Thompson _____ (Project Manager)

Date 14th January 2015

Details of Virement (please refer to notes to ensure all the relevant details are included and extend box to additional page if required)

See report below.

New schemes name: John Beddoes Campus and East Radnor Leisure Centre new gas main and boiler conversion works

Job code: - To be confirmed by Finance Team

Budget Increases

Scheme Name	As above					
Job Code	9F200 9UAMP					
	Total Cost	Prior Years	2014-15	2015-16	2016-17	Future Years
	£	£	£	£	£	£
Existing Budget	0.00		0.00	0.00	0.00	0.00
Revised Budget	68,500.00		1,500.00	67,000.00	0.00	0.00
Decrease Required	68,500.00	0.00	1,500.00	67,000.00	0.00	0.00

POWYS COUNTY COUNCIL

Received
Leisure and Recreation
Gwalia Offices

15 JAN 2015

27 JAN 2015

Financing

Name of Scheme Reduced: 2014 Various Schools - Replacement of Boilers

Job Code: 9E110 9SE941

	Total Cost	Prior Years	2014-15	2015-16	2016-17	Future Years
	£	£	£	£	£	£
Existing Budget	100,000.00		100,000.00	0.00	0.00	
Revised Budget	100,000.00		43,360.00	56,640.00	0.00	0.00
Decrease Required	0.00	0.00	-56,640.00	56,640.00	0.00	0.00

Additional / New Resources

General Capital	32,240.00		32,240.00	0.00	0.00	0.00
Supported Borrowing	67,760.00		67,760.00	0.00	0.00	0.00
Prudential Borrowing	0.00		0.00	0.00	0.00	0.00
Revenue/ Reserves	0.00		0.00	0.00	0.00	0.00
Total	67,760.00	0.00	100,000.00	0.00	0.00	0.00

Total Financing must match increase required above

Other Financial Implications (e.g. future years capital & revenue – must not be left blank)

Quotations have been received for the new gas main works and further quotations are required for the new internal pipework and boiler conversion works at both sites. All these works are subject to the agreement of contract final accounts.

Approvals

Signatures

In all cases	Head of Schools Service		Date	15.1.15
In all cases	Head of Leisure Service		Date	23/1/15
In all cases	Head of Finance		Date	29/1/15
£25,001 - £75,000	Portfolio Cabinet Member for Education & Childrens Services		Date	3/2/15
£25,001 - £75,000	Portfolio Cabinet Member for Commissioning & Procurement Service		Date	6/2/15
£75,001 - £300,000	Cabinet Minute Ref.		Date	
Over £300,000	Council Minute Ref.		Date	

FMS Updated (office use only)

Accountant: Signature

Print Name

Date

Copy of Authorised form returned to Head of Service

Signature

Print Name

Date

Capital Budget Virement Report to Portfolio Holder for Learning & Leisure and Cabinet Members – John Beddoes Campus and East Radnor Leisure Centre new gas main and boiler conversion works

Background

As part of the Schools Service Major Improvements programme 2014/15 a capital allocation of £31,900 was made to commission a new replacement gas main as the existing system was at the end of its serviceable life. Work has been undertaken to look at the long term benefits of energy and fuel savings for both the John Beddoes Campus and East Radnor Leisure Centre and a business case has been developed the following findings noted in the proposals below.

Proposal

The proposal is to

- 1) Install and commission a new gas main to service the John Beddoes and East Radnor Leisure Centre (ERLC).
- 2) Convert the existing oil fuel boilers to the John Beddoes and East Radnor Leisure Centre to gas fuel system and associated internal pipework.

Options considered

- o **Option 1** – Do nothing.
- o **Option 2** - Replacement of gas main to rear of John Beddoes Campus
- o **Option 3** – John Beddoes Campus and East Radnor Leisure Centre new gas main and boiler conversion works.

Risks

The status quo represents a significant risk to the authority in terms of:

- o If **Option 1** is chosen there will be no beneficial energy cost savings for both sites and oil prices are likely to be volatile in future.
- o If **Option 2** is chosen there will be no beneficial energy cost savings for both sites and oil prices are likely to be volatile in future. The overall estimated costs of this work are £31,900.
- o If **Option 3** is chosen then there will be forecast savings of between £17,500 and £30,000 per annum for both sites.

For options 2 and 3, if there is a continued decrease in oil prices then the energy cost savings quoted will reduce and the payback period extends.

Service objectives/benefits

Powys Change Plan - Maintaining the Schools (shared use of facilities) to a fit for purpose standard ensuring they are capable of delivering high quality educational experiences for all pupils. The infrastructure improvement of these shared facilities will ensure the authority demonstrates it is complying with its policy for energy cost savings and the Welsh Government policy for Carbon reduction. This is balanced with the improvement of facilities to create a fit for purpose standard.

Financing

This type of investment represents an upgrading of the Schools and Leisure services infrastructure which has shared use. This is not normally the type of project funded by the schools delegated budget or leisure revenue budget.

Summary of Option 3 Estimated Costs are:

New gas main	£48,500
East Radnor new pipework and boiler conversion	£ 5,900
John Beddoes new pipework and boiler conversion	<u>£14,100</u>
Total Estimated Costs	£68,500

Proposed source of funding

Schools Service capital funding contribution from Various School – Boiler replacement 2014/15	£31,900
John Beddoes Campus funding contribution	£ 6,100
Corporate unallocated – ERLC funding	<u>£30,500</u>
Total	£68,500

Fuel Cost Savings

In terms of annual financial fuel cost savings for each site based on oil prices at December 2014, these are:

• East Radnor Leisure Centre	£11,400
• John Beddoes Campus	<u>£ 6,100</u>
• Total	£17,500

In terms of annual financial fuel cost savings for each site based on oil prices at December 2013, these are:

• East Radnor Leisure Centre	£18,000
• John Beddoes Campus	<u>£12,000</u>
• Total	£30,000

Payback periods for each site:

Site	Payback period (Years) based on December 2014 oil prices	Payback period (Years) based on December 2013 oil prices
East Radnor Leisure Centre	2.7	1.7
John Beddoes Campus	1.1	6 months

Notes

1. Assuming 'Corporate unallocated' funding approval.
2. Assuming a Schools Service Capital contribution of £31,900, plus a contribution from John Beddoes Campus.

Rationale for recommendation

It is recommended to proceed with Option 3 to achieve the financial savings for both sites.

Date of report: 14th January 2015

By: David Thompson and Gareth Richards

