



# CHELTENHAM

## BOROUGH COUNCIL

### Notice of a meeting of Cabinet

**Tuesday, 14 April 2015**  
**5.00 pm**  
**Pittville Room - Municipal Offices**

<b>Membership</b>	
<b>Councillors:</b>	Steve Jordan, John Rawson, Rowena Hay, Peter Jeffries, Andrew McKinlay, Jon Walklett and Chris Coleman

### Agenda

<b>13.</b>	<b>ACCOMMODATION STRATEGY</b> Report of the Cabinet Member Finance, Councillor John Rawson (if Members wish to discuss any exempt information in the appendices the Cabinet will need to pass the resolution in the following agenda item and consider these in exempt session)	(Pages 3 - 14)

**Contact Officer:** Rosalind Reeves, Democratic Services Manager, 01242 774937  
**Email:** [democratic.services@cheltenham.gov.uk](mailto:democratic.services@cheltenham.gov.uk)

This page is intentionally left blank

**Addendum - Accommodation Strategy - Additional information**

Following a request from some councillors, an additional cash flow projection for each option has been modelled (attached) which includes inflation provisions and the cost of the internal borrowing over a 20 year period. The resulting NPVs are summarised below.

	<b>1. Remain in Municipal Offices (MO) and invest in planned maintenance programme</b>	<b>2. New build on amalgamated Chelt Walk and Shopfitters site</b>	<b>3. Acquisition of a town centre office initially as an investment property and negotiate with the head lessee to take space for CBC</b>	<b>4. New Build on Land by Asda</b>	<b>5. New Build Honeybourne Gate</b>
--	--	--	--	-------------------------------------	--------------------------------------

**Published Cabinet and Council papers - 14th April 2015.**

1. NPV calculation – (without inflation)

<b>Net Present Value (NPV)</b>	<b>£4.599m</b>	<b>£5.376m</b>	<b>£2.628m</b>	<b>£6.184m</b>	<b>£10.948m</b>
<b>NPV Ranking</b>	2	3	1	4	5

**Alternative modelling including estimated inflationary increases over 20 years.**

2. NPV calculation – (with inflation)

<b>Net Present Value (NPV)</b>	<b>£5.373m</b>	<b>£5.376m</b>	<b>£2.478m</b>	<b>£5.590m</b>	<b>£10.566m</b>
<b>NPV Ranking</b>	2	3	1	4	5

Alternatively, looking at pure cashflows for each option (summarised below) over the 20 year period (at current pay and price levels) the net cashflow also confirms that option 3 the acquisition of the town centre building is the best option.

<b>Net cashflow</b>	<b>£6.836m</b>	<b>£6.387m</b>	<b>£1.551m</b>	<b>£7.653m</b>	<b>£15.156m</b>
<b>Ranking</b>	3	2	1	4	5

As such, the various approaches provide further assurance that option 3 is the best option for the council.

Mark Sheldon – Director of Resources (Section 151 Officer)

This page is intentionally left blank

**Option 1: Remain at the Municipal Buildings and surplus space remain vacant**

Funded by either cuts to services or increase in council tax.

Years	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36	
<b>A. Cashflow - at current pay &amp; price levels (2015/16)</b>																						
Programmed Maintenance			865,000	357,500	266,000	129,000	171,500	296,000	741,000	550,500	294,000	736,000	500,500	1,149,000	121,500	123,000	53,500	77,000	32,000	41,000		<b>6,504,000</b>
DDA Capital Works (Yr 5)					250,000																	<b>250,000</b>
Energy Saving Capital Schemes		82,000																				<b>82,000</b>
<b>Cashflow</b>	<b>0</b>	<b>82,000</b>	<b>865,000</b>	<b>357,500</b>	<b>516,000</b>	<b>129,000</b>	<b>171,500</b>	<b>296,000</b>	<b>741,000</b>	<b>550,500</b>	<b>294,000</b>	<b>736,000</b>	<b>500,500</b>	<b>1,149,000</b>	<b>121,500</b>	<b>123,000</b>	<b>53,500</b>	<b>77,000</b>	<b>32,000</b>	<b>41,000</b>	<b>0</b>	<b>6,836,000</b>
<b>INTERNAL FINANCING</b>																						
Capital Receipts	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Impact on Medium Term Strategy *		82,000	865,000	357,500	516,000	129,000	171,500	296,000	741,000	550,500	294,000	736,000	500,500	1,149,000	121,500	123,000	53,500	77,000	32,000	41,000	0	6,836,000
Property R&R Reserve		100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	2,000,000
Dedicated Building Reserve		-100,000	-100,000	-100,000	-100,000	-100,000	-100,000	-100,000	-100,000	-100,000	-100,000	-100,000	-100,000	-100,000	-100,000	-100,000	-100,000	-100,000	-100,000	-100,000	-100,000	-2,000,000
<b>Total</b>	<b>0</b>	<b>82,000</b>	<b>865,000</b>	<b>357,500</b>	<b>516,000</b>	<b>129,000</b>	<b>171,500</b>	<b>296,000</b>	<b>741,000</b>	<b>550,500</b>	<b>294,000</b>	<b>736,000</b>	<b>500,500</b>	<b>1,149,000</b>	<b>121,500</b>	<b>123,000</b>	<b>53,500</b>	<b>77,000</b>	<b>32,000</b>	<b>41,000</b>	<b>0</b>	<b>6,836,000</b>
<b>B. Net Present Value including inflationary increases</b>																						
Discount rate	5%																					
Present value of £1	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	<b>Totals</b>
	1	0.95238095	0.9070295	0.8638376	0.8227025	0.7835262	0.7462154	0.71068133	0.6768394	0.6446089	0.61391325	0.584679289	0.55683742	0.5303214	0.505068	0.4810171	0.4581115	0.4362967	0.4155207	0.395734	0.376889	
Programmed Maintenance			899,946	379,382	287,927	142,426	193,137	340,011	868,200	657,898	358,384	915,123	634,755	1,486,354	160,317	165,542	73,444	107,819	45,704	59,729		<b>7,776,098</b>
DDA Capital Works (Yr 5)					270,608																	<b>270,608</b>
Energy Saving Capital Schemes		83,640																				<b>83,640</b>
<b>Total</b>	<b>0</b>	<b>83,640</b>	<b>899,946</b>	<b>379,382</b>	<b>558,535</b>	<b>142,426</b>	<b>193,137</b>	<b>340,011</b>	<b>868,200</b>	<b>657,898</b>	<b>358,384</b>	<b>915,123</b>	<b>634,755</b>	<b>1,486,354</b>	<b>160,317</b>	<b>165,542</b>	<b>73,444</b>	<b>107,819</b>	<b>45,704</b>	<b>59,729</b>	<b>0</b>	<b>8,130,346</b>
<b>PV</b>	<b>0</b>	<b>79,657</b>	<b>816,278</b>	<b>327,724</b>	<b>459,508</b>	<b>111,595</b>	<b>144,122</b>	<b>241,639</b>	<b>587,632</b>	<b>424,087</b>	<b>220,017</b>	<b>535,054</b>	<b>353,455</b>	<b>788,245</b>	<b>80,971</b>	<b>79,628</b>	<b>33,646</b>	<b>47,041</b>	<b>18,991</b>	<b>23,637</b>	<b>0</b>	<b>5,372,927</b>

This page is intentionally left blank



This page is intentionally left blank



Document is Restricted

This page is intentionally left blank



This page is intentionally left blank

**Option 5: Honeybourne Gate, Jessops Avenue**

**Financing based on £12.5m PWLB annuity loan over 20 years PLUS £2.5m capital receipts**

Years	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36		
<b>A. Cashflow - at current pay and price levels (2015/16)</b>																							
Purchase price	15,000,000																				15,000,000		
PWLB Loan	-12,500,000																				-12,500,000		
Principal repayments	245,058	499,010	511,108	523,500	536,193	549,193	562,508	576,146	590,115	604,422	619,077	634,086	649,460	665,206	681,334	697,853	714,773	732,103	749,853	768,033	390,971	12,500,000	
Interest repayments	150,625	292,356	280,257	267,865	255,173	242,173	228,857	215,219	201,250	186,943	172,289	157,279	141,905	126,159	110,031	93,512	76,592	59,263	41,513	23,332	4,708	3,327,301	
Relocation costs		70,000																				70,000	
Additional move costs - IT Upgrades		40,000																				40,000	
Furniture and Fittings		150,000																				150,000	
Council Chamber / Committee Suite fit-out		100,000																				100,000	
MO Annual Occupational Costs (SAVING)			-388,500	-388,500	-388,500	-388,500	-388,500	-388,500	-388,500	-388,500	-388,500	-388,500	-388,500	-388,500	-388,500	-388,500	-388,500	-388,500	-388,500	-388,500	-388,500	-7,381,500	
Rental stream from vacated Municipal Offices site						-175,000	-175,000	-175,000	-175,000	-175,000	-175,000	-175,000	-175,000	-175,000	-175,000	-175,000	-175,000	-175,000	-175,000	-175,000	-175,000	-2,800,000	
Business Rates			150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	2,850,000	
Annual Occupational Costs (inc.maintenance, utilities and insurance)			200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	3,800,000	
Programmed Maintenance																							
<b>Cashflow</b>	<b>2,895,683</b>	<b>1,151,365</b>	<b>752,865</b>	<b>752,865</b>	<b>752,865</b>	<b>577,865</b>	<b>577,865</b>	<b>577,865</b>	<b>577,865</b>	<b>577,865</b>	<b>577,865</b>	<b>577,865</b>	<b>577,865</b>	<b>577,865</b>	<b>577,865</b>	<b>577,865</b>	<b>577,865</b>	<b>577,865</b>	<b>577,865</b>	<b>577,865</b>	<b>182,180</b>	<b>15,155,801</b>	
<b>INTERNAL FINANCING</b>																							
Capital Receipts	2,500,000																					2,500,000	
Impact on Medium Term Strategy	395,683	1,151,365	752,865	752,865	752,865	577,865	577,865	577,865	577,865	577,865	577,865	577,865	577,865	577,865	577,865	577,865	577,865	577,865	577,865	577,865	182,183	12,655,801	
Property R&R Reserve		100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	2,000,000	
Dedicated Building Reserve		-100,000	-100,000	-100,000	-100,000	-100,000	-100,000	-100,000	-100,000	-100,000	-100,000	-100,000	-100,000	-100,000	-100,000	-100,000	-100,000	-100,000	-100,000	-100,000	-100,000	-2,000,000	
<b>Total</b>	<b>2,895,683</b>	<b>1,151,365</b>	<b>752,865</b>	<b>752,865</b>	<b>752,865</b>	<b>577,865</b>	<b>577,865</b>	<b>577,865</b>	<b>577,865</b>	<b>577,865</b>	<b>577,865</b>	<b>577,865</b>	<b>577,865</b>	<b>577,865</b>	<b>577,865</b>	<b>577,865</b>	<b>577,865</b>	<b>577,865</b>	<b>577,865</b>	<b>577,865</b>	<b>182,183</b>	<b>15,155,801</b>	
<b>B. Net Present Value including inflationary increases</b>																							
Discount rate	5%																						
	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	<b>Totals</b>	
Present value of £1	1	0.95238095	0.9070295	0.8638376	0.8227025	0.7835262	0.7462154	0.71068133	0.6768394	0.6446089	0.61391325	0.584679289	0.55683742	0.5303214	0.505068	0.4810171	0.4581115	0.4362967	0.4155207	0.395734	0.376889		
Purchase price	15,000,000																					15,000,000	
PWLB Loan	-12,500,000																					-12,500,000	
Principal repayments	245,058	499,010	511,108	523,500	536,193	549,193	562,508	576,146	590,115	604,422	619,077	634,086	649,460	665,206	681,334	697,853	714,773	732,103	749,853	768,033	390,971	12,500,000	
Interest repayments	150,625	292,356	280,257	267,865	255,173	242,173	228,857	215,219	201,250	186,943	172,289	157,279	141,905	126,159	110,031	93,512	76,592	59,263	41,513	23,332	4,708	3,327,301	
Relocation costs		71,400																				71,400	
Additional move costs - IT Upgrades		41,600																				41,600	
Furniture and Fittings		153,000																				153,000	
Council Chamber / Committee Suite fit-out		104,000																				104,000	
MO Annual Occupational Costs (SAVING)			-400,713	-411,313	-417,729	-424,274	-430,949	-442,283	-449,228	-456,740	-468,084	-475,899	-483,870	-495,868	-504,161	-512,620	-525,309	-534,110	-543,087	-556,273	-565,771	-9,098,281	
Rental stream from vacated Municipal Offices site						-193,214	-193,214	-193,214	-193,214	-193,214	-193,214	-193,214	-193,214	-193,214	-193,214	-193,214	-193,214	-193,214	-193,214	-193,214	-193,214	-268,124	-3,540,884
Business Rates			156,060	159,181	162,365	165,612	168,924	172,303	175,749	179,264	182,849	186,506	190,236	194,041	197,922	201,880	205,918	210,036	214,237	218,522	222,892	3,564,498	
Annual Occupational Costs (inc.maintenance, utilities and insurance)			208,080	212,242	216,486	220,816	225,232	229,737	234,332	239,019	243,799	248,675	253,648	258,721	263,896	269,174	274,557	280,048	285,649	291,362	297,189	4,752,663	
Programmed Maintenance																							
<b>Total</b>	<b>2,895,683</b>	<b>1,161,365</b>	<b>754,792</b>	<b>751,475</b>	<b>752,487</b>	<b>560,306</b>	<b>561,359</b>	<b>557,908</b>	<b>559,004</b>	<b>559,694</b>	<b>531,715</b>	<b>532,433</b>	<b>533,165</b>	<b>530,046</b>	<b>530,808</b>	<b>506,675</b>	<b>503,407</b>	<b>504,216</b>	<b>505,041</b>	<b>501,852</b>	<b>81,866</b>	<b>14,375,297</b>	
<b>PV</b>	<b>2,895,683</b>	<b>1,106,062</b>	<b>684,619</b>	<b>649,152</b>	<b>619,073</b>	<b>439,014</b>	<b>418,895</b>	<b>396,495</b>	<b>378,356</b>	<b>360,784</b>	<b>326,427</b>	<b>311,303</b>	<b>296,886</b>	<b>281,095</b>	<b>268,094</b>	<b>243,719</b>	<b>230,617</b>	<b>219,988</b>	<b>209,855</b>	<b>198,600</b>	<b>30,854</b>	<b>10,565,570</b>	

**Note:**

(1) Rental stream from vacated Municipal Offices site

Year 5 -cash flow -current prices net rent £175,000

Year 5 - Assumed inflation at 2% year 5, with rent reviews increasing net rent by £25k every 5 years

This page is intentionally left blank