



**Service Development Bid for capital, ICT and asset enhancement projects**

Please use this form for capital bids including ICT and asset projects over the next four years. When completed, please email to [peter.hudson@torridge.gov.uk](mailto:peter.hudson@torridge.gov.uk)

<b>Name of Project</b>	PSL Leases	<b>Project Score</b> Out of 100	<b>95</b>
<b>Service area</b>	Housing/ Finance	<b>Financial Score</b> Between <b>-20</b> and <b>+20</b>	<b>+20</b>
<b>Applicant</b>		<b>Cost to Torridge</b> over 20 years	<b>Cost neutral</b>
<b>Project Start Date:</b> <b>Project End Date:</b>	1 <sup>st</sup> April 2024	<b>Contribution to Torridge</b> over 20 years	<b>Cost neutral</b>

**Section 1 – Project Details**

<b>Project Cost</b>	£750,000 (3 year recurring cost)	<b>External Funding</b>	N/A
<b>Project Summary</b>			
A brief summary of the project for it to be understood by the uninitiated reader			
<p>The Council currently has 21 PSL (Private Sector Leases) relating to private rental accommodation which are used for temporary accommodation for homelessness.</p> <p>Due to the implementation of IFRS16 (international financial reporting standard) from the 1<sup>st</sup> April 2024 such leases are to be treated as capital items.</p>			

<b>Risks (Description of significant risks:)</b>
Note: Include financial risks, health and safety, insurance risk, etc.
Significant financial risk of not adding PSLs to the capital programme, as no new leases, or extensions to existing leases would be authorised. This would put pressure on the councils finances, as alternative accommodation would need to be sourced (i.e. B&B)

<b>Climate Statement (see Section 4)</b>	
Climate Statement completed	Y/N
Project Carbon Neutral?	Y/N
Project works towards carbon neutral 2030?	Y/N

### **Project detailed description**

The project should be described in sufficient detail for it to be understood by the uninitiated reader

The Council currently has 21 PSL (Private Sector Leases) relating to private rental accommodation which are used for temporary accommodation for homelessness.

These are short term leases for an average of 3 years.

Due to the implementation of IFRS16 (international financial reporting standard) from the 1<sup>st</sup> April 2024 such leases are to be treated as capital items.

This results in any new leases, or extensions of existing leases will need to be added to the capital programme.

Therefore this PID is to authorise £750K of PSL lease commitments (over 3 years) recurring.

This is to accommodate the current annual cost for 21 properties (£205K, with headroom for general inflation going forward, and a few extra leases due to the fluctuating demands of the service), over the average of 3 years (i.e. £250K x 3 = £750K).

Note, there is no additional funding required, as each lease is paid on a monthly basis.

### **Lead Member Support/Comments**



## Section 2 - Project Score

(i). Alignment with Strategic Plan	25
(ii). Project Management & Delivery	20
(iii). Value For Money	25
(iv). Evidence of Requirement	25
<b>Total (out of 100)</b>	<b>95</b>

<b>(i). Alignment with Strategic Plan</b>	<b>Score (out of 25)</b>	<b>25</b>
	<b>Scored by:</b>	<b>G Bryant</b>
<p><b>Contribution to the Strategic Plan 2020-2023?</b>          Briefly Describe how the Project contributes to any or all of the Council's Themes and Outcomes/actions within these Themes:</p> <p>Theme 1. Local Economy          Theme 2. Communities Health and Housing          Theme 3. Our Environment our Future          Theme 4. Our Council</p> <p><b>Alternatively:</b>          Is the Project "<b>Critical</b>" to a Statutory Service (or is the council under a legal obligation).</p> <p>Technical and regulatory compliance is a key element in theme 4. It helps to maintain reputation and audit certifications.</p>		
<p><b>Further Details &amp; supporting documentation (see appendix 1)</b></p>		

<b>(ii). Project Management &amp; Delivery</b>	<b>Score (out of 25)</b>	
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		<b>20</b>
	<b>Scored by:</b>	<b>G Bryant</b>

Briefly describe how project plan and how it is to be managed and delivered.

**Key components:**

- Project management: - Clear plan, scope, and timescales
- Deliverability: - Realistic e.g. timescales and resources (external and internal)
- Risks: - Key risks analysed and understood
- Assessments: - Have equality and sustainable impact assessments been completed?

There are some accounting challenges in delivering this change that may take some further research or discussion with auditors. It is the responsibility of finance staff to deliver this.

**Further Details & supporting documentation (see appendix 2)**

(iii). Value for Money	Score (out of 25)	25
	Scored by:	G Bryant
<p>Briefly describe how project offers value for money for the council (and community).</p> <p><b>Key components:</b>  <u>Benefits</u> that the project brings to all users (are these measurable)  <u>Options appraisal</u> - Other options for achieving the required outcome should be looked at, and reasons for selecting this one explained (include in appendix 3)  <u>Whole life costing</u> - Exercise undertaken to ensure value for money.  <u>External contributions</u> e.g. grants  <u>Cost vs Benefit</u> - Any adverse revenue implications?</p>		
<p>The rationale for this change is not VFM although I am confident that the use of PSLs does provide VFM.</p>		
<p><b>Further Details &amp; supporting documentation (see appendix 3)</b></p>		

(iv). Evidence of Requirement	Score (out of 25)	25
	Scored by:	G Bryant
<p>Briefly describe why the project is required and document the supporting evidence.</p> <p><b>Key components:</b>  <u>Consultation &amp; Feasibility</u> - Evidence from consultation, of support from communities, town and parish councils and users. Has a feasibility study been undertaken?  <u>Originality</u> - Evidence that the outcomes are not duplicated by existing infrastructure/facilities/other projects  <u>Local/District/National Initiatives</u>  <u>Other</u> - Any other evidence of requirement, e.g. specific research, health &amp; safety (public or staff), legal/statutory duties, maintaining council assets.</p>		
<p>This is required as an exercise in implementing certain technical accounting changes. It is the understanding of finance staff that this cannot be avoided and TDC be compliant with the regulations.</p>		
<p><b>Further Details &amp; supporting documentation (see appendix 4)</b></p>		

## Section 3 – Financial Score

### Costs/Resources?

Full details of the costs of the project should be given. Include both one off and ongoing costs. .

<b>Cost Summary (Capital Cost Breakdown)</b>	<b>£000's</b>
- Main Build / Contract	
- Contingency (Recommended 10% for construction projects)	
- Planning Fees	
- Design Fees / Architect Fees	
- Surveys & Other Professional Fees	
- Other Costs <ul style="list-style-type: none"> <li>o Utilities</li> <li>o IT infrastructure</li> <li>o Furniture/Furnishing</li> </ul>	
- <b>Total Cost</b>	

<b>External Funding:</b>	<b>£000's</b>
- Grants If any of the budget for this funding has come via grants, please ensure that the funders requirements have been met and the Subsidy Control Bill considered <a href="http://www.gov.uk">UK subsidy control regime - GOV.UK (www.gov.uk)</a>	

<b>Net Cost (after external funding):</b>	<b>£000's</b>
- <b>Total Cost</b>	

<b>Existing Reserves / Agreed Funding:</b>	<b>£000's</b>
- Existing Reserves	
- Contribution from Revenue	
<i>Note: in current MTFS or agreed with S151 Officer</i>	

<b>Net Cost (after Internal funding) = Borrowing Requirement</b>	<b>£000's</b>
- <b>Total Cost</b>	

**Annual Impact to Council:**

<b>Annual Savings / Additional Annual Costs:</b>	<b>£000's</b>
- Annual Savings (or income generated)	
- Additional Annual Costs	
- Cost of Additional Borrowing Required (Approx £80K per £1m borrowed over 20 years)	
- <b>Total</b>	

<b>Financial Scoring</b>	<b>Points</b>
Score calculated by the finance department. The Financial Score is between <b>+20</b> and <b>-20</b>	<b>+20</b>
Each point represents £100K.	
- <b>Total Financial Score</b>	

Comments by Finance Manager:

The inclusion of PSLs within the capital programme is cost neutral as it merely reflects existing practice. As such I am happy to give it the maximum score. I am also of the view that PSLs as a strategy are financially preferable to B&Bs or other emergency/ ad hoc solutions. In the fullness of time there may be opportunities to increase the amount of council-owned properties which may release pressure on PSLs.



## Section 4 – Climate Statement

### Description of the project's climate considerations

The suitability of properties are considered prior to any leases being signed by the council, this includes location, property type, energy efficiency etc.

### Is the project carbon Neutral (in the short term or long term)

Neutral compared with alternative arrangements e.g. B&B or Hostels

### How does the project fit within the councils "Carbon Neutral by 2030" commitment

Leases are short term, therefore energy efficiency can be of increasing importance when selecting properties