



Royal Tunbridge Wells Town Forum 16 November 2017

Civic Development Project Financials

Lee Colyer

Director of Finance, Policy and Development
(s151 Officer)

| Stage 3 (Developed Design) | Capital Cost £m | Revenue Net £m |
|--|--------------------|-------------------|
| Office block | 20 | (0.60) |
| Theatre | 41 | 0.10 |
| 259 spaces | 15 | 0.00 |
| Public square | 4 | |
| Inflation | 5 | |
| Less fees incurred to RIBA stage 3 | (4) | |
| Expenditure (agrees to GVA report) | 81 | (0.50) |
| Capital receipt from Civic Site | (9) | |
| Net Build Cost | 72 | |
| Contingency and Fees included above | | |
| Other Potential Development Costs & Compensation | 4 | |
| Consultancy costs for Development Budget | 1 | |
| Net scheme cost to finance | 77 | |
| Cost of Borrowing | | |
| Principal and interest repayments | | 2.80 |
| Net Revenue Cost | | 2.30 |
| Other Funding Sources | 0 | |
| Net Cost to deliver | 77 | |
| Fee Expenditure to date | 4 | |
| Total Net Cost | 81 | |
| Total Gross Cost | 90 | |

Profile of cost reductions



| Savings to finance loan repayment | | 2018/19 | 2019/20 | 2020/21 | 2021/22 | By 2022/23 |
|---|--|--------------|--------------|----------------|----------------|----------------|
| | | £000s | £000s | £000s | £000s | £000s |
| 1 | Options for a new recycling and waste collection contract in 2019 | | | | | |
| | Choice for offering a chargeable garden waste service KCC to share savings from lower landfill | | 0 | (350) | (700) | (700) |
| 2 | Alternative ways to support community groups and Environmental Grants | | (70) | (140) | (210) | (280) |
| 3 | Review of development programme resources/ ROI | | | | (250) | (500) |
| 4 | Increased share of business rates | (100) | (150) | (200) | (250) | (300) |
| 5 | Relocate Weald Information Centre to Hub | 0 | 0 | 0 | 0 | (40) |
| 6 | Project Executive savings | 0 | 0 | (100) | (100) | (100) |
| 7 | Senior Management savings (Achieved April 2017) | (120) | (120) | (120) | (120) | (120) |
| 8 | Pension reserve contribution ends | 0 | 0 | 0 | 0 | (250) |
| TOTAL | | (220) | (340) | (910) | (1,630) | (2,290) |
| Cumulative Civic Development Reserve Balance | | (220) | (560) | (1,470) | (3,100) | |

This approach builds up a further contingency and keeps these reductions separate from the revenue budget.

Prudence



- Assembly Hall Business Plan says New Theatre could be subsidy free after 6 years
- Assumed an average subsidy of £350k pa.
- GVA says underground car park will generate £540k a year
- Assumed no change to existing £250k income
- The forecast Economic Impact to the economy from the New Theatre is £22m
- No assumption that this will benefit other Council income streams.
- New office will enable digital and flexible working
- No assumption has been taken for efficiency savings
- Other new Theatres received huge external funding
- No external funds, grants, sponsorship or donations
- A fundraising strategy will be produced following the scheme go ahead.

Independent reviews

Chartered Institute of Public Finance and Accountancy (CIPFA)

A view of the key financial assumptions underpinning the scheme and robustness of the funding strategy



Mid Kent Audit

A review of the approach to project management of the civic development scheme



Capita Asset Services

Balance sheet review

Advise on a borrowing strategy



Questions