Chief Finance Officer S151

CAPITAL HANDBOOK

FINANCIAL PROCEDURE 8

OWNER: Financial Controllers Team

Version March 2013

Capital Handbook

Contents

1 Introduction

This guide aims to give an overview of the Capital Scheme Authorisation Process, for inclusion of new capital schemes in Central Bedfordshire Council's capital programme. The guide will also provide an overview of what meets the definition of capital expenditure and who to contact for further guidance.

2 Capital Expenditure

2.1 Capital Expenditure can be defined as;

"The acquisition, construction or enhancement of fixed assets (tangible and intangible) "

2.1.1 Expenditure can be capitalised where it relates to the;

- Acquisition, reclamation, enhancement or laying out of land.
- Acquisition, construction, preparation, enhancement or replacement of roads, buildings and other structures.
- Acquisition, installation or replacement of movable or immovable plant, machinery, apparatus vehicles or vessels.
- Enhancement of an existing fixed asset means ;
    1. To lengthen the useful life of the asset ; or
    2. To increase substantially the open market value of the asset ; or
    3. To increase substantially the extent to which the asset can be used for the purposes of or in connection with the functions of Central Bedfordshire Council.

2.1.2 There are two additional situations where expenditure may be capitalised;

- The Secretary of State makes a direction that the expenditure can be treated as capital expenditure. Recently the secretary of state issued a capitalisation direction to allow local authorities the opportunity to apply for redundancy expenditure to be treated as capital instead of revenue. These directions are only issued in exceptional circumstances.

- Expenditure incurred on works to any land or building in which the local authority has no future direct control or benefit from the resultant assets, which would be capital expenditure if the local authority had an interest in that land or building . (Revenue expenditure funded by capital under statute).

2.1.3 Expenditure incurred in relation to repairs and maintenance of existing assets, irrespective of the amount, is not classified as capital expenditure; it must be charged to the Revenue Account.

2.1.4 **Revenue Expenditure**

Revenue Expenditure is any expenditure which does not meet the definition of capital expenditure. The expenditure only provides benefits for the current financial year.

2.2 De Minimis

Central Bedfordshire Council operates a de-minimis limit of **£2,000.** This means that, whilst expenditure may meet the definition of capital expenditure, it will be treated as revenue expenditure if the amount is below the de-minimis threshold.

2.3 Fixed Assets

2.3.1 Tangible Fixed Assets

Tangible fixed assets are asset which have a physical substance and are held for use in the provision or supply of goods or services, for rental to others, or for administrative purpose on a continuing basis in CBC's activities.

This means the asset must be grounded in some physical property, such as land, a building, vehicle or a machine. Tangible Fixed Assets are recorded in the Council's Balance Sheet under the following categories;

Operational
- Council Dwellings
- Other Land and Buildings
- Vehicles, Plant, Furniture and Equipment
- Infrastructure Assets
- Community Assets

Non Operational
- Assets Under Construction
- Surplus Assets held for Sale
- Investment Properties

2.3.2 **Operational Assets are** held, occupied, used or contracted to be used on behalf of Central Bedfordshire Council or consumed by the council in the direct delivery of the services for which it has a responsibility, whether statutory or discretionary or for the service or strategic objective of the Council.

2.3.3 **Non Operational Assets** are held by the council, but are not directly occupied, used or consumed in the delivery of services, or for the service or strategic objectives of the Council.

2.4 Attributable Costs

2.4.1 Expenditure on the purchase of an asset, together with costs directly attributable to bringing the asset into working condition for its intended use, are classified as capital expenditure.

2.4.2 Attributable costs include;

- Labour costs of internal staff (e.g. in-house architects, surveyors and site workers) directly arising in the construction or acquisition of the tangible fixed asset.
- The incremental costs to the Council that would have been avoided only if the particular fixed asset had not been constructed or acquired.

2.4.3 Examples of Attributable Costs;

- The cost of site preparation & clearance.
- Initial Delivery and Handling costs.
- Installation costs.
- Acquisition costs such as stamp duty.
- External professional fees (such as legal, architects' and engineers' fees).

2.5 Non – Attributable Costs

2.5.1 These are not considered to be directly attributable to bringing the asset into working condition for its intended use, **so cannot be capitalised.**

2.5.2 Examples of Non – Attributable Costs;

- Administration and general overhead costs.
- Training staff to use a new asset.
- Employee costs incurred whilst the Council is considering options . e.g deliberating on the problems it wishes to resolve by having, a new building, scoping potential solutions and choosing between them. Until a solution is decided upon the costs cannot be directly attributable to bringing an asset into working condition.
- Abnormal costs resulting from design errors, defective work, industrial disputes, wasted materials, staff or other resources.
- Site security during construction.
- Costs of renting alternative accommodation for staff during building works.
- Costs associated with a speculative project and aborted capital schemes.

2.6 Enhancement

2.6.1 Expenditure which is made to enhance an asset is capital. Expenditure which prevents an asset falling in value, maintenance, is revenue expenditure.

2.6.2 Enhancement expenditure is defined as carrying out works to meet one of the following criteria;

1. To lengthen the useful life of the asset ; or
2. To increase substantially the open market value of the asset ; or
3. To increase substantially the extent to which the asset can be used for the purposes of or in connection with the functions of the local authority concerned.

2.6.3 Assessment of these criteria is carried out as follows;

1. To lengthen the useful life of the asset.

After the works have been completed, the valuer would increase the assets useful life.

2. To increase substantially the open market value of the asset.

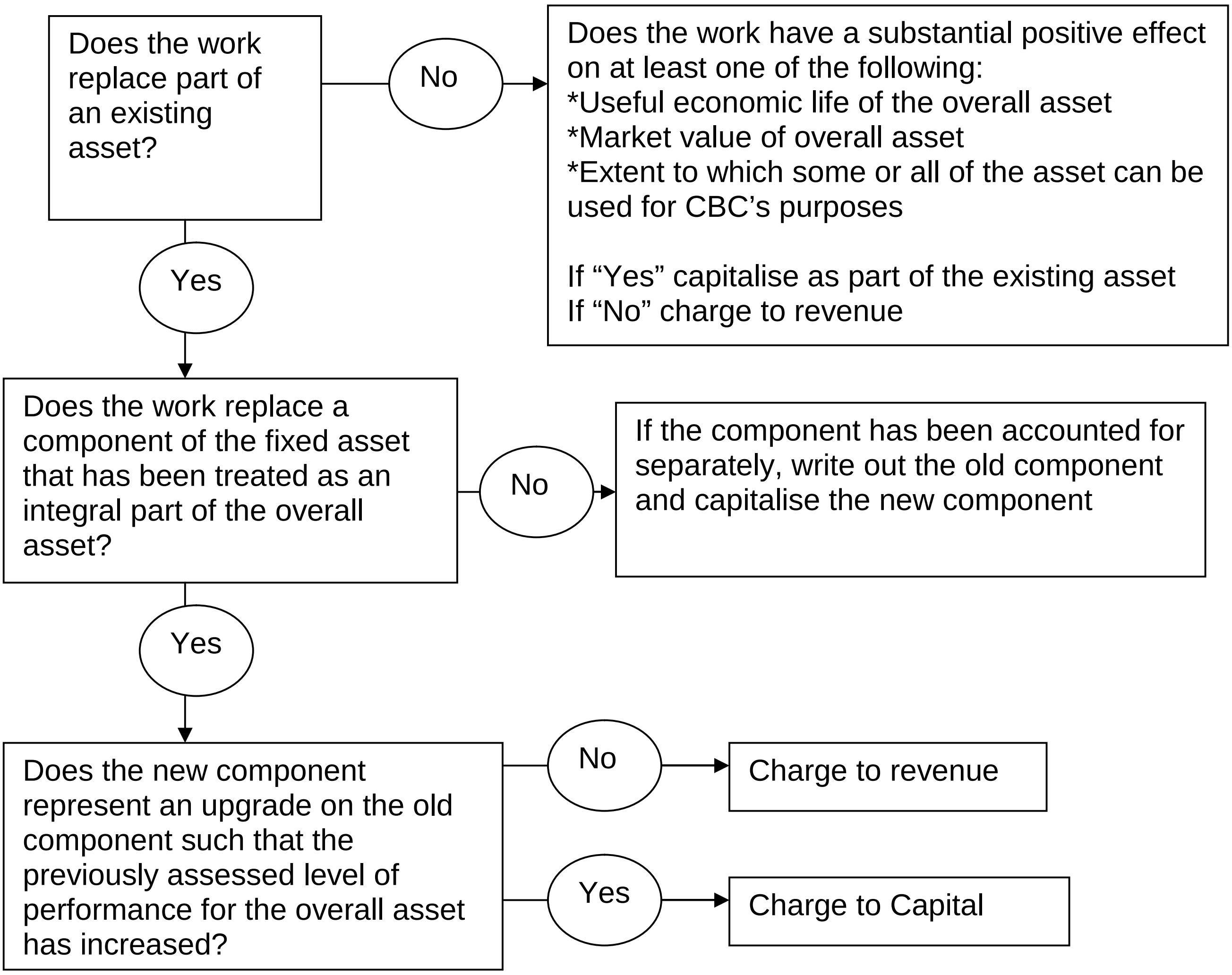
This is assessed by commissioning a valuation before and after the works have been carried out.

3. Increasing substantially the extent to which the asset can or will be used for the purpose of, or in conjunction with, the functions of Central Bedfordshire Council.

This is highly subjective, but the main points to consider are; whether more people are able to use a facility, whether the quality of the service provided is improved and whether following the works it is more probably that the council's policy objectives will be achieved.

2.6.4 It is possible for expenditure to qualify as enhancement (capital) or maintenance (revenue). E.g. The installation of double glazing, if the building currently has single glazing then it is an enhancement, but if it replaces existing double glazing which is damaged then it is maintenance.

2.6.5 The following flowchart summarises whether expenditure on an existing asset represents enhancement work (provided expenditure exceeds the de- minimis).



2.7 Intangible Fixed Assets

2.7.1 Intangible assets are fixed assets that do not have physical substance but are identifiable and controlled by the Council through custody or legal rights. They must be intended for use on a continuing basis in the Council's activities and have more than short term value for the Council. (I.e. they must be used for more than 1 year).

2.7.2 Examples include:

- Purchased software licences;
- Patents;
- Licences, trademarks and artistic originals;
- Development expenditure; and
- Goodwill.

2.7.3 Bought in computer software is the only common item of CBC expenditure that meets the strict criteria, for recognition as an intangible fixed asset.

2.7.4 Software .

All software development costs which will benefit the Council for more than one year can be capitalised, subject to the total exceeding the Council's de-minimis level.

2.7.5 IT costs which can be capitalised;

- **Purchased software-** Software licences covering a period of more than one year are classified as capital expenditure. Software licences covering a period of up to one year are classified as revenue expenditure.
- **Software developed internally** - All expenditure is classified as capital expenditure, provided the software has a readily ascertainable market value. The means there should be similar software products available for purchase on the open market.

2.7.6 IT costs which **cannot be capitalised**;

- Training users on a new system. This does not bring the asset into working condition.
- Securing acceptance of the new system/ Changing the way in which services are provided or the way in which people do their jobs. Costs related to change management should be charged to revenue as they do not contribute directly to the fixed asset.
- Severance costs, due to needing a smaller workforce. These have no direct link to the resultant fixed asset.
- Additional staff costs to fill posts vacated by project officers. All the costs of employing additional staff to cover officers who have been given project roles will be charged to revenue.
- Transferring data from an existing system to a new system and data cleansing. The system is capable of being operational without this exercise, so costs should be charged to revenue.
- Website Development. These costs should be charged to revenue unless the website's primary purpose is to deliver specifc services offred by Central Bedfordshire Council or where direct generated revenues exceed the development costs.
- IT Consumables. These will not benefit the Council beyond one year, so should be charged to revenue.

2.8 Capitalisation of Staff Costs

2.8.1 Costs incurred as a result of staff spending time on capital projects can be capitalised, provided that time can be linked to bringing a specific, separately identifiable asset into working condition, or substantially enhancing the working life of an existing asset.

2.8.2 Time spent on other potential acquisitons or developments cannot be capitalised. E.g. if a Council employee surveys four potential buildings for purchase, then only the employee's time spent surveying the purchased site can be capitalised . The costs of surveying the other three sites are charged to revenue.

2.8.3 Staff costs that can be capitalised;

- Salary and on- costs. (e.g Employers national insurance and pension contributions).

2.8.4 In order to capitalise salary and on-costs, project managers should demonstrate both of the following;

1. The staff costs have been incurred in order to bring an asset into its working condition or to substantially enhance it.

2. Detailed timesheets, so that staff time can be linked to specific capital or revenue projects.

2.8.5 Timesheets must be capable of withstanding audit scrutiny, as a minimum timesheets should;

- State hours worked on each capital project.
- Be authorised by the project manager.
- Contain a description of the activity carried out .
- State and hourly/daily rate for the individual.

2.8.6 An hourly/daily rate should then be calculated by dividing the total annual cost of the employee (salary and on-costs) by the number of working days/ hours in a year. This will then be multiplied by the number of days/ hours spent working on a particular scheme each year and charged to the relevant capital or revenue project.

2.9 Contracted Works

2.9.1 Where Central Bedfordshire Council employs external contractor to carry out works on its behalf then the full cost of these works may be capitalised, provided;

- The works undertaken are recognisable as capital expenditure; and
- The works can be attributed to specific capital projects.

2.9.2 If a contractor is employed to undertake both capital and revenue projects, then the costs of each project will need to be provided to ensure that expenditure is charged to the correct capital WbS code or revenue profit centre.

3 The Capital Authorisation Process

3.1 Project Stages

3.1.1 Each proposed capital scheme will need to follow the capital authorisation process, which comprises of a number of stages. At each stage specific documents are required, together with approval from numerous groups and senior management. The stages are outlined in the table below;

Stage	Purpose	Approval
1. Assess various options, including doing nothing.	Evaluation of different options to discover the optimum solution.	Head of Service.
2. Complete Outline Business Case Template. (Appendix A)	Assess whether the proposal is viable and whether it meets council or directorate priorities.	Directorate Management Team.
3. Consult	Check that stakeholders are in agreement with the proposals.	Directorate Management Team/ CMT.
4. Complete Detailed Business Case Template. (Appendix A)	To submit the proposed scheme for formal approval and inclusion in the CBC capital programme.	CAMG/Executive.
5. Procure Contract	Select the contractor(s) that will carry out the work.	Directorate Management Team.
6. Create scheme wbs code in SAP. (Appendix C).	Every capital scheme has a unique wbs code for expenditure and income in SAP.	Completed forms should be sent to Anil Mehan.
7. Monitor and Report on progress of scheme.	To ensure the project is on course, on time and within budget. Financial performance reports are produced by the Capital Finance Manager. Non financial performance reports are produced by the Capital Coordinator, within Assets.	Directorate Management Team/ CMT.
8. Review and Evaluate the Completed Scheme.	To improve future value for money in relation to capital schemes.	CAMG/Executive.

3.2 Stage 1 – Option Development

3.2.1 All capital projects need to demonstrate that they meet the Council's strategic objectives together with both service and corporate priorities. Part of the capital project process is to justify the allocation of limited resources to a prioritised set of projects delivering specified outcomes.

3.2.2 Project managers will need to apply experience and knowledge to outline a range of options which meet the Council's strategic objectives and priorities. The selection of the best option will be made using the projection prioritisation methodology. The final choice will then be developed into a formal bid.

3.2.3 It is important that Project managers provide sufficient details to demonstrate how the project will ensure corporate priorities are met and to enable the delivery of value for money.

3.3 Stage 2 – Complete Outline Business Case (OBC).

3.3.1 An Outline Business Case must be completed for all Capital Schemes. Every section of the template must be completed, including indicative costs. The Outline Business Case must then be approved by the Director, Portfolio Holder and Senior Finance Manager. The purpose of an Outline Business Case is to provide indicative information at an early stage, comprehensive and accurate information should be entered in the Detailed Business Case.

3.3.2 Agreement for the release of up front costs must be sought by contacting the relevant Senior Finance Manager after referring to the council's constitution, part I2 section 4.10.7.

3.4 Section H - Indicative Costs

3.4.1 The costs sections is fully automated, but project managers should input accurate estimates and use common sense in ensuring that calculations make sense. Capital Schemes will usually impact upon the council's revenue budget and it is important that figures are input to demonstrate this. It is also important to note that the current capital receipts forecast is very limited, so the majority of internally funded schemes will be financed by borrowing. Borrowing has an impact upon the revenue budget in two ways; MRP and Interest.

3.5 Financing Capital Projects

3.5.1 The Council can finance its capital expenditure from the following sources;

- Direct Revenue Financing (Contributions from revenue budgets).
- Capital Receipts (Proceeds from the sale of the Council's assets).
- Government Grants
- S106 /S278 Developers Contributions
- Borrowing – The interest payable on amounts borrowed, together with a provision for the repayment of debt, will be met from the Revenue Budget.
- Public Finance Initiative

If you require any assistance in completing the Finance section of the Document please contact your Senior Finance Manager.

3.6 Project Governance and Authorisation to Proceed .

3.6.1 The Project Manager is responsible for progressing the Outline Business Case through the sign off process ,the project sponsor must sign to approve the project. The proposal must also be accepted by the chief finance officer, Charles Warboys.

3.6.2 **For Capital Schemes the completed documentation must be taken to Cabinet, before any spend can commence. Once Cabinet has approved the inclusion of this project in the Council's capital programme and funding has been allocated then Project Managers should proceed to stage 3.**

3.7 Project Prioritisation Scoring Sheet

3.7.1 Project Managers must also complete a project prioritisation scoring sheet for each capital scheme. The scoring sheet has been designed to assess the potential value and complexity/risk of a proposed scheme. The project manager should record a score for each measure, based on their detailed understanding of the scheme. In simplest terms the scheme with the highest value score and the lowest complexity/risk score should be undertaken. Guidance is available separately for completion of the Project Prioritisation Scoring Sheet.

3.8 <u>Stage 3 – Consultation</u>

3.8.1 Project Managers and Project Sponsors are responsible for ensuring that stakeholders are in agreement with the proposals.

3.8.2 Capital schemes are by their very nature complex and require highly expert technical support. Professional advice should be sought from suitably qualified persons to assist in the consultation phase. Examples include;

- Quantity Surveying / Planning
- Building Control
- Environmental Health
- Legal
- Finance

3.9 <u>Stage 4 – Complete Detailed Business Case (DBC)</u>

3.9.1 The Project Manager should complete a Detailed Business Case prior to incurring any expenditure, with the exception of approved up front costs. All sections of the detailed business case should be completed accurately and comprehensively.

3.9.2 **Section I - Costs**

3.9.2.1 The costs sections is fully automated, but project managers should input accurate estimates and use common sense in ensuring that calculations make sense. Capital

Schemes will usually impact upon the council's revenue budget and it is important that figures are input to demonstrate this. It is also important to note that the current capital receipts forecast is very limited, so the majority of internally funded schemes will be financed by borrowing. Borrowing has an impact upon the revenue budget in two ways; MRP and Interest.

3.10 **Financing Capital Projects**

3.10.1 The Council can finance its capital expenditure from the following sources;

- Direct Revenue Financing (Contributions from revenue budgets).
- Capital Receipts (Proceeds from the sale of the Council's assets).
- Government Grants
- S106 /S278 Developers Contributions
- Borrowing – The interest payable on amounts borrowed, together with a provision for the repayment of debt, will be met from the Revenue Budget.
- Public Finance Initiative

3.11 Expenditure and Income Profiling

3.11.1 Project Managers must profile their expenditure and income by month in each financial year. This section is automated and should be completed as accurately as possible in order to enable the council to effectively monitor the progress of capital schemes.

3.11.2 **If you require any assistance in completing the Finance section of the Document please contact your Senior Finance Manager.**

3.12 **Project Governance, Milestones and Authorisation to Proceed**

3.12.1 The project manager should complete the resource requirements, milestones and Project Governance sections. Finance relies heavily upon the project manager when assessing capital schemes, so it is important that this information is correct.

3.12.2 The project manager is responsible for progressing the Detailed Business Case through the sign off process and the project sponsor must sign to approve the project. The proposal must be approved by the Director, Portfolio Holder, Senior Finance Manager and the Chief Finance Officer. The relevant group should also approve it if required. E.g CAMG.

3.12.3 The Project Sponsor must then validate the project proposal with representative from ICT, HR, Risk, Legal, Finance and Asset Management to ensure that they have capacity to deliver the project.

3.12.4 **After the Detailed Business Case has been approved, a signed copy should be sent to the Capital Monitoring Officer and the Capital Finance Manager.**

3.13 <u>Stage 5 – Procure Contract</u>

3.13.1 Procurement of a contract is likely to be required following a detailed understanding of the project, its objectives, and how this will be achieved.

3.13.1 In particular the following policies are relevant and must be complied with:

- Financial Regulations
- Capital Definition
- Procurement Rules(in particular Contract Standing Orders)

contracts above certain values need to be procured in accordance with the E.U.

Public Procurement Directives.

3.13.2 Guidance on these matters should always be sought from the Procurement team before entering into any contract.

3.14 Stage 6 – Create Scheme WBS codes.

3.14.1 Each Capital Scheme is allocated a unique Works Breakdown Structure (WBS) code for income and expenditure. Each directorate uses a different WBS code prefix, in order to easily identify projects. All new schemes should use the following coding structure;

- 1/CS/ (Children's Services)
- 1/HH/ (Social Care , Health & Housing)
- 1/HS/ (Housing Services)
- 1/CR/ (People & Organisation)
- 1/CR/ (Corporate Resources)
- 1/SC/ (Sustainable Communities)
  - 1/SC/CSP (Community Safety and Public Protection Infrastructure).
  - 1/SC/LCI (Leisure and Culture Infrastructure)
  - 1/SC/RAH (Regeneration and Affordable Housing)
  - 1/SC/TRN (Transport Infrastructure)
  - 1/SC/ WST (Waste Infrastructure)

3.14.2 Previously WBS codes ending in -001 were used for expenditure and -100 were used for income. This process has since been revised and projects are now set up with one WBS Code, whereby income and expenditure can be captured.

3.14.3 To request the creation of WBS codes the code request form must be completed and sent to Anil Mehan, Systems Finance Manager, and Sarah Michael should be copied in, Capital Finance Manager. (Form is on the intranet).

3.14.4 The signed Detailed Business Case **must** be attached to the email. Without these the codes will not be created and released.

3.15 Stage 7 – Monitor and Report on Progress of Scheme.

3.15.1 The directorate management team are responsible for monitoring and reporting on the progress of their capital schemes. Routine Monitoring is carried out as follows;

3.15.2 1. At the Front Line – by Project Managers. The Project Manager should be fully informed of progress to date on each of their capital schemes. Delays in completion of the project or deviation from the schemes financial budget should be reported immediately to the directorates Senior Finance Manager (see list of contacts on page 17).

3.15.3 2. At Directorate Manage Team Meetings – by Heads of Service/ Project Sponsors. Senior Management teams should be informed of the progress of each scheme and made aware of any problem areas.

3.15.4 3. Financial Budget Monitoring – The Financial Controllers team produce a monthly capital budget monitoring report. This compares actual expenditure to the profiled budget of capital schemes. The results are reported monthly to DMT/ CMT and quarterly to Members/ Executive.

3.15.5 Project Managers are responsible for;

- Producing a profile of the annual gross budget and external funding, by month. This should be sent to the directorate senior finance manager before the 1st April (see list of contacts on page xxxx).
- Inputting a full year forecast for income and expenditure in SAP, for each of their projects. SAP guidance is available on the intranet.
- Ensuring that all anticipated income is received and all expenditure is coded to the correct capital scheme WBS element.

3.15.6 4. Specific Reports to CAMG/ Members are required in the following cases;

- The capital budget is likely to overspend by more than 10% or £100,000, whichever is the lower. An explanation for this and how the overspend is to be funded should be included.
- If a scheme no longer meets the original aims as set out in the Minimum Project Documentation. This may be due to external factors, such as legislation, or the organisations strategic priorities. An explanation for the change should be included.
- Whenever CAMG/Executive / Cabinet Members or the Chief Finance Officer requires it.

3.16 Project Management

3.16.1 Linked with the monitoring of capital schemes is the need to project manage the entire capital programme. Heads of Service generally take the lead for this within directorates. But the Capital Coordinator, within Assets, should be fully informed of progress on every capital scheme within the council's annual capital programme.

3.17 <u>Stage 8 – Review and Evaluate the completed Scheme</u>.

3.17.1 Once a scheme is completed it is necessary;

- To evaluate how well the process of carrying out the work went and whether there are any lessons to be learnt for future projects.
- To assess whether and to what extent the scheme achieved its' purpose in service terms and to decide if the scheme was value for money.

3.17.2 The extent of the evaluation process depends upon the size and complexity of the project under review.

4. Summary

4.1 Using a Structured Approach

4.1.1 The nature of capital schemes means that they are often, complex, high risk, high profile and are delivered over an extended period. Additionally the implications and legacy of capital schemes are far reaching. Of course this is the intention where schemes meet the project objective, but where this is not the case the implications can have significant consequences for the Council.

4.1.2 For these reasons it is important that the Council adopts and maintains a consistent and robust approach to the development, prioritisation and delivery of capital schemes.

4.2 Controls and Governance

4.2.1 The use of a "gateway" style approach to governance of capital project combined with the industry standard project management methodology is not intended to obstruct service delivery.

4.2.2 Instead it is intended to offer protection to officers, members and others involved in capital projects and to ensure that the use of resources can be demonstrated to be responsible, controlled and delivering value for money for the citizens of Central Bedfordshire.

4.3 Additional Support

4.3.1 Capital schemes are by their very nature complex and require highly technical support. Professional advice should be sought from suitably qualified persons to ensure compliance with the Council's policies and procedures.

5 Additional Guidance

5.1 Contacts

Capital Scheme Process Guidance If you need assistance in completing the capital scheme authorisation process or have problems with budgets, SAP or monitoring please contact the relevant senior finance manager;

- Dawn Hill (Children's Services)
- Debra Burton (Social Care, Health and Housing)
- Phil Ball (Corporate Resources)
- Richard Norris (HRA)
- Sue Templeman (Sustainable Communities).

Capital Budget Monitoring;

Financial Monitoring - If you have any queries in relation to the financial progress of capital schemes you can use SAP in the first instance. If you cannot find the information you require please contact Joshua Nyamfukudza , Capital Financial Advisor.

Milestone Monitoring - If you have any queries in relation to the non financial progress of capital schemes then please contact Linsey Stansfield, Capital Coordinator.

Creating WBS codes in SAP For assistance with completing the WBS code creation request form please contact Anil Mehan, Systems Finance Manager.

Capital Expenditure If you are unsure whether expenditure meets the Definition of capital then please contact Sarah Michael, Capital Finance Manager.

5.2 Documents

Further Capital Guidance

- The Practitioners guide to Capital Finance in Local Government is available on the Intranet, Finance then other CIPFA Guidance.
- The CIPFA Code of Practice on Local Authority Accounting is available on the Intranet, Finance then CIPFA Statement of Accounts Guidance.

Outlne Business Case & Detailed Business Case The templates for these documents are published on the intranet alongside this handbook.

WBS Code Requests The WBS code creation request form is published on the intranet alongside this handbook.

Project Prioritisation The Project prioritisation form and guidance is published on the intranet alongside this handbook.

Appendix A – Stage 1 Outline Business Case and Stage 2 Detailed Business Case.

Central Bedfordshire

Stage 1 – Outline Business Case
&
Stage 2 – Detailed Business Case

Introduction

Projects come in all shapes and sizes but each one will require the use of CBC resources .

Project Managers must not commit expenditure until they are certain that the budgets for that project have been approved in compliance with the Council's Constitution.

Finance is an important element of a project which indicates the required route to seek approval for the resources to deliver. The requirements for approval will vary depending on :

If the project is a 'key decision',

the total estimated cost of the project,

the analysis of that estimate between capital and revenue costs,

the additional estimated ongoing annual revenue costs (if any) that arise from the project,

any estimated annual revenue savings.

the current budgetary position, and

timescales.

It is important to engage with your Finance support at the earliest opportunity to identify the costs and benefits of the project and to confirm the relevant route for approval of any project expenditure. You will also need to identify the specific service and corporate requirements based on the type and size of project.

The questions below are intended to point you in the right direction to establishing the appropriate authorisation to incur expenditure on the project.

Is the proposed project a 'Key Decision' based on the Council's Constitution?	
Estimated annual revenue expenditure or savings exceeding £200,000 per annum or	
Estimated Capital cost exceeding £500,000 or	
There is significant impact on one or more CBC wards	
If any of the criteria above apply the project is only a Key Decision if any of the below are also applicable	
Expenditure is not already identified in the approved Revenue Budget or Service Plan for the service concerned.	
Implementation of a capital project has not been identified in the approved Capital Programme and a detailed business case has not been approved;	

There is no explicit policy within the approved Budget and Policy Framework or the project does not meet a policy intention of a key decision previously approved by the Executive;	
The project does not relate to the invitation of tenders or awarding of contracts where necessary to provide for the continuation of an established policy or service standard.	

If the project involves a Key decision then the governance requirements for such decisions as set out in the Constitution should be adhered to. If the project does not require a key decision then consider the next question.

Does specific budgetary provision already exist to support this project ?	
Yes	Could proceed subject to, in the case of Capital Programme items, a Detailed Business Case approval .
No but there is capacity in other budgets within the Service /Directorate	Can be addressed through application of the Constitution's procedures for budget Virements.
No	Include in the Council's annual budget approval process (Budget Framework). If more urgent approval is required Monitoring Officer and Chief Finance Officer opinion should be obtained on the need to request an in year change to the budget or the application of urgency procedures under the Constitution.

Outline Business Case

STAGE 1: Outline Business Case

a. Title	
Project Name	
Project location	
Project Sponsor	
Directorate	
Type of scheme	…. Rolling Programme …. Capital Project - over £60k …. Minor Capital Project -under £60k ….. Revenue - under £60k …. Revenue - over £60k
Funding	Internal / External / Mixed

b. Project Information	
Project Purpose/ Outline Description	*What is the background or context of the project?* *Describe the main objectives which are to be met by the achievement of the project.* *Describe how it is envisaged the work will be undertaken.*
Activities in Scope	*Outline the activities/tasks the project is to cover.*
Out of scope/ exclusions	*List what/who the project does not cover.*

c. Deliverables / outputs

Deliverables**:** *What will be the outputs of the project? For example a deliverable may be an IT System, a building or a policy.*

How will the scheme support the Council / Services?

Deliverable	Date Due
1.	
2.	
3.	

d. Options Appraisal
What other options have been considered?
What is the preferred option and why?
Implications of project rejection
What is the effect of not doing the project?

e. Benefits & risks - this is indicative at this stage, more detail will be required through the development of the business case and project delivery documentation		
Benefits	Timescales for delivery	
Key risks - *[Summarise key risks and mitigating actions. For example, Financial, Political, Reputational, Environmental, Legal, Capacity to Deliver, Supplier Performance, etc Please outline potential mitigating actions*		
Risk	Level of risk	Mitigating Action
A full risk analysis will be undertaken once the project has the go ahead, at this stage risks will be indicative		

f. Stakeholders involvement – required to deliver or project will impact (please list with names of individuals and ensure that those who will be required to input or deliver the project are aware)	
Directorates	
Members	
Public if applicable	

g. Timescales	
Expected start date	
Expected finish date	

h. Indicative Costs

1. Financial Case Summary

Expenditure Type	£'000 Year 1	Year 2	Year 3	Year 4	Year 5	Total
Total Gross Capital Costs	0	0	0	0	0	0
Total Gross Revenue Costs	0	0	0	0	0	0
Total Costs	**0**	**0**	**0**	**0**	**0**	**0**
Projected Gross Benefits	**0**	**0**	**0**	**0**	**0**	**0**
Net Impact to CBC	**0**	**0**	**0**	**0**	**0**	**0**

2. Capital Costs

A Expenditure Type	£'000 0 Year 1	0 Year 2	0 Year 3	0 Year 4	0 Year 5	Total	Est. Type *
Capital Costs							
Land Acquisition						0	
Building Acquisition						0	
Construction/ Conversion						0	
Professional Fees						0	
Vehicles						0	
Plant & Equipment						0	
Furniture						0	
IT Hardware						0	
Software & Licences						0	
Capital Grant to 3rd Parties						0	
Credit Arrangements						0	
Salaries						0	
Other (Specify)						0	
Total Capital Costs	**0**	**0**	**0**	**0**	**0**	**0**	

*** S= Spot Estimate, D= Detailed Estimate , T= Tender Price.**

B Sources of Funding	£'000 0 Year 1	0 Year 2	0 Year 3	0 Year 4	0 Year 5	Total
External Funding						
Government Grant (Specify)						0
Section 106						0
Section 278						0
Lottery/ Heritage						0
Other Sources (Specify)						0
Total External Funding	**0**	**0**	**0**	**0**	**0**	**0**
Internal Funding						
Direct Revenue Financing						0
Capital Receipts						0
Borrowing						0
Total Internal Funding	**0**	**0**	**0**	**0**	**0**	**0**
Total Funding	**0**	**0**	**0**	**0**	**0**	**0**

3. Revenue Costs

Expenditure Type	£'000 0 Year 1	0 Year 2	0 Year 3	0 Year 4	0 Year 5	Total
a.One - Off Revenue Costs						
(Specify)						0
(Specify)						0
(Specify)						0
Total One- Off Revenue Costs	**0**	**0**	**0**	**0**	**0**	**0**
b.Ongoing Revenue Costs						
(Specify)						0
(Specify)						0
(Specify)						0
Total Ongoing Revenue Costs	**0**	**0**	**0**	**0**	**0**	**0**
c.Projected Gross Revenue Benefits/Savings						
Savings						**0**
Income						**0**
Total Gross Revenue Benefits	**0**	**0**	**0**	**0**	**0**	**0**
d. MRP and Interest						
MRP	**0**	**0**	**0**	**0**	**0**	**0**
Interest	**0**	**0**	**0**	**0**	**0**	**0**
Total MRP & Interest Impact	**0**	**0**	**0**	**0**	**0**	**0**
Net Impact to CBC	**0**	**0**	**0**	**0**	**0**	**0**

e.Details of Projected Gross Revenue Benefits/ Savings.

Provide a detailed explanation of how the Savings and Income are Derived. Include details of how these have been calculated.

4. Cost/ Benefit Analysis

Additional Information	Value	
Net Present Value	0	3.5% Present Value Factor (£'000)
Return on Investment	#DIV/0!	
Payback Period (years)	#DIV/0!	
Capital Costs to Benefits Ratio	#DIV/0!	
Revenue Costs to Benefits Ratio	#DIV/0!	
Total Costs to Benefits Ratio	#DIV/0!	

5. VAT Implications

Please state whether VAT implications have been considered for this scheme

6. Additional Financial

Include any additional financial information which may be relevant such as ;hyperlinks to grant conditions and details regarding funding sources.

Agreement to release of up front costs to develop Detailed Business Case	
Up front costs	If up front costs are required for a capital project, it must be clearly identified in the financial appraisal. Approval should be sought through finance for release of monies at this stage. See Council's Constitution part I2 section 4.10.7
How much is required and what for?	

Project Managers must not commit expenditure until they are certain that the budgets for that project have been approved in compliance with the Council's Constitution .

i. Outline Business Case Sign off (circle, sign and date)		
Project proposal validated by:	**Name and signature**	**Date**
Project Manager		
Project Sponsor		
GUIDANCE: ***The Project Manager is responsible for progressing the sign off process.*** ***For capital projects, the business case must be signed by the Portfolio Holder to enable release of funds.***		

Approved	Rejected	Re-write	Director - Name & Signature	Date
Approved	Rejected	Re-write	Portfolio Holder for service– Name & Signature	Date

Approved	Rejected	Re-write	Senior Finance Manager – Name & Signature	Date
<u>If applicable: Up front costs</u> **How much approved?**			Senior Finance Manager – Name & Signature	Date
Approved	Rejected	Re-write	Chief Finance Officer– Name & Signature	Date
Approved	Rejected	Re-write	Deputy Leader – Name & Signature	Date

Step 2	**Approval to be sought with relevant group/s- SIP, CAMG, CMT, DMT, Corporate Prioritisation**			
Approved	Rejected	Re-write	Appropriate groups– Name & Signature	Date

Once approved please forward copy to:

Corporate Capital Coordinator - Linsey Stansfield

Capital Finance Manager – Sarah Michael (finance)

END OF OUTLINE BUSINESS CASE

Detailed Business Case

STAGE 2: Detailed Business Case

a. Title	
Project Name	
Project location	
Project Sponsor	
Directorate	
Type of scheme	…. Rolling Programme …. Capital Project - over £60k …. Minor Capital Project - under £60k ….. Revenue - under £60k …. Revenue - over £60k
Funding	Internal / External / Mixed

b. Project Information	
Project Purpose/ Outline Description	*What is the background or context of the project?* *Describe the main objectives which are to be met by the achievement of the project.* *Describe how it is envisaged the work will be undertaken.*
Activities in Scope	*Outline the activities/tasks the project is to cover.*
Out of scope/ exclusions	*List what/who the project does not cover.*

c. Deliverables / outputs	
Deliverables**:** *What will be the outputs of the project? For example a deliverable may be an IT System, a building or a policy.* *How will the scheme support the Council / Services?*	
Deliverable	Date Due

d. Options Appraisal	
Options	*Describe and evaluate the different options, state clearly the preferred option (this project), with a clear rationale.*
Implications of “do nothing”	*This should include anything which may impact on non compliance if project not delivered.*
Project Delivery / Project Approach	*State how the project can be delivered. I.e. internally/outsourced/with partners/or other way. This could also include information about work streams*
Dependencies	*Identify what this project is dependent on i.e. what else needs to be completed before the project can be successful or completed. Are there any external factors which might impact on the success of the project?*
Constraints	*What are the parameters/limits for carrying out the project? E.g. time, resources, skills etc.*
Assumptions	*Are there any assumptions being made.*
Procurement route / options	

<table>
<tr><th colspan="2">Assessment of preferred option</th></tr>
<tr><td>Expected Benefits (opportunities) of this project</td><td>Scope the Opportunities. What are the expected benefits from this project? When completing this section consider:

• Reasons why the project is being undertaken
• Will service/services improve? Are any services being cut?
• Benefits of the project both financial and non-financial
• How will the benefits be realised (i.e. monitored or tracked)?
• Who will deliver the benefits?

This section will form the basis of the benefits review plan in Part C of this document and therefore any benefits stated here must be Specific, Measurable, Achievable, Realistic and Time bound.</td></tr>
<tr><td>Disadvantages (threats) of this project</td><td></td></tr>
<tr><th colspan="2">Impact Assessment of preferred option</th></tr>
<tr><td>Employee implications</td><td>Include any implications of the output of the project for employees, e.g. staffing levels, redundancy, training requirements etc</td></tr>
<tr><td>Equalities Issues</td><td>Does, or could, the project have an adverse effect or impact on members of any specific group within the community? If you need further advice please contact Clare Harding, Equalities Officer ext 76109.</td></tr>
<tr><td>Other impacts</td><td>Will the project have any other implications e.g. for any other key project areas. (Please check Corporate Project Register) contact Gillian Dent ext 74656 for details.</td></tr>
</table>

Strategic Assessment of preferred option	
Statutory Duty & any legal implications	*Briefly outline the statutory duty or legal commitment the project may address.*
KPIs and key targets from MTP	*Is the project helping us to achieve a council or national target?* ***Giles Probert Performance Manager ext 76981 for advice.***
Impact on the MTP – delivering your priorities	*State what specific and measurable outputs the project will achieve that contribute to the delivery of the Council Objectives (below). How is this project helping us to achieve our strategic objectives? Please don't feel compelled to create a fit to each priority, choose only those priorities where it will be possible to measure the impact:* *1. Enhancing Central Bedfordshire* *2. Improved Educational Attainment* *3. Promote Health and Well Being and protect the vulnerable* *4. Improved infrastructure* *5. Great Universal Services* *6. VFM*
Fit to the objectives of the Service	*State if this project is included in your Directorate Service Plan.*
Fit to the objectives of the Capital Asset Management Plan (Capital Projects)	***State if this project has been identified within the Capital Asset Management plan and explain how this project supports its delivery***
Financial Assessment of preferred option (continue to the next section for the detailed financial appraisal)	

<table>
<tr><td colspan="4">e. Benefits & risks - this is indicative at this stage, more detail will be required through the development of the business case and project delivery documentation</td></tr>
<tr><td colspan="2">Benefits</td><td colspan="2">Timescales for delivery</td></tr>
<tr><td colspan="2"></td><td colspan="2"></td></tr>
<tr><td colspan="4">Key risks - [Summarise key risks and mitigating actions. For example, Financial, Political, Reputational, Environmental, Legal, Capacity to Deliver, Supplier Performance, etc Please outline potential mitigating actions</td></tr>
<tr><td colspan="2">Risk</td><td>Level of risk</td><td>Mitigating Action</td></tr>
<tr><td>Risks to the Council (please use the CBC risk headings)</td><td colspan="3">[Summarise key risks. For example, Financial, Political, Reputational, Environmental, Legal, Capacity to Deliver, Supplier Performance, etc. A full risk log will be developed once project is agreed with mitigating actions detailed in the PID Part C</td></tr>
<tr><td colspan="4">A full risk analysis will be undertaken once the project has the go ahead, at this stage risks will be indicative</td></tr>
<tr><td colspan="4">f. Stakeholders involvement – required to deliver or project will impact (please list with names of individuals and ensure that those who will be required to input or deliver the project are aware)</td></tr>
<tr><td colspan="2">Directorates</td><td colspan="2"></td></tr>
<tr><td colspan="2">Members</td><td colspan="2"></td></tr>
<tr><td colspan="2">Public if applicable</td><td colspan="2"></td></tr>
</table>

g. Timescales – key milestones		
Please include a Gantt or excel programme as part of the detail business case		
	Start date	End date
Milestone 2		
Feasibility study		
Milestone 3 /4		
Detail Design		
Planning		
Out to Tender for Price		
Milestone 5		
Mobilisation		
Contractor approved		
Milestone 6		
Project start on site		
Project completion on site		
Milestone 7		
Defects period		
Final retention payment		

h. Project Governance

Please provide details of how it is proposed that this project should be governed, this should as far as possible be within existing governance structures.

Project Sponsor	
Project Manager	
Project Board (if known)	
Project Team/s by work stream.	
Directorate and Service Area	

Resource requirements

It is important that before the project progresses any further that there is an indicative view of the following

Resources employed to date, this should include information in respect of meetings attended and work undertaken to get the business case to this level, including an indication of costs. Your Senior Finance Officer will advise on Calculating a day rate for those involved, this - top salary for the grade X 30% for on costs / 260.

Resources required for delivery, this should include time to deliver and to manage delivery. Please ensure this has been agreed with the relevant service area.

Governance and set up

Who	No of days	Costs

Delivery

Project/work stream	Support service required and for what	No of days	when	Costs

i. Costs

Project Managers must not commit expenditure until they are certain that the budgets for that project have been approved in compliance with the Council's Constitution.

1. Financial Case Summary

Expenditure Type	Year 1	Year 2	Year 3	Year 4	Year 5	Total
	£'000					
Total Gross Capital Costs	0	0	0	0	0	0
Total Gross Revenue Costs	0	0	0	0	0	0
Total Costs	**0**	**0**	**0**	**0**	**0**	**0**
Projected Gross Benefits	**0**	**0**	**0**	**0**	**0**	**0**
Net Impact to CBC	**0**	**0**	**0**	**0**	**0**	**0**

2. Capital Costs

A Expenditure Type	Year 1	Year 2	Year 3	Year 4	Year 5	Total	Est. Type *
	£'000						
	0	0	0	0	0		
Capital Costs							
Land Acquisition						0	
Building Acquisition						0	
Construction/ Conversion						0	
Professional Fees						0	
Vehicles						0	
Plant & Equipment						0	
Furniture						0	
IT Hardware						0	
Software & Licences						0	
Capital Grant to 3rd Parties						0	
Credit Arrangements						0	
Capitalisation of Internal Salaries						0	
Other (Specify)						0	
Total Capital Costs	**0**	**0**	**0**	**0**	**0**	**0**	

*** S= Spot Estimate, D= Detailed Estimate , T= Tender Price.**

B Sources of Funding	Year 1	Year 2	Year 3	Year 4	Year 5	Total
	£'000					
	0	0	0	0	0	
External Funding						
Government Grant (Specify)						0
Section 106						0
Section 278						0
Lottery/ Heritage						0
Other Sources (Specify)						0
Total External Funding	**0**	**0**	**0**	**0**	**0**	**0**
Internal Funding						
Direct Revenue Financing						0
Capital Receipts						0
Borrowing						0
Total Internal Funding	**0**	**0**	**0**	**0**	**0**	**0**
Total Funding	**0**	**0**	**0**	**0**	**0**	**0**

3. Revenue Costs

Expenditure Type	Year 1	Year 2	Year 3	Year 4	Year 5	Total
	£'000					
	0	0	0	0	0	
a.One - Off Revenue Costs						
(Specify)						0
(Specify)						0
(Specify)						0
Total One- Off Revenue Costs	**0**	**0**	**0**	**0**	**0**	**0**
b.Ongoing Revenue Costs						
(Specify)						0
(Specify)						0
(Specify)						0
Total Ongoing Revenue Costs	**0**	**0**	**0**	**0**	**0**	**0**
c.Projected Gross Revenue Benefts/Savings						
Savings						0
Income						0
Total Gross Revenue Benefits	**0**	**0**	**0**	**0**	**0**	**0**
d. MRP and Interest						
MRP	0	0	0	0	0	0
Interest	0	0	0	0	0	0
Total MRP & Interest Impact	**0**	**0**	**0**	**0**	**0**	**0**
Net Impact to CBC	**0**	**0**	**0**	**0**	**0**	**0**

e.Details of Projected Gross Revenue Benefits/ Savings.

Provide a detailed explanation of how the Savings and Income are Derived. Include details of how these have been calculated.

4. Cost/ Benefit Analysis

Additional Information	Value	
Net Present Value	0	3.5%
Return on Investment	#DIV/0!	Prese
Payback Period (years)	#DIV/0!	Value
Capital Costs to Benefits Ratio	#DIV/0!	Facto
Revenue Costs to Benefits Ratio	#DIV/0!	(£'00
Total Costs to Benefits Ratio	#DIV/0!	

5. VAT Implications

Please state whether VAT implications have been considered for this scheme

6. Additional Financial

Include any additional financial information which may relevant such as ;hyperlinks to grant conditions and details regarding funding sources.

Expenditure and Income Profiling

Profile	Year 1 ;(state year)			Year 2 ; (state year)			Year 3 ; (state year)			Year 4 ; (state year)			Year 5 ; (state year)			Total Years 1 to 5		
	Expenditure £'000	Income £'000	Net £'000	Expenditure £'000	Income £'000	Net £'000	Expenditure £'000	Income £'000	Net £'000	Expenditure £'000	Income £'000	Net £'000	Expenditure £'000	Income £'000	Net £'000	Expenditure £'000	Income £'000	Net £'000
April	10		10			0			0			0			0	10	0	10
May			0			0			0			0			0	0	0	0
June			0			0			0			0			0	0	0	0
July			0			0			0			0			0	0	0	0
August			0			0			0			0			0	0	0	0
September			0			0			0			0			0	0	0	0
October			0			0			0			0			0	0	0	0
November			0			0			0			0			0	0	0	0
December			0			0			0			0			0	0	0	0
January			0			0			0			0			0	0	0	0
February			0			0			0			0			0	0	0	0
March			0			0			0			0			0	0	0	0
Total	10	0	10	0	0	0	0	0	0	0	0	0	0	0	0	10	0	10

j. Detailed Business Case Sign off (circle, sign and date)		
Project proposal validated by:	**Name and signature**	**Date**
Project Manager		
Project Sponsor		

GUIDANCE: ***The Project Manager is responsible for progressing the sign off process.***
For capital projects, the business case must be signed by the Portfolio Holder to enable release of funds.

Approved	Rejected	Re-write	Director - Name & Signature	Date
Approved	Rejected	Re-write	Portfolio Holder for service– Name & Signature	Date
Approved	Rejected	Re-write	Senior Finance Manager – Name & Signature	Date
If applicable: Up front costs **How much approved?**			Senior Finance Manager – Name & Signature	Date
Approved	Rejected	Re-write	Chief Finance Officer– Name & Signature	Date
Approved	Rejected	Re-write	Deputy Leader – Name & Signature	Date

Step 2	**Approval to be sought with relevant group/s- SIP, CAMG, CMT, DMT, Corporate Prioritisation**			
Approved	Rejected	Re-write	Appropriate groups– Name & Signature	Date

Once approved please forward copy to:
Corporate Capital Coordinator - Linsey Stansfield
Capital Finance Manager – Sarah Michael (finance)

END OF DETAIL BUNSINESS CASE

Guidance for completion of Finance Information

Section	Guidance
1. Financial Case Summary	This section of the Appendix provides a summary of the information input in sections 2 and 3. When completing the table ensure that you input the relevant financial years, above the year numbers. You do not need to input any numbers into the table as the values are automatically calculated using formulae.
2. Capital Costs/ Funding	This section records all Capital expenditure and financing. For section A enter the estimated Capital costs for each year of the proposed project, alongside the relevant expenditure type. If you need to change the expenditure types then delete the existing text as appropriate. For each estimate insert the estimate type in the last column of the table. There are three estimate types; Spot Estimate, Detailed Estimate and Tender Price. The financial years at the top of the table will automatically update with those entered in Section 1. Section B relates to Capital Funding. For each year of the proposed project enter the amount of funding from each source. Capital Expenditure can be funded externally or internally. External funding sources include; Government Grants (please specify the name and enter a hyperlink to the grant conditions in section 8), Section 106, Section 278, Lottery/ Heritage or Other (please specify). Internal funding sources include; Direct Revenue Financing, Capital Receipts and Borrowing. Please note that Capital Receipts are not usually allocated to specific projects, but if the generation of Capital Receipts is dependenant on this capital scheme going ahead then this should be noted in section 5 (Additional Information). The financial years at the top of the table will automatically update with those entered in Section 1. The total funding value should equal the total capital costs entered in section A.
3. Revenue Costs	This section records all revenue expenditure. Section A relates to One- Off Revenue Costs. These are costs that will be paid once and not repeated. All one – off revenue costs need to be entered against the relevant financial year. The expenditure type also needs to be specified in the first column. For example this may be staff costs, supplier costs or training costs. Section B relates to Ongoing Revenue Costs. These are regular and ongoing costs, which will usually be of the same value each year. The expenditure type also needs to be specified in the first column. For example this may be staff costs, supplier costs or training costs. Section C relates to Projected Revenue Benefits/ Savings. This includes projected savings and income derived from adopting this scheme. The projected savings and income need to be entered against the relevant financial year and expenditure type line. Figures input to the table should be negative, with a minus in front of the number.

Section	**Guidance**
3. Revenue Costs (continued)	Section D relates to Minimum Revenue Provision (MRP) and Interest charges from borrowing. MRP is an annual charge to the revenue account, which represents the financing of capital expenditure that was initially funded by borrowing. In simplest terms it is an annual provision for the repayment of debt associated with expenditure on capital assets. The impact of borrowing upon the revenue budget will be automatically calculated using formulae. Section E relates to the Projected Revenue Benefits/ Savings, input in Section C. Within the text box you should provide a detailed explanation of how the savings/ income are derived, including how they are calculated and how reliable the estimates are.
4. Cost/ Benefit Analysis	This section uses investment appraisal techniques to evaluate the attractiveness of an investment proposal. The first row calculates the Net Present Value of the scheme (NPV). NPV is the difference between present value of future cash flows and a schemes initial cost, discounted by 3.5 % (HM Treasury Green Book Rate). A positive NPV indicates that the project is worth undertaking, as benefits exceed costs. The second row calculates return on investment (ROI). ROI is a measure of profitability/ benefits that indicates whether or not the council is using its resources in an efficient manner. A higher return on investment is desirable. The third row calculates the Pay back period of the scheme. Pay back period is the time taken (in years) to recover the initial costs of a scheme through benefits. The formula presumes that the value of ongoing revenue costs in year 5 and the savings/ income in year 5 remains the same throughout the lifetime of the scheme. If this is not true then it should be noted in Section 8 . Row's 4, 5 and 6 calculate the costs to benefits ratio for capital costs, revenue costs and total costs. This attempts to summarize the overall value for money of a scheme. All of the above investment appraisal techniques are calculated automatically using formulae.
5. VAT Implications	The majority of capital schemes will have VAT implications, such as the impact upon the council's Partial Exemption calculation. Project Managers should discuss potential VAT implications with their Senior Finance Manager , see below, and enter yes after doing so.

Section	**Guidance**
6. Additional Financial Information	This section should be used to enter any additional financial information in support of the business case. If the project is to be grant funded then enter a hyperlink to the grant conditions, so that this is easily accessible for the finance team.
7. Additional Guidance	If you require any additional guidance please contact the relevant Senior Finance Manager for your directorate ; **Children's Services** - Dawn Hill **Corporate Resources** - Phil Ball **Social Care, Health & Housing** - Debra Burton **Sustainable Communities** - Sue Templeman

Appendix 2 – Example of Completed Costs Section

1. Financial Case Summary

Expenditure Type	2012/13 Year 1 (£'000)	2013/14 Year 2	2014/15 Year 3	2015/16 Year 4	2016/17 Year 5	Total
Total Gross Capital Costs	550	550	300	300	300	2,000
Total Gross Revenue Costs	14	18	33	58	83	206
Total Costs	**564**	**568**	**333**	**358**	**383**	**2,206**
Projected Gross Benefits	**-50**	**-100**	**-150**	**-150**	**-150**	**-600**
Net Impact to CBC	**514**	**468**	**183**	**208**	**233**	**1,606**

* Input year

2. Capital Costs

A Expenditure Type	2012/13 Year 1 (£'000)	2013/14 Year 2	2014/15 Year 3	2015/16 Year 4	2016/17 Year 5	Total	Estimate Type *
Capital Costs							
Land Acquisition	550	550	300	300	300	2,000	S
Building Acquisition						0	
Construction/ Conversion						0	
Professional Fees						0	
Vehicles						0	
Plant & Equipment						0	
Furniture						0	
IT Hardware						0	
Software & Licences						0	
Capital Grants to 3rd Parties						0	
Credit Arrangements						0	
Capitalisation of Internal Salaries						0	
Other (Specify)						0	
Total Capital Costs	**550**	**550**	**300**	**300**	**300**	**2,000**	

* S- Spot Estimate, D- Detailed Estimate, T- Tender Price.

B Sources of Funding	2012/13 Year 1 (£'000)	2013/14 Year 2	2014/15 Year 3	2015/16 Year 4	2016/17 Year 5	Total
External Funding						
Government Grant - **War Memorials Grant**	500	500				1,000
Section 106						0
Section 278						0
Lottery/ Heritage						0
Other Sources (Specify)						0
Total External Funding	**500**	**500**	**0**	**0**	**0**	**1,000**
Internal Funding						
Direct Revenue Financing						0
Capital Receipts						0
Borrowing	50	50	300	300	300	1,000
Total Internal Funding	**50**	**50**	**300**	**300**	**300**	**1,000**
Total Funding	**550**	**550**	**300**	**300**	**300**	**2,000**

* T

3. Revenue Costs

Expenditure Type	2012/13 Year 1 (£'000)	2013/14 Year 2	2014/15 Year 3	2015/16 Year 4	2016/17 Year 5	Total
a.One - Off Revenue Costs						
Staff Costs	10	10	10	10	10	50
(Specify)						0
(Specify)						0
Total One- Off Revenue Costs	**10**	**10**	**10**	**10**	**10**	**50**
b.Ongoing Revenue Costs						
Engraving	2	2	2	2	2	10
(Specify)						0
(Specify)						0
Total Ongoing Revenue Costs	**2**	**2**	**2**	**2**	**2**	**10**
c.Projected Gross Revenue Benefits/Savings						
Savings	-50	-100	-150	-150	-150	-600
Income						0
Total Gross Revenue Benefits	**-50**	**-100**	**-150**	**-150**	**-150**	**-600**
d. MRP and Interest						
MRP	0	2	4	16	28	50
Interest	2	4	17	30	43	96
Total MRP & Interest Imp	**2**	**6**	**21**	**46**	**71**	**146**
Net Impact to CBC	**-36**	**-82**	**-117**	**-92**	**-68**	**-394**

e.Details of Projected Gross Revenue Benefits/ Savings.

This capital scheme will upgrade and modernise war memorials throughout Central Bedfordshire. The modernisation includes upgrading the granite and will result in a reduction to the annual maintenance costs, as the material is more weather resistant. These savings have been calculated based on the assumption that a 50% reduction to the war memorials maintenance budget will be delivered from year 3, the maintenance budget is currently £300k.

4. Cost/ Benefit Analysis

Additional Information	Value
Net Present Value (£'000)	-1,476
Return on Investment	-73%
Payback Period (years)	15
Capital Costs to Benefits Ratio	3.3 : 1
Revenue Costs to Benefits Ratio	0.3 : 1
Total Costs to Benefits Ratio	3.7 : 1

5. VAT Implications

Please state whether VAT implications have been considered for this sche Yes

6. Additional Financial Information

The War Memorials Grant is provided by the Department of Communities and Local Government, our 2012/13 and 2013/14 allocation is £500k. The grant must be spent on the improvement of War Memorials and the surrounding areas. If it is not spent is must be repaid an the end of the 2 year period. The grant conditions are saved on this hyperlink ; www.communities.gov.uk/WarMemorialGrant