

## BUSINESS CASE FOR CAPITAL PROJECTS

All Project Managers need to complete this business case template for review by the relevant Strategic Boards (e.g. CAMG/ LTB). No work can commence until the project receives the approval from the appropriate decision making group.

**PROJECT TITLE** Etonbury Middle School – Additional places

**LOCATION OF PROJECT** Etonbury Middle, Arlesey

**PROJECT MANAGER:** Keith Armstead

**START DATE:** 2010/11

**FINISH DATE:** 2011/12

### DESCRIPTION OF PROJECT

Briefly explain what the project is: The project is wholly externally funded and is to provide additional pupil places in response to recent housing developments in the area, utilising the approved S106 planning obligations funding. The actual number of places to be provided will be determined by the available funding but follows on from the identified project to expand provision at Roecroft Lower School which is a feeder school to Etonbury.

Currently, the available S106 funds are £941k which is an increase on the sums originally set out in the capital programme.

### JUSTIFICATION FOR PROPOSAL

**Explain how this scheme will support the Council / Services priorities:**

The project will support the Council's statutory obligation to secure sufficient high quality places.

It will also support two of the Councils priorities in terms of managing growth effectively and educating, protecting and providing opportunities for children and young people

### OPTIONS

**Explain what other options were considered, and why the chosen option is preferred:**

No other options have been considered. The school is the local school for the area of housing development and there is a legal obligation to expend the monies in accordance with the S106 agreement which names Etonbury as the local school.

## POLICY LED SCORING

Please refer to the guidance notes which follow

		Score Given	(Out of maximum)
<b>A</b>	Council Priorities	8	8
<b>B</b>	Statutory Requirements/ Asset Management Plan	8	8
<b>C</b>	On-going Revenue Impact	2	4
<b>D</b>	Funding for Capital Scheme	4	4
	<b>TOTAL</b>	22	24

Is this an 'Invest to Save' bid	No	Yes / No
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## CAPITAL COST OF PROJECT

List here the gross costs

	* Est type	2008/09 £000	2009/10 £000	2010/11 £000	2011/12 £000	2012/13 £000
Land Acquisition						
Building Acquisition						
Construction/ Conversion	S			250	556	
Professional Fees	S			50	55	
Vehicles						
Plant & Equipment						
Furniture	S				30	
IT Hardware						
Software & Licences						
Capital Grant to 3 <sup>rd</sup> Parties						
Credit Arrangement (leases)						
<b>TOTAL COST</b>				<b>300</b>	<b>641</b>	

\* S = Spot estimate, D = Detailed estimate, T = Tender price.

## SOURCE OF FUNDING

List here the funding sources

	2008/09 £000	2009/10 £000	2010/11 £000	2011/12 £000	2012/13 £000
Specific Government Grant (Specify)					
Developers Contribution			300	641	
Lottery / Heritage					
Other sources - S106					
<b>EXTERNAL FUNDING</b>			<b>300</b>	<b>641</b>	

Direct Revenue Financing					
Capital Receipts					
Borrowing *					
<b>CENTRAL BEDS FUNDING</b>					
<b>TOTAL FUNDING</b>			300	641	

\* Borrowing will be the balance of funding required to fund the project

\*\* In the case of non-cash contributions (e.g. land donation), please show a cash equivalent figure (estimate) in the funding table. Also gross up the capital costs table against the appropriate line (i.e. as if the donation had to be purchased) and provide a brief note in 'Other Comments'.

### REVENUE IMPACT OF PROJECT

List here the incremental year-on-year impact on the revenue budget

TYPE OF EXPENDITURE	2008/09 £000	2009/10 £000	2010/11 £000	2011/12 £000	2012/13 £000
Staffing costs					
Other running costs					
Income / savings					
<b>Net impact to BCC (excl schools)</b>			<b>Nil</b>	<b>Nil</b>	<b>Nil</b>
Net impact to schools					TBA

### KEY MILESTONES (DATES)

Feasibility Study:	2010/11	* Other 1:	
Business Case/ Appraisal:	2010/11	Other 2:	
Detailed Design:	2010/11	Other 3:	
Tenders Sent:		Other 4:	
Contract Approved:	End 2010	Other 5:	
Project Start:	2011	Other 6:	
Project Complete:	2011	Other 7:	
Final Retention Payment:	2012	Other 8:	

\* Please add other key milestones where appropriate

### IMPLICATIONS OF BID REJECTION

#### **What would be the effect of not doing this scheme if the funding does not become available?**

The Council will fail in its statutory duty to secure sufficient high quality places and to manage growth in a sustainable manner. The non expenditure of the S106 obligations may lead to these being returned to the developers and the Council being required to provide places at a later date funded from its own resources.

**EVALUATION CRITERIA**

**List the criteria against which this scheme will be evaluated upon completion. E.g. how will the success of the project be measured?**  
Through the provision of places and parents not being denied places at their local schools as a consequence of the Council’s failing to fulfil its statutory obligation in a timely manner.  
The capital project will also be the subject of appropriate post project evaluations to identify how well it has met the agreed outcomes, including the school’s and pupils outcomes.

**RISKS**

**List the likely risks of the scheme and an indication of the probability and impact of each risk.**  
**Risks could include reputational, financial, political, or delivery risks.**  
Non delivery - Failure to deliver the project at the appropriate time would damage the Council’s reputation with Parents and the wider community.  
Financial – There is a risk that the total developer contributions may not meet the total cost of the project – this will be carefully managed and monitored to ensure that the scope of the project is deliverable within the available funding.

**OTHER COMMENTS**

As set out above, the scheme is wholly externally funded via S106 contributions.

**CONTACT INFORMATION**

Please give the name of officer who should be contacted for further information on this capital bid.

Name: Keith Armstead

Ext: 75574

**APPROVAL**

I approve the submission of this bid:

Director: .....

Date: .....

## POLICY LED BUDGETING FOR CAPITAL SCHEMES

There is a scoring system that aims to quantify the benefits of the scheme in relation to other proposed schemes, so that all capital bids can be prioritised.

### The method of scoring:

Every capital bid needs to follow this scoring process, with a summary of the results being included within the Business Case template.

<b>A - Council Priorities</b>	
Indicate how the proposed scheme meets with the Council priorities.	
Very Low – no real impact	0
Low – some impact	2
Medium – a noticeable contribution	4
High – a significant	6
Very High – a major contribution	8

<b>B – Statutory Requirement/ Asset Management Plan</b>	
Indicate how the proposed scheme contributes to Statutory Requirements (e.g. health and safety), or the priorities set out in the Corporate / Education Asset Management Plans.	
Very Low – no real impact	0
Low – some impact	2
Medium – a noticeable contribution	4
High – a significant	6
Very High – a major contribution	8

<b>C - On-going Revenue Impact</b>	
Indicate how the scheme will impact on the revenue budget once the scheme is completed.	
Annual revenue costs increase by >6% of the gross cost of capital scheme	0
Annual revenue costs increase by >2% of the gross cost of capital scheme	1
Minor impact (changes <2% of the gross cost of capital scheme)	2
Annual revenue savings of >2% of the gross cost of capital scheme	3
Annual revenue savings of >6% of the gross cost of capital scheme	4

<b>D - Funding for Capital Scheme</b>	
Indicate how the scheme will be funded.	
0 to 20% of the gross cost of capital scheme met externally	0
21 to 40% of the gross cost of capital scheme met externally	1
41 to 60% of the gross cost of capital scheme met externally	2

61 to 80% of the gross cost of capital scheme met externally	3
81 to 100% of the gross cost of capital scheme met externally	4

Maximum possible score = 24

### **Invest to Save Bids**

Schemes that make significant savings and meet the 'Invest to Save' test are likely to be included, subject to scrutiny and risks of scheme.

A scheme is likely to be an 'Invest to Save' scheme where:

- 1) For long term schemes (25+ years)
  - Where the net revenue savings exceed the costs of borrowing – currently 8.5%.
- 2) For other schemes (<25 years)
  - Where the net revenue savings exceed the net costs of the scheme – adjusted for cost of borrowing (using Net Present Value (NPV) – currently 3.5%).