

## 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** Tithe Farm Lower

**LOCATION OF PROJECT** Tithe Farm Lower School, Houghton Regis

**PROJECT MANAGER;** Keith Armstead

**START DATE: 2009/10**

**FINISH DATE: 2011/12**

### DESCRIPTION OF PROJECT

**Briefly explain what the project is:**

The use of Primary capital Funding to transform the “tired” and unsuitable accommodation at Tithe Farm Lower School to provide a C21st environment capable of providing accommodation fit to meet the needs of teaching and Learning and to support the local Community in this deprived part of the Council. Tithe Farm is also in an area which has been identified for significant growth in the future through the LDF process, so will need to form part of the future plans for the area.

### JUSTIFICATION FOR PROPOSAL

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

The project was identified as one of the highest priorities for use of Primary Capital funding which was approved to support:

- Lower Schools in the worst Physical condition
- Lower Schools serving the most deprived areas
- Underperforming Lower Schools
- Projects that enhance the community facilities in Lower Schools which help place schools at the centre of their communities.

Tithe Farm fulfils all these criteria.

The school is still predominantly the former infant and Junior School buildings which have not benefitted from investment for a significant period of time and do not offer accommodation which is conducive to deliver a more personalised learning agenda fit for the C21st and to enable the school to offer good quality extended services .

The scheme will also support the Council’s objectives to educate, protect and provide opportunities for children and young people.

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

The scheme has been the subject of a detailed feasibility study which has considered a number of options for the school.

Although the school currently carries considerable surplus capacity, much of this is

## POLICY LED SCORING

Please refer to the guidance notes which follow

		Score Given	(Out of maximum)
<b>A</b>	Council Priorities	4	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>	18	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 typ e	2008/09 £000	2009/10 £000	2010/11 £000	2011/12 £000	2012/13 £000
Land Acquisition						
Building Acquisition						
Construction/ Conversion	S			1000	480	80
Professional Fees	S		50	100	64	
Vehicles						
Plant & Equipment						
Furniture						
IT Hardware						
Software & Licences						
Capital Grant to 3 <sup>rd</sup> Parties						
Credit Arrangement (leases)						
<b>TOTAL COST</b>			<b>50</b>	<b>1100</b>	<b>544</b>	<b>80</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 - PCP		50	1100	544	80
Developers Contribution					
Lottery / Heritage					
Other sources (specify)					
<b>EXTERNAL FUNDING</b>		50	1100	<b>544</b>	<b>80</b>
Direct Revenue Financing					
Capital Receipts					
Borrowing *					
<b>CENTRAL BEDS FUNDING</b>					
<b>TOTAL FUNDING</b>		50	1100	544	80

\* 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>					
Net impact to schools				TBA	TBA

### KEY MILESTONES (DATES)

Feasibility Study:	Spring 2010	* Other 1:	
Business Case/ Appraisal:	Spring 2010	Other 2:	
Detailed Design:	Summer 2010	Other 3:	
Tenders Sent:	Autumn 2010	Other 4:	
Contract Approved:	Autumn 2010	Other 5:	
Project Start:	Autumn 2010	Other 6:	
Project Complete:	Autumn 2011	Other 7:	
Final Retention Payment:	Autumn 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 project is proposed to be wholly externally funded. If it were not to proceed there would be the possibility of having to return part of the PCP grant to the DCSF which is currently allocated to this scheme.

Similarly, the school would be required to continue to be accommodated in

## 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?**

Consideration of the final business case will include elements relating to the educational outcomes to be achieved through the investment in the improved accommodation.

Similarly, the built form will be the subject of a full post project evaluation similar to other recently completed major capital schemes.

## 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.**

Reputational (Med) – The PCP programme was subject to DCSF approval. Failure to deliver would damage the Council's reputation with DCSF and PfS at a time when the Council wishes to engage with both bodies in order to secure future capital funding.

Financial – Not undertaking the project could result in the loss of approx £1m of DCSF grant.

## OTHER COMMENTS

The figures and the programme above reflect that the scope (and cost) of the project has been amended to allow for significant repair and maintenance costs which are also needed and that the project has slipped.

## CONTACT INFORMATION

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

Name: K L 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%).