



## Capital project bid form

### ESSENTIAL REFERENCE PAPER 'B'

<b>Section 1</b>	<b>Project Description</b>
<b>Service</b>	Strategic Finance
<b>Name of project</b>	Charrington's House: 2 <sup>nd</sup> floor suite refurbishment
<b>Project Manager</b>	Anna Osborne
<b>Ref no.</b>	<i>To be added by Strategic Finance once approved</i>
<b>Description of project</b>	<p>The North suite on the 2<sup>nd</sup> floor of Charrington's House is currently vacant following the expiry of the previous tenants lease.</p> <p>This project will generate rental income and business rates income for the Council once the suite is refurbished.</p>
<b>Section 2</b>	<b>Project Timeline</b>
<b>Target start date</b>	04/01/2016
<b>Target end date</b>	29/04/2016
<b>Section 3</b>	<b>Service objectives and outcomes</b>
<b>Project objectives</b>	Maximise return from Council assets
<b>Project benefits</b>	<p>Without this investment the asset will be unable to generate income due to the poor condition of the vacant suite. This investment will secure the ability of the asset to generate income over the course of the lease when granted.</p> <p>The council's property consultants have provided an assessment of the costs of refurbishing the vacant suite. The costs are estimated to be in the range of £120k to £280k dependant on the specification level of the works.</p> <p>The specification level will be determined by officers in conjunction with property consultants to determine what level of specification will generate the greatest interest from the market and the best return. The capital cost specified in this bid represents a refurbishment at a high specification level in the interests of prudence.</p> <p>The works will involve stripping out the vacant suite and making good. Works may involve upgrading IT, electrical and kitchen facilities and</p>

	may also include creating partition walls within the suite. The works included within the scope of the scheme may also include cosmetic renewal to the fabric of the building should these works contribute significantly to the return on investment.	
<b>Scheme priority level</b>	Level 2	
<b>Project type</b>	<i>Property refurbishment</i>	
<b>Key project outputs</b>	Refurbished office suite to a good standard ready to lease.	
<b>Project</b>	Milestones	Dates
	Design & Tender Stages	04/01/2016
	Start Works	07/03/2016
	Complete Works	29/04/2016
<b>State how the project links to the Corporate Strategy</b>	<p><b><u>People:</u></b></p> <p>The rental income from Charrington's House will be used to support the provision of fair and accessible services as a source of investment income to the council.</p> <p><b><u>Place:</u></b></p> <p>This project will help to ensure that Charrington's House remains occupied and therefore reduces the risk that an unoccupied suite detracts from the safety and cleanliness of the surrounding area.</p> <p><b><u>Prosperity:</u></b></p> <p>Refurbishing this vacant office suite will contribute to the economic wellbeing of Bishop's Stortford. This capital scheme ensures that the capital investment in Old River Lane is able to continue to generate the return on investment expected.</p>	

<b>Section 4</b>	<b>Costs and Funding</b>
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This section sets out the whole life costs of the project i.e. capital and revenue costs

<b>Section 4a CAPITAL COSTS</b>	<b>2016/17 £</b>	<b>2017/18 £</b>	<b>2018/19 £</b>	<b>2019/20 £</b>	<b>TOTAL £</b>
Works	280,000	-	-	-	280,000
Fees	20,000	-	-	-	20,000
Equipment	-	-	-	-	-
Other	-	-	-	-	-
<b>TOTAL CAPITAL COST</b>	<b>300,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>300,000</b>

<b>Section 4b FUNDING SOURCE</b>	<b>Details:</b>	<b>TOTAL £</b>
Council Funding	EHDC Capital Funding	300,000
Match Funding	Specify Funding Source	-
Grant Funding	Specify Grant Source	-
S106 Contribution	Name of Contributor or Scheme	-
Other		-
<b>TOTAL:</b>		<b>300,000</b>

<b>Section 4c REVENUE IMPACT</b>	<b>2016/17 £</b>	<b>2017/18 £</b>	<b>2018/19 £</b>	<b>2019/20 £</b>	<b>TOTAL £</b>
<b>COSTS</b>					
Operating Expenses	-	-	-	-	-
Consultants/Salaries	-	-	-	-	-
IT Licences	-	-	-	-	-
Other	-	-	-	-	-
Sub-total:	-	-	-	-	-
<b>SAVINGS</b>					
Revenue saving	-				-
Additional Income	(49,000)	(98,000)	(98,000)	(98,000)	(343,000)
Sub-total:	(49,000)	(98,000)	(98,000)	(98,000)	(343,000)
<b>TOTAL</b>	<b>(49,000)</b>	<b>(98,000)</b>	<b>(98,000)</b>	<b>(98,000)</b>	<b>(343,000)</b>

NB: Income is already built into the budget for Charrington's House including an assumption that a rent free period is offered as an incentive to prospective tenants.

<b>Section 5</b>	<b>VFM assessment –</b>
<b>What alternative means of providing this output been considered? e.g. leasing of assets, partnership arrangements, match funding</b>	
<p>This scheme will involve a significant upgrade to a key, revenue-generating asset.</p> <p>Value for Money will be achieved by undertaking a market assessment to ascertain the standard and level of works required to achieve a good rental and through the correct procurement of a contractor to deliver the refurbishment works.</p>	

<b>Section 6</b>	<b>Risk Management</b>
<b>Risk</b>	<b>Mitigation</b>
The office suite remains vacant and the rental income at Charrington's House is below budget expectations.	Refurbishing the office suite with the advice of property consultants will ensure that optimal rental yield is achieved.
The office suite remains vacant and additional costs are borne by the council (e.g. NDR, service charge etc).	Progressing this scheme in a timely manner will minimise the council's exposure to any additional costs.
The office suite is refurbished and remains vacant.	Refurbishing the office suite with the advice of property consultants will ensure that optimal rental yield is achieved.
The appointed contractor fails to deliver the works to the required standard in a timely manner.	The tender exercise to procure the contractor will assess the capability of the contractor to complete the works in a timely manner.
There is a reputational risk to the council in failing to act as a responsible landlord. This may affect the perception of current tenants in Charrington's House.	This scheme demonstrates that the council is committed to continue investing in Charrington's House through active estate management.

<b>Section 7</b>	<b>Approval</b>		
	<b>Name</b>	<b>Signature</b>	<b>Date</b>
<b>Project Manager</b>	<b>Anna Osborne</b>		date
<b>Head of Service</b>	<b>Philip Gregory</b>		date
<b>Head of Strategic Finance</b>	<b>Philip Gregory</b>		date

### **General guidance on completion of the capital project bid form.**

The project appraisal process seeks to ensure that all capital schemes are appraised consistently and are deliverable. Set out below are general pointers and questions that should be addressed by completing the appraisal form:

- How does the scheme contribute towards the council's aims and objectives?
- How does the scheme meet members' priorities?
- Does the scheme form part of an adopted strategy or policy objective of the Council?
- Are there clear objectives for the scheme?
- What is the timescale for the scheme?
- Has there been a risk assessment of the scheme?
- Will the project achieve value for money?
- Have avenues for alternative or match funding been explored?
- Is it appropriate to deliver this scheme in partnership with another agency?
- Have the revenue implications been assessed and a source of revenue funding identified where appropriate?
- Have milestones, project outputs and the method of monitoring been set and agreed?
- Are stakeholders involved in the review of targets and achievements?
- Have the regeneration implications of the scheme been assessed and appropriate corresponding outputs agreed such as jobs created, training places provided?
- Does the scheme contribute to raising the performance of the council in areas of weakness?
- Once approved, is there capacity within the service to deliver the scheme to agreed timescales?

### **Specific notes to aid completion of the capital project bid form**

#### **Section 3: Service objectives and outcomes**

- ***Scheme priority level***
  - **Level One Priorities** should include schemes which meet a statutory service delivery requirement and/or meet a central government requirement.  
This may also include schemes which are essential to avoid loss of life or limb.
  - **Level Two Priorities** cover schemes which can either repay part of the investment by generating revenue savings in service provision, or which attract at least 50% external funding.  
Additionally, level two priority schemes include those where assets generate income and the income is at risk without capital investment for health and safety reasons or reduced customer satisfaction e.g. leisure centres and outdoor sports facilities.

- **Level Three Priorities** relate to non-statutory service provision and schemes which do not generate savings or attract 50% external funding as described above.
- **Key project outputs**
  - State what the outputs for the project will be. Try and be as specific as possible.
  - For example:
    - a new refuse vehicle to reach hard to access properties
    - adaptations that enable x clients to stay in their homes
    - an IT system to deliver clearly stated benefits
    - no of residents to benefit from works

## **Section 4: Costs and funding**

The purpose of this section is to give an overview of project costs and the funding sources.

- This section should be completed in consultation with your Finance contact. The Finance contact will provide advice and support to ensure that the proposal is financially robust.
- The total capital cost (4a) should equal the total funding source (4b).
- In section 4c, costs should be positive values and savings/income should be negative values.
- (NB: Double-clicking on the table should open an Excel table. This will ensure that totals are calculated correctly.)

## **Section 5: VFM assessment**

The Council has a duty to ensure that capital schemes are affordable and sustainable in the long term. Value for money is often assessed by considering:

- Economy – is the scheme affordable?
- Efficiency – does the scheme use the right method of delivering the stated outcome?
- Effectiveness – is this scheme the right way to achieve the stated outcome?

## **Section 7: Approval**

This section needs to be completed by your Head of Service and Head of Strategic Finance to ensure that all financial implications arising from this bid have been considered.

Once the project is approved and included in the capital programme it is the responsibility of the project manager to monitor the outcome delivery and the costs against the budget approved.