

# Principles to be applied to the financial closure of BCP FuturePlaces Ltd

The purpose of this document is to set out for Member consideration the principles to be applied to closure of BCP Future Places Ltd financial accounts in respect to work-in-progress. This framework will help in determining the eligibility, value and funding sources for work being acquired by the council.

## Principle 1: Eligibility

Information and advice would be considered eligible subject to the following considerations.

1. All items purchased must be for a clear rationale in line with existing council objectives and priorities.
2. All documents and advice must be reviewed and signed off by the relevant officer and subject matter expert.

## Principle 2: Valuation

Information and advice would be valued subject to the following considerations: -

1. On an open book arrangement, the council would seek confirmation of any third-party external spend incurred by FuturePlaces and apply a multiplier of [1.8] (based on the standard ratio of external to internal costs experienced by the company.)
  - The council can place confidence in the value of third-party costs due to BCP FuturePlaces adhering to the same procurement process of the council due to its Teckal status.
2. Where there are no third-party costs, FuturePlaces would need to evidence any time spent on a project via timesheets. The council would consequently be willing to pay 3 times the base salary cost of the time incurred.

## Principle 3: Funding

Information and advice would be funded subject to the following considerations: -

1. For **continuing** schemes that have already experienced a capitalisation point, any additional costs could continue to be **capitalised** in line with pre agreed budgets.
  - Should the required expenditure create an additional funding need then the necessary approvals would need to be sought to increase the budget within the capital programme.
2. For any **new** schemes that are clearly supporting the acquisition or construction of a capital asset, then these costs could also be **capitalised** subject to:
  - Sufficient clarity on the intended outcome.
  - A business case including funding source approved in line with the financial regulations.
  - The scheme and the associated budget being included in the council capital programme.

3. For any schemes earmarked for **disposal**, then costs incurred could be funded from the **disposal proceeds**.
  - Subject to adhering to the parameters allowed, particularly noting the 4% cap on non-housing disposals.
  - Depending on the timing of the disposal it may be necessary to raise a capital debtor at year end to cover the cost incurred.
4. For any **general** information and advice relevant to feasibility studies or assisting with policy setting then these costs would require a **revenue** funding source.
  - No provision currently exists for such expenditure therefore the necessary approvals would need to be sought for inclusion in the council's MTFP.
5. Any packages of information the council does not require would not be purchased and remain as an unrecoverable cost burden in the company.

#### **Principle 4: Assets**

As at the 31 October 2023 BCP FuturePlaces Ltd is predicted to hold the following assets.

£23,217      ICT Equipment (Service Pro and Laptops)

£7,120      Glass Partitions

**£30,337      Total Asset Valuation**

The council would pay the net book value for these assets and then capitalise the costs funded by prudential borrowing with the revenue charge part of the cost of the new Investment and Development Directorate.