Uttlesford District Council – investment criteria

1. The scheme must contribute directly towards achieving the Council's priorities, as set out in the Corporate Plan.

2. Early confirmation of Director and Member support is needed to enable business case work to proceed. Finance officers should be involved in business case development. Final decision to proceed rests with the Council (via SMB and Policy Committee).

3. The Council's Contract Standing Orders must be followed in relation to the letting of contracts and procurement of goods and services.

4. All costs and savings must be fairly apportioned between the General Fund and the Housing Revenue Account, with the following criteria being met for both.

5. Up front capital expenditure must be funded from external grants, capital receipts or borrowing. If capital receipts or borrowing is used, the financing costs must be met from net revenue savings.

    - If capital receipts are used, the net revenue savings should achieve payback within the useful life of the asset and meet the opportunity cost of using capital receipts, equivalent to the investment income that could otherwise have been earned (currently c.1%).

    - If borrowing is used, the net revenue savings should cover the interest payable on loans (currently c.4%), and loan principal repayment over a period equivalent to the useful life of the asset.

    NB: Capital receipts are at a low level and expected to run out in 2010. It would be prudent to assume that borrowing will be required.

6. Up front revenue expenditure required must be funded from existing revenue budgets, external grants or revenue reserves.

    - If revenue reserves are used, they must be replenished from net revenue savings by December 2012.

7. A net ongoing revenue saving must be realised and proven prior to December 2012 to ensure that the net saving can be taken into account in the 2013/14 budget and therefore contribute to the savings target in the Medium Term Financial Strategy.

8. The business case should demonstrate that ongoing annual revenue savings shall exceed:

    a) Costs of financing capital expenditure (see above)

    b) Ongoing annual revenue costs.

    c) Replenishment of revenue reserves (see above).

    d) A 20% contingency.

9. Net General Fund revenue savings arising are to be pooled for corporate use.

Stephen Joyce, Chief Finance Officer, Uttlesford District Council
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