Projects – Revenue or Capital

- It is important to establish whether a project is revenue or capital.

- There are many sources of funding, e.g. grants, S106, corporate funding, third party contributions etc, when the funding is received it is worth looking at the paperwork as it may indicate the type of grant (revenue / capital or both)

- To check if the project is revenue or capital use the Definition of Capital Test below

- When established then the relevant codes should be set up

  - Revenue – cost centre / SIO

  - Capital – WBS element and Profit Centre (if funding is from third party, e.g. grants, S106 & contributions) Sometimes funding is from Direct Revenue Funding.

1. Definition of Capital

Legislation requires the council to follow accounting standards which define Capital Expenditure as follows. The basic provisions are that expenditure can be capitalised where the costs relate to:

• acquisition, reclamation, enhancement or laying out of land

• acquisition, construction, preparation, enhancement or replacement of roads, buildings and other structures

• acquisition, installation or replacement of movable or immovable plant, machinery, apparatus, vehicles or vessels.

The legislation also allows us to treat grants to other bodies as capital, where the spend is not on our own assets but where they meet the above criteria – this is known as Revenue Expenditure Funded for Capital Under Statute (REFCUS)

The useful economic life must be greater than one year and the value of the asset is over the de-minimus level of £10,000

2. S106 Capital Projects

At present there are three S106 set up for different departments

CAP-00444   Affordable Housing S106
CAP-00703   Highways S106 projects
CAP-00705   Recreation S106 projects

Within each of these there are many WBS elements relating to the funding streams, these in turn should match the profit centre funding the expenditure, at the end of the year each WBS element is settled to either the asset register or REFCUS.

3. Other Capital Projects

When a project is identified as capital, a **Request for Scheme to be Added to SAP** form should be completed and if a grant or contribution is used for funding, then a copy of this should be sent through with the request for the records.

When a code is set up it will be shown on the capital monitor which is produced and sent out to service on a quarterly basis, this shows the spend to date and money received in profit centres. It should be updated by the service with a forecast budget and comments explaining changes between the spend and forecast

Contacts

Revenue – please talk to Financial Services, there is a representative for each service

Capital   Adele Barker Ext 2656
               Habib Rehman Ext 4234
               Philip Westcott Ext 4462

Request for Scheme to be Added to SAP

Name of Scheme	
Description of scheme	
Please give details of the assets being created or enhanced	
Name of Person Responsible for the project	
Cost Centre linked to authorisation	
Is the asset owned by the Council	Yes/No
If No please specify body owning asset	
Applicant No for the scheme	
How has scheme been approved (Executive approval/external funding) *Please provide written confirmation of external funding- attach copy of Funding Agreement Letter*	If by Decision of executive please give date
	If wholly funded externally please give details of source of funding

Source of Funding	2013/14 £'000	2014/15 £'000	2015/16 £'000	2016/17 £'000	2017/18 £'000
Corporate Resources/Capital receipt					
Specific Grants (*give details*)					
Developers Contribution					
SPE Borrowing					
Prudential Borrowing					
Direct revenue Funding					
Total					

Please attach a breakdown of the spend by asset