

Appendix 1: Chief Finance Officer's financial analysis of JPV FBC



MEETING:	CABINET
MEETING DATE:	22 JANUARY 2015
TITLE OF REPORT:	JOINT PROPERTY VEHICLE
REPORT BY:	ASSISTANT DIRECTOR PLACE BASED COMMISSIONING

Assumptions

Expenditure Type	JPV Savings identified	Herefordshire Validated
ESTABLISHMENT	Based on revised staff reduction in Business case	As per JPV
MAINTENANCE	20%	3% at each contract renewal. (20% taken out in 14/15)
ENERGY	10%	Based on rationalisation of current properties
WATER	5%	Based on rationalisation of current properties
RENTS	40%	Based on rationalisation of current properties (majority of budget for 2 properties that are unlikely to change)
RATES	15%	No savings. Based on current pressure on the revaluation of assets which is increasing rates.
CLEANING	10%	10% at each contract renewal. (20% taken out in 14/15)
MISC COSTS	20%	20%

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Analysis of savings

JPV Savings versus no JPV option 15/16 to 24/25

1. Savings by joining JPV (validated by Herefordshire Finance)											
	BASELINE YEAR	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6	YEAR 7	YEAR 8	YEAR 9	YEAR 10
	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Inflows											
Savings	6,472	(183)	(385)	(535)	(534)	(659)	(692)	(688)	(720)	(763)	(788)
Overhead Savings		(6)	(37)	(68)	(99)	(99)	(99)	(99)	(99)	(99)	(99)
Outflows											
Implementation Costs (20%) - assume redundancy costs only		162									
Implementation Costs (20%) Total £107k funded by Cabinet Office		0									
Running Costs (20%)		238	238	238	238	238	238	238	238	238	238
Retained Contract Management		154	154	154	154	154	154	154	154	154	154
Additional contributions to capital			82								
Annual cost / (savings)	6,472	365	52	(211)	(240)	(365)	(399)	(394)	(427)	(470)	(495)
Cumulative cost / (savings)		365	417	206	(34)	(399)	(798)	(1,192)	(1,619)	(2,089)	(2,584)
Net Present Value at 3.5%	1.00	0.965	0.931	0.899	0.867	0.837	0.808	0.779	0.752	0.726	0.700
Annual cost / (savings) on Net Present Value		352	48	(189)	(208)	(306)	(322)	(307)	(321)	(341)	(347)
Cumulative based on Net Present Value		352	400	211	3	(303)	(625)	(932)	(1,253)	(1,594)	(1,940)
2 Savings by not joining into JPV											
	BASELINE YEAR	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6	YEAR 7	YEAR 8	YEAR 9	YEAR 10
	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Inflows											
Savings	6,472	(190)	(307)	(493)	(492)	(492)	(526)	(521)	(516)	(549)	(544)
Outflows											
Additional contributions to capital			82								
Annual cost / (savings)	6,472	(190)	(225)	(493)	(492)	(492)	(526)	(521)	(516)	(549)	(544)
Cumulative cost / (savings)		(190)	(415)	(908)	(1,400)	(1,892)	(2,417)	(2,938)	(3,454)	(4,003)	(4,547)
Net Present Value at 3.5%	1.00	0.965	0.931	0.899	0.867	0.837	0.808	0.779	0.752	0.726	0.700
Annual cost / (savings) on Net Present Value		(184)	(209)	(443)	(427)	(412)	(424)	(406)	(388)	(398)	(381)
Cumulative based on Net Present Value		(184)	(393)	(836)	(1,263)	(1,674)	(2,099)	(2,504)	(2,893)	(3,291)	(3,672)