

New Capital Project Approval Request

Directorate:	City Operations
Unit:	Environment & Culture
Project Title:	Hove Promenade Beach Huts
Total Project Cost (All Years) £:	£51,000

Purpose, Benefits & Risks:

The funding for this project will be used to purchase 10 new beach huts supplied by a marketing company who are building the huts to use on Hove Promenade for activations and promotions over the summer of 2025. These huts have been built to the BHCC specification and in September will be placed in vacant plots alongside existing beach huts. The council will sell these beach huts on the open market to Brighton & Hove residents. The sale price for each hut will be significantly higher than the purchase price to the council. It is anticipated that the sale of 2 huts (£0.025 - £0.030m each) would cover the total costs for the purchase of 10 huts, therefore the sale of the remaining 8 huts would be profit to the council. On average around 20 huts are bought and sold each year.

Capital Expenditure Profile (£'000):

Funding Source (see guidance below)	2025/26	2026/27	2027/28	2028/29	2029/30	Total All Years
Revenue Contributions (DRF)	51					51
Total Estimated Costs & Fees	51					51

Financial Implications:

The cost of the purchase is £0.050m. The one off revenue contribution (DRF) to cover this will come from the Commercial Properties budget. There will be additional costs for the Planning Application of £0.001m which will also be funded from revenue budgets.

Additional Information For Cost Centre Setup:

Finance Contact:	Chris Wright
Budget Holder:	Toni Manuel
Preferred Cost Code <i>(leave blank for next in series)</i> :	
Additional Information for Finance (if required)	
1. Borrowing - please provide revenue code to meet Financing Costs	
2. Direct Revenue Funding (DRF) - please provide revenue code for budget virement	REC044/LR200 – Commercial Properties income
3. External Contributions – please provide Balance Sheet code where funding is held	
4. Specific Reserves– please provide Balance Sheet code where funding is held	

Guidance Notes

Purpose, Benefits and Risks

This section should describe the project, its purpose, aims and objectives, benefits and risks. In providing Members with relevant information, you may wish to consider the following: How does the project fit with the Council's strategic priorities, departmental development plans, team plans or policy documents? What are the benefits to be gained from undertaking this project? Is it a spend-to-save project? e.g. do we hope to realise savings, achieve efficiencies or relieve service pressures? What kind of option appraisal process has been carried out? What other options are available? What makes this our best option? What consultation has been carried out and, briefly, what were the findings?

Capital Funding Sources and Expenditure Profile

A best estimate should be made of the expected profile of spend over the life of the project and the sources of financing indicated. Where any expenditure is likely to fall in future years, these amounts should be estimated and included under the relevant financial year. Please indicate which of the sources of funding is being utilised: grant, unsupported borrowing, external contributions (including S106), revenue contribution, capital receipt from the sale of assets or capital reserves. Most capital projects only have one source of funding but it is possible to have 2 or more. Please discuss this with your Finance contact if you are unsure.

Each year capital expenditure must be funded from at least one of the following:

1. Borrowing
2. Government grants
- 3 Other grants such as Heritage Lottery Funding, Local Growth Fund
4. External contributions from partners
5. S106 developer's contributions
6. Revenue contributions from service departments
7. Capital receipts from the sale of assets
8. Capital or Specific Reserves
9. Corporate Funds such as Modernisation Funds, IT&D, Asset Management Fund or PMB

Financial Implications

Most capital schemes will include some element of revenue expenditure both during and after the project. Only costs that are directly attributable to purchasing and bringing the asset into working condition for its intended use are to be charged as capital expenditure. There will almost always be costs as a result of the scheme which are not directly attributable to that scheme, for example, feasibility / option appraisal costs, hospitality, travel, telephone charges. These costs should be charged to revenue. All administration and general overhead costs must be charged to revenue.

Any conditions relating to Government Capital Grant funding should be detailed here. This may include what eligible assets the grant can be used for and whether the grant is time limited.

When a scheme has been completed there will often be ongoing revenue implications, for example, a teacher's salary for a new classroom, annual running costs of maintenance costs for a vehicle or new piece of equipment.

The whole life cost of the project is the total cost of ownership, that is, the cost of acquiring/creating the asset, operating it, maintaining it over its useful life, and finally the costs of disposal.

