# THE UNIVERSITY OF LEEDS

# FACILITIES DIRECTORATE

## Policy on apportionment of costs in capital projects, within the Investment Appraisal Process

Capital projects can cover not only refurbishment or construction of new buildings, but also the installation of some equipment, as well as furniture and fittings. Faculties pay a minimum of 10% towards costs incurred as part of a capital project, and sometimes elect to pay more; in the case of Professional Services the Capital Programme provides 100% of funding. Guidance on cost apportionment is set out below, which addresses some questions about what is and is not included in project costs, irrespective of funding source.

### Faculties and Schools

1. Schools and Faculties contribute a minimum of 10% towards the cost of facilities provided in projects funded by the Capital Programme, which they will occupy and manage as the main user, (ie this excludes embedded centrally timetabled space, cafes and associated social space)
2. The Capital Programme (and Faculty 10% contribution) covers one-off equipment costs within the project, such as fixed white goods in kitchens, but will **no**t cover items funded by recurrent budgets, such as PCs, photocopiers, AV, phones, loose white goods such as fridges, research equipment etc,
3. Faculties need not contribute towards significant backlog maintenance costs included within the project, or large-scale measures to improve sustainability such as low or zero carbon construction.
4. If costs change either up or down after project approval, the 10% minimum contribution level still applies, so Schools and Faculties might increase their contribution, or might pay less.
5. Total project costs include all items to be procured as part of the building contract. Some equipment such as AV or plasma screens, is procured in this way so it can be installed by the contractor, who is then responsible for commissioning the equipment, irrespective of who is providing funding.
6. If AV equipment is provided for centrally timetabled rooms within the project, the Faculty will not contribute towards that cost, the Capital Programme pays 100%.
7. Furniture, whiteboards, notice boards, and shelving costs are included within Capital Programme project costs, so Faculties will pay a minimum 10% contribution towards those items where they are being provided in space intended for the Faculty as main user. Fixed equipment is also supplied mainly in laboratories, such as fixed benches, cold rooms and fume cupboards, plus shelving and notice boards in offices (these items are classed as furniture, fittings and fixed specialist equipment).
8. Where air extraction or cooling is provided as part of a project and supports equipment rather than people, the cost of plant maintenance is the responsibility of the Faculty, rather than Estates. However, the Faculty will pay 10% towards the capital cost of provision (as with other fixed specialist equipment), with the Capital Programme providing the balance.
9. The Investment Appraisal Process still applies to projects that are not included in the Capital Programme, even where fully funded by the School or Faculty: the appropriate business case should be completed and approval of expenditure is required at prescribed delegated authority levels (see guidance at <https://facilitiesdirectorate.leeds.ac.uk/investment-appraisal/#usefulinformation>.)

### Professional Services and Communal Space

1. Services projects are fully funded by the Capital Programme (eg communal teaching space or Professional Services refurbishments), including equipment such as white goods in kitchens and AV.
2. Services will continue to cover other items funded by recurrent budgets, such as PCs, photocopiers.
3. Coffee bar servery refurbishments are funded by Great Food at Leeds (GFaL), whilst communal social space associated with coffee bars is funded by the Capital Programme.

### All Projects

1. Faculties and Professional Services will pay 100% of costs for loose equipment in their space; these items are usually excluded from total project costs within the Capital Programme as they are not fixed by the contractor, e.g. PCs on desks, photocopiers, phones etc. The Faculty/Service pays 100% of costs, including any delivery and set-up costs, and is responsible for procuring these items.
2. Some loose equipment is also procured through the building contract so that it can be commissioned by the contractor, such as AV equipment or plasma screens; in this scenario Faculties will pay 100% of the costs of this equipment, whilst the Capital Programme will pay 100% for Professional Services.
3. Disposal of unwanted loose equipment including research equipment is the responsibility of the Faculty or Service, this includes de-commissioning of labs and subsequent decontamination.
4. Removal/decant costs are within project costs, as is disposal of redundant furniture or fixed specialist equipment, so a 10% Faculty contribution applies, with no contribution from Professional Services. This includes re-location of fixed specialist equipment, or replacement in a new location if existing equipment cannot be moved, eg cold rooms, fume cupboards etc, ie project-driven costs.
5. Signage (internal and external) is within project costs, so a 10% Faculty contribution applies, with no contribution from Professional Services.
6. Automated locking systems e.g. Simons Voss, or CCTV, on internal access points, are not funded by projects, and mechanical locks will be supplied as standard. Simons Voss will be supplied on external doors and on laboratory doors where security is an issue, and external CCTV will be provided on main entrance doors where necessary (supported by Security). Additional automated locking needs must be identified early by the Faculty; the project will install the system but the Faculty will fund it.
7. Faculties will continue to pay space charge only on areas occupied prior to project commencement until new space is occupied, even where decant accommodation is used – though permanent expansion space will be chargeable once occupied. Professional Services do not pay a direct space charge, but the same principle applies for indirect space charges.
8. When calculating Net Present Values (NPVs) for business cases as part of the Investment Appraisal Process, running costs are calculated on Net Internal Areas (NIAs) multiplied by the Estate Management Record (EMR) Total Property Cost for NIA which changes annually - £162 per sq m (from EMR 2017-18). This measure looks at the impact on the University, rather than the Faculty, so increases in area only apply in the case of new buildings/extensions; if a Faculty takes on extra space that was already in University use, this has no impact on the NPV. Future funding of revenue costs associated with the capital project should be included in NPV calculations, including both ongoing building upgrades eg new furniture or refurbishments, plus future replacement costs for research or other equipment. These costs will be wholly met by the Faculty or Professional Service.
9. We will embed sustainability into all aspects of projects including energy and water use, clean air, healthy buildings and development of a smarter campus to enable collaboration, flexibility and greater engagement and teamwork in well-connected facilities. We will consider community use of space.
10. We will promote efficiency in the use of space to improve sustainability; this theme is embedded not only in space allocations and projects but also in student programmes. Sustainable building solutions will include low or zero carbon construction, natural ventilation, and shared space with minimal circulation areas contributing to lowering carbon emissions. In addition, behavioural changes will be required such as increased use of shared offices and laboratories, and use of digital technologies, helping to keep the overall size of the estate at an optimum level for financial and environmental sustainability.
11. Capital Group requires that briefs for capital projects will reflect behavioural changes leading to improved financial and environmental sustainability, embedding new ways of working and digital transformation into business cases.

### Summary for Faculties and Schools

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| **Who pays for what within capital project costs?** | **Faculty pays 10%** | **Faculty pays 100%** | **Capital Programme pays 100%** | **Capital Programme pays 90%** |
| Building construction or refurbishment for a Faculty as main user | x |  |  | x |
| Building construction or refurbishment for communal use, eg central teaching or social space in a coffee bar |  |  | x |  |
| Significant Backlog Maintenance cost elements of a project as part of a refurbishment (eg renewal of whole-building systems); or large-scale measures to improve Sustainability |  |  | x |  |
| Removal/decant costs and disposal of old furniture and fixed specialist equipment (or re-location/re-provision in new space where project-driven) | x |  |  | x |
| Disposal of unwanted loose equipment eg laboratory equipment, PCs, electrical goods; also lab de-commissioning/de-contamination |  | x |  |  |
| New furniture and fittings including fixed items such as lab benches, fume cupboards, cold rooms, shelves, notice boards, fixed white goods in kitchens, internal and external signage, and external artwork (project-driven) | x |  |  | x |
| Equipment procured as part of the capital project, eg AV equipment, plasma screen, laboratory equipment that is not fixed but is fitted and commissioned for a Faculty as main user |  | x |  |  |
| Equipment for communal use procured as part of the project, eg AV equipment in central teaching space |  |  | x |  |
| Equipment or other items not procured as part of the capital project for Faculty use eg PCs, photocopiers, phones, unfixed white goods in kitchens, laboratory equipment |  | x |  |  |
| Simons Voss locks to all internal doors, and indoor CCTV, if required |  | x |  |  |
| Simons Voss locks to external perimeter doors and lab doors; and external CCTV on main entrances for Faculties where necessary and supported by Security. Mechanical locks will be supplied for all internal doors, except where Simons Voss is a necessity for security reasons, eg some labs | x |  |  | x |

### Summary for Professional Services and Communal Space

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| **Who pays for what within capital project costs?** | **Professional Services pay 100%** | **Capital Programme pays 100%** |
| Building construction or refurbishment for a Professional Service, or for communal space such as central teaching rooms, coffee bars etc |  | x |
| Significant Backlog Maintenance cost elements of a project as part of a refurbishment; or measures to improve sustainability |  | x |
| Removal/decant costs and disposal of old furniture and fixed specialist equipment |  | x |
| Disposal of unwanted loose equipment eg PCs, electrical goods | x |  |
| New furniture and fittings including shelves, notice boards, internal and external signage and artwork |  | x |
| Equipment procured as part of the capital project, eg AV equipment, plasma screens, white goods in kitchens |  | x |
| Equipment or other items not procured as part of the capital project for Service use eg PCs, photocopiers, phones, replacement AV | x |  |
| Simons Voss locks to internal doors, and indoor CCTV | x |  |
| Simons Voss locks to external perimeter doors; and external CCTV on main entrances for Professional Services where necessary. Mechanical locks will be supplied for all internal doors except where Simons Voss is a necessity for security reasons |  | **X** |

### Summary for All Projects

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| **Who pays for what furniture, fittings and equipment costs?** | **Professional Services** | **Capital Programme** | **Faculties** | **Capital Programme** |
| Fixtures eg notice boards, shelving, built-in fridges, water boilers, lab benching, cold rooms, fume cupboards (where project-driven) |  | 100% | 10% | 90% |
| Loose and fixed furniture including blinds |  | 100% | 10% | 90% |
| Loose equipment such as AV, plasma screens, loose fridges, microwaves (where project-driven) |  | 100% | 100% |  |
| Equipment usually funded from recurrent budgets eg PCs, photocopiers, phones, lab equipment | 100% |  | 100% |  |

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| Faculties and Professional Services are responsible for ongoing upgrade/replacement costs for equipment procured as part of the capital project, eg AV, plasma screens, white goods in kitchens, research equipment, plus refurbishments or new furniture. These costs should be included in NPVs. |

All capital projects should be supported by a business case appropriate to the level of investment, see <https://facilitiesdirectorate.leeds.ac.uk/investment-appraisal/#usefulinformation>