
Capital Expenditure Policy

Executive Summary

The attached draft policy sets out the approach HCPC should take to determining whether expenditure on projects and other activities should score as capital or resource, in line with wider accounting and budgeting standards. It also sets out related aspects in relation to accounting for the depreciation of capital assets and the disposal of assets.

Previous consideration	N/A
Decision	To recommend to Council
Next steps	The updated policy will be used to inform year-end work in preparation for the 2021-22 statutory audit, as well as budget setting and review activity over the coming year and beyond.
Strategic priority	Strategic priority 5: Build a resilient, healthy, capable and sustainable organisation
Financial and resource implications	No direct implication from development of the policy. The requirements of the policy will ensure that HCPC budgets and accounts correctly for investment and other expenditure, within existing overall budgets.
EDI impact	No direct implications.
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CAPITAL EXPENDITURE POLICY

a) Capitalisation

The purchase of individual assets or groups of assets costing more than £5,000 (including VAT), with a useful life of more than one year, and which are intended for use on a continuing basis, are classified as capital expenditure. Such assets, including equipment, furniture and property are recorded in our fixed asset register and depreciated/amortised over their useful economic life in line with the fixed asset policy.

Category	Policy Guidance
Buildings	Capitalised at cost when the building is brought into use until the lease term end date. Include any costs that are directly attributable to bringing it to its finished condition. Any opening costs, advertising and promotional activities cannot be capitalised and are expensed to BAU (Business As Usual). Refer to Annexe 1: Buildings (Estates) – Operational vs Capital Expenditure
Capital Projects	These are capitalised at cost and should include all directly attributable costs up to the launch of the project. This includes any items costing under £5,000. Temporary staff taken on to 'backfill' positions, and contractor staff costs are capitalised, but permanent staff are not. After the project has launched, all subsequent running costs are coded to BAU (see Annexe 3 for the Project Completion Form. Refer to Annexe 2: Capital Projects – Operational vs Capital Expenditure
Leases	Finance leases are capitalised, and operating leases are expensed directly to BAU.

b) Depreciation

Depreciation is provided on tangible fixed assets to write them down to their estimated useful lives in equal instalments as follows:

Freehold or Long Leasehold premises	50 years
Office fit out and refurbishment	Period of the lease or useful economic life of the asset
Furniture	10 years
IT Projects	3 - 5 years
Equipment	3 - 5 years

The HCPC will revalue freehold/long leasehold premises in accordance with FRS102 and will use this valuation as deemed cost going forward.

c) Disposal of Assets

The disposal of obsolete or surplus equipment or furniture requires the prior approval of the Head of Finance and Head of Facilities/Head of IT if the net book value is equal to or less than £10,000 (collective value of items) and the prior approval of the Director of Resources & Business Performance and Chief Executive if the net book value exceeds £10,000.

A disposal form (see Annexe 2) must be completed and authorised before any assets are disposed of. In accordance with finance policy, this must be authorised by the respective personnel mentioned above.

The disposal form must include the following:

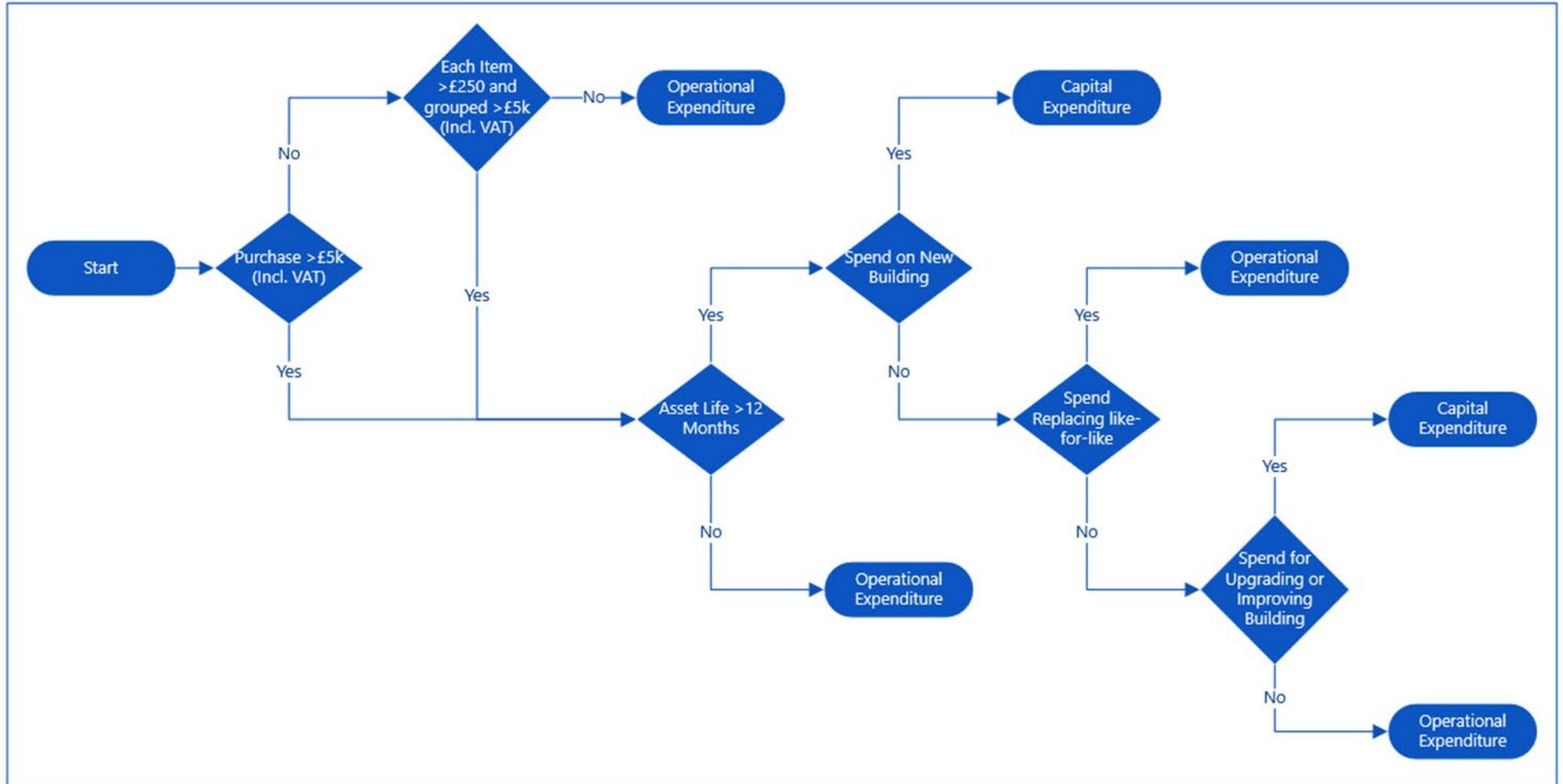
- Details of the asset(s) including asset number and location
- Reason for disposal
- Method of disposal
- Total Net Book Value (NBV)
- Potential costs of removal
- Any sale proceeds
- How sensitive data is being dealt with

When assets are sold, an invoice must be produced with all proceeds going to the HCPC.

The fixed asset register must be adjusted to reflect any disposals made in relation to all of the above.

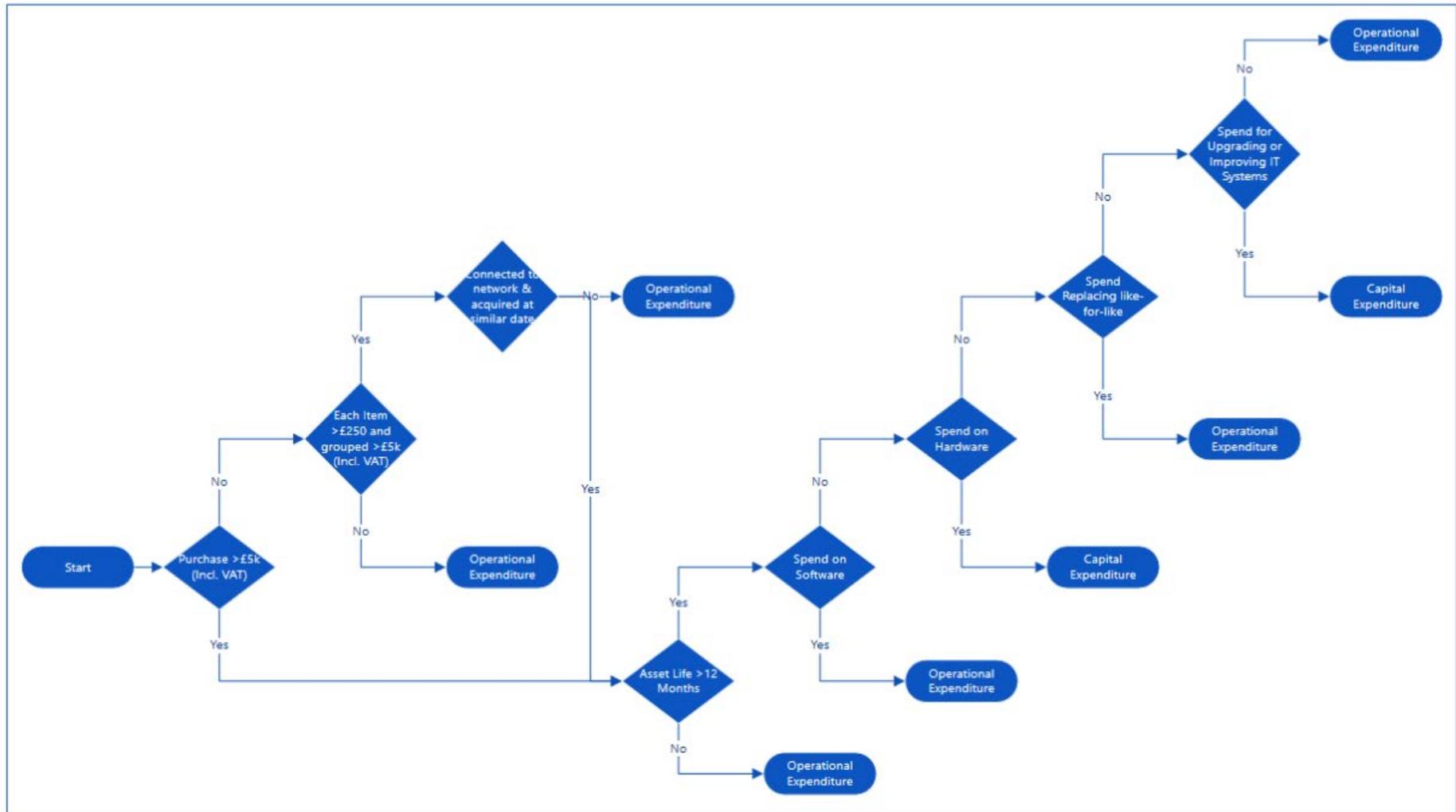
ANNEX 1

Buildings (Estates) – Operational vs Capital Expenditure



ANNEX 2

Capital Projects – Operational vs Capital Expenditure



ANNEX 3

PROJECT COMPLETION FORM

PROJECT NAME	
PROJECT COST CODE	
PROJECT MANAGER	
PROJECT COMPLETION DATE (DD/MM/YYYY)	
TOTAL PROJECT COST (£)	

SELECT THE FOLLOWING:

- I confirm this project was ready for use or in use as at the project completion date specified above.
- I confirm all invoices have been sent and processed by the Finance Department prior to date signed below.

If unchecked, please specify what is remaining to complete and the estimated costs.

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APPROVALS

* **Note. To insert a picture signature** - you need a handwritten signature as a graphic file. Write your signature on a piece of paper and scan it or take a photo of it, saving it with one of the graphic file formats: .bmp, .gif, .jpg, or .png. Insert the picture file in Word by clicking the Insert tab and choosing Pictures in the Illustration group. Select the device, find the file, and then click Insert. Resize and crop if necessary, to remove large amounts of white space.

PROJECT MANAGER	
PROJECT MANAGER NAME (If not the project manager, please specify full name and provide project manager approval)	
DATE (DD/MM/YYYY)	
* SIGNATURE	

PROJECT SPONSOR	
PROJECT SPONSOR NAME	
DATE (DD/MM/YYYY)	
* SIGNATURE	

FINANCE BUSINESS PARTNER	
FINANCE BUSINESS PARTNER NAME	
DATE (DD/MM/YYYY)	
* SIGNATURE	

ANNEX 4

ASSET DISPOSAL FORM

Current Form	Action
 HCPC Fixed Asset Disposal Form - Work	Need to redesign the form to include aforementioned details and work towards making it user-friendly. Explore option of making this an online form, which can be used as a pilot for introducing a similar approach for expense forms.

Required information:

- Details of the asset(s) including asset number and location
- Reason for disposal
- Method of disposal
- Total Net Book Value (NBV)
- Potential costs of removal
- Any sale proceeds

Below form is structure used by Cambridge University, which is an online form on their intranet site. Let's use this as a structure and then work towards having this online. A similar approach can be taken with expense claims.

Fixed Asset disposal form

Please complete and submit this form if an item of your department's equipment that is on the Asset Register has been or will shortly be disposed of. This information is required to remove the equipment from the Fixed Asset Register held in UFS.

The information entered here will be used by the University of Cambridge's Finance Division solely for the contractual or legitimate business purposes for which the form exists. Where any personal information is entered (about the user or others), it is used in accordance with the University's standard [website privacy policy](#).

ASSET DETAILS

Department Code (2 digits) *

Asset Description *

Asset Number (UFS) *

Tag Number (if applicable)

Date of Disposal *

Asset disposal authorized by :

Name *

Job title

METHOD OF DISPOSAL

Method of disposal *

- Scrapped
- Part Exchanged (further details will be requested)
- Merged with Asset
- Transferred
- Sold

If merged please provide asset number

If transferred please give name, department or location

IF SOLD PLEASE GIVE FURTHER DETAILS

Record any income received in the Accounts Receivable module using the transaction code (Fixed Asset Disposals) LZGA for Capitalised Assets

Sales Invoice Number

Agreed price

Disposal costs

AP Invoice Number

CUFS Code String

Further Information

* If the department wishes to sell an item, there is the possibility of a VAT liability to consider, please contact the Fixed Assets helpdesk for advice. If an item is sold the new owner must accept full responsibility for all aspects of ownership in writing.

FORM COMPLETED BY

Name *

Job Title *

Telephone Number *

Email address *

Date completed *

THE HEALTH AND CARE PROFESSIONS COUNCIL

FIXED ASSET DISPOSAL FORM

IT / Office Services - Section 1 - Identification of Asset for Disposal

Asset Number on Fixed Assets Register	<input type="text" value="380"/>	e.g. 5
Fixed Asset IT Reference (If applicable)	<input type="text"/>	e.g. PC50
Fixed Asset Description	<input type="text" value="Chair parts/ furniture consumables"/>	
Fixed Asset Net Book Value (on reg)	<input type="text"/>	
Reason For Disposal (Code)	<input type="text" value="2"/>	e.g. 1
Code:	Comments:	
1 - Sold to Employee	<input type="text" value="Consumable items for upkeep of existing furniture rather than an asset?"/>	
2 - Damaged / Faulty / Ceased Working		
3 - Technically Obsolete		
4 - Other		

IT / Office Services - Section 2 - Authorisation of Disposal

Name (CAPITALS)	<input type="text"/>
Signature	<input type="text"/>
Date	<input type="text" value="21/04/2021"/>

Finance Department - Section 3 - Update of Register and Accounts

Accounts Updated?	<input type="checkbox"/>	Tick ✓
Fixed Asset Register Updated?	<input type="checkbox"/>	Tick ✓
Name (CAPITALS)	<input type="text"/>	

Signature

Date