



Estimates of Cost to produce FBCs for three new companies

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Contents

1. FBC : Establishing Operational Capability : Year One
2. Summary of FBC Costs
3. Consultancy Co : FBC and Year One Items
4. Resi Prop Co : FBC and Year One Items
5. Retrofit Co : FBC and Year One Items
6. FBC Process Governance Option A
7. FBC Process Governance Option B

FBC : Establishing Operational Capability : Year One



- Business Viability Test
- High level indicative figures
- Legal framework and process confirmed
- Accounting & Tax positions confirmed

- Register Company
- Appoint Directors
- Set-up Bank Account
- Arrange IT and SLAs
- Create company policies
- Create Year One Business Plan

- Delivery of business plan
- Appoint staff and consultants as necessary to delivery business plan



Budget Costs for FBC Production

Element	ECLG Business Case Actual Costs	Consultancy Co Budgeted Costs	Resi Prop Co : Budgeted Costs	Retrofit Co : Budgeted Costs
Project Management	£	£ [A] £ [B]	£ [A] £ [B]	£ [A] £ [B]
Legal Fees	£	£	£	£
Accountancy & Tax	£	£	£	£
Business Projections / Operating model & returns	£	£	£	£
Land/Planning advice	£	-	-	-
Final FBC report	£	£	£	£
Contingency	£	£	£	£
Total	£	£ [A] £ [B]	£ [A] £ [B]	£ [A] £ [B]

Please note : The ECL Business Case actual costs for Project Management, Business Projections and Final FBC Report were significantly greater than planned due to the extended pre-submission engagement process and production of two different full business case documents.

The Legal Fees, Accountancy & Tax and Final FBC Report costs have been estimated as 'stand alone' projects. If all three FBCs are instructed at the same time, we would expect savings across the three FBCs against these items.



Consultancy Co : FBC Items and Year One Operational Items

In order to strike a cost effective balance between establishing the viability / Business Case for the business and creating the operational documentation for the business, the following allocation of items is suggested

Items covered in the Full Business Case

- High level business case to test the financial viability of the company (potential sales and income figures, costs, expenditures, financing, cash flows, etc). Including P&L modelling on high level business case figures.
- Identification of the monies required to create the company and establish the detailed Year One business plan.
- Identification of the legal process for creating the company
- Identification as to how the company will be structured and how it will legally reside in ECC / ECLG.
- Management Agreement drafted and ready to be completed when the business is established (including Reserved Matters). Or any amendments to ECLG Management Agreement if appropriate & applicable.
- Articles of Association drafted and ready for establishment
- Identification of the finance and accounting matters relating to the business – VAT considerations, tax considerations, etc. with the optimum financial model identified for the business.
- Regulatory/Statutory compliance requirements identified.
- Funding and financing arrangements will be identified.

Items to be addressed in the first year of operation, if the establishment of the company is approved

- Appointment of Directors (incl Non-Execs)
- Registration of Company at Companies House
- Set-up Bank Account
- Arrange insurances
- Obtain VAT Registration
- Creation of company policies (HR, procurement, etc)
- Creation of Year One Business Plan
- Create Standard Terms & Conditions of Appointment
- Drafting of Rental agreements, service level agreements, etc as may be required with ECL Group and ECC.
- Arranging IT, payroll and invoicing services as required.
- Appointment of specialists and consultants as required.



Resi Prop Co : FBC Items and Year One Operational Items

In order to strike a cost effective balance between establishing the viability / Business Case for the business and creating the operational documentation for the business, the following allocation of items is suggested

Items covered in the Full Business Case

- High level business case to test the financial viability of the company (potential revenue / income figures, costs, expenditures, financing, cash flows, etc). Including P&L modelling on high level business case figures.
- Identification of the monies required to establish the company and create the detailed Year One business plan.
- Review and confirmation as to how the company will be structured and how it will legally reside in ECC / ECLG.
- Any amendments to ECLG Management Agreement if appropriate & applicable.
- Review and confirmation of the finance and accounting matters relating to the business – VAT considerations, tax considerations, etc.
- Regulatory/Statutory compliance requirements identified.
- Funding and financing arrangements will be identified.

Items to be addressed in the first year of operation, if the establishment of the company is approved

- Appointment of Directors (incl Non-Execs)
- Set-up Bank Account
- Arrange insurances
- Obtain VAT Registration
- Creation of company policies (HR, procurement, etc)
- Creation of Year One Business Plan
- Creation of Rental Agreements, including Landlord / tenant agreements, etc
- Creation of sale / purchase / lease agreements
- Create the Letting Strategy
- Draft Maintenance Contracts & the like
- Drafting of Rental agreements, service level agreements, etc as may be required with ECL Group and ECC.
- Arranging IT, payroll and invoicing services as required.
- Appointment of specialists and consultants as required.



Retrofit Co : FBC Items and Year One Operational Items

In order to strike a cost effective balance between establishing the viability / Business Case for the business and creating the operational documentation for the business, the following allocation of items is suggested

Items covered in the Full Business Case

- High level business case to test the financial viability of the company (potential sales and income figures, costs, expenditures, financing, cash flows, etc). Including P&L modelling on high level business case figures.
- Identification of the monies required to create the company and establish the detailed Year One business plan.
- Identification of the legal process for creating the company
- Identification as to how the company will be structured and how it will legally reside in ECC / ECLG.
- Management Agreement drafted and ready to be completed when the business is established (including Reserved Matters). Or any amendments to ECLG Management Agreement if appropriate & applicable.
- Articles of Association drafted and ready for establishment
- Identification of the finance and accounting matters relating to the business – VAT considerations, tax considerations, etc. with the optimum financial model identified for the business.
- Regulatory/Statutory compliance requirements identified.
- Funding and financing arrangements will be identified.
- Soft Market testing of solutions undertaken and captured in FBC, including potential JV's etc. No physical site works or trials to be undertaken in FBC stage.

Items to be addressed in the first year of operation, if the establishment of the company is approved

- Appointment of Directors (incl Non-Execs)
- Registration of Company at Companies House
- Set-up Bank Account
- Arrange insurances
- Obtain VAT Registration
- Creation of company policies (HR, procurement, etc)
- Development of solution and delivery model – including any trials.
- Creation of Year One Business Plan
- Create Standard Terms & Conditions of Appointment
- Drafting of Rental agreements, service level agreements, etc as may be required with ECL Group and ECC.
- Arranging IT, payroll and invoicing services as required.
- Appointment of specialists and consultants as required.



FBC Production : Process Governance : Option A

Director led commission

Month One

- FBC Project Manager meet the nominated Responsible Director & Chief Finance Officer
- Present to SMB

Month Two

- FBC Project Manager meet the nominated Responsible Director & Chief Finance Officer

Month Three

- FBC Project Manager meet the nominated Responsible Director & Chief Finance Officer

Month Four

- FBC Project Manager meet the nominated Responsible Director & Chief Finance Officer
- Present update / conclusion to SMB

Month Five

- FBC Project Manager meet the nominated Responsible Director & Chief Finance Officer
- Present to Full Members Briefing
- FBC submitted to Responsible Director for ECC Governance process (Executive, Full Council, etc)

In the above governance arrangement, the decisions, direction and instruction are provided by the Responsible Director and Chief Finance Officer on a month basis, to the FBC Project Manager. SMB and Full Members Briefing are briefing sessions only, decisions or approvals will not be sought from either group.



FBC Production : Process Governance : Option B

Steering Group led commission

Month
One

- FBC Project Manager meet the nominated Responsible Director & Chief Finance Officer
- Establish Steering Group : Membership, Terms of reference, etc

Month
Two

- First Steering Group Meeting

Months
Three - Seven

- Monthly Steering Group Meetings

Month
Eight

- Present conclusion to Steering Group
- Present conclusion to SMB

Month
Nine

- FBC submitted to Responsible Director for ECC Governance process (Executive, Full Council, etc)

In the above governance arrangement, the decisions, direction and instruction are provided by the Steering Group on a month basis, to the FBC Project Manager. The Steering Group may comprise Members, Senior Officers, Representatives of SMB, Legal and Finance.