

Appendix B – Financial Assumptions

Below table details the assumptions made when assessing the financial position of demolishing the current warehouse and converting the site into a surface car park only.

| Financial Assumption | Details of Assumption | Risk Rating | Sensitivity |
|---------------------------------|---|--|---|
| Demolition / Construction Costs | Cost estimate produced by an experienced QS, who has knowledge of similar schemes. These costs have also been sense checked by a separate independent QS who also arrived at similar figures. | Low – cost certainty on this will not be achieved until the outcome of any tender exercise, however with the confidence of two independent QS arriving at similar estimates it is deemed to be a low risk. | A 5% + / - change in cost would have an approximate impact of £55,000 on the capital costs. This equates to an annual revenue impact of approximately £3,000. |
| Council Borrowing Costs | Borrowing costs have been calculated on the current PWLB interest rates. | Medium - current expectations in the financial markets is that interest rates will start to increase during the next financial year. The council will continue to monitor developments as part of its treasury management activities. | A 1% + / - change in interest rates would have an approximate impact of £27,500 on the annual revenue position. |

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|-----------------------------|--|---|---|
| Car Parking Income | Income has been calculated using 253 car parking spaces, at a price per space of £3.25 per day (including VAT). This has been applied 5 days a week, for 48 weeks of the year. | Medium – car park tariff levels will be within the gift of the Council to set. There is current demand for more car parking in the area and this will only increase as and when any development on Western Way occurs. | A 25p + / - change in price per space would have an approximate impact of £12,500 on the annual revenue position. |
| Annual Expenditure | Expenditure levels have been based on levels of expenditure for similar car parks that the Council owns, specifically Olding Road car park. | Low – The council has significant experience in running car parks and the likely cost of doing this, therefore it is deemed to be a low risk. | A 5% + / - change in running costs would have an approximate impact of £1,000 on the annual revenue position. |