

New Technology House, North Crofty, Tolvaddon Energy Park, Tolvaddon, Camborne, TR14 0HX
Tel 0800 800 935 Email flex@actnowcornwall.co.uk Website www.actnowcornwall.co.uk

Capital costs depreciated

The following is a simple example of a cost benefit analysis for a firm that is looking to work more flexibly with three staff moving to home working 3 days a week.

Due to changing their working pattern to work from home three days a week it has been agreed to provide two hot desks for the three staff, rather than keeping three desks free all the time. The reduction in the office space required will enable an extra member of staff to be appointed without relocating the firm. However to keep the cost / benefit analysis simple the savings shown in the benefits section are calculated from a cost per desk / per annum figure.

Capital investment in equipment and furniture has been depreciated over a number of years to arrive at a per annum figure.

Costs	Capital costs	Yrs depreciated over	Other setup costs	per annum costs	
				Revenue	Capital
Office infrastructure setup					
Server costs	£3,500	4			£875
Server maintenance				£500	
Flex worker support & management					
Training			£120		
ICT remote support*			£200	£400	
Flex worker setup					
Laptop x 3	£1,680	3			£560
Home office furniture x 3	£1,500	5			£300
Training			£400		
Admin payments (3 x £104 - the HMR&C limit with no supporting info)				£312	
Home Broadband payments to staff x 3				£900	
Total setup costs	£6,680		£720		
Alternative per annum costs				£2,112	£1,735
Total per annum costs					£3,847

Benefits	Per annum
Increased staff retention by 10% on expected staff annual turnover**	
Advertising costs saved on	£650
Training costs saved on	£340
Productivity increased	£1,000
Extended office hours 15%	
Additional business won	£3,000
Increased staff productivity 5% ***	£2,000
Office space released - per annum saving	£2,500
Total benefit per annum	£7,699

* In practice it is expected that the ICT support costs will decrease over the first few years

** A simple calculation has been done taking 10% of the expected 'normal' costs per annum

*** Studies have shown flexible working methods have led to productivity increases of between 5%-25%. This figure has been calculated taking 5% of the combined salary costs (£40,000) of the 3 staff

The above shows that a very strong case can be made for flexible working on an ongoing basis and that payback on the total expenditure would take just over 12 months.

Year by Year figures over 4 years

	Year 1	Year 2	Year 3	Year 4
Costs				
Office infrastructure setup				
Server costs	£3,500			
Server maintenance	£500	£500	£500	£500
Flex worker support & management				
Training	£120			
ICT remote support - ongoing costs expected to reduce by 25% each year after first year	£600	£300	£225	£169
Flex worker setup				
Laptop x 3	£1,680			
Home office furniture x 3	£1,500			
Training	£400			
Admin payments (3 x £104 - the HMR&C limit with no supporting info)	£312	£312	£312	£312
Home broadband payments to staff x 3	£900	£900	£900	£900
	£9,512	£2,012	£1,937	£1,881
	£9,512	£11,524	£13,461	£15,342
Benefits				
Increased staff retention by 10% on expected staff annual turnover**				
advertising costs saved	£65	£65	£65	£65
training costs saved	£34	£34	£34	£34
Productivity not lost	£100	£100	£100	£100
Extended office hours 15%				
Additional business won	£3,000	£3,000	£3,000	£3,000
Increased staff productivity 5% ***	£2,000	£2,000	£2,000	£2,000
Office space released - p/a saving	£2,500	£2,500	£2,500	£2,500
	£7,699	£7,699	£7,699	£7,699
	£7,699	£15,398	£23,097	£30,796
	Balance	£3,874	£9,636	£15,454