

DFT Freight Facilities Grant (FFG)

Residual values in financial appraisals

In the Department's published guidance on freight grants, we ask applicants to provide "costs of each capital item, with an estimated residual value at the end of the appraisal period" (Guide to Freight Facilities Grant (FFG) in England page 21).

When preparing your financial case, you will no doubt be aware that the residual value can have a significant impact on the overall grant entitlement, particularly when the appraisal is presented over a shorter time period, say 5 years or less.

Residual values are customarily calculated on the basis of a straight line depreciation over the asset lifetime, assuming continued use at the end of the appraisal period. For this reason you may wish to have an idea of the asset lifetimes which we apply in calculating residual values¹. You can use your own methodology for calculating residual values but we will require evidence in support of any methodology which adopts different values to those in the table opposite:-

1. You should note that these asset lifetimes are only guidance and the Department and/or consulting engineers reserve the right to use different asset lifetimes or to calculate residual values using a different methodology.

Asset type	Guide lifetime (years)
civil engineering works	50
drainage	50
industrial buildings	25
roads and surfacing	20
unmetalled roads and surfacing	5
temporary buildings	10
fencing	15
CCTV	10
IT equipment	5
trackwork (sidings)	20
trackwork (network rail)	15
miscellaneous mechanical equipment	20
signalling	20
miscellaneous electrical equipment	10
lighting	15
power supplies	15
gantry crane	20
mechanical handling plant (mobile)	7