



## **Funding Delegation Arrangements for the work of the Climate Change Board**

### **SUMMARY**

- 1.1 Cabinet has allocated funding from the Modernisation Fund to the Climate Change Board to support measures flowing from the Board's Climate Change Action Programme. The Board has authority to allocate £200k to individual environmental measures up to £100k each, following Board approval of the business case.
- 1.2 This report covers provision for the delegation of spending approvals. The use of the fund (the 'Climate Change Board Fund') for any scheme over £100k will continue to require Cabinet approval.
- 1.3 Salix financing is at present the other key opportunity to secure funding for climate change projects that the Board wish to support. The Council has a £200k recyclable 'spend to save' fund available, made up of £100k from Salix Finance and £100k matched funding from corporate reserves as previously approved by Cabinet. A requirement of Salix funding is that there is a clear documented process for approval of projects. It has been established through Cabinet that use of the Salix finance is to be managed through the Board. The scheme of delegation set out in Appendix 2 will establish an important part of the process for the approval of Salix funded projects.

### **RECOMMENDATION**

2. To approve the Financial Procedure Rules delegations from Council Cabinet as set out in paragraphs 10 to 16 of Appendix 2 to this report and summarised in the chart at the end of that Appendix.

### **REASON FOR RECOMMENDATION**

- 3.1 To make suitable provision for the release of finance for projects supported by the Climate Change Board, within the limits of Cabinet's funding allocations to the Board.
- 3.2 To establish an important part of the process for the approval of projects to be supported using Salix Finance.



DERBY CITY COUNCIL

**COUNCIL CABINET  
12 DECEMBER 2007**

Report of the Corporate Director of Regeneration & Community

## **Funding Delegation Arrangements for the work of the Climate Change Board**

### **SUPPORTING INFORMATION**

- 1.1 At the meeting on 6 December, the Climate Change Board considered a report about Funding Delegation Arrangements in relation to the Board's work.
- 1.2 The report is attached as Appendix 2, excluding the recommendation and an appended Briefing Note on Salix Finance. For this report to Cabinet, there is an addition to paragraph 16 to enlarge on aspects of the Financial Procedure Rules requirements.
- 1.3 The Board resolved to ask Cabinet to agree the financial delegation arrangements set out in paragraphs 10 -16 of the report.

### **OTHER OPTIONS CONSIDERED**

2. Delegation arrangements are needed for the efficient delivery of projects supported by the Climate Change Board, but there are many options about delegation limits below the £100k maximum and alternatives about delegation to officers. The arrangements put forward are seen as appropriate having regard to the present and likely future costs of projects and the day to day operational requirements for taking projects forward.

**For more information contact:**  
**Background papers:**  
**List of appendices:**

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**Report to Climate Change Board meeting on 06 December 2007 -**  
Agenda item 9 - Funding Delegation Arrangements  
Appendix 1 – Implications  
**Appendix 2 - Report to Climate Change Board meeting on 06 December 2007 - Funding Delegation Arrangements**

## IMPLICATIONS

### Financial

- 1.1 Delegation from Cabinet to the Officers as specified in paragraphs 10 to 16 of Appendix 2 to this report relates to the following Financial Procedure Rules requirements:

#### Section E Revenue Budget

- Appendix 2 Scheme of Virement ( c ) The prior approval of the Council Cabinet is required to any virement, of whatever amount, where it is proposed to vire between budgets managed by different Chief Officers or areas under the responsibility of different Cabinet Members.
- Appendix 2 Scheme of Virement (g) Where an approved budget head is a lump sum budget intended for allocation during the year, or where a reserve is intended for allocation during the year, its allocation will not be treated as a virement provided that the amount is used in accordance with the purpose for which it has been established and the Council Cabinet has approved the basis and the terms including financial limits on which it will be allocated.

#### Section E Capital Budget

- E3 Schemes added to the capital programme during the course of the year require the approval of Council Cabinet.

### Legal

2. None.

### Personnel

3. None.

### Equalities impact

4. None.

### Corporate Priorities

5. The proposal predominantly comes under the Council's Objective of a healthy environment.

## Report to Climate Change Board meeting on 06 December 2007

### Funding Delegation Arrangements

#### The issue

1. The Board has quickly established a pattern of quarterly meetings. There may well be additional special meetings in the future but, overall, the quarterly pattern appears to work satisfactorily and is likely to continue.

#### Climate Change Board Fund

2. As reported at the last Board meeting, Cabinet has allocated funding from the Modernisation Fund to the Climate Change Board to support measures flowing from the Board's Climate Change Action Programme. The Board has delegated authority to allocate £200k to individual environmental measures up to £100k each, following approval of individual business cases by the Board. This report is about provision for the approval of spending. The use of the fund for any scheme over £100k will require Cabinet approval, and a capital scheme commencement report where relevant, in accordance with Financial Procedure Rules.
3. It was explained that this fund ('the Climate Change Board Fund' - CCBF) will be used for those measures that cannot be funded from self-financing unsupported borrowing or the pump-priming fund because, although they will contribute to energy savings, they will not generate a cashable financial saving to provide a financial pay-back.

#### Salix Finance

4. Salix financing is at present the other key opportunity to secure funding for climate change projects that the Board wishes to support. The Council has a £200k recyclable 'spend to save' fund available, made up of £100k from Salix and £100k matched funding from corporate reserves as previously approved by Cabinet. Salix Finance is an independent, publicly funded company that provides interest-free match funding to the public sector to invest in energy efficiency measures and technologies that will reduce carbon emissions. The Council has become a participant in the Salix scheme through its work on the Local Authority Carbon Management Programme (LACMP).
5. A requirement of Salix funding is that there is a clear documented process for approval of projects. It has been established through Cabinet that use of the Salix finance is to be managed through the Climate Change Board. It is important to note that the overall LACMP Strategy and Implementation Plan (SIP) has been considered through Scrutiny Management Commission and approved by Cabinet. This included the schemes currently being taken forward through Salix funding. An update report on progress with the SIP as a whole was presented at the September Board meeting.
6. It is proposed that the scheme of delegation set out in the next section of this report is put to Cabinet for their approval to establish an important part of the process for the approval of Salix projects. Subject to the Board's agreement the scheme will be

presented to Cabinet at the first opportunity following the Board meeting and will apply as soon as Cabinet approval is given.

### **Proposed approval and delegation arrangements**

7. All relevant projects from the Local Authority Carbon Management Programme are to be included within the Climate Change Action Programme, either expressly as individual projects or, for small-scale projects, under a theme heading as block schemes. In this way, the Board will be able to consider all of the Local Authority Carbon Management Programme projects to be taken forward with Salix funding.
8. The Climate Change Action Programme as a whole will be presented to the Board for updating and progress reporting on a regular basis. It is likely that this will be every six months. Any additional items for inclusion in the Programme will be presented to the Board at each of the quarterly meetings, through a 'Programme Change' report that will become a standing item on the agenda.
9. The intention is that where feasible all projects to be funded through the Climate Change Board Fund will be included in the Climate Change Programme in advance of start of work on the project.

### **Revenue and capital projects included in the corporate Climate Change Action Programme**

10. The delegation arrangements proposed in this section are summarised in the diagram in Appendix 2 to this report. They apply to projects to be funded through Salix Finance and through the Climate Change Board Fund (CCBF).
11. Following this Board meeting projects within the Action Programme will have formal Board support through the Board's consideration of the item on the agenda for this meeting. Further projects will be brought forward for inclusion within the Programme through the Board's subsequent regular consideration of and updating of the Programme as work develops. As far as possible, the Programme will include cost indications and source of funding information. Funding for projects will be considered through additional funding reports presented at Board meetings, brought forward to reflect priorities and opportunities for action.
12. It is proposed that for projects and block funds of up to £50k in value drawing on the CCBF responsibility for financial approval is delegated to the Corporate Climate Change Programme Manager in consultation with the Director of Resources and, in matters relating to Contract Procedure Rules, the Chief Legal Officer. For projects and block funds of up to £50k in value drawing on Salix Finance it is proposed that responsibility for financial approval is delegated to Assistant Director– Property Services in consultation with the Director of Resources and in matters relating to Contract Procedure Rules, the Chief Legal Officer. For projects and block funds from both funding sources of between £50k and £100k it is proposed that responsibility is delegated to the Chair of the Board, in his capacity as Cabinet Member, in consultation with the Director of Resources and with the Chief Legal Officer in matters relating to Contract Procedure Rules.

### **Projects for future inclusion in the corporate Climate Change Action Programme**

13. Where there is a need for urgent action on funding for an item that is not in the Action Programme but is to be put forward for inclusion in the Programme at the next Board meeting, it is proposed that for projects of up to £100k in value responsibility is delegated to the Chair of the Board, in his capacity as Cabinet Member, in consultation with the Director of Resources and, in matters relating to Contract Procedure Rules, the Chief Legal Officer.
14. Any scheme for which any of the following applies cannot defer to the delegation arrangements above:
  - revenue or Capital scheme over £100k.
  - 100% funding has not been identified for the scheme
  - the scheme would commit the Council to on-going additional net revenue costs into future years
  - the funding includes an element of new prudential borrowing, as this requires Council approval.
15. In addition, where a scheme is to be part-funded from a departmental budget the delegated approval will also require the consent of the relevant Chief Officer. For the Salix schemes this will be via an Internal Service Level Agreement as required by the Salix finance criteria.
16. Cabinet will need to approve these arrangements as delegations from Cabinet of the relevant parts of Financial Procedure Rules. In addition, approval for delegation from Cabinet for financial approval to Salix projects up to the value of £100k is required. Delegation from Cabinet to the Officers as specified in paragraphs above relates to the following Financial Procedure Rules requirements:

#### Section E Revenue Budget

- Appendix 2 Scheme of Virement ( c ) The prior approval of the Council Cabinet is required to any virement, of whatever amount, where it is proposed to vire between budgets managed by different Chief Officers or areas under the responsibility of different Cabinet Members.
- Appendix 2 Scheme of Virement (g) Where an approved budget head is a lump sum budget intended for allocation during the year, or where a reserve is intended for allocation during the year, its allocation will not be treated as a virement provided that the amount is used in accordance with the purpose for which it has been established and the Council Cabinet has approved the basis and the terms including financial limits on which it will be allocated.

#### Section E Capital Budget

- E3 Schemes added to the capital programme during the course of the year require the approval of Council Cabinet.
17. Subject to the Board's agreement, a report will be presented to Cabinet at the earliest opportunity. All actions taken under the delegation arrangements will be reported to the Board at the first available meeting. On approval the delegated approval process will be implemented including standard documentation to record delegated actions

## Summary of proposed arrangements

<b>Delegation arrangements for Salix Finance and Climate Change Board Fund for energy efficiency / clean green energy and related projects</b>		
Delegation category	Delegation limit	Delegation to ...
Cabinet delegation to Board. Projects above this limit are subject to financial approval by Cabinet	£100k	Climate Change Board
Projects and block schemes included within the corporate Climate Change Action Programme as approved by the Board	£100k	Chair of the Board in his role as Cabinet Member in consultation with the Director of Resources and in matters relating to Contract Procedure Rules, in matters relating to Contract Procedure Rules, the Chief Legal Officer
Projects and block schemes to be funded through the Climate Change Board Fund that are included within the corporate Climate Change Action Programme as approved by the Board	£50k	Corporate Climate Change Programme Manager in consultation with the Director of Resources and in matters relating to Contract Procedure Rules, the Chief Legal Officer
Projects and block schemes to be funded through Salix Finance that are included within the corporate Climate Change Action Programme as approved by the Board	£50k	Assistant Director– Property Services in consultation with the Director of Resources and in matters relating to Contract Procedure Rules, the Chief Legal Officer
Projects and block schemes not within the corporate Climate Change Action Programme but to be put forward for inclusion in the Programme at the next available Board meeting	£100k	Chair of the Board in his role as Cabinet Member in consultation with the Director of Resources and in matters relating to Contract Procedure Rules, the Chief Legal Officer

### Limitations

Any scheme for which any of the following applies cannot defer to the delegation arrangements above:

- Revenue or Capital scheme over £100k.
- 100% funding has not been identified for the scheme
- The scheme would commit the Council to on-going additional net revenue costs into future years
- The funding includes an element of new prudential borrowing, as this requires Council approval.

In addition, where a scheme is to be part-funded from a departmental budget the delegated approval will also require the consent of the relevant Chief Officer. For the Salix schemes this will be via an Internal Service Level Agreement as required by the Salix finance criteria.