



## **Contract and Financial Procedure Matters Report**

### **RECOMMENDATION**

- 1.1 To approve the payment of Disabled Facilities Grants above £25,000 subject to a charge on the property for the amount of grant above this sum.
- 1.2 To approve a special arrangement with Walbrook Housing Association for the resolution of 49 Disabled Facilities Grants through a single payment.
- 1.3 To endorse the proposal from Derby Homes to let a gas servicing and safety contract on behalf of the Council, commencing 1 June 2005 for 5 years.
- 1.4 To approve the release of £171k of the 2004/05 Development and Cultural Services frozen revenue reserves as proposed at section 2.3.
- 1.5 To approve the addition of closed landfill management to the 2005/2006 capital programme and the £4k budget virement to Treasury Management from Development & Cultural Services revenue budget to fund the unsupported borrowing.

### **SUPPORTING INFORMATION**

#### **2.1 Disabled Facilities Grants – recommendations 1.1 and 1.2**

- 2.1.1 Disabled Facilities Grants – DFGs - have a mandatory limit, currently set by Government at £25,000. In a few cases, the cost of adaptations exceeds this limit meaning that homeowners are left to find the difference, which they are often unable to afford.
- 2.1.2 The Council has the discretion to award discretionary grant above the mandatory limit and it is proposed that it should do so in such cases. This additional grant would be subject to a limit of £15,000, reviewable periodically, thereby limiting the combined maximum mandatory/discretionary DFG in respect of any one application to £40,000. The discretionary grant element would also be subject to a condition that it would be repayable in the event of the property being sold or otherwise disposed of within 25 years of the grant works being completed. This condition would be registered as a land charge, the level of which would be fixed and therefore its real value would erode over time.

- 2.1.3 Any income arising from such charges being discharged in the future would be used to support the DFG programme or equivalent at that time. This policy has the effect of allowing higher grants to be made, but with the value of any repayment required reducing in real terms over time. It is felt to strike a balance between the need to deal effectively with higher value DFG applications and the need to limit the overall cost in the long term. The current Housing Renewal Policy therefore needs to be updated to allow for a condition, fixed as a charge on the property, repayable on sale or further mortgaging of the property, to be applied to the element of any DFG that exceeds the £25,000 limit.
- 2.1.4 The Walbrook Housing Group has a significant backlog of adaptations required to meet the needs of their disabled tenants and for which it has insufficient funds to deal with. The Group has made an approach to the Council for funding to help carry out adaptations for 49 of the oldest cases on its waiting list. The total cost of these adaptations is estimated to be £201,350.
- 2.1.5 All of the adaptations fall within the criteria for DFGs to which either the Walbrook Group themselves, as registered Social Landlords, or their tenants, have a mandatory entitlement. The Council has needs assessed all the tenants concerned. However, in this case, in order to avoid the administrative burden of dealing with an additional 49 individual DFG cases, it is proposed that Walbrook are offered a one off lump sum payment of £100,675 representing 50% of the total cost of the adaptations required. This equates to the minimum level of grant which would otherwise have been payable to Walbrook through individual DFGs. Payment would be subject to a written agreement between the Council and Walbrook requiring ...
- The production of estimates, schedules of work and invoices in respect of the adaptation works.
  - Completion of works within a reasonable timescale.
  - Inspection by Council staff of a 10% sample of completed schemes.
  - The repayment of an equivalent proportion of the lump sum payment in the event of the final total cost of the works being less than originally estimated.
- 2.1.6 The purpose of the payment is therefore to reach agreement with Walbrook to progress these adaptations. It is also to make sure that the Council pays no more grant and incurs less administrative costs than it would by processing 49 separate DFG applications.
- 2.1.7 This proposed payment is intended as a one-off to enable Walbrook to reduce their backlog of adaptations to manageable proportions. They will be expected to fund the remaining cases on their waiting list and cases arising in the future, from their own resources without recourse to DFG funding.
- 2.1.8 The current Housing Renewal Policy does, however, need to be amended to allow for the release of DFG funding to RSLs, at the Council's discretion, through the mechanism outlined above.

## **2.2 Gas Servicing & Safety Contract re-tender - Derby Homes**

- 2.2.1 This contract is administered on behalf of the Council by Derby Homes in line with the Management Agreement. The contract had a contract period of 2+2 years commencing from 1 April 2001, at an annual value of £900,000 and it was let to Vinshires Contractors. It has been extended a further 2 months to allow for completion of the re-tendering process.
- 2.2.2 The agreement requires Derby Homes to “liaise with the Council in respect of any renewal or re-letting of any of the Contracts.”
- 2.2.3 The new contract was approved by Derby Homes Board on 28 April 2005. The new contract will be for 5 years commencing 1 June 2005, at a value of £1 million a year. The contractor after re-tendering is again Vinshires. This follows a competitive tendering process.
- 2.2.4 Any new contracts now awarded with a life of more than two years will revert fully to the Council at the end of the Management Agreement with Derby Homes on 31 March 2007, unless the Council takes a decision to extend the Management Agreement, and therefore also need the approval of the Council.

## **2.3 Development and Cultural Services - D&CS - 2004/05 revenue reserves**

- 2.3.1 D&CS service reserves for 2004/05 total £1.034m. £217k was frozen by Cabinet on 10 August 2004 subject to them being required to balance the 2005/06 to 2007/08 budget. The departmental budget for 2005/06 is now balanced
- 2.3.2 £166k of the original carry forward requests are either no longer required, or have been funded by other means. The department 2005/06 to 2007/08 budget strategy highlighted £166k of one-off developments which would ideally be funded from these reserves. These were not included for approval at the final budget stage in February 2005. Cabinet is now asked to approve the use of £146k of these reserves in 05/06. The developments are:
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| • Waste strategy development contribution      | £10k |
| • Transport procurement & operations           | £20k |
| • LTP2 environmental assessment & consultation | £30k |
| • Library migration to barcodes                | £86k |
- 2.3.3 Additionally, £25k is required to fund the original requests of, street cleansing contract contingency (£10k in 04/05) and Performance Spaces study (£15k in 05/06). Cabinet is asked to approve these proposals from the remaining reserves.
- 2.3.4 The balance of £46k will remain as general D&CS service reserves and be considered in the 04/05 outturn report.

## **2.4 Closed Landfill Management**

- 2.4.1 The Council is responsible for maintaining the 2 gas burners and closed landfill sites at Darley and Chellaston. Each needs replacing on a ten year cycle. Chellaston was replaced in 2000. The Darley gas burner is 11 years old and is due to be replaced.

- 2.4.2 The cost to fund the Darley site is approximately £45k in 2005/06. The 2005/06 revenue budget process assumed this would be funded by unsupported borrowing over 10 years and approved a £4k contribution towards unsupported borrowing costs. This was not, however, included in the 2005/06 capital programme approved by Cabinet in February 2005.
- 2.4.3 Cabinet is asked to approve the addition of closed landfill management to the capital programme and approve the unsupported borrowing requirement funded from the D&CS revenue budget. A £4k budget virement from D&CS to the Treasury management budget will then be actioned.

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Background papers:	None
List of appendices:	Appendix 1 – Implications

<b>IMPLICATIONS</b>
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**Financial**

1. As detailed in the report

**Legal**

2. None

**Personnel**

3. None

**Equalities impact**

4. None

**Corporate objectives and priorities for change**

5. These recommendations, where relevant, are in line with approved budgets which accord with the Council's corporate objectives and priorities.