



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

### **SUMMARY**

- 1.1 This report deals with the following items that require reporting to and approval by Council Cabinet under contract and financial procedure rules:
- The approval of a new Environmental Services capital programme scheme at St Augustine's Community Centre for £282k, mainly funded from new external funding, and capital scheme commencement.
  - Proposed revised use of Corporate and Adult Social Services – CASS - non Adult Social Services reserve of £225k from 2004/05 service carry forward balances
  - An opportunity to bid for £100k external funding and proposed £100k matched funding from corporate reserves, to generate a £200k recyclable spend to save fund to invest in energy efficiency initiatives
  - The offer of a one-off £100,000 Communities for Health grant by the Department for Health which requires confirmation of the Council's continued participation in the Communities for Health programme. The grant has to be spent by 31 March 2008. Proposals will be drawn up and reported back to Cabinet at a later stage on the use of the grant which has to be spent by 31 March 2008.
- 1.2 Subject to any issues raised at the meeting, I support the following recommendation

### **RECOMMENDATION**

- 2.1 To approve the addition of a £282k capital scheme at St Augustine's Community Centre to the Environmental Services capital programme, and approve capital scheme commencement.
- 2.2 To approve the change in use for CASS service reserves as detailed in paragraph 2 of the supporting information.
- 2.3 To approve the submission of a £100k external funding bid to Salix Finance Ltd for energy efficiency projects and £100k matched funding from corporate reserves.
- 2.4 To approve the acceptance of a one-off £100,000 Communities for Health grant by the Department for Health

**Contract and Financial Procedure Matters Report****SUPPORTING INFORMATION****1. Environmental Services capital programme addition and scheme commencement 2006/07**

1.1 Council Cabinet approval is sought, as required by Financial Procedure Rules, to add a new Environmental Services capital scheme at St Augustine's Community Centre to the capital programme, and approve capital scheme commencement.

1.2 The project will include:

- Installing a fully fire proofed evacuation lift at the centre to comply with Disability Discrimination Act and health and safety legislation.
- Replacing rotten wooden windows with powder coated aluminum windows to improve the appearance and viability of the centre.

1.3 The scheme costs and funding, which is mainly from new external grants, is shown below:

	2006/07 £'000	2007/08 £'000	Total £'000
SRB	32	91	123
URBAN	33	91	124
Repair and Maintenance capital programme budget, as approved by the Asset Management group	35	0	35
Total	100	182	282

**2 Proposed revised use of Corporate and Adult Social Services – CASS service carryforward reserves**

2.1 Cabinet on 1 August approved the final revenue outturn for 2005/6. As part of this process, services were able to keep control over their prior year carry forward reserves, subject to the services bringing to Cabinet any proposals for re-designation.

- 2.2 Detailed below are proposals for the changes in use for the non adult element of CASS service reserves.

Reserve of £225k of service carry forward from 2004/5 to be re-designated as follows:

	£k
To support the 2006/7 budget	81
Voluntary registration of Council Land	10
Added years retirement costs reserve	24
Property services repair & maintenance	53
Work on Council House	9
Legal – Solcase upgrade	8
Elections systems upgrade	40
	225

### **3 Bid for external funding for Energy Efficiency projects**

- 3.1 Approval is sought to submit a bid to Salix Finance Ltd for £100,000 external grant funding towards energy efficiency projects within the Council, and approve £100,000 Council matched funding.
- 3.2 Salix Finance Ltd is an independent company limited by guarantee, with no share capital, set up by the Carbon Trust in 2004 to manage the Local Authority Energy Finance scheme. The company provides grants to targeted Public Sectors where opportunities to reduce carbon dioxide emissions are known to exist.
- 3.3 The conditions of the grant would be that it is used, together with the Council's matched funding, to set up an internal 'invest to save' loan fund to pump-prime energy efficiency and renewable energy projects. These would then pay back both in terms of energy cost and energy usage savings. Internal interest free loans from the fund to support individual schemes would be repaid from the energy cost savings over a maximum 5 year payback period, to provide a self-sustaining fund to re-invest in future projects. Once the project loan has been repaid the revenue budget would continue to benefit from the on-going savings. The grant would only be repayable in exceptional circumstances where the authority did not comply with these grant conditions.
- 3.4 The application requires £100,000 of Council matched funding. Due to the grant conditions this cannot be funded from the energy efficiency spend to save prudential borrowing capital budget, as to satisfy the grant conditions the savings would not be available to repay the borrowing costs. It is proposed, therefore, to provide matched funding from backdated business rates refunds on revaluations of council owned property, held in a corporate reserve. This option would save revenue interest costs that would have been borne by departments had prudential borrowing been used to pump-prime spend to save schemes. An £100k investment by the Council should generate a recyclable £200k internal fund to invest in an on-going programme of energy efficiency initiatives, with potential future net revenue savings.
- 3.5 A report would be brought back to Cabinet on confirmation of grant funding, to provide details of the proposed use and operation of the fund.

#### **4 Communities for Health new grant allocation**

- 4.1 The Council has been offered a one-off £100,000 Communities for Health grant by the Department for Health, for the Council and its partners to continue to implement the programme. This recognises the role that councils are playing in co-delivering the shared priority on health improvement, and the work that they are undertaking on health inequalities through Local Area Agreements.
- 4.2 The Communities for Health funding no longer involves a bidding process. The Council has to confirm that it is willing to continue to participate in the programme and agree to use the resources for purposes that fall within the criteria. It is proposed to confirm acceptance of the offer. A funding agreement will be entered into with the Department for Health.
- 4.3 The grant has to be spent by 31 March 2008. Proposals will be drawn up and reported back to Cabinet at a later stage on the use of the grant and addition to the relevant budgets.

For more information contact:	Carolyn Wright 01332 255349 e-mailCarolyn.Wright@derby.gov.uk
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 priorities**

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