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**Report to Council**

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**Date of Meeting: 11 October 2012**

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**Subject: Budget Strategy Update**

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**Report by: Director of Finance and Corporate Services**

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**1.0 Purpose**

The purpose of this report is to update Council on progress made in delivering its approved Budget Strategy. A particular focus of this report is on further revisions to the indicative funding gap up to 2014/15, an update on the 2012/13 outturn position, and further information on how the budget strategy will be applied to bridge the indicative funding gap.

**2.0 Recommendations**

Council is asked to:

- 2.1. note the recent information on the UK fiscal position and economic outlook (section 3),
- 2.2. note the key issues arising from the Scottish Government's Draft budget Announcement on the 21 September 2012.
- 2.3. note the updated indicative funding gap (Table 2) reflecting new and updated information.
- 2.4. note the Council's General Services and HRA revenue and capital outturn positions (Table 3) as reported to the 4th October Resources and Audit Committee.
- 2.5. either:
  - 2.5.1 approve new business cases included at Appendices 3a and 3b in respect of Solar PV panel installation and property purchase, or
  - 2.5.2 make recommendations for reprioritisation of the existing approved programme (Appendix 1).
- 2.6. either:
  - 2.6.1 approve the reprioritisation of Housing capital programme to allocate £490K to expedite energy efficiency measures (paragraph 4.10), or

- 2.6.2** make recommendations for the reprioritisation of the existing Housing Capital programme (Appendix 2).
- 2.7. note the strategic themes that will form the basis of the Council's Transformation Programme (Appendix 4).
- 2.8. endorse the approach to the development of the 2013/14 budget (paragraphs 4.1 to 4.5).
- 2.9. endorse the approach to the development of service budget reduction targets (paragraph 5.6 and 5.7).

### **3.0. UK Economic Outlook**

- 3.1 So far in 2012/13, the UK's fiscal position is less positive than had been anticipated. The UK Public Sector Net Borrowing figures have worsened rather than improved as expected. Whilst there are monthly variations in borrowing figures, the position does not provide a positive basis for the outlook for the rest of the year.
- 3.2 If the trend established in the first third of the year is replicated through to the 2012/13 outturn, this would undermine the UK Government's planned reduction in the level of Public Sector Net Borrowing significantly, making it very difficult for the UK Government to deliver its fiscal plans. As a consequence it may be necessary for further reductions in UK public expenditure levels to be implemented.
- 3.3 This situation in turn will impact in Scotland, though choices on expenditure priorities may differ from those of the UK Government.

### **Scottish Government's Draft Budget 2013/14**

- 3.4 On the 21 September 2012, the Scottish Government announced its 2013/14 Draft Budget proposals for consultation with the Scottish Parliament. The context for the budget is an 11% real terms reduction in the Scottish Budget over four years to 2014/15 and a reduction of a third in the level of Capital Budget resources available.
- 3.5 The proposals include reiteration of a number of commitments, including:
- real terms protection for NHS revenue funding,
  - maintaining 1000 additional police officers,
  - maintaining the council tax freeze,
  - implementation of Curriculum for Excellence and maintaining teacher numbers in line with pupil numbers,
  - implementing a Scottish Living Wage.
- 3.6 The Draft Budget proposals also include a range of additional funding

streams

including:

- £80 million to expedite delivery of the Schools for the Future Programme,
- £40 million in 2012/13 and 2013/14 for affordable housing,
- £18 million of funding into skills training
- £30 million for energy efficiency focused on tackling fuel poverty,
- funding for low carbon transport
- financial support for the successor arrangements for the Social Fund and to mitigate the cut in Council Tax Benefit arising from planned Welfare Reforms
- modest pay increases for public sector employees.

3.7 The Draft Budget remains focused on the four Pillars of reform of preventative spend and approaches; greater local integration of services; strong performance culture to drive improvement; and on investment and support of the workforce.

3.8 The Scottish Government Draft Budget includes a separate chapter on Local Government. At this stage, proposals are focused on the whole of the local government sector and individual council distributions will not be known until the December Local Government Finance Circular is available. In this section, the following key points are made:

- in 2013/14 total local government funding is proposed at £9,914.2 million which is reliant on councils agreement to a sixth year of freezing the council tax and assumptions in respect of the collection of Non domestic rate income
- commitment to the agreed profile of capital spend;
- continuation of Change Funds
- a focus on the establishment of new SOAs
- the removal of Police and Fire funding from the local government spending portfolio.

#### **4.0 Assumptions on General Services Revenue Funding 2012-2015**

4.1 The August Budget Strategy report to Council summarised the outcome of a recent review of the assumptions underpinning the indicative funding gap up to 2014/15. The report indicated a revised indicative funding gap over the period of £12.511 million as summarised in Table 1 below.

Table 1: Indicative funding gap 2013-2015

	<b>2013/14 £000</b>	<b>2014/15 £000</b>
<b>Net expenditure</b>	124,784	130,772
<b>Net Funding</b>	117,186	118,261
<b>Cumulative Funding Gap</b>	6,968	12,511
<b>Indicative Annual Gap</b>	<b>6,968</b>	<b>5,543</b>

4.2 The report highlighted the main reasons for this revision as follows:

- changes in net expenditure to process budget decisions made by the Council in February 2012 and as a consequence of new demand pressures such as the implementation of automatic pensions enrolment and planned welfare reform changes for 2013/14 onwards
- revised assumptions in respect of general and salary inflation levels
- a delay in the planned implementation of increases to employers National Insurance Contribution rates which was scheduled for 2014/15.

4.3 The commitment to regular review and revision of the forecast was reiterated reflecting the continuing trend of uncertainty in respect of several external factors and the outcome of ongoing budget challenge and budget monitoring processes.

4.4 Following the Scottish Government's draft budget announcement, further revisions have been made. Table 2 below highlights the revised position since the last council report:

Table 2: Revised indicative funding gap 2013-2015

	<b>2013/14 £000</b>	<b>2014/15 £000</b>
<b>Net expenditure</b>	117,941	123,857
<b>Net Funding</b>	111,447	111,892
<b>Cumulative Funding Gap</b>	6,494	11,965
<b>Indicative Annual Gap</b>	<b>6,494</b>	<b>5471</b>

4.5 The key reasons for the change are as follows:

- removal of police and fire grant and requisitions from net expenditure and net funding
- change in the assumption in respect of the public sector pay award following the Scottish Government's Draft Budget 2013/14 announcement,

- change in assumption with regards the potential take up of auto enrolment to pension scheme.

4.6 A significant consideration in determining how the Council bridges the funding gap, is the regular review of the Council's outturn position. The detailed General Services and HRA revenue and capital outturn position was reported to the Resources and Audit Committee on the 4th October. For ease this is summarised in Table 3 below :

Table 3: Summarised Outturn position 2012/13

Classification	2012/13 Projected outturn £000
General Services Revenue	(818)
General Services Capital	(1.720)
Housing Revenue Account	(287)
Housing Capital	(491)

4.7 The key points arising from the projected outturn position are as follows:

- a modest contribution of approximately £800K to uncommitted general Fund reserves is anticipated based on current information
- there is slippage on the current year's General Services capital programme of £1.720 million.
- there is slippage on the Housing capital programme of £491K.

4.8 On the basis of the reported capital outturn position, there exists the opportunity for the Council to bring forward projects to the value of £1.720 million from the existing General Services capital programme (Appendix 1) and £491k in respect of the Housing Capital programme (Appendix 2). Alternatively, Council may wish to invest in new projects which have come to light since the budget was approved by Council in February 2012.

4.9 Appendix 3a and 3b set out the business cases for two potential new projects (installation of solar PV panels and property purchase) to be considered for approval. The two projects taken together would require investment of £ 1.774 million in 2012/13 and £2.180 million in 2013/14. Whilst this is within the capital programme approved programme limit for 2012/13 due to the current slippage, this level would be exceeded for 2013/14. However, given that there was no borrowing requirement in 2011/12, the new projects could be accommodated over the three year period (2011/12 - 2013/14) in line with the Borrowing and Investment Strategy and the capital financing prudential indicator approved in February 2012.

4.10 Both business cases demonstrate that revenue savings will be achieved over and above any additional costs of associated borrowing if these projects are

approved. In the case of the solar PV panels a net saving of £0.918m is achieved over a 20 year period. Over the next five years, the property purchase will address the increasing costs of bed and breakfast accommodation for homelessness and thus avoid expenditure estimated at £1.202m.

- 4.11 At the Health, Housing and Care Committee on the 23 August 2012, it was recommended that £200k Housing capital investment be brought forward to the current year to maximise the use of available energy efficiency grants (central heating replacements). Given the projected HRA capital underspend, it is proposed that Council approve this investment and allocate the remaining £290K to further increase energy efficiency through expediting advanced central heating upgrades and thermal overcladding work during 2012/13.

## **5.0 Meeting the Funding Gap 2013/14 onwards**

- 5.1 There are two broad streams of activity focused on allowing the Council to bridge the funding gap set out in Table 2 and in future years and these were introduced in the previous report to Council. In summary, the two phases are:

- meeting the 2012/13 savings of £6.494million
- development of a medium to long term programme of activity focussed on helping the Council better manage known and future demand pressures, sustain continuous improvement, better manage quality and choice and /or reduce expenditure (i.e. a transformation programme).

- 5.2 A prerequisite to the delivery of this approach is clearly articulated Council priorities. The Council's corporate priorities are set out in our Corporate Plan. This meeting of the Council is also separately considering the new Corporate Plan, *Taking Clackmannanshire Forward*, following recent consultation activity.

- 5.3 *Taking Clackmannanshire Forward* will be a key driver in formulating the Transformation Programme. The basis of the Programme will also draw on service proposals submitted during the May and September Budget Challenge discussions. The high level themes are summarised in Appendix 4. These themes require further development and scoping to ensure they properly reflect Council priorities and facilitate a longer term approach to the design and financing of investment decisions, choices about service and performance levels and where spending can/ should be reduced in the future.

- 5.4 The necessity for clearly articulated priorities applies equally to setting the 2013/14 budget and bridging the £6.494 million funding gap. There is much work in hand to deliver the required level of savings and the approach is summarised as follows:

- further challenge of budget requirement for 2013/14 through the budget challenge process
- completion of those business cases (per Appendix 4) which will contribute to meeting the 2013/14 gap

- review of council committed reserves to identify potential efficiencies
- the allocation of proportionate savings targets to services
- potential for modest utilisation of reserves.

5.5 In order to allow the Council to propose a balanced budget for 2013/14, it is proposed that services will be allocated a budget reduction target. The targets aim to be proportionate and sustainable, thereby avoiding a 'salami slicing' approach. It is, however, inevitable given the scale of the financial challenge the Council faces, that these targets will be extremely challenging for services.

5.6 In setting the targets, the following factors will be taken into account:

- the relative proportion of service net expenditure when considered as part of the council's total net expenditure,
- service performance levels,
- level of corporate priority,
- the level of savings delivered by the service to date,
- the extent to which budget realignment has been undertaken,
- the historic basis of budget allocations,
- the extent to which service redesign and restructuring is ongoing.

5.7 Following development and notification of the indicative service reduction targets, services will be asked to develop the detailed proposals for delivering their contribution. This will require clear proposals for which budgets are to be reduced and a summary of the service implications, if any, of making these reductions. In the meantime, should further information come to light which impacts on the level of the anticipated funding gap, the targets will be revised accordingly (proportionately), and Council and Resources and Audit Committee notified.

## **6.0 Conclusions**

6.1 The economic outlook for both Scotland and the UK continues to present a pessimistic outlook for public sector finance in the coming years. The Council, however, continues to seek to deliver a sustainable cost base for the Council's future activities by refining and strengthening its Budget Strategy and supporting processes.

6.2 The Council is committed to open and transparent reporting of its progress in meeting these financial challenges. It remains the intention that Council will receive regular update reports on the emerging budget position.

## **7.0 Sustainability Implications**

7.1 N/A

## 8.0 Resource Implications

### 8.1 Financial Details

8.2 There are no financial implications directly from this report.

### 8.3 Staffing

8.4 There are no staffing implications directly from this report.

## 9.0 Exempt Reports

9.1 Is this report exempt? Yes  (please detail the reasons for exemption below) No

## 10.0 Declarations

The recommendations contained within this report support or implement our Corporate Priorities and Council Policies.

(1) **Our Priorities** (Please tick )

- |  |                                     |
|--|-------------------------------------|
| The area has a positive image and attracts people and businesses         | <input type="checkbox"/>            |
| Our communities are more cohesive and inclusive                          | <input type="checkbox"/>            |
| People are better skilled, trained and ready for learning and employment | <input type="checkbox"/>            |
| Our communities are safer  | <input type="checkbox"/>            |
| Vulnerable people and families are supported                             | <input type="checkbox"/>            |
| Substance misuse and its effects are reduced                             | <input type="checkbox"/>            |
| Health is improving and health inequalities are reducing                 | <input type="checkbox"/>            |
| The environment is protected and enhanced for all                        | <input type="checkbox"/>            |
| The Council is effective, efficient and recognised for excellence        | <input checked="" type="checkbox"/> |

(2) **Council Policies** (Please detail)

## 11.0 Equalities Impact

11.1 Have you undertaken the required equalities impact assessment to ensure that no groups are adversely affected by the recommendations? N/A

## 12.0 Legality

12.1 In adopting the recommendations contained in this report, the Council is acting within its legal powers. YES

## 13.0 Appendices

13.1 Please list any appendices attached to this report. If there are no appendices, please state "none".

- Appendix 1: General Services Capital Programme (February 2012)
- Appendix 2: Housing Capital Programme (February 2012)
- Appendix 3a: Business Case Solar PV panels
- Appendix 3b: Business case Property purchase
- Appendix 4: Budget Challenge May and September 2012 Business Case themes

**14.0 Background Papers**

Clackmannanshire Council General Services Revenue and Capital Budget 2012/13

Clackmannanshire Council Housing Revenue Account and Housing Capital Programme 2012/13

Scottish Government Draft Budget proposals 2013/14 (September 2012)



Housing , Health and Care Committee minutes and supporting report energy efficiency (August 2012)

Business Case: off the shelf purchase of temporary accommodation

**Author(s)**

<b>NAME</b>	<b>DESIGNATION</b>	<b>TEL NO / EXTENSION</b>
Nikki Bridle	Director of Finance and Corporate Services	2030

**Approved by**

<b>NAME</b>	<b>DESIGNATION</b>	<b>SIGNATURE</b>
Nikki Bridle	Director Finance & Corporate Services	
Elaine McPherson	Chief Executive	



## Capital Programme 2012/15: Proposed

## Appendix D

	2012/13 incl c/f	2013/14 incl c/f	2014/15	Comments
<b>Funding Envelope</b>	<b>8700</b>	<b>8400</b>	<b>10000</b>	
<b>Property Asset Management Plan</b>				
3-12 School Development (Primary & Nursery)	750	750	750	Current annual allowance
Additional 3-12 School Development funding	750		1,000	additional funding to address backlog maintenance as indicated in 2010 Property Asset Management Plan
Cochrane Hall, Alva Refurbishment & Upgrading	10			retention
Forthbank Waste Recycling Project & Accommodation Rationalisation	20			retention
Alloa Town Centre Regeneration: Speirs Centre	1800	900	50	start on site June 2012.
St Johns replacement school	400	3,000	900	start on site may / June 2013, complete June 2014, £100 retention in 15/16. Project attracts £4.1m SFT funding. Net Council contribution reflected in budget
Town Hall			140	last phase of heating - 14/15
Telecare	75	75	75	annual allowance for replacement equipment
Tillicoultry Asset Plan: Conversion of family centre to community hub	370	10		part of agreed Tillicoultry Asset Management Plan - approved at Council Dec 2011
Tillicoultry Asset Plan: Redevelop existing CAP/Library to housing	135	10		part of agreed Tillicoultry Asset Management Plan - approved at Council Dec 2011
Purchase of Former Health Centre Site, Marshall, Alloa	150			£150,000 in 2011/12
Alloa Gymnastic Club	37			capital contribution to facility development
strategic investment in school estate - major single upgrade or replacement with external funding			2,000	future funding allocation to strategic property development - speculative match funding for equivalent SFT / HUB asset management funding
Property Asset Management Improvements	100	100	400	addressing of backlog maintenance throughout estate other than those specifically mentioned elsewhere in plan
Village/Town Centre initiative	250			phase 1 Sauchie
CCTV	81			C/F 2011/12
	<b>4,928</b>	<b>4,845</b>	<b>5,315</b>	
<b>Roads Asset Management Plan</b>				
B9140 Realignment of Bends (Collylands to Fishcross/Maggies Wood)			600	Total cost of £1.1m, 15/16 balance of £500,000
Roads asset management: replacement road, footways, street lighting and bridge strengthening	1,400	1,500	1,600	
Flood Prevention	50	50	700	Preliminary work and match funding in 2014/15 for tillicoultry flood prevention scheme. Balance of £1,500,000 in 15/16 (£700,000)

Capital Programme 2012/15: Proposed

Appendix D

	2012/13 incl c/f	2013/14 incl c/f	2014/15	Comments
<b>Funding Envelope</b>	<b>8700</b>	<b>8400</b>	<b>10000</b>	
	<b>1,450</b>	<b>1,550</b>	<b>2,900</b>	
<b>Land Asset Management Plan</b>				
Black Devon Landfill Gas Collection & Treatment Project	260	5		c/f
landscape partnership	113			match funding
Contaminated Land	53	53	53	Required to investigate and address contaminated land portfolio
Cemeteries Strategy	60		200	Woodland Burial site £60,000(12/13), Dollar £200,000 (14/15)
Footpath - Mill glen, Tillcoultry	75			
Parks, Play Areas & Open Spaces	50	50	50	
	<b>611</b>	<b>108</b>	<b>303</b>	
<b>Fleet Asset Management Plan</b>				
Wheeled Bins and public realm bins	30	30	30	
Vehicle Replacement Programme	750	1,400	718	based on 5, 7 and 10 year replacement strategy. 12/13 investment to include a number of eco vehicles inc cars and vans
Zero waste plan vehicles	60	60		net of expected grant
	<b>840</b>	<b>1,490</b>	<b>748</b>	
<b>IT Asset Management Plan</b>				
IT Services	327	235	372	as per hardware / software replacement programme
Additional IT funding for major core systems	250			
	<b>577</b>	<b>235</b>	<b>372</b>	
Capital Contribution to Police Board	<b>150</b>	<b>138</b>	<b>203</b>	
<b>TOTAL PROGRAMME</b>	<b>8,556</b>	<b>8,366</b>	<b>9,841</b>	
Balance below funding envelope	144	34	159	
	<b>8,700</b>	<b>8,400</b>	<b>10,000</b>	

		APPENDIX 2			
Proposed Housing Capital Programme 2012-2017	2011/12 Carryover	2012/13 Requirements	Total Revised Budget 2012/13	2013/14	2014/15
<b>SHQS ELEMENTS</b>					
<b>Primary Building Elements</b>					
Structural Works	0.00	50,000.00	50,000.00	50,000.00	50,000.00
<b>Secondary Building Elements</b>					
Damp Proof Course and Rot Works	0.00	25,000.00	25,000.00	21,000.00	21,000.00
Roof/Rainwater/External Walls	222,265.00	413,000.00	635,265.00	413,000.00	505,000.00
External Doors	0.00	6,000.00	6,000.00	0.00	0.00
Windows	0.00	0.00	0.00	71,000.00	180,000.00
<b>Energy Efficiency</b>					
Full/ Efficient Central Heating	1,402,081.00	437,000.00	1,839,081.00	690,000.00	437,000.00
<b>Modern Facilities &amp; Services</b>					
Kitchen Renewal	311,920.00	154,000.00	465,920.00	154,000.00	153,000.00
Bathroom Renewal	721,050.00	1,466,000.00	2,187,050.00	2,945,000.00	2,796,000.00
<b>Health Safe &amp; Secure</b>					
Safe Electrical Systems	78,550.00	373,450.00	452,000.00	229,200.00	218,547.00
CO Detectors	0.00	0.00	0.00	80,000.00	0.00
External Works: Fencing, Gates Paths	0.00	0.00	0.00	59,436.00	20,220.00
Secure Door Entry Systems	0.00	110,000.00	110,000.00	63,000.00	63,000.00
<b>NON SHQS ELEMENTS</b>					
Conversions & Upgrading	0.00	300,000.00	300,000.00	500,000.00	50,000.00
Disabled Adaption Conversions	0.00	50,000.00	50,000.00	50,000.00	50,000.00
External Lead Pipe Replacement	0.00	50,000.00	50,000.00	0.00	0.00
Demolitions	5,000.00	0.00	5,000.00	0.00	0.00
Feasibility Work	0.00	20,000.00	20,000.00	20,000.00	20,000.00
Council Housing New Build Alva & Tullibody	434,000.00	1,434,643.00	1,868,643.00	47,465.00	0.00
Council Housing New Build Hallpark	0.00	322,000.00	322,000.00	0.00	0.00
Housing Business Management System	0.00	265,000.00	265,000.00	265,000.00	0.00
<b>Total</b>	<b>3,174,866.00</b>	<b>5,476,093.00</b>	<b>8,650,959.00</b>	<b>5,658,101.00</b>	<b>4,563,767.00</b>
Estimated House Sales (per Business Plan)			(814,000.00)	(798,000.00)	(781,000.00)
Estimated CFCR			(3,500,000.00)	(1,871,000.00)	(966,000.00)
Projected Borrowing			4,336,959.00	2,989,101.00	2,816,767.00



**Subject: Spend to Save Initiatives  
Installation of Solar Photovoltaic Panels on Public Buildings**

**Report by: Head of Facilities Management**

## 1.0 Purpose

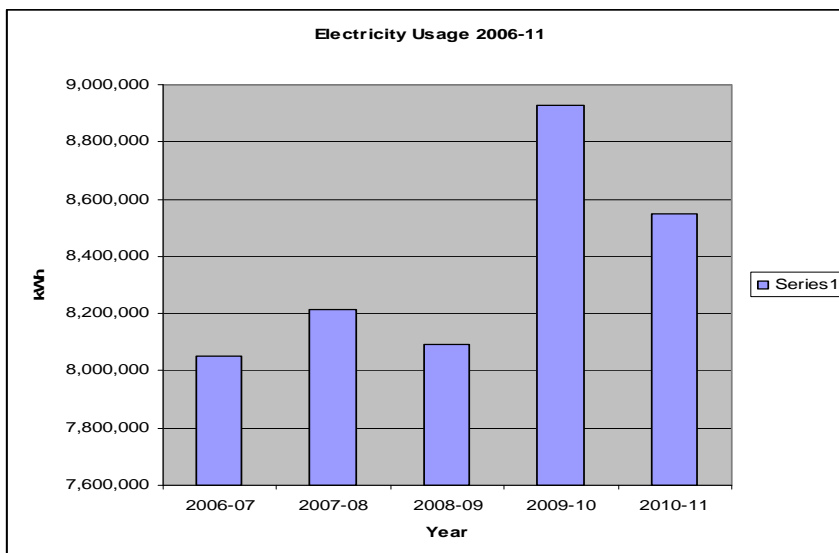
- 1.1. This report seeks approval to invest in the installation of Photo Voltaic (PV) units onto appropriate public buildings owned by the Council. This will both reduce long term carbon emissions and with the assistance of the current Feed-in -Tariffs, on a 'spend to save' basis, generate a positive return on the investment.
- 1.2. This will pay off in 10 years.

## 2.0 Recommendations

Investment in photo voltaic technology to a total of £873,500 for buildings as included in Appendix 1, by the earliest time possible to take advantage of premium Feed In Tariffs (FIT);

## 3.0 Background

- 3.1 Electricity use across the Public Buildings portfolio used 8,238.501 kWh's of Electricity in year 2011/12. The previous 5 years consumption was as follows:-



- 3.2 In the last three years the tariff rates have increased by approx 8%. In 2012-13 it is expected that there will be an approx increase of 9% in tariff rates prior to the end of the financial year. Long term tariff projections are unclear but likely to increase greater than inflation.

3.3 In April 2010 the Scottish Government announced that local authorities would be eligible for Feed-in-Tariffs (FIT) associated with the installation of Photo Voltaic (PV) technologies on their public buildings .

3.4 F.I.T. is made up of two types of payments:

Generation tariff - a set rate paid per kWh of electricity generated to the installer/owner of the equipment eligible for FIT. The rate being dependent on the capacity of apparatus installed and date of installation.

Export tariff - the energy supplier will also pay the installer/owner of the FIT equipment 4.5p per kWh of electricity which is exported to the electricity grid (i.e. not used onsite).

3.5 There is a third (net) payment in the saving of using your own electricity.

3.6 The PV system installed must not exceed 5MW of power to be eligible for F.I.T.

3.7 The tariffs are index-linked for inflation and following registration of a system, the tariff levels are currently guaranteed for a 20 year period. For systems registered in future years, the tariff levels will be adjusted to account for expected reductions in system prices.

3.8 As the Council's portfolio is owner occupied, there are no tenancy agreements therefore any income generated from PV installations will be paid in full to the Council. F.I.T. payments for electricity generated and exported are paid quarterly in arrears.

#### **4.0 Feasibility Work Undertaken to Date**

4.1 A desktop and on site review has been undertaken by Facilities Management of the roofs that Photo Voltaics could be installed on. The selected building roofs were chosen on the following criteria:

- a south facing aspect to maximise generation potential; and
- roof and building unlikely to need replaced and/or require major repairs in the next 20 years.

4.2 Whilst none of the roofs have been tested for structural loading it is assumed at this stage that they have enough bearing capacity. This would obviously be assessed prior to any commissioning. Grid connections are assumed to be available.

4.3 Solar photovoltaic panels are an established technology commercially available for over 30 years. There are a range of panels on the markets that have different efficiencies and yields and different costs. Part of the "design and build" procurement will be to propose the panel that the tenderer considers the best for the building and location. The current market offers panel performance guarantees and insurance for panels and roof for up to 20 years.

#### **5.0 Maintenance**

- 5.1 The panels have no moving parts and require minimal maintenance. For optimal performance they require to be kept clean and periodic cleaning if easily accessible would be preferable. The panels are bolted through the roof structure and the structure sealed to prevent water ingress. There are established methods of securing the panels through their widespread throughout Europe. (A list of FAQ's on PV's is included within Appendix 3).
- 5.2 An allowance for maintenance is made in the financial model and it would be the intention to train staff internally within our Property Contracts Unit in their operation and maintenance.

## **6.0 Taxation**

- 6.1 The income generated is tax free but given the range of taxable and non taxable property and income in Clackmannanshire Council it is proposed to seek specialist tax advice to ensure that there are no potential unknown tax implications of this project prior to commissioning.

## **7.0 Programme**

- 7.1 The F.I.T. returns currently available for installations is 13.5 pence. Systems commissioned after this date (early 2013 and beyond) will likely be reduced significantly in line with the Governments plans to reduce F.I.T. as the price of the technology drops.
- 7.2 Should approval be given an internal project management team (supported by external engineers) will manage the proposed investment. Each roof proposal will be considered individually to ensure that each roof delivers the required investment return (currently the business case is across all identified roofs). The roofs will not be tendered in one package as it is unlikely that one company could install all systems by early 2013.
- 7.3 The PPP secondary school roofs will require negotiation and a significant variation order agreed with the PPP provider.
- 7.4 Listed building consent will require to be sought for those listed buildings under consideration
- 7.5 Award of contracts requires an early agreement to be able to realistically implement this significant opportunity.

## **8.0 Funding Mechanisms**

- 8.1 Based on the funding model in Appendix 2 this spend to save project should effect immediate short term payback of debt costs and be self funding after 10 years.
- 8.2 Each project will be commissioned separately or in packages with individual properties/packages being approved as individual spend to save initiatives after tenders are received.

## **9.0 Project Benefits**

- 9.1 Over the 20 year period of operation:
- The initiative would enable the Council to establish community leadership in respect of the development and delivery of the sustainable community

strategy which is laid out under the Local Government Act (2000). It would show the Council taking a leading role and providing an example to the local community.

- The Council will be in a stronger position if it has its own renewable energy source in anticipation of the increasing threat to energy security. Energy security will become a major concern as the availability of reliable supplies of fossil fuels available for generation become increasingly difficult to obtain resulting in instability of supplies and prices increases).
- Generation of renewable energy will allow the Council to offset against Carbon Reduction Commitments (CRC). With this proposal the Council will save 0.4545 tonnes of carbon dioxide per kW of installed solar PV per annum. In the first year of operation (based on full implementation of the project and the currently known kW) there would be a potential saving of **249.52** tonnes of carbon dioxide. Over a 20 year lifespan (lifespan of PV system), the fully implemented project would generate <sup>1</sup> **4990.41** tonnes + of carbon savings for the Council.
- Provide educational and training opportunities in the community, including schools and colleges, demonstrating Council led productive renewable energy in the local community.
- The solar PV option would provide the authority with the opportunity to generate income and save money by using the energy it has generated from its solar arrays, thereby helping to ensure that external energy costs are substantially reduced.
- Will be able to stimulate positively the local supply chains which will enable greater opportunities for local employment and provide facilities to enhance long term local skills in this emerging technology.
- Will help to reduce the impact of rising running costs on the public as the income generated can be used to supplement the General fund.

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<sup>1</sup> Figures based on Energy Saving Trust calculations

## 10.0 Risk Assessment

### 10.1 Primary Risks

A project such as this Key Risk factors were taken into account with this proposal and a summary of the outcomes presented below.

Risk	Status	Mitigation
1. Less than predicted sunshine hours in a financial year following installation of PV panels	Low	Model based on 20 year average in Clackmannanshire
2. Tariff costs rising by less than 5%*	Low	Base case 5% considered reasonable based on public trends
3. Energy use reducing in buildings	Low	Historically there is an annual upward trend in energy demand from new technology.
4. Performance of PV panel drops*	Medium	1% p.a. built in
5. Government retrospective tariff review	Low	None
6. Delays in installation programme	High	Different Tender packages will allow more than one supplier to fit
7. Higher than expected capital costs *	Medium	Costs are considered to be current and project will not progress beyond tender if capital costs make unaffordable
8. Higher than expected maintenance costs *	Low	Low maintenance expected within established technology
9. Inflation increase *	Medium	Costs modelled to increase at RPI + 1%

### 10.2 Sensitivity Analysis

A sensitivity analysis of key risks has been undertaken but the sensitivity report showed variable reduced returns for individual risks but even with an unlikely combined scenario of 4, 7 and 9 above the project remained financially viable. In summary, the project is considered a good investment and also contributes to the Council's commitment to reducing carbon emissions.

## 11.0 Sustainability Implications

11.1 This project directly reduces the Council's carbon emissions and contributes to wider emissions reduction by producing 'green' electricity for wider consumption to the grid.

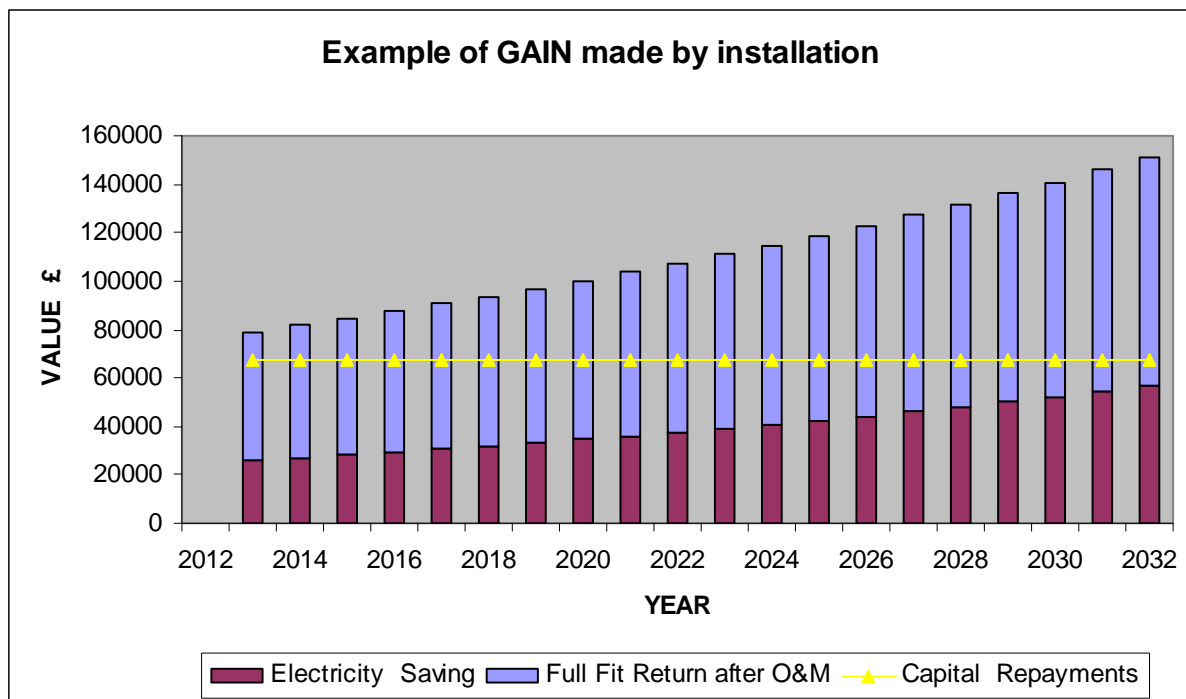
11.2 It is considered that by tendering in packages smaller local businesses may tender for the works creating local employment opportunities.

## 12.0 Resource Implications

### 12.1 Financial Details

The capital outlay to complete the work on all the suitable non-housing buildings (see Appendix 1) is estimated at a maximum of <sup>2</sup>£823,500. A project management allowance of £50,000 is added to manage the project to complete installations, making a total investment of £873,500.

Under the prudential framework and at current borrowing rates of 4.2% this would cost £65,417 per annum in repayments equating to £1,308,341 over 20 years. The Year 1 projected full Feed in Tariffs returns is £58,576 per annum which would then be inflated annually at RPI, thereby securing an estimated return of £1,601,143 over 20 years (see appendix 2-Financial Details). Thus the net benefit of this capital investment over 20 years would be £292,802. When the energy bill savings of £788,238 are added minus maintenance costs of £163,482 a total net saving of £917,558 is generated.



### 12.2 Finance

12.3 Finance have been consulted and have agreed the financial implications as set out in the report. Yes

### 12.3 Staffing

12.4 The project will be managed by Facilities Management. Built into the financial model is £50,000 of development costs for structural assessment, procurement and project management that are estimated to be required to bring this project forward.

<sup>2</sup> Figures compiled from software programme PV Sol Expert 5,

### 13.0 Declarations

The recommendations contained within this report support or implement our Corporate Priorities and Council Policies.

(1) **Our Priorities** (Please double click on the check box )

- |  |                                     |
|--|-------------------------------------|
| The area has a positive image and attracts people and businesses         | <input checked="" type="checkbox"/> |
| Our communities are more cohesive and inclusive                          | <input type="checkbox"/>            |
| People are better skilled, trained and ready for learning and employment | <input checked="" type="checkbox"/> |
| Our communities are safer  | <input type="checkbox"/>            |
| Vulnerable people and families are supported                             | <input checked="" type="checkbox"/> |
| Substance misuse and its effects are reduced                             | <input type="checkbox"/>            |
| Health is improving and health inequalities are reducing                 | <input checked="" type="checkbox"/> |
| The environment is protected and enhanced for all                        | <input checked="" type="checkbox"/> |
| The Council is effective, efficient and recognised for excellence        | <input checked="" type="checkbox"/> |

(2) **Council Policies** (Please detail)

- This initiative compliments and supports the four strategic priorities of the Council's Climate Change and sustainability strategy:
  - climate change;
  - creating sustainable communities;
  - sustainable consumption and production; and
  - protecting our natural resources and enhancing our environment.
- Supports the Council's Carbon Management Strategy and implementation Plan commitment to reduce the Councils carbon emissions by 15% between 2007 and 2012.
- Supports the Council's fuel poverty strategy which is to reduce fuel poverty as far as is reasonably practicable by 2016.

### 14.0 Equalities Impact

14.1 Have you undertaken the required equalities impact assessment to ensure that no groups are adversely affected by the recommendations?

Yes  No

### 16.0 Legality

16.1 It has been confirmed that in adopting the recommendations contained in this report, the Council is acting within its legal powers. Yes

### 17.0 Appendices

17.1 Appendix 1 - Identified suitable public Buildings for PV installation

Appendix 2 - Financial Details - Completion of all works

Appendix 3 - Frequently Asked Questions

**Author(s)**

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**Approved by**

<b>NAME</b>	<b>DESIGNATION</b>	<b>SIGNATURE</b>
Stephen Crawford	Head of Facilities Management Services	

## Appendix 1

### Identified suitable public Buildings for PV installation

The criteria for suitability is that each property must have a roof aspect within the south east and south west spectrum, with a pitch angle between 10 and 35 degrees and good quality roof.

Site	Available Flat Roof m2	Available South Pitch m2
Park Primary School East Castle Street Alloa Clackmannanshire FK10 1BB		518
Alloa Family Centre East Castle Street Alloa Clackmannanshire FK10 1BB		93
Sunnyside Primary School Erskine Street Alloa Clackmannanshire FK10 2AT		105
Town Hall Marshall Alloa Clackmannanshire FK10 1AB		84
Speirs Centre Primrose Street Alloa Clackmannanshire FK10 1JJ		259
Cochrane Hall West Stirling Street Alva Clackmannanshire FK12 5LJ		150
Menstrie Primary School Elmbank Menstrie Clackmannanshire FK11 7AP		80
Banchory Primary School Alloa Road Tullibody Clackmannanshire FK10 2TF	455*	112
Abercromby Primary School School Road Tullibody Clackmannanshire FK10 2PZ	1736*	
St Serfs Primary School St. Serf's Road Tullibody Clackmannanshire FK10 2RD	962*	109.9
Menstrie House Main Street West Menstrie Clackmannanshire FK11 7BT		178.5
Ludgate, Alloa		380
Whins Resource Centre, Alloa		120
Alloa Academy. Alloa	6,546 sqm	
Alva Academy Alva	7,713 sqm	
Lornshill Academy, Alloa	7,585 sqm	

\* Subject to detailed investigation



**Appendix 2**  
**Completion of all works**

**Underlying System Assumptions**

System (kWp)	549.00	Assumed Crystalline Silicon
Fully installed cost (kW)	£1,500	
Installed Cost (£)	£823,500	Assumed Installed Cost of System
Management Fee (£)	£50,000	

**Forecast System Output kWh/ps**

Forecast System Output kWh/ps	406,780	
Generation Tariff	£0.13500	Assumes grid connection in period 01/08/12 -
Export Tariff	£0.04500	Assumes grid connection in period 01/08/12 -
Customer's Electricity Price	£0.080	
Electricity Price Inflation	5%	
Customer's Own Use %	80%	
RPI Increase	4.0%	
PV Degradation (% pa)	0.80%	

**Annual Ongoing Costs**

E/kWp	£10.00
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**Forecast Income / Costs/ Savings**

Output	Generation Tariff	Export Tariff	Offset Price	Generation Tariff & Export Tariff ("FIT Income")	*Ongoing Costs*	("Available Cash Flow")	Electricity Saving	Investment Return
						4.75%		9.71%
2012						-£873,500.00		-£873,500
2013	406,780	£0.135	£0.045	£0.080	£58,576.32	£5,490.00	£53,086.32	£79,120.24
2014	403,526	£0.140	£0.047	£0.084	£60,432.02	£5,709.50	£54,722.42	£81,839.35
2015	400,298	£0.146	£0.049	£0.088	£62,348.50	£5,937.98	£56,408.52	£84,653.52
2016	397,095	£0.152	£0.051	£0.093	£64,321.64	£6,175.50	£58,146.14	£87,560.13
2017	393,918	£0.158	£0.053	£0.097	£66,359.35	£6,422.52	£59,936.83	£90,580.69
2018	390,767	£0.164	£0.055	£0.102	£68,461.62	£6,679.42	£61,782.19	£93,700.85
2019	387,641	£0.171	£0.057	£0.107	£70,630.48	£6,946.60	£63,683.88	£96,930.34
2020	384,540	£0.178	£0.059	£0.113	£72,868.05	£7,224.47	£65,643.59	£100,273.10
2021	381,463	£0.185	£0.062	£0.118	£75,176.51	£7,513.44	£67,663.07	£103,733.17
2022	378,412	£0.192	£0.064	£0.124	£77,558.10	£7,813.98	£69,744.12	£107,314.74
2023	375,384	£0.200	£0.067	£0.130	£80,015.15	£8,126.54	£71,888.60	£111,022.16
2024	372,381	£0.208	£0.069	£0.137	£82,550.03	£8,451.80	£74,098.42	£114,859.93
2025	369,402	£0.216	£0.072	£0.144	£85,165.21	£8,789.67	£76,375.54	£118,832.73
2026	366,447	£0.225	£0.075	£0.151	£87,863.24	£9,141.25	£78,721.99	£122,945.40
2027	363,516	£0.234	£0.078	£0.158	£90,646.75	£9,506.90	£81,139.85	£127,202.95
2028	360,607	£0.243	£0.081	£0.166	£93,518.44	£9,887.16	£83,631.26	£131,610.59
2029	357,723	£0.253	£0.084	£0.175	£96,481.10	£10,282.67	£86,198.44	£136,173.70
2030	354,861	£0.263	£0.088	£0.183	£99,537.83	£10,693.97	£88,843.65	£140,897.89
2031	352,022	£0.273	£0.091	£0.193	£102,690.98	£11,121.73	£91,569.25	£145,788.94
2032	349,206	£0.284	£0.095	£0.202	£105,944.23	£11,566.60	£94,377.63	£150,852.86

**Underlying Financial Assumptions**

Prudential Borrowing	£873,500	100%
Annuity Repayment Term (Years)		20
Debt Interest Rate		4.20%

**Model 1**

Electricity	Cash Flow	Capital Repayments	Savings After Capital Repayments	Cumulative Savings
Saving	after O&M			
£26,033.92	£83,086.32	£65,417.07	£13,703.17	£13,703.17
£27,116.93	£54,722.42	£65,417.07	£16,422.28	£30,125.44
£28,245.00	£56,408.52	£65,417.07	£19,236.44	£49,361.88
£29,419.99	£58,146.14	£65,417.07	£22,149.05	£71,510.94
£30,643.86	£59,936.83	£65,417.07	£25,163.81	£96,674.55
£31,918.64	£61,782.19	£65,417.07	£28,283.76	£124,958.31
£33,246.46	£63,683.88	£65,417.07	£31,513.26	£156,471.56
£34,629.51	£65,643.59	£65,417.07	£34,856.03	£191,327.60
£36,070.10	£67,663.07	£65,417.07	£38,316.09	£229,643.70
£37,570.62	£69,744.12	£65,417.07	£41,897.67	£271,541.36
£39,133.55	£71,888.60	£65,417.07	£45,605.08	£317,146.45
£40,761.51	£74,098.42	£65,417.07	£49,442.88	£366,589.30
£42,457.19	£76,375.54	£65,417.07	£53,415.66	£420,004.96
£44,223.41	£78,721.99	£65,417.07	£57,528.32	£477,533.28
£46,063.10	£81,139.85	£65,417.07	£61,785.87	£539,319.16
£47,979.33	£83,631.26	£65,417.07	£66,193.51	£605,512.67
£49,975.26	£86,198.44	£65,417.07	£70,756.63	£676,269.30
£52,054.24	£88,843.65	£65,417.07	£75,480.82	£751,750.12
£54,219.69	£91,569.25	£65,417.07	£80,371.86	£832,121.98
£56,475.23	£94,377.63	£65,417.07	£85,435.78	£917,557.77

£788,237.53      £1,437,661.70      £1,308,341.46

**Total Net Saving =      £917,558**

**Photo Voltaics - Frequently Asked Questions**

**What is Solar PV?**

Solar PV is a renewable energy system which uses photovoltaic modules, usually on the roof of a building, to convert daylight into electricity. Photovoltaic cells are made up of thin layers of semi-conducting material (usually crystalline silicon) which generate an electrical charge when exposed to direct or diffuse daylight.

**How do photovoltaics work?**

Sunlight hits the photovoltaic cells and is converted to electricity. The inverter converts the electricity from direct to alternating current, so that it may be combined with the electricity being imported from the mains, and used to power appliances in your home. When the solar energy system produces more power than is needed, it is exported into the national electricity grid. At night, power is imported from the national electricity grid in the usual manner.

**What is a unit or kWh (kilowatt hour) of electricity?**

Units are how you are billed for electricity. To run a 100 watt lightbulb for 10 hours, you require 1,000 watt hours or 1 kilowatt hour (1 unit) of electricity.

**What are the key benefits of a PV system?**

Once installed and commissioned the Council owns the system, having control of a long-term free source of electricity that is exempt from price increases. You are not only saving money but actively saving the environment at the time. A PV system makes no noise, has no moving parts, requires minimal maintenance, has a long lifespan and generates no CO2 emissions. Basically, it produces clean energy for years to come.

**Where can I install PV modules?**

The location of your PV array (group of PV modules) is vitally important. The modules should receive the maximum amount of daylight possible, so it is not advisable to install the modules in situations where surrounding buildings or trees may cast shadows. The best location for a PV array in the UK is on a south-facing roof angled at 30 degrees.

**How do the panels perform at different angles and orientations?**

If the optimum angle is not achievable, over 90% of the maximum annual energy can still be achieved at 10 degree and 50 degree tilts. South-facing vertical facades generate around 70% of

Tilt of	Orientation of				
	SOUTH	SE/SW	E/W	NE/NW	NORTH
HORIZONTAL			90%		
30 DEGREES	100%	96%	85%	73%	68%
45 DEGREES	98%	93%	80%	64%	60%
60 DEGREES	92%	86%	72%	56%	47%
VERTICAL	89%	86%	54%	41%	35%

the maximum.

**What are the effects of shade?**

Shading is critical. Minor shading can result in significant loss of energy. Since PV modules are linked together in series, the module with the lowest amount of irradiation falling upon it determines the operating voltage of the string in which it is connected.

**Does PV work in Scotland?**

YES. The PV modules only require daylight to work, and so will generate energy on cloudy and even rainy days. Temperature is also a factor when determining how much electricity a pv system will generate. The efficiency of a PV module decreases by a fraction for every degree the temperature is above 25 degrees Celsius. Therefore, a clear cold day is perfect, because PV modules

operate better at cooler temperatures. The UK has similar irradiance levels to Germany where PV has proved extremely popular given their tariff structure, which is now also available within the UK under the Feed in Tariff.

### **What maintenance and cleaning do the PV systems need?**

A Solar PV systems is silent in operation, has no moving parts and requires minimal maintenance. Most of the time the rain will keep the modules clean. However, a build up of dirt can effect system performance. The degree of soiling will depend on the location but usually dust accumulation and self-cleaning reach a steady state after a few weeks if the array tilt is at least 15 degrees. In extreme cases, dust may cause a power reduction of about 10%. The design of the system should aim to minimise uneven soiling. The modules can be cleaned once a year if desired with either a hose or, if possible, soapy water and a non-abrasive cloth.

### **What if we produce more energy than I need?**

Whenever the panels are producing more electricity than the building is using, it will flow back into the grid for other buildings to use.

As long as you have a meter that measures the amount of electricity exported, you are eligible to receive a credit for this electricity. This will lower your electricity bills and ensure none of your green electricity will be wasted.

### **Does the system need batteries?**

No. The proposed PV systems are connected to the national grid. In the night, when the cells are not generating energy, electricity is bought from the utility company in the normal way. Any excess electricity generated during the day is sold back to the utility company.

### **What happens if there is a power cut?**

If there is a power cut, the system is automatically switched off. This is a safety measure designed to stop electricity leaking on to the national grid and to protect individuals who may be working to restore the power supply.

### **Which electricity supplier will we use?**

Due to the Feed-in Tariff, all electricity retailers will be obliged to offer the same generation and export credits for micro generation systems to their customers so we may choose whichever electricity retailer we, subject to procurement.

### **Can we sell the electricity we make?**

Yes. On top of the generation tariff we will receive 4.5 pence for every unit we generate (increased by RPI)..

### **How soon will a PV system pay back the cost of installation?**

The Government estimates that a system installed during the Feed-in Tariff Scheme will be paid back in eleven years. However, in addition, we will carry on receiving a tariff or cashback for a further fourteen years and will benefit from free electricity for years to come after that.

### **How long will it take to install a system?**

PV systems can be installed and ready to produce electricity in 2-8 weeks from the time the design has been agreed. The actual installation will take approximately one day per kilowatt installed depending upon your building type.

### **What are the lifetimes of PV products?**

Currently products carry a 20 -25 year 'performance' warranty which can be insured.

### **Who is eligible?**

Both private and commercial premises are eligible.

### **How long will it last?**

The Government has committed to pay the tariff for 20 years for photovoltaic installations.

### **Will the tariff change?**

Once the tariff is agreed with the Government it will not decrease. The introductory tariff will stay the same until 1/12/12. It will then drop periodically for future installations. This is to encourage early uptake. The Government announced it will be linked to inflation and tariffs will be inflated annually.

### **Why is the Government doing this?**

The UK is way behind other European countries on commitments to reduce carbon emissions and to secure against future oil supplies. This is one way it can catch up. The UK currently produces 5.5% of electricity from renewables, this is expected to rise to 30% to meet the 15% 2020 target for all energy. Feed-in tariffs have been introduced successfully in many countries around the world, including Spain and Germany. It has encouraged huge growth in PV and created many jobs.

### **How will it be implemented?**

Ofgem will administer the feed-in tariff. Suppliers will be responsible for paying the reward to their customers.

### **Is VAT payable?**

VAT at 5% is payable on domestic installations. New Builds are often VAT exempt. Commercial buildings will pay standard VAT rates.

## **How the scheme works**

If you are eligible to receive the FIT then you will benefit in 3 ways:

1. **Generation tariff** – a set rate paid by the energy supplier for each unit (or kWh) of electricity you generate. This rate will change periodically within the year for new entrants to the scheme, but once you join you will continue on the same tariff for 20 years in the case of solar electricity (PV).
2. **Export tariff** - you will receive a further 4p/kWh from your energy supplier for each unit you export back to the electricity grid, that is when it isn't used on site. The export rate is the same for all technologies.
3. **Energy bill savings** – you will be making savings on your electricity bills, because generating electricity to power your appliances means you don't have to buy as much electricity from your energy supplier. The amount you save will vary depending how much of the electricity you use on site.

## Appendix 3b

**Business Case:** Off the Shelf purchase of temporary accommodation.

### Executive Summary

This paper outlines the Business Case for the acquisition of individual targeted properties to increase the supply of temporary accommodation. A copy of the full Business Case has been provided to elected members but not included with council papers given the potentially commercially sensitive information it contains.

At present the Council has around 60 HRA owned dispersed lets tied up as temporary accommodation. The demand for temporary accommodation is rising by 7% pa and continues to show that we have a net shortfall of around 70/90 units to meet current demand. The impact of 2012 legislation and welfare reform will see that shortfall potentially rise further. There is a need to reduce the use of bed and breakfast accommodation which operates as the option of last resort and provides for this operational shortfall at present.

The direct cost to the Council of homelessness is confined since 2006/7 to combined lost subsidy in both B&B and latterly with changes to subsidy caps under Welfare Reform, in private lets. The total lost subsidy in recent years has been;

	2007/8	2008/9	2009/10	2010/11	2011/12
Lost Subsidy	£419 303	£455 223	£557 798	£614,809	£904,000

This proposal suggests that the acquisition of up to 50 new units of temporary accommodation will help mitigate this pressure and return a saving to the Council over the life of the project.

The Business Case proposal requests the funding of legal, acquisition and upgrade capital costs of the purchase of up to 50 additional properties. This will require £3,080m capital over 2 years. Repayment is modelled on a 20 year payback. The cost of providing the 73 bed spaces contained in the acquisition proposal, by traditional B&B route, is just over £800k per annum in lost subsidy. It is anticipated that following this investment B&B costs will reduce and this is shown in the model as 'cost avoidance'.

The model also assumes that there would be additional staff required to manage growth in temporary accommodation and the impacts of welfare reforms. The model assumes this would equate to 3 additional posts.

The net cost to the Council of delivering this proposal will be the interest and principal repayments on £3,080m and ongoing revenue costs less the income from rents and cost avoidance. This results in an anticipated operating surplus

in year 1 of £90,788. Over the life of the project, a cumulative benefit by year 20 of just over £6.1m compared with the "do nothing" option is anticipated.

In addition to the revenue saving benefits summarised above, the investment would also create a new asset which could be sold in the future , thereby generating a capital receipt.

The Benefits for the Council outlined in the Business Case are;

- The net financial benefit to the Council between "doing nothing" and the proposal over 20 years is around £6m.
- The proposal facilitates an operating surplus of around £90,788 in year 1 and a cumulative surplus of £1.202m by year 5.
- Meets one of the challenges of welfare reform re- single room rents for under 35's.
- Provides a more stable base for multi agency assessment or support.
- Mitigates run away cost of B&B.
- Is financially viable and provides longer term asset base.

It is recommended that the project is funded from capital and ongoing costs funded by the Homelessness revenue budget within the General Services revenue Budget..

**Business case and consultation proposals**

**Appendix 4:**

<b>Service</b>	<b>Proposal</b>	<b>Commentary</b>
<b>Cross-Cutting</b>	Corporate Funding (external)	The function is in the process of transferring to the Accountancy team as part of service redesign. Potential to maximise additional income to fund priority planned activity across Council services, taking account of the 'fit' and criteria of such external funding streams.
	Corporate advice service delivery models	Options appraisal re the range of advice services provided across the Council and through partners/ discretionary awards to establish the potential for improved consistency, continuity, quality and efficiency in what is delivered.
	Corporate service delivery models	Options appraisal re the respective roles and responsibilities for Home energy across the council
	Utilisation of school estate	Joint review of school estate utilisation to be undertaken to maximise school, community and partner usage of facilities (especially secondary schools). The review will consider options for income generation.
	Strategic planning of school estate	Review demand and supply issues for future primary and secondary school estate to inform investment strategy and service delivery requirements
	Settlement plan reviews:	Review of council assets, trusts and grants to establish options in each of the remaining 7 settlements. This will consider a range of options and will be carried out in conjunction with the relevant service delivery providers and stakeholders.
	Income and Charging	A review of charges and charging levels to establish a corporate Income and Charging Strategy. This will incorporate review of external charges and charging levels across a sample of councils.
	Corporate Transport capacity	Cross cutting review of demand and supply for range of transport services/ modes of transport including review of the appropriateness of current fleet/transport assets and contracts.
<b>Roads and Transportation</b>	Review of supported and subsidised transportation	Options appraisal to establish more financially sustainable service delivery models in respect of supported and subsidised transportation in the County. This includes evaluation of demand response transportation models and the use of volunteer/ third sector supported schemes
	Street Lighting	Business case development (likely to be Spend to Save) in respect of the review of the cost effectiveness and service based benefits of LED Street Lighting and dimmable street lighting.

<b>Service</b>	<b>Proposal</b>	<b>Commentary</b>
	Clackworks	Identifying the options for financially sustainable delivery of planned employability outcomes.
<b>Development Service</b>	Clacks Business and BIDS	Review of discretionary awards.
<b>Regulatory</b>	Fees	Review of fees licensing to be undertaken to establish potential for additional income generation.
<b>Strategy &amp; Performance</b>	Community partnerships	Options appraisal to review models of community capacity building and identification of appropriate geographical and service delivery which lend themselves to partnership delivery models
	Discretionary grant funding	Review of ALEO arrangements to ensure fit with corporate priorities and to ensure appropriate SLA/ governance is in place for monitoring the impact of disbursements.
	Extend current business models	Review potential to further extend current Business Support model to improve efficiency and effectiveness.
	Channel shift	Review options for more integrated customer service delivery through adopting channel shift i.e. move to more web based transactions.
<b>Housing</b>	Early intervention	Options appraisal to look at Prevention and tenancy sustainment work to prevent/minimise homeless presentations
	Voluntary sector grants and revising all SLA's	Review of voluntary sector grants to establish alignment with corporate priorities and to ensure that all have new SLA in place.
	Homelessness assessment	Business case on looking at homelessness assessment, presentations, best practice with a view to maximising the management of demand.
<b>Education</b>	Curriculum planning/timetabling	Review of current practice and options for maximising choice and delivering the best value option in curriculum / staff planning across the service.
	Early Years	Review of current and future service requirements .
	Private Sector Nursery provision	Review of nursery provision.
	Learning communities	Part of Cross Cutting review based Education stream focus on locality involving partners and incorporating the role of sport and youth agenda alongside education provision.
	Maximising VFM in	Review of the potential for efficiency savings by looking at procurement practices across

<b>Service</b>	<b>Proposal</b>	<b>Commentary</b>
	procurement	the schools. This would include a review of existing preferred supplier list arrangements and consideration of scope for framework type agreements.
<b>Social Care</b>	Adult Care Strategy Review	Linking to shifting the balance of care, review of options re models of care for the future, incorporating a review of current residential care capacity.
	Foster carers	Options to be developed to look at refreshing the foster carers scheme/ model.
	Residential Care for Children	Options to be developed to look at ensuring the sustainability of arrangements for meeting the demand of residential care for children including early intervention strategies.
	Shared Services	Review of potential options for improved quality and efficiency of services.
	Commissioning	Review of commissioning and procurement model to ensure fit for purpose and delivers appropriate quality and value for money.
<b>Support Services</b>	Corporate Procurement	Business Case development on opportunities to maximise VFM through maximising effective corporate procurement.
	T & Cs	Options appraisal involving TUs to review development of council flexible benefits scheme and the development of employee benefit statements
	Voluntary Severance	Promotion of further round of Voluntary severance to include teaching staff.
<b>Facilities Management</b>	PPP contract negotiation	Ongoing negotiation on level of contracted service, charges and performance monitoring issues in secondary schools
	Fair rent policy	Review of external tenant rents on all council properties
	Extend catering income generation	Service expansion with spend to save element
	Leisure Strategy	Review of fees, charges and subsidies and develop options to maximise utilisation and income. The review will incorporate consideration of models such as Leisure Pass/memberships.
	Playgrounds asset review	Options appraisal of current provision and the contribution made by planning gain.
	Fleet	Development of Fleet Asset Management Plan and associated delivery strategy models.

