

DREeM Finance Comments

Acceptance of additional grant – ECO £480k

The proposed acceptance of Energy Company Obligation (ECO) funding of £480k will increase the Public Sector Housing Capital Programme by the same amount. The funding (at 100% funding rate) is specifically to deliver 6 homes to the Energiesprong standard at a unit cost of £80k each. These homes will be part of the Phase 2b properties recently contracted with Melius and now underway.

Phase 1a, 1b and 2a have been completed, and therefore there is cost certainty over these. Costs for the project to date were higher than budgeted, meaning that phases 3 and 4 will be re-procured with an amended specification in order to bring the project in on budget.

Phase 3 and 4 are in re-specification phase prior to going to procurement for the main contractor. The budget for phase 2 released by the £480k ECO funding will be reallocated to these phases.

Table – Costs and funding

Project Name	EB July 2017	LKD-3296 Oct 2018	CURRENT APPROVAL	PROPOSAL	REVISED APPROVAL
Capital Approval					
ERDF - Energiesprong Roll Out	8,150,000	1,297,971	9,447,971	480,000	9,927,971
Interreg - Energiesprong Roll Out	1,350,000		1,350,000		1,350,000
Total Capital Approval	9,500,000	1,297,971	10,797,971	480,000	11,277,971
Funded by:					
HRA Major Repairs Reserve	(5,286,000)	(636,971)	(5,922,971)	0	(5,922,971)
ERDF Grant	(4,214,000)	(211,000)	(4,425,000)	0	(4,425,000)
Interreg Grant	0	(450,000)	(450,000)	0	(450,000)
ECO	0	0	0	(480,000)	(480,000)
Total Capital Funding	(9,500,000)	(1,297,971)	(10,797,971)	(480,000)	(11,277,971)

The financial model for the DREeM scheme is currently under review, with the ongoing revenue assumptions for income and expenditure being examined, comparing those made at approval with those achievable now.

Prior to accepting the DREeM grant and contractually committing the council to further costs and amending the Capital Programme this additional grant requires endorsement by the Capital Board.

Finance Comments provided by:

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