Derby City Council

COUNCIL CABINET
10 March 2021

ITEM 18

Report sponsor: Simon Riley, Strategic Director of Resources
Report author: Toni Nash, Head of Finance

Compliance with Contract and Financial Procedure Rules

Purpose

1.1
- Procurement and creation of a Framework for One to One Tuition and Teaching Support
- Addition to the capital programme of CCTV network equipment
- Write-off of loans – Derby Enterprise Growth fund (DEGF)

Recommendation(s)

2.1 To Approve:

a) The procurement and award of a contract of up to £0.880m for up to four years, for places on a framework for One to One Tuition and Teaching Support outlined in section 4.1

b) An addition to the 2020/21 capital programme of £0.030m for the renewal of the CCTV network and to increase the approval of Direct Revenue Funding to £0.030m to fund the project outlined in section 4.6

c) The write-off of two DEGF loans, totalling £0.092m outlined in section 4.10.

Reason

3.1 To comply with Financial Procedure Rules.

Supporting information

4.1 Framework for One to One Tuition and Teaching Support

On 8th July 2018 Cabinet approved the procurement and creation of a framework for 'Targeted and Tailored Tuition', on a one to one basis for Small Group Support to Children and Young People in Care (Virtual School) for a maximum sum of £0.220m over a period of four years. Spend on this framework is expected to exceed this approval level before the end of the current term. The reason for the expected exceeding of the approval level is that the numbers of Looked After Children on the Virtual school roll over the period has increased from 330 to 430 pupils and so demand for the support has gone up accordingly. It is proposed to terminate the framework from 30th April 2021 and request Cabinet approval to procure and award contracts on an updated framework to commence 1st May 2021.

4.2 The Council has taken this opportunity to review the requirements and estimated spend in the coming years and the framework will now also include provision for 1:1 tuition and teaching support for non-looked after children and young people with SEND – Special Educational Needs and Disabilities. The reason behind this is that many of the providers used by the Virtual School are the same as the ones used to provide either additional SEND support into schools or 1:1 support in the home, at times when the learner is not able to attend a school e.g. with the need is severe anxiety.

4.3 Use of the provision would be mainly in place of sending the learner to expensive out of area placements or to supplement existing arrangements. Funding comes from the Dedicated Schools Block – High Needs Funding. When the Councils local offer is unable to meet needs we often place out of area. Our providers often request 1:1 provision and include it in the fees with their mark-up. By enabling the provision (where required) to be supplied by a different route, this will reduce on cost mark-up (in one recent case approx. 60%), avoid having to pay for provision for a whole year where we may need it for part and enhance flexibility for example the provision goes with the learner during transition, and we are able to phase out the requirement.

4.4 This will be an opportunity to drive out economies of scale, provide an auditable assurance process, and improve our supplier management to drive up standards. The proposal will extend the current framework into three separate lots but will not remove any ownership from the management of the Virtual School requirement which will continue as before. It is more efficient to manage all sets of requirements under a single procurement process. There will be no additional costs on the education budgets looking at High Needs, but there will be the opportunity to drive out efficiency. To do nothing will leave us vulnerable to scrutiny and audit, as waivers will be required for each and every supplier and the expenditure can become quite significant for non-looked after children and young people with SEND.

4.5 It is recommended to approve the procurement and creation of a Framework for One to One Tuition and Teaching Support for a maximum of £0.880m of up to four years.

4.6 CCTV Network

In line with its governance duties of maintaining, monitoring and approving changes to the Capital Works programme, the Infrastructure Board in February 2021 recommended an addition of £0.030m to the 2020/21 capital programme. This money is sought to install and upgrade cameras across the city centre.

4.7 The scheme will replace life expired CCTV network equipment and coverage to city centre areas which have seen historical and recent crime and criminality detrimental to the renewal and reopening of the City. This will support the Public Space Protection Order and Police and Council officers in their efforts to prevent and detect crime and disorder increasing safety to those living, visiting, or working in the city.

4.8 The funding is Direct Revenue Funding from Public Protection & Streetpride Services within the Communities & Place Directorate.

4.9 It is recommended to approve an addition to the 2020/21 capital programme of £0.030 for the renewal of the CCTV network and to approve the increase of Direct Revenue Funding to £0.030m to fund the project.

4.10 Write off of loans – DEGF
The DEGF is a scheme offering grants and/or loans to businesses in the Derby Travel to Work area for expansion, growth and job creation. DEGF has awarded loans to 47 businesses totalling £13.5 million since June 2013.

4.11 Of two businesses that have received DEGF loan funding in the past, one has effectively ceased trading and the other was bought out by another company having entered administration. Collectively these businesses leave a total amount of £0.092m outstanding debt as detailed below. DEGF treats all Companies financial information as confidential and for this reason the businesses have been anonymised.

4.12 In February 2014 DEGF provided a loan to Business A. The repayments that have been made to date have been erratic, and at insufficient levels to make any notable inroads into repaying the loan principal and interest. The product that the loan funding was used to support did not take off, hence the forecast income streams did not materialise to then repay the loan. The company's business model is now unachievable and there are no further active products in the pipeline to deliver future income streams, leaving £0.063m outstanding. As the business has no saleable assets and the loan was unsecured, this amount is deemed irrecoverable and requires write-off.

4.13 In November 2013 DEGF provided a loan to Business B. The loan repayments were erratic from the outset leading to default letters being issued, culminating in a request to restructure the loan in early 2018. A suitable profile was agreed by the Investment Panel, but the viability of this was dependent upon the business obtaining equity investment at that time which did not materialise. An Urgent Leader decision in August 2018 approved the appointment of an Administrator to oversee the sale of the company and seek the maximum recovery of outstanding loan principal, together with the write-off of accrued loan interest. Although the Administrators concluded that further trading of the Company was not viable, following a brief marketing period they were able to achieve a sale of the business. Given the Debenture and personal guarantees in place, due legal advice was sought, and it was deemed that a sale of the business represented the best opportunity to recoup the maximum amount towards the outstanding loan principal. The final payment has now been received under the sale obligation, and therefore the remaining £0.029m principal outstanding requires write-off.

4.14 Both of the write offs outlined above will be covered from the DEGF bad debt provision as there is now no realistic prospect of further recovery.

4.15 Security is now a requirement for all new DEGF loans and negotiated in the due diligence process. Regarding the loan to business A the lack of assets has been verified independently by their Accountants, and the business is effectively no longer trading. The exit decision re business B was essentially made in August 2018, and we have been awaiting receipt of the final amount owing over the sale term agreed at that time.

4.16 It is recommended that these two DEGF loans totalling a maximum of £0.92m are written off.

Public/stakeholder engagement

5.1 None directly arising.

Other options

6.1 **Framework for One to One Tuition and Teaching Support -**
To do nothing will leave us vulnerable to scrutiny and audit, as waivers will be required for each and every supplier and the expenditure can become quite significant for non-looked after children and young people with SEND.

Financial and value for money issues

7.1 As outlined in the report.

Legal implications

8.1 As outlined in the report.

Climate implications

9.1 No implications arising from this report.

Other significant implications

10.1 None directly arising.

This report has been approved by the following people:

Role	Name	Date of sign-off
Legal	Olu Idowu, Head of Legal Services	12 February 2021
Finance	Toni Nash, Head of Finance – Corporate Resources	
	Simon Riley, Strategic Director of Corporate Resources & S151 Officer	18 February 2021
Service Director(s)	Liz Moore, Head of HR	12 February 2021
Report sponsor		
Other(s)	Anne Webster, Lead on Equality and Diversity	15 February 2021

Background papers:
List of appendices: