



Derby City Council

COUNCIL CABINET
12 July 2017

ITEM 14

Report of the Cabinet Member for Finance and Governance

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:
- Acceptance of Grant
 - Allocation of Grant
 - Procuring a contract with an estimated value of over £75,000
 - Extension of existing Highways Maintenance Framework
 - Changes to the current 2017/18 Capital Programme

RECOMMENDATION

- 2.1 To accept the award and approve the allocation of £709,640.87 new burdens funding from the Department for Communities and Local Government to Derby Homes to enable the delivery of Homelessness services, as detailed in section 4. Allocation will be subject to Derby Homes underwriting the spend and committing to terms and conditions of the award once established.
- 2.2 To approve the procurement and award of a contract of the value £300,000 for a Cashless Parking System, as detailed in section 5.
- 2.3 To approve the procurement and award of a contract of the value £142,000 for a Hybrid Mail system, as detailed in section 6.

- 2.4 To approve the procurement and award of a Derby City Council specific contract, and participation in a regional Framework (procurement led by Nottingham City Council) as a fall-back, of the value of £2.6m over a three year period. This will cover the training provision across the Council as part of the Apprenticeship Levy, including maintained Schools, as detailed at section 7.
- 2.5 To approve the extension of the existing joint Derby City Council and Nottingham City Council Framework Service Contract for Highways Maintenance Works to the 31 March 2018 or the implementation date of the new framework, whichever is sooner, to a maximum value of Derby City Council commissions of £2.9M.
- 2.6 To approve changes including additions to the capital programme in section 4- 4.4 and Appendix 2 & 3.

REASONS FOR RECOMMENDATIONS

- 3.1 To comply with the Council's Contract and Financial Procedure rules.



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Report of the Chief Executive

SUPPORTING INFORMATION

4 Homelessness Support Grant

- 4.1 The Department for Communities and Local Government has announced that Derby City Council will receive ring fenced funding for two years as a new Flexible Homelessness Support Grant. The emphasis of this new grant will be to give councils greater flexibility to prioritise homelessness prevention. DCLG as yet have not communicated the terms and conditions attached to the award other than it is ring fenced for homelessness.
- 4.2 The allocations are £343,934 in 2017/18 and £365,707 in 2018/19.
- 4.3 It is recommended Cabinet accepts the award and approves the allocation of £709,641 new burdens funding to Derby Homes ring fenced for the delivery of Homelessness services. Allocation will be subject to Derby Homes underwriting the spend and committing to terms & conditions of the award once established.

5 Cashless Parking System

- 5.1 Customers of Derby City Council pay and display parking currently pay by cash. This limits options for customers. It also costs the Council to pay for cash collection services and for maintenance of the payment machines, which is time consuming and inefficient.
- 5.2 Introducing cashless parking will allow customers to use mobile telephone technology or the internet to pay their car park charges for all on and off-street pay and display areas. This offers customers alternative payment options, and reduces Council costs for cash collection at a time where charges are increasing.
- 5.3 The Council's Procurement Team has reviewed and cleared the proposed approach. Costs through this payment method are estimated to be in the region of £60,000 per annum. Operational costs will not have an impact on council budgets. There is capital funding in the Highways and Transport work programme available in the event that there are some set up costs. The Parking Services revenue budget could see reduced costs from cash collection and need for maintenance of pay and display machines.
- 5.4 It is recommended Cabinet approves the procurement and award of a contract of £300,000 for a cashless parking system.

6 Hybrid Mail System

- 6.1 Derby City Council processes the majority of its outgoing mail via a manual process. This involves printing the letter and physically inserting each item within the envelope. This is time consuming, inefficient and increases the risk of data protection breaches. The Council has already automated its incoming mail, which is scanned on receipt and sent to users electronically.
- 6.2 Hybrid mail will automate all the outgoing mail processes, leading to greater efficiency and accuracy in mail production. It will:
- allow staff to send their outgoing mail directly to the Document Management Centre (DMC) to be printed and posted securely
 - act as a driver for change for services who are currently wedded to manual methods of processing documents
 - enable the DMC to take advantage of new mail technologies and to access the cheaper mail contracts that are now becoming available
 - ensure mail is printed and processed in the most economical and cost effective way.
- 6.3 The purchase and implementation costs (including licensing) in year one are £82,000, which will be fully funded from the Delivering Differently Reserve. Beyond the first year, the on-going support and licensing costs will be funded within existing business support budgets, at an estimated £20,000 a year, meaning departmentally funded running costs will total a maximum of £60,000. This gives a total contract value of £142,000. Procurement will be through a Crown Commercial Service framework.
- 6.5 The IT requirements of any Hybrid Mail solution proposed will be assessed prior to the award of any contract to ensure these are compatible with the existing infrastructure.
- 6.4 It is recommended Cabinet approves the procurement and award of a contract of value £142,000 for a Hybrid Mail system.

7 Training Provider Procurement

- 7.1 The Government's Apprenticeship Levy was introduced in April 2017. Organisations with an annual pay bill in excess of £3m are now required to pay this Levy which equates to 0.5% of their monthly salary costs, less an allowance of £15,000. The Government will apply a 10% monthly top up to the fund. The Council's apprenticeship Levy contribution is approximately £835,000 per annum based on the current pay bill.
- 7.2 The Levy can only be used towards the costs of apprenticeship training and end point assessment. This can be for new starts or existing staff development, with no age restrictions. A business needs analysis across 30% of the Council and Council maintained Schools has identified the need to procure external training provision to enable maximising the Levy usage.
- 7.3 Alongside this, Nottingham City Council is in the process of developing a new 'Approved Training Providers List' that will be accessible by public body employers in

the East Midlands that are seeking apprenticeship training. Derby City Council has been asked to participate in establishing this framework. Current expectation is that the framework should act as a fall-back for the securing of training provision should the council's appointed training provider be unable to secure any required training. The framework is compliant with procurement regulations and is expected to be in place late Autumn 2017. The approach has been approved by the Council's Procurement Team.

- 7.4 It is recommended Cabinet approves the procurement and award of a Derby City Council specific contract, and participation in a regional Framework as a fall-back, of the value £2.6m over a three year period for training provision across the Council, including maintained Schools.

8 Highways Maintenance Framework

- 8.1 The existing joint Derby City Council and Nottingham City Council Framework Service Contract for Highways Maintenance Works which supports highways statutory functions and other highway related projects expires on 21st July 2017.
- 8.2 A Derby City Council and Nottingham City Council (NCC) joint procurement exercise is currently in progress for a replacement framework. NCC are the lead procurement authority for the framework and are programming and providing resources for both the procurement and legal activities. Due to reasons beyond the Council's control there will be a delay in the implementation of the replacement framework. Implementation of the new framework is currently programmed for Oct 2017.
- 8.3 For contingency purposes relating to the risk of further delays in implementation of the new framework (for example, legal challenges, tender queries, etc...) and as a way to continue effective delivery it is recommended that Cabinet approves extension of the existing framework until 31 March 2018 or the implementation date of the new framework, whichever is sooner.
- 8.4 It is anticipated that current framework providers will hold their existing rates for the work being delivered through the extension period. Should this not be possible for any specific supplier then increases will be limited to industry inflation indices.
- 8.5 The maximum value of the Council's work that will be commissioned during this extension period will be £2.9M, with each commission being subject to budgetary approval.

9 Update on Capital Programme 2017/18

- 9.1 The latest programme approved by Cabinet at 21st June was £105,973,335.
- Reallocations to the programme that have been agreed under the Scheme of Delegation (attached for information) have a net total of nil. (Appendix 2).
 - Additions to the programme requiring Cabinet approval total £43,000 and are detailed in Appendix 3.
- 9.2 Reallocations over £200,000 are as follows:
- (£260,000) for Window Replacements. This budget has now been allocated to specific schemes under delegated authority. The schemes are £85,000 Mickleover Community Centre, £75,000 Derwent Youth Centre, £79,000 Sinfen Children's Centre and £21,000 Crematorium retaining wall and footpath.
 - (£525,000) for Fire Precaution Works. This budget has now been allocated to specific schemes under delegated authority. The schemes are £70,000 Market Hall, £95,000 Derby Museum and Library, £45,000 9-11 Cheapside, £190,000 Rycote Centre and £125,000 Silk Mill and Industrial Museum.
- 9.3 Additions to the Property Improvement programme are:
- £29,000 grant to provide floodlighting at Alvaston park BMX track funded through £14,000 from Sports England and £15,000 from Derby Homes
 - £14,000 for public realm works at a Mickleover park funded from a developer contribution.
- 9.4 With the required approval the revised capital programme will be **£106,016,335**.

This report has been approved by the following officers:

Legal officer Financial officer Human Resources officer Estates/Property officer Service Director(s) Other(s)	Olu Idowu, Head of Legal Services Toni Nash, Head of Corporate Finance. Mark Taylor, Interim Director of Finance. David Cox, Head of HR. Lynda Innocent, Head of Service I.T.
For more information contact: Background papers: List of appendices:	Elly Tomlinson 01332 642789 e-mail Toni.Nash@derby.gov.uk None Appendix 1 - Implications Appendix 2 – Summary of changes to the capital programme 2017/18 made under Delegation Appendix 3 – Summary of Changes to the capital programme 2017/18 requiring cabinet approval

IMPLICATIONS

Financial and Value for Money

- 1.1 As detailed in the main body of the report and appendices.

Legal

- 2.1 None directly arising.

Personnel

- 3.1 None directly arising.

IT

- 4.1 None directly arising.

Equalities Impact

- 5.1 None directly arising.

Health and Safety

- 6.1 None directly arising.

Environmental Sustainability

- 7.1 None directly arising.

Property and Asset Management

- 8.1 None directly arising.

Risk Management

- 9.1 None directly arising.

Corporate objectives and priorities for change

- 10.1 These recommendations where relevant are in line with approved capital strategy and Asset Management Plans which accord with the Council's corporate priorities.

Appendix 2

Changes to the Capital Programme made under delegation.

Scheme Area	Latest Approved Capital Programme 2017/18 £000	Revised Capital Programme 2017/18 £000	Change £000's
Property Improvement			
Lift Replacement/Maintenance	54	0	-54
Perth House Life Replacement	0	54	54
Various Sites Boundary Wall Replacement	70	0	-70
St Mary's Boundary Wall Replacement	0	70	70
Various Site Fire Precautions*	525	0	-525
Market Hall – Phase 2 FRA Works	0	70	70
Derby Museum and Library – FRA Works	0	95	95
9-11 Cheapside – FRA Works	0	45	45
Rycote Centre – Phase 2 FRA Works	0	190	190
Silk Mill and Industrial Museum – FRA Works	0	125	125
Various Window Replacements*	260	0	-260
Mickleover Community Centre – Window Replacement	0	85	85
Derwent Community Centre – Window Replacement	0	75	75
Sinfin Children's Centre – Window Replacement	0	79	79
Crematorium Retaining Wall and Footpath	130	151	21
Planned Maintenance	45	134	89
Accommodation Strategy	24	0	-24
Equalities Act Improvements	15	0	-15
External Areas	50	0	-50
Total delegated Changes Property Improvement	1,173	1,173	0
Total Net Changes	1,173	1,173	0

*Although total amount is over delegated approval level, individual allocations fall below the limit.

Appendix 3

Summary of Changes Requiring Cabinet Approval

Summary of further changes to the capital programme 2017/18	Latest Approved Capital Programme 2017/18	Revised Capital Programme 2017/18	Change	Category
Property Improvement				
Alvaston Park BMX Track	17	46	29	A
Varsity Grange	0	14	14	A
Total Changes to Property Improvement	17	60	43	
TOTAL CHANGES TO PROGRAMME	17	60	43	

Key of Categories	
A	Additional schemes from new funding secured
A1	Scheme increase funded by previous years' reserves income
S	Re-phasing
R1	Other Adjustments - Scheme Reductions/Increases
R2	Re-allocated Within Departments Programme
R3	Re-allocated To Different Departments Programme

