

## **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:
- Changes to the current 2014/15-2016/17 capital programme.

### **RECOMMENDATION**

- 2.1 To approve changes, additions and progression of these on the capital programme as set out in Appendix 2 and highlighted in section 4.
- 2.2 To note the revised programme for 2014/15 in table 1 (paragraph 4.1) and the revised indicative programme for 2014/15-2016/17 as shown in table 2 (paragraph 4.7).

### **REASONS FOR RECOMMENDATIONS**

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



**SUPPORTING INFORMATION**

**4. UPDATE ON CAPITAL PROGRAMME 2013/14 – 2015/16**

**Forecast Outturn**

**4.1 Table 1 – Revised Capital Programme 2014/16**

Strategy Area	Original Approved Capital Programme  £000's	Revisions Approved to 10 December cabinet  £000's	Latest Approved (10 December Cabinet) Capital Programme  £000's	Changes to the programme agreed under Scheme of Delegation  £000's	Further Revisions (Appendix 2)  £000's	Revised Programme  £000's
CYP	22,289	362	22,651	43	0	22,694
Housing General Fund	2,758	1,799	4,557	0	0	4,557
Property Improvement	4,694	(1,750)	2,944	0	0	2,944
Property Maintenance and Refurbishment	5,926	(2,177)	3,749	0	0	3,749
Parks and Open spaces	2,078	(15)	2,063	0	0	2,063
Flood Defence	250	0	250	0	0	250
Highways and Transport	8,684	1,010	9,694	(8)	0	9,686
Vehicles, Plant and equipment	1,970	961	2,931	(93)	(347)	2,491
Regeneration	49,608	(13,569)	36,039	0	0	36,039
ICT	3,882	(823)	3,059	0	0	3,059
HRA	19,439	(3,711)	15,728	0	2,052	17,780
Strategic Projects	14,430	(3,271)	11,159	0	(740)	10,419
<b>Sub-total</b>	<b>136,008</b>	<b>(21,184)</b>	<b>114,824</b>	<b>(58)</b>	<b>965</b>	<b>115,731</b>
<b>Less assumed capital slippage at 10%</b>	<b>(13,601)</b>	<b>4,538</b>	<b>(9,063)</b>	<b>0</b>	<b>0</b>	<b>(9,063)</b>
<b>Total</b>	<b>122,407</b>	<b>(16,646)</b>	<b>105,761</b>	<b>(58)</b>	<b>965</b>	<b>106,668</b>

Note: Slippage for schemes funded from corporate sources, mainly unsupported borrowing, will be allocated against the 10% slippage planning assumption.

The revised programme shows a decrease overall due to the re-profiling of the Innovation Centre project within the Regeneration Programme Details of the changes are shown in Appendix 2 with a summary of those changes over £200,000 highlighted below.

#### **4.2 Children and Young People**

The Children and Young People Programme requires a net increase of £43,000 previously approved under delegated powers at the relevant board.

#### **4.3 Highways and Transport**

The Highways and Transport Programme requires a net decrease of £8,000 previously approved under delegated powers at the relevant board.

#### **4.4 Vehicle Plant and Equipment**

The Vehicle Plant and Equipment Programme require a net decrease of £440,000. £93,000 previously approved under delegated power at the relevant board. The remaining £347,000 is due to a reduction to the refuse vehicle and plant scheme as the number of replacement vehicles needed has reduced from 7 to 5 after a review of the refuse collection service.

#### **4.5 HRA**

The HRA Programme requires a net increase of £2,052,000. This is made up of:

- £200,000 increase to the Solid Wall insulation scheme due to the council losing a legal case against the contractor.
- £200,000 increase to the New Build and Acquisitions Scheme due to an increase in acquisitions opportunities arising.
- £1,750,000 increase to the Pine Court Scheme due to the acquisition proceeding quicker than anticipated owing to a change in legal position of the of the property owner.

#### **4.6 Strategic Projects**

The Strategic Projects Programme requires a net decrease of £740,000. This is made up of the following:

- £590,000 decrease to the Leisure Strategy Scheme due to fees relating to the Riverlights Aquatics Centre not being incurred in 2014/15.
- £150,000 decrease to the Our City Our River Scheme. This scheme has now progressed from the feasibility stage and a contract for the main works was awarded to GBV on 5 December 2014. This has enabled the schemes to be re-profiled more accurately in line with the contractors' profile.



- 4.7 Table 2 shows the 2014/15 – 2016/17 indicative programmes incorporating the changes from above.

**Table 2 Revised Indicative Programme 2014/15 -2016/17**

<b>Strategy Area</b>	<b>2014/15 £000</b>	<b>2015/16 £000</b>	<b>2016/17 £000</b>
CYP	22,694	11,138	13,952
Housing General Fund	4,557	3,932	2,087
Property Improvement	2,944	3,916	5,716
Property Maintenance and Refurbishment	3,749	7,338	2,037
Parks and Open Spaces	2,063	854	93
Flood Defence	250	250	250
Highways and Transport	9,686	4,500	10,490
Vehicles, Plant and Equipment	2,491	2,114	560
Regeneration	36,039	22,701	2,250
ICT	3,059	1,368	0
HRA	17,780	19,316	19,351
Strategic Projects	10,419	24,861	50,180
<b>Sub total</b>	<b>115,731</b>	<b>102,287</b>	<b>106,967</b>
Less assumed capital slippage	(13,615)	(9,071)	(10,518)
Adjustment for slippage of over-programming	4,552	4,824	9,376
<b>Total Programme</b>	<b>106,668</b>	<b>98,041</b>	<b>105,825</b>

- 4.8 The capital programme will be fully reviewed as part of the 2015-2018 budget process, currently out to consultation.
- 4.9 All projects are run using the Prince 2 methodology and carry individual risk registers. All risk implications are reported and monitored on a monthly basis at the Strategic Asset Management Board.
- 4.10 **S106 Contributions**

It was agreed through the S106 working group that any allocation of S106 monies would be reported to Cabinet during the year to inform members what specific Contributions are intended to be used for. Any in- year allocations are reported through the monthly contract and financial procedures matters reports and quarterly Capital monitoring reports as they arise. There are currently no changes to report.

**This report has been approved by the following officers:**

<b>Legal officer</b> <b>Financial officer</b> <b>Human Resources officer</b> <b>Estates/Property officer</b> <b>Service Director(s)</b> <b>Other(s)</b>	Martyn Marples Director of Finance and Procurement
<b>For more information contact:</b> <b>Background papers:</b> <b>List of appendices:</b>	Mark Nash 01332 643364 e-mail mark.nash@derby.gov.uk None Appendix 1 – Implications Appendix 2 – Summary of further changes to the capital programme 2014/15

<b>IMPLICATIONS</b>
---------------------

**Financial and Value for Money**

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

**Legal**

- 2.1 A grant agreement would need to be completed with DWC prior to any funds being transferred. A voluntary land charge would be placed on the property to secure the grant.

**Personnel**

- 3.1 None directly arising.

**IT**

- 4.1 As detailed in the report.

**Equalities Impact**

- 5.1 The DWC grant would support the work of a group dedicated to furthering women's equality issues.

**Health and Safety**

- 6.1 None directly arising.

**Environmental Sustainability**

- 7.1 All works would be carried out to current building standards.

**Property and Asset Management**

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

**Risk Management**

- 9.1 As detailed in the main body of the report paragraph 4.7

**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

Summary of further changes to the capital programme 2014/2015	Latest Approved Capital Programme 2014/15 £000	Revised Capital Programme 2014/15 £000	Change £000	Category
<b>Vehicle Plant and Equipment</b>				
Refuse Vehicles and Plant	1,420	1,073	(347)	R1
<b>Total Changes to The Vehicle Plant and Equipment Programme</b>	<b>1,420</b>	<b>1,073</b>	<b>(347)</b>	
<b>HRA</b>				
Solid Wall insulation	600	800	200	R1
New Build and Acquisitions	500	700	200	R1
Pine Court	550	2,300	1,750	S
New Build Elton and Cowsley	98	0	(98)	R1
<b>Total Changes to The HRA Programme</b>	<b>1,748</b>	<b>3,800</b>	<b>2,052</b>	
<b>Strategic Projects</b>				
Leisure Strategy	9,177	8,587	(590)	S
Our City Our river	995	845	(150)	S
<b>Total Changes to The Strategic Projects Programme</b>	<b>10,172</b>	<b>9,432</b>	<b>(740)</b>	

<b>TOTAL CHANGES TO PROGRAMME</b>	<b>13,340</b>	<b>14,305</b>	<b>965</b>	
	<b>Key of Categories</b>			
	<b>A</b>	Additional schemes from new funding secured		
	<b>A1</b>	Scheme increase funded by previous years' reserves income		
	<b>S</b>	Re-phasing		
	<b>R1</b>	Other Adjustments - Scheme Reductions/Increases		
	<b>R2</b>	Re-allocated Within Departments Programme		
	<b>R3</b>	Re-allocated To Different Departments Programme		