



## **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:
- to approve proposed changes to the capital programme
  - to approve in year Section 106 allocations
  - to approve a revenue / capital funding switch from our improvements to community centres funding programme
  - to approve the use of capital receipts and the Derby Live reserve account in the final funding of the Quad capital scheme that was completed in September 2008.
  - to approve a budget transfer within Adult Social Services
  - to approve changes to the schedule or rates for charging for building consultancy services
  - to delegate the authority to approve further necessary changes in building consultancy services.

### **RECOMMENDATIONS**

- 2.1 To approve the changes to the 2010/11 – 2012/13 capital programme as shown in Appendix 2.
- 2.2 To note the revised capital programme and associated funding detailed in Table 1 on page 3 for 2010/11.
- 2.3 To approve the in year S106 allocation as detailed in paragraph 4.9.
- 2.4 To approve the revenue/capital funding switch for Improvements to community centres as detailed in paragraph 4.7.
- 2.5 To approve the use of capital receipts and the use of the Derby Live reserve to contribute to the final funding of the Quad capital scheme that was completed in September 2008 as detailed in paragraph 4.10.
- 2.6 To approve the permanent transfer of budgets within Adult Social Services with a recommendation to full Council as detailed in paragraph 4.11.
- 2.7 To approve changes to Building Consultancy charges, as required under the Building (Local Authority Charges) Regulations 2010 (SI 2010/404) which were laid before Parliament on 25 February 2010 and came into force on 1 April 2010 as detailed in paragraph 4.12.

- 2.8 To delegate further changes to the Building Regulations Charges to the Strategic Director for Neighbourhoods in consultation with the Cabinet Member for Planning and Transportation.

<b>REASON FOR RECOMMENDATIONS</b>
-----------------------------------

- 3.1 As included in the report.

## SUPPORTING INFORMATION

### 4.1 Changes to the Capital Programme

The latest approved programme as at 7 September Cabinet was £120.1m. Various changes are now required to reduce this total by £1.24m making a revised capital programme total of £118.9m. Table 1 shows the changes and revised 2010/11 programme.

### 4.2 Table 1 - Revised Capital Programme 2010/11 and funding

Programme	Latest Approved (7 September Cabinet) Capital Programme £000's	Further Revisions (Appendix 2)  £000's	Revised Programme  £000's
Children and Young Peoples Department	27,098	(31)	27,067
Neighbourhoods	30,788	(104)	30,684
Adult Social Care & Housing	29,650	(1,105)	28,545
Resources – e Services	2,713	0	2,713
Chief Executive	29,887	0	29,887
<b>Total Programme</b>	<b>120,136</b>	<b>(1,240)</b>	<b>118,896</b>
<b>Funding 2010/11</b>			
Supported Capital Expenditure (Revenue)	3,543	37	3,580
Supported Capital Expenditure (Capital)	30,939	(214)	30,725
<i>Unsupported borrowing</i>			
Corporate Programme	20,185	0	20,185
Service Financing	1,681	0	1,681
Service Financing Spend to Save	1,940	0	1,940
Housing major repairs allowance	8,273	830	9,103
Government grants	23,235	47	23,283
Capital receipts	11,184	0	11,184
External contributions	3,122	(28)	3,094
Lottery			
Capital Reserves	618	0	618
Revenue/Revenue Reserves	13,873	(1,923)	11,950
S106 External Contributions	1,542	11	1,553
<b>Total Funding</b>	<b>120,135</b>	<b>(1,240)</b>	<b>118,896</b>

- 4.3 Details of the changes are shown in Appendix 2 with a summary of some of the larger changes highlighted below:
- 50% cut in the Youth Capital Fund funding source by Central Government.
  - Various reallocations within the Local Transport Plan.
  - Corporate funding for 2010/11 play area schemes has already been allocated to each individual scheme.
  - Various reallocations within the Housing Programme including:
    - an increase in the kitchen and bathroom programme to support the requirements as set out in the Decent Homes Standard
    - a reduction in the re-roofing programme
    - a reduction in insulation improvements as some insulation works are being carried out as part of the Community Energy Saving Programme (CESP)
    - a slippage of works on Rebecca House from 2009/10 to 2010/11
    - a reduction in the programme budget for electrical upgrades as minor works are being charged to the revenue budget
    - a reduction in capital budget for smoke alarms as these minor works are being charged to the revenue budgets
    - slippage of projects relating to fire precautions from previous financial year.
- 4.4 Changes to the 2010/11 capital programme effect the indicative programme for 2011/12 – 2012/13. The summary revised totals by department for the indicative programme are shown in Table 2.

**Table 2 - Revised Indicative Programme 2011/12 - 2012/13**

<b>Programme</b>	<b>2010/11</b>	<b>2011/12</b>	<b>2012/13</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Children and Young Peoples Department	27,067	59,071	98,140
Adult Social Care & Housing	28,545	18,839	11,262
Resources – e Services	2,713	0	0
Neighbourhoods	30,684	19,203	57,876
Chief Executive	29,887	23,698	9,750
<b>Revised Programme</b>	<b>118,896</b>	<b>120,811</b>	<b>177,028</b>

- 4.5 The figures shown for 2011/12 – 2012/13 are the indicative budgets approved by Council on 1 March 2010 altered for any rephrasing reported at previous cabinets and shown in Appendix 2.
- 4.6 Cabinet is asked to approve the additions and amendments to the 2010/11 – 2012/13 capital programme.

## Other Issues

### 4.7 Neighbourhoods Department

The Neighbourhoods Directorate has successfully been awarded a Department for Transport (DFT) 3 Cities Drainage capital grant of £50,000 to fund an agreed revenue project plan. To ensure the grant is used for the correct classification of expenditure and ensure the agreed project plan is delivered which secured the funding; there is a requirement to switch the funding with an alternative source to satisfy audit guidelines and capital accounting rules. Confirmation has been received from the DFT that this funding is not ring fenced.

The Improvements to Community Centres scheme of £50,000 was approved at Council Cabinet 17 February 2009. This scheme is a capital scheme funded from revenue budget. The flexibility of this funding allows the £50,000 allocation to be swapped with the 3 Cities Drainage capital grant of £50,000.

Cabinet is asked to approve the capital/revenue funding switch within the Improvements to Community Centres scheme.

### 4.8 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.

4.9 **Table 2** below details such a new allocation for the Neighbourhoods Directorate.

**Table 2 S106 In Year Allocations**

Dept	Scheme	Developer	Site	Ward	Amount £	S106 Ref
N/hood	Cycle Derby - Woodminton Drive	Dash Homes Ltd	71-73 Weston Park Avenue	Chellaston	11,000	WePaA v1-02
<b>Total S106 Contributions allocated</b>					<b>11,000</b>	

The S106 agreement, in respect of the above, has been discussed with the Chellaston Forum and Neighbourhood Board between the period March 2009 and August 2010. Both the Forum and the Board have supported the development with discussions focussed on timescales for implementation.

#### 4.10 **Quad**

In May 2008, a meeting was held by funding partners and QUAD to discuss the financial position and the need for additional finance to complete the QUAD building. This additional funding was required as construction costs were identified as being likely to increase beyond their original budgeted level. In addition, Quad Ltd's fundraising, which contributed to funding some costs, was recognised as being unlikely to achieve original expectations. Alternative funding has now been identified and secured and Cabinet approval is required to apply this funding, made up of £168,000 from unallocated corporate capital receipts and £34,000 from the Derby Live reserve.

#### 4.11 **Adult Social Services budget transfers**

In order to reflect the existing shift in pattern of spending within Adult Social Services – ASS - from residential to home care spending, it is proposed to make the following base budget virements, reflecting current estimated spending on the basis of current policies - £500,000 from Older People Residential to Older People Home Care and £150,000 from Mental Health Residential to Mental Health Home Care.

No change of policy is implied in these changes, but the total variances within the ASS budget will reduce by £650,000 in terms of both under and overspendings.

Council approval is required where virements exceed £250,000, it is therefore proposed that Cabinet approve these changes and make a recommendation to full council for this permanent transfer of budgets.

#### 4.12 **Building Consultancy (Local Authority) charge regulations**

Local Authorities have been empowered to charge for building control functions since 1979. The level of charges was initially prescribed by central government but from 1 April 1999 revised regulations came into force with no prescribed fees and which delegated power to the local authority to establish their own. These charge regulations embodied a number of overriding principles in particular that:

- the Building Control function should be fully cost recoverable through charges
- charges should reflect both value for money and competitiveness within the context of an external funded trading environment
- charges should maintain the quality of service to ensure competition did not drive down standards by using price as the only comparator.

- 4.13 Since 1985 Local Authority Building Control has competed with private sector "Approved Inspectors" who are active within the Building Regulations market. Client's (homeowners, architects and developers) have the option to use either the Council service or a private sector alternative. This level of active competition has to date been a positive influence in shaping what is widely recognised as a responsive client orientated service.

- 4.14 As a consequence of representations by Councils, the Department for Communities and Local Government – CLG - have acknowledged the need to modernise the charges regulations. This latest version furthers the emphasis on full cost recovery of the trading element of the Building Control function. Whilst the regulations came into force from 1 April 2010 they were only approved by parliament in late March 2010 so there is a flexible implementation period extending to 1 October 2010 in order to ease the administrative burden on Local Authorities.
- 4.15 The primary purpose of the revised regulations is to build on previous aims in order to deliver a transparent charging regime resulting in fairer, more accurate charges. Previous principles of full cost recovery, value for money and the end user paying only for the service provided have all been retained. A greater emphasis has been placed in ensuring that the costs charged accurately match the cost of providing the service and remove the likelihood of any material cross subsidy between individual jobs. Scope to levy additional charges or issue refunds where work respectively takes greater or lesser time than anticipated is included within the regulations.
- 4.16 The revised charges, excluding VAT are outlined in Appendix 3. The charge for any work not included in the tables of Standard Charges is individually determined based on an estimate of the time that will be taken to undertake the Building Control Service.
- 4.17 Delegation of further changes to the Building Regulations Charges to the Strategic Director for Neighbourhoods, in consultation with the Cabinet Member for Planning and Transportation, is required to allow timely amendments to charges. Legislation allows the charges to be changed with seven days notice. Timely changes are required in order to respond to market conditions and cost structures which will directly affect the charges as they are based on recovery of cost.
- 4.18 The increased charges are expected to generate an additional £100k (2010/11 £50k) income per year. This income will enable the service to meet its current forecasted budgetary target and allow the service to operate on a break even basis. The overall increase in charges is 19%, however charges for individual categories of work will have increased by greater or lesser percentages as the charges scheme has been calculated to recover costs and remove cross subsidisation.
- 4.19 The revised Regulations stipulate that an authority cannot charge for work where the work is directly linked to a person with a disability. Building Consultancy deals with over 60 of this type of projects annually which are funded from the general funds rather than directly from the charge related income.

## OTHER OPTIONS CONSIDERED

- 5.1 None.

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

<b>Legal officer</b> <b>Financial officer</b> <b>Human Resources officer</b> <b>Service Director(s)</b> <b>Other(s)</b>	Don McLure, Strategic Director of Resources
---	---

<b>For more information contact:</b>	Alison Parkin, Head of Finance for Children and Young People 01332 716872 e-mail <a href="mailto:alison.parkin@derby.gov.uk">alison.parkin@derby.gov.uk</a>
<b>Background papers:</b>	None
<b>List of appendices:</b>	Appendix 1 – Implication Appendix 2 – Summary of Changes to the Capital Programme Appendix 3 – Building Consultancy Schedule of Rates



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

**Financial**

- 1.1 As outlined in the report.

**Legal**

- 2.1 As outlined in the report.

**Personnel**

- 3.1 As outlined in the report.

**Equalities Impact**

- 4.1 As outlined in the report.

**Health and Safety**

- 5.1 None directly arising.

**Carbon commitment**

- 6.1 Has already been considered where applicable within changes to the capital programme.

**Value for money**

- 7.1 As outlined in the report.

**Corporate objectives and priorities for change**

- 8.1 These recommendations, where relevant, are in line with approved budgets which accord with the Council's corporate priorities.

## Appendix 2

Summary of further changes to the capital programme 2010/2011	Latest Approved Capital Programme 2010/11 £000	Revised Capital Programme 2010/11 £000	Change £000	Category
<b>Children &amp; Young Peoples Department</b>				
Youth Capital Fund (funding source)	130	65	(65)	R1
ISPP (Information System for Parents & Providers) Grant	3	-	(3)	R1
Various schools Fire Precaution Works following Fire Risk Assessments	1,535	1,542	7	R1
Borrow Wood Junior School Re-wire, £28k devolved contribution waived due to deficit; replaced with Mods funding	325	325	0	R2
NDS Modernisation (funding source) allocations to the two schemes above	185	150	(35)	R2
Firs Estate Boiler Scheme	35	50	15	R2
Devolved Funding (funding source)	4,185	4,199	13	R2
Brackensdale Junior final phase replacement windows, doors and concrete repairs	150	187	37	R2
<b>Total changes to Children &amp; Young Peoples Department</b>	<b>6,548</b>	<b>6,517</b>	<b>(31)</b>	
<b>Neighbourhood</b>				
<b>Local Transport Plan (LTP)</b>				
LTP - Cycle Derby	230	241	11	R1
Maintenance of Transport Infrastructure	3,036	3,141	105	R2
Primary Route Network Structures	105	-	(105)	R2
<b>Non LTP</b>				
Playground Improvements (already allocated to individual schemes)	115	-	(115)	R2
<b>Total changes to Neighbourhoods</b>	<b>3,486</b>	<b>3,382</b>	<b>(104)</b>	
<b>Adult Health and Housing</b>				
<b>Private Sector</b>				
Capitalised Salaries	450	273	(177)	R1
<b>Public Sector</b>				
Kitchens and Bathrooms - post war	500	900	400	R1
Re-roofing	900	400	(500)	R2
Insulation improvements	1700	750	(950)	S
Rebecca House	300	531	231	R1
Exeter House	250	261	11	R1
Storage Heater Replacement	1500	500	(1,000)	S & R2
Central Heating Replacement	650	2000	1,350	R1

<b>Summary of further changes to the capital programme 2010/2011</b>	<b>Latest Approved Capital Programme 2010/11 £000</b>	<b>Revised Capital Programme 2010/11 £000</b>	<b>Change £000</b>	<b>Category</b>
Electrical Upgrades	600	50	(550)	R2
Communal Door Entry Systems	200	300	100	R1
Smoke Alarms	250	0	(250)	R2
Fire Precautions	-	100	100	R2
Lift Replacement	-	130	130	<b>R2</b>
<b>Total changes to Adult Social Care and Housing</b>	<b>7,300</b>	<b>6,195</b>	<b>(1,105)</b>	
<b>TOTAL CHANGES TO PROGRAMME</b>	<b>17,334</b>	<b>16,094</b>	<b>(1,240)</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>Re-allocation:</b>	
<b>R2</b>	Within Department's programme
<b>R3</b>	To different Departments programme

## Building Consultancy (Local Authority) Charges

**TABLE A**  
**STANDARD CHARGES FOR THE CREATION OF NEW HOUSING**

TABLE A			
	PLAN CHARGE	INSPECTION CHARGE	BUILDING NOTICE CHARGE
1 HOUSE	£155	£527	£682
2 HOUSES	£155	£899	£1,054
3 HOUSES	£217	£1,023	£1,240
4 HOUSES	£248	£1,209	£1,457
5 HOUSES	£279	£1,348	£1,627

For six or more dwellings or if the floor area of the dwellings exceeds 300m<sup>2</sup> the charge is individually determined

\* For electrical work not covered under a Competent Persons Scheme the basic charge per dwelling will be £150 plus VAT (account will be given with regard to repetitive work and a discount may be applied, similarly retests will attract an additional charge) and hourly rate may be used for all other work not covered by a Competent Persons Scheme

Unless agreed otherwise schemes exceeding one years duration may be subject to additional charge.

\*\* Regularisation charge will be determined on an individual basis.

**TABLE B**  
**ERECTION OF DOMESTIC EXTENSIONS AND CERTAIN SMALL BUILDINGS**

TABLE B			
	COMBINED PLAN AND INSPECTION CHARGE		BUILDING NOTICE CHARGE
Under 10 m Extension	£332		£332
	PLAN CHARGE	INSPECTION CHARGE	BUILDING NOTICE CHARGE
Extension floor area exceeding 10m <sup>2</sup> but not exceeding 40m <sup>2</sup>	£161	£344	£505
Extension floor area exceeding 40m <sup>2</sup> but not exceeding 100m <sup>2</sup>	£223	£437	£660
	COMBINED PLAN AND INSPECTION CHARGE		BUILDING NOTICE CHARGE
Erection of a non exempt detached domestic garage or carport up to 40m <sup>2</sup>	£254		£254
Erection of a non exempt attached single storey extension of a domestic garage or carport up to 40m <sup>2</sup>	£335		£335

\* For associated electrical work not covered under a Competent Persons Scheme the basic charge per dwelling will be £150 plus VAT (account will be given with regard to repetitive

work and a discount may be applied, similarly retests will attract an additional charge) and hourly rate may be used for all other work not covered by a Competent Persons Scheme

Unless agreed otherwise schemes exceeding one years duration may be subject to additional charge.

\*\* Regularisation charge will be determined on an individual basis.

**TABLE C**  
**DOMESTIC ALTERATIONS TO A SINGLE BUILDING**

<b>TABLE C</b>				
		PLAN CHARGE	INSPECTION CHARGE	BUILDING NOTICE CHARGE
Conversion of a roof space to form habitable room(s) that does <b>not</b> include the construction of a dormer		£161	£205	£366
Conversion of a roof space to form habitable room(s) that does includes the construction of a dormer		£192	£251	£443
		COMBINED PLAN AND INSPECTION CHARGE		BUILDING NOTICE CHARGE
Conversion of a garage to a habitable room(s)		£288		£288
Internal Alterations to Domestic Property (Please note this charge maybe reduced by 50% if the alterations are being carried out at the same time as work under Table B above).	Fixed price based on estimated cost bands	COMBINED PLAN AND INSPECTION CHARGE		BUILDING NOTICE CHARGE
	£0-£2,000	£161		£161
	£2,001-£5,000	£229		£229
	£5,001-£10,000	£350		£350
		PLAN CHARGE	INSPECTION CHARGE	BUILDING NOTICE CHARGE
	£10,001-£20,000	£108	£350	£458
	£20,001-£30,000	£108	£397	£505
	£30,001-£50,000	£124	£443	£567
		COMBINED PLAN AND INSPECTION CHARGE		BUILDING NOTICE CHARGE
The introduction of insulation as part of re-roof work, re-rendering/plastering and replacement ground floors that does not include changes to the structural members.		£77		£77
Any replacement of window/s and/or door/s containing 50% or more glazing, no more than three in total		£77		£77
Any replacement of window/s and/or door/s containing 50% or more glazing, four or more in total		£124		£124
Electrical work (non competent persons scheme) Please note Re-tests will incur additional cost.	Provision of a new circuit	£227		£227
	Total rewire of dwelling	£274		£274

Unless agreed otherwise schemes exceeding one years duration may be subject to additional charge.

\*\* Regularisation charge will be determined on an individual basis.

**TABLE D**  
**ALL NON DOMESTIC WORK**

<b>TABLE D</b>			
NON DOMESTIC	COMBINED PLAN AND INSPECTION CHARGE		BUILDING NOTICE CHARGE
£0-£5000	£263		£263
	PLAN CHARGE	INSPECTION CHARGE	BUILDING NOTICE CHARGE
£5001-£10000	£124	263	£387
£10001-£20000	£155	£356	£511
£20001-£30000	£155	£403	£558
£30001-£50000	£217	£449	£666

For schemes exceeding £50,000 estimated contract price the charge is individually determined

For window replacement schemes the charge is individually determined

Unless agreed otherwise schemes exceeding one years duration may be subject to additional charge.

\*\* Regularisation charge will be determined on an individual basis.