



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:
- upgrade of Derby Homes housing management system
 - Partnership budgets carry forwards from 2006/07
 - extension of the Housing Repairs before Painting contract
 - consultancy for capital project at Moorways sports complex
 - capital programme amendments
 - job evaluation implementation budget
 - accommodation strategy – appointment of design consultants.
- 1.2 Subject to any issues raised at the meeting, I support the following recommendation.

RECOMMENDATION

- 2.1 To agree match funding of up to £285,000 from the Housing Revenue Account to support an upgrade to Derby Homes housing management system.
- 2.2 To endorse the use of partnership carry forwards for the purposes set out in paragraphs 2.2 and 2.3 of the attached report.
- 2.3 To extend the Housing Repairs before Painting contract with the Environmental Services department for two years from November 2007.
- 2.4 To agree an allocation of £20,750 from the Corporate Modernisation Fund for consultancy work relating to the proposed capital project at Moorways sports complex.
- 2.5 To amend the capital programme and approve scheme commencements as set out in paragraphs 5.2 to 5.8.
- 2.6 To approve a revised Job Evaluation project budget of £912k for 2007/08 and £792k funding from the Job Evaluation reserve.
- 2.7 To approve the appointment of design consultants for the Council House refurbishment programme.



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SUPPORTING INFORMATION

1. Derby Homes ICT developments

- 1.1 Derby Homes has undertaken market testing of its housing management systems and has concluded that an upgrade to its existing system, Academy, would provide the best value for money and offer opportunities for further modernisation, integration with maintenance systems and future efficiencies in back office functions. To enable those efficiencies to be released, there is a need for additional investment in the system of around £570,000. Derby Homes has set aside £270,000 within its reserves for this purpose, and a further £15,000 from one-off savings in its 2007/08 revenue budget. It is requesting that the Council, through the Housing Revenue Account - HRA - should finance the balance. As the investment will promote integration of key systems and lead Derby Homes to generate still further efficiency gains in the future which will benefit the Housing repairs account, it is proposed that the HRA should 'match fund' – on a pound for pound basis - an investment in additional ICT within Derby Homes of up to £285,000. This will be fully funded within the HRA business plan from savings made as a result of the renegotiation of secondary leases.

2. Partnership carry forwards

- 2.1 As part of the 2006/07 revenue outturn report approved by Cabinet on 31 July 2007, it was agreed that recommendations on the treatment of partnership budget underspends would be reported back to Cabinet as proposals were finalised by the relevant management group.
- 2.2 The carry forward on Area and Neighbourhood Working is £249,000. It was agreed at the Area and Neighbourhood Project Board on 12 July 2007 that this should contribute towards the 2007/08 Implementation Plan. This means that the funding will support activities such as additional, one-off support and training for Board members, communication relating to the implementation of area and neighbourhood working across the city and resource to provide support to the Head of Service during the expansion of area and neighbourhood working.
- 2.3 The carry forwards of £105,000 for the Community Safety Partnership – CSP – and £32,000 for the Derby City Partnership – DCP – will be used to maintain existing activities for the current financial year following reductions in external funding. This approach has been agreed by the CSP Finance and Resources Sub Group on 16 July 2007 and DCP Management Group on 13 September 2007 respectively.

3. Extension of Housing Repairs before Painting Contract

- 3.1 The current Repairs before Painting Contract was agreed between the former Housing Department and the former Commercial Services Department in November 2002 following an OJEU notice to find a Partnering Contractor. The agreement was made for a period of five years with an option to extend for a further two years if both parties agreed.
- 3.2 The Environmental Services Department now wishes to extend the contract for two years from November 2007 to November 2009. The value of the contract is expected to be around £4.5m. Derby Homes, which manages the contract on behalf of the Council, agrees that the extension would be mutually beneficial. The Assistant Director Housing and Advice Services and the Council's Chief Legal Officer have been consulted and are happy that the extension can be made.

4. Consultancy for capital project at Moorways sports complex

- 4.1 Officers have been working on options for the modernisation of the Moorways sports complex following the sports facilities strategy and condition surveys. It has been clear for some time that there is considerable potential to rationalise the site and sell surplus land to fund modernising the facilities. This does depend on being able to construct a new Athletics track and consideration of site options are at an advanced stage. In order to make any more progress a considerable amount of work is needed to plan the nature of development appropriate for the site to maximise the receipt, be acceptable both from a town planning viewpoint and complement the Osmaston Master Planning. It is estimated that it will cost £15,750 for consultants to carry out a feasibility exercise, consider site constraints and prepare a master plan which meets the various objectives to enable us to progress much needed improvements to the athletics facility, swimming pool and sports hall. In addition to this it will cost £5000 to value the various options and obtain advice on the disposal strategy. It is, therefore, proposed to request an allocation of £20,750 from the Corporate Modernisation Fund to enable this work to take place.

5. Capital programme amendments

- 5.1 Approval is sought to add or update the following capital schemes and funding to the capital programme 2007/08 and to commence capital schemes.
- 5.2 Lees Brook Community Sports College Post 16 Centre and Construction Centre - On 31 July 2007 Cabinet gave approval to the development of a new 150 place post-16 Vocational Skills Centre at an estimated cost of £3.3million. There is a legal requirement to meet Disability Discrimination Act – DDA – regulations; however, we have asked for further enhancements to be made to the design, over and above the regulations – for example, an induction loop system and disabled toilet with washdown facility. It is proposed that funding of £25,000 is included as a contribution from the Schools' Access Initiative budget.

5.3 Lees Brook Community Sports College fire precaution works - On 20 February 2007 and 17 April 2007 Cabinet gave approval to projects for urgent fire precaution works and structural repair work at the school. Further issues have been highlighted relating to the integrity and regular replacement of ceiling tiles as a consequence of roof leaks and substantial water ingress. The roof covering has passed its life expectancy and patch repairs cannot be effected. Holding repair work covering the roof at a cost of £86,000 is required, which will extend the life of the roof for a further 5 years in the light of Building Schools for the Future. As a result of the fire risk assessment the current fire alarm system does not meet modern standards. There is a need to install additional call points and upgrade the system at a cost of £46,000. It is proposed that the total cost of £132,000 is funded from NDS Modernisation funding of £66,000 with a contribution from the school's devolved capital of £66,000, subject to agreement by the school, in line with the capital programme school contribution policy.

5.4 Harrington Nursery School is part of the extended schools network for the Peartree area. In conjunction with other schools in the locality, the school currently provides a range of activities for pupils, parents and other members of the community, and they would like to expand this provision. The school has had a feasibility undertaken for an additional community space with related toilet and ancillary areas; the total estimated cost of the project is £186,000. They have been given the opportunity of bidding for funding of £80,000 from the European Regional Development Fund – ERDF - for the Normanton Regeneration area on the proviso that the scheme is delivered and funding is spent by the end of June 2008. There is also a requirement for 50% match funding. The total funding for the scheme is as follows:-

	£
ERDF funding	80,000
School's devolved capital	62,000
Extended schools	10,000
School's contribution	24,000
Schools access initiative	10,000
TOTAL	186,000

5.5 Ivy House Special School/Derby Moor Community Sports College - the construction of the replacement Ivy House Special School is currently under way on the Derby Moor Community Sports College site. In order to satisfy planning requirements and fit the building on the site in the optimum location, it has been necessary to take up part of the football pitch and hard play area. The design has also made it difficult to access the existing fitness suite. The re-location of the football pitch and hard play area have been included as part of the current scheme. It is proposed that a new fitness suite and associated changing facilities are constructed with the rest of the sports provision at the lower part of the site. The estimated cost of this project is £350,000. It is proposed that this is funded from the capital receipt for the disposal of the existing Ivy House Special school.

5.6 Sinfin Community School is currently being re-built following the fire last year, funded as part of the Building Schools for the Future One School Pathfinder programme. The school has been successful in securing additional funding as part of a bid to Sport England for a contribution of £230,000 towards community sports facilities. This will enable the upgrading of the specification for the hard play area to

provide an artificial turf pitch. The intention is that the school will be available for community activities out of normal school hours.

- 5.7 New Deal for Communities has agreed to fund a bid from the Youth Service for the refurbishment, upgrading and extension of Derwent Youth Centre. The £300,000 will allow the service to modernise the building to extend youth service provision and encourage increased community use. The funding needs to be spent by March 2008.
- 5.8 As a result of the boiler replacement project at Ashgate Primary School, which was scheduled for the summer holiday but subsequently postponed, it has been necessary to re-locate the recently installed connectivity server, which feeds the whole of the city schools' network. The cost of the work is £40,000. It is proposed that this is funded from NDS Modernisation Funding.
- 5.9 The balance of 2007/08 NDS Modernisation Funding currently unallocated is £260,886. These allocations will reduce it to £154,886.

6. Job evaluation implementation budget

- 6.1 Cabinet approved funding of £443,000 from the job evaluation implementation budget on 17 April 2007 for project costs in 2007/08 up to 31 October 2007. A revised budget and funding from the job evaluation reserve is now required to support implementation work to the revised date of 1 April 2008, as shown in Table 1 below.

Job evaluation project 2007/08 – costs and funding

Costs and funding 2007/8	Approved April 2007 £000	Revised
Job evaluation team	251	500
School based Job evaluation posts	50	0
Coordination Panel including management representatives	127	190
Trade Union representatives	68	100
Finance support	15	15
Pay Modeller system	12	12
Supplies and Services	10	15
Printing and copying	20	30
Derby Direct – to handle calls	10	10
Other consultation and communication costs	0	40
Total estimated costs	563	912
Funded by:		
Core personnel budget 2007/08	120	120
Implementation costs to be funded from job evaluation budget 2007/08	443	792
Total	563	912

7. Accommodation Strategy

- 7.1 Approval is sought to appoint design consultants to carry out a detailed study, design, procure and project manage the refurbishment of the Council House for which there is currently £5 million approved in the Public Realm capital programme. Fee submissions have been sought from six consultants based on a £10 million project under the Nottinghamshire County Council Framework Agreement, the use of which has previously been approved. The value of the fees will ultimately depend on the total value of the project but, typically, for this type of work may be in the region of 10% of the total contract value for all disciplines.

For more information contact:	Keith Howkins 01332 256288 e-mail keith.howkins@derby.gov.uk
Background papers:	None
List of appendices:	Appendix 1 – Implications

IMPLICATIONS

Financial

1. As detailed in the report.

Legal

2. None.

Personnel

3. None.

Equalities impact

4. None.

Corporate priorities

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