

Compliance with Contract and Financial Procedure Rules

Purpose

- 1.1 To seek approval by Council Cabinet under Contract and Financial Procedure rules for the following:
- To approve a procurement exercise for the supply and installation of telecare equipment by Carelink into Derby Homes owned homes;
 - To approve the flexibility to award individual contracts commissioned as part of the Commissioning 4 Change Programme with regard to vulnerable adults;
 - To provide an update to Cabinet on the 2016 loan to Derbyshire County Cricket Club and to approve a revised repayment profile for the loan, with the final repayment instalment being made on or before 31 December 2024;
 - To approve the acceptance of additional grant funding of £1.464m of European Regional Development Fund funding from Ministry of Housing, Communities and Local Government;
 - To update Cabinet on the progress of the Munio IIA- Derwent Parade Outfall European Regional Development Fund application for approximately £1m funding support and to secure delegated approval to accept the European Regional Development Fund grant associated with the Munio IIA application, should the bid appraisal process be successful.

Recommendations

- 2.1 To approve a procurement exercise for the supply and installation of telecare equipment by Carelink into Derby Homes managed homes. The contract will have a value up to £0.550m funded from the Housing Revenue Account capital budget, as detailed in section 4.1.
- 2.2 To approve the flexibility to award individual contracts, commissioned as part of the Commissioning 4 Change Programme, up to a maximum duration of 20 years from the point of inception as opposed to the current maximum 5 years currently specified within the Council's Contracts Procedure rules. This means that individual contracts could extend beyond the lifetime of the overarching Dynamic Purchasing System agreement, as detailed in section 4.4.

- 2.3 To approve the revised repayment profile for an existing loan to Derbyshire Cricket Club and approve the Council entering into all necessary documentation to vary the existing loan agreement to reflect the revised repayment profile, as detailed in section 4.10.
- 2.4 To approve the acceptance of additional grant funding of £1.464m of European Regional Development Fund funding from Ministry of Housing, Communities and Local Government to deliver the activities set out in the application for Munio (II) - Mill Fleam Pumping Station, as detailed in section 4.16.
- 2.5 To delegate authority to Strategic Director of Communities and Place in consultation with the Director of Corporate Resources and the Cabinet Member for Regeneration and Public Safety, to accept the offer of approximately £1m European Regional Development Fund grant funding should the outcome of the Munio IIA full European Regional Development Fund application be successful and subject to acceptable grant conditions, as detailed in section 4.16.

Reasons

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

Supporting information

4.1 Telecare Products and Services – Procurement Exercise

The currently installed telecare equipment in Derby Homes managed homes (which are owned by the Council) is increasingly unreliable and forthcoming changes in technology will lead to the majority becoming obsolete and no longer fit for purpose. Failure to replace the equipment could potentially put vulnerable service users at risk. It is estimated that there are 813 homes that require upgraded care technology initially and a further 1000 homes may require upgraded equipment following further review.

- 4.2 A procurement exercise for the supply and installation of telecare equipment by Carelink into Derby Homes managed homes is required. The contract is expected to commence on 16 October 2019 for an estimated six months, however this could take longer if more homes require upgrades. The contract may be extended by a further year. The contract will have a value up to £0.550m and will be funded from the Housing Revenue Account capital budget.
- 4.3 It is recommended to approve entering into a procurement exercise for the supply and installation of telecare equipment into council owned homes to the value of £0.550m, funded from the Housing Revenue Account capital budget.
- 4.4 **Commissioning 4 Change programme**

The Commissioning 4 Change programme aims to widen the market for social care providers in Derby and achieve greater oversight into the provision that exists for vulnerable adults (18+ years). The Programme incorporates the creation of a Dynamic Purchasing System (Approved Provider Lists) for each core service area and an associated brokerage process for awarding contracts to providers who can best meet customer needs.

- 4.5 The core service areas which these Approved Provider Lists relate to are:
- Domiciliary Care
 - Supported Accommodation and Living
 - Residential Care and Nursing
 - Day Opportunities
- 4.6 Extending the maximum contract duration beyond the current 5 years affords the Council much greater flexibility to support customer outcomes, as well as creating a sustainable care market.
- 4.7 Control measures to ensure that contract length balances both customers' outcomes whilst ensuring value for money for the Council include:
- Customer reviews will be undertaken by the Council on a regular basis according to needs, and at least annually
 - Ongoing Quality Assurance process involving internal and external stakeholders
 - Ongoing Contract Management process ensuring contract compliance and Value for Money
 - Individual contract terms and conditions have the provision for termination within 28 days should this be required
 - Decision-making regarding the length of each individual contract will be considered based on customer needs market factors and risk issues
 - Ongoing Market Management will ensure that prospective providers have access to our Dynamic Purchasing System to create a diverse and responsive market
 - Ongoing approach to budget management to ensure sustainability regarding fees with Cabinet oversight where applicable
 - As customer needs or circumstances change new awards will be made in line with the Dynamic Purchasing System agreement in place
- 4.8 The approval to delegate the award of contracts to the Strategic Director for Peoples Service, in consultation with the Strategic Director for Corporate Resources and the approval to set up procurement processes for these Approved Provider Lists was received from Cabinet on the 17th July 2019.
- 4.9 It is recommended to approve the flexibility to award individual contracts, commissioned as part of the Commissioning 4 Change Programme, up to a maximum duration of 20 years from the point of inception as opposed to the current maximum 5 years currently specified within the Council's Contracts Procedure rules. This means that individual contracts could extend beyond the lifetime of the overarching Dynamic Purchasing System agreement.

4.10 Derbyshire County Cricket Club

In 2016, the Council granted a commercial loan to Derbyshire County Cricket Club of £2.0m, repayable in two instalments of £1.0m in 2018/19 and £1.0m in 2019/20 in order to develop the media centre at the ground. Derbyshire County Cricket Club now has the opportunity to develop the ground further, with support from the England and Wales Cricket Board and create a facility able to compete with other first class grounds and build on the success of attracting the ICC Women's World Cup cricket competition and host major outdoor events such as concerts and community fireworks events.

4.11 The actual loan made was £1.968m of which Derbyshire County Cricket Club repaid £0.5m in September 2017 and continues to meet the interest payments due on the outstanding balance.

4.12 On 17 January 2018, Cabinet approved deferment of repayment of the balance of the loan to 2022, to provide access to sufficient increased working capital and investment funding to complete the ground development. This investment allows the Club to attract larger scale competitions than it would normally be able to do, such as the Women's World Cup, as well as a wider range of performances such as Little Mix and Elton John.

4.13 Following protracted discussions, it has been agreed that the loan agreement will be amended to reflect the repayment schedule in 4.14 below. Crucially the England and Wales Cricket Board - ECB has agreed that it will remain a party to the loan documentation, on the same terms as under the original 2016 loan. This is important to the Council as the ECB, in effect, provide security on the loan.

4.14 Derbyshire County Cricket Club has requested the following re-profiling of future loan repayments with a deferral of the final repayment instalment to 2024. The new repayment profile for the outstanding balance of £1.468m is as follows:

£0.300m on or before 31 December 2020;
£0.300m on or before 31 December 2021;
£0.300m on or before 31 December 2022;
£0.300m on or before 31 December 2023;
£0.268 on or before 31 December 2024;

All other terms of the 2016 Loan will remain unchanged; Derbyshire County Cricket Club will continue to pay interest on the outstanding balance as per the terms of the original loan.

4.15 It is recommended to approve the revised repayment profile for the loan and to approve the Council entering into all necessary documentation to vary the existing loan agreement to reflect the revised repayment profile.

4.16 **Our City Our River – Project Munio II**

The Our City Our River Project still has a significant funding gap and is actively seeking funding opportunities to reduce the gap. Works can only be commissioned when funding is secured and a strategic flood risk management case can be made. The staging of Our City Our River works is therefore constrained due to technical considerations. The Munio activities are comprised of:

- interventions where flood risk as a result is not significantly increased
- Interventions required to be delivered prior to further phases commence due to flood risk concerns.

4.17 The amount of the additional European Regional Development Fund grant funding is £1.464m and has an equal match funding requirement which is being funded from other Our City Our River funding that has already been received. This is replicated for the Munio IIA approximate match.

4.18 A full application for a Munio IIA project - Derwent Parade Outfall has been submitted to Ministry of Housing, Communities and Local Government for appraisal. This third Munio element is for a total spend of £2m, which represents additional European Regional Development Fund grant of approximately £1m.

4.19 It is anticipated that ERDF Grant Funding will be administered via a variation to the contract of the existing Munio (I) project and not as a separate dedicated Grant Funding Agreement under the title of Munio II.

4.20 It is recommended to approve the acceptance of additional grant funding of £1.464m of European Regional Development Fund funding from Ministry of Housing, Communities and Local Government to deliver the activities set out in the application for Munio II - Mill Fleam Pumping Station.

4.21 It is recommended to delegate authority to the Strategic Director of Communities and Place in consultation with the Strategic Director of Corporate Resources and the Cabinet Member for Regeneration and Public Safety, to accept the offer of approximately £1m European Regional Development Fund grant funding should the outcome of the Munio IIA full European Regional Development Fund application be successful and subject to acceptable grant conditions.

Public/stakeholder engagement

5.1 None directly arising.

Other options

6.1 None directly arising.

Financial and value for money issues

7.1 As detailed in the main body of the report.

Legal implications

8.1 None directly arising.

Other significant implications

9.1 Equalities Impact

Any procurement exercise we do has to take into account equality in the specification and the process. The Commissioning 4 Change Programme - The Dynamic Purchasing Scheme - has had an Equality Impact Assessment to identify the equality implications.

9.2 Corporate objectives and priorities for change

None directly arising.

This report has been approved by the following people:

Role	Name	Date of sign-off
Legal	Olu Idowu	27/08/2019
Finance	Toni Nash	22/08/2019
Service Director(s)	Simon Riley	tbc
Report sponsor		
Other(s)	Ann Webster	27/08/2019
	Liz Moore	27/08/2019