



DERBY CITY COUNCIL

**COUNCIL CABINET**  
**6 April 2004**

Report of the Director of Finance and  
Director of Corporate Services

# ITEM 23

## Financial and Contract Procedure Matters Report

### RECOMMENDATION

- 1.1 To approve the addition and commencement of a new capital scheme to demolish the Hastings buildings at the Village Site at a cost of up to £215,000 to be funded by capital receipts generated from land disposals of the site.
- 1.2 To approve, in relation to Silverhill Primary School:
  - a general waiver of Finance and Contract Procedure Rules for urgent remedial work, subject to monthly progress reports on cost implications to the Director of Finance and Director of Education
  - initial underwriting of the costs from the Education Capital Programme and revenue budget as required, pending a further report to Cabinet to confirm costs and funding once more detail is known.
- 1.3 To approve an increase to the cost of school meals of 5 pence from September 2004.

### REASON FOR RECOMMENDATIONS

- 2.1 Under financial and contract procedure rules Council Cabinet approval is required.
- 2.2 Recommendation 1.2 is required on grounds of urgency.

### SUPPORTING INFORMATION

#### 3.1 Demolition of the Hastings Buildings at the Village Site

- 3.1.1 The 13 January 2004 Council Cabinet meeting approved the demolition of Hastings building. At that stage it was proposed to begin demolition in the February half term holiday and costs were estimated at £140 000. This was subject to investigation of the extent of asbestos present in the building. The extent and location of asbestos in the Hastings building has been fully investigated through intrusive surveys and there is much more present than originally anticipated. All asbestos will have to be removed under controlled conditions prior to demolition. Due to the difficulty in safely removing the asbestos from under-floor ducting, a pilot study is being undertaken, from which the safest and most economic system of removal will be chosen.

- 3.1.2 An agreed programme has been developed which accommodates the pilot study and likely method of removal. A total demolition period of ten/twelve weeks includes the first six weeks for asbestos stripping. The agreed programme includes as much demolition as possible taking place in the school summer (2004) holidays, with an anticipated completion on site at the end of August.
- 3.1.3 The latest estimate of the cost is now £187,000, with a confidence level of +/-15% taking it to a possible £215,000. This includes for demolition to ground level and for top soiling and seeding the area of the building. Elements of the demolition will be suitable for recycling, income from which has been accounted for in the above estimate. Once the pilot study for the asbestos removal in floor ducts is completed the total cost will be more certain.
- 3.1.4 The disposal of one acre of the site to Greater Derby Primary Care Trust should generate a capital receipt in the financial year 2004/05. It is proposed to use up to £215,000 to fund these demolition costs.
- 3.1.5 Any costs incurred before the monies from this sale are received will be funded from other corporate capital receipts/capital reserves to be repaid once the sale is concluded. It should also be noted that the disposal is subject to the approval of the DfES and an application for general consent has been made. In the unlikely event that the sale is barred by the DfES the demolition costs will be funded from other corporate capital receipts/capital reserves to be repaid by future receipts from any overall land disposal of this site achieved.
- 3.1.6 Addition to the approved capital programme is required together with approval for scheme commencement up to a cost of £215,000. If, on completion of the pilot study, the cost is confirmed as greater than £215,000 a further Cabinet approval will be sought.

## **3.2 Silverhill Primary School**

- 3.2.9 Remedial work following disturbance of asbestos at Silverhill Primary School is underway. Because of the urgent nature of the work, there has been no opportunity to comply with Financial or Contract Procedure Rules. Prices for work are generally being agreed in advance and open book accounting used. Some of the work will be carried out under the CLASP tendered schedule of rates. Funding for the work has not been fully identified and may come from a number of sources, including the Education Capital Programme, the School budget and insurances.
- 3.2.9 It is proposed that the costs are initially underwritten by the Education Capital Programme and revenue budget. A further report on the costs and funding will be brought to a future Cabinet once more detail is known.

## **3.3 School meal charges**

The budget proposals submitted by Commercial Services for the school meals catering service were based on an increase in the cost of a school meal of 5 pence from September 2004. This will result in the cost of a meal being £1.35 at primary schools and £1.50 at secondary schools. The price of school meals was last increased in September 2002.

<b>For more information contact:</b>	Carolyn Wright 01332 255349 e-mail Carolyn.Wright@derby.gov.uk
<b>Background papers:</b>	None
<b>List of appendices:</b>	Appendix 1 – Implications

## IMPLICATIONS

### Financial

1. As set out in the report.

### Legal

2. None.

### Personnel

3. None.

### Corporate Objectives and Priorities for Change

4. The revenue budget and capital programme accords with the Council's corporate objectives and priorities.