



Derby City Council

COUNCIL CABINET
17 January 2018

Report of the Cabinet Member for Finance &
Governance

ITEM 14

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:
- approve the award of a grant to the Chellaston Academy expansion scheme
 - contract waiver for the library van delivery service – Derby Express
 - approval to apply for the funding/ acceptance of the funding from the Joint Air Quality Unit (JAQU)
 - procurement of services - Mental Health Contract
 - Details of changes to the capital programme previously outlined in the Quarter 2 Revenue Out-turn report on the 8th November.
 - Approve the deferment of a loan repayment from Derbyshire County Cricket Club

RECOMMENDATION

- 2.1 To approve the award of a grant of £0.202m to Chellaston Academy towards the secondary school expansion, as outlined in paragraph 4.1.
- 2.2 To approve a contract waiver for extension of 12 months for the delivery of the inter - library van delivery service by Derby Express, as detailed in paragraph 4.4.
- 2.3 To approve the application to JAQU for funding of £0.890m for “early measures” funding in support of the Clean Air Zone project, as detailed in paragraph 4.9.
- 2.4 To delegate approval to the Strategic Director of Communities and Place, in consultation with the Director of Finance to accept the allocation of funding of £0.890m from JAQU, subject to acceptable grant conditions and to add the delivery of these initiatives to the Highways & Transport work programme, as outlined in paragraph 4.12.
- 2.5 To approve the delegation of the the award of the Mental Health Contract to the Strategic Director of Peoples Services, in consultation with the Director of Finance

following the re-procurement process of the mental health contract, as outlined in paragraph 4.12.

- 2.6 To approve the detail of the changes to the 2017/18 – 2019/20 capital programme as outlined in appendix 3 and reported in the Quarter 2 Revenue Out-turn report on the 8th November but without the appended detail, as outlined in paragraph 4.18.
- 2.7 To approve the deferment of the repayment of the loan made to the Derbyshire County Cricket Club in order for the club to make significant improvements to its ground and access ECB funding. The terms of the loan remain unchanged with the loan secured and interest payable on the outstanding balance as outlined in 4.21.

REASONS FOR RECOMMENDATION

- 3.1 To comply with the Councils contract and Financial procedure rules.



COUNCIL CABINET
17 January 2018

Derby City Council Report of the Chief Executive

SUPPORTING INFORMATION

4.1 Award of Grant – Chellaston Academy

4.2 A section 106 contribution has been received from the Woodlands Lane development. This is intended to be used towards the proposed Chellaston Academy expansion. Approval is therefore sought to award a grant of £0.202m to Chellaston Academy funded from the S106 contribution for the secondary expansion.

4.3 It is recommended to approve the award of a grant of £0.202m to Chellaston Academy to be used for expansion.

4.4 Contract waiver – Library Van Delivery Service

4.5 The current inter-library van delivery contract was awarded to Derby Express Couriers on 29 March 2016 initially for 12 months, with an option to extend the contract for up to a further 12 months, subject to satisfactory performance and business needs.

4.6 Until it is known how the Community Managed Libraries element of Cabinet's decisions on the Libraries Strategic Review can be fully implemented the Council will not be in a position to know the scale and scope of the inter-library van delivery service that will be required in the future. Going out to tender at this stage could therefore mean that the service will be specified incorrectly. As a result it may not be fit for purpose and could offer poor value for money.

4.7 It is therefore proposed to waive the contract to allow Derby City Council to extend with Derby Express Couriers until March 2019 or until a replacement contract is in place, whichever is the sooner. The intention would be to initiate the tender process as early as reasonably possible once future needs have been confirmed.

4.8 It is recommended to approve the contract waiver for an extension of 12 months for the delivery of the inter- library van delivery service by Derby Express.

4.9 JAQU - approval to apply for the funding/ acceptance of the funding

4.10 The JAQU has now made available "early measures" funding to address air quality issues as part of the Clean Air Zone project. The government has encouraged the Council to submit a bid for funding of up to £1million "early measures" capital funding. The funding is specifically for measures that can be

implemented prior to the Clean Air Zone. On-going discussions have been held with the JAQU to define the outline proposals. Approval to bid has already been agreed by Cabinet in November 2017 for “early measures” funding for a bus partnership project.

- 4.11 The value of the bid, which could be subject to revision, is as follows, there are no match funding requirements:

Support for Cleaner Taxis and Private Hire Vehicles in Derby – up to total value of £0.680m

- Initial costs for the investigation project £30,000
- with implementation (dependant on the exact details of the improvements identified as a priority for implementation) indicative costs - £0.650m.

Delivery of goods and services: - £30,000 feasibility study, £0.180m
implementation - up to total a value of £0.210m

- initial evidence / data gathering of the transport implications for the delivery of goods and services
- undertake fleet reviews;
- to facilitate awareness raising and knowledge for businesses to address any concerns including range anxiety, requirement for supporting infrastructure and availability of options for different vehicle types, including specialist vehicles, to facilitate the early uptake of low emission vehicles, including “try before you buy”;
- working with significant stakeholders in taking forward service delivery plans and consideration of wider regional freight issues, such as freight consolidation centres, to help support measures to address traffic volumes, congestion and the promotion of low emission vehicles within the clean air zone .

- 4.12 It is recommended to approve the application to JAQU for funding of £0.890m for “early measures” funding in support of the Clean Air Zone project and it is also recommended to delegate approval to the Strategic Director of Communities and Place, in consultation with the Director of Finance to accept the allocation of funding of £0.890m from JAQU, subject to acceptable grant conditions and to add the delivery of these initiatives to the Highways & Transport work programme.

4.13 **Procurement of Mental Health Contract**

- 4.14 The Joint People Board has approved the reinvestment and re-procurement of Mental Health Day Opportunities support in Derby following an extensive engagement programme and a cost impact analysis exercise. The new service will be funded by the Council (1/3 of contract value: circa £86,000) and NHS SD CCG (the remaining 2/3 of contract value: circa £167,000). The contract will be awarded on a three year basis with the option to extend for a further

two years. Break clauses will be inserted to allow the commissioning partners maximum flexibility should funding or local circumstances change.

- 4.15 The Council will lead on the procurement exercise on behalf of the local partnership. This will be launched in December/ January 2017/18 with a view to the contract being in place by spring 2018. The Council will award the contract with the expectation that Hardwick CCG will retain overall contract management and financial administration on behalf of the partnership. A tri-party agreement will be in place between commissioning parties to clarify roles, responsibilities and liabilities.
- 4.16 The current contract with Rethink Steps will be extended to support the re-procurement process and ensure that a smooth transition is afforded. Hardwick CCG will continue to act as contract manager of the service in this interim period, with Council financial contributions continuing at the current level until the new service is in place.
- 4.17 It is recommended to delegate the award of the Mental Health Contract to the Strategic Director of Peoples Services, in consultation with the Director of Finance following the re-procurement process.
- 4.18 **Capital Programme Changes**
- 4.19 The Quarter 2 report requested approval for net changes to programme areas capital programmes for 2017/18 – 2019/20 but the detailed appendix was taken out prior to publication. Cabinet is requested to approve the changes detailed in Appendix 2 which were missing from the Quarter 2 report to comply with current financial procedure rules.
- 4.20 It is recommended to approve the detail of the changes to the 2017/18 – 2019/20 capital programme as outlined in appendix 3 and reported in the Quarter 2 Revenue Out-turn report on the 8th November but without the appended detail.
- 4.21 **Cricket Club Loan**
- 4.22 In 2016, the council granted a commercial loan to the Derbyshire County Cricket Club (DCCC) of £2.0m repayable in two instalments of £1.0m in 2017/18 and 2018/19 in order to develop the Media Centre at the ground. The club now has the opportunity to develop the ground further, with support from the ECB, 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 major concerts, community fireworks and other major events.
- 4.23 The Club has repaid £0.5m of the loan and continues to meet the interest payments due on the loan but has requested that the agreed loan repayments are deferred until 2022 to provide access to sufficient increased working capital and investment funding to complete the ground development.

- 4.24 The remaining terms of the loan remain unchanged with interest due on the outstanding balance. Derby City Council's first charge on the asset remains with the loan secured on the ground. Instead of Derby City Council having direct linkage to specific ECB disbursements, Derbyshire CCC will receive new revenues of £6.5m over 5 years 2020-2024 with which to repay the loan.
- 4.25 It is recommended that the repayment of the outstanding loan is deferred until 2022 to ensure the City supports and retains this important resource.

This report has been approved by the following officers:

Legal officer Financial officer Human Resources officer Service Director(s) Other(s)	n/a Toni.Nash@derby.gov.uk n/a Relevant Service Directors
For more information contact: Background papers: List of appendices:	Toni.Nash@derby.gov.uk Appendix 1 – implications Appendix 2 - Capital Programme Changes

IMPLICATIONS

Financial and Value for Money

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 for consideration.

Environmental Sustainability

6.1 As outlined in the report.

Asset Management

7.1 As outlined in the report.

Risk Management

8.1 None for consideration.

Corporate objectives and priorities for change

9.1 As outlined in the report.

Appendix 2

Summary of Further Changes to the Capital Programme 2017/2018	Latest Approved Capital Programme 2017/18 £000	Revised Capital Programme 2017/18 £000	Change £000	Category
Property Improvement				
Market Place Structural Survey	20	0	(20)	R2
Planned Maintenance	79	96	17	R2
Queens Street Shops - new fascia and frontage.	0	62	62	R2 £24k A £38k
Market Hall - Phase 2 FRA Works	76	0	(76)	R2
Market Hall-Various FRA Works phase 1	77	153	76	R2
Madeley Centre FRA Works	118	0	(118)	R2
Various sites fire precaution works	0	118	118	R2
Crematorium retaining wall and footpath.	21	24	3	R2/R1
Total Changes to the Property Improvement Programme	391	453	62	
Flood Defence				
Derby OCOR	14,794	13,337	(1,457)	S
Total Changes to The Flood Defence Programme	14,794	13,337	(1,457)	
Highways & Transport				
St lighting LED investment	0	2,433	2,433	A
Total Changes to the Highways & Transport Programme	0	2,433	2,433	
Vehicles Plant & Equipment				
Waste Disposal	25,000	0	(25,000)	S
Cemeteries - purchase of digger	0	50	50	A
Total Changes to the Vehicles Plant and Equipment Programme	25,000	50	(24,950)	
Regeneration				
Accelerated Development IPD - Risk	360	0	(360)	S

Provision				
Townscape Heritage Initiative	426	350	(76)	S
Becketwell	656	631	(25)	S
Public Realm at Derby Arena	165	0	(165)	S
IPD Wayfinding	250	50	(200)	S
Climate Change ERDF	297	200	(97)	S
T12 Phase 2	1921	1321	(600)	S
City Living	250	50	(200)	S
Ihub plot preparation	599	299	(300)	S
Holmleigh Way	1,700	0	(1,700)	R2
Total Changes to The Regeneration Programme	6,624	2,901	(3,723)	
HRA				
Ashlea new build	620	320	(300)	R1
Richmond Road	213	153	(60)	S
Berwick Close	175	135	(40)	S
Alison Close	0	40	40	A
Whitehurst Street LTV	0	70	70	A
The Knoll	1,500	500	(1,000)	S
Perth Street	1,000	300	(700)	S
Lexington Road bungalows	0	690	690	A
Mill Hill flats	0	500	500	A
Gerard Street	0	100	100	A
Carson Street	0	60	60	A
Bracknell	0	30	30	A
HRA maintenance	1,902	1,777	(125)	R2
Emergency call system replacement	250	0	(250)	S
Communal stair cases - handrails	300	100	(200)	R1
Total Changes to The HRA Programme	5,960	4,775	(1,185)	
ICT				
Online Portal	0	247	247	A
Total Changes ICT Programme	0	247	247	
TOTAL CHANGES TO PROGRAMME	52,769	24,196	(28,573)	
Deduct Budget envelope changes		(247)	(247)	
Total Changes affecting budget forecast	52,769	23,949	(28,820)	
	Key of Categories			
	A	Additional schemes from new funding secured		
	A1	Scheme increase funded by previous years' reserves income		
	S	Re-phasing		
	R1	Other Adjustments - Scheme		

	Reductions/Increases
R2	Re-allocated Within Departments Programme
R3	Re-allocated To Different Departments Programme