



## **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 ...
- Proposal to purchase new people counting equipment at the Eagle Centre Market at a cost of £21,330 funded from the service charge to market traders. Approval sought to add this to the capital programme and to waive contract procedure rule – CPR.15 tendering requirement to purchase the system directly from a company called Springboard. This will maintain compatibility with other markets and the Eagle Centre (Westfield) development within the City.
  - It has been agreed to transfer all Health and Safety posts together with their associated budgets into a new corporate Health and Safety section. Cabinet approval is sought under Financial Procedure Rules to vire the relevant revenue budgets from other departments to the corporate Health and Safety budget within Corporate Adult Services.
  - To meet a payment of £9,000 to the Kingdom Hall Trust for a car park on part of their site for residents of an adjoining Council/Derby Homes scheme from the Housing Capital Programme 2007/8, funded from Housing capital receipts.
  - Application for a licensed deficit from Borrow Wood Infant and Nursery School and an amendment to the licensed deficit approved for St Benedict Catholic School and Performing Arts College.
  - New external funding allocations to the Children and Young People's department for 2007/08.
  - Amendment to the approved capital programme 2007/8 and capital scheme commencement for revised scheme costings and funding for Brackensdale Junior School and Boulton Primary School.
  - An increase in the set-up costs of a joint waste disposal arrangement with the County Council to a maximum of £0.5m to be funded from corporate revenue reserves.
  - An increase to course fees for Adult Learning Service courses from 1 August 2007.

- Funding to continue the Derwent NEAT (Neighbourhood Environmental Action Team) service in 2007/8 in line with the service provided by the other NEATs. It is proposed that whilst external funding continues to be sought, the service is underwritten in 2007/8 only from the Environmental Services 2006/7 year-end outturn underspending.

1.2 Subject to any issues raised at the meeting, I support the following recommendation.

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| <b>RECOMMENDATION</b> |
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- 2.1 To approve an addition to the capital programme and under CPR6 a waiver of CPR 15 tendering requirement and deal directly with Springboard to install new people counting equipment at the Eagle Centre Market at a cost of £21,330.
- 2.2 To approve the virement of the following revenue budgets into the corporate Health and Safety budget within Corporate Adult Services to enable the setting up of a corporate Health and Safety section:
- |                                        |                |
|----------------------------------------|----------------|
| <b>Department</b>                      | <b>£</b>       |
| Other Corporate Adult Services budgets | 65,053         |
| Children and Young People              | 106,148        |
| Environmental Services                 | 67,345         |
| Regeneration and Community             | 31,416         |
| <b>Total</b>                           | <b>269,962</b> |
- 2.3 To approve the addition to the Housing Capital Programme 2007/8 of a payment of £9,000 to the Kingdom Hall Trust for a car park on part of their site used by residents of an adjoining Council/Derby Homes scheme for car parking, to be funded from Housing Capital Receipts.
- 2.4 To approve a licensed deficit in 2007/8 for Borrow Wood Infant and Nursery School.
- 2.5 To approve an amendment to the licensed deficit approved for St Benedict Catholic School and Performing Arts College by Council Cabinet on 6 June 2006, subject to the school having a clear contingency plan if forecast pupil numbers do not materialise.
- 2.6 To approve the new funding allocations for the Walking to School Initiative, the General Duty to Promote Sustainable Modes of Travel to School Grant and The ICT Grant for Mobile Technology to Support Children's Social Workers, and an addition to the Children and Young People's department revenue budget 2007/8.
- 2.7 To approve amendments to the capital programme 2007/8 for revised schemes at Brackensdale Junior School and Boulton Primary School and approve scheme commencement.
- 2.8 To approve increased set-up costs to the City Council of the joint waste disposal arrangement with the County Council to a maximum of £0.5m, to be funded from corporate revenue reserves.

- 2.9 To approve the increase of course fees for further education (FE) from £2.30 to £2.70 per hour. and the course fees for Personal and Community Development Learning (PCDL) from £3.30 to £3.70 per hour.
- 2.10 To approve to underwrite the Derwent NEAT service in 2007/8 only at a cost of £72k from the Environmental Services 2006/7 year-end outturn underspending.



## **Contract and Financial Procedure Matters Report**

### **SUPPORTING INFORMATION**

#### **1. Eagle Centre Market People Counter Equipment**

- 1.1 At present in the Eagle Centre Market there is a system of measuring the number of people using the market. The system was installed nine years ago and the annual leave cost of £1,800 is covered by the service charge levied to the market traders.
- 1.2 The market traders have now requested that the system be replaced with a more up to date computerised system that works on quarter hour readings. The preferred system is supplied by a company called Springboard and is in place in many shopping malls and city centres in the UK. The market will then be working on the same system as other markets in the city which use people counters each of which will be able to pick up data from one other to obtain a better idea of foot flow throughout the City.
- 1.3 Cabinet approval is requested to add this to the capital programme 2007/8 and to waive CPR15 tendering requirement and deal direct with Springboard in order to maintain compatibility with other market buildings in the city. The cost of the system is £21,330. This cost will be met from previous year's service charges income from market traders currently held in balances.
- 1.4 The outright purchase will generate an annual saving of £1,800 against service charges. Maintenance will be provided as part of the cost of the purchase.

#### **2. Corporate Health and Safety section virements**

- 2.1 It has been agreed to transfer all Health and Safety posts currently operating within departments together with their associated budgets into a new corporate Health and Safety section. Cabinet approval is sought to vire the relevant budgets from departments into the corporate Health and Safety budget within Corporate Adult Services.
- 2.2 The setting up of the new team requires the following virements in the Corporate Adult Services:

| <b>Department</b>              | <b>£</b>       |
|--------------------------------|----------------|
| Other Corporate Adult Services | 65,053         |
| Children and Young People      | 106,148        |
| Environmental Services         | 67,345         |
| Regeneration and Community     | 31,416         |
| <b>Total</b>                   | <b>269,962</b> |

### **3. Sale of Land to Kingdom Hall Trust**

- 3.1 In December 2002, a small piece of housing land was sold to the Kingdom Hall Trust for £31,600, to enable the Trust to build a Kingdom Hall on the site.
- 3.2 Part of the site was used by residents of an adjoining Council/Derby Homes scheme for car parking and it was agreed as a condition of the sale that the residents would continue to have this right until the Council provided replacement car parking facilities. Under the terms of the agreement, if these replacement facilities were not provided by December 2005, then the Council are obliged to pay £9,000 to the Kingdom Hall Trust.
- 3.3 In the event, the facilities were not provided and the Trust has now asked for the £9,000 for the car park. Residents are continuing to use the car park area and will have the right to do so in the future – this right is registered at the Land Registry.
- 3.4 It is proposed that the £9,000 is met from housing capital receipts and paid through the housing capital programme. Approval is sought under Financial Procedure Rules to add this to the Housing Capital programme 2007/8.

### **4. Licensed Deficits at Schools**

- 4.1 Borrow Wood Infant and Nursery School has experienced a fall in pupil numbers at the nursery and year 1 and although they have made attempts to reduce expenditure in year they have suffered a loss of income generated by the previous head through trade union duties and consultant work. The impact of this is that the school have applied for a licensed deficit of £6,000 (1.2% of its budget) at the end of 2007/08 and £15,000 (3% of its budget) at the end of 2008/9, coming back into balance by the end of 2009/10.
- 4.2 St Benedict Catholic School and Performing Arts College has a licensed deficit of £279,409 (4.8% of its budget) for 2006/07 and £75,139 (1.3%) for 2007/08. The 2006/07 outturn for the school is £282,506 in deficit and they are seeking an amendment to the 2007/08 licensed deficit to £264,312 (4.3% of its budget). The school will still come back into balance by 2008/09 as per the scheme for funding schools which states that schools with licensed deficits have to be back into balance by the end of the third year. This is, however, based on the assumed level of income from the Learning and Skills Council from forecast post 16 numbers in the 2007/08 academic year. The school needs to have clear contingency plans if the actual numbers are lower.

## **5. New External Funding Allocations – Children and Young People’s department**

- 5.1 Cabinet is asked to approve the new funding allocations below and the addition to the Children and Young People’s department revenue budget 2007/8.

### **Walking to school initiative**

- 5.2 A total allocation of £17,000 has been granted to the Council. The grant is school specific and has been awarded to schools following a successful submission to the Department for Transport. The purpose of the grant is to provide support to schools that have made a commitment to reducing car use and increasing walking journeys to school by setting up and sustaining a ‘walking bus’ or other walking initiatives. The school travel adviser has been fully involved in deciding which schools meet the eligibility criteria and receive the funding.

### **General duty to promote sustainable modes of travel to school grant**

- 5.3 Funding of £19,025 has been granted to the Council to meet the additional expenditure pressure on local authorities that will result from the general duty in section 76 of the Education and Inspections Act 2006 to assess the travel and transport needs of all pupils and to promote sustainable means of travel to schools. This funding will be made available to Regeneration and Community Services, Highways and Transport Division.
- 5.4 There are four main elements to the general duty placed on LAs by the Act to promote the use of sustainable travel and transport.
- an **assessment of** the travel and transport **needs** of children, and young people within the authority’s area;
  - an **audit of** the sustainable travel and transport **infrastructure** within the authority that may be used when travelling to and from, or between schools/institutions;
  - a **strategy to develop** the sustainable travel and transport **infrastructure** within the authority so that the travel and transport needs of children and young people are better catered for; and
  - the **promotion of sustainable travel** and transport modes on the journey to, from, and between schools and other institutions.

### **Mobile Technology ICT Grant**

- 5.5 Funding of £67,686 has been awarded to the City for the financial year 2007/8 for the purchase of mobile technology to support children’s social workers. This grant is ring fenced and can only be used to invest in improved ICT infrastructure to support mobile technology.

## **6. Amendments to the capital programme 2007/8 for revised Children and Young People’s department capital schemes**

- 6.1 As required by Financial Procedure Rules Cabinet approval is required to amend the capital programme 2007/8 for the following revisions to capital schemes:

- Brackensdale Junior School

Approval has already been sought to the value of £40,000 to replace ceiling and fixings in the hall. It has subsequently been found that the roof, lintels and high level concrete are in poor condition and are in urgent need of replacement. The revised cost of the scheme is £140,000 with the additional £100,000 being funded from savings on other New Deal Modernisation funded schemes (Brackensdale Infant School roof repairs £62,898) and £37,102 additional contributions from the schools devolved formula capital.

- Boulton Primary School

Approval has already been sought to the value of £148,000. The scope of the project has been increased to rebuild a corridor between the infant and junior blocks and work to the nursery area. The additional work will cost £40,000 and will be funded from the schools devolved formula capital.

6.2 The revised schemes are summarised below.

### Scheme Amendments

| School              | Revised Cost of Scheme | Previously Approved Budget: | Additional Funding Required: | Ward      | Start        | Previous years spend | 2007-2008 | 2008-2009 | Total    |
|---------------------|------------------------|-----------------------------|------------------------------|-----------|--------------|----------------------|-----------|-----------|----------|
| Brackensdale Junior | £140,000               | £40,000                     | £100,000                     | Mackworth | 2Q 2007-2008 | £600                 | £136,900  | £2,500    | £140,000 |
| Boulton Primary     | £188,000               | £148,000                    | £40,000                      | Boulton   | 2Q 2007-2008 | £6,165               | £177,135  | £4,700    | £188,000 |

## 7. Waste Disposal Advisers Fees

- 7.1 The Council is in the process of procuring a new arrangement for Waste Disposal after 2010 jointly with the County Council. The City Council is due to pay 25% of the total start up costs, and approval to spending £250,000 of an estimated total cost of £1m has already been granted.
- 7.2 The County Council now advise that the gross budget now stands at £1.6m, and it is estimated this could increase further to around £2m. This would require an increase in the Council's share to £500,000. This contribution needs to be seen in the context of the project – which is likely to be for 25 years and deliver all waste disposal for the City for that period, ensuring we meet disposal targets in the future and avoid incurring significant financial penalties.
- 7.3 In the light of this, Cabinet approval is now sought to fund the City Council's share of the set-up costs from corporate revenue reserves to a maximum of £0.5m, with any surplus attributable to current Waste Disposal operations to be used to offset this.

## **8. Adult Learning Service Fees 2007/08**

- 8.1 At the Council Cabinet meeting of 16 May 2006, increases in fees of 30% for FE and 27% for PCDL were approved, together with substantial changes to the concessions offered to learners. The report also recommended that:

'In the 2007-08 year the LSC expects 50% of course costs to be met from fee income. Additional fee increases will be necessary with fees for Skills Booster and Start courses (FE) rising to £3.00 an hour and those for courses on the Scope programme (PCDL) to £4.00 an hour' (Para 1.14)

- 8.2 However the LSC has now amended the planned increase in the assumed fee income requirement element reducing it down to 37.5% for 2007/8. This means that for 2007/8 the increase in fees is less than anticipated at £2.70 per hour for FE courses and £3.70 per hour for PCDL courses.
- 8.3 The Adult Learning Service is wholly funded by the LSC. This change in fee increases has no impact on the budgetary position for the City Council.
- 8.4 There will be no change to the fee concessions policy. Learners on qualification courses in receipt of means tested benefits will qualify for a 100% reduction in course fees, and those on non-means tested benefits a 50% reduction. Learners on non-qualification courses will receive a 50% reduction if they are on means tested or non means tested benefits.

## **9. Derwent NEAT funding 2007/08**

- 9.1 The Derwent NEAT( Neighbourhood Environmental Action Team) was the first to be established in the City and was funded by New Deal for Communities in 2006/7. It provided a rapid response to fly tipping, graffiti and cleansing, together with services such as cutting high hedges and improving the street scene linked to addressing criminal and anti-social behaviour issues. It has been a major success with local residents and had a positive impact on the local area.
- 9.2 NEAT's were established in 2006 in the five priority neighbourhoods funded from Neighbourhood Renewal Funding to deal specifically with fly tipping, graffiti and cleansing.
- 9.3 At the present time Derwent New Deal funding has not been secured from 2007/8, although external funding for the Derwent NEAT is still being progressed.
- 9.4 To continue a Derwent NEAT service in 2007/8 in line with the service provided by the other NEATs will cost £72k. It is proposed that whilst external funding continues to be sought, the service is underwritten in 2007/8 only from the Environmental Services 2006/7 year-end outturn underspending. This requires Cabinet approval in advance of the consideration by July Cabinet of the General Fund year-end position and treatment of outturn variances 2006/7.
- 9.5 The funding of the service beyond 2007/8 will still need to be addressed and considered in the 2008/9 budget process if future external funding is not secured.



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|-------------------------------|---------------------------------------------------------------|
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| Background papers:            | None                                                          |
| List of appendices:           | Appendix 1 – Implications                                     |

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| <b>IMPLICATIONS</b> |
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**Financial**

1. As detailed in the report.

**Legal**

2. As detailed in the report.

**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.