



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:
- changes to the current 2015/16-2017/18 capital programme.
 - award of contract
 - reporting of contract waivers
 - acceptance of Youth Justice Board funding and approval to tender
 - acceptance of ILF – Independent Living Fund funding.

RECOMMENDATION

- 2.1 To approve changes, additions and progression of these on the capital programme as set out in Appendix 2 and highlighted in section 4.
- 2.2 To note the revised programme for 2015/16 in table 1 (paragraph 4.1) and the revised indicative programme for 2015/16-2017/18 as shown in table 2 (paragraph 4.5).
- 2.3 To award a contract to replace the existing data centre and server management services as detailed in section 5.
- 2.4 To note the contract waivers as detailed in section 6.
- 2.5 To approve the acceptance of an additional £235,000, received from the Youth Justice Board, to be managed through Children and Young People's revenue budget and the commencement of an associated tender exercise as detailed in section 7.
- 2.6 To approve the allocation of additional ILF funding of around 1.2m to the Adults Health and Housing 2015/16 revenue budget for committed expenditure for ILF users as detailed in section 8.

REASONS FOR RECOMMENDATIONS

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



Derby City Council

COUNCIL CABINET 15 July 2015

Report of the Acting Chief Executive

SUPPORTING INFORMATION

4. UPDATE ON CAPITAL PROGRAMME 2015/16 – 2017/18

4.1 Forecast Outturn

Table 1 – Revised Capital Programme 2015/16

Strategy Area	Original Approved Capital Programme £000's	Revisions Approved to 10 June cabinet £000's	Latest Approved (10 June Cabinet) Capital Programme £000's	Changes to the programme agreed under Scheme of Delegation £000's	Further Revisions (Appendix 2) £000's	Revised Programme £000's
CYP	10,945	(4,590)	6,355	0	338	6,693
Housing General Fund	3,691	(84)	3,607	0	0	3,607
Property Improvement	2,021	405	2,426	350	0	2,776
Property Maintenance and Refurbishment	5,651	(2,287)	3,364	0	28	3,392
Parks and Open spaces	1,359	482	1,841	0	88	1,929
Flood Defence	250	8,297	8,547			8,547
Highways and Transport	4,109	216	4,549	0	0	4,549
Vehicles, Plant and equipment	2,769	20	2,789	0	68	2,857
Regeneration	35,010	4,292	39,302	0	2,625	41,927
ICT	2,328	252	2,580	0	0	2,580
HRA	19,316	(440)	18,876	151	(160)	18,867
Strategic Projects	20,629	(20,629)	0	0	0	0
Sub-total	108,078	(14,066)	94,236	501	2,987	97,724
Less assumed capital slippage	(4,359)	564	(3,795)			(3,795)
Total	103,719	(13,502)	90,441	501	2,987	93,929

Details of the changes are shown in Appendix 2 with a summary of those changes over £200,000 highlighted below

4.2 CYP

The CYP Programme requires a net increase of £338,000 the main reason for this being an increase in budget for the Murray Park School Condition Refurbishment Programme.

The Murray Park scheme was approved by Council Cabinet on the 18th March 2015 as part of a phased programme of significant condition refurbishment works. During final preparations for the works which are due to be completed this summer further fire risk assessment and asbestos complications have arisen. This requires additional works to be completed ahead of programme in order to avoid potential partial school closure or significant costs of providing temporary accommodation. Works will now include further asbestos removal, additional fire breaks and fire alarm improvements and additional lighting and ceiling replacements.

It is proposed to increase the budget by £510,000, £416,000 in 2015/16 and £94,000 in 2016/17. The proposal is to fund the additional £510,000 by reallocating funding from within the Schools Capital Programme from the Sufficiency and Suitability budget which was also approved by Cabinet on the 15th March. This scheme is not contractually committed and was to be funded by the 2015/16 DfE School Condition grant allocation.

There are no further significant variances across the capital programme over £200,000 to report

4.3 Strategic Projects

Projects that were originally reported under the Strategic Projects Programme area have now been incorporated in to other directorates within the capital programme. These schemes will now form part of the following:

- Extra Care Development will now form part of the Housing General Fund Programme
- Riverlights will now form part of the Property Improvements Programme
- Leisure Centre Strategy will now form part of the Property Improvements Programme
- Our City Our River will now form part of the Flood Defence Programme

This will enable these projects to be properly captured within the reporting regimes required by the council.

4.4 Regeneration

Infinity Park Derby (IPD)

The Infinity Park scheme involves the development of a link road and associated infrastructure to open up a new 250-acre commercial and technology park which will

accommodate up to 8,000 jobs. Work to construct the link road and associated infrastructure started on site in November 2014. The total scheme budget is £16.62m, of which £10m is from the Regional Growth Fund and £4.25m from our private sector partners: £10.52m has been spent to date. There have been a number of unforeseen changes to the project which have caused cost increases, at the Councils risk.

- delays to completing designs for the highway bridges due to resourcing issues with a consultant
- the need to change designs for drainage systems, the foul pumping station and protection for the gas mains in response to changing requirements from the utilities companies and
- a number of other compensation events in relation to design changes, unforeseen works, claims from the contractor and increased costs for items where design has progressed since tender stage

These require an increase to the Infinity Park scheme of £1.93m which will be funded from capital receipts. Use of capital receipts for this purpose is a departure from the corporate Capital Receipts Policy and will mean that the receipts allocated from here will not be available to fund the Property Rationalisation Programme.

Marble Hall

The refurbishment of the Grade 2 Listed Marble Hall in Osmaston started on site in October 2014 and will create an enterprise and community hub in the heart of a priority neighbourhood. A number of unforeseen issues have arisen on site causing a 12 week delay to the programme and additional costs. DCC had been unable to undertake any intrusive works or surveys within the building prior to the transfer of building ownership. In addition, there is the opportunity to carry out additional fit-out works to enhance the lettability of the space which can be funded through additional ERDF grant.

Together these changes require a £695,000 increase to the Marble Hall scheme. The increase will be funded £511,000 from the Regeneration Fund and £184,000 additional ERDF funding.

- 4.5 Table 2 shows the 2015/16 – 2017/18 indicative programmes incorporating the changes from above.

Table 2 Revised Indicative Programme 2015/16 -2017/18

Strategy Area	2015/16 £000	2016/17 £000	2017/18 £000
CYP	6,693	7,501	5,966
Housing General Fund	3,607	4,143	2,297
Property Improvement	2,776	2,936	5,371
Property Maintenance and Refurbishment	3,392	4,737	2,037
Parks and Open Spaces	1,929	0	295
Flood Defence	8,547	21,329	2,514
Highways and Transport	4,549	10,490	7,100
Vehicles, Plant and Equipment	2,857	25,560	564
Regeneration	41,927	11,981	11,520

ICT	2,580	860	10,360
HRA	18,867	19,691	11,321
Sub total	97,724	109,228	59,345
Less assumed capital slippage	(3,795)	(786)	(3,337)
Total Programme	93,929	108,442	56,008

- 4.6 All projects are run using the Prince 2 methodology and carry individual risk registers. All risk implications are reported and monitored on a monthly basis at the Strategic Asset Management Board.

4.7 **S106 Contributions**

It was agreed through the S106 working group that any allocation of S106 monies would be reported to Cabinet during the year to inform members what specific Contributions are intended to be used for. Any in- year allocations are reported through the monthly contract and financial procedures matters reports and quarterly Capital monitoring reports as they arise. There are currently no changes to report.

5 **Award of Contract**

- 5.1 Cabinet have previously agreed the Council seeking a new arrangement for the provision of IT services, through the G-Cloud framework agreement, upon the expiry of the current contract which ends March 2016.
- 5.2 The Council has identified a preferred supplier and subject to finalisation will be able to award the contract for a value approx. £300,000 lower than previously reported.
- 5.3 It is recommended that the contract for the work to replace the existing data centre and server management services, with a value of approximately £1,400,000 is awarded to the preferred bidder, subject to finalisation of the special terms allowed under the G-Cloud framework.

6 **Waivers**

- 6.1 The contract procedure rules permit the approval of waivers to the procurement rules by the Director of Legal and Democratic services or the Head of Procurement in cases of urgency. In such cases the waivers are reported to the next cabinet for information.
- 6.2 A waiver to directly contract with MVA/Systra to continue to maintain and operate the Derby Area Transport Model (DATM) has been agreed. The underlying source code within the DATM is owned by MVA/Systra which prevents other organisations altering the internal programming of the DATM. No reasonable alternative or substitute exists because the cost of developing an alternative would be prohibitive.
- 6.3 A further waiver to appoint interim staff and specialist consultants within the Property Design and Maintenance has been agreed where the services required cannot be offered via an existing framework. Several unsuccessful

attempts have already been made through the existing agency agreement and also via further competition on an additional framework. The service area is currently restructuring and so it is not appropriate to recruit permanently to current vacant posts. The waiver has been agreed for a period of 6 months.

6.4 It is recommended that the contract waivers detailed in Para. 6.2 and 6.3 are noted.

7 Youth Justice Board Funding

- 7.1 As part of the Government's Transforming Custody programme, the Youth Justice Board established 4 new resettlement consortia in 2014; East Midlands, South and West Yorkshire, North East London and South London with view to achieving outcomes of:-
- Reducing arrest on licence
 - Providing stability in accommodation placements and
 - Supporting more young people into Education, Training or Employment.
- 7.2 The 3 year programme is funded by the Ministry of Justice with the East Midlands receiving an annual grant of £235,000 per year to meet the programme objectives. Derby City Council is the host Local Authority for the East Midlands Consortia and commenced in January 2015. Part of the funding is being used for the provision of Youth Workers to support the work of the Consortium which will require a tender exercise
- 7.3 It is recommended that this funding is accepted and the allocation of £235,000 is managed by the Children and Young People's revenue budget in 2015/16. It is further recommended that an associated tender exercise is approved.

8 Independent Living Fund funding

- 8.1 The ILF closed on 30th June 2015 and funding and responsibility for ILF users transferred to each Local Authority in England. From 1 July each local authority will receive nine months of funding from the DCLG – Department for Communities and Local Government. This represents the amount that the ILF would have paid to users for the Period 1 July 2015 to 31 March 2016.
- 8.2 To date there has been no agreement from the DCLG confirming the amount to be received but it is expected to be around £1.2m.
- 8.3 It is recommended that the ILF allocation, once confirmed, is transferred to the Adults Health and Housing 2015/16 revenue budget.

This report has been approved by the following officers:

Legal officer Financial officer Human Resources officer Estates/Property officer Service Director(s) Other(s)	 Martyn Marples Director of Finance and Procurement
For more information contact: Background papers: List of appendices:	Nicola Goodacre 01332 643352 e-mail nicola.goodacre@derby.gov.uk None Appendix 1 – Implications Appendix 2 – Summary of further changes to the capital programme 2015/16

IMPLICATIONS

Financial and Value for Money

- 1.1 As detailed in the main body of the report and appendices.

Legal

- 2.1 None directly arising.

Personnel

- 3.1 None directly arising.

IT

- 4.1 None directly arising.

Equalities Impact

- 5.1 None directly arising.

Health and Safety

- 6.1 None directly arising.

Environmental Sustainability

- 7.1 None directly arising.

Property and Asset Management

- 8.1 None directly arising.

Risk Management

- 9.1 None directly arising.

Corporate objectives and priorities for change

- 10.1 These recommendations where relevant are in line with approved capital strategy and Asset Management Plans which accord with the Council's corporate priorities.

Appendix 2

Summary of further changes to the capital programme 2015/2016	Latest Approved Capital Programme 2015/16 £000	Revised Capital Programme 2015/16 £000	Change £000	Category
CYP				
School Buildings at Risk	98	70	(28)	R3
Works to Teaching and Learning Areas/Suitability and Sufficiency	50	0	(50)	R2
Murray Park – Condition Refurbishment Programme	584	1,000	416	R2/S
Total Changes to The CYP Programme	732	1,070	338	
Property Maintenance and Refurbishment				
Southgate PRU Refurbishment	345	373	28	R3
Total Changes to The Property Maintenance Programme	345	373	28	
Parks and Open Spaces				
Markeaton Park	1,646	1,734	88	S
Total Changes to The Parks and Open Spaces Programme	1,646	1,734	88	
Vehicles Plant and Equipment				

Swiss Training Clock	0	68	68	A
Total Changes to The Vehicle Plant and Equipment Programme	0	68	68	
HRA				
Edmund Close New Build	220	60	(160)	R1
Total Changes to The HRA Programme	220	60	(160)	
Regeneration				
Infinity Park	9,276	11,206	1,930	R3
Marble Hall	2,906	3,601	695	A/R3
Total Changes to Regeneration Programme	12,182	14,807	2,625	
TOTAL CHANGES TO PROGRAMME	15,125	18,112	2,987	
		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	