



## **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:
- revisions to Regeneration and Community department revenue and capital budgets for the source and application of additional external funding.
  - transfer to an earmarked revenue reserve from existing revenue budgets to secure funds for the libraries management computer system being implemented in partnership with the County Council, and the negotiation of a service level agreement - SLA - with the County Council.
  - the waiver of contract procedure rule – CPR – 15 tendering requirements to purchase street lighting lanterns directly from Balfour Beatty up to a total value of £100,000.
  - the intention to submit in the Council's name two expression of interest bids and one full application bid to emda totalling £4.225m in relation to Cityscape, subject to a future report back to Cabinet before actual bid submission.
  - revisions to Children and Young People's department revenue budgets for the source and application of additional external funding.
- 1.2 Subject to any issues raised at the meeting, I support the following recommendation.

### **RECOMMENDATION**

- 2.1 To approve revisions to existing Regeneration and Community department 2006/7 revenue and capital budgets for additional external funding, as set out in Section 1 of the supporting information, consistent with the proposed uses and conditions of the additional funding.
- 2.2 To approve a transfer of £55,000 in 2006/7 and £28,000 in 2007/8 to a departmental earmarked reserve from existing libraries revenue budgets for the implementation costs of the new libraries management computer system, and to authorise the Corporate Director of Resources and Housing to negotiate a Service Level Agreement with the County Council and to authorise the Corporate Director CASS to authorise the agreement as negotiated.
- 2.3 To waive, under CPR6, CPR15 tendering requirements and approve the purchase of street lighting lanterns direct from Balfour Beatty up to a total value of £100,000.

- 2.4 To approve, in principle, the intention to submit in the Council's name two expression of interest bids and one full application bid to emda totalling £4.225m in relation to Cityscape, subject to a future report back to Cabinet before actual bid submission.
- 2.5 To approve revisions to existing Children and Young People's department 2006/7 revenue budgets for additional external funding, as set out in Section 5 of the supporting information, consistent with the proposed uses and conditions of the additional funding.



DERBY CITY COUNCIL

## **COUNCIL CABINET 5 SEPTEMBER 2006**

### **Report of the Corporate Director – Resources and Housing**

# **Contract and Financial Procedure Matters Report**

## **SUPPORTING INFORMATION**

### **1. Additional Funding Allocations – Regeneration and Community Department**

- 1.1 The February 2006 Cabinet report on the Council's 2006/7 revenue budget clarified that where material new grant income is received that was not provided for in the detailed budget, then Cabinet authorisation for its use is required.
- 1.2 Since the budget report, several additional sources of external funding have been granted. The new sources of funds and application of such funds are set out below ...
  - Climate Challenge Fund 2006-08 – the Council has been awarded a grant of £101,454 to support a project aimed to promote understanding and awareness of climate change with a view to positively influencing public attitudes towards action to tackle it. The funding profile is £49,916 in 2006/07 and £51,538 in 2007/08. This project is externally funded with Council matched funding of £21,773 from within existing revenue resources. There are no new net financial commitments for the Council.
  - Supporting Derby - Derby City Partnership's External Funding Management Group approved additional funding at their meeting on 29 June 2006 to extend the current Supporting Derby project until 31 March 2007. Additional cash resources secured total £16,599 capital and £86,467 revenue. In kind capital contributions from partners total £17,401 capital and £210,857 revenue. In kind contributions from existing Council revenue budgets total £2,679. There are no new net financial commitments for the Council.
  - Supporting Normanton - a bid covering 2006-2008 has been submitted to develop a project focussed on maximising the employment opportunities arising from the expansion of the retail sector in the city for the URBAN/SRB area of Derby (Normanton). Additional cash revenue resources total £153,244. In kind revenue contributions from partners total £52,500 and in kind contributions from existing Council revenue budgets total £22,500. There are no new net financial commitments for the Council. The launch of the project will be subject to written confirmation that all the external funding is in place and agreed in conjunction with the Corporate Director - Resources and Housing.

## 2. Libraries Management Computer System

- 2.1 Cabinet approved a report on 8 November 2005 to jointly tender for a new libraries management system with the County Council. Cabinet requested an update on the overall cost and preferred bidder. Following an OJEU tender process and shortlist of three bidders the preferred provider has been chosen as Sirsi Dynix. The County Council are the lead partner.
- 2.2 The Council's implementation costs to set up the new system prior to commencement include; training, changes to the ticket system and input from Sirsi Dynix. Total implementation costs are estimated at £116,030 as detailed in Table 1 below. These will cover the period until December 2007 although the new system is aimed to be completed by June 2007. The extended period will cover further training.

Implementation costs	£
Shared with the County Council	
• Sirsi Dynix contract	28,810
• Data extraction	4,740
• New servers	7,980
City Council costs	
• Hardware/equipment	25,500
• Project days	15,000
• Training including staff cover relief	29,000
Costs	69,500
Contingency	5,000
<b>Total</b>	<b>116,030</b>

- 2.3 The funding for the implementation costs is as follows:
- existing departmental revenue reserves - £33,000
  - 2006/07 library IT budgets - £35,000
  - 2006/07 equipment budgets - £5,000
  - 2006/07 existing vacancies being held - £5,000
  - savings on the 2006/7 old system licences - £10,000
  - 2007/08 library IT budgets - £13,000
  - savings on the 2007/8 budget for system licences - £15,000.
- 2.4 Cabinet are asked to approve the appropriation to reserves of £55,000 of library revenue resources and pre-commit the appropriation of a further £28,000 during 2007/8.
- 2.5 A Service Level Agreement for the service is being negotiated with the County Council and this will be vetted by the Legal Division.

- 2.6 Significant revenue running cost savings of the new library management system are expected from 2008/9. These are being identified within the 2007-10 budget planning process.
- 2.7 For information the County Council are reporting to their Cabinet during September 2006 to coincide with this report.

### **3. Street Lighting Lanterns**

- 3.1 Cabinet are asked under Contract Procedure Rule CPR6 to waive Contract Procedure Rule CPR15 tendering requirements, and allow the purchase of street lighting lamps directly from Balfour Beatty. The benefits of this approach are:
- the lamps tie in with the equipment to be used within the PFI contract
  - we are able to improve some areas to white light that under the PFI contract would be maintained as low pressure sodium
  - it is cheaper to purchase direct from Balfour Beatty due to economies of scale, and reflects a significant reduction on market price
  - any lamps remaining at the start of the PFI will be purchased back by Balfour Beatty.
- 3.2 The cost of the lamps will be up to £100,000 and can be contained within the 2006/7 street lighting revenue budget. The works also supplement and allow continuation of work which will be unaffected by works under the Street Lighting Private Finance Initiative.

### **4. Cityscape bids to emda**

- 4.1 Cityscape are developing three bids for submission to emda. Emda have requested that the bids be directed through the Council. The City Council will be the named applicant on the bids. The three bids include two at expression of interest stage and one for full approval. The three bids are ...
1. Block 28 Land Assembly (acquisition of Bubbles)  
Expression of Interest Stage.  
Application seeks funding of £2,175,000 for acquisition of land and premises known as Block 28 within station approaches, Derby.
  2. Castleward Boulevard- Phase 1 Works (Public Realm Works)  
Full application.  
Application seeks funding of £535,000 to enable construction of Phase 1 of the new Castleward Boulevard which will involve improvements to Midland Place, which stands in the Railway Conservation Area and is immediately opposite the railway station.
  3. Site Acquisitions Facilitating Business Relocations  
Expression of Interest Stage.  
This application seeks £1,750,000 for emda approval for Derby City Council and Derby Cityscape to pursue acquisitions which will enable the relocation of businesses within the priority regeneration areas identified under the Derby Cityscape Masterplan. Principally this will entail either the acquisition of sites within the URC area to enable occupiers to relocate to other parts of the city, or,

the acquisition of sites outside of the URC area to facilitate the displacement of businesses seeking to relocate. At this point in time the majority of relocation requirements are being sourced through the Castleward initiative, however as project delivery gains momentum, other priority areas within the URC area may demonstrate the same relocation need.

4. Contribution to St Alkmunds Way Footbridge Full Application.

This application will seek a contribution of £500,000 towards the replacement of the pedestrian footbridge over St Alkmunds Way. This funding, together with funding from the Integrated Inner Ring Road Maintenance Scheme, IRRIMS, will allow a 5m wide pedestrian and cycle footbridge to replace the existing narrow pedestrian footbridge.

Cityscape themselves are bidding for £20,000 to retain consultants to develop a consistent and high quality urban design concept for this footbridge and the two footbridges over the river, proposed in the masterplan.

- 4.2 Expression of Interest stage is requesting approval from the funder of the project concept. If approved, the applicant will be asked to submit a full application. The Expression of Interest stage does not commit the applicant to anything at all so there is no risk associated. However, they may be followed by full applications.
- 4.3 The full application stage is a detailed application containing the project management, implementation, delivery mechanisms that have been put in place, and eg maintenance of the project. It requests approval from the funder for the value of the funding requested to deliver the project as expressed, and within the expressed timescale.
- 4.4 Once approved, the funding will be subject to specific conditions and grant conditions must be adhered to otherwise the named applicant would then be liable for financial risks.
- 4.5 Approval, in principle is sought here to progress on this basis and a detailed report will be bought back to Cabinet before bids are submitted.

**5. Additional Funding Allocations – Children and Young People’s Department**

5.1 Since the 2006/7 budget approved 1 March 2006, the following additional external funding have been granted ...

- Information Sharing Index Implementation Grant  
The DfES has allocated Derby an Information Sharing Index Implementation Grant of £71,691 in 2006/7. The purpose of the grant is to enable local authorities to prepare for the implementation of the statutory requirement of this Index, which will enable different agencies to share information about children at risk. Further funding will be available in 2007/8 and future years, subject to the Comprehensive Spending Review. As funding which supports partnership action, the Children and Young People’s Executive has been consulted. The planned use of the grant is to fund a Systems Co-ordinator post and part-time Project Officer post, and the annual maintenance and hosting costs for the index. The grant is not ring-fenced, so it is proposed that the grant is built into the Children and Young People’s – CYP- budget, on condition that the department considers

the use of any balance of grant remaining to offset its projected overspend, particularly from part-year savings on staffing.

- **Training and Development Agency for Schools**  
The Training and Development Agency for Schools has announced an additional allocation of £9,878 to fund workshops to train schools on a revised system of performance management for teachers and headteachers. This is in addition to the allocation already announced of £110,900 to support local authorities in building integrated provision to support modernisation and development of the school workforce. There was a Standards Fund of £204,000 in 2005/6 for workforce remodelling, but that has now ended. There are strict conditions of grant, so it is proposed that this allocation is built into the CYP budget for the activities specified.
- **Study Support Quality Development**  
The DfES has made allocations to a number of authorities from the Study Support Quality Development Standards Fund. Derby will receive £20,000 subject to the submission and acceptance of an action plan. The authority would also receive two days' consultancy from a "critical friend."
- **Aimhigher**  
Aimhigher – the DfES has confirmed total funding of £125,506 for 2006/7. Aimhigher aims to widen participation in higher education (HE) by raising the awareness, aspirations and attainment of young people from under-represented groups. The programme particularly focuses on young people from disadvantaged social and economic backgrounds, some minority ethnic groups and people with disabilities. Allocations are determined by Area Steering Groups and funding is mainly devolved to schools. As this is treated as a school grant, it is proposed that the allocation is built into the CYP budget for the activities specified.
- **Youth Opportunity Fund**  
Cabinet has previously agreed the use of £40,555 of the £150,403 Youth Opportunity Fund allocation. The second meeting of the young people's Youth Panel took place on Tuesday 8 August.

Thirteen young people from across the city met with representatives from the DfES and Government Office in Nottingham who wanted to check how local authorities were progressing in implementing the new funding. They left with a very positive impression of what has been developed in Derby and were particularly pleased to see the range of young people involved.

The young people considered two applications and approved both of them:

- a new youth project supporting young people who are looked after by the local authority
- a summer music project offering young people the chance to produce their own CD.

The total amount recommended was £7,500.

It was also recommended that we allocate up to £15,000 to support young people's participation in the Youth Opportunities/Youth Capital Funds across the city, as suggested in the grant guidelines. These state that £15,000 is expected to be used to support disadvantaged young people to develop the skills and experiences to administer the funds. This is a separate amount from the funding available for young people's projects and would be to cover the costs of supporting young people in preparing bids, involvement in the Youth Panel and participating in new activities. This would increase the commitment against the funding to £63,055.

Publicity about the Funds has been circulated to statutory, voluntary and community organisations across the city and information published on relevant websites.

- 5.2 The Children and Young People's department revenue budgets will be revised to take account of the sources and application of these funds are set out above.

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



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

1. All financial implications are as set out in the report.

**Legal**

2. The Legal Division is involved in relevant negotiations as referred to in this report.

**Personnel**

3. None

**Equalities impact**

4. None

**Corporate priorities**

5. These recommendations, where relevant, are consistent with approved budgets which accord with the Council's corporate priorities. The basis of any revisions to budgets is explained in the report.