



Derby City Council

COUNCIL CABINET
03 August 2016

Report of the Leader of the Council

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:
- Addition of funding to contingency budget
 - Reallocation of contingency budget
 - Change to corporate capital receipts policy
 - Review of match funding linked to previously approved external funding bid

RECOMMENDATION

- 2.1 To approve the allocation of £64,133 additional grant funding received in 2016/17 to the Corporate Contingency, as detailed in section 4.
- 2.2 To approve the reallocation of funding from the Corporate Contingency in 2016/17 to fund costs associated with the implementation of the Living Wage allowance, subject to separate approval at Personnel Committee on 04 August. The part year effect is estimated to be approximately £15,000, dependant on implementation date. Further details can be found in section 5.
- 2.3 To approve changes to the corporate capital receipts policy, as detailed in section 6.
- 2.4 To approve the use funding from the Derby Enterprise Growth Fund Reserve for the D2 Business Development Programme, without ERDF match funding. This is subject to the approval of our funding partners to the revised proposal, as detailed in section 7.

REASONS FOR RECOMMENDATIONS

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



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Report of the Chief Executive

SUPPORTING INFORMATION

4 Changes to Corporate Contingency Budget

- 4.1 Some government departments confirm the level of grant funding allocated to the Council after the local budget has been set. Recent allocations have resulted in net additional funding of £64,133, as summarised in appendix 2.
- 4.2 It is recommended £64,133 is added to the Corporate Contingency budget.

5 Use of Corporate Contingency Budget

- 5.1 Subject to approval at 04 August 2016 Personnel Committee, there will be an additional cost as a result of the introduction of a Living Wage supplement. Based on the current rate for the Living Wage (set in October 2015), the 2016/17 part-year effect will be approximately £15,000, the full-year, on-going cost is approximately £30,000 in council directorates. The corresponding full-year cost in schools is an estimated £90,000, which is to be funded from schools' budgets.
- 5.2 It is recommended funding for the part year effect of the Living Wage supplement in 2016/17 is allocated from the Corporate Contingency budget. Future implications of annual increases in the Living Wage will be addressed in the Medium Term Financial Plan.

6 Change to Corporate Capital Receipts Policy

- 6.1 On the Our City Our River (OCOR) project, efforts continue to be made to minimise the funding gap to complete the entire project.
- 6.2 Where the project has to fund the purchase of land in order to complete the flood defence works, any land that is subsequently not required following completion of the construction of the defence, is to be sold. It is recommended that the capital receipts generated from these sales are allocated to the OCOR project. The earmarking of receipts to a specific project is a variation to the current capital receipts policy, but it is considered prudent given the funding gap.
- 6.3 It is recommended the capital receipts policy is updated in order to earmark receipts from land sales funded from the OCOR project to the OCOR budget.

7 Business Development Programme

- 7.1 Cabinet approved the use of Council's match funding for the D2 Business Development Programme on 7th October 2015. The value of Derby's match funding

was £200,000, to be provided from the Derby Enterprise Growth Fund Reserve. An additional £325,000 was to be sought from Derbyshire County Council, and £525,000 of European Funding. The Programme itself is designed to offer a unique pre pre-start up programme consisting of workshops and 1-to-1 coaching sessions to help local entrepreneurs generate embryonic business plans for the launch of new enterprises.

- 7.2 Whilst awaiting an ERDF funding decision, a procurement exercise has been undertaken to secure a delivery body, which proved the market could deliver the project outputs for around half of the anticipated cost. ERDF stipulates a minimum project value of £1m, which therefore requires a re-tendering exercise to be undertaken if ERDF is to be pursued. We will still be able to deliver 100% of the original outputs detailed in the original proposal.
- 7.3 Our funding partners, Derbyshire County Council, will be seeking their own Cabinet approval to proceed on the basis of a revised funding solution.
- 7.4 It is recommended funding from the Derby Enterprise Growth Fund Reserve is used on the D2 Business Development Programme, without ERDF match funding. This is subject to the approval from Derbyshire County Council of the revised proposal.

This report has been approved by the following officers:

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|---------------------------------|---|
| Legal officer | Olu Idowu, Head of Legal Services |
| Financial officer | Toni Nash, Head of Corporate Finance |
| Human Resources officer | David Cox, Head of HR |
| Estates/Property officer | |
| Service Director(s) | Martyn Marples, Director of Finance |
| Other(s) | Nick O'Reilly, Director of Digital Services |

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|--------------------------------------|---|
| For more information contact: | Mark Nash 01332 643364 e-mail mark.nash@derby.gov.uk |
| Background papers: | October 7 Cabinet Report - European Structural and Investment Fund Strategy 2014-2020 Successful Expressions of Interest and Appendix 2 - EOI Summary - Match Funding |
| List of appendices: | Appendix 1 – Implications Appendix 2 - Change between forecast and actual grant in 2016/17. |

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| IMPLICATIONS |
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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

Change in 2016/17 grant between forecast and actual.

| Grant | £ |
|---|---------------|
| Housing & Council Tax Subsidy Admin | 62,516 |
| Extended Rights to Free Travel Grant | 29,093 |
| S31 Grant - Compensation for introduction of the business rates cap | 12,620 |
| Better Care Fund | (8,000) |
| Independent Living Fund | (32,096) |
| Total | 64,133 |