

**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 capital programme
- revised schools devolved formula deficit for CYP capital Programme 2010/11
- capital Scheme Commencements
- use of reserves.

**RECOMMENDATIONS**

- 2.1 To approve the changes detailed in Appendix 2 and to amend the 2011/12 – 2013/14 capital programme.
- 2.2 To note the revised capital programme and associated funding detailed in Table 1 for 2011/12, paragraph 4.2.
- 2.3 To approve the use of the Devolved Formula Capital - DFC - allocations for 2011/12 for the relevant schools, amounting to £122,000, as detailed in paragraph 4.10.
- 2.4 To approve the temporary use of previous years unallocated CYP capital grants to fund the remaining shortfall of £311,000.
- 2.5 To approve the capital scheme commencements detailed in Appendix 3.
- 2.6 To approve the original allocation of reserve funding be maintained until the Friargate Studios project is completed.

**REASON FOR RECOMMENDATIONS**

- 3.1 As included in the report.

## SUPPORTING INFORMATION

### 4 Changes to the Capital Programme

4.1 The latest approved programme as at 15 March Cabinet was £125.8m. Various changes are now required to reduce this total by £1.0m making a revised capital programme total of £124.8m. Table 1 shows the changes and revised 2011/12 programme.

### 4.2 Table 1 - Revised Capital Programme 2011/12

<b>Table 1 – Revised 2011/12 Programme and Funding</b>			
<b>Programme</b>	<b>Latest Approved (15 March Cabinet) Capital Programme £000's</b>	<b>Further Revisions (Appendix 2) £000's</b>	<b>Revised Programme £000's</b>
Children and Young People	33,212	47	33,259
Neighbourhoods	16,636	(116)	16,520
Adult Health & Housing	30,198		30,198
Resources	177		177
Chief Executive	45,387	(952)	44,435
Emergency Contingency Budget	225		225
<b>Total Programme</b>	<b>125,835</b>	<b>(1,021)</b>	<b>124,814</b>
<b>Funding 2010/11</b>			
Supported Capital Expenditure (Revenue)	7,632	2	7,634
Supported Capital Expenditure (Capital)	19,874		19,874
Unsupported borrowing			
Corporate Programme	38,751	(8,253)	30,498
Service Financing	1,536	7,301	8,837
Service Financing Spend to Save	3,434		3,434
Housing major repairs allowance	9,280		9,280
Government grants	21,888	(116)	21,772
Capital receipts	11,261		11,261
External contributions	459		459
Lottery	0		0
Capital Reserves	589		589
Revenue/Revenue Reserves	9,177		9,177
S106 External Contributions	1,956	44	2,000
<b>Total Funding</b>	<b>125,835</b>	<b>(1,021)</b>	<b>124,814</b>

Details of the changes are shown in Appendix 2 with a summary of some of the larger changes highlighted below:

#### 4.3 Children and Young People's Services

At the 15 March 2011 Cabinet approved a £200,000 scheme at Wren Park Primary School to extend the Foundation Stage Accommodation, funded by £115,000 Section 106 Funding and £85,000 school's funding. An increase of £47,000 is required for this scheme to ensure that the approved budget is in line with the expected tender values. This will be funded by increasing the Section 106 funding to £162,000.

#### 4.4 Neighbourhoods Directorate

##### Leisure and Culture

Four Play Area schemes have been removed from the 2011/12 programme as these schemes are budgeted and planned for completion in 2010/11.

#### 4.5 Chief Executive's Office

##### Regeneration

The addition of the new £9.65m Regeneration Fund scheme will enable the delivery of high quality commercial office space within the city. The profile of the scheme is £6.25m in 2011/12 and £3.40m in 2012/13, financed by £6.36m unsupported borrowing service financing and £3.29m capital receipts.

Cabinet approved the £1.05m scheme to purchase Sovereign & Bemrose Car Parks on the 15 March. This scheme will enable phase one of the Castleward Urban Village Scheme to be undertaken.

##### Policy and Performance

£8.3m slippage to 2012/13 is required for the Accommodation Strategy scheme due to elongated surveying work and lengthened demolition time as a result of the level of asbestos discovered in the Council House. The total capital cost of the Council House refurbishment remains unchanged, this is simply a re profiling of costs.

4.6 Cabinet is asked to approve the additions and amendments to the 2011/12 capital programme.

4.7 Table 2 shows the revised 2011/12 – 2013/14 indicative programme with the changes from above incorporated.

**Table 2 Revised Indicative Programme 2011/12 -2013/14**

Directorate	2011/12 £000	2012/13 £000	2013/14 £000
Children and Young People	33,259	28,922	5,250
Neighbourhoods	16,520	20,581	62,300
Adult Health and Housing	30,198	13,878	10,985
Resources	177	0	0
Chief Executive's	44,435	22,411	1,738
Emergency Contingency Budget	225	1,007	446
<b>Total Programme</b>	<b>124,814</b>	<b>86,799</b>	<b>80,719</b>

## Other issues

- 4.8 At the 15 March 2011 Cabinet it was reported that the 2010/11 allocation for school Devolved Formula Capital - DFC - was £3,917,415 (excluding VA schools). The 2011/12 allocation has been reduced to £787,574.
- 4.9 A further scheme for Dale Primary School has been identified within the CYP capital programme, in addition to the schemes reported to cabinet 15 March 2011, where schools were drawing down future years DFC allocations to contribute to the overall cost of their projects. The revised overall amount committed to the programme is £909,000.
- 4.10 The amount of DFC available from these schools in 2010/11 is £476,000 which leaves an overall budget pressure of £432,000. In 2011/12 the DFC required from these schools is £122,000 leaving a net deficit of £311,000 to be funded from previous year's unallocated CYP grants. Table 3 summarises the updated position.

**Table 3 DFC Deficit**

	DFC committed to Capital Programme	DFC funds available in 2010/11	Deficit to Fund 2010/11	Amount of 2011/12 Allocation Required	Remaining deficit requiring offsetting
	£000	£000	£000	£000	£000
Primary schools	835	407	(428)	117	(311)
Special Schools	74	69	(5)	5	0
<b>Total</b>	<b>909</b>	<b>476</b>	<b>(432)</b>	<b>122</b>	<b>(311)</b>

### 4.11 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. The commission reports taken during January/February detail any allocations for the 2010/11 capital programme, however any in year allocations will be reported through the monthly financial matters reports as they arise. The Littleover neighbourhood board met on 14 March 2011.

### 4.12 Table 2 S106 In Year Allocations

Dept	Scheme	Developer	Site	Ward	Amount £	S106 reference number
CYP	Wren Park Primary School	Michael Goodall Homes	Crest Hotel, Pastures Hill	Littleover	46,796	CreH1-02
Total					46,796	

## 5 Friargate Studios use of reserves

- 5.1 LPSA 2 funding of £150,000, from reserves, has previously been approved for work at Friargate Studios planned to be completed during 2010/11.
- 5.2 Funding was agreed to provide acoustic remediation to the existing offices as well as sub-divide some of the larger spaces and enhance the appearance of the communal areas. This will help to improve lettings and retentions.
- 5.3 This project was also dependant upon ERDF funding being received. There have been delays in negotiating with emda on the terms and conditions of the funding contract, which is now in its final stages. Due to the ERDF contract not yet being in place, the improvement work has not yet begun or any of the reserve funding utilised.
- 5.4 It is proposed that cabinet approve the use of this reserve in 2011/12.

### OTHER OPTIONS CONSIDERED

6. None.

This report has been approved by the following officers:

<b>Legal officer</b> <b>Financial officer</b> <b>Human Resources officer</b> <b>Service Director(s)</b> <b>Other(s)</b>	
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**For more information contact:**

**Background papers:**

**List of appendices:**

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None

Appendix 1 – Implications

Appendix 2 – Summary of Changes to the Capital Programme

Appendix 3 – Capital Scheme Commencements

## IMPLICATIONS

### **Financial**

- 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.

### **Carbon commitment**

- 6.1 All capital schemes make considerations to the Council's policy.

### **Value for money**

- 7.1 As outlined within the report.

### **Corporate objectives and priorities for change**

- 8.1 These recommendations, where relevant, are in line with approved budgets which accord with the Council's corporate priorities.

Summary of further changes to the capital programme 2011/2012	Latest Approved Capital Programme 2011/12 £000	Revised Capital Programme 2011/12 £000	Change £000	Category
<b>Children &amp; Young Peoples Department</b>				
New Scheme at Wren Park Primary to extend Foundation Stage Accommodation, part funded by Section 106 receipts	200	247	47	R1
<b>Total changes to Children &amp; Young Peoples Department</b>	<b>200</b>	<b>247</b>	<b>47</b>	
<b>Neighbourhoods</b>				
<b>Leisure &amp; Culture</b>				
10/11 Play areas South Ave - Spondon	45	0	(45)	R1
10/11 Play areas Brunswood Rec - Spondon	45	0	(45)	R1
10/11 Play areas Havenbault Rec- Littleover	15	0	(15)	R1
10/11 Play areas Sunnysdale Pk - Blagreaves	11	0	(11)	R1
<b>Total changes to Neighbourhoods</b>	<b>116</b>	<b>0</b>	<b>(116)</b>	
<b>Chief Executives</b>				
<b>Regeneration</b>				
Regeneration Fund	0	6,251	6,251	R1
Purchase of Sovereign & Bemrose Car Parks	0	1,050	1,050	R1
<b>Policy Performance</b>				
Accommodation Strategy	25,667	17,414	(8,253)	S
<b>Total Changes to Chief Executives</b>	<b>25,667</b>	<b>24,715</b>	<b>(952)</b>	
<b>TOTAL CHANGES TO PROGRAMME</b>	<b>25,983</b>	<b>24,962</b>	<b>(1,021)</b>	

Key of Categories	
<b>A</b>	Additional schemes from new funding secured
<b>A1</b>	Scheme increase funded by previous years reserves income
<b>S</b>	Re-phasing
<b>R1</b>	Other Adjustments - Scheme Reductions/Increases
<b>Re-allocation:</b>	
<b>R2</b>	Within Department's programme
<b>R3</b>	To different Departments programme

## Scheme Commencements

Approval is sought for the following scheme commencements. Proposed funding details are shown below.

- Accommodation Strategy-The Council House Refurbishment Scheme**

Budget	£'000
2009/10	85
2010/11	1,978
2011/12	17,414
2012/13	14,156
2013/14	427
<b>Total Expenditure</b>	<b>34,060</b>
<b>Funding</b>	
Unsupported Borrowing Corporate Resources	33,860
Capital Receipts	200
<b>Total Funding</b>	<b>34,060</b>

- Purchase of Sovereign and Bemrose Car Parks**

Budget	£'000
2011/12	1,050
<b>Total Expenditure</b>	<b>1,050</b>
<b>Funding</b>	
Unsupported Borrowing Service Financing	1,050
<b>Total Funding</b>	<b>1,050</b>