



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:
- submission of a formal bid for additional Private Finance Initiative – PFI credits for a children's centre at Lakeside primary school
 - extension of a contract with the National Children's Home – NCH – to provide a family centre in Mackworth/Morley
 - further allocation of £281,347 of the School Development Grant to support the Pupil Referral Unit
 - capital programme changes and capital scheme commencements detailed at Appendix 2
 - under Contract Procedure Rule – CPR – 6 to waive CPR 15 requirement to tender and negotiate the provision of an employee benefits package with P&MM Ltd
 - additions to the 2006/07 approved Regeneration and Community revenue and capital budgets, for new external funding totalling £304k and the bringing forward of £3.3m Inner Ring Road Integrated management scheme
 - the commencement of preliminary works on the QUAD site up to a maximum value of £100,000 prior to the main construction programme in October 2006
 - the devolvement of £521,100 of the Corporate IT assignment days 2006/7 revenue budget to departments to manage
 - waiver of CPR15 requirement to tender to enter into a contract with Anite @ Work to continue provide support and maintenance and database management for the next three years for the Revenues and Benefits existing document management system
 - amendments to the Local Transport Plan funded highways maintenance works and waiver of CPR15 requirement to tender for strengthening works at London Road.
- 1.2 Subject to any issues raised at the meeting, I support the following recommendation.

RECOMMENDATION

- 2.1 To approve the submission of a formal bid for additional PFI credits for a children's centre at Lakeside primary school.
- 2.2 To approve the extension of the existing contract with the NCH to provide a Family Centre in Mackworth/Morley (Step In Family Centre) until August 2007, and, under

Contract Procedure C6, approve a waiver of the Contracts Procedure Rule C15 relating to the requirement to obtain tenders.

- 2.3 To approve an allocation of £281,347 of the School Development Grant to the Pupil Referral Unit.
- 2.4 To approve capital programme changes and capital scheme commencements at Appendix 2.
- 2.5 To approve under CPR6 a waiver of CPR15 requirement to tender to enter negotiations with P&MM Ltd for a cost neutral employee benefits package.
- 2.6 To approve revisions to existing 2006/07 Regeneration and Community department revenue and capital budgets, consistent with the uses and conditions of the additional funding set out in section 6 of the report.
- 2.7 To approve the commencement of preliminary works on the QUAD site up to a maximum value of £100,000 prior to the main construction programme in October 2006.
- 2.8 To approve the devolvement of £521,100 of the corporate IT assignment days 2006/7 revenue budget to departments as set out in section 8.
- 2.9 To approve under CPR6, a waiver of the requirements to tender in CPR15 and enter into a contract with Anite @ Work to continue provide support & maintenance and database management for three years to 31 August 2009 for the Revenues and Benefits existing document management system at a cost of £102,649.
- 2.10 To approve amendments to the local transport plan funded highway maintenance programme as set out in section 10.
- 2.11 To approve under CPR6 waiver of CPR15 requirement to tender to let a contract with Fitzgerald to carry out London Road strengthening works at a cost of £135,000.



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SUPPORTING INFORMATION

1. Children's Services – Private Finance Initiative

- 1.1 Further to recent DfES guidance, the Council is able to submit a formal bid for additional Private Finance Initiative – PFI - credits for children's services.
- 1.2 This follows on from previous expressions of interests, which outstripped the level of funding available. The formal bid criteria has now been revised for projects that relate to:
 - advances the opportunities or facilities available to disabled children, or children with complex needs in a manner that promotes the Every Child Matters agenda
 - extends an existing PFI or planned PFI project
 - has the support of the existing contractors (where linked to an existing PFI project)
 - estimated cost of no less than £1 million
 - provides value for money.
- 1.3 The proposal is to submit a bid for additional PFI credits for around £1.5 million to build a Children's Centre at Lakeside Primary School. The school already has a Behaviour Support Unit to support pupils with Behavioural, Emotional and Social Needs, and is a PFI school as part of the Council's Grouped Schools PFI project. By providing a Children's Centre, this will allow further support to parents of children that have a high level of complex needs, and this closely meets the bid criteria. The annual charge for facilities management costs for the Children's Centre, which is estimated at £17,000 per year, would be met from the General Sure Start Grant.
- 1.4 Completed bids need to be submitted by 25 August 2006, and successful bids are likely to be announced in November 2006. The cost, including consultancy, of preparing a bid is estimated at £60,000. This will be taken forward for funding from the Local Area Agreement Children and Young People's block 2006/7, to be underwritten by corporate reserves if the bid is not successful.
- 1.5 A bid for a Children's Centre at Sinfin Primary School is also being considered, but this is subject to further continuing discussions with the school in view of the revised bid criteria. If the outcome is that a strong case can be developed, a bid will also be prepared for additional PFI credits around £1.5 million for Sinfin Primary. This will

incur further preparation costs for which similar funding will be required. This will be reported back to Cabinet for approval before submission of a bid.

2. Extension of Contract with The National Children's Home to Provide a Family Centre in Mackworth/Morley

- 2.1 For the last six years the social services department has commissioned the NCH to provide a Family Centre on Stepping Lane. The Centre provides a service to vulnerable children, including children in need; children on the child protection register and looked after children and their carers. The activities held at the centre include: parenting skills training, groups to raise self-esteem, playgroups, child health clinics, assessment of children in need, crèche places, therapeutic play activities, respite care and contact sessions for looked after children.
- 2.2 The contract expires on 31 August 2006 and an extension to 31 August 2007 is sought to allow time to consider a new contract which will integrate the centre with other children's services in the area. It will be on the same terms and budget provision exists.
- 2.3 The contract has already been running for six years and the services provided are of a good standard. There are advanced plans to integrate Step In Family Centre with Mackworth/Morley Sure Start to form a Children's Centre and some Sure Start staff are already being managed by Step In. However, it is necessary to await developments of the integration of services in Area Panel 1 before a new contract can be drawn up.
- 2.4 Step In Family Centre provides a range of supportive services to vulnerable children and their families. Increasingly, the Centre is concentrating on the most vulnerable children with level 3 and level 4 needs i.e. children at risk of significant harm and at risk of becoming looked after; as well as children already in the looked after service.
- 2.5 The plan is for the next contract to include arrangements for integrating all services to children in the area. It is the Government's expressed intention (Every Child Matters) that Local Authorities should set up Children's Centres to provide services needed by vulnerable children and to include the voluntary sector in those centres.

3. School Development Grant

- 3.1 The DfES has determined the final allocation of School Development Grant. This is the main element of the Standards Fund and amalgamates a number of formerly separate grants. Most has already been devolved to schools in their initial budgets, while some has been retained centrally to support existing activity, though this is restricted to the same cash amount as last year. The calculation for individual schools is mainly based on the total of the predecessor grants for that school.
- 3.2 The final allocation for 2006/07 is £12.303m. This is £181,000 higher than already allocated or committed, mainly because the predecessor grants had not been fully allocated at the time the budget was set or were allocated for one-off purposes. In addition, there is a £100,000 underspend on the 2005/06 Standards Fund for Advanced Skills Teachers (ASTs), which was ring-fenced. This can be used up to the end of August 2006, so it is proposed that this is used to fund AST costs during summer term 2006. The total additional amount available is, therefore, £281,000, of

which £100,000 is one-off. This has to be devolved to schools, which can include the Pupil Referral Unit -PRU

3.3 Schools Forum, at its meeting on 13 June 2006, supported the Council's proposal to use the additional funding to allocate £151,347 to the PRU for ...

- Early Years Intervention Team (£49,051)
Appoint two level 3 teaching assistants to work with this team. These posts would support pupils with challenging behaviour in the foundation stage and a range of early year's settings. The staff would also provide support and training to staff on behaviour matters.
- Key Stage 1 and Key Stage 2 Nurture Groups – Beaufort and Lakeside Primary Schools (£28,803)
Both schools provide intensive support and teaching to pupils at risk of exclusion or have been permanently excluded from other primary schools. It is proposed to appoint a Family Officer to work with children, their families, other agencies and schools who refer pupils to this provision. This post will be line managed through the multi agency support team manager based at Pear Tree House. The role and job description of this post will reflect a similar post already established within the Behaviour Improvement Programme.
- Complex Case Worker – Key Stage 4 (£28,803)
This is a development post to support the collaboration between secondary schools in managing and facilitating alternative provision packages for KS4 pupils at risk of school exclusion. The post holder will help schools in identifying options for pupils at risk, secure attendance of pupils at alternative providers and quality assure provision made.
- Key Stage 3 and 4 Non Violent Crisis Intervention - NVCI - Training (£9690)
To support a one off request from the Educational Psychology Service to provide training in non violent crisis intervention. NVCI is training in de-escalation techniques and strategies to prevent violence in schools. This course will equip staff to achieve instructor status for their own school staff. One training place would be offered to six schools and involve a four day intensive residential course.
- Joint project between Primary National Strategy - PNS - Inclusion Team and Behaviour Improvement Programme - BIP- (£35,000)

3.4 Whilst fixed term and permanent exclusions are gradually reducing in the city, there is a need to develop sustainability of the initiatives that have been successful and embed the good practices.

3.5 Within the PNS there is £34,500 funding allocated to support the Behaviour and Attendance strand. Last year funding was used to deliver and support training on Social Emotional Aspects of Learning to 24 schools and 10 BIP primary schools. It is a priority to embed this work within these schools and disseminate further whilst building sustainability by using this year's funding to second a leading lead behaviour professional for one day per week as a consultant, coach supported by Inclusion Consultant. With additional funding this time could be increased to two

days at a cost of £10,000. This would provide extra support for schools and an essential Key Stage 2 /3 link.

- 3.6 Currently support is provided to 10 BIP primary schools They are able to offer strategic and operational support including coaching and delivering training packages. By funding a Higher Level Teaching Assistant for one day per week at a cost of £10,000, the team would be able to extend their support to include other primary schools in the city.
- 3.7 One of the major successes of the BIP programme has been the role of the Lead Behaviour Professional in the school. The training packages have developed their use of local data to inform strategic and operational decisions informing the Senior Leadership Team. Using local data we would like to develop this role in a further five primary schools at a cost of £15,000 – £3,000 per school.
- 3.8 The PRU funding would also be built into its base allocation for 2007/08.
- 3.9 It is proposed that the balance of £130,000 be allocated to the Pupil Referral Unit to meet the ongoing costs of security at the Village site (over £40,000 annually), previously funded by a corporate budget, and to provide education for around 10 pupils with complex special educational needs who it has not been possible to place in non-maintained schools or who have been excluded from the Council's own special schools. The security costs will be needed until September 2007, when the new PRU building is complete.

4. Capital Programme Changes and Capital Scheme Commencements

- 4.1 Council Cabinet approval is sought, as required by Financial Procedure Rules, to the capital programme changes and capital schemes commencements reports at Appendix 2 for schemes in the approved programme over £100,000.
- 4.2 The revised budgets include slippage from 2005/6, as included in the Capital Outturn 2005/6 report on this agenda for approval and in addition to the 2006/7 programme.

5. Employee Benefits

- 5.1 P&MM Ltd have in the past offered an employee benefits package which included discounts on a range of goods and services covering travel, motoring, shopping and health/fitness. The scheme was cost neutral as costs used to be able to be covered by the reduction in employers' NI accruing from the salary sacrifice elements, principally the Home Computer Initiative - HCI. It won a string of industry awards and was successfully used at Nottingham City Council. The attractiveness of the P&MM model was dented when the Chancellor removed the HCI scheme in his 2006 budget.
- 5.2 P&MM have now repackaged their scheme using the still-existing provisions that allow employers to offer bikes and bus season tickets for commuting to work on salary sacrifice. This revised package ties in with our travel plan in that it uses a tax break to incentivise green travel, and savings could be re-invested into enhancing the attractiveness of bus commuting.

- 5.3 P&MM also offer an Employee Assistance Programme that provides qualified telephone counselling and legal advice, which will be looked at to see if it can be included in the package for City Council employees.
- 5.4 Only P&MM appears to offer this degree of integration in employee benefit provision and a cost-neutral model. As a concession contract, the proposal would not be caught by the EU procurement rules. A waiver from Contract Procedure Rules is required in order to avoid tendering and enter negotiations directly with P&MM Ltd on a cost neutral basis.

6. Additional Funding Allocations – Regeneration and Community Department

- 6.1 The Cabinet report accompanying the Council's 2006/7 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.
- 6.2 Since the budget report, several additional sources of funds have been granted. The new sources of funds and application of such funds are set out below ...
- Highways Special Grant – a grant of £107,204 has been received in respect of previously detrunked A6 and A52 roads. This grant is in lieu of an allocation through the FSS funding formula. It is proposed that this is added to the highways maintenance budget as it has previously been since first received in 2002/03. The responsibility for the maintenance on these detrunked roads lies with the Council as highways authority
 - ErBan – an ERDF grant of £81,350 towards a business energy advice project totalling £101,810 has been approved. This project is predominantly externally funded with Council matched funding from within existing revenue resources. The project runs from June 2006 to December 2007 with a forecast grant profile of £40,095 in 2006/07 and £41,255 in 2007/08
 - Inner Ring Road Integrated Maintenance Scheme – DfT have approved an advancement of the 2007/08 grant allocation for the IRRIMS scheme into 2006/07. The improvement work is planned to progress so that the project is completed by March 2007, earlier than previously planned. This early finish depended on the 2007/08 funding of £3.332 million being paid in the current financial year.
 - Museums Renaissance Fund - In the spending round 2004-6 Renaissance East Midlands provided funding towards improving the Derby Museums Service. The Renaissance business plan 2006-8 has provided funds for the extension of the programme until March 2008 totalling £317,416 of which £116,116 relates to 2006/07. This funding will extend existing posts, create some new posts and provide additional scheme funding.

7. QUAD

- 7.1 Necessary preliminary investigative work is required to establish the underground features of the QUAD site as the current evidence is inconclusive. The work is required in order to guide the construction programme and minimise delays and financial risk later in the construction timetable. The funding for the investigative work is contained within the overall QUAD capital budget. Cabinet are asked to approve the commitment to these works up to a maximum of £100,000

8. **Devolvment of Capita Assignment Days**

- 8.1 Chief Officer Group has agreed proposals to devolve some of the centrally held budget for assignment days to departments. This will give departments more control in the use of these days and give them more accountability and flexibility in their total use of IT resources. Currently, the corporate IT budget pays for departmental projects under 3 days, with departments paying for days for projects of greater than 3 days – under these proposals departments will pay for all of their assignment day usage including support, installations and project work.
- 8.2 The budgets to be devolved to departments have been calculated based on the average usage of available days over the last 3 years. The corporate budget is based on 1,350 days available to departmental projects and 500 days for corporate projects. Because judgements have had to be made about the movement of services under the new corporate structure, it is proposed to review the position after six months.
- 8.3 The budgets to be devolved are:

Department	Days allocated	Devolved budget at £386 per day
Children and Young People	258	£99,588
Corporate and Adult Social Services	247	£95,342
Environmental Services	175	£67,550
Regeneration and Community Resources	337	£130,082
	333	£128,538
Total	1,350	£521,100

- 8.4 The balance of 500 days for corporate projects will continue to be held within the corporate IT budget.

9. **Revenues and Benefits document management system support contract**

- 9.1 Anite @ Work currently provide the support, maintenance and database management for the Revenues and Benefits document management system. The contract expires on the 31 August 2006.
- 9.2 As this system will continue to be used after August, it requires Anite @ Work to continue to provide this service.
- 9.3 Council Cabinet approval is sought to waive the requirement to tender and enter into a three year contract directly with Anite @ Work. The cost would be £102,649 and on-going budget provision is available.

10. **Proposed changes to the 2006/7 Highway Maintenance Programme**

- 10.1 Three unforeseen Highway Maintenance issues have arisen which will require major works to be carried out this financial year but there is no financial provision within the 2006/7 Highway Maintenance budget. It is proposed to postpone one of the

approved carriageway reconstruction schemes in the 2006/7 Local Transport Plan – LTP - funded Highway Maintenance programme and substitute the three schemes in its place.

10.2 The scheme to be postponed is Ascot Drive (Osmaston Road to Longbridge Lane) with an estimated construction cost of £237,000. It is the scheme with the lowest priority in the approved programme.

10.3 The three schemes to be substituted are ...

- a. London Road (The Spot to Traffic Street). Westfield is required to resurface this section of road under a Section 278 Agreement and have indicated that they will be carrying out these works later this summer. However, the condition of the road is such that major strengthening is required and any resurfacing would have a short life without it. The strengthening works therefore need to be carried out in advance of their resurfacing. As Westfields already have road construction contractors, Fitzgerald, on site, it makes sense for them to carry out the works. A price has been negotiated with Westfield for the strengthening works of £135,000. It is estimates that this is the value that the works would cost if we went out to tender. Negotiations are taking place with Westfield for a contribution to the cost which may increase if additional works are required
- b. Winchester Crescent, Chaddesden. There has been a rapid deterioration of the surfacing of this road. It is essentially a concrete road, which has received a tarmac overlay in the past. This overlay is stripping off in areas causing a potholed effect. The problem is widespread and total resurfacing with a specialist material is required fairly urgently as a safety measure and to protect the Council from possible claims. The cost of this work is estimated at £35,000
- c. A52 eastbound carriageway (Pentagon to Raynesway). There has also been a rapid deterioration in the surfacing on sections of this road. The original road surface was subject to an overlay of Stone Mastic Asphalt material a few years ago, but this has started to strip off in places. Patching works have been carried out but it is now appropriate to completely resurface some sections. There is already an approved scheme within the LTP programme for carrying out repairs to the A52 slip road off to Raynesway. These works could be carried out as an extension to this scheme. At this stage the costs of these works are not known, but it is considered that they can be funded from the balance of the funding available from postponing Ascot Drive and carrying out the above schemes.

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Background papers:	None
List of appendices:	Appendix 1 – Implications Appendix 2 – Capital programme changes and scheme commencements

IMPLICATIONS

Financial

- 1.1 As detailed in the report

Legal

2. As detailed in the report.

Personnel

3. As detailed in the report in relation to an employee benefits package.

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.

Capital programme changes and capital schemes over £100,000 commencement reports 2006/7.

Children and Young Peoples Services Capital Programme

1. Portway Junior School Classroom Extension

Revised Budget	£
2006/07	199,000
2007/08	11,000
Total	210,000
Funding	
S106	61,000
Devolved Contributions	149,000

2. School Glazing repair & replacement programme

Revised Budget	£
2006/07	229,000
Total	229,000
Funding	
Government Grant	229,000

3. Brackensdale Infants School Structural Repairs

Revised Budget	£
2006/07	240,000
2007/08	10,000
Total	250,000
Funding	
Government Grant	25,0000

4. Brackensdale Junior School Autistic Unit

Revised Budget	£
2006/07	539,000
2007/08	16,000
Total	555,000
Funding	
Government Grant	555,000

5. Derwent Community Primary Roof Modifications

Revised Budget	£
2006/07	95,000
2007/08	5,000
Total	100,000
Funding	
Government Grant	100,000

6. Shelton Junior School replacement Heating System

Revised Budget	£
2006/07	195,500
2007/08	4,500
Total	200,000
Funding	
Government Grant	200,000

7. Lawn Primary School Replace windows and Refelt Roof

Revised Budget	£
2006/07	500,000
2007/08	10,000
Total	510,000
Funding	
Government grant	510,000

8. Redwood Junior School replacement boilers.

This scheme is to replace obsolete boilers which have failed. This is an urgent health and safety project that will prevent future school closure. The work is scheduled to be undertaken over the summer break, as this is the only convenient time prior to the next heating season. The total cost of the project is £90,000, to be funded from New Deal for Schools Modernisation funding, £56,347, and the balance of £33,653 from the Schools devolved budget. This new scheme requires adding to the capital programme.

Revised Budget	£
2006/07	90,000
Total	90,000
Funding	
Government grant	56,347
Devolved	33,653
Contributions	

Environmental Services

9. Chaddesden Park Play area refurbishment of play area and wheeled sports

Revised Budget	£
2006/07	150,000
2007/08	149,000
Total	299,000
Funding	
Unsupported	73,000
Borrowing	
Lottery	220,000
S106	6,000

10. Rykneld Recreation Ground Refurbishment of Play Area

Revised Budget	£
2006/07	80,000
2007/08	0
Total	80,000
Funding	
S106	40,000
Unupported	40,000
Borowing	

11. Racecourse Improvements

Revised Budget	£
2006/07	288,000
2007/08	725,000
2008/09	625,000
2009/10	50,000
Total	1688,000
Funding	
Lottery	300,000
Unsupported	250,000
Borrowing	
Contributions	600,000
S106	38,000
Government Grant	500,000

12. Erection of Modular Office building on Stores Rd Depot

Revised Budget	£
2006/07	510,000
Total	510,000
Funding	
Capital receipts	430,000
Contributions	80,000

13. Sherwood Recreation Ground Refurbishment of Playground and replacement fencing

Revised Budget	£
2006/07	84,000
Total	84,000
Funding	
Unsupported Borrowing	30,000
Government Grants	39,000
Contributions	15,000

14. Church St Normanton Refurbishment of Children's Play Area

Revised Budget	£
2006/07	108000
Total	108,000
Funding	
Unsupported Borrowing	23,000
Government Grants	56,000
S106	19,000
Contributions	10,000