



DERBY CITY COUNCIL

**COUNCIL CABINET
15 MARCH 2005**

ITEM 20

Report of the Director of Finance and
Director of Corporate Services

Contract and Financial Procedure Matters Report

RECOMMENDATION

- 1.1 To approve the funding of the phase 2 ICT and e-Business Restructure and associated revenue budget virements as detailed at paragraph 2.1.
- 1.2 To approve the waiver of contract procedure rule, CPR, 15 tender requirements and award a contract to The Irongate Group Limited for design, printing and production of the Derby Joint Local Transport Plan: 2006-2011, LTP2, and associated documents.
- 1.3 To approve, under CPR24, the award of a contract to NPM Ltd until 31 March 2006, for the printing of Council Tax, Business Rates, Housing & Council Tax Benefit and Payroll documents.
- 1.4 To approve the waiver of CPR15 tender requirements and award a contract to British Trust Conservation Volunteers for the provision of a two year "Green Gym" project at Osmaston Park at a cost of £50,000.
- 1.5 To approve, in principle, a funding agreement with the Arts Council for the Quad scheme, including clawback and other terms as explained in paragraph 2.5.
- 1.6 To approve the commencement of spending on the Quad scheme Architects fees only at a total estimated cost of £xxx funded from the Arts Council.
- 1.7 To approve a one-off budget transfer of £60,000 from Environmental Health and Trading standards forecast underspendings 2004/5 to implement a replacement IT system.
- 1.8 To approve an 8 month extension to the cash collection contract to December 2005.
- 1.9 To approve the payment of £100,675 to Walbrook Housing Association to complete 49 individual Disabled Facility grant application works.

2.1 Phase 2 ICT and e-Business Restructure

- 2.1.1 The growing demands for technology to be deployed and utilised to deliver real and sustained service and performance improvements requires a functional, flexible and responsive IT infrastructure.
- 2.1.2 The technical elements of this infrastructure requirement are currently being deployed across the Council but there is a compelling need to back this technical development with the associated skilled resources to be able to develop the technology to support and, where appropriate, lead and drive the use of technology to improve service delivery and performance as well as enabling and supporting Gershon efficiency savings. At present this often has to be resourced externally which is not sustainable and is not always the best value option.
- 2.1.3 The proposed restructure of the ICT and e-Business units covers:-
- Effective in-house exchange management for technology projects covering process reviews, project and programme management .
 - Realisation of technology benefits and information management
 - Integration of voice and data telecoms and network strategy.
- 2.1.4 The restructure proposes 5 new posts:
- Two Business Solutions Analysts
 - An Information and business Systems Manager
 - Property Information Officer (making substantive the existing temporary LLPG Officer
 - IT Procurement/Project Manager (replacing the current seconded at a cost saving of £60K pa)
- 2.1.5 The new posts will cover work requirements that would otherwise have been resources externally, at a greater cost. The additional staffing cost of the restructure will be £200K. This will be funded by the following budget virements:
- £75K out of the core ICT budget which is currently funding external resources
 - £84K from the e-Derby budget, in place of the current £110k spent on external resources
 - £42K as a spend to save initiative from the pump priming fund, which will cover the IT Programme/Project Manager post for one year. Ongoing costs will be recovered from on charges to project costs as a direct replacement and saving on external project management costs.

2.2 Waiver of CPR 15 tender requirements – Derby Joint Local Transport Plan printing

2.2.1 The Department for Transport, DfT, guidance on the development and production of the LTP includes four documents that need to be produced within 18 months and submitted to DfT. These are:

- Provisional LTP must be submitted by 29 July 2005
- Annual Progress Report must be submitted by 29 July 2005
- Final LTP must be submitted by 31 March 2006
- LTP1 Review must be submitted by 31 July 2006

In addition, there will also need to be technical appendices and consultation materials.

2.2.2 The Transportation and Public Transport Group are well underway on the development of the provisional LTP. However, the development of each of the above documents requires a complex iterative process that involves a detailed understanding by the designers/printers of the LTP process and its associated deadlines. The four documents will also be closely linked to each other, so there would be benefits and savings resulting from using one designer/printer, as they will be able to use existing templates and information as documents are developed and prepared. In addition, consistency will be apparent and they will be able to maintain a document management system that meets our needs.

2.2.3 Irongate Group have worked closely with the Council for approximately three years on previous Annual Progress Reports and consultation materials. They are well aware of the Councils Plain English procedures and corporate layouts as well as DfT's requirements on reporting procedures. Their work is always of exceptional standard and completed within agreed timescales and budgets.

2.2.4 Early engagement of the designer/printer also means that they can be involved at an early stage on design principles whilst officers concentrate on writing an LTP that meets the complex requirements of DfT and yet means something to local residents.

2.2.5 It is proposed, therefore, to waive the tender requirements in CPR15 for contracts over £20,000 and award the contract to Irongate Group.

2.2.6 Total costs will be in the region of £36,000 and will be met by Transportation revenue budgets over the two financial years of 2005/06 and 2006/07.

2.3 CPR24 Award of Contract - printing contract for Revenues & Benefits and Payroll

2.3.1 The contracts for printing Council Tax & Business Rates bills and recovery documents and for printing Payroll documents are due to expire on 31 March 2005.

2.3.2 Evaluation of bids following a competitive tendering exercise showed our existing supplier NPM Ltd to be the most favourable bid in terms of quality and relevant experience in all aspects of the work required, but not the lowest cost.

- 2.3.3 The difference in tendered cost, from the lowest bidder, is £17,483.02 or 21%. Award of a contract not to the lowest where the difference is more than £5,000 or 5% than the lowest requires Council Cabinet approval. It should be noted that once all additional costs to operate the contract have been taken into account, the NPM Ltd contract is only estimated to be approximately £4,483.00 or 4.7% higher than the lowest tender. Tender cost details are provided at Appendix 2.
- 2.3.4 Benefits from a contract with NPM Ltd will be:
- Continuity of service maintained without the teething problems usually encountered when documents have to be set up from scratch with a new supplier.
 - No problem in maintaining existing tight turnaround times for the return of documents. NPM Ltd is based in Derby so there is the lowest risk of experiencing delays in returning documents due to transit problems.
 - All of the documents involve sensitive information and are highly time critical. Any increase in the time taken to produce and return them to Derby City Council would be detrimental to our service.
- 2.3.5 The NPM Ltd contract cost of £99,454.80 to 31 March 2006 can be met from Revenues and Benefits and Payroll printing budgets.

2.4 Waiver of CPR15 tender requirements– Green Gym project at Osmaston Park

- 2.4.1 It is proposed to introduce a two year “Green Gym” project at Osmaston Park as part of the continuing upgrade of the park. The Green Gym project offers the public the opportunity to improve their fitness by involvement in practical conservation activities such as planting hedges, creating and maintaining community gardens, or improving footpaths.
- 2.4.2 Approval is sought under CPR6 to waive the tender requirements and award the contract to the British Trust Conservation Volunteers (BTVC). This charity is the nationally recognised and only provider of the Green Gym project. There will be a Service Level Agreement with targets and outputs to be delivered by BTVC, and payment will be based on orders and invoices for services provided rather than as a grant to the organisation. BTVC will provide a Project Manager to run the project in Osmaston Park and will attract and supervise volunteers from the general public who wish to participate in the scheme.
- 2.4.3 The total value over two years is approx £50,000. A revenue budget will be created and funded from ERDF and SRB external funding secured for the project.

2.4 Arts Council Quad scheme funding – recommendations 1.5 and 1.6 *To follow*

2.6 Environmental Health replacement IT system

- 2.6.1 The current IT system used by Environmental Health and Trading Standards is no longer supported by the software company supplier. In addition this means that no system developments can be made to respond to changing service needs. A replacement system is therefore urgently required.

- 2.6.2 Other software provider options have been examined and a full tendering exercise completed. Five companies submitted a tender and following an evaluation based on suitability, efficiency, effectiveness, e-Government links and value for money FLARE software systems have been chosen as the preferred supplier. This is the lowest cost tender taking into account both implementation and on-going running costs. The system will have full integration to C.R.M., net and web systems.
- 2.6.3 The implementation cost is £60,000 comprising £35k license fees, £13k project management costs and £12k training costs. On-going annual costs are £20,000, which is in line with the annual costs of the current system provided for in the revenue budget.
- 2.6.4 The Revenue budget 2005/6 report to Cabinet on 22 February 2005 included a forecast £92,000 underspend across Environmental Health and Trading standards budgets 2004/5. It is proposed to apply this underspend in 2004/5 to fund the one-off implementation costs.
- 2.6.5 As required by financial procedure rules, Cabinet approval is sought to transfer £60,000 from forecast underspends and create the implementation budget in 2004/5.

2.7 Cash collection contract extension to December 2005

- 2.7.1 The current cash collection contract with Securicor ends in April 2005. It has an annual value of £197k and provides a diverse cash collection and banking service from council establishments including schools, housing offices and car parks. The contract is over the EC Public Procurement Directive threshold requiring advertisement in the Official Journal.
- 2.7.2 As the cash collection needs of these services is changing due to service developments and new payment methods, a detailed option appraisal taking into account developments that may change requirements need to be completed for each area before the tender specification can be completed. This cannot be adequately completed, nor can the impact of some current service developments be known, to complete the tendering exercise for a new contract start date of May 2005.
- 2.7.3 Cabinet approval is sought in principle, as required by contract procedure rules, to extend the current contract by 8 months to December 2005. If approved, terms will be agreed with Securicor to the extension following consultation with the Director of Finance. An extension of 8 months would cost approximately £132k, which is within the threshold for advertisement in the Official Journal, and included in department's revenue budgets.

2.8 Disabled Facility grants capital programme allocation to Walbrook Housing Association

- 2.8.1 As a landlord, Walbrook Housing Association have a mandatory entitlement to Disabled Facilities Grants for their tenants who are in assessed need of adaptations. Walbrook has 49 such applications amounting to a total of £201,350. These grants are normally funded 50%, with the remainder being met by the applicant.

2.8.2 It is proposed to pay Walbrook Housing Association £100,675 in lieu of separate applications on behalf of their tenants so that works can be carried out expeditiously and to relieve the administrative burden of dealing with separate applications. Walbrook has provided a costed schedule of the properties concerned. This will be paid to Walbrook in the form of a capital grant with a funding agreement and the requirement for evidence that the adaptations are actually carried out.

2.8.3 The cost will be met from the Disabled Facilities Grants budget of £1.4million in the approved Housing Capital Programme.

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Background papers:	None
List of appendices:	Appendix 1 – Implications Appendix 2 – Printing tender price schedule

IMPLICATIONS

Financial

1. As detailed in the report

Legal

2. None

Personnel

3. As detailed in the report.

Equalities impact

4. None.

Corporate objectives and priorities for change

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

REVENUES & BENEFITS AND PAYROLL PRINTING SERVICES

TENDER EVALUATION - PRICE

	Annual value in tender	Add minimum estimated data transmission costs –see note 1	Add manual handling cost – see note 2	Revised cost
Tender A	£81,971.78	£8,000.00	£5,000.00	£94,971.78
Tender B - NPM	£99,454.80	£0.00		£99,454.80
Tender C	£98,223.43	£8,000.00		£106,223.43
Tender D	£110,346.14	£8,000.00		£118,346.14
Tender E	£170,945.89	£8,000.00		£178,945.89

Note 1 Costs for transmission of data

To avoid additional delays in the output to be returned to the Council, the data must be sent in the morning of day one for it to be returned by the end of day two. It cannot wait until later in the day and be picked up by the delivery van bring our output. An estimate of the data transmission costs has been built in where not already provided for within the tender costs above, based on existing arrangements.

Note 2 – manual handling cost

The price quoted by Tender A for the Benefit Notification Letters is much lower than NPM Ltd, as they have not taken into consideration that these documents cannot be machine enclosed and require manual handling. It is estimated that this would increase costs by approximately £5,000 per year.