



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:
- approval to proposed changes to the capital programme
 - to approve in year S106 allocations
 - to enter into a revised funding agreement for the East Midlands Development Agency - EMDA - following a revised European Regional Development Fund - ERDF - application.
 - to approve a waiver of Contract Procedure Rules, Competition Requirements, for the supply of audio books and large print books to libraries
 - to approve licensed deficits for schools
 - to approve a contract extension for the Community Meals Service.

RECOMMENDATIONS

- 2.1 To approve the changes detailed in Appendix 2 and 2a and to amend the 2010/11 – 2012/13 capital programme.
- 2.2 To note the revised capital programme and associated funding detailed in Table 1 on page 3 for 2010/11.
- 2.3 To approve the in year S106 allocations as detailed in paragraph 3.10.
- 2.4 To approve a revised funding agreement with EMDA following the increased ERDF funding application to £1,550,000 as detailed in paragraph 3.8.
- 2.5 To approve a waiver of Contract Procedure Rule 8, Competition Requirements, for the supply of audio books and large print books to libraries as detailed in paragraph 4.1.
- 2.6 To approve schools licensed deficits as detailed in paragraph 5.1.
- 2.8 To approve a waiver of Contract Procedure Rule 47.3 – Contract Extensions – to approve a four month contract extension with Women's Royal Voluntary Service - WRVS - to the value of £125,000 for providing a Community Meals Service for older and disabled people as detailed in paragraph 6.1.

SUPPORTING INFORMATION

3.1 Changes to the Capital Programme

The latest approved programme as at 6 July Cabinet and including the outturn slippage also going to this Cabinet was £128.9m. Various changes are now required to reduce this total by £51k making a revised capital programme total of £128.8m. Table 1 shows the changes and revised 2010/11 programme.

3.2 Table 1 - Revised Capital Programme 2010/11

Table 1 – Revised 2010/11 Programme and Funding			
Programme	Latest Approved (8 July Cabinet plus outturn slippage) Capital Programme £000's	Further Revisions (Appendix 2) £000's	Revised Programme £000's
Children and Young Peoples Department	33,402	21	33,423
Neighbourhoods	32,652		32,652
Adult Social Care & Housing	30,051		30,051
Resources – e Services	2,856		2,856
Chief Executive	29,941	(72)	29,869
Total Programme	128,903	(51)	128,852
Funding 2010/11			
Supported Capital Expenditure (Revenue)	7,807		7,807
Supported Capital Expenditure (Capital)	34,781	110	34,891
<i>Unsupported borrowing</i>			
Corporate Programme	21,414		21,414
Service Financing	1,631		1,631
Service Financing Spend to Save	1,865		1,865
Housing major repairs allowance	8,273		8,273
Government grants	23,184	(97)	23,087
Capital receipts	11,199	(85)	11,115
External contributions	2,895		2,895
Lottery	0		0
Capital Reserves	639		639
Revenue/Revenue Reserves	14,027		14,027
S106 External Contributions	1,188	21	1,209
Total Funding	128,903	(51)	128,852

- 3.3 Details of the changes are shown in Appendix 2 which consist of reallocations within departmental programmes for CYP and Public Realm
- 3.4 Changes to the 2010/11 capital programme have a knock on effect on the indicative programme for 2011/12 – 2012/13. The summary revised totals by department for the indicative programme are shown in Table 2

Table 2 - Revised Indicative Programme 2011/12 - 2012/13

Programme	2010/11	2011/12	2012/13
	£000	£000	£000
Children and Young Peoples Department	33,423	51,287	98,071
Adult Social Care & Housing	30,051	17,189	11,362
Resources – e Services	2,856	0	0
Neighbourhoods	32,652	19,213	56,754
Chief Executive	29,869	23,698	9,750
Revised Programme	128,852	111,387	175,937

- 3.5 The figures shown for 2011/12 – 2012/13 are the indicative budgets approved by Cabinet on 16 February 2010 in the budget process for 2010/11 altered for any rephasing reported at previous cabinets and shown in Appendix 2.
- 3.6 The Fire Risk assessment allocation of £1.5m in the CYP programme has now been allocated to specific schemes with a breakdown of these and there associated funding shown for information at Appendix 2a. Scheme commencement for the block programme was approved by Cabinet on 8 June 2010 and it is therefore not proposed to request individual scheme commencements for these schemes.

3.7 **Other Issues**
Chief Executives department - Public Realm programme
Derby Railway Station Interchange Improvements

At 16 March 2010 Cabinet, scheme commencement and approval to enter into a funding agreement with East Midlands Development Agency - EMDA - for Single Programme and European Regional Development Funding - ERDF- was sought for this partnership project between Derby City Council and Derby Cityscape. Original funding as follows:

Budget	£000
2009/10	50
2010/11	1,733
Total Expenditure	1,783
Funding	
Government Grant – EMDA Single Programme ERDF	1,734
Local Transport Plan - LTP	49
Total Funding	1,783

Due to Government cuts in the EMDA Single Programme the revised funding arrangements are as follows:

Budget	£000
2009/10	50
2010/11	1,733
Total Expenditure	1,783
Funding	
Government Grant: EMDA - ERDF	1,550
LTP	158
Government Grant: New Growth Point (NGP)	75
Total Funding	1,783

3.8 The revised budget proposals assume:

- the existing ERDF funding application is increased from £875k to £1,550k - this has been endorsed by both EMDA and Derby City Partnership and approval is sought to enter into this revised funding agreement with EMDA
- the Local Transport Plan funding of £158k will be available, through a re-prioritisation of the LTP programme
- New Growth Point funding is re-allocated from the Station footbridge scheme, therefore delaying this scheme in the short term.

3.9 In addition to this revised budget proposal a contingency fund of £172k has been set up to cover any unforeseen circumstances during the construction phase. The fund is made up of Network Rail (£100k) and LTP (£72k) funds which will not be utilised should no unforeseen circumstances emerge as part of the construction phase. This contingency will result in a total budget available of £1,955k (£50k 09/10 & £1,905k 10/11) to fund the Derby Railway Station Interchange Improvements.

3.10 **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 and February 2010 detail any allocations for the 2010/11 capital programme, however any in year allocations will be reported through the monthly financial matters reports as and when known.

3.11 **Table 2** below details one such new allocation for Children and Young People's Department for one scheme.

Table 2 S106 In Year Allocations

Dept	Scheme	Developer	Site	Ward	Amount £	Checked with Planning
CYP	Ravensdale Junior Primary Capital Programme Scheme	Cameron Homes	Chatsworth Drive	Mickleover	21,062.	✓

4. **Supply of Audiobooks and Large Print Books to Libraries**

- 4.1 A number of specialist suppliers are used to supply audio books and large print materials to Derby libraries. The annual spend is in the region of £80,000 and is subject to competitive tendering requirements.

Each year we commit to order plans with these suppliers, which offer variable discounts ranging from 6% to 20%. All suppliers have special offers running throughout the year. If we worked with only one of these suppliers our audiobook and large print stock would be inadequate and the choice of titles would be very limited. The only way we can provide a wide range of choice to our readers in audio and large prints format is to work with all these specialist suppliers to ensure we have access to a wide range of titles that are currently published. A waiver from tendering requirements is requested in order that the use of multiple suppliers can be maintained.

5. **Schools Licensed Deficits**

- 5.1 Cabinet approval is sought for schools licensed deficits. The Scheme for Funding Schools, the financial governance arrangement, states that no licensed deficit must exceed 5% of the revenue budget and can only be for a maximum of three years after which the school should be back in balance. All schools applying for deficits must submit a 3 year budget plan.

- 5.2 The following schools require a licensed deficit. Some deficits are applied for retrospectively where the 09/10 outturn has resulted in an unplanned deficit.

5.3 **Alvaston Junior**

A licensed deficit of £35,004 for the financial year 2009/10 (applied for retrospectively) which is 2.79% of the schools revenue budget and a licensed deficit of £10,000 for the year 2010/11, 0.78% of the revenue budget with the school coming back into balance by March 2012.

5.4 **Borrowood Junior**

A licensed deficit of £9,536 for 2009/10 only, which is 1.74% of the revenue budget. The school has set a balanced budget for the year 2010/11.

5.5 **Brackensdale Infants**

A licensed deficit of £7,518 for 2009/10 only, which is 0.64% of the revenue budget. The school has a set a balanced budget for the year 2010/11.

5.6 **Derwent Community Primary**

A licensed deficit of £8,114 for 2009/10 which is 0.99% of the revenue budget and a licensed deficit of £5,195 for 2010/11, 0.6%. The school's budget plan shows the school coming back into balance by 2011/12.

5.7 **Markeaton Primary**

A licensed deficit of £55,129 for 2009/10, 4.56% of the revenue budget and £7,385 for 2010/11, 1.19%. The school's plan show that they will be back in balance by 2011/12.

5.8 Ravensdale Infants

A licensed deficit of £12,971 for 2010/11, 1.79% of the revenue budget.

5.9 Merrill College

The school already has an approved licensed deficit for 2009/10 of £45,000 but this needs adjusting retrospectively to reflect the actual 2009/10 outturn. The deficit required for 2009/10 is £144,971, 2.79% of its revenue budget.

5.10 Ivy House Special School

A deficit of £44,212 is required for 2009/10, 2.53% of the revenue budget. The school has approved plans to be back in balance by March 2011

6. Contract Extension for Community Meals Service

6.1 The Community Meals Service has been provided by the Women's Royal Voluntary Service - WRVS - since 1 December 2006 when it won the contract after an open competition. The service delivers hot meals to older and disabled people who have been assessed by Council social care staff as needing this support. The Council has a statutory duty to deliver this or a comparable service.

6.2 The service has received good customer feedback with very few complaints. The contract was set up to run until 30 December 2008 with an option to extend by a further two years which was exercised when it became apparent that quality was good and cost remained competitive. Therefore the current contract end date is 30 November 2010.

6.3 The current contract works on a cost and volume basis which means that the contract value depends on the number of people who are assessed as eligible for this service at any one time. The annual contract value at present is £550,000 and therefore the value of a 4 month extension is estimated to be £183,000. However, the Council charges service users for each meal delivered, and the net cost of this extension incorporating this is anticipated to be £125,000.

6.4 An extension is requested for the following reasons ...

- The Council will be re-tendering the community meals service with the aim of developing a more personalised approach to meals that further increases the choice and control available to service users. The extension will provide the time that is required to develop the specification for the new service so that it achieves the best balance between choice, quality and value.
- User feedback indicates that the quality of the current service remains good.
- The unit cost of the service has remained the same for the last two years. Discussion with WRVS on a without-prejudice basis has indicated they are amenable to existing prices being applied to the four month extension.

For more information contact:	Alison Parkin, Head of Finance for Children and Young People 01332 716872 e-mail alison.parkin@derby.gov.uk
Background papers:	None
List of appendices:	Appendix 1 – Implications Appendix 2 – Summary of changes to the capital programme Appendix 2a – School Fire Precautions Works

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.

Corporate objectives and priorities for change

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

Appendix 2

Summary of further changes to the capital programme 2010/2011				
	Latest Approved Capital Programme 2010/11 £000	Revised Capital Programme 2010/11 £000	Change £000	Category
Children & Young Peoples Department				
Oakwood Junior School replace clearstorey windows & leaking flat roof	75	90	15	R2
Schools Devolved Funding (funding source) allocations to the scheme above	4,200	4,185	(15)	R2
Various Schools Fire Precaution Works	1,835	1,500	- 335	R2
Ravensdale Junior School Primary Capital Programme scheme - add in £21k Section 106 funding and reduce by £21K Primary Capital Programme funding	310	310	-	R1 /R2
Primary Capital programme (funding source) add back £21k and £335k from the two schemes above	126	482	356	R2
Unallocated Sure Start Early Years Capital Grant	936	861	(75)	R2
First Steps Nursery Expansion to increase places	-	75	75	R2
Total changes to Children & Young Peoples Department	8,196	7,503	21	
Chief Executive's Department				
Roundhouse / Station Footbridge - re-allocation to Derby Railway Station Interchange Improvements	77	-	(77)	R2
Derby Railway Station Interchange Improvements to scheme below	1,733	1,809	77	R2
Derby Railway Station Interchange Improvements - reduction in EMDA funding	1,809	1,734	(75)	R1
C003040 - Full St Corridor / Heritage Walk (Ph1 is Morledge/Corporation Street) - Detailed Design	193	155	(38)	R2
C003062 - PR Contingency	590	628	38	R2
C003024 - Building Frontage Enhancement Scheme	532	535	3	R1
Total changes to Chief Executive's Department	4,934	4,862	- 72	
TOTAL CHANGES TO PROGRAMME	13,130	12,365	(51)	

Key of Categories	
A	Additional schemes from new funding secured

A1	Scheme increase funded by previous years reserves income
S	Re-phasing
R1	Other Adjustments - Scheme Reductions/Increases
Re-allocation:	
R2	Within Department's programme
R3	To different Departments programme

Schools Fire Precaution Works following Fire Risk Assessments 2010-11. Allocations to 27 July 2010

School	Scheme description	Cost of scheme	Modernisation Funding 2009/10	Modernisation Funding 2010/11	Devolved contribution 2009-10	Devolved contribution 2010-11	Total
Ashgate Primary Summer 2010	FRA works - slipped to 2010/11. Upgrade of fire alarm system, replacement internal doors, new exit doors and ramps.	200,000	75,000	60,468	26,727	37,805	200,000
Oakwood Infants Summer 2010	FRA - works slipped to 2010/11.	41,500	14,631		26,869		41,500
Rosehill Infants - now Summer 2010	Fire doors, fire alarm, separation of main hall. Also SAI project (asbestos issue) and roofing works (school project)	300,000	120,000	105,715		74,285	300,000
St Giles Special School now Summer 2010	L1 Fire Alarm, separation doors. Also alteration project.	70,000		45,352		24,648	70,000
Derwent Community Summer 2010	Cloaks, lack of fire exits in hall, fire protection in voids. Also school project for nursery refurbishment, car park, roofing inner quads (steel/vandal resistant - £30k) and kitchenette	90,000		56,726		33,274	90,000

Carlyle Infants Summer 2010	Fire Risk Assessment including upgrading of fire alarm, fire doors and separation	110,000		71,440		38,560	110,000
St Chad's Infants Summer 2010	Fire Risk Assessment including upgrading of fire alarm, fire doors and separation	90,000		63,247		26,753	90,000
Boulton Primary Summer 2010	Fire Risk Assessment including upgrading of fire alarm, fire doors and separation	160,000		103,922		56,078	160,000
Borrow Wood Junior Summer 2010	Fire Risk Assessment including upgrading of fire alarm, fire doors and separation works joined with re-wire project	140,000		140,000		0	140,000
Portway Infant	Fire Risk Assessment works including upgrading of fire alarm, fire doors, cloakrooms and separation, kitchen shutter	80,000		64,167		15,833	80,000
Nightingale Junior Summer 2010	Fire Risk Assessment including upgrading of fire alarm, fire doors, storeroom and separation works. School summer project - replacing damaged floors	140,000		130,518		9,482	140,000

Springfield Primary Summer 2010	Fire Risk Assessment including upgrading of fire alarm, fire doors and separation. Possible school project - external wall rendering and playground work	110,000		91,941		18,059	110,000
Estimated totals		1,531,500	209,631	933,496	53,596	334,777	1,531,500

Unallocated balance at 27 July 2010							375,500
2010-11 Budget (including slippage from 2009-10)							1,907,000