



Derby City Council

COUNCIL CABINET
18 January 2017

Report of the Leader of the Council

ITEM 13

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:
- Award of grant
 - Establishing a new reserve
 - Submission of an Expression of Interest to bid for funding
 - Changes to the current 2016/17 Capital programme
 - Use of reserves and contract appointment.

RECOMMENDATION

- 2.1 To approve a grant of £220,000 to Ripplez as match funding to the Pause project, as detailed in section 4.
- 2.2 To approve the establishment and intended use of a sinking fund reserve for Parklands View Extra Care Scheme, as detailed in section 5.
- 2.3 To work with key strategic partners to develop a Stage 1 Expression of Interest (EoI) application to be submitted to Sport England by 27th January 2017, as detailed in section 6.
- 2.4 To approve the changes, including additions, to the capital programme detailed in section 7 and Appendix 2 & 3.
- 2.5 To approve the use of £8,600 section 106 funding for public realm revenue costs, as detailed in section 8.
- 2.6 To approve the transfer of £36,176 section 106 funding to the NHS, as detailed in section 8.
- 2.7 To approve the use of up to £450,000 from the Budget Risk Reserve to fund required 2016/17 asset valuation work, as detailed in section 9.

2.8 Approval is also requested to delegate the formal appointment of the external valuers, through appropriate procurement mechanisms, to the Strategic Director of Communities and Place, in consultation with the Director of Finance, as detailed in section 9.

REASONS FOR RECOMMENDATIONS

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



SUPPORTING INFORMATION

4 Award of grant to Ripplez

- 4.1 The national Pause project is a Department for Education (DfE) programme to break the cycle of mothers repeatedly having children removed from their care. The programme intervenes to support mothers with therapeutic, behavioural and practical support. It is designed to help mothers take a pause from additional pregnancies and change behaviours, improving outcomes for both mothers and children.
- 4.2 The DfE has awarded £220,000 from the Innovation Fund to Ripplez to run a Derby based Pause project. Ripplez is a social enterprise community initiative company established in 2011. Part of the DfE award requirements is a match funding contribution of £220,000 from Derby City Council. As well as benefiting the individuals involved, it will also help avoid additional care proceedings and foster costs which will have a significant impact on future Council spending.
- 4.3 The initial project and required funding of £220,000 has already been approved by the Delivering Differently board, however to comply with financial procedure rules the subsequent grant award requires cabinet approval.
- 4.4 It is recommended that a grant of £220,000 (as match funding to the DfE award to Ripplez) is approved. The grant will be paid over an 18 month period.

5 Parklands View Sinking Fund Reserve

- 5.1 The service charges for Parklands View Extra Care scheme were set and introduced during 2016/17 under delegated powers to the Strategic Director of Communities and Place in consultation with the Cabinet Member for Urban Renewal.
- 5.2 The service charges include contributions to a sinking fund/reserve to renew areas and replace equipment in the scheme. The items identified for sinking fund service charges and therefore the intended use of the reserve at Parklands View, which will therefore be ring-fenced, are:
- Communal Heating System
 - Communal Decoration
 - Passenger Lift Renewal
 - Fire Equipment Replacement
 - Car Park Renewal
 - Communal Flooring Renewal
 - Communal Renewals (fixtures and fittings, furniture and electrical appliances).

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- 5.3 The annual contribution to the sinking fund will be £50,000, funded from the service charge. This is based on full occupancy of the scheme for a full year at 2016/17 approved charges.
- 5.4 It is recommended Cabinet approves the establishment and intended use of a sinking fund reserve for Parklands View Extra Care Scheme.

6 Parklife Football Hubs – Expression of Interest

- 6.1 The Football Association (the FA), the Premier League and Sport England recently announced a new investment programme that targets population areas in excess of 200,000 where demand for football is high. The £130m fund will provide local, accessible football facilities through a portfolio approach that provides capital investment across a city-wide area rather than one-off site investment.
- 6.2 A 3-Stage funding process is involved; the Stage 1 “Expressions of Interest” is invited by the deadline of the 27th January 2017. Buy-in from key local partners is required and, to that end, early discussions are taking place with the Derbyshire FA, Football Foundation, and Derby County Football Club.
- 6.3 A key principle of the Parklife Football Hubs Programme is the ability and willingness to establish or be part of a Special Purpose Vehicle (SPV) / Trust structure to manage and maintain facilities where assets are offered across to the SPV on a long-term peppercorn lease. The revenue generated by the SPV shall be ring-fenced for reinvestment into grassroots football in the local area. A board of trustees would be appointed from represented stakeholders but will include independent representation in order to provide the skilled and diverse leadership required.
- 6.4 The Parklife programme appears to be an approach that is reflective of the direction of travel for Leisure, Culture & Tourism services in Derby and, specifically, how we look to provide football in the future. This includes focusing resources on improving a smaller number of Hub sites whilst continuing to meet demand for football and other outdoor sports.
- 6.5 Strategic reviews in connection with how the Council provides Leisure, Culture & Tourism service in the future are underway and the scope of the work being undertaken could also consider the opportunity presented by the Parklife Football Hubs programme.
- 6.6 The Stage 1 EoI will demonstrate how the authority is ready to develop a Parklife programme approach to delivering football. This report will not be a commitment to progress to Stage 2 of the process, nor are there financial or resource commitments at this stage. It is essential that there is high level political and officer level support (Council Leader / CEO) to deliver Parklife Football Hubs in the area.
- 6.7 It is recommended officers work with key strategic partners to develop a Stage 1 EoI application to be submitted to Sport England by 27th January 2017.
- 6.8 If the Council is invited to do so, further approval will be sought for a Stage 2 bid, including consideration of any options for achieving the 40% match-funding required.

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7 Update on Capital Programme 2016/17

- 7.1 The latest programme approved by Cabinet at 7 December 2016 was £66,213,000
- Reductions to the programme that have been agreed under the Scheme of Delegation (attached for information) total (£35,000). Details are at Appendix 2.
 - Reductions to the programme requiring Cabinet approval total (£1,134,000) and are detailed in Appendix 3.
- 7.2 A net change to the Housing Revenue Account (HRA) is required of (£324,000). Changes over £200,000 are as follows:
- Addition of £346,000 for Kitchens & Bathrooms to be funded from existing budgets within the HRA Programme Area, as the scheme is being delivered ahead of schedule.
 - Reduction of (£600,000) for Estates Pride as it has been determined that a significant majority of the works programme this year is revenue in nature, and therefore will be met through revenue budgets. The programme has also been revaluated with some works now taking place in 2017/18.
- 7.3 A net change to the Regeneration Programme of (£645,000) is required. This includes:
- Reduction of (£376,000) for the City Centre Living initiative. This is a developer led scheme, negotiations are ongoing therefore it is prudent to re-profile the budget allocated for this application to 2017/18.
 - Reduction of (£200,000) for Holmleigh Way Improvements. The delivery timetable for this scheme has been revisited which requires movement of £200,000 into 2017/18.
- 7.4 A net change to the Property Improvement Programme of (£90,000) and Schools Programme of (£75,000) are also required. See Appendix 3 for further details.
- 7.5 With the required approval the revised capital programme will be £65,044,000.
- ## **8 Section 106 Funding (summarised at appendix 4)**
- 8.1 A transfer of £36,176 s106 funding to the NHS is requested. This will be spent on improvements to Wellside Medical Centre (Mackworth Branch), Charnwood Street Medical Centre, (Mackworth Branch), Park Farm Medical Centre (Vernon Street Branch) and Vernon Street Surgery. All of these improvements will allow the surgeries to increase the numbers of patients they can see.

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- 8.2 Chellaston Tree scheme - to approve the use of £8,600 S106 funding. The revenue project will include the installation of 3 benches, a permanent Christmas tree at the Chellaston Club and the installation of brackets on approximately 30 shops across the village.
- 8.3 It is recommended Cabinet approves the Section 106 allocations detailed in 8.1 and 8.2 and summarised at appendix 4.

9 Funding of 2016/17 Valuation Work

- 9.1 Local Authorities are required by statute to produce accounts in accordance with the accounting practice specified in the Code of Practice on Local Authority Accounting in the UK. One of the most significant items within the accounts is the value of the Council’s assets which has historically been supplied by the in-house valuation team.
- 9.2 Normally 20% of the assets are valued each year, on a rolling 5 yearly programme. However due to the difficulties experienced during the 2015/16 asset valuations work it was determined that to provide increased confidence in the valuations, the Council should aim to value the whole of its estate over two years.
- 9.3 In addition, whilst this work to complete the 2015/16 valuations is largely complete, it has had to take priority over the preparation of 2016/17 valuations which now urgently need to be progressed and completed by 31 March 2017.
- 9.4 Some of the 2016/17 work has taken place, but to help prevent further delays it is considered necessary to allocate additional internal resources to the valuations team and to engage external valuers to complete aspects of the required work. A proportion of the valuations work will continue to be completed in house.
- 9.5 It is estimated that the additional cost of valuation work required, including external and internal resources, will be up to £550,000 for 2016/17, of which Chief Officer Group has already approved up to £100,000 under delegated authority.
- 9.6 It is recommended the use of £450,000 from the Budget Risk Reserve is approved to fund the remaining required 2016/17 valuation work.
- 9.7 Approval is also requested to delegate the formal appointment of the external valuers, through appropriate procurement mechanisms, to the Strategic Director of Communities and Place, in consultation with the Director of Finance.

This report has been approved by the following officers:

<p>Legal officer Financial officer Human Resources officer Estates/Property officer Service Director(s) Other(s)</p>	<p>Olu Idowu, Head of Legal Services Toni Nash, Head of Corporate Finance.</p> <p>Jill Craig, Interim Director of Information Services. Martyn Marples, Director of Finance. David Cox, Head of HR.</p>
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For more information contact:	Mark Nash 01332 643364 e-mail mark.nash@derby.gov.uk
Background papers:	
List of appendices:	Appendix 1 - Implications Appendix 2 – Summary of changes to the capital programme 2016/17 made under Delegation Appendix 3 – Summary of Changes to the capital programme 2016/17 requiring cabinet approval Appendix 4 – Section 106 applications

IMPLICATIONS

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.

Changes to the Capital Programme made under delegation.

Scheme Area	Latest Approved Capital Programme 2016/17 £000	Revised Capital Programme 2016/17 £000	Change £000's
Schools			
Roe Farm Primary - Boiler	17	10	-7
Gayton Junior – FRA	5	4	-1
Buildings At Risk	51	43	-8
Ivy House – Boiler	80	96	16
Portway Junior – FRA	40	55	15
St Andrews Special – FRA	210	230	20
Asterdale Primary – Drainage	60	100	40
Murray Park Secondary – FRA Works	353	403	50
Murray Park Secondary – Structural Works	50	0	-50
School Access Initiative	5	3	-2
Littleover Secondary – School Access Initiative	10	12	2
Total delegated Changes Schools	881	956	75
Property Improvement			
Varsity Grange - new footpath links	0	15	15
Lift Refurbishment and Improvements – Assembly Rooms Car Park	144	10	-134
Shaftesbury POS Improvements	79	33	-46
Dale Road Spondon Improvements	69	56	-13
Parks – Various Sites	90	85	-5
Arkle Green play area refurbishment	0	70	70
Bold Lane Car Park Replace passenger lift ropes, doors and door gear	33	58	25
Total delegated Changes Property Improvement	415	327	-88
Highways			
Local Traffic Management	640	593	-47
Public Transport	170	195	25
London Road Rail Bridge	246	287	41
Structures Maintenance	802	761	-41
Total delegated Changes Highways	1,858	1,836	-22
Total Net Changes	3,154	3,119	-35

**Appendix 3
Summary of Changes Requiring Cabinet Approval**

Summary of further changes to the capital programme 2016/2017	Latest Approved Capital Programme 2016/17 £000	Revised Capital Programme 2016/17 £000	Change £000	Category
Schools				
Oakwood Junior – FRA	330	255	-75	R2
Total Changes to Schools Programme	330	255	-75	
HRA				
Estate Pride	1,100	500	-600	R2
Kitchens & Bathrooms	2,354	2,700	346	R2
Passenger Lift Replacement	270	200	-70	R2
Total Changes to HRA Programme	3,724	3,400	-324	
Property Improvement				
Chapel Street Car Park Refurbishment of Passenger Lift	33	59	26	R2
Poplar Row rebuilding of Boundary Wall	30	11	-19	R2
Planned Maintenance	330	233	-97	R2
Total Changes to Property Improvement	393	303	-90	

Continued overleaf....

Summary of further changes to the capital programme 2016/2017	Latest Approved Capital Programme 2016/17	Revised Capital Programme 2016/17	Change	Category
Regeneration Programme				
Climate Change ERDF – Grants supported Energy Saving	0	25	25	A
Site Consolidation (Sadler Square)	42	0	-42	S
Derwent District Centre	17	0	-17	R2
Normanton District Centre	61	0	-61	R2
Marble Hall	75	110	35	A
Chellaston Tree	9	0	-9	R1
City Living Initiative	750	374	-376	S
Holmleigh Way Improvements	250	50	-200	S
Total Changes to Regeneration Programme	1,204	559	-645	
TOTAL CHANGES TO PROGRAMME	5,651	4,517	-1,134	

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
R2	Re-allocated Within Departments Programme
R3	Re-allocated To Different Departments Programme

Appendix 4 – Section 106 Applications

S106 Application

Strategy Area	Scheme	Developer	Ward	£	S106 ref no
T&T	Public Realm improvements Chellaston	Merrill College	Chellaston	8,600.00	MerC4-06
A&H	Transfer to the NHS for improvements to medical centres	Jensco	Darley	36,176.00	ArtN1-07