



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:

- Contract waiver
- Allocation of grant to external bodies
- Acceptance of funding
- Write offs with an individual value over £10,000
- Change of Use of Service Reserves
- Procuring a contract with an estimated value over £75,000
- Acceptance of grant

RECOMMENDATION

- 2.1 To approve waiving contract procedure rules by awarding a contract with a maximum value of £160,000 to Open Text UK Ltd, as detailed in section 4.
- 2.2 To approve allocations of Arts Grants totalling £202,391, as detailed in section 5.
- 2.3 To accept external funding from Derbyshire County Council, with a value of £270,000, and to award this funding together with a match of £180,000 from the Derby Enterprise Growth Fund to the D2 Business Starter programme. Further details are in section 6.
- 2.4 To approve the housing benefit write offs, with a total value of £73,007.67, as detailed in section 7.
- 2.5 To approve the change of use of service reserves totalling £185,000, as detailed in section 8.
- 2.6 To approve the procurement and award of a contract of the value circa £209,196 for a waste management IT system, as detailed in section 9.
- 2.7 To accept grant of £1.65m from the Local Growth Fund for the Connected Cycle City and Placemaking project, as detailed in section 10.

- 2.8 To delegate authority to the Director of Finance and the Director of Communities and Place for the negotiation and signing of a funding agreement, as detailed in section 10.
- 2.9 To delegate approval to the Strategic Director for Communities and Place, following consultation with the Director of Finance and the Cabinet Member for Regeneration and Economy:
- to enter into a Partnership Agreement with SDDC and Derbyshire County Council which outlines how the Garden Villages funding will be allocated and spent
 - to accept grant funding from SDDC, being a share of the Garden Villages grant awarded to SDDC by the HCA, subject to acceptable grant conditions.
 - to use the grant to procure contracts for consultancy services associated with early feasibility work and preparation of planning applications, in accordance with the Council's Procurement rules and Contract Procedure Rules
 - to enter into grant agreements with developers as required for the delivery of specific work package.

REASONS FOR RECOMMENDATIONS

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



SUPPORTING INFORMATION

4 Award of contract (under waiver) for Corporate Electronic Data Records Management System (EDRMS)

4.1 The Council procured a Corporate EDRMS contract with Open Text, through the Serco contract, in December 2011. This contract was novated to the Council on 1st April 2016 when the Serco contract terminated, and will now expire on 30th November 2017.

4.2 Since the contract was first let, significant work has been undertaken to roll out the system as a repository for documents and records received and produced by the Council. A cross section of Council Departments also utilise the system to store records relating to their line of business applications, including social care, and embedded links have been built to facilitate ease of access to the underlying documents. If the Council continues to utilise the software without support and maintenance of the system, it will be in breach of its licence. In addition, the Council would have no support from the supplier should there be a problem running the software nor entitlement to upgrades, resulting in the Council being unable to demonstrate compliance with the Public Service Network requirements.

4.3 A waiver is therefore proposed to ensure continuity of support and maintenance of the existing EDRMS. This will enable a review of the corporate EDRMS strategy with consideration given for the time and costs a new EDRMS would take to implement. This approach has been cleared by the Council's Procurement Team. The cost for 24 months support and maintenance will be approximately £30,000 or for 60 months circa £76,000, which is broadly in line with current annual costs and can be met within existing budgets. There will be additional costs for integration with other software if required, which is extremely likely during future years. The waiver would therefore have a total value of circa £160,000 to cover a 60 month period for support and maintenance as well as additional spend relating to integration where required. The relevant Category Manager and Principal Lawyer have advised to issue a "Voluntary ex ante transparency notice" through the Official Journal of the European Union, to be transparent to the market about the action taken and why.

4.4 It is recommended a contract waiver is granted and initial 24 month, with 36 month extension option, support and maintenance contract awarded to the existing provider Open Text UK Ltd, without obtaining quotes or tenders through public competitive means.

5 Arts Grant allocations for 2017/18

5.1 There are currently four organisations in receipt of regular Arts Grant funding from the Council. They are QUAD, Deda, Sinfonia Viva and Level Centre. Table 1, below,

shows the levels of funding allocated in 2016/17.

Table 1: Current and Proposed Arts Grant Allocations:

Organisation	Actual 2016/17 Grant Funding	Recommended 2017/18 Grant Funding
QUAD	£135,587	£135,587
Deda	£45,750	£45,750
Sinfonia Viva	£15,454	£15,454
Level Centre	£5,600	£5,600
Totals	£202,391	£202,391

These organisations make a significant contribution to the cultural life of the city. They work with disadvantaged communities and vulnerable people; and support education, life-long learning, health and wellbeing across the city.

- 5.2 These organisations have funding agreements in place with the Council. The agreements state the following under Section 1, Basis of the Agreement; “The agreement may be extended by mutual consent, any extension will be in writing and will set out period of extension, funding level and other changes.” This wording was approved by Cabinet in 2011 as part of the Corporate Grants Review.
- 5.3 QUAD, Deda, Sinfonia Viva and Level Centre have been offered funding through Arts Council’s National Portfolio to deliver a service in Derby for the period 2015 - 2018. This equates to a combined investment from Arts Council of £2.7m across the three year period. This is dependent on match funding from DCC, offering significant value for money. The business models for these organisations are dependent upon this funding mix. Reduction in DCC funding would impact on the service delivered and risk the financial viability of the organisations.
- 5.4 It is recommended to extend existing funding agreements for a 12 month period from 1 April 2017 to 31 March 2018, in line with allocations detailed in table 1 above and funded within existing budgets.

6 Acceptance of grant and award of funding to D2 Business Starter programme

- 6.1 The D2 Business Starter programme (formerly D2 Business Development Programme) is a partnership between Derby City and Derbyshire County councils to support potential local entrepreneurs to start a business. Workshops, events and 1-2-1 is being provided with a focus on hand-holding beneficiaries through the idea generation process, market testing and working towards a sustainable business plan.
- 6.2 The East Midlands Chamber of Commerce has been selected via a tendering exercise to run the project. The contract for the project started in October 2016 and will end in September 2019, supporting an estimated 300 individuals and 50 business starts.
- 6.3 Derby City Council will pay East Midlands Chamber a flat-rate monthly fee of £12,500 to deliver this service for the three years from 1st October 2016 to 30th Sept 2019, totalling £450,000. This will be funded from a £270,000 contribution from Derbyshire County Council and a contribution of £180,000 from the Derby Enterprise Growth Fund,

which has already been programmed in to future quarterly expenditure.

- 6.4 It is recommended £270,000 is retrospectively accepted from Derbyshire County Council and this contribution, together with a £180,000 match from the Derby Enterprise Growth Fund, is allocated to the East Midlands Chamber of Commerce.

7 Housing Benefit Overpayment Write Offs

- 7.1 There are seven debtors within the Organisation and Governance Directorate with individual balances outstanding of over £10,000 and with a total value of £73,007.67 that require Cabinet approval to be written off. Table 2, below, outlines the debts.

- 7.2 **Table 2 – Table of debts nominated for write off:**

	Date Invoice Raised	Outstanding Total	Reason for Write Off
1)	11/04/2011	£12,049.23	No Trace
2)	16/12/2010	£12,736.36	No Trace
3)	24/02/2012 16/11/2012	£11,385.69	No Trace
4)	19/01/2009	£15,238.69	No Trace
5)	19/03/2012	£11,247.85	Bankruptcy Order
6)	29/04/2013	£10,349.85	Deceased
Total		£73,007.67	

- 7.3 The first four cases in Table 2 are fraud cases and recovery efforts through our rigorous bad debt recovery procedures have now been exhausted.
- 7.4 Case 5 in Table 2 is nominated for write off due to a bankruptcy order. The debt was raised 19/03/2012 and was being recovered through ongoing deductions from the debtors housing benefit up to 11/05/2016, when the Council received a bankruptcy order. The order listed the debtor as having no asset. From this date no further recovery is possible.
- 7.5 Case 6 in Table 2 was being recovered through deductions from housing benefit payments up to the point the customer passed away. As there was no estate the debt is no longer recoverable and is nominated for write off.
- 7.6 It is recommended that £73,007.67 of bad debt is written off against the existing housing benefits overpayment payments bad debt provision. The Council reserves the right to write-on debt as appropriate should a debtor be traced and have the means to repay.

8 Change of Use of Adult Social Care Reserves

- 8.1 The Social Care reserve was established some years ago as a Learning Disability fund, however, no call has been made on this reserve for a number of years. It is proposed to reallocate £162,000 of this reserve to fund a 6 month extension of the Reviewing team within Adults.

- 8.2 The reviewing team was established 6 months ago to address the back log of reviews and the waiting list within the Preparing for Adults team. The team has so far completed 500 reviews delivering full year savings of £438,000.
- 8.3 There are a further 177 reviews awaiting allocation, with additional reviews waiting to be transferred. The team will be able to complete all these reviews achieving additional savings in the process.
- 8.4 It is recommended £162,000 from the Learning Disability Reserve is used to extend the Reviewing Team within Adults, with the remaining balance of £23,000 being transferred to the Budget Risk Reserve.

9 Waste Management IT system

- 9.1 An IT system is required to hold all asset data, round data and all customer interactions and offer a computerised in-cab system for live feedback from crews. The system will be used to manage the Garden Recycling Scheme and enable domestic and commercial waste customers to track services and receive feedback when reporting issues such as missed bins. The system will replace an access database that holds round and asset data but does not interact with the Council's CRM or online forms causing us inefficiencies.
- 9.2 A new system will offer efficiencies to waste management and Derby Direct, provide a more interactive service to our customers and will enable us to grow the Commercial Waste Service generating additional income and enabling us to reduce debt.
- 9.3 The system will be purchased and implemented using £177,846 from the Delivering Differently Reserve with the balance from revenue efficiencies. Procurement will take place through the G-Cloud portal, an approach which has been cleared with the Council's Procurement Team.
- 9.4 It is recommended Cabinet approves the procurement of and award of a contract of the value circa £209,196 for the waste management IT system.

10 Acceptance of grant from the Local Growth Fund

- 10.1 Within the Local Growth Fund Round 1 allocation to the D2N2 area, Derby was awarded £6,400,000 towards job creating and regeneration initiatives in the city centre. £750,000 of this allocation was used to support regeneration at "The Spot" and £4,000,000 has been committed to the Becketwell Regeneration scheme.
- 10.2 In December 2016 the Council submitted proposals to D2N2 for the use of the remaining £1,650,000 of LGF1 grant. Following a period of due diligence and assessment of value for money, the project was approved by the D2N2 Infrastructure and Investment Board on the 29th of March. Following this approval we expect to negotiate a detailed funding agreement and draw down the first tranche of funding in early 2017/18.
- 10.3 Match funding of £250,000 is committed to the project from within the existing Regeneration Capital Programme. Local Growth Fund always requires an element of

match funding, and the £1,650,000 of investment in Derby city centre would be lost if this match funding were removed.

- 10.4 The programme of work to be delivered will continue to improve public realm in St Peters Street, complementing St Peters Cross and The Spot. It will also strengthen the physical connectivity between intu and the Guildhall Market entrance on Osnabruck Square, and improvements to Osnabruck Square itself. Other works include a visual improvement to East Street overbridge and improved cycle/pedestrian connections between St Mary's Church and Queen Street. The improvements are proposed to be carried out in phases, starting with St Peters Street in Summer 2017.
- 10.5 Subject to offer, it is recommended Cabinet accepts the grant of £1,650,000 for the works detailed in section 10, and delegate authority to the Director of Finance and the Director of Communities and Place for the negotiation and signing of a funding agreement.

11 South Derby Growth Zone – Acceptance of Grant

- 11.1 South Derbyshire District Council (SDDC), supported by Derby City Council, submitted an Expression of Interest (EOI) to the Homes and Communities Agency's (HCA) Locally-Led Garden Villages, Towns and Cities programme.
- 11.2 On 2 January 2017, the Government announced that SDDC had been successful in securing funding, one of only fourteen new Garden Villages announced. We understand that the initial allocation from HCA will be in the region of £200,000 for the project, which can be used for up-front costs, including consultancy services and staff costs. SDDC is the accountable body for this money through a funding agreement with the HCA, which is being prepared.
- 11.3 Derby City Council will review the grant conditions attached to the funding and, subject to these being acceptable, will develop a Partnership Agreement with the other local authority partners which details the allocation of funds between them, and potentially developer partners. There is no requirement for match funding from Derby City Council.
- 11.4 Cabinet is asked to delegate approval to the Strategic Director for Communities and Place, following consultation with the Director of Finance and the Cabinet Member for Regeneration and Economy:
- to enter into a Partnership Agreement with SDDC and Derbyshire County Council which outlines how the Garden Villages funding will be allocated and spent
 - to accept grant funding from SDDC, being a share of the Garden Villages grant awarded to SDDC by the HCA, subject to acceptable grant conditions
 - to use the grant to procure contracts for consultancy services associated with early feasibility work and preparation of planning applications, in accordance with the Council's Procurement rules and Contract Procedure Rules
 - to enter into grant agreements with developers as required for the delivery of specific work package.

This report has been approved by the following officers:

Legal officer Financial officer Human Resources officer Estates/Property officer Service Director(s) Other(s)	Olu Idowu, Head of Legal Services Toni Nash, Head of Corporate Finance. Martyn Marples, Director of Finance. David Cox, Head of HR. Jill Craig, Head of I.T.
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For more information contact: Background papers: List of appendices:	Toni Nash 01332 641491 e-mail Toni.Nash@derby.gov.uk Appendix 1 - Implications
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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.