



## **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:
- to approve proposed changes to the capital programme
  - to approve in year Section 106 allocations
  - to approve capital scheme commencements
  - to approve Youth Capital Fund allocations
  - to approve the use of reserves.

### **RECOMMENDATIONS**

- 2.1 To approve the changes to the 2010/11 – 2012/13 capital programme as shown in Appendix 2.
- 2.2 To note the revised capital programme and associated funding detailed in Table 1 on page 2 for 2010/11.
- 2.3 To approve the in year S106 allocation and the proposal for S106 usage at Chellaston Secondary School.
- 2.4 To approve the capital scheme commencements detailed in Appendix 3.
- 2.5 To approve the Youth Capital Fund allocations for 2010-11 detailed in Appendix 4.
- 2.6 To approve the use of Derby City Partnership reserves to fund Urban II project irregularities as detailed in paragraph 5.1

### **REASON FOR RECOMMENDATIONS**

- 3.1 As included in the report.

## SUPPORTING INFORMATION

### 4.1 Changes to the Capital Programme

The latest approved programme as at 28 September Cabinet was £118.9m. Various changes are now required to reduce this total by £0.611m making a revised capital programme total of £118.3m. Table 1 shows the changes and revised 2010/11 programme.

### 4.2

<b>Table 1 – Revised 2010/11 Programme and Funding</b>			
<b>Programme</b>	<b>Latest Approved (28 September Cabinet) Capital Programme £000's</b>	<b>Further Revisions (Appendix 2)  £000's</b>	<b>Revised Programme  £000's</b>
Children and Young People	27,067	(619)	26,448
Neighbourhoods	30,684	8	30,692
Adult Health & Housing	28,545	0	28,545
Resources	2,713	0	2,713
Chief Executive	29,887	0	29,887
<b>Total Programme</b>	<b>118,896</b>	<b>(611)</b>	<b>118,285</b>
<b>Funding 2010/11</b>			
Supported Capital Expenditure (Revenue)	3,580	(87)	3,493
Supported Capital Expenditure (Capital)	30,725	(545)	30,180
<i>Unsupported borrowing</i>			
Corporate Programme	20,185	0	20,185
Service Financing	1,681	0	1,681
Service Financing Spend to Save	1,940	0	1,940
Housing major repairs allowance	9,103	0	9,103
Government grants	23,283	(1)	23,282
Capital receipts	11,184	0	11,184
External contributions	3,094	0	3,094
Lottery			
Capital Reserves	618	0	618
Revenue/Revenue Reserves	11,950	(78)	11,872
S106 External Contributions	1,553	100	1,653
<b>Total Funding</b>	<b>118,896</b>	<b>(611)</b>	<b>118,285</b>

Details of the changes are shown in Appendix 2 with a summary of some of the larger changes highlighted below:

#### 4.3 Children and Young People's Services

- The remaining Primary Capital Programme earmarked for Ashgate, Firs Estate and Markeaton Primary schools has now been allocated to those schools in the 2010-13 capital programme.
- The Boiler replacement programme for 2010-11 has been allocated to individual school schemes. Schools devolved contributions have been approved and the modernisation funding allocations reduced accordingly. £37,500 of modernisation funding has been re-phased to 2011-12.
- The Youth Capital Fund has been allocated to the successful bids for 2010-11, appendix 4 details these schemes.
- An allocation of £20,000 from the Aiming Higher for Disabled Children Grant has been used to part fund the Mandela Centre refurbishment.
- The ICT Harnessing Technology Grant has been reduced due to a 50% cut by Central Government and the remaining balance of £437,000 has been allocated as follows:
  - £134,000 - E Learning Credits (Devolved to Schools)
  - £146,000 - National Digital Infrastructure (Devolved to Schools)
  - £157,000 - Centrally retained element (will be utilised to fund IT investment and smaller emergency technology infrastructure projects).
- £217,000 of Schools Access Initiative (SAI) funding has been re-allocated to school schemes and £145,000 has been re-phased to 2011/12.

#### 4.4 Building Schools for the Future - BSF

BSF was a huge opportunity to transform secondary education with significant capital investment. All of the schools in Derby City with secondary age pupils were included in the programme. Financial close was due to take place in October 2010 following a competitive dialogue process.

On 5 July 2010 the Government released a statement to confirm that BSF projects that had not already reached financial close would not go ahead. They have however agreed to fund the sample scheme projects that had been used as part of the competitive dialogue process; the value of these projects is around £60m. The sample scheme projects are Noel-Baker Community School and Language College, St Martins School and Derby Moor Community Sports College Trust.

As a result of the Government announcement it has been confirmed that the other secondary schools will not be receiving funding as part of the BSF programme.

The capital funding levels have been adjusted to reflect this change for 2011/12 (reduction of £21m) and 2012/13 (reduction of £52m), for the non-sample school projects.

#### 4.5 **Neighbourhoods Directorate Local Transport Plan - LTP**

The LTP programme has been subject to a complete scheme by scheme review in light of the national reduction of £1.13 million and now includes any urgent emerging issues identified. The budgets have been reallocated in line with the key requirements of the overall programme and agreed by the Highways and Transport Board on 29 July 2010. This has resulted in a number of changes across schemes and strategy areas. The main changes are:

##### Local Safety and Accessibility Improvements

- Increase of £50,000 for the A608 Paddock and Windmill Public Houses scheme
- Increase of £100,000 for the Royal Derby Hospital funded by the S106 allocation detailed in paragraph 4.10 below.

##### Strategic Transport Management and Demand Restraint

- Removal of £23,000 from the Derby Hospital Roundabout scheme
- Removal of £10,000 from the Bus Lane Enforcement scheme.

##### Strategic Integrated Transport

- Removal of £50,000 for Strategic Modelling.

##### Strategic Public Transport Improvements

- Removal of £40,000 for Sinfin Route improvements
- Removal of £40,000 for Bus Station improvements
- Removal of £17,000 for Bus shelters
- Removal of £20,000 for Kedleston Road.

A further £13,000 reduction in the LTP allocation is still to be distributed.

##### Streetpride (Highways Maintenance)

- Chaddeseden Lane Drainage reduced by £84,000
- Pre Patch Surface Dressing programme - increase of £110,000
- Interceptors - increase of £175,000 for works to unblock a number of drainage systems required to avoid Environmental Agency making pollution charges.
- Raynesway Bridge increase of £48,000.

- 4.6 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**

<b>Programme</b>	<b>2010/11</b>	<b>2011/12</b>	<b>2012/13</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Children and Young People	26,448	37,082	45,305
Adult Health & Housing	28,545	18,839	11,262
Resources	2,713	0	0
Neighbourhoods	30,692	19,223	57,876
Chief Executive	29,887	23,698	9,750
<b>Revised Programme</b>	<b>118,285</b>	<b>98,842</b>	<b>124,192</b>

The figures shown for 2011/12 – 2012/13 are the indicative budgets approved by Council on the 1 March 2010 altered for any rephrasing reported at previous cabinets and shown in Appendix 2.

Cabinet is asked to approve the additions and amendments to the 2010/11 – 2012/13 capital programme.

#### 4.7 **Proposed S106 contribution for Chellaston Secondary School**

As a consequence of a housing development on an area of land at Station Road in Melbourne, the local authorities responsible for providing school places were asked to determine capacity within nearby schools. Primary places are provided in that area by Derbyshire County Council, however the development sits within the normal area for Chellaston Secondary for secondary age provision. A maximum of 130 properties will be built on the site and, using the Council's standard pupil yield formula, it is anticipated that approximately 26 secondary aged pupils will be generated by the development.

As Chellaston School is currently full, a Section 106 contribution of £367,000 has been negotiated and secured by the local planning authority, South Derbyshire District Council. This has now been transferred to Derby City Council for the expansion of Chellaston School. The proposal is to work with the school to procure the necessary additional teaching spaces using the £367,000 S106 funding. A scheme will be worked up to utilise the funding in 2011/12.

#### 4.8 **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 Jan/Feb 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.

- 4.9 Table 2 below details such a new allocation for the Neighbourhoods Directorate, which was discussed by the Littleover Board on 22 September 2010. Initial discussion has focused on using the funding for:

- Cycle routes, Uttoxeter Rd
- improved signage
- contribution to Resident Only Parking schemes.

A fuller discussion, with recommendations, will take place with the Highways subgroup on 19 October 2010.

**Table 2 S106 In Year Allocations**

Dept	Scheme	Developer	Site	Ward	Amount £
Neighbourhoods	Local Safety and Accessibility - Derby Royal Hospital	South Derbyshire Acute Hospital NHS	Acute Hospital NHS Trust	Littleover	100,000
<b>Total S106 Contributions allocated</b>					<b>100,000</b>

#### 5.1 Urban II Project Irregularities

Following an audit of the Urban II schemes a number of irregularities have been identified. These irregularities represent 0.896% of the total £7.3million URBAN II funds received for the Spirit of Normanton programme.

- 5.2 After several attempts to resolve these irregularities with the organisations involved Derby City Partnership filed 'write off' cases as the only viable course of action having exhausted all other avenues. The write off cases were to be heard by the 'Write Off Panel' at the Government Office for the East Midlands - GOEM. The advice was that accountable bodies would not be expected to incur legal costs or costs resulting from scheme irregularities providing that all other reasonable attempts had been made to pursue the debts.

While the Council cases were waiting to be heard the Write Off panel was disbanded and a new Debt Management Board formed in June 2010. The new board's policy is now that all debts should be met by the accountable bodies.

- 5.3 Continued negotiations are taking place with GOEM to settle a lower repayment on the Urban II project irregularities. It is felt that GOEM would be able to support the write off applications of Neighbourhood Involvement Programme - NIP - and Evergreen Phase 1 but an offer would be needed towards the repayment of Evergreen Phase II. For those where the Council will incur costs it is proposed that Derby City Partnership reserves are used to cover the repayments. This is to a maximum cost of £53,122 but the aim to reduce to £32,682 following successful negotiations.

The table below summarises the scheme irregularities

Project Name	Amount	Organisation	Irregularity
<b>NIP</b>	<b>£3,357</b>	<b>CETA</b>	<b>Non Procurement of services</b>
<b>Evergreen Phase I</b>	<b>£8,886</b>	<b>CETA</b>	<b>No evidence of match funding</b>
<b>Evergreen Phase II</b>	<b>£53,122</b>	<b>Derby Community Transport</b>	<b>No ERDF80 statement of grant expenditure audit</b>
<b>TOTAL</b>	<b>£65,365</b>		

## OTHER OPTIONS CONSIDERED

6.1 None.

This report has been approved by the following officers:

<b>Legal officer</b> <b>Financial officer</b> <b>Human Resources officer</b> <b>Service Director(s)</b> <b>Other(s)</b>	Alison Parkin, Head of Finance  Martyn Marples, Director of Finance and Procurement
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<b>For more information contact:</b> <b>Background papers:</b> <b>List of appendices:</b>	Alison Parkin, Head of Finance for Children and Young People 01332 716872 e-mail alison.parkin@derby.gov.uk None Appendix 1 – Implications Appendix 2 – Summary of Changes to the Capital Programme Appendix 3 – Capital Scheme Commencements Appendix 4 – Youth Capital Fund Allocations
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<b>IMPLICATIONS</b>
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**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.

**Health and Safety**

- 5.1 None for consideration

**Carbon commitment**

- 6.1 All capital schemes make considerations to the Council's policy

**Value for money**

- 7.1 As outlined within the report

**Corporate objectives and priorities for change**

- 8.1 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
<b>Children &amp; Young Peoples Department</b>				
<b><u>Primary Capital Programme</u></b>				
Remaining Primary Cap Prog Schemes (detailed design to completed)	225	0	(225)	R2
Ashgate Primary Capital Programme Scheme	0	100	100	R2
Firs Estate Primary Capital Programme Scheme	0	25	25	R2
Markeaton Primary Capital Programme Scheme	0	100	100	R2
<b>sub-total</b>	<b>225</b>	<b>225</b>	<b>0</b>	
<b><u>Boiler Replacement Programme</u></b>				
Various schools - encapsulation/removal of asbestos containing materials from boiler houses	75	65	(10)	R2
Boiler Replacement Programme - various Schools	158	0	(158)	R2
Silverhill Primary School - Boiler Replacement	0	105	105	R2
Cavendish Close Infant School - Boiler Replacement	0	71	71	R2
Pear Tree Infant School replacement of two boilers	84	82	(2)	R2
NDS Modernisation (funding source)	150	142	(9)	R2 £29k & S £37.5k
Schools Devolved Funding (funding source)	4,199	4,164	(35)	R2
<b>sub-total</b>	<b>4,666</b>	<b>4,628</b>	<b>(38)</b>	
<b><u>Youth Capital Fund and Aiming Higher for Disabled Children Grant Allocations</u></b>				
Youth Capital Fund (funding source)	65	0	(65)	R2
Youth Capital Funded Schemes 2010-11	0	52	52	R2
Mandela Centre Kitchen & toilet refurbishment	0	33	33	R2
Aiming Higher for Disabled Children Grant (funding source)	265	245	(20)	R2
<b>sub-total</b>	<b>330</b>	<b>330</b>	<b>0</b>	R2
<b><u>ICT Harnessing Technology Grant (funding source)</u></b>				
ICT Harnessing Technology Grant funded schemes 2010-11	875	0	(875)	R1 £437k & R2 £437k
<b>sub-total</b>	<b>875</b>	<b>437</b>	<b>(437)</b>	R2
<b><u>Schools Access Initiative Funding, (SAI)</u></b>				
Pear Tree Infants - Disabled car parking space - contribution to school scheme	0	2	2	R2
Merril College Foundation School - Changing facility, adjustments to classrooms and to upstairs toilet.	0	27	27	R2
Woodlands School - Contribution to school's own access scheme - to improve routes around school for pupils and staff in response to recently disabled teacher.	0	50	50	R2

Woodlands School - Disabled car parking spaces	0	15	15	R2
Woodlands School - Lift to library	0	3	3	R2
Chad Park Junior School - Addressing visual impairment issues - high visibility paint, new steps.	0	15	15	R2
Brackensdale infants School - Lighting and décor to address visual impairment issues. Creating quiet area, filming for glass doors, adjustments to door thresholds	0	25	25	R2
Littleover Community School - Quiet room adjacent to hall	0	20	20	R2
Chellaston infants school - Blackout blinds on skylights plus any classrooms that suffer excessive glare	0	4	4	R2
Alvaston Infants School - New entrance with split level reception desk	0	15	15	R2
Roe Farm Primary School - SAI create changing area for Foundation Stage 2	10	21	11	R2
Dale Primary School - Additional works to door thresholds, play area etc	10	20	10	R2
Schools Access Initiative (funding source)	387	25	(362)	R2 £217k & S £145k
<b>sub-total</b>	<b>407</b>	<b>242</b>	<b>(165)</b>	
<b>Fire Precaution Works</b>				
Various schools Fire Precaution Works following FRA 2010-11 - £20k increase for Derwent Community School remodelling and FRA funded from SAI	1,542	1,562	21	R1 £1k & R2 £20k
<b>sub-total</b>	<b>1,542</b>	<b>1,562</b>	<b>21</b>	
<b>Total changes to Children &amp; Young Peoples Department</b>	<b>8,044</b>	<b>7,425</b>	<b>(619)</b>	
<b>Neighbourhood</b>				
<b>Local Transport Plan (LTP)</b>				
LTP allocation still to be distributed	174	90	(84)	R1 £13k & R2 £71k
Strategic Integrated Transport	486	423	(63)	R2
Smarter Choices	61	45	(16)	R2
Strategic Public Transport Improvements	772	653	(119)	R2
Local Safety & Accessibility Improvements	1,132	1,284	152	R1 £100k & R2 52k
Strategic Transport Management & Demand Restraint	827	723	(104)	R2
LTP - Cycle Derby	241	241	(0)	R2
<b>Streetpride</b>				
Maintenance of Transport Infrastructure	2,820	3,141	321	R2
<b>Non LTP</b>				
Quad	264	185	(78)	R1 £58k & S £20k
<b>Total changes to Neighbourhoods</b>	<b>6,776</b>	<b>6,785</b>	<b>8</b>	
<b>TOTAL CHANGES TO PROGRAMME</b>	<b>14,820</b>	<b>14,209</b>	<b>(611)</b>	

<b>Key of Categories</b>	
<b>A</b>	Additional schemes from new funding secured
<b>A1</b>	Scheme increase funded by previous years reserves income
<b>S</b>	Re-phasing
<b>R1</b>	Other Adjustments - Scheme Reductions/Increases
<b>Re-allocation:</b>	
<b>R2</b>	Within Department's programme
<b>R3</b>	To different Departments programme

### Scheme Commencements

Approval is sought for the following scheme commencements. Proposed funding details are shown below.

#### *ICT Harnessing Technology Grant funded allocations 2010-11*

Budget	£'000
2010/11	437
<b>Total Expenditure</b>	<b>437</b>
<b>Funding</b>	
ICT Harnessing Technology Grant	437
<b>Total Funding</b>	<b>437</b>

**YOUTH CAPITAL FUND BIDS  
2010/2011**

Number	Project	Amount	Scheme
YCF 1e	Derby Trampolining Club	5,393	To purchase new End decks and mats for Trampolining Club
YCF 2e	Mickleover Gymnastics Club	700	To purchase a springboard for Gymnastics Club
YCF 3e	Midland Canoe Club	10,000	To purchase new boats and paddles and build a new pagoda shelter at the club
YCF 4e	Rathbone	3,847	To build a 'mock shop' to be used by young adults on training schemes
YCF 5e	Mandela Centre	13,000	Contribution to refurbishment of the Centre
YCF 6e	Youth Service minibus	20,712	Contribution to the purchase of a minibus to be used by statutory and voluntary youth groups in Derby
YCF 7e	Southgate Centre kitchen	10,570	To refurbish the kitchen at the centre including providing access for young people with disabilities
YCF 8e	Mobile Project	7,328	To refurbish the Mobile Project to offer more activities for young people in parks and open spaces across Derby
<b>Total</b>		<b><u>71,550</u></b>	
Budget 2010/11		<b>65,050</b>	
Carry forward 2009/10		<b><u>6,500</u></b>	
<b>Budget Total</b>		<b><u>71,550</u></b>	