



DERBY CITY COUNCIL

**COUNCIL CABINET
4 SEPTEMBER 2007**

Cabinet Member for Corporate Policy

ITEM 15

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:
- Capital receipt for improvements to Alvaston Park and Racecourse Park
 - Ford Street Car Park
 - Land charges fees update
 - Transfer of revenue budgets between departments
 - BT Featurenet contract
 - Funding for Climate Change Board
 - A new funding allocation for the Children and Young People's – CYP - department for 2007/08.
 - To seek a waiver of CPR 15 tendering requirements to enter into contracts with the National Childminders Organisation (NCMA) to the value of £56,500, Amber Valley PCT £23,150, Best Beginnings £30,000 and Building Schools for the Future (BSF) project management consultant .
 - A bid by the CYP department to the Big Lottery's Family Learning Programme
 - To approve a bid to the Department of Health and the Department of Children, Schools and Families.
 - Extension of the IT FM contract
 - Extension of Adult Social Care transport contracts
 - Appointment of building consultants
 - Multi-systemic therapy pilot external funding
 - Department of Works and Pensions grant bid for the roll out of local housing allowance.
- 1.2 Subject to any issues raised at the meeting, I support the following recommendations.

RECOMMENDATIONS

- 2.1 To authorise the submission of bids to the Football Foundation and other external funding bodies for the construction of new changing rooms and associated facilities at Racecourse and Alvaston Parks.
- 2.2 To allocate the £695,000 capital receipt from the sale of the former Wilmorton Primary School to Alvaston Park to be used as match funding towards external funding secured for improvements to the park.
- 2.3 To approve an allocation of £32,000 from the car park income reserve towards the Ford Street car park scheme and amend the capital programme 2007/8.
- 2.4 To confirm that the fee for commons registration searches should remain at £14 per item in line with regulations.
- 2.5 To agree that the £133,790 budget for the insurance team's staffing and running costs should be transferred from corporate budgets to the Resources Department, and that £34,000 should be transferred from the Children and Young People's Department to the Resources Department for capital monitoring.
- 2.6 To approve the entering into a new 1 year contract with BT for Featurenet telephony services at a cost of £360k for line rental charges and standard external call rates of 1.1p per minute.
- 2.7 To approve the earmarking of £200k from the Modernisation Board and delegation to the Climate Change Board to allocate to approved schemes.
- 2.8 To approve the new funding allocation of £8065 for Extended Rights to Free Travel Arrangements for Primary Age Children as an addition to the revenue budget.
- 2.9 To approve a waiver of Contract Procedure Rule 15 for contracts with:
 - The National Childminding Association for the provision of a childcare service £56,500 for 2007/08
 - Amber Valley Primary Care Trust for the provision of speech and language therapy £23,150
 - Best Beginnings for the provision of family visitor services £30,000
 - BSF project management consultant up to £50,000.
- 2.10 To approve the full bid for £290,000 revenue funding to the Big Lottery Fund's Family Learning Programme.
- 2.11 To approve the extension of the existing IT FM contract with Capita for six months until April 2009, on the same terms and conditions as the existing arrangements.
- 2.12 To approve a nine month extension to the Translinc Ltd and Derby Community Transport moderate needs transport contracts, on the same terms as the existing arrangements.

- 2.13 To approve the entering into an Access Agreement with Nottinghamshire County Council under the Framework Agreement for the appointment of building consultants for additional building maintenance work and to approve a waiver of Contract Procedure Rule 15.
- 2.14 To approve an initial phase one bid to secure a declaration of interest of revenue funding to the Department of Health and the Department for Children, Schools and Families for a multi-systemic therapy pilot.
- 2.15 To approve the addition of a £199k DWP grant to Resources department customer services revenue budget for the roll-out of the national local housing allowance.



Contract and Financial Procedure Matters Report

SUPPORTING INFORMATION

1. Alvaston Park and Racecourse Park improvements

- 1.1 Alvaston Park and Racecourse Park are important district parks serving both their local communities as well providing sporting facilities that cater for a citywide need. Both parks require major investment in their infrastructure in order for them to continue to meet the needs of the people and groups using them and to increase the number and range of people using the parks. One of the immediate priorities is to replace the current sports changing facilities that are outdated and do not conform to current standards of provision, while those at Alvaston Park have been out of use since an arson attack in 2005.
- 1.2 A number of funding opportunities have been identified that will contribute towards major improvements to the parks. These include potential funding from the Football Foundation towards new changing rooms and associated improvements in football sporting facilities. The Football Foundation supports the proposed new facilities and has invited the City Council to submit an application to them for funding towards this part of the project. The Council has appointed a Football Project Officer to help progress this part of the project and work towards submitting a bid in October 2007.
- 1.3 Indicative budget estimates for the changing rooms are between £1.5 and £1.8 million per building and £200,000 to £300,000 for external works such as improvements to car parking, footpath and cycle access and landscape works. This gives a total target budget of between £3.5 and £4.0 million. The funding is not guaranteed and the Council will need to make some investment in order to develop the scheme up to a bid stage at its own risk. It is estimated that up to £80,000 will need to be spent in order to progress the designs up to a stage to submit a funding bid and submit a planning application. Any funding expended will count as match funding towards any grant given. If external funding bids are successful then the fees will be covered from the capital schemes. If however, the external funding bids are unsuccessful then the fees would need to be contained within the Environmental Services' revenue budget.
- 1.4 The Council will need to identify and secure funding to match any external funding sought. Discussions are taking place with other possible funding partners who may be able to provide some match funding for the Racecourse and for improvements to other park facilities, such as play areas, ball courts and wheeled sports facilities. Any bid to the Football Foundation will require the Council to allocate some of its own capital towards the projects and approval is therefore sought to allocate the

£695,000 capital receipt received from the sale of the former Wilmorton Primary School to improvements to Alvaston Park. This funding will be used as match funding for future bids and it is expected that this funding will lever in at least its equivalent in external funding as a minimum.

- 1.5 In addition to the new changing rooms the Parks Section has also identified that the provision of new play facilities and ball courts at Alvaston Park are high priorities as these are both outdated and no longer meet the needs of park users. Other improvements will be identified as part of the masterplanning process.
- 1.6 Some work has already been completed at the Racecourse. This includes preparation of a masterplan for the park and the construction of a new artificial turf pitch with £500,000 funding secured from Barclays Spaces for Sport. As well as new changing rooms, the park would also benefit from a new play area, a wheeled sports area and new paths and cycle routes. Discussions are taking place with potential project partner funders, including New Deal for Derwent and Derby Homes.
- 1.7 Initial approval is sought to earmark the capital receipt and approve the submission of bids to secure the external funding. Capital scheme approval and scheme commencement will be progressed through the capital budget 2008/9 – 2010/12 process.

2. Ford Street Car Park

- 2.1 The redevelopment of the Ford Street car park adjacent to Friargate Studios had been planned into the 2008/9 Local Transport Plan – LTP - programme. It has now been identified as a priority to enhance the likely tenancy take-up of Friargate Studios, with an allocation of some spaces within the new car park for visitors to Friargate Studios.
- 2.2 The price to complete the works on the car park is £119,000. This is £32,000 above the original estimated cost because of the extra costs involved in bringing the works forward. The £32,000 is made up of Traffic Management £3,000, supervision and security £23,000 fencing/accommodation/transport to - from site £3,000 and the remaining £3,000 for small tools/equipment/road cleaning/testing.
- 2.3 £87,000 of the work will be funded from LTP. It is proposed that the £32,000 is to be funded from a car parks income contingency reserve held in corporate reserves.

3. Land Charges

- 3.1 In the report on land charges approved by Cabinet on 17 April 2007, it was agreed that the fee for commons Registration Searches would decrease from £14 to £4 per item. The regulations that would have brought the statutory fee of £14 to the fee of £4 under cost recovery have in fact been withdrawn next week. This means that the fee we are able to charge remains at £14 until further notice. Approval is, therefore, sought to confirm this. The annual benefit to the Council of this is around £4000.

4. Transfer of budgets between departments

- 4.1 The Insurance Team has recently transferred within the Resources Department, from Financial Services to the Audit and Risk Management section. Reductions in the number of claims and technological efficiencies have meant that the insurance team has spare capacity which could be used to improve the extent to which risk management is embedded within the organisation of the Council. Insurance staffing and running costs have previously been treated as a corporate budget, so Cabinet approval is needed to transfer the budget of £133,790 to be treated as a Resources Department budget. The budget for insurance premiums would remain as a corporate budget.
- 4.2 Work on day to day financial monitoring of the Children and Young People's Department (CYP) capital programme is transferring from CYP Finance to the capital accountancy team in the Resources Department to avoid duplication of workload. The transfer of budget between departments is £34,000.

5. BT to Featurenet contract

- 5.1 The current three year BT Featurenet contract is due to expire on 17 September 2007. The original Featurenet contract provided telephony services for 2330 extensions, with line rental charges of £310k a year and a required annual external call commitment level of over £200k a year.
- 5.2 We are currently working on developing our Network and Telephony Strategy. As part of the strategy we are expecting to develop a roadmap for the future provision of telephony within the Council. This is likely to involve the implementation of new technologies and therefore provide opportunities to migrate away from Featurenet. We therefore do not want to implement or commit to any major changes or contractual arrangements until our strategic plans for telephony are in place.
- 5.3 We are therefore proposing to re-negotiate the current Featurenet contract and agree a new contract to allow us time to complete the strategy and plan for the implementation of any agreed recommendations. The new contract will run for a year.
- 5.4 The new contract will result in slightly increased rental costs as we are only agreeing to a 1 year contract rather than the current three year contract. We also have an increased number of extensions (2477). However, under the new contract we will be able to take advantage of reduced external standard call rates for Featurenet calls, down from 1.6p per minute to 1.1p per minute, and remove the requirement to achieve a specific minimum external call commitment level. Any increased costs will be contained within existing budgets.

6. Climate Change Board

- 6.1 The Revenue budget and council tax 2007/8 recommendations approved by Council on 1 March 2007 included a £1m top-up of the Council's modernisation fund to £1.4m. This was to provide resources to support business cases for change through pump-priming and advance funding where the use of self-financing unsupported borrowing or the pump priming fund was not an option. One area that this fund was

approved to support is the introduction of environmental measures flowing from the climate change action plan.

6.2 The climate change action plan is being developed and will be reported to Cabinet in the Autumn together with estimated costs and funding options. In advance of that, Cabinet is asked to approve the earmarking of £200k from the modernisation fund to the Climate Change action plan managed by the Climate Change Board. Approval is also sought for the Board to have delegated authority to allocate the £200k to individual environmental measures up to £100k each, following approval of individual business cases by the Board. The use of the fund for a scheme over £100k will require Cabinet approval and a capital scheme commencement report where relevant, as required by Financial Procedure Rules.

6.3 The fund will be used for those measures that cannot be funded from self-financing unsupported borrowing or the pump priming fund because, although they will contribute to energy savings, they will not generate a cashable financial saving to provide a financial pay-back.

7. New funding allocation – Children and Young People’s Department

7.1 A grant of £8,065 has been awarded to meet the additional expenditure pressure on local authorities that will result from the extended rights within the Education and Inspections Act 2006 to free travel arrangements for children aged eight but under eleven, from low income families, where they live more than two miles from their nearest qualifying school.

8. Contract waivers

8.1 The Children and Young People’s Department is seeking approval to the waiving of CPR15 tendering requirements as explained below.

8.2 Since the setting up of the childcare service the National Childminding Association (NCMA) have provided a staff member to work as part of the team to support the delivery of childminding support to the 254 minders registered in the city. As the service has expanded this has increased to two staff to take on the additional sure start requirement to support new minders through a buddy system. This service could not be provided by an alternative organisation. The early years team employed through the city council provides detailed support to 40 quality assured network childminders. In addition to these minders there are an additional 210 who need general support on issues such as business management and sustainability and quality of provision. This includes pre and post inspection support. Sure start also set up a new initiative in 2004 to retain childminders called the childminder support initiative; this was also provided through NCMA. The contract has a value of £56,500 in 2007/08.

8.3 One of the Children Centre targets is to improve speech and language in young children. The government expects local authorities to provide health services for young children from children centres. This is part of the core offer. The only public body which employs Speech & Language Therapists in this area is Amber Valley PCT.

8.4 Best Beginnings is a specialist partnership project established to provide support for families with children under eight in the Derwent Children’s Centre area in response

to needs identified through resident consultation by New Deal. They are administered by the Primary Care Trust in partnership with the City Council and Derwent New Deal and were established for this purpose.

- 8.5 In May 2007 a project management consultant was appointed to assist the Building Schools for the Future – BSF – project through the preliminary stages. This is an extremely complex programme with extensive government monitoring, including the procurement of a private sector provider. The consultant is currently working on the BSF Programme for Barnsley Local Authority who are now in the process of selecting their private sector provider. He was able to use this experience to help the Derby project team. It was agreed that this arrangement would be kept under review. This support has made a real difference to the chances of being able to deliver this complex programme within challenging government timescales. The newly formed project team must now begin to understand this complex programme and the support received from this contract will help continue the successful progress to date. The proposal is to extend the contract to a maximum value of £50,000 so that we can draw upon the knowledge and experience over the next stages of the programme with an option to review the contract at each stage. The consultant will be used to provide support and guidance to the project team so they can progress each stage within the agreed timescale. The support required for each part of each stage will be subject to agreement with the Project Director.

9. Big Lottery bid

- 9.1 The Big Lottery Fund will give grants worth £40m to increase family learning opportunities across England over the next two years. The Family and Out of Lesson Time Learning (FOoLTL) team currently access grant funding from the Learning and Skills Council, General Sure Start Grant and Derwent Community Team to deliver Family Learning in Derby. Derwent Community Team funding for Family Learning will end in July 2008. Demand for Family Learning programmes from schools, including the Pupil Referral Unit and children's centres, currently outstrips supply. In order that the FOoLTL team is able to meet the demand for high quality Family Learning projects additional avenues of grant funding are required.
- 9.2 This is a partnership bid involving FOoLTL, the Youth Offending Service, Derbyshire Probation Service, Derby Homes Family Intervention Project, Supporting Others through Volunteer Action (SOVA), Read On Write Away (ROWA) and the Parenting Support Co-ordinator within the Children and Young People's department. It is proposed that the budget and project staff will be managed within the FOoLTL team and that Derby City Council will be the accountable body.
- 9.3 The full bid is to be submitted by 22 October 2007 and will be for £290,000 revenue funding. There is no commitment within the bid to mainstream the project. There are no sustainability requirements or commitments within the bid. Instead, there is an expectation that learners will progress onto other forms of learning. All costs will be met from the revenue bid of £290,000 other than £31,000 matched funding from the Council which reflects accommodation for 1.5 members of staff for two years and 0.1 of a manager's, development worker's and support worker's salaries over two years. The £31,000 matched funding will be in kind, with staffing already funded by the Council. There will be no additional costs to the Council resulting from a successful application.

10. IT FM Contract extension

- 10.1 The current IT Facilities Management (FM) contract with Capita is due to expire in October 2008. Capita provide the majority of our IT services. The value of the core contract is approximately £3 million a year.
- 10.2 The project to re-tender for our IT services is in its early stages. However, this early work on the project has highlighted the complexity and extent of the work involved. Building this into an outline project plan has indicated that we are realistically unlikely to achieve completion of the project by October 2008, the expiry date of the current arrangements.
- 10.3 We are therefore proposing to negotiate with Capita to agree an option (should it be required) to extend the current contract until April 2009, an extension of 6 months. We would expect the extension be on the same terms and conditions as the current contract.

11. Adult Social Care Transport Contracts – moderate level needs

- 11.1 Two contracts were awarded in July 2003 to meet the transport requirements for people with moderate level needs accessing Learning Disability (LD) and Older People (OP) Day Services – one to TransLinc Ltd in June 2003 and one to Derby Community Transport. Both expire at the end of June 2008 with no further option to extend either contract. Approval is sought under Contract Procedure Rule 31 to extend both these contracts for an additional nine months until March 2009.
- 11.2 There is one transport contract which was awarded to TransLinc Ltd in April 2003 to meet the transport requirements for people with high level needs accessing LD and OP Day Services. It is due to expire in March 2008 but with the option to extend for up to a further five years.
- 11.3 The type and volume of transport requirement is dependent on the locations of LD and OP Day Services and the assessed transport needs of the individuals accessing these services. LD services are currently undergoing an extensive modernisation programme which includes the relocation of people with moderate level care needs to day services to be operated from 3 other separate facilities. The establishment of the three facilities is forecast to be complete during 2008/9. Work is also in progress to re-assess the care and the transport needs for these people. There is no immediate change planned to modernise OP Day Services. However, it has been agreed that work will commence to re-assess the transport needs of people in these services with a view to identifying those who may be able to travel by alternative means to using the contracted transport service.
- 11.4 There will be negotiation with TransLinc Ltd to extend the high level needs contract to coincide with the requested extension for the moderate level needs contracts with a view to commencement of new contract(s) from April 2009.
- 11.5 The extension is requested due to the volume of work required on identifying the realistic activity and assessment of transport needs of all individuals in the older peoples and LD day services. Following this work, final specification(s) that will effectively meet the future requirements of day services representing value for money will need to be completed. This work cannot realistically be completed in time

to tender under OJEU rules for new moderate level need transport services to be set up and running by July 2008, particularly if a new provider expresses interest and is successful.

- 11.6 It is expected, by arranging for both the high level and moderate level needs transport contracts to terminate at the same time, that a future tender will separate the needs for LD and OP and therefore result in a more effective, flexible and cost efficient service that can be managed and respond appropriately and according to the changes occurring for each area. We believe there are efficiencies to be gained from undertaking the additional work, when the transport arrangements are re-let.
- 11.7 The review will dovetail into the work of the Transport Procurement Operations Group - TPOG - wherever possible and the proposals are not contrary but rather complementary to any holistic approach to transport procurement that may arise in the future.
- 11.8 The annual cost of the existing contracts is £248k with Translinc Ltd and £117k with Derby Community Transport. The extensions will be on the same terms as the existing contracts and can be contained within existing budget provision for the service.

12. The appointment of external building consultants

- 12.1 Due to the current level of capital and revenue building projects there is a need to appoint external building consultants for various schemes to supplement in-house resources.
- 12.2 Following the principle of collaborative working with other authorities, an Official Journal of the European Community (OJEU) advert was placed by Nottinghamshire County Council (NCC) for a range of property professions. Other East Midlands authorities are included as possible partners in the advert and the contract documentation. Following a detailed assessment based on quality and fees for various sized projects, panels of consultants have been appointed to a Framework Agreement, until Autumn 2010, led by NCC. This includes architects, electrical, mechanical and structural engineers, building surveyors etc.
- 12.3 It is proposed to enter into an Access Agreement with NCC and use the Framework for the appointment of external consultants. For using the documentation and processes there is a management charge (average 1.5%) of the consultants' fee payable to NCC. This is offset by savings in costs of procuring external consultants through a tender process, which may include OJEU and will be covered within the individual project scheme costs.
- 12.4 Not all fee levels are the same but the intention is to choose consultants from the framework in consultation with NCC to meet the framework aim of equalising workload amongst the consultants within each discipline. For much of the building maintenance work it is sensible to use one consultant who gets to know the Council's processes and procedures. For this work it is proposed to use Faithful and Gould with whom we have already established a successful working relationship based on the Derbyshire County Council framework agreement.

- 12.5 Additionally, to augment the above there may be a need to appoint local consultants for smaller scale projects. It is therefore proposed to separately competitively tender a range of professions to cover this need, outside of the framework agreement.

13. Multi-systemic Therapy Pilot

- 13.1 The Local Authority and PCT have very recently been notified of an opportunity to bid for a four year grant to develop up to six Multi-systemic Therapy pilots. The Care Matters White paper identified that funding would be made available for the development of Multi-systemic Therapy – MST - as an effective specialist intervention for older children and young people on the edge of care. The pilots will be part of a centrally funded research programme to evaluate the effectiveness of MST within the English context in maintaining young people at risk of out of home placement, in the community.
- 13.2 The revenue grant will be in the region of £350,000 per annum. It will be funded on the basis of a tapering formula beginning with 100% in Year 1 and will require a 20% local funding contribution in year 2. Funding beyond year 2 will be subject to a review of performance and adherence to the MST model. It is proposed that should the authority be successful in the first stage of the bid then a further report will come to Cabinet detailing the proposals for the matched funding and partner contributions. There is no binding commitment at this stage should we be successful in the initial bid.

14. Department for Works and Pensions grant for Local Housing Allowance Rollout

A grant of £199k has been awarded from the DWP in respect of support towards the national rollout of the Local Housing Allowance. This will be added to the Resources department Customer Services revenue budget and will fund the costs of new software, communication and training in 2007/8. The scheme will be rolled out on the 7 April 2008. DWP reserve the right to ask for the return of the money if the implementation process does not proceed, proceeds in part, is otherwise compromised or we fail to satisfy the reporting requirement.

For more information contact:	Keith Howkins keith.howkins@derby.gov.uk Tel: 01332 256288
Background papers:	
List of appendices:	Appendix 1 – Implications

IMPLICATIONS

Financial

1. As detailed in the report.

Legal

2. None directly arising.

Personnel

3. As detailed in the report.

Equalities impact

4. The development and implementation of improvements to the parks will improve the range and quality of facilities on offer and access to them, benefiting a wider number of people. The changing rooms will be designed to cater for people and children with disabilities and will allow use by male and female players and teams.

Corporate priorities

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