



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 seek a waiver of Contract Procedure Rule 15 to tender to enter into contracts with Rathbone, Fern Training, Step Forward, Highfields Farm, and Q arts to continue to provide services for the Pupil Referral Unit (PRU).
 - The DfES has announced a new grant for Publicising Positive Activities, and this needs to be added to the Children and Young People's Department revenue budget.
 - To approve the undertaking of £903k of works, in advance of confirmation of the Compulsory Purchase Orders –CPO - and Side Roads Order –SRO - for the Connecting Normanton element of the Connecting Derby Project. £747k is for the diversion and/or lowering of Statutory Undertakers –SU - equipment and other works will include the purchase of property/land that is required, demolition of properties and site investigation. This will ensure that the Connecting Derby Project will be able to make use of SRB/Urban funding of £750k for the Normanton Area.
 - The creation of a Contracts and Placements Manager for children and young people in care on a Spend to Save basis, funded for the initial 12 months from the corporate Modernisation Fund. The post is expected to deliver savings through improved contracting to secure reduced costs, and through supporting the development of a robust placement strategy to improve outcomes for children and value for money and reduce the number of independent placements.
- 1.3 Subject to any issues raised at the meeting, I support the following recommendation.

RECOMMENDATION

- 2.1 To approve a waiver of CPR15 for a contract with the following agencies for the 2006/07 academic year:
- Rathbone £82,000 to provide a tailored programme to individuals at the risk of permanent exclusions
 - Fern Training £24,000 for the provision of vocational training
 - Step Forward £83,000 for the delivery of the national curriculum

- Highfields Farm, Etwall £35,635 for the provision of a realistic work based environment for pupils
- Q Arts £38,000 for the provision of participatory arts activities.

- 2.2 To approve the addition of the Publicising Positive Activities Grant of £22,532 to the Children and Young People's Department revenue budget
- 2.3 To authorise the Director of Regeneration and Community to order the necessary statutory undertaking and other works to be undertaken as required for that part of the Connecting Derby Project within the Normanton area, to a limit of £903k, in advance of the confirmation of the CPO and SRO.
- 2.4 To approve the creation of a Contracts and Placements Manager for children and young people in care on a spend to save basis, funded for the first 12 months from the corporate modernisation fund.



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SUPPORTING INFORMATION

1. Waiver of CPR.15 Tendering requirement – Pupil Referral Unit

- 1.1 The Pupil Referral Unit provides education to pupils who are either at risk of exclusion or have been excluded from school. Interaction with external providers ensures that the individual needs of each pupil are being met and that the Local Authority is delivering in its statutory responsibility to provide education to these pupils. The service has a positive history of working with external providers and engaging the pupils in these activities.
- Rathbone provides a tailored programme to individuals at risk of permanent exclusion. Access to external examinations is also facilitated. Provisions is for a maximum of 13 places for 15.5 hours per week
 - Fern Training provides 12 places on vocational training programmes for one day per week.
 - Step Forward provides 20 full time places in delivery of the national curriculum and works in partnership with staff from the PRU.
 - Highfields Farm, Etwall provides a realistic work based environment for students who may be difficult to place in other settings. They provide up to three boys' places per day and possible additional girls' places subject to availability of a female mentor.
 - Q arts is an Arts organisation that delivers participatory arts activities to the PRU. They currently provide five half day sessions per week to small groups across all Key Stages.
- 1.2 Council Cabinet approval is therefore sought under CPR6 to waive CPR15 tendering requirements to award the contracts to Rathbone, Fern Training, Step Forward, Highfields Farm, and Q Arts on the following grounds:
- the only other providers of the above services are indeed very limited and these have previous experience with working with the pupils and the PRU

- previous contracts have been awarded to these organisations were a waiver is sought. There currently exists a working history with the staff employed and the PRU and this is seen as a valuable asset to the service
- the service could not deliver its statutory obligation in meeting the educational needs of pupils without contracting with these agencies.

2 Children and Young People's department – new DfES grant for Publicising Positive Activities

- 2.1 The DfES has announced a new grant to fund the statutory duty in the Education and Inspections Act that each local authority should publicise information about positive activities and related facilities for young people in its area. The allocation to Derby in 2006/07 is £22,532. The grant should be used to map local activities and facilities, agree with providers processes for assessing the accuracy of information, designing and delivering local publicity and associated planning costs.
- 2.2 The grant is not ring-fenced, so it is proposed that the expenditure and income should be added to the Children and Young People's Department revenue budget, subject to an assessment of how the grant can be used to meeting existing costs.

3 Connecting Derby – Connecting Normanton advance works

- 3.1 £250K Normanton SRB funding and £500K Urban funding have been approved and allocated for that section of works of Connecting Derby within the funding area bound by Abbey Street and Osmaston Road, and to be known as Connecting Normanton. The breakdown of the funding application for works that need to be completed within the Connecting Normanton area is detailed in Appendix 2.
- 3.2 In order to be eligible to claim the £500k Urban funding, the Council will have to have completed and paid for works totalling £1.351m in total by December 2007 on Connecting Normanton. Although there is no matched funding requirement for SRB, again the works have to be completed and paid for by December 2007.
- 3.3 Expenditure of £449k from payments already made in advance to the SU companies for diversion/lowering works in 2001/02 can be counted towards this, leaving a balance of £902k to spend. This will require bringing forward the following works in advance of the confirmation of the CPO's and SRO's:
- the diversion and/or lowering of Statutory Undertakers –SU - equipment £747k
 - the purchase of property/land that is required, demolition of properties and site investigation £156k.
- 3.4 As previously reported to Cabinet, Connecting Derby had an overall funding shortfall of £7m, which the Council has committed to underwrite the balance remaining after all other funding sources have been exhausted. Various sources have already been identified to contribute to this and the Urban/SRB funding now allocated would help to reduce this shortfall further.
- 3.5 If the £750k cannot be spent within the time period specified on Connecting Normanton, then the External Funding Unit of Derby City Partnership would have to find other schemes which would be eligible, within the available timescales, and this

may well prove impossible to achieve. If no other eligible schemes could be found then the £750k would have to be returned to the ERDF. This would obviously have a very negative impact on how the EFU is considered by the ERDF.

- 3.6 The current programme for Connecting Derby shows that works will be completed in 2010. By having the SU equipment diverted/lowered in advance of the confirmation of the statutory processes it is projected that approximate savings of five months could be achieved, meaning completion could be within 2009. The earlier the SU work and construction works that would follow can be undertaken, the lower the costs will be.
- 3.7 The capital programme report on this agenda has been updated to re-profile this spend into 2006/07, on the assumption that this proposal will be approved by Council Cabinet. The net £152k after applying £750k external funding will be temporarily funded from other capital reserves pending future Connecting Derby funding.
- 3.8 There is a risk that the cost of the work within the Connecting Normanton area would have to be paid back if all of the statutory processes for Connecting Derby are not confirmed.
- 3.9 In any event these costs ultimately fall to the Council they would need to be met from Transport Capital Programme resources.

4. Contracts and Placements Manager - Children and Young People in Care Main Report

- 4.1 There are currently 390 children and young people in care in Derby. During the last 2 years the number of residential and foster placements has remained fairly stable whilst the number of children/young people placed in high cost independent residential and foster placements has increased, resulting in on-going budget pressures from high service costs. A large overspend is forecast for 2006/07, as explained in the Revenue Budget 2006/07 report on this agenda.
- 4.2 As part of the actions being taken to address the service and budget issues and reduce the number of independent placements, it is proposed to create a Contract/Placements Manager post. This post will:
- work closely with the specialist services to ensure that placements meet the needs of Children in Care
 - assist with the development of a robust placement strategy which facilitates a reduction, where possible, in the establishment of ad hoc out of agency placements and the return of children and young people from out of agency placements. In addition, manage the Out of Agency budget
 - contribute to the development of Commissioning, Contracting and Procurement Strategies and Policies in relation to Looked After Children, and take a Quality Assurance role in relation to all external placements – i.e. in partnership with residential and fostering managers

- establish and maintain a comprehensive database to monitor outcomes for Looked After Children.

4.3 It is proposed that the creation of this new post is on an Invest to Save basis and the first 12 months will be funded corporately from the Corporate Modernisation Fund. On-going costs would be met from realised savings the post generated thereafter. Evidence from other local authorities is that such posts pay for themselves within 6 to 12 months of inception, with savings being made thereafter.

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| For more information contact: | Carolyn Wright 01332 255349 e-mailCarolyn.Wright@derby.gov.uk |
| Background papers: | None |
| List of appendices: | Appendix 1 – Implications Appendix 2 – Connecting Normanton |

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| IMPLICATIONS |
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Financial

1. As detailed in the report

Legal

2. None

Personnel

3. None

Equalities impact

4. None

Corporate priorities

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

Connecting Normanton

| Item | 2007 |
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| CAPITAL | £ |
| | |
| Land Acquisition | 10,000 |
| Building Acquisition | 39,000 |
| Building & Construction – Statutory undertakings | 1,195,846 |
| Other (specify) | 0 |
| To include Demolition/Asbestos surveys/Site Investigation/Fees | 106,505 |
| | |
| TOTAL | 1,351,351 |