



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:
- changes to the current 2013/14 - 2015/16 capital programme
 - acceptance of Department for Transport funding
 - acceptance of Department for Communities and Local Government funding
 - use of corporate contingency budget
 - use of reserves
 - receipt of Department for Education funding.

RECOMMENDATION

- 2.1 To approve changes and additions to the capital programme as set out in Appendix 2 and highlighted in section 4.
- 2.2 To note the revised programme for 2013/14 in table 1 (paragraph 4.1) and the revised indicative programme for 2013/14 - 2015/16 as shown in table 2 (paragraph 4.9).
- 2.3 To approve the acceptance of £4.379m funding from the Department of Transport to fund the London Road bridge scheme as detailed in paragraph 4.6.
- 2.4 To approve allocations of Section 106 monies as shown in table 3 (paragraph 5.1).
- 2.5 To approve an additional £120,000 for the Chief Executive's Directorate revenue budget in 2012/13 for funding received from the Department for Communities and Local Government - DCLG - High Street Innovation Fund as detailed in section 6.
- 2.6 To approve the transfer of £201,162 from the corporate contingency budget to the Adults Health and Housing revenue budget for 2013/14 as detailed in section 7.
- 2.7 To approve the use of £143,000 of the Transforming Social Care reserve as detailed in section 8.
- 2.8 To approve an additional £1,107,910 for the Children and Young People Directorate revenue budget in 2013/14 for funding to be received from the Department for Education – DfE - Adoption Reform grant as detailed in section 9.

REASONS FOR RECOMMENDATIONS

- 3.1 To comply with the Council's Contract and Financial Procedure rules regarding approval for proposed changes to the capital programme.



SUPPORTING INFORMATION

4. UPDATE ON CAPITAL PROGRAMME 2013/14 – 2015/16

4.1 Forecast Outturn

Table 1 - Revised Capital Programme 2013/14

Strategy Area	Original Approved Capital Programme £000's	Revisions approved up to 20 March cabinet £000's	Latest Approved (20 March cabinet) Capital Programme £000's	Further Revisions (Appendix 2) £000's	Revised Programme £000's
CYP	15,482	382	15,864	(1,355)	14,509
Housing General Fund	2,634	220	2,854	(302)	2,552
Property Improvement	8,257	(68)	8,189	(996)	7,193
Property Maintenance and refurbishment	5,877	485	6,362	5	6,367
Parks and Open spaces	832	24	856	(223)	633
Flood Defence	250	64	314	0	314
Highways and Transport	8,409	1,727	10,136	6	10,142
Streetpride Plant and equipment	2,491	2,154	4,645	0	4,645
Regeneration	21,011	3,206	24,217	(1,543)	22,674
ICT	2,518	3,082	5,600	0	5,600
HRA	9,460	3,302	12,762	0	12,762
Strategic Projects	47,301	(17,344)	29,957	(2,500)	27,457
Sub-total	124,522	(2,766)	121,756	(6,908)	114,848
Less assumed capital slippage at 10%	(12,462)		(12,462)		(11,462)
Total	112,060		109,294		103,386

Note: Slippage for schemes funded from corporate sources, mainly unsupported borrowing, has been allocated against the 10% slippage planning assumption.

Details of the changes are shown in Appendix 2 with a summary of some of the material changes highlighted below.

4.2 Children and Young People

The Children and Young People's capital programme requires adjustment for a number of changes totalling a net £1,354,981 reduction. These include:

- £100,000 requires re-phasing to 2014/15 to account for a more up to date spend profile of The Bemrose School - extension scheme to create Primary Phase accommodation and a Nursery Unit
- £53,529 requires re-phasing to 2014/15 to account for a more up to date spend profile of the Schools Conditions Works and Place planning Requirements.
- £205,000 requires re-phasing to 2014/15 to account for a more up to date spend profile of the Silverhill Primary School two additional classrooms and improvements to admin areas scheme.
- £863,000 requires re-phasing to 2014/15 to account for a more up to date spend profile of the Arboretum Primary School 210 place expansion scheme
- £1,100,000 requires re-phasing to 2014/15 to account for a more up to date spend profile of the Littleover Community School Basic Needs Phase 2 scheme
- £2,049,000 additional funding received for the Basic Needs Single capital pot allocation following final confirmation of funding allocations from central government. Of this £986,548 has been re-allocated to the following schemes:
 - School Condition Projects - £302,548 – allocation of the funding for school projects to address urgent maintenance, condition and emerging health and safety concerns at schools. Individual school projects are currently being developed.
 - School Kitchen works - £400,000 – for essential condition and suitability works to school kitchens.
 - Biomass Boiler works - £30,000 – Additional works are required to a small number of Biomass boilers installed on school sites due to a recently identified health and safety issue.
 - Beaufort Primary School - £254,000 - for internal remodelling works to create additional classrooms and associated space to accommodate additional pupils

The balance of £1,062,452 requires re-phasing to 2014/15 and when reallocated to schemes will be reported at a future cabinet meeting.

4.3 Housing General Fund

The housing general fund programme requires changes of a net £302,000 reduction. These includes the following ...

- £70,000 requires re-phasing to 2015/16 for the Decent and Safe Homes scheme - DASH - which has undergone a business planning process this year that has improved business efficiencies and generated increased income enabling the re-profiling of the project delivery into a further year.
- £110,000 requires re-phasing to 2015/16 for the empty property assistance scheme and £70,000 reallocated to minor repairs grants in 2015/16. This is the sole budget that drives and supports the Empty Homes work that generates New Homes Bonus income for the City Council. Practices have been reviewed and budget re-profiled to ensure on-going delivery of the empty homes service into a further year.

- £52,000 requires re-phasing to 2015/16 for capitalised salaries to reflect staffing delivery costs for the programme in this year. Service restructures allow for revised profiling of capitalised salaries to ensure delivery of a programme into 2015/16.

4.4 **Property**

Property Improvements

The property improvements programme requires a net reduction of £996,000 which is due to the re-phasing of the Nottingham road cemetery scheme to 2014/15. This is a result of new environmental regulations requiring extensive testing for ground water before any new or extension to an existing cemetery can take place. This rephasing will contribute to the 2013/14 over programming adjustment.

Maintenance and Refurbishments

The property maintenance and refurbishment programme requires a net increase of £5,000. This includes the following:

- £95,000 reduction for the children's homes health and safety scheme which is due to the need to utilise funding for Warwick House Learning Disabilities respite care scheme in 2012/13.
- £100,000 additional Department of Health grant for Arboretum House to fund a refurbishment programme.

4.5 **Parks and Open Spaces**

The Parks and Open Spaces programme requires a net reduction of £223,000. This is a result of the re-phasing of the Markeaton Park scheme over the three years due to the success of the Heritage Lottery bid of £2.536 million. Heritage Lottery funding has been profiled over the three years 2013/14 - 2015/16.

4.6 **Highways and Transport**

The local transport schemes have reallocated their funding across a number of strategy areas in line with the Cabinet report for the highways and transport work programme approved 20 February 2013 with a net increase of £6,000 funded from an additional S106 allocation.

It has been confirmed by the Department of Transport - DfT - that our bid for funding for the London Bridge Replacement Scheme has been successful. The scheme will be delivered through Network Rail and will require full closure of London Road from September/October 2013 to August/September 2014. Approval is requested to accept the allocation of £4.379 million from the DfT.

4.7 **Regeneration**

The regeneration programme requires a net change of £1,543,000 reduction. This includes the following:

- £850,000 requires re-phasing to 2014/15 for the Becketwell scheme. This is an NHS led scheme on the Duckworth Square site. The main reasons for the delays are due to the changes and restructure taking place within the PCT.
- £305,000 requires re-phasing to 2014/15 for the Riverside ii and iii scheme. This will prevent scaffolding being erected on newly laid paving at the Magistrates Court. The paving therefore need to be re-phased to after works on the Magistrates Court is complete.
- £900,000 requires re-phasing to 2014/15 for the regeneration fund and allocated to

the Magistrates Court. Alterations made by the Environment Agency to the flood assessment have meant an increase in costs, alterations in the design of the building and delays in scheme delivery. In addition, surveys uncovered that electricity capacity may need to be increased

- £60,000 underspend for the Full Street demolitions as the loan required by the developer to undertake the works has been negotiated down to £100,000.
- £572,000 funding received from European Regional Development Fund (ERDF) for Connect – Kings Chambers has been agreed and added to the programme.

4.8 Strategic Projects

The capital programme strategy projects require net changes totalling £2,500,000 and are detailed as follows:

- Extracare - £1,629,000 requires re-phasing to 2015/16, in addition £871,000 requires reallocation to the leisure strategy scheme for additional special needs facilities. This reallocation requires re-phasing by £500,000 and £371,000 to 2014/15 and 2015/16 respectively.

4.9 Table 2 shows the 2013/14 – 2015/16 indicative programmes incorporating the changes from above.

Table 2 Revised Indicative Programme 2013/14 -2015/16

Strategy Area	2013/14 £000	2014/15 £000	2015/16 £000
CYP	14,509	17,428	8,665
Housing General Fund	2,552	2,115	2,624
Property Improvement	7,193	3,252	1,800
Property Maintenance and Refurbishment	6,367	4,321	4,300
Parks and Open Spaces	633	1,804	1,036
Flood Defence	314	250	250
Highways and Transport	10,142	7,144	3,800
Streetpride Plant and Equipment	4,645	1,928	2,114
Regeneration	22,674	31,524	2,600
ICT	5,600	2,051	0
HRA	12,762	10,265	8,230
Strategic Projects	27,457	32,068	22,436
Sub total	114,848	114,150	57,856
Less assumed capital slippage	(12,462)	(8,907)	(3,937)
Adjustment for slippage of over-programming	1,000	11,462	8,907
Total Programme	103,386	116,706	62,825

5 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. Any in- year allocations are generally reported through the monthly Contract and Financial Procedures Matters reports, and quarterly Capital Monitoring reports, as they arise. Table 3 shows all allocations to be approved for the 2013/14 capital programme funding.

5.1 Table 3 - S106 In Year Allocations

Dept	Scheme	Developer	Site	Ward	£	S106 ref no
Highways and Transportation	Hospital parking issues (Abbey priority 1)	South Derbyshire Acute Hospital NHS	Acute Services (Agreement 1a), Littleover	Abbey	20,000	AcuS 1-02b
Highways and Transportation	Pedestrian crossing upgrade A5111 Kingsway Hospital	Derbyshire Hospitals NHS Foundation Trust	City Hospital- Supplemental Re-negotiation of agreements 1 and 2, Littleover	Abbey / Littleover	35,000	AcuS 3-01
Highways and Transportation	Parking and traffic movements around Littleover Village (Littleover priority 1)	Peveril Homes	Middleton Ave/Burton Rd, Littleover	Littleover	22,550	BurR 3-02
Highways and Transportation	Pedestrian crossing upgrade on Acorn Way, Spondon	Strata Homes Ltd	City Contracting, Station Road, Spondon	Chaddesden / Spondon	49,510	CitC1 -01a
Highways and Transportation	Pride Parkway / Roundhouse	Barratt Homes Ltd	Site of Derby College, Pride Park, Alvaston	Alvaston	25,000	DerC 2-03a
Highways and Transportation	Improved cycle facilities in Sinfen around Rolls Royce area	Strata Homes	44-62 Goodsmoor Road, Sinfen	Sinfen	14,500	Good M2-02b
Highways and Transportation	Broadway Junction Improvements – dependent on progress in 2012/13	Miller Homes	Highfields Broadway, Darley	Darley	101,917	Hfld1 -01
Highways and Transportation	Station Road, Mickleover	Peveril Homes, Persimmon	Mickleover Campus, Mickleover	Mickleover	14,389	MicC ps1-04

		Homes and Radleigh Homes				
Highways and Transportation	Nottingham Road, Chaddesden	Lidl UK GMBH	469-479 Nottingham Road, Chaddesden	Chaddesden	8,373	NotR 6-01
Highways and Transportation	Broom Close footway slurry sealing (Chellaston Priority 1)	Birch & David Wilson Homes	West Chellaston, Chellaston	Chellaston	3,286	WeC h2-04
Highways and Transportation	Broom Close footway slurry sealing (Chellaston Priority 1)	Dash Homes Ltd	71-73 Western Park Avenue, Chellaston	Chellaston	11,715	WeP aAv1-02
Parks and Open Spaces	Markeaton park	Radleigh Homes	42-48 Ashbourne Road	Darley	17,016	AshR 6-01a
Parks and Open Spaces	Markeaton park	Clowes	Longbridge Lane	Alvaston	156,440	Long 1-01D
Parks and Open Spaces	Markeaton park	N S Kambr Ltd	67 - 76 Curzon Street	Arboretum	12,401	Curz 1-01
Parks and Open Spaces	Normanton Park play area	Lynn Construction	97 Empress Road	Arboretum	1,000	Emp R1-01
Parks and Open Spaces	Havenbault Lane play area	Miller Homes	Rykneld Road (James)	Littleover	1,000	RykR 14-02
Parks and Open Spaces	Richmond Close play area	Miller and David Wilson	Follows, Heatherton	Littleover	19,807	RykR 6-01
CYP	Markeaton Primary Capital Programme Scheme	Miller Homes	Highfields, Broadway	Darley	20,000	Hfld1 -01

6 Department for Communities and Local Government funding

- 6.1 Derby City Council has been awarded £100,000 from the Department for Communities and Local Government - DCLG - High Street Innovation Fund to reduce the level of empty retail properties, following the unsuccessful Portas Pilot bid. Subsequently a proposal was submitted to the DCLG to receive a further £10,000 from the Town Team Partner project, alongside a parallel bid for £10,000 from the Spondon Traders both of which were supported by the local MPs and were successful.
- 6.2 The High Street Innovation Fund monies have been discussed by the Vibrant City Group, which has allocated the funds to various different projects to support the city centre. This group has also allocated the City Centre element of the Town Team Partners money as part of this process. The Spondon element of the Town Team Partners funding will be administered by the Spondon Traders group who will allocate the funds to different elements of work to support Spondon high street.
- 6.3 It is recommended that the allocation of £120,000 is transferred to Chief Executive's revenue budget for 2012/13.

7 Use of corporate contingency budget

- 7.1 The final settlement figures for Derby City Council on 4 February 2013 included specific grant funding of £201,162 for the Local Reform and Community Voices grant which was allocated to the Corporate Contingency budget.
- 7.2 The Local Reform and Community Voices grant is made up of five elements to support the introduction of the Health and Social Care Act 2012. The Act put in place new responsibilities and transferred some responsibilities from PCT organisations to local authorities. These service areas are:
- Funding for deprivation of liberty safeguard assessments - DOLS - in hospitals. This activity was previously undertaken by the PCT.
 - Additional local healthwatch funding. This is a new health and social care public engagement organisation created in each local authority area by the Health and Social Care Act, for which local authorities have a lead commissioning role.
 - Funding for the transfer of the statutory Independent Complaints Advocacy Service – ICAS - to local authorities. Historically, the Department of Health commissioned this service for NHS complaints nationally. From 1 April 2013 this shall become a new responsibility for local authorities.
 - Funding for the transfer of Independent Mental Health Advocacy - IMHA - to local authorities, again this was previously undertaken by PCT organisations.
 - Funding for the veterans Guaranteed Income Payments - GIPs - social care charges exemption. For service personnel injured on active service their GIP paid under the armed forces compensation scheme shall be disregarded for social care charging purposes. This funding shall compensate local authorities for loss of income.
- 7.3 It is recommended that £201,162 is transferred from the corporate contingency budget to the Adults Health and Housing directorate revenue budget for 2013/14 to fund the transferred and new activities identified above.

8 Use of Transforming Social Care reserve

- 8.1 The latest forecast outturn position for the Adults, Health and Housing directorate is a £1.426m pressure. Recommended actions to balance include the use of Winter Pressures allocation and the use of £143,000 of the Transforming Social Care reserve.
- 8.2 Finance procedure rules require Cabinet approval for use of reserves over £100,000. It is therefore recommended that the proposed use of the Transforming Social Care reserve be approved.
- 9 Department for Education funding**
- 9.1 The Adoption Reform grant has been awarded to local authorities by the Department for Education – DfE - in two parts; part A being unringfenced and part B being a ring-fenced grant. Both parts of the grant will be used for supporting Children’s services in Derby and total £1,107,910 in line with the grant criteria.
- 9.2 Derby City Council has been allocated £486,150 part A based on a mixture of the population under 5, deprivation and sparsity. The Council has also been allocated £621,760 part B funding based on the number of children placed for adoption or with an adoption decision pending.
- 9.3 Local authorities are required to spend this one-off grant on adoption services and in line with the Governments priorities of structural reform of adopter recruitment and reduction in the backlog of children waiting for adoption. As a condition of this grant, local authorities are required to provide details of what the grant was spent on and the impact that this expenditure has to the DfE.
- 9.4 It is recommended that the allocation of £1,107,910 is transferred to Children and Young People directorate revenue budget for 2013/14 to support adoption services in Derby.

This report has been approved by the following officers:

Legal officer Financial officer Human Resources officer Service Director(s) Other(s)	Martyn Marples. Director of Finance of Procurement
For more information contact: Background papers: List of appendices:	Mark Nash 01332 643364 e-mail mark.nash@derby.gov.uk None Appendix 1 – Implications Appendix 2 – Summary of further changes to the capital programme 2012/2013

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.

Equalities Impact

- 4.1 None directly arising.

Health and Safety

- 5.1 None directly arising.

Environmental Sustainability

- 6.1 None directly arising.

Asset Management

- 7.1 As detailed in the main body of the report and appendices.

Risk Management

- 8.1 As detailed in the main body of the report and appendices.

Corporate objectives and priorities for change

- 9.1 These recommendations where relevant are in line with approved capital strategy and Asset Management Plans which accord with the Council's corporate priorities.

Appendix 2

Summary of further changes to the capital programme 2013/2014	Latest Approved Capital Programme 2013/14 £000	Revised Capital Programme 2013/14 £000	Change £000	Category
Children and Young People				
The Bemrose School – extension scheme to create Primary Phase accommodation and a Nursery Unit	1,000	900	(100)	S
St Giles Special Schools extension to provide three additional classroom bases	90	70	(20)	S
Silverhill primary School two additional classrooms and improvements to admin area	465	260	(205)	S
Arboretum Primary School 210 places expansion scheme	1,863	1,000	(863)	S
Beaufort Primary School	0	254	254	R1
School Kitchen works	0	400	400	R1
Biomass boiler works	0	30	30	R1
Schools conditions works and place planning requirements	54	0	(54)	S
Littleover Community School Basic Needs Phase 2	1,500	400	(1,100)	S
Buildings at risk urgent condition and suitability scheme	20	323	303	R1
Total Changes to Children and Young People	4,992	3,637	(1,355)	
Housing General Fund				
Decent and Safe Homes (DASH)	170	100	(70)	S
Empty Property Assistance / Acquisitions & demolitions of unfit properties	430	250	(180)	S (£110k) – R2 (£70)
Capitalised salaries	126	74	(52)	
Total Changes to Housing General Fund	726	424	(302)	

Summary of further changes to the capital programme 2013/2014	Latest Approved Capital Programme 2013/14 £000	Revised Capital Programme 2013/14 £000	Change £000	Category
Property – Improvement				
Nottingham road cemetery extension.	1,800	800	(1,000)	S
Chaddesden Park library	195	199	4	S
Total Changes to Property – Improvement	1,995	999	(996)	
Property – Maintenance and Refurbishment				
Arboretum House	0	100	100	A
Children’s Homes Health and Safety	200	105	(95)	R2
Total Changes to Property – Maintenance and Refurbishment	200	205	5	
Parks and Open Spaces				
Markeaton Park	527	304	(223)	S
Total Changes to Parks and Open Spaces	527	304	(223)	
Highways and Transportation				
Integrated Transport Programme – Smaller Scheme	1,000	0	(1,000)	R2
Highways Assets Management Delivery, Smaller Schemes	3,139	0	(3,139)	R2
Asset Management – Highways Maintenance	0	2,280	2,280	R2
Asset Management – Structures Maintenance	0	820	820	R2
Asset management – SITS Network Management Maintenance	0	65	65	R2
Network Management – Strategic Network Management	0	290	290	R2

Summary of further changes to the capital programme 2013/2014	Latest Approved Capital Programme 2013/14 £000	Revised Capital Programme 2013/14 £000	Change £000	Category
Network Management – Local traffic Management	0	214	214	R2
Network Management – Casualty Reduction	0	105	105	R2
Strategic Integrated Transport		30	30	
Active Travel –Pedestrian Accessibility		125	125	R2
Active travel – Cycle Derby	21	82	61	R2
Public Transport – Public Transport	0	155	155	R2
Total Changes to Highways and Transportation	4,160	4,166	6	
Regeneration				
City Centre Regeneration Framework / Regeneration Fund	3,250	2,336	(914)	R2
Full Street Demolition	160	100	(60)	R1
Connect – Kings Chambers	385	971	586	R1
Becket Well	850	0	(850)	S
Riverside ii & iii	405	100	(305)	S
Total changes to Regeneration	5,050	3,507	(1,543)	
Strategic Projects				
Extra Care	3,900	1,400	(2,500)	S (£1,629) – R3 (£871)
Total changes to Strategic Projects	3,900	1,400	(2,500)	
TOTAL CHANGES TO PROGRAMME	21,550	14,642	(6,908)	

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
Re-allocation:	
R2	Within Department's programme
R3	To different Departments programme