



Derby City Council

**COUNCIL CABINET**  
**16 March 2016**

Report of the Leader of the Council

# ITEM 16

## 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 2015/16 Capital programme.
  - tender and award of contract
  - waiver of contract procedure rules
  - use of reserves

### RECOMMENDATION

- 2.1 To approve changes and additions to the capital programme in section 4 – 4.9 and Appendix 2 & 3.
- 2.1 To approve the tender and subsequent award of a contract, in line with contract procedure rules, for the provision of dementia support services as detailed in section 6.1 to 6.4.
- 2.2 To approve the award of a contract to the successful bidder, in line with contract procedure rules, to provide multi-systemic therapy as detailed in section 6.5 to 6.8.
- 2.3 To approve a contract extension with Axiom Fire Solutions Limited for a maximum of 12 months to deliver fire safety assessments as detailed in section 7.
- 2.4 To approve the use of £150,000 from the budget risk reserve to provide additional audit assurance work as detail in section 8.

### REASONS FOR RECOMMENDATIONS

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



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**Report of the Chief Executive**

**SUPPORTING INFORMATION**

**4 Update on Capital Programme 2015/16**

4.1 The latest programme approved by Cabinet at 10 February 2016 was £78,220,000.

Reductions to the programme that have been agreed under the Scheme of Delegation (attached for information) total £149,000 (Appendix 2).

4.2 A net reduction to the HRA Programme of £855,000 is required. Changes over £200,000 are as follows:

- An increase to the New Build and Acquisition Scheme of £410,000 due to the proposal of a number of windfall acquisitions which are in the process of being approved.
- Slippage to 2016/17 to the Ashlea New Build Scheme of £994,000 due to further working being undertaken to ensure robust costing's of the scheme resulting in works to begin in the new financial year.

4.3 A reduction to the Regeneration Programme of £679,000. Changes over £200,000 are as follows:

- Slippage to 2016/17 for the Derby Cricket Club Scheme of £564,000. This is due to extended archaeological works taking place, the Cricket Club have been unable to progress with the ground and foundations works as scheduled.

4.4 A reduction to the ICT Programme of £390,000. Changes over £200,000 are as follows:

- Reduction to the AHH/CYP Social Care System of £380,000. This is due to slippage to 2016/17 of £250,000 due to the 'Go Live' of the core system being delayed due to data quality and infrastructure problems. The remaining £150,000 being an underspend on the project as a result of the replacement schools management system costing less than estimated due to the current supplier winning the contract and therefore a reduction in implementation costs.

There are no variances over £200,000 to report for the following changes.

4.5 A reduction to the Parks and Open Spaces Programme of £27,000.

- 4.6 A reduction to the Housing General Fund Programme of £234,000.
- 4.7 A reduction to the Peoples Programme of £56,000.
- 4.8 An increase to the Property Improvement Programme of £125,000.
- 4.9 A reduction to the Property Maintenance Programme of £246,000.
- 5 With the required approval the revised capital programme will be £75,709,000.

## **6 Tender and Award of Contract**

### **Dementia Support Services**

- 6.1 The contract for dementia support services, with an annual value of £151,291, will end in November 2016. There is potential to build on the existing partnership approach to implementing the City's Dementia Strategy to carry out a partnership re-tender of dementia support services working with Derbyshire County Council and Derbyshire's Clinical Commissioning Groups.
- 6.2 Dementia support services assist people with dementia and their carers to live independently within the community by providing information, developing the skills of carers, reducing isolation and supporting peer support groups and networks. Derbyshire County Council and Derbyshire Clinical Commissioning Groups fund services that operate in the County and within hospital settings across Derby and Derbyshire, that have similar outcomes and target the same service user group.
- 6.3 The implementation of current Dementia Strategies for the City and County is supported by partnership working between Derby City Council, Derbyshire County Council and the Derbyshire Clinical Commissioning Groups. This partnership provides a framework to support a shared approach to commissioning dementia support services that will deliver a more effective and efficient service for local people.
- 6.4 It is recommended that the retender and subsequent award, in line with contract procedure rules, to deliver Dementia Support Services is approved.

### **Multi-Systemic Therapy**

- 6.5 Multi-systemic Therapy (MST) is a licensed intensive family and community based intervention which targets the multiple causes of serious anti-social behaviour in young people aged 11 - 17 who are involved in offending or anti-social behaviour and who are consequently at risk of entering care or being taken into custody. MST intervenes with the individual, family and all the systems involved in the young people's lives such as peers, school, community and other agencies using methods such as behavioural therapy, cognitive behavioural therapy and structured family therapy.
- 6.6 The current contract length was four years and is due to end on 30 June 2016, with an annual block contract value of £350,000. In Derby over 60 young people have been supported to complete an intervention, with a steady

increase over the last year in the number of referrals recorded, as the service has become embedded in local practice.

- 6.7 The Council is currently undertaking a tender process to identify a suitable provider of this service. This will be a call off contract with payments being made to the provider following completed interventions, with part of the cost of the intervention being subject to a payment by results assessment. The contract will be up to a maximum annual spend of £300,000 per year to achieve efficiencies, covering an initial 2 year contract with an option to extend for 2 further periods of 12 months.
- 6.8 It is recommended that the award of a contract to the successful bidder to deliver multi-systemic therapy, subject to contract procedure rules, is approved.

## **7 Contract Waiver**

- 7.1 The Property Design and Maintenance service area is currently part way through a restructure and staff consultation with implementation intended for the 1<sup>st</sup> June 2016. As such, it is not possible to recruit permanently to the new post of Fire Safety Service Manager. Axiom Fire Solutions commenced work with the team in August 2015 addressing the backlog of Fire Risk Assessment Actions and preparing procedures for addressing fire safety issues. A large proportion of this time to date has been working on the fire risk assessments for the Homes for Older People and advising on the minimum works required.
- 7.2 It is vital that this resource is retained to assist with the following areas of work:
- There remains a risk with compliance of Corporate Buildings regarding fire safety. Fire Risk Assessments are being carried out as a priority and the team are working through the requirements identified from the action plans.
  - We have a large capital programme of works to assess, prioritise and deliver (including essential projects and need to ensure we have the resources to deliver this).
  - To lose this resource would have a significant impact on the ability of the team to deliver the service relating to compliance with the Regulatory Reform (Fire Safety) Order 2005.

The head of service will actively pursue permanently filling this post as quickly as possible once the new structure is in place.

- 7.3 It is recommended that a contract extension with Axiom Fire Solutions Limited for a maximum of 12 months to deliver fire safety assessments is approved.

## **8 Use of Reserves – Audit Assurance**

- 8.1 Since January 2012, the Council's internal audit service has been provided by the Central Midlands Audit Partnership - CMAP. This is a shared services

partnership between Derby City Council, South Derbyshire DC, Derby Homes, Ashfield DC, Amber Valley BC and Derbyshire Fire Authority.

- 8.2 The Council pays an annual contribution to CMAP to deliver the internal audit service. The level of the contribution determines the number of days of audit that the Council receives each year. Over the past two years the number of audit days has reduced. As a result the Head of Governance and Assurance stated in his 2014/15 Annual Audit Opinion that "the level of coverage provided by Internal Audit was considered minimal". This was noted by the Council's previous External Auditor (Grant Thornton) who made a recommendation to the Council to ensure it has the appropriate level of internal audit coverage.
- 8.3 Based on the audit coverage to date in 2015/16 and the projected planned audit coverage for 2016/17, the Head of Governance & Assurance is concerned that this may not provide him with sufficient information to determine an overall audit opinion for the Council in future years.
- 8.4 The Chief Executive, the s151 Officer and the Monitoring Officer have identified a need to increase internal audit coverage to one that is appropriate to meet the governance challenges being faced by the Council and to take into account the issues raised in the last two Annual Governance Statements. The Chief Executive would also like to see a wider probity approach within the Council, driven by greater internal audit work in this area.
- 8.5 It is recommended that the contribution to CMAP is increased by an additional £130,000 from 2016/17 to deliver approximately 400 extra internal audit days each financial year. The probity work needs to start immediately; therefore an additional £20,000 will be required to provide 60 days of audit towards the completion of the 2015/16 plan. The funding will be met from the Budget Risk Reserve for 2015/16 and 2016/17 and be considered as part of future audit assurance requirements within the medium term financial plan.

This report has been approved by the following officers:

<b>Legal officer</b> <b>Financial officer</b> <b>Human Resources officer</b> <b>Estates/Property officer</b> <b>Service Director(s)</b> <b>Other(s)</b>	Toni Nash Head Of Finance Organisation & Governance  Martyn Marples Director of Finance and Procurement
<b>For more information contact:</b> <b>Background papers:</b> <b>List of appendices:</b>	Nicola Goodacre 01332 643352 e-mail nicola.goodacre@derby.gov.uk None Appendix 1 – Implications Appendix 2 – Summary of changes to the capital programme 2015/16 made under Delegation Appendix 3 – Summary of Changes to the capital programme 2015/16 requiring cabinet approval

<b>IMPLICATIONS</b>
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**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.

**Changes to the Capital Programme made under delegation.**

<b>Programme</b>	<b>Scheme</b>	<b>£000's</b>
Peoples	Asterdale Primary – Drainage	(15)
	Brackensdale Junior School – Internal Remodelling	(33)
	Brookfield Primary School – FRA works	(40)
	Ivy House Boiler	(40)
	Roe Farm – Boiler	(6)
	Sinfin – 2 Year Old Provision	(1)
	Allenton Primary – Temp Classrooms	(37)
	Ash Croft Primary – Temp Classrooms	24
	Brackensdale Infant – Temp Classrooms	(1)
	Chaddesden Park Primary – Temp classrooms	1
	Cherry Tree Hill Primary – Temp Classrooms	1
	Lawn Primary – Temp Classrooms	2
	Portway Infant – Temp Classrooms	1
	Chellaston Junior School – Roofing	(22)
	Cherry Tree Hill Primary – Windows	(10)
	Shelton Junior – FRA	(13)
	Cavendish Close junior – Boilers	3
	St Giles – Kitchen	14
	Breadsall Hill Top Infant Roof	(10)
	Ravensdale Junior – Refurbishment	7
	Ashgate Primary School – Phase 1	6
	Ashgate Primary School – Phase 2	20
	<b>Total delegated changes CYP</b>	<b>(149)</b>
	<b>Total net changes</b>	<b>(149)</b>

**Appendix 3**  
**Summary of Changes Requiring Cabinet Approval**

<b>Summary of further changes to the capital programme 2015/2016</b>	<b>Latest Approved Capital Programme 2015/16 £000</b>	<b>Revised Capital Programme 2015/16 £000</b>	<b>Change £000</b>	<b>Category</b>
<b>HRA</b>				
New Build and Acquisitions	400	810	410	R1
PVCU Windows and Doors	700	893	193	R1
Re-Roofing	600	424	(176)	S
Disability Adaptations	600	550	(50)	R1
New and Replacement Central Heating	1,550	1,451	(99)	R1
Rewiring and Electrical Upgrades	300	235	(65)	R1
Ashlea New Build	994	0	(994)	S
Whitehurst Street Acquisition & Works	440	366	(74)	S
<b>Total Changes to the HRA programme</b>	<b>5,584</b>	<b>4,729</b>	<b>(855)</b>	
<b>Property Improvement Programme</b>				
Museums Major Projects	0	175	175	S
Leisure Centre Strategy	171	121	(50)	S
<b>Total Changes to The Property Improvement Programme</b>	<b>171</b>	<b>296</b>	<b>125</b>	
<b>Property Maintenance</b>				
Parks Various	25	17	(8)	S
Planned maintenance	132	0	(132)	£24k - R2, £108k - S
Perth House Fire Precaution Works	175	106	(69)	R2
Warwick House Fire Precaution Works	187	49	(138)	R2
Arboretum House FRA Works	128	107	(21)	R2
Coleridge House FRA Works	42	155	113	R2
Raynesway View FRA Works	37	47	10	R2
Bramblebrook House FRA Works	48	56	8	R2
Merrill House FRA Works	47	168	121	R2
Preliminary Design – Mechanical and Electrical	70	10	(60)	S
Preliminary Design – water	10	0	(10)	S



Hygiene				
Preliminary design – Fire Risk Assessments	60	0	(60)	S
<b>Total Changes to The Property Maintenance Programme</b>	<b>961</b>	<b>715</b>	<b>(246)</b>	
<b>Parks and Open Spaces Programme</b>				
Alvaston Park BMX Track	45	18	(27)	S
<b>Total Changes to The Parks and Open Spaces Programme</b>	<b>45</b>	<b>18</b>	<b>(27)</b>	
<b>HGF Programme</b>				
Spondon Demolition	64	0	(64)	R1
Gypsy and Travellers Site	20	0	(20)	R1
Healthy Housing Assistance	155	125	(30)	S
Disabled Facilities Grant	1,328	1,238	(90)	S
Community Energy Savings Project	250	220	(30)	S
<b>Total Changes to The HGF Programme</b>	<b>1,817</b>	<b>1,583</b>	<b>(234)</b>	
<b>Peoples Programme</b>				
Lakeside Primary School	53	35	(18)	S
Springfield Primary	0	1	1	R2
Homefields Primary	0	1	1	R2
Allenton Primary	317	305	(12)	S
Bemrose – main Entrance Remodelling	6	3	(3)	S
St Giles	35	10	(25)	£2k – R2, £23k - S
School Access initiative	11	0	(11)	R2
Lawn Primary – SAI Scheme	17	28	11	R2
<b>Total Changes to The Peoples Programme</b>	<b>439</b>	<b>383</b>	<b>(56)</b>	
<b>Regeneration Programme</b>				
Building Frontage Enhancement	65	45	(20)	S
Normanton District Centre Programme	65	25	(40)	S
Friar Gate Bridge	40	10	(30)	S
Townscape Heritage Initiative	100	75	(25)	S
Derby Cricket Club	1,274	710	(564)	S
<b>Total Changes to The Regeneration Programme</b>	<b>1,544</b>	<b>865</b>	<b>(679)</b>	
<b>ICT Programme</b>				
E-Services	50	40	(10)	S

AHH/CYP Social care System	942	562	(380)	£250k – S, £180k – R2
<b>Total Changes to the ICT Programme</b>	<b>992</b>	<b>602</b>	<b>(390)</b>	
<b>TOTAL CHANGES TO PROGRAMME</b>	<b>11,553</b>	<b>9,191</b>	<b>(2,362)</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>R2</b>				
Re-allocated Within Departments Programme				
<b>R3</b>				
Re-allocated To Different Departments Programme				

