



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:
- Amendments and additions to the capital programme 2009/10 – 2011/12 for the following schemes: St Andrews Special School temporary classrooms, Springfield Primary School various alterations, Babington Children's Centre – Stonehill Nursery and Brookfield Primary replacement pitched roof covering.
 - Scheme commencements for all of the above as well as the Family Justice Centre and Markeaton Park refurbishment of the play area
 - External Grant funding approval for the Play Builders scheme
 - Extension of the internal repairs and maintenance service contract in Children and Young People Department provided by Environmental Services and to undertake a review of how the repairs and maintenance service is delivered to establish any possible efficiencies
 - To request a contract waiver to obtain tenders for the provision of the Children's Centre activities in Osmaston/Allenton by Nacro and Barnado's
 - Addition of the Parenting Early Intervention Programme grant to Children and Young People's Department budget 2009/10.
 - A sundry debtor write – off for £23,138.76 for Adult Social Care.
 - The waiver of Contract Procedure Rule C15 and enter into a 12 month contract with EzGov Europe Ltd for a "virtual assistant" Derby Direct service accessible via the Council's web site at a cost of £9,000.

RECOMMENDATIONS

- 2.1 To amend the capital programme 2009/10 -2011/12 and to approve the scheme commencements for St Andrews Special School, Springfield Primary School, Babingtons Childrens Centre – Stonehill Nursery, Brookfield Primary, and retrospective scheme commencement for Family Justice Centre and Markeaton Park refurbishment of play area.
- 2.2 To note the 2009/10 allocation of Playbuilders capital and revenue grant funding and the indicative allocations for 2010/11 from the Department for Children, Schools and Families to the Council.
- 2.3 To approve the extension of the repair and maintenance service contract provided by Environmental Services (ES) until 31 March 2011

- 2.4 To note the review of how the Repair and Maintenance Service is delivered between Corporate and Adult Services (CAS), acting as client and ES as contractor, to establish any possible efficiencies.
- 2.5 To approve that where a repair and maintenance service is wholly contracted out and ES do not add value, then it is proposed that this will be contracted directly by CAS.
- 2.6 To approve the waive Contract Procedure Rule C15 relating to the requirement to obtain tenders, and award one year contracts to Nacro and Barnardo's to provide Children's Centre activities in Osmaston/Allenton in Locality 2.
- 2.7 To agree the addition of the Parenting Early Intervention Programme grant of £183,293 to the Children and Young People's departmental budget for 2009/10
- 2.8 To approve the sundry debtor write off at Appendix 3.
- 2.9 To approve waiver of Contract Procedure Rule C15 and enter into a 12 month contract with EzGov Europe Ltd for a "virtual assistant" service accessible via the Council's web site at a cost of £9,000.

SUPPORTING INFORMATION

3. The following schemes and associated funding require adding to the capital programme.

3.1 St Andrews Special School

- 3.1.1 St Andrews Special School has been identified through Building Schools for the Future - BSF as a school that requires significant new build and reconfiguration. However this will not be in place until 2013 - 2014. The new build and reconfiguration has been planned so that the school is able to meet the needs of the number of pupils currently attending rather than a means of increasing the pupil numbers.

However in September 2009 the school will have a significant rise in numbers of pupils joining the school across all ages, with only a small number leaving. The planned number of pupil admission for the academic year 2009 – 10 is 16 with only 7 leaving at the end of the academic year 2008 – 9, an increase of 9 pupils.

The school is unable to meet the needs of these additional pupils without more space being made available.

If Derby City is not able to educate these additional pupils at St Andrews School, places will need to be found outside of Derby City provision.

- 3.1.2 There are two options for this:

- Option 1 - place in another authority special school
- Option 2 - place in an independent or non- maintained special school.

Either of these options will require additional funding.

Option 1 could cost approximately £270,000 per year – however all other LA are in a similar position to Derby City and are not able to offer places for other LA pupils

Option 2 would cost a minimum of £500,000 per year dependent on schools able to take additional pupils plus the cost of the transport to get the pupils to the identified schools

The academic year 2009 – 2010 will create the real difficulty for St Andrews School, however in the following years the number should not reach 92 but will not reduce to the current level of 85.

- 3.1.3 For St Andrews School to continue to meet the needs of pupils with significant and complex needs it requires additional space prior to BSF to bring it up to the required standards.

The proposal is to provide two additional temporary classrooms at an estimated cost of £355,000 with £347,000 to be spent in 09/10 and the balance of £8,000 in 10/11. This is to be funded from NDS Modernisation funding in the first instance. There is a possibility that the school will contribute some funding but this has yet to be agreed. A further paper will be presented if the funding arrangements change.

3.2 Springfield Primary School

- 3.2.1 The school currently has no distinct entrance area and little capacity for holding meetings with the various support agencies, parents and other visitors to the school. The proposal is to create a more welcoming and secure school reception area and an enlarged heads office to provide appropriate meeting space. The extension will also include a fully accessible toilet for people with disabilities. The overall estimated cost of the scheme is £164,000, this comprises £125,000 school's devolved budget, £20,000 School's Access initiative funding and £19,000 NDS modernisation funding. This is likely to be spent as £160,000 in 2009/10 and £4,000 in 2010/11.

3.3 Babington Children's Centre - Stonehill Nursery

- 3.3.1 At Cabinet on 28 October 2008 approval was given for a scheme to expand and re-model the existing Children's Centre at an estimated cost of £350,000. The heating and lighting systems in the existing nursery are in poor condition and in need of replacement. The nursery will need to be closed whilst the main project work is being undertaken therefore there is an opportunity to incorporate the upgrading of the heating and lighting systems within this scheme. The additional cost of this work is approximately £68,000. The school has agreed to fund this from their devolved capital. Therefore the overall budget for the scheme is now £418,000. This is split as £20,000 for 2008/09, £389,000 for 2009/10 and £9,000 for 2010/11.

3.4 Brookfield Primary School

- 3.4.1 The current capital programme includes a scheme to replace the pitched roof covering at Brookfield School.

- 3.4.2 Following detailed design and phasing work it has become apparent that the proposed works can not be carried out within the 6 week school summer holiday under a normal programme of works. The school will not be able to occupy any space underneath areas being re-roofed. An accelerated programme (with additional labour) is therefore required in order to minimise disruption to the school and prevent significant decanting and disruption to education. The increase in cost of £25k will be met from the NDS Modernisation Fund (SCE R). The phasing of the project is as follows: 2008/9 £20k and £130k in 2009/10 with an anticipated start date of July 2009.
- 3.4.3 The school has been consulted over the proposal and been fully involved in formulating a workable programme. Provision of temporary accommodation is not an option due to significant cost implications and site restrictions. No other suitable locations are available to decant pupils off site whilst work is ongoing.
- 3.5 Playbuilders External Grant Funding Approval**
- 3.5.1 The Council has received notification of continued Playbuilders capital grant funding of £389,189 for 2009/10 plus £19,802 revenue grant funding. This is earmarked to be spent on a minimum of eight playground refurbishments in 2009/10.
- 3.5.2 Consultation work and tender evaluations are currently ongoing for the 2009/10 playground refurbishment programme. Details of individual schemes will be added to the 2009/10 Environmental Services capital programme once scheme details and additional funding has been secured.
- 3.5.3 The Council has also been provisionally allocated £438,697 capital and £13,202 revenue funding for 2010/11 for a minimum of eight playground refurbishments.
- 3.6 Family Justice Centre**
- 3.6.1 Scheme commencement is sought for refurbishment of the office space located on the 2nd floor of St Peters house to establish a Family Justice Centre. Derby Community Safety Partnership is the lead on a partnership initiative to bring together all key agencies to deliver and develop a better service for victims of domestic and sexual violence.
- 3.7 Markeaton Park Refurbishment**
- 3.7.1 Environmental Services capital programme includes a scheme to refurbish buildings and the play area within Markeaton Park. Total scheme costs are £275k with £20k profiled for 2008/09 and £255k profiled for 2009/10. Retrospective approval is sought to commence this scheme and to note that a number of external funding options are being considered, details of which will be submitted to cabinet in due course along with a programme of planned works.
- 3.8 Contract for the Repair and Maintenance of Buildings**
- 3.8.1 The contract for the repair and maintenance of buildings is currently carried out by Environmental Services Facilities Management Division (ES) and is due to expire at end of July 2009. The contract covers day to day maintenance, some servicing and refurbishment and minor works to the Council's non-housing building stock including schools as part of the sold package.

The annual value of the contract at the time of tender (August 2003) was estimated to be £1 million but the amount actually spent is very dependent on the budget available for corporate buildings and the extent of the buy-in by schools. Expenditure for the last three years has averaged around £2.2 million.

3.8.2 In considering how to provide the service in the future, a number of issues need to be considered:

- ES are in the process restructuring the service
- East Midlands Property Alliance, an alliance of authorities looking at collaborative working and in which the Council is participating in principle, is considering how property maintenance might be better delivered across the region, possibly a regional service delivered locally, and this is in the early stages of development
- the future workload is uncertain because of, amongst other issues, Building Schools for the Future
- when the service was last tendered, the tender from (the then) Commercial Services was the only one received
- should the service be tendered and won by an external provider there is a risk that the service may not meet requirements
- there is a significant cost involved in tendering the service.

3.8.3 Given the above issues, approval is sought to:

- extend the service provided by ES until 31 March 2011
- review how the service is delivered between Corporate and Adult Services (CAS), acting as client and ES as contractor, to establish any possible efficiencies. Where a service is wholly contracted out and ES do not add value, then it is proposed that this will be contracted directly by CAS.

3.9.1 Contract waivers

3.9.1 The government is committed to providing Sure Start Children's Centres in all areas of the country and provides a ring fenced Sure Start Local Programme grant to the Council to enable it to do so. Nacro and Barnardo's have been partners in the Osmaston/Allenton Sure Start Children's Centre since its inception in 2001. They have provided services under contract through Sure Start Local Programme grant since that time. The organisations provide services to vulnerable families, including children in need; children on the child protection register and looked after children.

3.9.2 Sure Start Children's Centres were encouraged to form partnerships with existing voluntary sector groups in their localities and this is what happened in Osmaston/Allenton. The Sure Start programmes were initially arms length organisations but local authorities were given more control over them in 2005. However, central government lays down certain services - the core offer - which must be provided in the Children's Centres and these include the services being provided by Nacro and Barnardo's.

3.9.3 The organisations rent the buildings in Osmaston/Allenton from where they run their services and are long established voluntary sector providers with good reputations both locally and nationally for providing services to vulnerable children and families.

3.9.4 The activities run by Nacro include parenting skills training, play groups and pre-school crèches. The services provided by Barnardo's include a scheme for recruiting and training volunteers and an out of hours family support scheme.

- 3.9.5 The current annual value of the contract with Nacro is £76,957 and with Barnardo's is £60,338. They were due to expire on 31 March 2009. The services provided by Nacro and Barnardo's are of a good quality, they are accepted and rated by local residents and are considered to be value for money. As no other children's voluntary organisations which could provide services to young children and families are established in this area, it is recommended that one year contract waivers are sought.
- 3.9.6 As the Sure Start Local Programme Grant is tapering significantly year on year it is very difficult for Osmaston/Allenton Sure Start Children Centre to predict how much money it will have available after next year to fund the services from these two voluntary organisations. Next year it is being subsidised by the Children's Centre budget which is funded from a ring fenced grant provided by central government. This means that the level of services from Nacro and Barnardo's can be maintained. The situation for 2010/11 will be reviewed nearer the time in light of a reducing grant allocation from the Department for Children, Schools and Families - DCSF. There is no information from central government after 2010/11 about the level of funding for the Sure Start Programme grant because that is the last year of the spending review period. Therefore, the contracts with Nacro and Barnardo's can only be set for one year.
- 3.9.7 The intention in future is to tender for multi-year contracts, but this is dependent on central government providing certainty of funding over a multi-year period. If a three year funding settlement from April 2011 is to be announced, then a full tendering process can take place late in the 2010/11 financial year.

3.10 Additional grant funding – Children and Young People's - CYP - department

- 3.10.1 Following a recent cross-departmental review on families at risk, the government is making additional funding available as part of the "Think Family" initiative. The Parenting Early Intervention Programme (PEIP) is being extended to all local authorities. This will provide funding to enable areas to train practitioners in delivering parenting programmes to parents of children and young people aged 8 – 13 with behavioural problems and likely to be responsible for anti-social behaviour. The aim is to improve the children and young people's behaviour and outcomes. The allocation for Derby in 2009/10 is £183,293. More funding is expected under the "Think Family" initiative and this will be reported to Cabinet as it is announced. Approval is sought to add this to the CYP departmental revenue budget 2009/10.

3.11 Sundry Debtor Write Offs

- 3.11.1 It is proposed to write-off the debt for Adult Social Care as detailed below:

Customer Number	Department	Gross write off per customer	Net Outstanding Amount (charge to revenue)
304067	Adult Social Care	23,138.76	23,138.76
Reason for Write Off			
The value of periodical invoices raised were disputed by the customer. An agreement has now been reached for future weekly invoices. It is proposed to write off the old disputed debt			

3.12 Derby Direct Contract Waiver

- 3.12.1 To help make more effective use of resource and manage the volume of calls for specific services, Derby Direct has been exploring ways in which to automate the provision of information to customers and the collection of information. A six month pilot of an automated self service telephone system called “virtual assistant” will assess how feasible this approach is for those customers that call the Council.
- 3.12.2 The “virtual assistant” is a hosted service that presents customers with information from our web site or other sources in response to questions which are asked in plain English. The “virtual assistant” will have access to up to 500 preset questions suggesting answers and sources of information for each question. These questions will cover the range of services Derby Direct helps to deliver.
- 3.12.3 It is proposed to enter into a 12 month contract with EzGov Europe Ltd to design and implement a “virtual assistant” system for Derby City Council to pilot the service . They will provide this free of charge for the first six months on the basis that in return for this development they will use the six month pilot in case study material for their product.
- 3.12.4 80% of the web usage for the Government Gateway is provided by EzGov Europe Ltd as is the Self Assessment web page for PAYE for HMRC, as well as the Money Claims Online for the Ministry of Justice and the Whole Farm Approach web site for DEFRA.
- 3.12.5 Before the end of the six month period the pilot will be assessed as to whether the “virtual assistant” is a service to offer on a longer term basis. If so, a tender process will be undertaken to seek a longer term solution.
- 3.12.6 During any tender process it is proposed that the “virtual assistant” service is maintained for a further six month period from EzGov Europe Ltd at a cost of £1,500 per month to continue to provide a total of 500 questions of which 5% - 25 questions – can be changed per month.
- 3.12.7 On completion of the tender the “virtual assistant” from EzGov will be replaced by the product from the successful organisation. We expect to have completed the tender process and launched the new service within this six month period.
- 3.12.8 The cost of providing the “virtual assistant” service for a 12 month period will be £9,000. The first six months will be free of charge and the second six months will be charged at £1,500 per month. The cost of this service will be met from within the Customer Services budget for 2009/10.

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Background papers:	None
List of appendices:	Appendix 1 – Implications Appendix 2 – Capital Scheme Commencements Appendix 3 – Sundry Debtor Write Off

IMPLICATIONS

Financial

- 1.1 There is a balance of £4,788,674 in unallocated 2008/09 – 2009/10 NDS Modernisation/Basic Needs funding for school capital projects. Funding these schemes will leave a remaining balance of £4,389,674. NDS Modernisation funding can only be used for Condition, Suitability or Sufficiency projects within Derby City Schools in line with the Council's Asset Management Plan.

Legal

- 2.1 None.

Personnel

- 3.1 None.

Equalities Impact

- 4.1 All capital works will comply with the requirements of the Disability Discrimination Act.
- 4.2 Equalities impact for the Derby Direct contract waiver will be considered as part of the pilot.

Corporate objectives and priorities for change

- 5.1 The capital schemes support the priority of supporting everyone in learning and achieving.
- 5.2 The Derby Direct contract waiver supports the provision of excellent services and value for money.

Scheme Commencements

Appendix 2

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

- St Andrews Special School – Provision of two additional temporary classrooms

Budget	£'000
2009/10	347,000
2010/11	8,000
Total	355,000
Funding	
SCE R	355,000
	355,000

- Springfield Primary School – Improvements to reception area, meeting space and disabled toilet

Budget	£'000
2009/10	160,000
2010/11	4,000
Total	164,000
Funding	
SCE (R)	39,000
Devolved Contributions	125,000
	164,000

- Babingtons Childrens Centre – Stonehill Nursery – Expand /remodel existing children's centre and upgrade heating and lighting systems

Budget	£'000
2008/09	20,000
2009/10	389,000
2010/11	9,000
Total	418,000
Funding	
Government Grants	313,000
Devolved Contributions	68,000
Capital Reserves	37,000
	418,000

- Brookfield Primary School – Replacement Pitched Roof

Budget	£'000
2008/09	20,000
2009/10	130,000
Total	150,000
Funding	
SCE R	113,000
Devolved Contributions	37,000
	150,000

- Family Justice Centre – to bring together all key agencies

Budget	£
2008/09	166,000
Total	166,000
Funding	
Capital receipts	65,000
Government Grant	101,000
	166,000

- Markeaton Park – Refurbishment of buildings and play area

Budget	£
2008/09	20,000
2009/10	255,000
2010/11	
Total	275,000
Funding	
Section 106	275,000
	275,000