



## **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 . . .
- The waiving of tendering requirements under Contract Procedure Rule 15 for Sinfin Community School who have purchased PC's and network server upgrade using an internal school loan of £60,000.
  - The waiving of tendering requirements under Contract Procedure Rule 15 for further on street parking display equipment and bus shelters to support bus route and public transport improvements, on the grounds of needing to ensure compatibility and continuity.
  - The acquisition of office accommodation for the integrated Learning Disability Service of the Social Services Directorate. Following further negotiations the purchase of St Matthews and St Pauls House is no longer an option. Council Cabinet is asked to rescind Council Cabinet minute number 110/5 from the 6 September 2005 and re-approve the recommendations of the 12 July 2005 Council Cabinet in relation to the lease of the premises.
  - The Multi Faith Centre have approached the Council to request either a deferral of repayments on its £50,000 loan or it to be converted to a grant.
- 1.2 Subject to any issues raised at the meeting, I support the following recommendations.

### **RECOMMENDATIONS**

- 2.1 To approve waiver of contract procedure rule 15 for Sinfin Community School to enter into a contract without tendering for new PC's and server upgrade and allow the release of an internal school loan of £60,000.
- 2.2 To waive Contract Procedure Rule 15 and to authorise:
- the ordering of on street display equipment from Trueform Engineering Ltd in relation to the proposed extensions to bus route enhancements and Real Time Information System without seeking tenders on the grounds of needing to ensure compatibility and continuity
  - the ordering of bus shelters from MAN Shelters Ltd in relation to the proposed extensions to bus route enhancements and Citywide public transport improvements without seeking tenders on the grounds of needing to ensure compatibility and continuity.

- 2.3 To rescind Council Cabinet minute number 110/5 and approve in relation to St Matthews and St Pauls House:
- the lease of additional accommodation for the integrated Learning Disability Service at St Paul's and St Matthew's House Stores Road on the same terms as approved in July 2005
  - the waiver to contract regulation C6 of the Council Constitution to enable the landlord to undertake the work required
  - a contribution from the proceeds of the sale of The Mount to cover the setting up of the project.
- 2.4 To approve the deferral of repayments on a £50,000 loan provided to the Multi Faith Centre for a further 12 months.



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### **SUPPORTING INFORMATION**

- 1. Waiver of contract procedure rule 15 - Sinfin Community School new PC's and server upgrade**
  - 1.1 The Council operates an internal loan scheme for schools to enable them to make high cost purchases and spread the cost over a number of years. Sinfin Community School have applied for an internal loan for £60,000 to fund 60 new PCs and an associated upgrade of their server. The school has already incurred the expenditure and did not comply with the Council's contract procedure rules on tendering as they had an existing preferred supplier.
  - 1.2 Cabinet is asked to waive Contract procedure rules for the school in this instance to enable the internal loan to be released to the school.
- 2. Waiver of contract procedure rule 15 – equipment for extensions to bus routes and public transport improvements**
  - 2.1 In 2003/04 on street displays from Trueform Engineering Ltd were installed in parts of Chaddesden as part of enhancements to a quality bus partnership route. These displays were specifically designed to minimise vandalism to bus stops and improve the visual appearance of these partnership routes and are compatible with the real time information facilities chosen by Derby City Council. Trueform Engineering are the sole supplier of this particular type of on street display.
  - 2.2 In 2004/05 the installation of these on street displays was extended to complete the Chaddesden and Oakwood Quality Bus Partnership route and include the 'Spondon Flyer' Quality Bus Partnership route. It was necessary to purchase the equipment from the same supplier to ensure continuity within the Quality Bus Partnership routes.
  - 2.3 In 2005/06 it is proposed to extend the scheme further on bus routes in Mickleover and Chellaston. Members are therefore asked to waive Contract procedure Rule C15 relating to competitive tendering. Checks will continue to be carried out to ensure that the equipment costs remain competitive with similar systems and are within budget.

- 2.4 Between 2003/4 and 2004/5 the bus shelter suppliers that had been selected through a quote basis had failed to meet deadlines for delivery and installation of shelters, and at times were over 9 months late in supplying the required shelters. MAN Shelters were selected through the quote procedure to supply shelters for 2005/6 and have comfortably met deadlines for delivery and installation.
- 2.5 In 2006/07 it is proposed to extend the scheme further on bus routes across the City. Members are therefore asked to waive Contract procedure Rule C15 relating to competitive tendering. Checks will be carried out to ensure that the equipment costs remain competitive with similar systems and are within budget.
- 2.6 Approval will enable detailed design work to be completed, with the objective of ensuring transport schemes are delivered in the best possible way and achieve value for money.

### **3. St Matthews and St Pauls House**

- 3.1 At its meeting on 6 September 2005 Cabinet recommended Council to approve the use of prudential borrowing to finance the purchase of St Paul's and St Matthew's House at Stores Road for a combined total of £1.47m including costs and the addition to the capital programme. This office accommodation is to be used for the integrated Learning Disability Service of the Social Services Directorate.
- 3.2 Terms for the purchase had been provisionally agreed with the owner but subsequently he is not now willing to go ahead with such a sale. Therefore it is proposed to rescind minute number 110/5 and proceed as originally intended and take the premises by way of a lease. This approach was explained in a Cabinet report approved by Council Cabinet on 12 July 2005.
- 3.3 The proposal is to re-approve the recommendations of the 12 July 2005 as follows:
- The lease of additional accommodation for the integrated Learning Disability Service at St Paul's and St Matthew's House Stores Road on the same terms as approved in July 2005.
  - To approve the waiver to contract regulation C6 of the Council Constitution to enable the landlord to undertake the work required.
  - To approve a contribution from the proceeds of the sale of The Mount to cover the setting up of the project. The contribution required would either be £63,000 or £128,000 depending on whether a capital contribution was obtained from the NHS.

### **4. Multi Faith Centre**

- 4.1 The Multi Faith Centre secured a £50,000 loan from the Council in October 2004 to enable the construction of the new Multi Faith Centre at Derby University to be completed. Repayments were due to commence in October 2005. However the Centre has written to the Council indicating that cashflows are such that repayment would be difficult at this stage. Copies of the latest accounts have been provided to verify this.

- 4.2 The Cabinet could refuse the request, write off the loan and turn it to a grant or agree a deferral of say, 12 months. Should the loan be turned to a grant this would have to be met from Council revenue budgets.
- 4.3 A possible preferred option would be to defer the loan repayments for 12 months. This would cost approximately £1,000 in lost cashflow. The Centre has made an offer for us to consider making use of the meeting rooms at the centre in lieu of future repayments. The Director of Finance will follow this up if a deferral is granted in the meantime.

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Background papers:	None
List of appendices:	Appendix 1 – Implications

<b>IMPLICATIONS</b>
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**Financial**

1. As set out in this report.

**Legal**

2. None

**Personnel**

3. None

**Equalities impact**

4. None

**Corporate objectives and priorities for change**

5. The recommendations are consistent with the Council's corporate objectives and priorities.