



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 capital programme.

RECOMMENDATIONS

- 2.1 To approve the revised capital programme for 2011/12, paragraph 4.2 and changes therein at Appendix 2.
- 2.2 To approve the proposed scheme for Chapel Street lighting and to approve the virement of site revenue savings made against electricity and maintenance savings to support the borrowing.
- 2.2 To request that cabinet recommend to full council the additional borrowing required for Chapel street lighting scheme detailed in paragraph 4.8.
- 2.3 To approve scheme commencements detailed in Appendix 3.
- 2.4 To note the receipt of additional English Heritage grant and approve its use within the Public Realm programme as detailed in paragraph 4.6.

REASON FOR RECOMMENDATIONS

- 3.1 As included in the report.

SUPPORTING INFORMATION

4. Changes to the Capital Programme

- 4.1 The latest approved programme as at 28 June Cabinet was £126.26m. Various changes are now required to decrease this total by £2.26m making a revised capital programme total of £124.00m. Table 1 shows the changes and revised 2011/12 programme.

4.2 Table 1 - Revised Capital Programme 2011/12

Table 1 – Revised 2011/12 Programme and Funding			
Programme	Latest Approved (7 June Cabinet) Capital Programme £000's	Further Revisions (Appendix 2) £000's	Revised Programme £000's
Children and Young People	34,158	95	34,253
Neighbourhoods	34,093	3	34,096
Adult Health & Housing	30,198		30,198
Resources	177		177
Chief Executive	27,509	(2,358)	25,151
Emergency Contingency Budget	125		125
Total Programme	126,260	(2,260)	124,000

The programme is fully financed and a breakdown of the funding will be included in future quarterly monitoring reports. Details of the changes are shown in Appendix 2 with a summary of some of the larger changes highlighted below:

Headline Changes

4.3 Children and Young People's Services

Proposed revisions to condition schemes within the Schools Capital Programme

The Council's Capital Programme has allocated funding of £5,250,000 for school capital projects in 2011/12. This funding has been allocated in line with the priorities set out in the Schools Asset Management Plan 2010-12. Council Cabinet, at its meeting on 15 March 2011, approved a programme of schemes at school premises to deal with essential condition issues and to provide additional school places.

Following Cabinet approval, detailed design work and feasibility studies were carried out for the condition schemes in readiness for substantial building works to be completed this summer resulting in a number of scheme variances, all of which have been contained within CYP capital resources as follows:

- **Additional Essential Work**

Grampian Primary School Fire Precaution Scheme. Further investigation of the fire alarm system has indicated that it is not possible to upgrade the existing system as anticipated. Therefore, it will be necessary to install a new system increasing the cost by £50,000 to £100,000.

Shelton Infant School Fire Precaution Scheme. Further investigations have indicated that it is not possible to upgrade the existing fire alarm system and therefore a new system will need to be installed, increasing the cost by £34,000. An additional £20,000 has been allocated from the CYP Contingency for Urgent Condition Issue Schemes. This gives a total budget of £130,000.

- **Forecast Underspends**

Some schemes are expected to come in under budget and, where this is the case, the proposal is to reallocate the balance (est. £47,000) towards the schemes that require additional essential work.

Carlyle Infant School Buildings at Risk Intrusive Investigatory Scheme. Detailed investigation of the floor and void has been undertaken and over boarding work needs to be rephased from Summer 2012 to Summer 2011. The scheme is estimated to be £21,000 under budget.

Becket Primary School Fire Precaution Scheme is expected to be £26,000 under budget.

- **Other revisions**

The cost of the Vic Hallam school building repairs are forecast to be £100,000 less than budgeted. It is proposed that this £100,000 is reprioritised towards the essential work on the urgent condition schemes.

4.4 **Schools Catering Capital Grant**

Council Cabinet, at its meeting on 7 June 2011, approved the reallocation of the Schools Catering Capital Grant balance of £835,504 from Neighbourhoods to the CYP Schools Capital Programme and an initial £200,000 budget for the conversion of existing kitchens to heat and serve for those schools opting into the Group contract. A further scheme, funded by the Schools Catering Capital Grant, is required for the 44 schools that have indicated that they will not be joining the Catering Group Contract. Each of these schools was given an opportunity to bid for up to £8,000 of the grant to put towards the capital costs associated with school kitchens. If all 44 schools apply for the funding, and the maximum level of funding is approved for each, a total of £352,000 will be committed from the grant. Schools are required to match fund the grant from their delegated budgets.

4.5 Neighbourhoods Directorate

Leisure and Culture

The Silk Mill, Derby National Visitor Attraction Phase 1 scheme requires reducing by £50,000 in 2011-12. Indicative 2012-13 and 2013-14 also require a reduction of £250,000 and £500,000 respectively.

The original budgets included anticipated external funding to support the scheme which has not yet been secured. These adjustments reduce the budget to reflect the current level of secured funding. Work is being undertaken to secure external funding to help support the scheme, different scenarios are being developed depending on the funding available.

4.6 Public Realm

£50,000 additional grant funding from English Heritage has been awarded to the Building Frontage Enhancement scheme.

4.7 Local Transport Plan

An overall £101,000 reduction to the Local Transport Plan is required to reflect Section 106 Funding allocation changes agreed at Highways and Transport Board 6 June 2011.

- £30,000 additional S106 contribution to support Uttoxeter Road Scheme - Manor/Kingsway Junction.
- £11,000 removed for A6005 Derby Road/Gregory's Pelican - no longer required.
- £119,565 removed from the Public Transport scheme because the proposal is outside the terms of reference of agreement with the developer.

4.8 Planning and Facilities Management

An additional scheme has been added to the 2011/12 programme for the lighting at Chapel street car park totalling £103,328. This will be funded from prudential borrowing repaid over a 10 year period from the savings arising from reduced electricity and maintenance costs.

The proposed scheme will replace the existing light fittings, lamps and controls with more energy efficient fitting and controls. An option appraisal was undertaken considering the replacement against the 'do nothing' option.

Table 2 summarises the two options:

Table 2

Cost Element	'Do Nothing' £'s	Proposed Scheme £'s	Annual Revenue (Saving)/Cost £'s
Annual Electricity Cost	30,000	15,000	(15,000)
Annual Maintenance	7,000	3,500	(3,500)
Borrowing Repayment	0	14,361	14,361
Total Revenue Cost	37,000	32,861	(4,139)
Capital Cost	0	103,328	0

Replacing the existing light fittings, lamps and controls with more energy efficient fittings and controls will deliver a 50% reduction in annual electricity costs and reduce around half the 'carbon emissions' from the car park lighting. Production of energy savings and reduced emissions is due to the following:

- the replacement fittings only require half the electrical power to produce the same light output as per the existing fittings
- the replacement controls will ensure, where safe to do so, that selected fittings are turned off when not required due to sufficient natural light and/or no users in the car park.
- the longer life of the new lamps will reduce by half the requirement for maintenance.

The capital costs are as per a tender with validity to 30 July 2011. This tender was obtained under capital funding previously obtained for this project but which was subsequently reallocated.

The Asset Management Business Plan sets out a desire to reduce carbon emissions by 25% by 2014. This project will make a direct contribution to that goal.

There are no planning issues to address. The site has been surveyed in respect of technical issues and the scheme has been designed. There may be a need to close or partially close the car park for short periods from time to time during installation.

4.9 Chief Executive's Office

Policy and Performance

Four new ICT schemes totalling £4.549m are required, funded from the One Derby One Council capital budget.

	2011/12	2012/13 onwards	Total
ICT Stabilisation – Servers	554,000	0	554,000
ICT Stabilisation – Storage	395,000	0	395,000
ICT Stabilisation - Software Renewal	372,000	1,488,000	1,860,000
ICT Stabilisation - Hardware Renewal	870,000	870,000	1,740,000
Total	2,191,000	2,358,000	4,549,000

These projects form part of the overall ICT Transformation programme and are the next step in improving the Council's ICT estate. The ICT Transformation is vital to deliver the planned service delivery savings in the One Derby One Council design mandate. Completion of these projects will also deliver a saving from a reduced maintenance charge from Serco.

- 4.10 Cabinet is asked to approve the additions and amendments to the 2011/12 capital programme.
- 4.11 Table 3 shows the revised 2011/12 – 2013/14 indicative programme with the changes from above incorporated.

Table 3 Revised Indicative Programme 2011/12 -2013/14

Directorate	2011/12 £000	2012/13 £000	2013/14 £000
Children and Young People	34,253	28,822	5,250
Neighbourhoods	34,096	22,843	59,811
Adult Health and Housing	30,198	13,878	10,985
Resources	177	0	0
Chief Executive's	25,151	17,841	799
Emergency Contingency Budget	125	1,007	446
Total Programme	124,000	84,391	77,291

OTHER OPTIONS CONSIDERED

- 5.1 None.

This report has been approved by the following officers:

Legal officer Financial officer Human Resources officer Service Director(s) Other(s)	
---	--

For more information

contact:

Mark Nash, Group Accountant 01332 643364, mark.nash@derby.gov.uk

Background papers:

None

List of appendices:

Appendix 1 – Implications

Appendix 2 - Summary of further changes to the capital programme
2011/2012

Appendix 3 – Capital Scheme Commencements

IMPLICATIONS

Financial

- 1.1 As outlined in the report.

Legal

- 2.1 As outlined in the report.

Personnel

- 3.1 As outlined in the report.

Equalities Impact

- 4.1 As outlined in the report.

Health and Safety

- 5.1 None for consideration.

Carbon commitment

- 6.1 All capital schemes make considerations to the Council's policy.

Value for money

- 7.1 As outlined within the report.

Corporate objectives and priorities for change

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

Appendix 2

Summary of further changes to the capital programme 2011/2012	Latest Approved Capital Programme 2011/12	Revised Capital Programme 2011/12	Change	
	£000	£000	£000	Category
Children & Young Peoples Department				
Becket Primary School Fire Precaution Scheme	74	48	(26)	R2
Grampian Primary School Fire Precaution Scheme	50	100	50	R2 29k & S21k
Carlyle Infant School Buildings at Risk Intrusive Investigatory Scheme	15	89	74	S
Vic Hallam Repairs - General Allowance Buildings at Risk Structural Repairs Scheme	100	0	(100)	R2
Borrow Wood Primary School (Infant block) Mechanical Boiler Replacement Scheme	45	60	15	R2
Dale Community Primary School Mechanical Boiler Replacement Scheme	30	55	25	R2
Osmaston Primary School (Infants block) Mechanical Boiler Replacement Scheme	30	53	23	R2
Shelton Infant School Fire Precaution Scheme	74	128	54	R2
Contingency for Urgent Condition Issue Schemes (allocation to Shelton Infants)	295	275	(20)	R2
Schools Catering Capital Grant	556	204	(352)	R2
School kitchen improvement works (not in the group contract)	0	352	352	R2
Total changes to Children & Young Peoples Department	1,269	1,364	95	
Neighbourhoods				
Leisure & Culture				
Silk Mill, Derby National Visitor Attraction Phase 1	200	150	(50)	R1
Regeneration				
Building Frontage Enhancement Scheme	136	186	50	A

Local Transport Plan				
Strategic Public Transport Improvements	232	202	(30)	R2
Asset Management - ITS Network Management Maintenance	178	167	(11)	R1
Network Management - Strategic Network Management	547	577	30	A
Public Transport - Public Transport	206	116	(90)	R1 60k & R2 30k
Planning and Facilities Management				
New lighting at Chapel street car park	0	103	103	A
Total changes to Neighbourhoods	1,499	1,502	3	
Chief Executives				
Policy Performance				
One Derby one council	8,499	3,950	(4,549)	R2
ICT Stabilisation - Servers	0	554	554	R2
ICT Stabilisation - Storage	0	395	395	R2
ICT Stabilisation - Software Renewal	0	372	372	R2
ICT Stabilisation - Hardware Renewal	0	870	870	R2
Total Changes to Chief Executives	8,499	6,141	(2,358)	
TOTAL CHANGES TO PROGRAMME	11,266	9,006	(2,260)	
	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		

Scheme Commencements

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

- New lighting at Chapel Street car park

Budget	£'000
2011/12	103
Total Expenditure	103
Funding	
Unsupported Borrowing Spend to Save	103
Total Funding	103

- School kitchen improvement works (not in the group contract)

Budget	£'000
2011/12	352
Total Expenditure	352
Funding	
Schools Catering Capital Grant	352
Total Funding	352

- ICT Stabilisation – Servers

Budget	£'000
2011/12	554
Total Expenditure	554
Funding	
Capital Receipts	554
Total Funding	554

- ICT Stabilisation – Storage

Budget	£'000
2011/12	395
Total Expenditure	395
Funding	
Capital Receipts	395
Total Funding	395

- ICT Stabilisation – Software Renewal

Budget	£'000
2011/12	372
2012/13	372
2013/14	372
2014/15	372
2015/16	372
Total Expenditure	1,860
Funding	
Capital Receipts	1,860
Total Funding	1,860

- ICT Stabilisation – Hardware Renewal

Budget	£'000
2011/12	870
2012/13	870
Total Expenditure	1,740
Funding	
Capital Receipts	1,740
Total Funding	1,740