



COUNCIL CABINET
10 February 2016

ITEM 23

Report of the Cabinet Member for Strategy and Policy

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:
- change of use of reserves
 - recommend additional borrowing
 - approval to accept loan
 - extension of existing contract
 - tender and award of contracts

RECOMMENDATIONS

- 2.1 To reprioritise £300,000 of Oracle and E Business reserves to fund the final Serco contract exit costs in 2016/17, as detailed in section 4.
- 2.2 To recommend to Council addition borrowing of £1.5m in the form of a Salix Finance interest free loan as detailed in section 5.
- 2.3 To approve the use of the Street Lighting PFI reserve to replace £1.3m council borrowing and manage the cashflow timing of savings and the repayment of the Salix borrowing associated with the streetlighting LED project, as detailed in section 5.
- 2.4 To delegate authority to accept a Salix Finance interest free loan to the Director of Finance, following Full Council approval of the addition borrowing as detailed in section 5.
- 2.5 To extend the 'Them You Me' contract by a further 6 months, as detailed in section 6.
- 2.6 To contract with the Big Word under the NHS Shared Business Service Framework for Interpretation and Translation Services under Lot 6, for the managed service, as detailed in section 7.

- 2.7 To tender and award, subject to contract procedure rules, the Council's own Framework for British Sign Language Interpreters to meet the specific needs of Derby's Deaf Community, as detailed in section 7.

REASONS FOR RECOMMENDATIONS

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



Derby City Council

COUNCIL CABINET

10 February 2016

Report of the Chief Executive

SUPPORTING INFORMATION

4 Change of use of reserves

- 4.1 In December 2014 Cabinet agreed that the Council should seek a new arrangement for the provision of IT services upon the expiry of the contract with Serco, which ends March 2016. The majority of these costs have been funded from service budgets, however £300,000 is required in 2016/17 to finalise the transition of the service back in house. The Council has previously allocated funding to the Oracle Development and E-Business reserve which can be reprioritised.
- 4.2 It is recommended that £300,000 from the Oracle and E Business reserves is reprioritised to fund the final Serco exit costs in 2016/17.

5 Street Lighting LED Project

- 5.1 A spend to save project to convert 14,289 residential street lights to LED's in order to save an estimated £307,000 per annum in electricity costs was approved by Cabinet on 9 December 2015. The full project cost of £2.8m is made up of £1.5m from an interest free loan supplied by Salix Finance and the remaining £1.3m from Council borrowing. Salix are a not-for-profit company funded by the Department of Energy and Climate change. The scheme achieves full payback in just under 10 years.
- 5.2 Further investigation into the financial profiling has identified an opportunity to utilise the Street Lighting PFI reserve instead of Council borrowing to reduce the overall payback time and reduce council costs. The Communities and Place directorate will repay the Street Lighting PFI reserve using the energy savings generated by the LED replacement project following the payback of the Salix loan.
- 5.3 It is therefore recommended to:

Approve the use of the Street Lighting PFI reserve to replace additional borrowing and manage the cashflow timing of the achievement of savings and the repayment of the Salix borrowing.

To recommend to Full Council the additional borrowing of £1.5m in the form of an interest free loan.

To delegate authority to accept the Salix Finance interest free loan to the Director of Finance.

6 Extension of 'Them You Me' Contract

- 6.1 The 'Them You Me' contract delivers a number of services associated with the digital regeneration agenda including Super Connected Cities, the Connect Project and delivery of wider digital city initiatives.
- 6.2 The initial contract with 'Them You Me' ran from 5 January 2014 for a six month period and featured an option to extend twice. The contract has been extended once and there is now the requirement to take up the option of the second extension to complete ICT works on two final buildings (Marble Hall and the Innovation Centre).
- 6.3 Current contract spend to December 2015 is £119,319, and officers will monitor spend during the extension period to ensure it does not exceed the EU threshold of £164,000. Contract procedure rules require Cabinet approval for the award of a contract for revenue spend over £75,000. The current expenditure total is a mixture of both capital and revenue and below approval limits. However it is anticipated that during the extension period total revenue expenditure would exceed £75,000, therefore requiring approval.
- 6.4 It is therefore recommended that an extension of the 'Them You Me' contract by six months, in line with original tender, is approved.

7 Translation Contracts

- 7.1 Over the last three full financial years a total of approximately £600,000 has been spent on interpretation and translation services using around 22 different suppliers. The spend data alone for the first 8 months of 2015/16 £123,000.
- 7.2 The Big Word is the sole supplier on the NHS Shared Business Service Framework for interpretation and translation services and, under Lot 6, provides a managed service.
- 7.3 The British Sign Language provision has been separated as we have several local suppliers we would like to continue to work with. The Big Word will manage the bookings through the Council framework meaning there will be significant administrative savings across the Council with a single supplier and single point of contact. It has been estimated that these savings will be around 32% on current spend.
- 7.4 It is recommended that the award of a contract with the Big Word under the NHS Shared Business Service Framework for Interpretation and Translation Services is approved.
- 7.5 It is also recommended that the tender and award, subject to contract procedure rules, of the Council's own Framework for British Sign Language Interpreters to meet the specific needs of Derby's Deaf Community is approved.

This report has been approved by the following officers:

Legal officer Financial officer Human Resources officer Estates/Property officer Service Director(s) Other(s)	Toni Nash (Head Of Finance Organisation & Governance) Martyn Marples (Director of Finance and Procurement).
For more information contact: Background papers: List of appendices:	Mark Nash (Group Accountant) None Appendix 1 – Implications

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.

IT

4.1 As detailed in the main body of the report and appendices.

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