



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:
- Commitment of Local Economic Growth Initiative (LEGI) bid funding. This is £100,000 of Government funding provided to enable the Council and other NRF-recipient authorities to bid for a share of the national LEGI programme funding available from 2006/7.
 - Commitment of Additional Planning Delivery Grant (PDG). Actual PDG will significantly exceed budgeted levels in 2005/6, due to improved performance. A commitment of part of this increase is sought, to address urgent needs in the planning service that will also help secure future grant. The grant is not ring fenced to planning and decisions on allocating the remainder of the additional grant will only be taken as part of the 2006/7 budget process upon the conclusion of the previously agreed base budget review.
 - The allocation and use of School Meals Grant. This is an additional grant to be received in the period 2005/6 to 2007/8, the purpose of which is to support delivery of a high quality, sustainable school meals service including improved nutritional standards.
- 1.2 Subject to any issues raised at the meeting, I support the following recommendations.

RECOMMENDATION

- 2.1 To establish a LEGI Bid revenue budget of £100,000 for 2005/6 only, to be managed by the LEGI Steering Group as a corporate budget.
- 2.2 To increase planning expenditure budgets by £50,000 in 2005/6 and indicative budgets from 2006/7 by £36,000, funded from additional Planning Delivery Grant.
- 2.3 To avoid a further commitment of Planning Delivery Grant prior to the outcome of the base budget review as part of the wider budget planning process.
- 2.4 To allocate £146,000 of School Meals Grant in 2005/6 and to plan future uses consistent with the purposes set out in the report.



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SUPPORTING INFORMATION

1. Local Economic Growth Initiative (LEGI)

- 1.1 The Council has received £100k as a pump priming resource to enable a bid to be prepared for support under the Local Economic Growth Initiative (LEGI) in 2006/7.
- 1.2 Nationally, LEGI will provide £50m, £100m and £150m respectively in the three years 2006/7, 2007/8 and 2008/9 to selected local authority areas with the purpose of:
 - Increasing total entrepreneurial activity amongst the population in deprived areas
 - Supporting the sustainable growth and reduce the failure rate of locally owned businesses in deprived areas
 - Attracting appropriate inward investment and franchising into deprived areas, making use of local labour resources
- 1.3 LEGI is being distributed on a competitive basis, with bids being sought from the 80+ authorities that already qualify for NRF funding. Authorities that bid successfully could receive in the range of £2m to £10m funding. LEGI will be the main dedicated funding source for the fourth Economic Development and Enterprise block of the Local Area Agreements, and this funding if received will be subject to the partnership arrangements applying to other LAA funding, working through Derby City Partnerships.
- 1.4 The City is relatively well prepared for this funding opportunity, given the progress made already in developing the City Growth Strategy and the Council's status as a pilot LAA authority. Nonetheless, it would appear that the majority of NRF-eligible authorities will be unsuccessful, even though all have received pump priming fund. A quality bid will clearly need to be submitted in December 2005 if the City is to be successful in the first round.
- 1.5 To take preparations for LEGI forward, a LEGI Steering Group and LEGI Project Group have been established and both have now met. The Project Group is coordinating the detailed work, the Steering Group is overseeing the approach, and consultants are being engaged subject to the Cabinet's approval. Opportunities for partnership working at a regional level are being explored with Leicester and Nottingham City Councils as part of this process.

- 1.6 The pump priming funding has been paid directly to the Council, and is not at this stage part of the LAA. It is therefore proposed to treat this as a new one-off corporate budget, to be used to prepare a bid for LEGI funding in 2005/6, and to delegate decisions on the use of the pump priming funding in support of this purpose to the LEGI Steering Group. The LEGI Steering Group will be formally designated as the Council's budget holder, although it may determine to delegate elements of decision making to the officer Project Group.
- 1.7 If the bid this year is unsuccessful, the Council would have two further opportunities to bid, in 2006/7 and 2007/8. There is unlikely to be any further external funding available. The Steering Group is aware that it will need to manage the £100k funding carefully to ensure that some of these funds are available to support further work, should it be needed.

2. Planning Delivery Grant - PDG

- 2.1 The 2005/6 budget provides for PDG income of £140,000, reflecting allocations in earlier years. Substantially improved planning performance and an increase in national grant funding have together led to a substantial increase in actual PDG allocations. The allocation for 2005/6 will be £391,000. Details of this were not confirmed until after the budget was set, but the higher allocation has prompted inclusion of PDG as a base budget review area, as approved by Cabinet on 12 July 2005. There is no requirement to spend the grant on the planning service although it is performance related.
- 2.2 The Council has already used the introduction of PDG to make a substantial additional investment in the development control service, as part of a five year plan approved by Cabinet in 2004. The service is now seeking the urgent allocation of a further £50,000 in 2005/6 with a £36,000 ongoing effect from 2006/7, subject to the future continuation of PDG or other income. This is to provide:
- Administrative support to planners, to enable them to use their skills to full effect by avoiding administrative work
 - ICT investment that will help attain e-Planning targets
- These changes will directly assist in improving planning performance and in securing a continuation of PDG at these levels in future years, providing that the grant continues.
- 2.3 The remaining unallocated PDG will be taken into account in the base budget review. Members will be aware of the significant funding gaps in the published indicative 2006/7 revenue budget, and there is therefore a need to look to this and any other similar unbudgeted income sources to meet that. A further commitment of PDG beyond that above is therefore not proposed at this stage.

3. School Meals Grant

- 3.1 The DfES has provided details of how the new School Meals Grant will be allocated. It will be available for three years and will be distributed to LEAs and schools.
- 3.2 The LEA grant should be used to target areas which will have the biggest impact on school meals in each authority. This could include additional support to particular schools, area wide initiatives, reviews of provision, supporting a training strategy or increasing expenditure on ingredients. Derby's allocation for 2005/06 is £146,000,

and this is likely to increase to around £240,000 in 2006/07 and 2007/08, after which it will end.

- 3.3 A group of headteachers meets before each city heads' meeting, and they will consider proposals for its use at their next meeting on 21 September. The government's expectation is that local authorities will develop a strategy to deliver a "high quality, sustainable school meals service." The discussions would need to include schools which manage their own catering provision. The Schools Forum will also consider the proposals at its next meeting on 29 September.
- 3.4 We would see the main priorities for the use of the grant in Derby as being:
- Training catering staff in nutritional standards
 - Enhancing the experience of eating in schools through, for example, redecorating dining rooms
 - Monitoring the new mandatory nutritional standards in schools not using the Council's catering service
 - Consultation with parents and
 - Additional equipment for cooking kitchens to make the most effective use of the new salad bars
- 3.5 As the grant will only last for three years, it would not be sensible to use it to fund additional staffing or ingredients, as that would not be sustainable. The catering service in Derby, in any case, already meets the 50p target for ingredient costs.
- 3.6 The grant devolved to schools is based on a lump sum of £1,070 for primary, nursery and special schools, and £1,500 for secondary schools, plus an amount of 50p per FTE pupil (except for nursery schools, where it will be 50p for half of FTE pupils). A primary school will, therefore, typically receive £1200 and a secondary school £2000 for each of the three years including this year. This grant is not ring-fenced, but its purpose is to "support the transformation of school meals and the target for schools is to place school meals on a sustainable footing at a level of quality which at least meets the nutritional standards for school meals that will become mandatory in September 2006". We would recommend that schools use this to take a whole school approach to healthy eating, by developing and implementing a food policy which includes breakfast clubs and tuck shops as well as dinners.

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

IMPLICATIONS

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 create new budgets whose use is consistent with the Council's corporate objectives and priorities.