



## **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 current 2013/14-2015/16 capital programme
  - approval of Derby Homes to act as the main contractor for the refurbishment of Oakvale House
  - approval of a licensed deficit for Cavendish Close Junior School in 2012/13.

### **RECOMMENDATION**

- 2.1 To approve changes and additions to the capital programme as set out in Appendix 2 and highlighted in section 4.
- 2.2 To note the revised capital programme for 2013/14 in table 1 (paragraph 4.1) and the revised indicative programme for 2013/14-2015/16 as shown in table 2 (paragraph 4.5).
- 2.3 To approve Derby Homes to act as the main contractor for the refurbishment of Oakvale House as detailed in section 6.
- 2.4 To approve a licensed deficit in 2012/13 for Cavendish Close Junior School of £25,000 as detailed in section 7.

### **REASONS FOR RECOMMENDATIONS**

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



**SUPPORTING INFORMATION**

**4. UPDATE ON CAPITAL PROGRAMME 2013/14 – 2015/16**

**4.1 Forecast Outturn**

**Table 1 - Revised Capital Programme 2013/14**

Strategy Area	Original Approved Capital Programme  £000's	Revisions Approved to 17 April cabinet  £000's	Latest Approved (17 April cabinet) Capital Programme £000's	Further Revisions (Appendix 2)  £000's	Revised Programme  £000's
CYP	15,482	(973)	14,509	0	14,509
Housing General Fund	2,634	(82)	2,552	0	2,552
Property Improvement	8,257	(1,064)	7,193	(4,109)	3,084
Property Maintenance and refurbishment	5,877	490	6,367	0	6,367
Parks and Open spaces	832	(199)	633	0	633
Flood Defence	250	64	314	0	314
Highways and Transport	8,409	1,733	10,142	(102)	10,040
Streetpride Plant and equipment	2,491	2,154	4,645	0	4,645
Regeneration	21,011	1,663	22,674	0	22,674
ICT	2,518	3,082	5,600	0	5,600
HRA	9,460	3,302	12,762	0	12,762
Strategic Projects	47,301	(19,844)	27,457	0	27,457
<b>Sub-total</b>	<b>124,522</b>	<b>(9,674)</b>	<b>114,848</b>	<b>(4,211)</b>	<b>110,637</b>
<b>Less assumed capital slippage at 10%</b>	<b>(12,462)</b>		<b>(12,462)</b>		<b>(11,462)</b>
<b>Total</b>	<b>112,060</b>		<b>102,386</b>		<b>99,175</b>

Note: Slippage for schemes funded from corporate sources, mainly unsupported borrowing, will be allocated against the 10% slippage planning assumption.

Details of the changes are shown in Appendix 2 with a summary of some of the material changes highlighted below.

#### 4.2 **Housing General Fund**

The housing general fund programme has no overall net change. However, the following re-allocations within the programme are required:

- Reallocations of £42,000 from the Disabled Facilities Grant - DFG - scheme and Empty Property Assistance scheme to the Park Homes Improvements scheme and Minor Repairs Grant scheme. This will repay funding utilised on 2012/13 overspends on DFG and Empty Property Assistance schemes.

#### 4.3 **Property Improvements**

The property improvements programme requires a net reduction of £4,109,000. Re-phasing is required for the Beaufort Business Centre refurbishment and new build project in to 2014/15 and 2015/16 as a more realistic spend profile as build specifications are determined.

#### 4.4 **Highways and Transport**

The Highways and Transport programme requires a net decrease of £102,000. This is due to there being no viable option to proceed with the Duffield Road/Broadway junction improvements scheme at this stage. This scheme would have been funded from s106, which will now be held for future allocation.

- 4.5 Table 2 shows the 2013/14 – 2015/16 indicative programmes incorporating the changes from above.

**Table 2 Revised Indicative Programme 2013/14 - 2015/16**

<b>Strategy Area</b>	<b>2013/14 £000</b>	<b>2014/15 £000</b>	<b>2015/16 £000</b>
CYP	14,509	17,428	8,665
Housing General Fund	2,552	2,115	2,624
Property Improvement	3,084	5,662	2,530
Property Maintenance and Refurbishment	6,367	4,321	4,300
Parks and Open Spaces	633	1,804	1,036
Flood Defence	314	250	250
Highways and Transport	10,040	7,144	3,800
Streetpride Plant and Equipment	4,645	1,928	2,114
Regeneration	22,674	31,524	2,600
ICT	5,600	2,051	0
HRA	12,762	10,265	8,230
Strategic Projects	27,457	32,068	22,436
<b>Sub total</b>	<b>110,637</b>	<b>116,560</b>	<b>58,586</b>
Less assumed capital slippage	(12,462)	(8,907)	(3,937)
Adjustment for slippage of over-programming	1,000	11,462	8,907
<b>Total Programme</b>	<b>99,175</b>	<b>119,116</b>	<b>63,555</b>

## 5 **S106 Contributions**

It was agreed through the S106 working group that any allocation of S106 monies would be reported to Cabinet during the year to inform members what specific contributions are intended to be used for. Any in-year allocations are generally reported through the monthly Contract and Financial Procedures Matters reports and quarterly Capital Monitoring reports, as they arise.

There are no new allocations to report.

## 6 **Oakvale House refurbishment**

- 6.1 On 12 September 2012 Cabinet approved the refurbishment of Oakvale House and delegated authority to the Strategic Director of Adults, Health and Housing to award contracts with building contractors and consultants, following a competitive procurement process, up to a value of £1,000,000.
- 6.2 At the time it was envisaged that Derby Homes would procure the majority of these works. However, it is now considered that better value for money can be achieved if Derby Homes act as the main contractor, using in house teams and existing maintenance contractors where there are already suitable contracts in place. Other works will be sub-contracted out. This approach is in line with the 'Teckal' legal ruling which considered the procurement of works through subsidiary companies. The cost of the refurbishment works will remain within the £1,000,000 budget originally agreed by Cabinet.
- 6.3 It is recommended that approval is granted for Derby Homes to act as the main contractor in relation to the refurbishment of Oakvale House.

## 7 **Cavendish Close Junior School Licensed deficit**

- 7.1 The Scheme for Funding Schools requires the Council's Cabinet to approve a licensed deficit. Licensed deficits will normally only be approved where there has been a significant reduction in pupil numbers or an overspend has arisen because of large items of expenditure which could not have been anticipated. The maximum period allowable for any licensed deficit is 3 years and the maximum permitted size of a licensed deficit is 5% of a school's budget.
- 7.2 A licensed deficit of £25,000, representing 2.25% of the school's budget, is required retrospectively for Cavendish Close Junior School. The school has experienced high levels of staff absences through sickness and ill health related issues and additional pressures to support pupils with complex health needs. The school is able to set a balanced budget for the financial year 2013/14.
- 7.3 It is recommended that retrospective approval is granted for Cavendish Close Junior School to report a licensed deficit of £25,000 in 2012/13.

**This report has been approved by the following officers:**

<b>Legal officer</b> <b>Financial officer</b> <b>Human Resources officer</b> <b>Service Director(s)</b> <b>Other(s)</b>	Martyn Marples. Director of Finance of Procurement
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<b>For more information contact:</b> <b>Background papers:</b> <b>List of appendices:</b>	Mark Nash 01332 643364 e-mail mark.nash@derby.gov.uk None Appendix 1 – Implications Appendix 2 – Summary of further changes to the capital programme 2012/2013
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<b>IMPLICATIONS</b>
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**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.

**Equalities Impact**

- 4.1 None directly arising.

**Health and Safety**

- 5.1 None directly arising.

**Environmental Sustainability**

- 6.1 None directly arising.

**Asset Management**

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

**Risk Management**

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

**Corporate objectives and priorities for change**

- 9.1 These recommendations where relevant are in line with approved capital strategy and Asset Management Plans which accord with the Council's corporate priorities.

## Appendix 2

<b>Summary of further changes to the capital programme 2013/2014</b>	<b>Latest Approved Capital Programme 2013/14 £000</b>	<b>Revised Capital Programme 2013/14 £000</b>	<b>Change £000</b>	<b>Category</b>
<b>Housing General Fund</b>				
Empty Property Assistance / Acquisitions & demolitions of unfit properties	250	243	(7)	<b>R2</b>
Disabled facilities Grant	1,928	1,893	(35)	<b>R2</b>
Park Homes Improvements	0	32	32	<b>R2</b>
Minor Repairs Grant	100	110	10	<b>R2</b>
<b>Total Changes to Housing General Fund</b>	<b>2,278</b>	<b>2,278</b>	<b>0</b>	
<b>Property Improvement</b>				
Beaufort Business Centre Refurbishment and New Build	4,609	500	(4,109)	<b>S</b>
<b>Total Changes to Property Improvement</b>	<b>4,609</b>	<b>500</b>	<b>(4,109)</b>	
<b>Highways and Transport</b>				
Network Management – Strategic Network Management	290	188	(102)	<b>R1</b>
<b>Total Changes to Highways and Transport</b>	<b>290</b>	<b>188</b>	<b>(102)</b>	
<b>TOTAL CHANGES TO PROGRAMME</b>	<b>7,177</b>	<b>2,966</b>	<b>(4,211)</b>	

<b>Key of Categories</b>	
<b>A</b>	Additional schemes from new funding secured
<b>A1</b>	Scheme increase funded by previous years' reserves income
<b>S</b>	Re-phasing
<b>R1</b>	Other Adjustments - Scheme Reductions/Increases
<b>Re-allocation:</b>	
<b>R2</b>	Within Department's programme
<b>R3</b>	To different Departments programme