



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:
- Amendments to the capital programme and scheme commencements for Community Libraries and schemes identified through the pilot participative budgeting process
 - Communities for Health Grant allocation
 - Consultancy for Rowditch master planning
 - Contract waivers for key stage 4 alternative educational provision at the Kingsmead School/Pupil Referral Unit – PRU
 - Corporate Human Resources/Payroll System project costs and funding following new contract.
- 1.2 Subject to any issues raised at the meeting, I support the following recommendation.

RECOMMENDATION

- 2.1 To approve amendment of the Regeneration & Community department capital programme and scheme commencement of the Community Libraries scheme.
- 2.2 To add £120,000 to the 2007/08 Environmental Services capital programme and to approve scheme commencement for the schemes identified through the pilot participative budgeting process.
- 2.3 To approve the allocation of the remaining £65,000 of the 2007/08 Communities for Health grant.
- 2.4 To approve an allocation of £10,000 from the Corporate Modernisation Fund for consultancy work relating to the Rowditch Recreation Ground.
- 2.5 To approve a waiver of CPR15 for contracts between the Kingsmead School/Pupil Referral Unit and the following agencies in the 2007/08 financial year:
- Rathbone - £80,000
 - Step Forward - £80,000

- Highfields Farm - £55,870
- Q Visual Arts - £37,000
- 7KS - £33,333
- Cycling for Life - £80,750
- Drama Therapy - £30,000
- Eve'olve - £35,000
- NACRO - £85,000
- Stone Soup - £50,000

2.6 To approve the addition to the capital programme and funding services as outlined in paragraphs 6.7 and 6.8 for the Corporate Human Resources/Payroll System.

**Contract and Financial Procedure Matters Report****SUPPORTING INFORMATION****1. Community Libraries capital scheme commencement**

- 1.1 Cabinet approved a bid to the Community Libraries programme of the Big Lottery Fund on 20 March 2007. This programme is aimed at transforming the libraries service by opening neighbourhood libraries in Allenton, Chellaston and Mackworth.
- 1.2 Council capital resources of £700,500 were allocated as match funding towards the bid. In October 2007, the Big Lottery Fund confirmed the award of a grant of £2,000,000 which completes the package of funding required to enable commencement of the scheme.
- 1.3 The capital spending profile and funding are shown in the table below.

	2007/08 £	2008/09 £	2009/10 £	Total £
Premises refurbishment and construction	87,000	576,000	2,037,500	2,700,500
Funding				
Unsupported borrowing - corporate resources	12,000	76,000	612,500	700,500
Big Lottery Fund	75,000	500,000	1,425,000	2,000,000
	<u>87,000</u>	<u>576,000</u>	<u>2,037,500</u>	<u>2,700,500</u>

2. Pilot scheme for participative budgeting

- 2.1 Under the pilot participative budgeting process, £110,400 of Safer, Stronger Communities capital funding was awarded to each of the priority neighbourhoods – Normanton, Osmaston and Allenton, Arboretum, Abbey and Sinfin. The funding is available for schemes contributing to the safer, cleaner, greener agenda.
- 2.2 Each neighbourhood has identified their priority schemes. Some of these schemes are enhancements to existing projects that are already underway and it has been possible to include these in the 2007/08 programme. Other schemes are new and will require further developmental work before they can commence and these have been scheduled to be undertaken in 2008/09. These will be built into the 2008/09 capital programme, subject to consultation and Council approval.

2.3 The schemes to be added to the 2007/08 capital programme are as follows:

Scheme	Existing Budget £000	Additional Budget £000	Total Budget £000
Osmaston Park	239	47	286
Street Furniture / Fencing		24	24
Arboretum ward fencing		29	29
Rykneld Park lighting imps		20	20
Total	239	120	359

Approval is also sought to commence these schemes.

3. Communities for Health grant

3.1 The Council was granted £100,000 Communities for Health one off grant funding for 2007/08 to continue with partners its programme of public health initiatives. This was reported to Cabinet on 19 December 2006 and 17 April 2007, when proposals for using £75,000 of the grant were agreed, with the balance of £25,000 for small scale projects held to be allocated by a Derby City Partnership sub-group. Since then, it has emerged that the proposal to spend £40,000 on public health inequalities mapping through the External Funding Unit is not feasible, so this has been returned to the fund, leaving a balance of £65,000 to allocate.

3.2 It is proposed to allocate the balance of £65,000 as follows:

- Derby Glass Aware - £5k. The project, led by Environmental Health and Trading Standards Licensing Officers, aims to investigate glass-related injuries resulting from violent incidents, raise awareness of prevention methods with city centre licensed business, and trial and evaluate the use of polycarbonate drinking glasses in high-risk venues.
- Peer Alcohol Education Project - £7k. This project, led by the Healthy Schools Team in Derby City Primary Care Trust, aims to develop and deliver an effective and sustainable alcohol education programme for Year 8 and 10 pupils in Derby schools. The programme will increase awareness of alcohol-related issues and create a culture of safer alcohol use amongst young people.
- Healthy Older Tenants - £5k. Derby Homes aims to extend the use of its community cafes for older tenants to include sessions on healthy eating/nutrition, exercise classes, and extend internet access.
- Increase School Meals Uptake - £10k. The project, led by Environmental Services, aims to increase the uptake of school meals (which is currently in decline) by working with schools, children and parents to remove obstacles to having school meals and to promote the benefits of healthy lunchtime meals.

- B-active getting the message out! - £13k. The Sports and Leisure Division aim to deliver a comprehensive awareness campaign across the city to promote physical activity, particularly within priority groups and communities.
- The Normanton Community Health Project - £25k - is a mapping project aimed at identifying and evaluating all the health projects within Normanton aimed at healthy eating, alcohol and physical activity. The work will not only give an insight into the nature and type of health activity, it will allow the schemes to be mapped across the neighbourhood, identify good practice, identify the gaps in current service provision and provide a directory of services for local residents.

4. Consultancy for Rowditch master planning

- 4.1 Rowditch Recreation Ground has aspects of the site which are in urgent need of attention. The southern part is most at risk and has a number of grade 2 listed buildings which are vacant and falling into disrepair. This could pose an expensive maintenance liability on the Council in due course. English Heritage has advised upon the potential redevelopment of the site, and the Council is heavily restricted due to the current grade 2 listing. There is currently one occupier and one tenant living in houses on the site. The remainder of the site is underutilised and has been attracting anti social behaviour which poses a threat to residents within the area and park users. The area surrounding the park is currently undergoing extensive residential and commercial redevelopment.
- 4.2 A developer wishes to redevelop the Junction Baptist Church and provide a development of 12 to 14 units of social housing. The position of the housing development is flexible and could be positioned anywhere within the site though the intention was for it to be on the site of the church. This site is positioned off Rowditch Place and it could be used to widen the access to the park as part of a land swap arrangement. There is a possibility that some of the residential housing on Uttoxeter New Road (A516) could be acquired and demolished to provide additional frontage to the Rowditch Recreation Ground and open up the park site which would enhance the overall aspect of the park.
- 4.3 There is a possibility that the current sporting facilities, including a football pitch and bowling green, within the site could be repositioned and new changing facilities built. With a potential sale of the southern part of the site which contains the listed buildings this would generate a receipt which could be ploughed back into the park to provide a facility which would not only be able to provide state of the art sporting facilities but provide an amenity which could be enjoyed by residents too. The parks service is currently canvassing local residents to find out their views about their current usage of the park and what facilities and improvements they would like to see there.
- 4.4 Taking into account all of the above the site needs to be reviewed holistically in order to establish the best options that could be utilised from the area. Funding of £10,000 is required for consultants to generate options and costings.

5. Contract waivers for key stage 4 alternative educational provision at the Kingsmead School/Pupil Referral Unit – PRU

- 5.1 The Kingsmead School / Pupil Referral Unit - PRU - provides education to pupils who are either at risk of exclusion or have been excluded from school. Interaction with external providers ensures that the individual needs of each pupil are being met and that the Council is delivering its statutory responsibility to provide education to these pupils. The service has a positive history of working with external providers and engaging the pupils in these activities.
- 5.2 Historically contracts for alternative educational provision have not been subject to full tendering procedures. The service has been working on a full tendering programme for all contracts; some have already been through the exercise and other large contracts have been identified for April 2008. All contracts will be tendered by April 2009.
- 5.3 Council Cabinet approval is sought under CPR6 to waive CPR15 tendering requirements to award a number of contracts in the 2007/08 financial year on the grounds that the only other providers of the services are very limited and these have previous experience of working with the pupils and the PRU:
- Rathbone provides a tailored programme to individuals at risk of permanent exclusion. They deliver core subjects and preparation for work and post 16 continuation routes. Access to external examinations is also facilitated. A waiver is sought for 2007/08 contracts totalling £80,000. This contract will be subject to a full tendering exercise in April 2008.
 - Step Forward provides core subjects to support Key Stage 4 delivery as part of a young person's individual plan. A waiver is sought for 2007/08 contracts totalling £80,000 and this contract will be subject to a full tendering exercise in April 2008.
 - Highfields Farm provides a realistic work based environment for students who may be difficult to place in other settings. A waiver is sought on the grounds that this is a sole provider in a very specialised area. The value of the contract is £55,870.
 - Q arts is an Arts organisation that delivers participatory arts activities to the PRU. They currently provide half day sessions to small groups across all Key Stages. The value of the contract is £37,000.
 - 7KS offers a variety of engagement strategies for young people who struggle to cope with more mainstream provision. This provision is often used to set up short-term or emergency placements to allow the Council to respond within statutory time limits. The value of the contract is £33,333.
 - Cycling for Life focuses on engaging young people through sport and health living. A waiver is sought for 2007/08 contracts totalling £80,750 and this contract will be subject to a full tendering exercise in April 2008.
 - Drama Therapy provides support to young people with emotional difficulties in more complex cases. The value of the contract is £30,000.

- Eve'olve train in construction skills with an Education to Employment progression route. The value of the contract is £35,000.
- The National Association for the Care and Rehabilitation of Offenders (NACRO) offers a youth achievement award through alternative strategies for young people you have offended or are at risk of offending. A waiver is sought for 2007/08 contracts totalling £85,000 and this contract will be subject to a full tendering exercise in April 2008.
- Stone Soup delivers individual programmes to young people to support their interests and learning targets. The value of the contract is £50,000.

The service could not deliver its statutory obligation in meeting the educational needs of pupils without contracting with these agencies.

6. Corporate Human Resources/Payroll System

- 6.1 The existing Human Resources (HR)/Payroll system contract will expire in November 2008, and there is no further extension possible under that contract. Following a re-tender exercise the preferred supplier is our existing supplier Selima Software and a new contract will be entered into with them, effective from November 2008, subject to agreement of satisfactory terms and conditions.
- 6.2. The new contract would be for five years, with an annual option to extend by one year up to ten years. This would ensure continuity of provision at a reasonable price.
- 6.3. Although the Council has made significant progress in developing HR functionality to support the business, the existing payroll is an old character-based 'green screen' module with limited flexibility and potential obsolescence. The upgrade to a new state-of-the-art payroll system is included within the new contract and would offer by far the cheapest and lowest risk of all of the tenders.
- 6.4. The Selima Vision HR Payroll system is a key element in the Council's toolbox for efficiency. People management is critical to the efficient use of resource, e.g. in the areas of attendance management, staff turnover, recruitment, self service, etc. This system will provide functionality to allow the Council to build on work already done and move forward in these and other areas while continuing to run business as normal.
- 6.5. The tender evaluation process involved over fifty HR and payroll users, across all departments and Derby Homes. The Selima product scored highest on functionality at a significantly lower cost than the other bidders. The acceptance of the Selima tender would ensure continuation of the Council's key HR related developments. In contrast, the implementation of any of the other tenders would involve an extensive implementation stage to re-create our current position. The additional upfront expenditure on one of these would be unlikely to result in a finished product that would do more than replicate the current functionality within two years.
- 6.6. It is important that we build on the work that has already been done to help us reshape and respond to the various initiatives, e.g. job evaluation, Equal Pay and

major organisational changes, and to move forward using the HR Payroll system as a transformational tool.

- 6.7. There will be an upfront capital implementation cost of £210k together with related revenue one-off costs of £130k, which would be unavoidable expenditure that would have had to be found at this stage in the life of any system to avoid obsolescence. These are summarised in Appendix 2.
- 6.8. Subject to Cabinet approval, it is proposed that the one-off implementation costs of £340k will be funded as follows:
- Remaining £40k revenue and £65k capital Building on Excellence budget 2007/8 towards the costs as the system will provide an essential building block to delivering the transformational change agenda.
 - £235k balance remaining from a Resources department revenue reserve held but no longer required for the Oracle system implementation.
- 6.9. It will deliver the added benefit of supporting the transformational change agenda through the following key initiatives:
- Further work in linking e-recruitment with the HR system, to progress the organisational goal for greater efficiency in the recruitment process
 - Greater automation and timeliness of absence management reporting, building on the current increase in productivity with more efficient, timely and accurate mechanisms
 - Moving towards a self-service approach for managers, to reduce overall costs and provide more timely and appropriate management information. This would be run in parallel with the HR Payroll Transactional Service Centre review to ensure successful across-the-board processes.
 - Taking a final step to produce a more holistic, integrated approach to employee and post related information to provide an enhanced tool for management. For example, we are looking at a joined up approach to trigger alerts to managers on absences, occupational health, training administration etc. in response to various events and requirements.
- 6.10. It is estimated that the new Selima contract would involve a reduction of around £22k per annum in day-to-day running costs, based upon a proposed move to in-house hosting through the Council's ICT FM contract. This would also increase flexibility and help to mitigate any risk involved in committing too much resource with a single supplier. Within the 2008/9 to 2010/11 revenue budget planning process it is proposed to apply the revenue budget saving to meet other revenue budget pressures within the department.
- 6.11. Cabinet approval is sought to the capital and revenue costs and funding and to add the capital scheme to the indicative capital programme for 2008/9.

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Background papers:	None
List of appendices:	Appendix 1 – Implications Appendix 2 – HR/Payroll System

IMPLICATIONS

Financial

1. As outlined in the report.

Legal

2. As outlined in the report.

Personnel

3. As outlined in the report.

Equalities impact

4. None directly arising.

Corporate priorities

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

HR/Payroll System

Human Resources / Payroll System Implementation Costs

	2008/09 £000	2009/10 £000	Total £000
Capital			
Hardware & Related Costs	25	-	25
Software	34	51	85
Reporting	20	-	20
Implementation Support Costs	30	50	80
Total Capital	109	101	210
Revenue			
Implementation team temporary resources	45	50	95
Training & Expenses	15	20	35
Total Revenue	60	70	130
Total Implementation Costs	169	171	340