



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
 - transfer of museums reserves to Derby Museums Trust
 - submission of bid for funding from the European Regional Development Fund
 - to extend the Children First supervised contact contract.

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 2012/13 in table 1 (paragraph 4.1).
- 2.3 To recommend that Full Council approve additional borrowing as detailed in paragraph 4.8.
- 2.4 To approve the carry forward of addition income received for the Decent and Safe Homes project as detailed in paragraph 4.9.
- 2.5 To approve the use of a specific Revenue Earmarked Reserve for the Resources Directorate capital programme as detailed in paragraph 4.11.
- 2.6 To approve the transfer of £85,867 earmarked reserves to Derby Museums Trust as detailed in section 5.
- 2.7 To approve the submission of a bid of £748,360 to the European Regional Development Fund - ERDF- to deliver the Derby Enterprise Growth project as detailed in section 6. Approval is also requested to delegate authority to the Chief Executive to accept this award should it be granted.
- 2.8 To approve a one year contract extension for the Children First supervised contact service as detailed in section 7. The contract value is £135,815 per annum.

REASONS FOR RECOMMENDATIONS

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



4. UPDATE ON CAPITAL PROGRAMME 2012/13 – 2014/15
4.1 **Forecast Outturn**

Table 1 - Revised Capital Programme 2012/13

Strategy Area	Original Approved Capital Programme As at 13 Dec 2011	Approved Slippage and revisions to 5 Dec 2012	Latest Approved Capital Programme at 5 Dec 2012	Further Revisions (Appendix 2)	Revised Programme
	£000's	£000's	£000's	£000's	£000's
CYP	34,647	(3,468)	31,179	(521)	30,658
Highways & Transport	4,230	3,087	7,317	(410)	6,907
Property	18,100	7,832	25,932	(1,131)	24,801
Leisure and Culture	10,862	(5,079)	5,783	54	5,837
Waste & Cleansing	1,546	310	1,856	0	1,856
Flood Defence	75	31	106	36	142
Regeneration	6,501	7,146	13,647	(976)	12,671
Adult Health	1,117	1,577	2,694	(387)	2,307
HRA	11,209	(272)	10,937	760	11,697
Private Sector Housing	2,672	1,389	4,061	2,086	6,147
ICT	6,767	4,864	11,631	94	11,725
Contingency	0	360	360	10	370
Sub-total	97,726	17,777	115,503	(385)	115,118
Less capital slippage at 10%	(9,773)		0		0
Total	87,953		115,503		115,118

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

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 material changes highlighted below. In addition to the above changes, the 2013/14 – 2015/16 capital programme report will incorporate any slippage to future years and will also be reported to this Cabinet.

4.2 **Children and Young People**

The Children and Young People's capital programme has net reductions totalling £521,000. These include the following:

- £120,000 slippage to 2013/14 for the Homefields Primary School additional places scheme due to the principal contractor appointed requesting an extended lead in time.
- £51,000 reduction to the Alvaston Infant School Fire risk assessment scheme which included an additional element of work which the school has decided to commission themselves.
- £39,000 reallocated from Schools Access Initiative funding to provide Disability Discrimination Act compliance works at Asterdale Primary School, Oakwood Infants and Parkview Primary.
- £120,000 reduction to the short breaks for disabled children funding which has been reallocated to the Markeaton Park Scheme for inclusive play equipment.
- £17,000 slippage on the Derby Moor Building Schools for the Future major refurbishment scheme to correct the original spend profile set as works are now scheduled to complete in April/May 2013/14.

Lakeside Primary School expansion project

Further to the report to Council Cabinet on 17 October 2012 in relation to school place planning and the need for additional primary places, a major capital project to expand Lakeside Community Primary school was approved. The school would be increased in size from 350 places to 630 places, an increase of 280 places.

Feasibility studies have indicated that further building work will be required in relation to the dining hall areas and catering facilities, as well as the additional classrooms.

Initial cost indications are that an additional £563,000 is required to provide expanded dining accommodation. This will increase the Lakeside Primary budget from £1,500,000 to £2,063,000. Funding for the additional £563,000 is available from within the overall schools capital programme as a result of under spends in the wider CYP programme.

The capital programme remains the same for the years 2012/13 and 2013/14 with the increase of £563,000 added to 2014/15.

Silverhill Primary School two additional classrooms and improvements to admin areas

Following contract tendering a budget shortfall of £165,000 was highlighted for this scheme. The shortfall will be funded by an allocation from the 2013/14 CYP Buildings at Risk urgent condition and suitability schemes budget. The 2012/13 budget will remain the same with the increase added to the 2013/14 budget.

4.3 Highways and Transport

The Highways and Transport programme has a net decrease of £410,000 and comprises the following changes:

- £385,000 reduction to remove the residual Connecting Derby budget to an earmarked reserve to mitigate future liabilities.
- £30,000 increase to Active Travel – Cycle Derby scheme to provide opportunities for people with disabilities to experience cycling in its many disciplines and to link in to services from across the Council to enhance the delivery. The increase is funded by Short Breaks for Disabled Children Capital Grant.
- £55,000 slippage to 2013/14 for the Better by Bus scheme due to unrealistic phasing of an element of the overall scheme during development.

4.4 Property

The Property programme has a net decrease of £1,131,000, including the following changes:

- £465,000 slippage on various schemes within the maintenance programme. The reason for the slippages is primarily a shortage of resources due to commitments to CYP capital schemes and late additions to the programme. Work is ongoing to ensure that the maximum number of schemes can be delivered in the current financial year. The slippage figures presented are therefore preliminary rather than final.
- £65,000 slippage is required for the Chaddesden Library scheme due to works being delayed to avoid highway disruption over the Christmas period.
- £275,000 slippage to 2013/14 for Friargate Studios due to an additional tendering process being required after initial quotes received were significantly above budget. This process has now been completed and to the refurbishment works costs can now be delivered within budget.
- The addition of a new £190,000 scheme, funded by Service Financed Unsupported Borrowing to install and maintain parking control systems at the Assembly Rooms and Chapel Street car parks. The contract has been awarded to Parksafe Systems (Ltd) and has a 10 year duration.
- £126,000 increase for Markeaton Crematorium abatement works, funded by a revenue contribution from increased fees.
- The removal of £103,000 relating to the Chapel Street multi storey car park lighting scheme as this is no longer viable as proposed and therefore approved funded will be utilised on another viable spend to save scheme.
- Unplanned structural works to the waiting room and toilet areas has led to an increase of £143,000 to the Markeaton Crematorium upgrade scheme. This will be funded from rephrasing within the planning and facilities management programme.
- A £95,000 increase is required for the Chapel Street multi storey car park structural repairs scheme to cover additional urgent repairs to the tower block.
- £130,000 was previously slipped to 2013/14 for the landlord refurbishment of tenanted properties scheme. The scheme total is currently £190,000 in 2013/14 which is now required to fund the Markeaton Crematorium increase and part fund the Chapel Street car park increase within the 2012/13 programme.
- £43,000 which was previously slipped to 2013/14 for the kitchen upgrades is now required to fund the balance of the increase in the Chapel Street car park scheme in the 2012/13 programme.
- Accounting requirements has necessitated a reduction of £772,000 to the accommodation strategy scheme to allow for allocations made to the ICT programme and a late audit adjustment.

4.5 **Leisure and Culture**

The Leisure and Culture programme has a net increase totalling £54,000 which includes the following:

- £120,000 addition to the Markeaton park scheme for inclusive playground equipment funded from the short breaks for disabled children budget in CYP.
- £34,000 addition for a new scheme for a new footpath in Sinfin Moor Park. This will be funded from S106 contributions.
- £100,000 rephasing to 2013/14 for the leisure strategy following the appointment of a project management team for the pool and appointment of the construction contractor for the arena. This review has also led to significant reprofiling of spend in future years, including pushing some of the spend to as far as 2016/17. The details of this reprofiled spend forecast are included in the 2013/14 to 2015/16 capital programme report which will also be presented to Cabinet on 23 January 2013.

4.6 **Flood Defence**

The flood defence programme has a net increase of £36,000 following the changes below:

- £100,000 addition of a new scheme to replace an existing watercourse culvert beneath Darley Street, incorporating three new manhole chambers, funded by a grant from DEFRA.
- £36,000 slippage to 2013/14 for the Littleover Brook scheme due to the Environment Agency not prioritising the scheme for their medium term plan. An application will be re-submitted next financial year.
- £28,000 slippage to 2013/14 for the Bramblebrook scheme due to the project appraisal report completion being delayed until February 2013.

4.7 **Regeneration**

The regeneration programme has a net reduction in 2012/13 of £976,000, the changes include the following:

- £43,000 slippage to 2013/14 for the Morledge/Derby Station Shopfronts scheme – due to delays in establishing sufficient interest in the scheme given the current market conditions. It is hoped that when work starts on site other units will be attracted to join the scheme, as is often the case. The Council therefore remains confident that these two schemes are viable.
- £97,000 slippage to 2013/14 for Riverside ii & iii / Tunnel lighting / Six Ways Gateway – due to resourcing pressures within the team. Tunnel Vision has slipped mostly due to being a creative project with an open brief and development of the final scheme details is still underway.
- £50,000 slippage to 2013/14 for Osmaston Vision due to delays in establishing the collaboration agreement with Rolls Royce.
- £50,000 slippage to 2013/14 for City Centre Regeneration Framework, due to the decision to reallocate the funding to the Becketwell scheme which will not be taking place until 2013/14.
- £290,000 slippage to 2013/14 for the funding contribution to the Castleward Boulevard scheme due to delays in agreeing the Section 106 arrangements with the Planning department as the S106 contribution will not be paid until the developer has fully signed up and is about to start work on site.
- £348,000 slippage to 2013/14 for the Regeneration Fund schemes mainly due to contractual and negotiation delays with providers.

4.8 **Housing Revenue Account**

The Housing Revenue Account has a net increase of £760,000 and includes the following changes:

- £200,000 reduction for anticipated electrical upgrades as very little work has been found to be necessary this year.
- £100,000 reduction for adaptations for disabled people due to savings made as part of the scheme procurement.
- £250,000 increase for Solid Wall Insulation to expand the Community Energy Savings Project (CESP) scheme. This has been matched by increased external funding from Eon.
- £100,000 decrease in the HRA contingency which has been used to finance other pressures within the HRA programme.
- £360,000 addition of a new scheme for bungalows on the Max Rd/Rocket site which is wholly funded from HRA borrowing and will require Full Council approval for the additional borrowing.
- £500,000 increase for Estates Pride for the completion of the 2011/12 projects carried forward to the current year and financed from HRA revenue contributions.

4.9 **Private Sector Housing**

The Private Sector programme has a net increase of £2,086,000, the changes include:

- £70,000 reduction due to the success of the Decent And Safe Homes - DASH- project in generating more than anticipated income through bidding, partner subscriptions and training income which has been used to offset costs. A carry forward is therefore requested from the 2012/13 allocation to continue the scheme into future years.
- £2,156,236 increase in the Community Energy Savings Project - CESP - for the additional contribution from E-on to fund this scheme.

4.10 **Adult Health**

The Adult Health programme includes a reduction of £386,750 for the removal of the following schemes:

- National Care Standards scheme £235,750.
- Adult Social Care scheme £151,000.

This was agreed by the Strategic Asset Management Board as part of a review of unallocated capital balances within the current programme. The surplus funding will be allocated to new schemes within the corporate capital programme in 2013/14.

4.11 **ICT**

The ICT programme has a net increase of £94,000 from the following changes:

- £130,000 increase is required as part of the ICT Recant, stabilisation of hardware renewal scheme and is required to integrate data systems. This will be funded from the ICT revenue reserve.
- £36,000 slippage to 2013/14 for the New IT software for GIS and planning improvements scheme which will be spent once the move back to the Council House is complete and it is established what additional equipment is required.

4.12 **Contingency**

The Corporate contingency pot has a £10,000 increase due to a saving on the development work for Railway Station Area scheme.

4.13 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 on the use of specific contributions. The commission reports taken during December 2011 and January 2012 detail any allocations for the 2012/13 capital programme, however any in year allocations are reported through the monthly financial matters reports as they arise. The following table outlines a new S106 agreed to aid funding for the Network Management scheme.

S106 In Year Allocations

Neighbourhoods Dept					
Scheme	Developer	Site	Ward	£	S106 ref no
Sinfin Moor Park	Strata Homes Ltd	44-62 Goodsmoor Road	Sinfin	34,000	Good M2-01
Total				34,000	

5 Transfer of museums reserves

- 5.1 Museums donations are transferred annually to a reserve to allow the service to carry out activities within their remit and to support expenditure in line with the requests of those making the donations. The balance of the reserve now needs to be transferred to the newly formed Derby Museums Trust.
- 5.2 It is recommended that the current reserve balance of £85,867 is transferred to Derby Museums Trust.

6 Derby Enterprise Growth project

- 6.1 Derby has a history of attracting large multinational companies such as Rolls-Royce, Bombardier and Toyota. Whilst these companies offer excellent stability to the local economy by employing thousands of people, they have also led to some over reliance on a few companies which can hinder the growth of the local Small and Medium sized Enterprise - SME - base. This project will boost the performance of local SMEs and generate a more sustainable economy.

The project will add significant value to Derby's Regional Growth Fund - RGF- programme by acting as a referral vehicle for businesses looking for financial assistance to achieve further growth. It will also assist the delivery of one of the three drivers of the Derby Economic Strategy – to create a culture where enterprise thrives. In so doing it will help achieve Derby's overall employment target of creating 5,700 net new jobs by 2016.

- 6.2 It is anticipated that the Council will support 250 enterprises in Derby to thrive, achieve growth and generate 150 new jobs in some of the most deprived areas of the city by delivering bespoke support to existing companies.

The project will deliver:

- 14 Growth Readiness Master classes
- 8 Business Surgeries
- 100 In-Company Coaching programmes
- 200 Growth Action Plans
- 50 additional Coaching sessions.

- 6.3 The total project value is £943,360 with ERDF funding of £748,360 being sought. The remaining £195,000 will be funded by £170,000 of business contributions for accessing the support and £25,000 of Council contributions in terms of existing staff time.
- 6.4 Costs include the creation of a project manager who will take overall responsibility for establishing and coordinating the activities detailed above and a business support coordination team comprising of two people who will signpost businesses to the right support and provide diagnosis over the phone to businesses.
- 6.5 It is recommended that submission of a bid to the ERDF to deliver the Derby Enterprise Growth project is approved and acceptance of any resulting offer is delegated to the Chief Executive.

7 Contract for Supervised Contact Service – Contract Extension

- 7.1 Children First (Derby), a locally based charity, has provided a supervised contact service for Children in Care - CiC - in Derby since January 2004. The contract was extended in 2011 for two years and is due to expire 31 March 2013; the current annual contract price is £135,815.
- 7.2 The existing contact service is at full capacity and there is a need to review current practice to meet demand. A scoping exercise began in May 2012 to ascertain the future level of service for supervised contact ahead of tendering the service. Further work is still to be completed as there are opportunities to consider wider service delivery models. Linking this activity to the contract may bring efficiencies and offer improvements in quality.
- 7.3 A one year contract extension will provide capacity to understand current practice, assess future needs and carry out an appraisal of options (including a trial period). This will inform planning for the future tendering process.
- 7.4 It is recommended that a contract extension is approved for the Children First Supervised Contact Service until 31 March 2014 in line with Contract Procedure Rules.

OTHER OPTIONS CONSIDERED

- 8 None

This report has been approved by the following officers:

Legal officer Financial officer Human Resources officer Service Director(s) Other(s)	Chloe Kenny, Head of Finance (Corporate Accountancy) Martyn Marples, Director of Finance and Procurement
---	---

For more information contact: Background papers: List of appendices:	Name 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
---	---

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.

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

Summary of further changes to the capital programme 2012/2013	Latest Approved Capital Programme 2012/13 £000	Revised Capital Programme 2012/13 £000	Change £000	Category
Children and Young People's Directorate				
Homefields Primary School Basic Needs Additional 105 Places Scheme	945	825	(120)	S
Alvaston Infant and Nursery School FRA	216	165	(51)	R1 (£60k), R2 £9k
Carlyle Infant School replacement floors	121	115	(6)	R2
Cherry Tree Hill Primary School (Junior block) Fire risk Assessment Works & SAI works	197	188	(9)	R1 (£6k), R2 (£3k)
Cavendish Close Junior School Phase 2 Fire Risk Assessment Works	230	217	(13)	R2
Wren Park Primary Kitchen Refurbishment	164	177	13	R2
Schools Access Initiative small scheme	42	7	(35)	R2
Asterdale Primary School SAI ramp to playground	0	33	33	R2
Oakwood Infants SAI Roller Blinds	0	1	1	R2
Parkview Primary SAI Sensorflow tap for disabled toilet	0	1	1	R2
Derby Moor Community Sports College – BSF Major refurbishment	7,350	7,333	(17)	S
Short Breaks for Disabled Children Capital Grant	132	12	(120)	R3
New Normanton School (Village Primary)	131	95	(36)	R1
Murray Park Community School Fire Precaution Scheme Phase 2	309	251	(58)	R1
Ashgate Primary Kitchen Refurbishment	64	44	(20)	R1
Beaufort Primary Kitchen Refurbishment	72	69	(3)	R1
Brackensdale Infant Kitchen Refurbishment	125	110	(15)	R1
Derwent Community Kitchen Refurbishment	107	87	(20)	R1
Chellaston Infant School Fire Risk Assessment works	92	67	(25)	R1
Building at Risk urgent condition and suitability schemes	21	0	(21)	R1
Total changes to Children and Young Peoples Directorate	10,318	9,797	(521)	
Highways & Transport				
Better By Bus Scheme	451	396	(55)	S
Active Travel - Cycle Derby	112	142	30	R1
Connecting Derby	1,065	680	(385)	R1

Total changes to Highways and Transport	1,628	1,218	(410)	
Property				
Market Hall refrigeration units	100	75	(25)	R1
Fire precaution works	20	0	(20)	R1
Corporate buildings kitchen upgrades	300	270	(30)	R1
Sinfin Library flat roof/glazing work	45	0	(45)	R1
Morleston D.C. kitchen upgrade	75	0	(75)	R1
Blagreaves Library window replacement	115	0	(115)	R1
Kedleston Rd T/C window replacement	80	0	(80)	R1
42 Leopold St heating	60	0	(60)	R1
Eagle Market fire Alarm	150	110	(40)	R1
Multi Storey car park – Assembly Rooms & Chapel Street parking control systems	0	190	190	A
Chapel Street multi storey car park lighting	103	0	(103)	R1
Corporate buildings kitchen upgrades	300	343	43	S
Corporate buildings kitchen upgrades	343	300	(43)	R2
Landlord refurbishment of tenanted properties	0	190	190	S
Landlord refurbishment of tenanted properties	190	0	(190)	R2
Bold Lane multi storey car park ramp repairs	35	30	(5)	R2
Crematorium further upgrade	60	228	168	R1 £25k, R2 £143k
Chapel Street multi storey car park structural repairs	220	315	95	R2
Chaddesden Library	1,122	1,057	(65)	S
Friargate Creative Industries Workspace	424	149	(275)	S
Accommodation Strategy	18,967	18,195	(772)	R1 (£956k), S £184k
Crematorium (corporate)	1,074	1,200	126	R1
Total changes to Property	23,783	22,652	(1,131)	
Leisure & Culture				
Leisure Strategy	5,200	5,100	(100)	
Markeaton Park	159	279	120	R1
Sinfin Moor Park	0	34	34	A
Total changes to Leisure & Culture	5,359	5,413	54	

Flood Defence				
Darley Abbey Culvert Replacement	0	100	100	A
Littleover Brook Rehabilitation	48	12	(36)	S
Bramble Brook	58	30	(28)	S
	106	142	36	
Regeneration				
Darley Abbey Stable Block	0	2	2	S
Full Street (Demolition)	250	0	(250)	S
Roman House (and Wilkinson's Yard)	100	20	(80)	S
LightSpeed Derby	75	55	(20)	S
Moreledge Shopfronts	53	10	(43)	S
Derby Station Area Building Frontage Improvement Grant Scheme	18	10	(8)	S
Wayfinding Structures - Design & Construction Costs	46	36	(10)	R2
Wayfindings 3	0	10	10	R2
Riverside ii & iii - riverside path between ring road & roundhouse	80	25	(55)	S
Tunnel Lighting Phase 1	27	15	(12)	S
Osmaston Vision Programme	183	133	(50)	S
Osmaston Primary School	40	20	(20)	S
Six Ways Gateway	30	0	(30)	S
Swimming Pool Connectivity	30	5	(25)	S
Infrastructure for events and lighting	50	30	(20)	S
Regeneration projects team project management	60	45	(15)	R2
Development works for Railway Station Area	10	0	(10)	R1
City Centre Regeneration Framework (CCRF)	50	0	(50)	R2
Castleward Boulevard Contribution	290	0	(290)	S
Total changes to Regeneration	1,392	416	(976)	

HRA				
Kitchens and Bathrooms	2,350	2,400	50	
Electrical Upgrades	250	50	(200)	
Adaptations for Disabled People	70	600	(100)	
Solid Wall Insulation	1,400	1,650	250	
Contingency	132	32	(100)	
Bungalows/Max Rd/Rocket Site	0	360	360	
Estates Pride	1,330	1,830	500	
Total changes to HRA	6,162	6,922	760	
Private Sector Housing				
Decent and Safe Homes (DASH)	131	61	(70)	R1
Community Energy Savings Project (CESP)	344	2,500	2,156	R1
Total Changes to Private Sector Housing Programme	475	2,561	2,086	
Adult Health				
National Care Standards	236	0	(236)	R1
Adult Social Care	151	0	(151)	R1
Total Changes to Adult Health	387	0	(387)	
ICT				
ICT – Stabilisation Hardware renewal	2,595	2,725	130	R1
Housing & Planning Delivery Grant Capital schemes incl. New IT software for GIS, mapping & record keeping	46	10	(36)	S
Total changes to ICT	2,641	2,735	94	

Contingency				
Development work for railway station area	360	370	10	R1
Total changes to Contingency	360	370	10	
TOTAL CHANGES TO PROGRAMME	52,611	52,226	(385)	
	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		