COUNCIL CABINET
28 September 2004

Report of the Director of Finance
and Director of Corporate
Services

Financial and Contract Procedure Matters Report

RECOMMENDATION

1.1   To approve the addition of Mile Ash Lane Retaining Wall to the LTP capital programme pool, and note the budget reduction in the inner ring road parapet scheme.

1.2   To approve the amendment to the LTP bridges schemes identified in Table 1

1.3   To approve the waiving of contract procedure rule C.15 to purchase on-vehicle and depot equipment from INIT and on street display equipment from Poltech, in relation to the Real Time Information System extension.

1.4   To recommend Council to approve provision for up to £1.5m of capital expenditure in 2004/5 under the approved Home Computer Initiative, to be funded from unsupported borrowing, and to approve the associated changes to the Council's prudential indicators when updated, noting that revenue financing and administrative costs are to be fully met from employee contributions.

1.5   To approve creation of a corporate HCI revenue budget, income from which would be vired to fund indirect administrative costs estimated at £33k over a full year.

1.6   To approve an amendment to the Social Services capital programme following the change in grant funding conditions, by transferring £49,000 from the Children's Intranet Service to initiate the Integrated Children's Service scheme.

1.7   That Cabinet note the developing partnership with Microsoft

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SUPPORTING INFORMATION

2.1   Mile Ash Lane Retaining Wall – addition to the approved capital programme

2.1.1   The Council owned retaining wall in Mile Ash Lane supports gardens along the Eastern side of the road. In June it became necessary to close Mile Ash Lane on safety grounds, as the wall had shown signs of movement in places, and a large stone block had fallen out. The term contractor AWG were mobilised to carry out

repairs. The works were extensive with several lengths of the wall requiring rebuilding on piled foundations.

2.1.2   The final works cost is expected to be approximately £70,000. It is proposed to fund this from the LTP Capital Bridges budget. The estimated cost of the urgent inner ring road parapets work has fallen by £77,000 now that detailed design is well advanced and we are better informed, so the necessary funds are available without any increase in the total Bridges budget

2.2   LTP Scheme Spend Variations - Structures

2.2.1   For scheme spend variations of more than 20% on schemes over £50,000, Cabinet approval is required.

2.2.2   Sinfin Lane – the original estimate was based on using similar railings to the existing ones on Newdigate St. The proposal is now to use a modified form which will improve safety and reduce maintenance problems.

2.2.3   Assessments/Inspections - temporary red and white plastic barriers which keep vehicles off the footways of London Rd railway bridge and Uttoxeter Old Rd railway bridge for safety reasons, are to be replaced with more permanent metal barriers. These works constitute interim measures under the bridge assessment programme. They were originally planned for the 03/04 year but buried services in the bridges have made design very difficult. Further work has arisen from the need to carry out additional assessment calculation checks on bridges owned by Network Rail in order to agree the safe carrying capacity of bridges with them.

2.2.4   Other LTP Structures capital schemes have been adjusted to fund the increased costs identified above.

2.2.5   Table 1 details the adjustments

Strategy Area and Scheme	Original Pool Allocation	Revised Allocation	Increase £	Increase %
Sinfin Lane	60,000	73,000	13,000	21.67%
Assessments/Inspections	12,000	45,000	33,000	275.00%

2.3   Real Time Information System – waiver of contract procedure rule CPR C.15

2.3.1   Last financial year a real time information facility was installed on a local bus route in Allestree and on a section of Nottingham Road. This facility is centred on the INIT system, but uses Poltech as the supplier of on-street information displays. The INIT/Poltech combination is linked into the East Midlands real time information network with a control centre established in Leicester.

2.3.2   The real time information system is being extended this year into Chaddesden/Oakwood and Spondon. A quote has been received from INIT, for the on-vehicle and depot equipment for the extensions, which we will have to order

without tendering due to system compatibility issues. The order may be placed with Leicester City Council, as system controllers.

2.3.3   In addition, there will be a further requirement to purchase on street display equipment, which again will need to be ordered without tender due to compatibility issues. The value of which will be approximately £55,000, and will be placed with Poltech, possibly via Leicester City Council, as system controllers.

2.3.4   The total cost of approximately £200,000 will be met from within the approved LTP capital programme as part of the Chaddesden & Oakwood, and Mickleover or Spondon bus route enhancement schemes.

2.4   Home Computing Initiative

2.4.1   Cabinet agreed on 27 April to approve in principle the introduction of an HCI scheme across the Council and the delegate the approval of the detail of the scheme to the Director of Finance. A copy of the report is appended.

2.4.2   The scheme will involve employees utilising their tax allowance (up to £2,500) available for loaned computer equipment purchased by the Council, and making a payment back as a salary deduction to cover the Council's costs. As the salary deduction would avoid employers national insurance contributions, there can be mutual advantages to both employer and employee.

2.4.3   The scheme is now being worked up in detail and is likely to be launched in late September. Its implementation is being overseen by a project working group, which has considered the technical issues in detail. The Director of Finance is satisfied that the scheme is financially viable at no cost to the Council as:
   • take up is projected to be well in excess of that needed to cover administrative costs, and such schemes already have an established track record of success elsewhere
   • all costs will be recovered through the employee payment, which is secure as it is made by salary deduction
   • risks of early termination are covered by an all-embracing insurance policy.

2.4.4   After employees have opted into the scheme, the Council will need to make an up-front payment for the capital costs of the equipment to the scheme provider – Nicator – in late December 2004. The options for financing this have been considered, and unsupported borrowing is the most cost-effective means. As a 'spend to save' scheme involving unsupported borrowing, it requires independent scrutiny of the financial savings by the Director of Finance, under the process agreed by Cabinet, and this has been undertaken. As the unsupported borrowing is additional to provision in the current approved capital programme for 2004/5, Council approval will be required. Provision for further extensions of the scheme will if necessary be considered when drawing up the 2005/6 capital programme for Council approval.

2.4.5   As take up is uncertain, approval is sought for an upper limit to capital expenditure in 2004/5 under the scheme of £1.5m, representing take up by 1,000 employees. This figure is considered realistic given initial feedback. The capital programme will be restated at a figure to reflect estimated take up following the launch of the scheme, within this limit.

2.4.6 Full year indirect administrative costs are estimated at £33,000, should take up reach 1,000 employees. These costs will be funded by virement from the corporate HCI revenue budget created from the contribution from employees, net of the direct financing costs also charged to that budget.

2.5 Integrated Children's Service Scheme – change to capital programme

2.5.1 Grant funding has been allocated to Social Services for 2004/05 to enable Children's Services to build systems to support the implementation of Integrated Children's Services. This capital scheme will provide systems for staff to record and manage case records electronically and move towards integrated working with other partners. The approved 2004/5 Social Services revenue budget already contains provision for development of electronic case records. The scale of this provision is under review as part of the initial stages of the 2005/6 budget process, as approved by Cabinet on 10 August, and the implications of this new grant will be assessed as part of that review.

2.5.2 This grant funding has replaced the Children's Intranet specific grant which was used in previous years to provide Children who are Fostered or in Residential Placement with new technology to enhance their personal development (both socially and at school) and also to enable them via a secure intranet site to contact other children, who are experiencing similar situations. This project will continue if it can be funded via another source (for example via the Corporate E-Board, subject to further funding being obtained from the private sector.)

2.6 Technology - Partnership Opportunity with Microsoft

2.6.1 Microsoft products and services are an important part of the ICT infrastructure of the Council. In general where system or network solutions are required the Microsoft products are purchased through a contractor such as Capita as part of an implementation solution. The Council's implementation of its E-derby strategy has attracted the attention of Microsoft and there is an opportunity to develop a partnership with them. This will potentially allow the Council to be at the forefront of implementing new solutions, in particular focussed on improving customer service and business processes. Microsoft benefit from having a number of customers in differing sectors of the economy working with them to ensure they can understand the needs of potential users.

2.6.2 Attached at Appendix 2 is a fuller explanation of the approach concerned. At this stage the commitment from the Council is not quantified but is likely to include some time commitment of ICT staff in working with Microsoft, including attending workshops and meetings.

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Background papers:	None
List of appendices:	Appendix 1 – Implications Appendix 2 – Technology - Partnership Opportunity with Microsoft

IMPLICATIONS

Financial

1. As detailed in the report

Legal

2. The HCI utilises the Council's ability to approve unsupported prudential borrowing under the provisions of the Local Government Act 2003.

Personnel

3. None.

Equalities impact

4. None.

Corporate objectives and priorities for change

5. The recommendations accord with the Council's Objectives and Priorities as follows:

    - **Mile Ash Lane** - comes under the Council's objective of **a healthy environment**

    - **LTP Structures Capital Schemes** - comes under the Council's objective of **a healthy environment** and the Council's priority of **minimising increases in Council Tax and increasing value for money**

    - **Real Time Information System** - comes under the Council's priority of **improving road and other transport links to improve choice and make better use of the city centre by completing Connecting Derby**

    - **Home Computing Initiative** – comes under the Council's priority of **minimising increases in Council Tax and increasing value for money**

    - **Integrated Children's Service Scheme** – comes under the Council's objective of **protecting and supporting people** and the Council's priorities of **modernising the fostering service and residential and community care for adults** and **improving customer service through a customer-focused culture, using new technology and investing in our buildings**

    - **Technology - Partnership Opportunity with Microsoft** – comes under the Council's objective of **improving customer service through a customer-focused culture, using new technology and investing in our buildings**

Appendix 2

Technology - Partnership Opportunity with Microsoft

Introduction

The Council's technology infrastructure has been and continues to be developed using an integrated range of Microsoft products to create an open and flexible architecture based on underlying web service principles. What this means is that we are not bound or restricted by inflexibility within our core applications, instead we have a very flexible and cost effective means of managing our data and key processes across systems and services in a way that is sustainable both in cost and technology terms.

In planning and developing the Council's technology infrastructure we have developed a close working relationship with Microsoft along with a number of related technology partners. This relationship has been further strengthened with the joint work in putting together the business case to support the software enterprise agreement.

Given the innovative approach that the City Council is taking with technology, Microsoft are keen to work closely with us on a more formalised basis. In particular they have suggested the ways of developing and strengthening the 'Partnership' working, both of which offer the potential to lever in significant benefits for the City Council –

1. Formalised Partnership – memorandum of understanding (MOU)

2. Technology Adoption Programme – Biztalk opportunity

1. Formalised Partnership – MOU

The memorandum of understanding would be a jointly signed statement for Microsoft and the City Council to work closely on a collaborative basis in a number of key strategic areas, all of which are included as key projects within the Council's overarching ICT strategy.

The areas of collaborative working would include –

CRM - delivering a 360 degree view of citizens, businesses and partner organisations involvement with public sector services within the city.

Knowledge Management – enables access and management of the combined information resource of contributing organisations, for both employees and citizens.

Collaborative Working – providing the capability to share information and work together with colleagues and partner organisations.

Integration Hub – defining business processes and integrating core data, to provide joined-up capabilities between systems and organisations.

Authentication – providing a multi-purpose, single smartcard for employees, citizens and businesses, in conjunction with a single Directory and Government Gateway technology.

Remote and Mobile Working – providing secure and flexible access to information systems resources, regardless of location or device.

The memorandum of understanding is not an expenditure commitment. This is NOT an agreement to purchase anything

It is an agreement to work together to achieve specific business objectives over a pre-defined period. Any decisions to purchase software or consultancy services hours still need to be managed either through the existing contract agreement with Capita or as separate procurement exercises in line with the Council's contract procedure rules and standing orders.

The MOU would lever in significant support, advice, product and promotional opportunities for the Council.

2. **Technology Adoption Programme**

We are already implementing BizTalk server 2004 as the 'integration hub' component of our core IT infrastructure. Microsoft have recently announced the opening of a Technology Adoption Programme (TAP) for the next version of Biztalk known as 'Pathfinder'. They are seeking between 6-9 partners across a range of services to work with them in testing and implementing Pathfinder.

Only a handful of UK organisations have been invited to apply. Not only is this an opportunity for Derby to have a steer on Microsoft product development, but also subsequent product launch case studies rely heavily on these key Microsoft partners, so there is a substantial PR benefit to being involved. Once we have a foot in the door, we have the opportunity to be seen as one of the flagship organisations for Microsoft involvement in Local Government.

This arrangement is consistent with the Councils contract procedure rules and standing orders. The council is already implementing BizTalk and the opportunity to participate in the Technology Adoption Programme provides an opportunity to lever in significant additional benefits to not only support this project, but also to provide a number of wider development opportunities.