



Derby City Council

COUNCIL CABINET
2 April 2014

ITEM 15

Report of the Cabinet Member for Business,
Finance and Democracy

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:
- acceptance of Department for Education funding
 - write off of bad debts
 - transfer to reserves
 - adjustment to the Treasury Management Strategy
 - technical adjustments to the 2014/15 budget.

RECOMMENDATION

- 2.1 To approve the allocation of an additional £289,049 received from the Department for Works and Pensions to the Children and Young People's revenue budget in 2014/15 as detailed in section 4.
- 2.2 To approve the write off of residential care bad debts in the Adults, Health and Housing directorate as detailed in section 5.
- 2.3 To approve the transfer to reserves detailed in section 6.
- 2.4 To recommend to Full Council an amendment to the Treasury Management Strategy regarding borrowing facilities as detailed in section 7.
- 2.5 To reallocate budgets held corporately for the Pay Strategy to individual directorates as detailed in section 8.

REASONS FOR RECOMMENDATIONS

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



SUPPORTING INFORMATION

4 Department for Works and Pensions funding

- 4.1 Derby City Council has been awarded £289,049 from the Department for Works and Pensions - DWP - to help meet the needs of the additional English for Speakers of Other Languages - ESOL - learners likely to be referred by the job centre as a result of the Job Centre Plus using a new tool for screening potential learners from 28 April 2014, which will mean applicants assessed to have poor spoken English will be mandated to providers for initial assessment and necessary training.
- 4.2 It is recommended that the allocation of £283,049 is transferred to the Children and Young People's revenue budget for 2014/15.

5 Bad Debt Write offs

- 5.1 From 01/10/2011 Mencap took over ownership of Ashfield Court Nursing Home from Southern Cross Healthcare, due to financial difficulties. Following the change in ownership payments of £43,071.84 were made to Southern Cross Healthcare for residents for the period 01/10/2011 to 23/10/2011. An invoice was issued on 07/11/11 but despite numerous reminders this invoice has not been paid.
- 5.2 Southern Cross Healthcare has since gone into liquidation, as a result of this no further action can be taken to recover the debt and it is proposed this debt is now written off. A provision for this bad debt was made at the end of the 2012/13 financial year.
- 5.3 One individual was a resident at Aspen Court Nursing Home until 15 March 2008 when they passed away. Derby City Council financially assisted this client with their care fees at the home from 1 April 2004 until 30 September 2007. During this period the individual was required to make a contribution to the fees.
- 5.4 Invoices for a total £23,802.34 were issued, however these were not paid due to the appointment of a deputy to deal with the client's financial affairs. Further efforts to recover the debt from the client's estate were made following the individual's death. Due to no acknowledgement of the claim Derby City Council's legal team have confirmed that legal action in this case would not be successful.
- 5.5 It is recommended that a total of £66,874.18 of bad debts is written off against the existing residential care bad debt provision in the Adults Health and Housing directorate.

6 Transfers to Reserves

Neighbourhoods

- 6.1 It is recommended that £200,000 is transferred from the Neighbourhoods directorate revenue budget into the Highways reserve to fund highways and public realm works to be carried out in 2014/15.

7 Amendment to Treasury Management Strategy

- 7.1 The Council has been offered favourable rates for long term borrowing with the Local Enterprise Partnership - LEP - as an alternative to the Public Works Loans Board – PWLB -. Approval is sought to amend the treasury management strategy to allow Derby City Council to use this additional borrowing facility when rates are favourable.
- 7.2 It is recommended that amendments to the treasury management strategy to enable the strategic director of resources to authorise additional borrowing with the LEP if rates are favourable are presented to Full Council for approval.

8 Technical Adjustments to 2014/15 Revenue Budgets

- 8.1 The Pay Strategy budget within the approved 2014/15 Revenue budget were included as single costs within Corporate budgets. These budgets are required to be apportioned and transferred to directorates in line with anticipated spend.
- 8.2 It is recommended that the transfer of corporately identified budgets, for the Pay Strategy, to directorates is approved.

This report has been approved by the following officers:

Legal officer Financial officer Human Resources officer Estates/Property officer Service Director(s) Other(s)	Martyn Marples Director of Finance and Procurement
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For more information contact: Background papers: List of appendices:	Mark Nash 01332 643364 e-mail mark.nash@derby.gov.uk None Appendix 1 – Implications
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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.

Property and 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.