



Contract and Financial Procedure Matters Report

RECOMMENDATION

- 1.1 To authorise the write off of four debts amounting to £59,574.30 for irrecoverable overpayments of housing benefit.
- 1.2 To consult with Derby Cityscape on the proposed allocation of Westfield S106 funding.
- 1.3 To approve the allocation of a first tranche of £1.3m of the S106 funding towards initiatives identified in paragraphs 2.2.6.
- 1.4 Director of Development & Cultural Services to report back in due course on proposals for allocating the remaining Westfield S106 funding.
- 1.5 To approve the allocation of £450,000 section 278 supervision fees for the Westfield and Riverlights developments to Development and Cultural Services department Highways and Transport division.
- 1.6 To note a £507,000 allocation to individual schemes from the e-Derby budget as detailed at paragraph 2.4.
- 1.7 To approve the initial project implementation budget for Integrated Children's Services at paragraph 2.5, including the use of £138,000 corporate reserves in 2005/06.

SUPPORTING INFORMATION

- 2.1 **Benefits Service – Request to Write Off Irrecoverable Overpayments of Housing Benefit**
 - 2.1.1 All possible recovery action has been taken on the following outstanding debts and there is now no immediate chance of recovering the amounts due.
 - 2.1.2 Miss P owes £11,163.09 for the period 14/12/92 - 27/04/98 due to it being discovered that she had no liability to pay rent – she was the owner of the property that she was claiming for. She was successfully prosecuted in connection with this. The case has been with the Legal section since 20/10/01, but we have been unable to obtain a County Court Judgment, due to extensive queries being made by Miss P

over a prolonged period of time. We are now time-barred from putting this case into court. We have no recourse other than to write off the amount due.

- 2.1.3 Mr J owes £21,549.07 for the period 25/11/91 to 28/06/99 due to it being discovered that he had no liability to pay rent – his wife owned the property that he had been living in. He was successfully prosecuted in connection with this. However, we have been unable to obtain a County Court Judgment, as his whereabouts are unknown. We visited the property on 06/07/04, queried his whereabouts with the Department for Works and Pensions on 28/05/04 and 10/09/04, and conducted a search on the common database that we share with other Derbyshire authorities on 10/12/04 with no success. We have no recourse other than to write off the amount due.
- 2.1.4 Mrs K owes £13,905.00 for the period 07/06/93 – 27/01/97 due to it being discovered that she owned the property that she was claiming Housing Benefit for. County Court Judgment was obtained on 06/09/04 and our Legal section have been instructed to apply for a charging order against the claimant's property. As it may take some considerable time to recover the amount owed we propose to write this amount off our arrears outstanding. This debt will, however, be kept on record in anticipation of being able to recover this overpayment in the future.
- 2.1.5 Mr M owes £12,957.14 for the period 05/06/92 – 27/10/97 due to it being discovered that he had no liability to pay rent – his landlord was a close relative. County Court Judgment was obtained on 10/11/04 and our Legal Section have been instructed to apply for a charging order against the claimant's property. As it may take some considerable time to recover the amount owed we propose to write this amount off our arrears outstanding. This debt will, however, be kept on record in anticipation of being able to recover this overpayment in the future.
- 2.1.6 Through the Housing Benefit Subsidy Regulations we have received £47,659.44 in subsidy against the £59,574.30. The Council's General Fund will bear the cost of the remaining £11,914.86 and this will be met from the provision for uncollectable debt.
- 2.1.7 Under Financial Procedure Rules any individual debt write-off over £10,000 requires Council Cabinet approval.

2.2 Westfield development Section 106 funding – recommendations 1.2 to 1.4.

- 2.2.1 When planning permission was granted for the Westfield Shopping Towns development proposals for the extension of the Eagle Centre, it was made subject to the signing of a Section 106 - S106 - agreement to achieve significant community benefits to the City Centre.
- 2.2.2 The main purpose of the S106 agreement is to offset the impact of the Westfield project on other parts of the City Centre. In particular it is aimed at supporting the "northern quarter" of the centre, which might sustain some negative impact as a result of extending the shopping centre to the south.
- 2.2.3 The funding negotiated from Westfield Shopping Towns under the Section 106 Agreement is around £3m plus a series of specific improvement requirements.

- 2.2.4 We would recommend that not all of the funding is allocated to projects at this stage, but rather that a reserve is retained whilst we monitor the progress of the Eagle Centre Extension in its early years, to see whether the impacts match those which we had originally predicted.
- 2.2.5 In the meantime, there is a need for the Council to commit some of the Section 106 money to early projects. The timescales for these and for their funding are dictated by the timescale for development, the availability of time limited match funding, and the progressing of other related projects in the city centre.
- 2.2.6 It is therefore proposed to allocate the Westfield S106 funding as follows . . .
- Connecting Derby - £1m to contribute towards scheme costs, as we are unlikely to secure all of the additional requirement of £14m from the Department for Transport - DfT. We may need to consider a further contribution from the S106, depending upon the settlement from DfT. This is a time-constrained project needing immediate action by the Council.
 - The funding of a Principal Officer post in the City Development and Tourism Team, costing £98k over three years. This will be matched against a number of other external and partner funds providing posts and resources to match our work on Business Improvement District, City Growth Strategy, and the new Derby marketing Organisation, all of which Cabinet has previously supported, involving funding from a number of partners and external funds. This post will undertake the co-ordination of allocation, spend and monitoring of the balance of the Section 106 funding, its tie-in with other external funding such as Objective 2, and other external funding obtained through projects such as the Urban Regeneration Company, future Townscape Heritage Initiative, BID work etc. The need for this role is immediate given the time limited funds in place and the current projects/future bids needing co-ordination, plus the availability of match funding for this post over an immediate and fixed period.
 - Public Art - £50k, as part of a total package of £250k. Of this £150k is being funded by Connecting Derby and £50k from Arts and Business Partnership funding. The other funding is available over a short and fixed period and therefore must be matched by S106 urgently.
 - Strand Arcade - £25k, being part of a total package of works to the Arcade costing £236k. The Arcade forms a very significant link between Sadler Gate and The Strand, and is significant local architectural feature. The scheme is therefore very important to that part of the city centre which could have an adverse impact from the Westfield development. The balance of the £236k package will be met through THI and contributions from the tenants and the property owner. THI has a limited life, with projects having to start no later than March 2005, and so the S106 match funds must be made available quickly.
 - In the medium term, there may also be the need for some of the Section 106 funding to be allocated towards part of the cost of a Transportation Officer post, currently being discussed between officers and Derby Cityscape Limited. The impact of Derby Cityscape on our transportation projects, and our ability to deal with them in terms of staff resources and time, has been much greater than anticipated, and we hope therefore to fund a post to take up some of this work on behalf of the Council and the company.

- Business Improvement District Regeneration Programme (up to £2.26m). A comprehensive improvement plan and package will be developed, as part of the Cityscape initiative, which will bolster business confidence in the area and reinforce the position as the specialist retail and leisure destination in the City Centre.

2.2.7 Officers will look to maximise the matching of funds from other sources to all of the projects funded through the S106 money. We will look particularly at specific projects to benefit those areas of the city centre that are most likely to be adversely affected by the impact of the Westfield development, namely the northern half of the city centre, containing Iron Gate, Sadler Gate, St Mary's Gate, The Strand, Friar Gate, Wardwick and Victoria Street. This will tie in, in particular, with our work on the BID.

2.2.8 Given the contribution which City Centre S106 agreements will make towards both specific improvements and the general improvement programmes associated with Derby Cityscape, there is a need to consult with Derby Cityscape URC on these proposals, whilst recognising that it is the City Council, as Local Planning Authority, who must make the final decision.

2.3 Section 278 supervision fees

2.3.1 The following section 278 fees are expected to be received:

- £255k Westfield development in 2005/06
- £200k Riverlights in 2006/07

2.3.2 These fees are received for design and supervision of the highways element of the development, to ensure satisfactory standards are met prior to adoption.

2.3.3 It is proposed to allocate the fees to the Highways and Transport division to support increased area traffic management responsibilities, as a result of these major developments. The use of these funds will be applied to new staffing structure and resources for traffic management, which will also consider the requirements of the new Traffic Management Act and the need for a specific Traffic Manager post.

2.3.4 Any proposal will be subject to the requirements of Responsibility for functions and Scheme of Delegation Part 3 – section F - Chief Personnel Officer and Service Director delegation report, for approval. Before any change to the establishment is approved, consideration will need to be given to how posts will be funded after the time limited S278 funds run out.

2.4 e-Derby

2.4.1 The e-Derby board has approved a further £507,000 allocation to the three schemes as detailed in appendix 2.

2.4.2 In line with revised arrangements approved by Cabinet on 9 November 2004, the e-Derby board recommendations were reported through to 1 February Building on Excellence Board.

2.5 Project implementation budget for Integrated Children's Services

- 2.5.1 The Integrated Children's Services Project has been established to implement the Children Act 2004. In order to implement the Children Act, Derby will need to develop a children's trust through the integration of front line service delivery and the development of integrated processes, integrated strategy and governance. A small two year project team has been established to lead the implementation. Budget construction will need to take into account set up costs, staffing, travel, staff development, supplies and services and participation.
- 2.5.2 The Executive Group of Derby Children's Strategic Partnership, chaired by the Chief Executive of the Council agreed to establish the implementation team. The team is made up of an Assistant Director, Project Officer and Administration Assistant. The Assistant Director took up post on the 1 December 2004, and the project officer the 4 January 2005. The administrative assistant has yet to be appointed.
- 2.5.3 Additionally, the team has incorporated two further projects that are already in place and delivering on the integration agenda. The first of these, the Common Assessment Project is a key part of delivering integrated processes. This project is funded through NRF and there are currently no additional financial implications. The second project is the Children's Strategic Partnership Manager post and Information Sharing and Assessment Project. This has been commissioned by the Children's Strategic Partnership Manager and funded through both the ISA grant which ceases in March 2005, and through partnership contributions.
- 2.5.4 The development of children's trusts is a new and challenging agenda. Team members will need to be supported to develop through attendance at regional and national conferences and workshops. The team will need to establish a participation strategy and communicate widely with stakeholders.
- 2.5.5 The government has allocated a Local Authority Change Fund Grant to support the implementation of The Children Act. The allocation for Derby is £48,859 for 2004/05 and £50,392 for 2005/06
- 2.5.6 Financial Implications 2005/06
At this stage it is proposed that an initial project budget for 2005/06 is set up as shown below and expenditure monitored as the project develops. Associated project costs for finance, IT, legal and personnel have yet to be determined. As the project is in its earliest stages the following costs have been estimated for 2005/06:

	£000s
Expenditure	
Staffing Costs	206
Transport Costs	4
Staff Development	5
Printing, stationary and postage	15
Participation Budget	8
Rent, heat, light	0
Finance/Personnel/IT Support	tbd
Total expenditure	238

Less Income

Local Authority Change Fund Grant	50
Partner Contribution to ISA/CSP	50
Total income	100

Net expenditure **138**

2.5.8 On the basis of the information currently available there is a funding gap of £138k for 2005/06. It is proposed to fund this from the corporate Investment fund revenue reserve. Any changes to the budget required for 2005/06 will be reported to a future Cabinet.

2.5.9 At this stage it is assumed that part-year costs for 2004/05 will be met from the 2004/05 local authority change fund grant of £48,859 plus £27,000 partner contribution to ISA/CSP. This is currently being reviewed and, if necessary, an update will be provided in the forecast outturn report to Cabinet on 22 February 2005.

2.5.10 The staffing cost is for the following project personnel:

- Assistant Director – seconded
- Project Officer – seconded
- Admin Assistant Scale 4 - new post
- Project Manager - Children's Strategic Partnership
- Admin Assistant .5 - Children's Strategic Partnership
- Project Manager - Common Assessment – NRF Funded
- Project Worker - Common Assessment – NRF Funded
- Admin Assistant .5 - Common Assessment – NRF Funded

2.5.11 There will need to be a project budget continuing into 2006/07 and likely funding from the Corporate Investment Fund. The Assistant Director secondment is for a two-year period ending December 2006, and some elements of the implementation have deadlines beyond March 2006. This is currently under review and will be reported to a future Cabinet for consideration, once a firmer position is known. This will include consideration of the on-going implications of the new admin assistant post arising from this project.

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Background papers:	None
List of appendices:	Appendix 1 – Implications Appendix 2 – e-Derby allocations

IMPLICATIONS

Financial

1. As detailed in the report

Legal

2. None

Personnel

3. As detailed in the report.

Equalities impact

4. None.

Corporate objectives and priorities for change

- 5 The Westfield S106 proposal comes under the Council's Objectives of:
 - job opportunities
 - a healthy environment
 - shops, commercial and leisure activities

The proposal furthers the priorities of:

- promoting the city as a major force for industry, commerce, culture and tourism
- improving road and other transport links to improve choice and make better use of the city centre by completing Connecting Derby
- developing the management of the city and district centres to improve their attractiveness and viability Specifically, it focuses on reference number (RW) of the Corporate Plan.

e-Derby Allocations

**1. Chief Executive's - Finance Directorate
Remote and Mobile Working
£275k capital cost 2004/05 and £150k capital cost 2005/06**

A key part of delivering the e-Derby roadmap is to implement a solid foundation of integrated 'core infrastructure' technology components. Their combination and integration will provide a sustainable base for service improvements delivered through our corporate projects. A key component in delivering this 'core infrastructure' is to deliver a remote and mobile solution giving secure and flexible access to information systems regardless of their location or device. The project has a number of key implementation components: ISA 2004 - Microsoft Internet Acceleration Server, Microsoft SharePoint Portal Server 2003 and Standard Desktop. This project will deliver on the ODPM priority area 'supporting new ways of working', outcome R22.

**2. Environmental Health & Trading Standards
Improving abandoned vehicle removal
£12k capital cost 2004/05**

The tracking, monitoring and management of abandoned vehicle notifications is at present based on a simple access database and paper systems. This project will provide the inspectors with hand held data capture devices, the use of digital imaging, and the linking of the data to GPRS and GIS systems, allowing more efficient and effective use of resources. It will also include the integration of the solution within the Customer Services Information System. This project will help improve the service further, particularly through the analysis of data collected.

**3. Corporate
Electronic Authentication
Capital cost £60,000 2004/05
Revenue running cost £5,000 per annum 2004/05 and 2005/06**

In order to provide citizens with the capability to access transactional services on line there is a need to provide a secure authenticated mechanism. This project will implement a scalable solution, capable of providing an authentication hub for other partner organizations, using the Government gateway to provide a citizen authentication process to enable citizens to access Council services along with their own service and account information. This solution will also provide a mechanism to join up service delivery between central government and local government services.