



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:
- New funding streams – Children and Young People's department
 - Neighbourhood budgets outturn
 - Capital schemes commencement
 - Schools Access Initiative allocations
 - Older People's Strategy reserve
 - Investment policy
 - Supporting People underspend.

RECOMMENDATIONS

- 2.1 To add the expenditure and income relating to new funding set out in section 3.1 into the Children and Young People's department budget.
- 2.2 To approve the recommendations for 2008/09 Neighbourhood budget carry forwards set out in section 3.2.
- 2.3 To add Redwood Infant School extension and enhancements scheme to the 2009/10 to 2010/11 capital programme and to request scheme commencement as set out in paragraphs 3.3.1 and 3.3.2.
- 2.4 To approve the amendments to the capital schemes at Brookfield Primary and Moorhead Primary as set out in paragraphs 3.3.3 and 3.3.4.
- 2.5 To approve the allocations from the Schools Access Initiative Funding for disabled pupils and those with special educational needs as set out in Appendix 2, to add the schemes to the 2009/10 capital programme, and to request scheme commencements.
- 2.6 To transfer £1,470,000 to an earmarked reserve to contribute to the funding of the Older People's Strategy, financed by one off efficiency savings within adult social care, including non recurrent funding received as a result of reassessments under the National Health Services Act 2006 - Continuing Health Care.
- 2.7 To increase the limit of deposits placed with the Bank of England's Debt Management Office from £25m to £75m.

- 2.8 To approve the carry forward of the cumulative underspend of £1.8m on Supporting People budgets from 2008/09.

SUPPORTING INFORMATION

3.1 New funding streams – Children and Young People’s department

- 3.1.1 The Every Child A Reader programme helps six year-olds with significant literacy difficulties to learn to read. It does this by placing highly skilled teachers into primary schools to provide intensive one-to-one support through the Reading Recovery approach for those children with the greatest difficulties, and lighter-touch interventions for children whose difficulties are not so severe. Derby has been allocated £49,200 and the relevant expenditure and income needs to be added to the Children and Young People’s department budget.
- 3.1.2 The Key Stage Four engagement programme is a personalised programme for those Key Stage Four learners most at risk of disengagement. It places an emphasis on the development of personal, social and functional skills, including a work-focused component. Derby has been allocated £140,000 for the 2009/10 academic year, and the relevant expenditure and income needs to be added to the Children and Young People’s department budget.
- 3.1.3 The responsibility for arranging Education Business Partnerships has transferred from the Learning and Skills Council to local authorities. Derby has been allocated £121,720, and the relevant expenditure and income needs to be added to the Children and Young People’s department budget. It is proposed to continue this service through the existing arrangements with Connexions.
- 3.1.4 The Aim Higher grant of £103,000 was not included in the budget. This grant aims to widen participation in higher education by raising the awareness, aspirations and attainment of young people from under-represented groups; £28,000 is devolved to schools with the remainder used for staffing and projects. The funding is paid to the Council by Derby University.

3.2 Neighbourhood budgets outturn

- 3.2.1 Neighbourhood budgets for 2008/09 totalled £272,000, made up of £102,000 community budget and £170,000 pilot funding
- 3.2.2 £139,777 of the total funding was allocated and spent during 2008/09. The balance at 31 March 2009 is £132,223. Of this balance, £109,008 has been approved by Neighbourhood Boards towards specific projects. The remaining £23,215 is unallocated. This has been the first full year of the 17 boards allocating their total funds, with some boards only meeting for the first time in January 2009. It has been a year of learning and consolidation of the processes involved. This has led to a delay in some neighbourhood allocations.

3.2.3 The split of Community budget and Pilot funding is shown below:

	Budget	Spend	Committed	Balance
Community Budget	170,000	53,428	67,917	15,734
Neighbourhood Pilot	102,000	41,091	41,091	7,481
	272,000	139,777	109,008	23,215

3.2.4 Details of Neighbourhood remaining balances to be carried forward to 2009/10 will be reported to individual Neighbourhood Boards

3.2.5 Cabinet are asked to approve the pilot funding carry forwards with the same restrictions as originally identified, these being to apply the funding towards:

- Cleaner and safer agenda
- Highways, eg footway maintenance
- Youth provision

The unallocated community budget carry forwards would remain unringfenced.

3.3 Capital schemes commencement and amendment

3.3.1 An addition is required to the capital programme to provide improved foundation stage area accommodation at Redwood infants school to enhance curriculum provision and facilities for breakfast club provision. The overall estimated cost of the scheme is £230k, funded from Early Years Capital Grant (£210k); Schools Access Initiative (£10k) and School's Devolved Capital Contribution (£10k).

3.3.2 This will be profiled £220k in 2009/10 and £10k in 2010/11. These are the indicative costs and may alter slightly as the scheme progresses.

3.3.3 Approval is sought to amend the 2009/10 – 2011/12 Capital Programme for an increase to the re-roofing scheme at Brookfield Primary School. The previous approved total of £150k will now require an increase of £25k to be funded from the CYP Modernisation fund to bring the scheme total to £175k. Detailed design work highlighted additional structural costs required to provide an environmentally friendly design solution, this will include more efficient lighting and a heat recovery ventilation system rather than opening rooflights.

3.3.4 Approval is also sought to amend the 2009/10 - 2011/12 Capital Programme for an increase to the window replacement scheme at Moorhead Primary School. The previous approved total of £100k will now require an increase of £44k to be funded from the CYP Modernisation fund and school's devolved capital contribution to bring the scheme total to £144k. Detailed design work highlighted additional panels which also require replacement and scheme costs have now been confirmed with the serial tendered contractor who has been awarded the contract for all our roofing repairs work across all 'CLASP' type buildings on a 'flat rate' contract basis. The funding for the scheme will be made up of £52,799 from School Devolved Capital and £90,894 from CYP Modernisation funding.

3.3.5 The unallocated modernisation fund now stands at £ 2,720,395 following these allocations.

3.4 Schools Access Initiative allocations

- 3.4.1 The Schools Access initiative funds work to improve the accessibility of mainstream schools to disabled pupils and those with special educational needs. There is funding of £689,106 available in 2009/10, including slippage from 2008/09. Further allocations are proposed and these are set out in Appendix 2.

3.5 Older People's Strategy reserve

- 3.5.1 At its meeting on the 17th March 2009 Council Cabinet considered a report entitled 'New homes for old: strategic review of care homes for older people'. The report recommended a review of the number of care home places provided by the Council and that a report should be commissioned to provide options appraisals and recommendations for each individual older persons care home, with a focus on developing extra care housing, intermediate care and dementia care specialist resources. The report identified that the capital cost of providing basic remodelling of a care home to meet dementia would be in excess of £2 million and that the revenue costs of running such specialised provision would be well in excess of the existing budgets. One off pressures also arise from the dual costs of reducing internal placements and commissioning with the independent sector in the transition phase, retraining staff and temporary costs of displaced clients. There is no provision for these costs within the 2009/10 revenue budget.
- 3.5.2 To support this strategy an earmarked reserve is to be created of £1,470,000 from one off funding during 2008/09. This funding has been created from a number of sources, including one off backdated assessments and associated refunds from the effects of the implementation of the Continuing Health Care assessments under the National Health Services Act 2006 – which came into effect from 1 October 2007, slippage in additional investment in dementia services and a slight decline in planned demographic increases, though these have now reached forecasted levels.
- 3.5.3 The implications for future years are not significant as one off back payments relating to Continuing Health Care assessments occurred during 2008/09 and have now been settled. Following the publication of the national dementia strategy in February 2009 the full dementia investment will be committed. Any funding received is not ring-fenced funding but is one off funding and should not be used to support on-going commitments. It is because of this that it is recommended that these funds are transferred to an earmarked reserve to support costs associated with the older people strategy, and hence enable the strategy to be progressed.

3.6 Investment policy

- 3.6.1 The treasury management function manages the Council's cash balances on a daily basis, investing surplus balances in a range of financial institutions in line with credit rating criteria approved by Cabinet. As a result of the potential losses that some local authorities may experience with Icelandic banks, we have reviewed and tightened the limits of the amounts of cash that the Council can invest in many banks and building societies, with the aim of ensuring the security of all the Council's deposits. It is therefore now necessary to increase the limit of deposits placed with the Bank of England's Debt Management Office (DMO) from £25m to £75m. This will allow the Council to place a larger share of its investment portfolio with the

DMO, which is considered one of the least risky places to invest, and reduce its exposure to other parts of the financial markets in the current market downturn.

3.7 Supporting People underspend

- 3.7.1 Supporting People contracts and administration expenditure has been funded by a ring-fenced Government Grant. It has become established practice to carry forward any underspend to future years to fund new schemes, enhance existing schemes and give an uplift for inflation to providers where no such uplift has been provided in the grant received by the Council. This practice has been reported to and approved by the Supporting People Commissioning Board throughout the year.
- 3.7.2 The cumulative underspend at 31 March 2009 is £1.8 million and approval is sought to carry forward these ring-fenced funds to 2009/10 and future years for the purposes outlined.
- 3.7.3 For 2009/10, the grant has become unringfenced and in 2010/11 the intention is for the grant to transfer into the Area Based grant. The policy on future underspends will, therefore, be reviewed in the light of the Council's overall financial position.
- 3.7.4 It should be noted that the Council has already determined **not** to set up an informal ring-fence for Supporting People services, instead opting for the potentially more flexible wider-ranging approach. There will however still be a need for grant conditions which are currently being re-formulated by Communities and Local Government.

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Background papers:	None
List of appendices:	Appendix 1 – Implications Appendix 2 – Schools Access Initiative allocations

IMPLICATIONS

Financial

1.1 .As outlined in the report.

Legal

2.1 As outlined in the report.

Personnel

3.1 As outlined in the report.

Equalities Impact

4.1 As outlined in the report.

Corporate objectives and priorities for change

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

Appendix 2

Schools Access Initiative Projects 2009-2010

2009-10 Allocation:	£505,280
2008-09 Allocation rephased to 2009/10:	£213,699
Previously Approved Schemes:	29,873
Funding Available:	689,106

New Projects:

School	Project	Project Cost	School Contribution	Schools Access Initiative Funding	Ward	Phasing 2009/10	Phasing 2010/11
STEPS Equipment	Additional specialist teaching & psychology service equipment	£100,000	£0	£100,000	N/A	£100,000	-
Redwood Infants	Contribution to capital project.	£20,000	£10,000	£10,000	Sinfin	£10,000	-
Asterdale	Ramp to nursery	£10,000	£0	£10,000	Spondon	£10,000	-
Harrington Nursery	Contribution to school scheme; adding entry lobby: adjustments to path, fencing and gate; provision of accessible doors and entry system.	£30,000	£20,000	£10,000	Normanton	£10,000	-
Murray Park	Creation of very-low-height kitchen workstation	£15,000	£0	£15,000	Mickleover	£15,000	-
Woodlands	Pool hoist	£12,000	£0	£12,000	Allestree	£12,000	-
Griffe Field	Provision of extended disabled toilet and changing facilities	£40,000	£0	£40,000	Littleover	£40,000	-
Nightingale Infants	Disabled toilet and changing facilities	£12,000	£0	£12,000	Nightingale	£12,000	
Chaddesden Park Infants and Junior	Improvement to access – drives and pathways. Addition of toilet block with Clos-o-mat toilet and changing facilities.	£120,000	£10,000 per school	£100,000	Chaddesden	£100,000	
Existing Projects:							
Meadow Farm	Additional funding required for toilet works adding a new disabled WC and upgrading the existing changing facility. £14k SAI project for ramped access to the school & new doors to the nursery play yard approved at Cabinet 18 March 2008.	£30,000	£0	£16,000	Chaddesden	£16,000	-
Hardwick	Additional estimated funding required for provision of disabled WC and changing facilities. £3k SAI project to install hydraulic changing bed approved at Cabinet 31 July 2007.	£40,000	£0	£37,000	Normanton	£37,000	-
Total Schools Access Initiative Contribution				£362,000			
Remaining funding available				£327,106			