

## **Compliance with Contract and Financial Procedure Rules**

### **SUMMARY**

- 1.1 To seek approval by Council Cabinet under Contract and Financial Procedure rules for the following:
- (i) That delegation be given to the Interim Strategic Director of Corporate Resources to 'set up' new earmarked reserves in 2018/2019 when considered prudent to do so;
  - (ii) The use of reserves to provide temporary Internal Audit resource;
  - (iii) Capital changes for the Highways and Transport capital programme in relation to the Clean Bus technology scheme;
  - (iv) The procurement of external consultancy support to undertake feasibility works on the 'New' Assembly Rooms project;
  - (v) The procurement and creation of a framework for 'targeted and tailored tuition' for children in care;
  - (vi) The use of reserves – to provide two temporary posts in the Business and Intelligence Team to support our Children's Services in their planned Joint Area Targeted Inspection;
  - (vii) The allocation of Adult Social Care Reserves (included in 'Other Services Reserve' in our Earmarked Reserves list in our Statement of Accounts) to support adult social care in year pressures;
  - (viii) The award of Opportunity Area Grant – Landau Academy School;
  - (ix) The award of Opportunity Area Grant – Bemrose School;
  - (x) That delegation be given to the Strategic Director of People's Services to negotiate final terms of the Opportunity Area grant agreement between Derby City Council and both Landau Academy School and Bemrose School.
  - (xi) To support an application and receipt of a grant if successful for the South Derby Growth Zone/Infinity Garden Village.

### **RECOMMENDATION**

- 2.1 To approve that the setting up of appropriate earmarked reserves for 2018/2019 be delegated to the Section 151 Officer in consultation with the relevant Cabinet Member as outlined in 4.1.

- 2.2 To approve the use of £39,000 from the budget risk reserve to provide funding for the backfilling of internal audit resources required for the investigation work on the A52 Wyvern Transport Improvement Scheme as outlined in 4.4.
- 2.3 To approve the addition of the Clean Bus technology scheme to the 2018/19 to 2020/21 capital programme as outlined in 4.7.
- 2.4 To approve the procurement of external consultancy support to undertake feasibility works on the 'New' Assembly Rooms project with a contract value up to £250,000 funded from the Assembly Rooms reserve as outlined in 4.11.
- 2.5 To approve the procurement and creation of a framework for 'Targeted and Tailored Tuition' – on a one to one basis for Small Group Support to Children and Young People in Care for a maximum sum of £220,000 over a period of four years as outlined in 4.13.
- 2.6 To approve the use of £35,000 from the budget risk reserve to provide funding to enable service readiness for the Joint Area Targeted Inspection in People's Directorate in the Autumn/Winter of 2018 as outlined in 4.17.
- 2.7 To approve the allocation of Adult Social care reserves (included in 'Other Services Reserve' in our Earmarked Reserves list in our Statement of Accounts) of £2,094,500 to fund demographic growth, living wage inflation due on contracts and winter pressure costs for 2018/19 as outlined in 4.2.
- 2.8 To approve to award an Opportunity Area grant of up to £276,000 to Landau Academy School to lead and co-ordinate the city wide Targeted Student Support strategy subject to the finalisation of actual expenditure and costs as outlined in 4.22.
- 2.9 To approval to award an Opportunity Area grant of up to £377,500 to Bemrose School to lead and co-ordinate the city wide Family Engagement Strategy (secondary phase) subject to the finalisation of actual expenditure and costs as outlined in 4.22.
- 2.10 To delegate authority to negotiate and agree the final terms of the grant agreement between Derby City Council and both Landau Academy and Bemrose School to the Strategic Director of People Services in consultation with the Cabinet Member for Children and Young People and the Interim Strategic Director of Corporate Resources as outlined in 4.29.
- 2.11 To delegate approval to the Strategic Director of Communities and Place, following consultation with the Cabinet Members for Adults, Health and Housing; Finance and Procurement; Governance and Licensing and the Interim Strategic Director of Corporate Resources, to bid for and receive £500,000 (if successful) for Garden Villages Capacity Funding from Homes England.

<b>REASONS FOR RECOMMENDATIONS</b>
------------------------------------

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

## SUPPORTING INFORMATION

### 4.1 Earmarked Reserves Refresh

In 2017/2018 earmarked reserves were scrutinised corporately with a view to rationalising them and the outcome was a consolidation where the number of earmarked reserves was reduced from 121 to 42, in the first instance, with the appropriate historical codes made obsolete and funding transferred to the Budget Risk reserve.

4.2 The current balances in the Earmarked Reserves need to be kept under review as new reserves are identified as being prudent to allocate a reserve balance to in order to meet known future expenditure. This will not impact on the use of reserve balances which will have to adhere to the requirements outlined in the Financial Procedure Rules.

4.3 In order to streamline the decision making process and financial expediency, it is recommended to approve that the setting up of any new earmarked reserves from 2018/2019 be delegated to the Section 151 Officer in consultation with the Cabinet Member for Finance and Procurement and the relevant Service Cabinet Member.

### 4.4 Use of Reserves – Internal Audit Investigation

On 13 June 2018, Cabinet supported the initiation of an internal, independent investigation by Internal Audit, into the reasons for the overspend on the A52 Wyvern Transport Improvements scheme. The investigation is to determine the reasons for such a significant and unforeseen problem occurring on this project.

4.5 Internal Audit has diverted key resources to the investigation which will impact on the delivery of normal internal audit reviews. To enable the Head of Audit to continue to deliver the audit work that supports the annual audit opinion, there will need to be some backfill procured. This will be achieved through the recruitment of temporary staff.

4.6 It is recommended to approve the use of £39,000 from the budget risk reserve to provide funding for the internal audit resources required for the investigation work on the A52 Wyvern Transport Improvement Scheme.

### 4.7 Capital Changes - Clean Bus Technology

This scheme involves Derby City Council administering a grant to bus operators from the Government's Joint Air Quality Unit of funding of £1.5m in 2017/18 and £798,330 in 2018/19 for the Clean Bus Technology Fund 2017 to 2019. Approval to bid was agreed by Cabinet in November 2017 and approval to receive funds from the Government's Joint Air Quality Unit agreed by Cabinet in February 2018.

4.8 The primary aim of the Clean Bus Technology Fund 2017 to 2019 is to help Local Authorities to reduce roadside concentrations of Nitrogen Dioxide by retrofitting vehicles with technology to reduce tailpipe emissions by up to 90 percent. Derby is one of 20 Local Authorities across the country that will benefit from the £40m funding boost as part of a Government drive to put more low emission buses on.

4.9 Bus Operators were initially invited to support the Council's bid, and Derby's three largest operators Arriva, Trent Barton and Yourbus, all members of the Strategic Bus

Partnership, submitted expressions of interest, which will see a combined total of 152 vehicles which provide local bus services in Derby being retrofitted by 2020 and on the road. The funding will enable us to support Derby's Clean Air Zone project, in which the Government requires Derby City Council to implement measures to address projected air quality exceedances by 2020.

- 4.10 It is recommended to approve the addition of £798,000 for the Clean Bus Technology to the 2018/19 – 2020/21 capital programme for Highways and Transport.

**4.11 Procurement process – External consultancy support to undertake feasibility works on the ‘New’ Assembly Rooms project**

The new Cabinet has requested further investigation into the scope and cost in relation to their commitment to renew the Assembly Rooms so that the venue can be re-opened to the public as soon as possible. External expert consultancy support is required to deliver this work, which is envisaged to take up to three months and will inform a Council decision on how the project progresses. This process and requested use of reserves replaces the previous commitment to spend £500,000 on further development of the new Music and Performance Venue option that was agreed by Cabinet on 4 October 2017.

- 4.12 It is recommended to approve entering into a procurement process for the provision of external expert consultancy support to enable the re-opening of the ‘New’ Assembly Rooms as soon as possible. This would be a three month contract up to a value of £250,000 and would be funded from the Assembly Rooms reserve.

**4.13 Procurement of Framework for the provision of Targeted and Tailored Tuition for Children in Care**

The remit of the Derby City Virtual School is to promote and improve the education of children in care who are the responsibility of Derby City Council. The Virtual School is a specialist service working with children and young people in care to promote high aspirations, access to and engagement in high quality learning with a view to narrowing the achievement gaps for our children and young people. It is vital that the educational outcomes of children and young people in our care are improved. Some require additional support to engage in the learning process in order to fulfil their potential. It is proposed that a framework of providers is established for targeted and tailored one to one, paired or small group support to children and young people in care.

- 4.14 Providers on the framework will be required to plan, resource and deliver quality, tailored and personalised support to enable relevant children to meet identified targets and make good progress over time and in relation to starting points. There will be a requirement to plan and deliver short-term, interim, focused provision packages to cover periods of transition. The majority of service requirements over the course of the framework will be tendered by way of mini-competition, allowing all organisations on the framework the opportunity to bid for the requirements, at what would be a market appropriate rate at that time. The framework will also make provision for the occasional requirement to directly award contracts where the specific requirements of the child/young person deem it necessary.

- 4.15 The framework will be for an initial two years, with the option to extend for a further 24 months in annual increments and the maximum budget for this procurement is £55,000

per annum.

- 4.16 It is recommended to approve the procurement and creation of a framework for Targeted and Tailored Tuition – one to one or Small Group Support to Children and Young People in Care for a maximum sum of £220,000 over a period of four years.
- 4.17 Use of Reserves – Joint Area Targeted Inspection**  
Support services provided by the Performance and Intelligence Team are critical to meeting organisational objectives, statutory needs and mitigating risks. There is currently insufficient capacity within Performance and Intelligence to meet emerging needs in Children's Services where the external inspection regime is intense.
- 4.18 The pressures in Children's Services are particularly acute in 2018/19 given the impending Joint Area Targeted Inspection expected to take place in Autumn / Winter 2018 alongside existing commitments including Mocksted, Ofsted Annual Conversations and Sector Led Improvement. Without additional support, the Council is at risk of being under prepared for a major Ofsted challenge. Resources of £35,000 are required for an Inspection Project Officer and Children's Social Care Analyst post for a period of six months in 2018/19 to be able to support the scheduled inspection processes In Children's Services.
- 4.19 It is recommended to approve the use of £35,000 from the budget risk reserve to provide funding for the resource required to enable service readiness for the Joint Area Targeted Inspection from Autumn 2018/19.
- 4.20 Use of Reserves – Adult Social Care**  
The Adult Social Care reserve (included in 'Other Services Reserve' in our Earmarked Reserves list in our Statement of Accounts) has been created from government specific funding to fund cost pressures in the Adult Social Care system.
- 4.21 It is recommended to approve the allocation of Adult Social care reserves of £2,094,500 to fund predicted demographic growth, living wage inflation due on contracts and winter pressure costs for 2018/19.
- 4.22 Opportunity Area Grant Award**  
The Opportunity Area Board operates as an advisory board to the Department for Education. As part of this, Opportunity Areas are given prioritised access to a wider support package helping young people from nursery through to starting work. Some of this funding will be awarded directly by the Department for Education to providers who can support social mobility in the Opportunity Areas, but up to £6m over three years (from April 2017) is for the local Opportunity Area Board to make recommendations to the Department for Education on how this should be allocated.
- 4.23 Cabinet agreed in October 2017 for the Council to receive and account for the Opportunity Area grants on behalf of the Department for Education and the local Opportunity Area Board, and it is expected that all of the funding that the Council receives from the Department for Education through this grant would be awarded to the Opportunity Area programme and allocated in line with the recommendations from the Opportunity Area Board and the Department for Education, and in line with public sector procurement rules. Between April 2018 and March 2020, the Council will receive

additional funding as recommended by the local Opportunity Area Board and approved by the Department for Education up to a maximum of £6m. In addition, the Council will also receive funding of up to £2.4m for Essential Life Skills and to allocate this in line with the recommendations from the Opportunity Area Board and the Department for Education, this was also agreed by Cabinet in October 2017.

- 4.24 Two programmes have been recommended by the Department for Education and Opportunity Area Board to move to the commissioning stage and to award grants. The programmes are 'Targeted Student Support' and 'Family Engagement – secondary', as detailed below.

4.25 **Opportunity Area Grant – Landau Academy School**

The Targeted Student Support programme is part of a wider city-wide strategy and 'joined-up' approach to address the challenge to improve the stability of students within effective school placements. It compliments work already under way as part of the city's agreed protocol on in-year fair access. The strategy would be co-ordinated by Landau Academy in Derby and the city wide strategy includes:

- Strengthening the citywide protocol of honesty and transparency as part of the Targeted Student Support.
- Reduce in year moves of students between Derby City schools in Years 10 and 11.
- Improve outcomes for students who do move to a new school during Years 10 and 11.
- Hold an awards evening that celebrates the achievements of students when their school placement may have been at risk of not succeeding.
- Create a campaign across all schools to share consistent messages and the possible negative impacts of this type of school mobility with families.

This strategy would cost up to £276,000 and it is recommended that a grant is awarded to Landau Academy to lead and co-ordinate this city wide strategy.

4.26 **Opportunity Area Grant – Bemrose School**

The Family Engagement strategy (secondary phase) proposes a programme of work to be co-ordinated across the city by Bemrose School. The programme is intended to improve work between schools and families to help improve attendance, improve student progress and attainment, reduce student exclusions and improve progression routes for students. Initially this would be focused in the secondary school age range. In particular, the strategy includes:

- enhanced communication systems between all Derby schools and their local communities in a consistent, cross-phase approach across the city. This would include working closely with the Council's early help services and also working with parents/carers in a variety of community based venues.
- Raises awareness and expectations of all school staff to the most effective systems, practices and approaches to family engagement.
- Breaks down traditional barriers to family engagement in a collaborative approach (between schools and between schools and parents/carers), to raising aspirations for all young people in Derby, regardless of background, and that involves all relevant agencies.
- Create a campaign to raise aspirations across all community groups in Derby.

This secondary phase strategy would cost up to £377,500 of Opportunity Area funding

and it is recommended that a grant is awarded to Bemrose School to lead and co-ordinate this city wide strategy.

- 4.27 It is recommended to approve the principle approval to award an Opportunity Area grant of up to £276,000 to Landau Academy School to lead and co-ordinate the city wide Targeted Student Support strategy subject to the finalisation of actual expenditure and costs.
- 4.28 It is recommended to approve the principle approval to award an Opportunity Area grant of up to £377,500 to Bemrose School to lead and co-ordinate the city wide Family Engagement Strategy (secondary phase) subject to the finalisation of actual expenditure and costs.
- 4.29 It is recommended to approve delegated authority to negotiate and agree the final terms of the grant agreement between Derby City Council and both Landau Academy School and Bemrose School to the Strategic Director of People Services in consultation with the Cabinet Member for Children and Young People and the Interim Strategic Director of Corporate Resources.
- 4.30 **South Derby Growth Zone/Infinity Garden Village – Approval to apply for and receive all Grant funding**  
There is an opportunity to apply to Homes England, for Garden Villages capacity funding, announced on 22 June 2018, deadline 20 July 2018, to support South Derby Growth Zone/Infinity Garden Village. This is a revenue grant, that would be award under Section 31 of the Local Government Act 2003.
- 4.31 South Derby Growth Zone is the name for the wider development area that includes the Southern Extension to Infinity Park Derby (IPD) and Infinity Garden Village, South of Derby City, extending into South Derbyshire. Infinity Garden Village is one of the 14 new Garden Villages, announced by the Government in January 2017. The benefits of the wider project are up to 3,250 new homes, over 6 million square feet employment space and 5,000 new jobs at Infinity Park Derby.
- 4.32 No match funding is required for this grant. Funding usually has to be spent within the year it is paid, unless there is agreement to roll the grant forward. There is little risk of clawback of the grant.
- 4.33 It is recommended to delegate approval to the Strategic Director of Communities and Place, following consultation with the Cabinet Members for Adults, Health and Housing; Finance and Procurement, and Business; Governance and Regulatory and the Interim Strategic Director of Corporate Resources, to bid for and receive £500,000 Garden Villages Capacity Funding from Homes England.

This report has been approved by the following officers:

Legal officer	
---------------	--

<b>Financial officer</b> <b>Human Resources officer</b> <b>Estates/Property officer</b>  <b>Service Director(s)</b>  <b>Other(s)</b>	Toni Nash, Head of Finance – Corporate Resources   Don McLure Interim Strategic Director of Corporate Resources – Section 151 Officer
<b>For more information contact:</b>  <b>Background papers:</b>  <b>List of appendices:</b>	Toni Nash 01332 643364 e-mail <a href="mailto:toni.nash@derby.gov.uk">toni.nash@derby.gov.uk</a>   Appendix 1 - Implications



<b>IMPLICATIONS</b>
---------------------

**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.

**IT**

4.1 None directly arising.

**Equalities Impact**

5.1 None directly arising.

**Health and Safety**

6.1 None directly arising.

**Environmental Sustainability**

7.1 None directly arising.

**Property and Asset Management**

8.1 None directly arising.

**Risk Management**

9.1 There are sufficient reserves and provision to sustain the recommendations in this report.

**Corporate objectives and priorities for change**

10.1 None directly arising.