



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:
- writing off debt valued at over £10,000
 - award of grant to external body
 - bid for external funding
 - changes to the current 2016/17 capital programme
 - award of contract
 - use of reserves

RECOMMENDATION

- 2.1 To approve writing off the business rates debts, totalling £518,653.18, as detailed in section 4 and Appendix 2.
- 2.2 To approve the award of £23,000 to Derby City Mission, as detailed in section 5.
- 2.3 To give delegated approval to the Strategic Director of Communities and Place to award grant in relation to trafficking and modern day slavery and safeguarding, as detailed in section 6.
- 2.4 To give delegated approval to award grant to the Normanton and Sinfyn Neighbourhood Boards, as detailed in section 7.
- 2.5 To delegate approval to the Strategic Director of Communities and Place to bid for external funding from the Controlling Migration Fund, as detailed in section 8.
- 2.6 To approve changes, including additions, to the capital programme, as detailed in section 9 and Appendix 3 & 4.
- 2.7 To award a contract to GF Tomlinson's - with a total value of £246,000, which will be funded from the Property Design and Maintenance Budget – to install a coating system to the glass at the Guildhall Market, as detailed in section 10.

- 2.8 To approve the use of the existing EMPAll competitive framework to direct award a contract for the design and project management of the Council House ground floor reconfiguration to Wates Construction Ltd., funded by the use of the Property Rationalisation Revenue Reserve, as detailed in section 11.
- 2.9 To approve the tendering for the contract, at a cost of up to £150k per annum, to provide a new nurse led triage service, and to delegate contract award to the Strategic Director of Communities and Place, as detailed in section 12.

REASONS FOR RECOMMENDATIONS

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



SUPPORTING INFORMATION

4 Business Rates Write Offs

- 4.1 Business rates are charged on commercial properties across the City and the current annual debit is around £94 million.
- 4.2 The business rates team operate a robust recovery regime. As a result – and despite a challenging economic environment - collection rates have remained consistent. By the end of the 2015/16 financial year the Council had collected 96.88% of the current year business rates due, which is an increase of 0.11% on the previous year's collection rate.
- 4.3 Inevitably some business rates debts cannot be collected. Reasons for this include:
- death of debtor
 - the debtor is declared bankrupt or is subject to other insolvency proceedings
 - the debtor absconds
 - a court remits the debt.
- 4.4 The debts detailed at Appendix 2 are classed as uncollectable for the reasons shown and it is recommended they are written off. The total value of debts recommended for write off is £518,653.18. The write offs will be funded from the Council's provision for business rates overpayment bad debt. The Council's external auditors, Ernst & Young, have recognised that the Council has significant arrears and provision and has commented on the need to reduce these where possible in their audit plan. Writing off the identified debts will reduce both the balances of outstanding debt and the associated bad debt provision and in doing so present a more realistic position of collectable debt within the Council's accounts. Further, it will help to ensure recovery action is prioritised against more current debt that has a greater chance of being collected. Any debt written off can subsequently be written back on should circumstances dictate.
- 4.5 It is recommended the debts listed in Appendix 2, totalling £518,653.18, are written off.
- 4.6 A proposed Collection Strategy and associated debt collection policies are recommended for approval on the same agenda as this report. Should Members approve these strategies and policies it will mean that debts will be progressed through appropriate routes at an earlier stage in future.

5 Award of grant to Derby City Mission

- 5.1 It is recommended a £23,000 grant is awarded to Derby City Mission - Street Pastors – in 2016/17. This will fund work with a broad range of partners within the evening and night-time economy and provide a role of listening, caring and helping in an unconditional way. It will be funded from the ring-fenced Police and Crime Commissioner Grant.

6 Delegated approval to award grant in relation to trafficking and modern day slavery and safeguarding

- 6.1 In 2016/17 there is £20,000 grant available for Derby organisations working with new and emerging communities to prevent trafficking and modern day slavery and for child safeguarding. This will be funded from the ring-fenced Police and Crime Commissioner Grant. The maximum that can be awarded to any one organisation will be limited to £5,000.
- 6.2 It is recommended Cabinet delegates approval to the Strategic Director of Communities and Place to award grants in 2016/17 to prevent trafficking and modern day slavery and for child safeguarding up to the value of £20,000.

7 Delegated approval to award grant to the Normanton and Sinfin Neighbourhood Boards

- 7.1 Derby City Council will receive ring-fenced contributions from Resource Recovery Solutions (Derbyshire) Ltd in 2016/17 and 2017/18, paid as a requirement of its contract with Derby City Council and Derbyshire County Council.
- 7.2 £15,000 has been provided in 2016/17 and £5,000 will be provided in 2017/18, cumulatively giving a maximum award of £20,000 to the end of 2017/18. These contributions will be available to the Normanton and Sinfin Neighbourhood Boards to make awards. Awards will be determined by the Ward Committee, formally documented, and limited to £2,000 per organisation.
- 7.3 It is recommended Cabinet delegates approval to the Normanton and Sinfin Neighbourhood Boards to award grants funded from ring-fenced contributions Derby City Council will receive from Resource Recovery Solutions (Derbyshire) Ltd.

8 Delegated Approval to Bid for external funding from the Controlling Migration Fund

- 8.1 A new Controlling Migration Fund has been announced, which is expected to cover a four year period and have a total value of £140m.
- 8.2 The bidding criteria is to be confirmed, but individual bids could be in excess of £250,000. Bid submissions are likely to require input and design from a range of council services and this will be managed by the Cohesion & Integration Manager to ensure consistent and coordinated bids are submitted and, where approved, monitored and reported on. The fund may include the need to involve community and voluntary organisations in the delivery of projects, this activity will also be managed by the Cohesion & Integration Manager. The fund has two elements:

8.3 i) Proposals to mitigate local impacts of recent migration (£100m).

Local Authorities will be the lead bidders for this fund. £25m will be available each year – over four years. This money will be available to support proposals to mitigate impacts on established residents of high levels of immigration into their communities – either at the very local level or across a larger area. The prospectus is still awaited, but through early discussions with the DCLG lead, a range of activities have been discussed - tackling rogue landlords and private sector housing issues; supporting learning English; access to and support with education; projects to develop understanding of social norms and orientation; data gathering and population mapping.

8.4 ii) £40m worth of Home Office led immigration enforcement activity.

There is an expectation that the Home Office will be looking at how local authorities can influence and support work in this area. We have existing networks and practices in relation to Immigration Enforcement through our work on Safeguarding, Asylum Dispersals, No Recourse to Public Funds, Immigration Status checks and Foreign National Offending/Modern Slavery. Once more detail is known, project proposals will be scoped.

8.5 It is recommended delegated approval to bid for external funding from the Controlling Migration Fund is granted to the Strategic Director of Communities and Place.

9 Update on Capital Programme 2016/17

9.1 The latest programme approved by Cabinet at 9 November 2016 was £66,620,000:

- reductions to the programme that have been agreed under the Scheme of Delegation total (£232,000) and are detailed at Appendix 3.
- reductions to the programme requiring Cabinet approval total (£290,000) and are detailed in Appendix 4.

9.2 A net change to the Housing Revenue Account (HRA) Programme of nil is required. Changes £200,000 or over are as follows:

- Addition of a new £300,000 Inner City Housing scheme to be funded from existing budgets within the HRA programme area. This scheme is to acquire properties in the inner city to introduce secure and regulated rental management
- Reduction of (£200,000) for Perth Street scheme with the saving to be used to part fund the new Inner City Housing scheme. The Perth Street scheme has been delayed and it's overall budget will be reviewed in light of detailed design work and the tender price.

9.3 A net change to the Regeneration Programme of (£165,000) and Schools Programme of (£125,000) are also required. See Appendix 4 for further details.

- 9.4 With the required approval the revised capital programme will be £66,098,000.
- 9.5 It is recommended the changes to the capital programme, which includes additions, are approved, as detailed in section 9 and Appendix 3 & 4.

10 Award of Contract to coat the glazing at the Market Hall

- 10.1 The Market Hall is a listed grade II building with a cast iron roof structure with a glass barrel-vaulted roof with central lantern light. The roof has leaked for a number of years and work has been previously undertaken to repair some of the copper work to the roof but the glass elements of the roof have not been repaired due to access issues.
- 10.2 Structural engineers were asked to inspect the roof in 2015 and subsequently £650,000 was added to the council's capital programme (£250,000 in 2016/17 and £400,000 in 2017/18) to fund the replacement of the top lantern light.
- 10.3 Following a request by Corporate Scrutiny and Governance Board, consideration has been given to undertaking the minimum amount of work to the roof while options are considered for a wider refurbishment scheme working towards applying for a Heritage Lottery Grant.
- 10.4 The proposed glass coating project allows for the minimum temporary repairs to be undertaken to the roof glazing while information is gathered and assessed in relation to this wider refurbishment strategy. The work would consist of a glass coating system installed to the underside of the glass retaining it in place until a replacement scheme can be funded. It is envisaged that this solution will extend the life of the glazing by up to 5 years and will reduce the potential for an unplanned closure of the building or adjacent areas due to unsecure glass. The Council's conservation team have been consulted on these proposals and their initial views are that this would be an acceptable solution as a short term fix to alleviate health and safety risks.
- 10.5 It is proposed that the project is undertaken by G F Tomlinson's through the East Midlands Property Alliance (EMPA) Framework using specialist steeplejack contractors who will undertake the work from ropes and gantries. The work will be undertaken out of normal Market opening hours in order to minimise disruption to the traders and customers.
- 10.6 The cost of this project work will be £246,000, which will be funded from the Property Design and Maintenance Budget.
- 10.7 The above process is deemed appropriate by the Council's Procurement Team and it is recommended that a contract is awarded to G F Tomlinson's to install a coating system to the glass at the Market Hall roof using re-profiled funds from the Property Design and Maintenance revenue maintenance budget.

11 Award of Contract and Use of Reserves – Property Rationalisation

- 11.1 To deliver future efficiencies there are grounds to redesign the ground floor of the Council House. The project includes the relocation of the Central Library to the Council House (subject to the outcome of public consultation), the reconfiguration of the Customer Management area, the inclusion of an area for rental to a third party service provider and alterations to other back office areas of the ground floor space.
- 11.2 The full project is estimated to cost approximately £2.5million and a further report will be submitted to Cabinet for approval subject to the development of a full Business Case. The Property Rationalisation Board recognises that the Library public consultation will be closing in mid-December and the results of the consultation will be sent for Cabinet approval in early 2017. The Design Team will take into account the outcome of the Library consultation process whilst they are designing the other aspects of the project.
- 11.3 At this stage, Cabinet is asked to approve in principle (subject to a final post-consultation outcome):
- a) the use of the existing EMPA II competitive framework to direct award a contract to Wates Construction Ltd. for the design and project management of the Council House ground floor reconfiguration with a maximum value £250,000
 - b) the use of Property Rationalisation Revenue Reserve for the same works.
- 11.4 The above process is deemed appropriate by the Council's Procurement Team.

12 Award of Contract for a dedicated team to reduce sickness absence cover

- 12.1 The Delivering Differently Board has approved a project aimed at improving attendance and performance by managing the health of employees of Derby City Council. The project, introducing a nurse led absence triage service and two Health and Attendance Advisers, is part of a wider employee Health and Wellbeing Strategy. It involves the creation of a dedicated team, based within Occupational Health, to reduce employee absence, improve health and reduce the cost of sickness absence cover. The project will be an initial three year pilot with a review at the end of each year to determine need and progress.
- 12.2 The overall cost of the project over the 3 years is approximately £753k, which includes approximately £450k for a new triage service. The cost of year 1 is being funded by the council's Delivering Differently Fund, years 2 and 3 will be met from reductions in the cost of employing contactors (to cover for sickness absence) across the authority.
- 12.3 Approval is sought to tender for the triage service contract, at a cost of up to £150k per annum, and to delegate contract award to the Strategic Director of Communities and Place following the tender process. Subject to approval and recruitment the project will commence on 1 April 2017.

This report has been approved by the following officers:

Legal officer	Olu Idowu, Head of Legal Services
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<p>Financial officer</p> <p>Human Resources officer</p> <p>Estates/Property officer</p> <p>Service Director(s)</p> <p>Other(s)</p>	<p>Toni Nash, Head of Corporate Finance. Mandy Fletcher, Head of Finance - Communities and Places.</p> <p>Jill Craig, Interim Director of Information Services. Martyn Marples, Director of Finance. David Cox, Head of HR. John Massey, Head of Benefits and Exchequer Services.</p>
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<p>For more information contact:</p> <p>Background papers:</p> <p>List of appendices:</p>	<p>Mark Nash 01332 643364 e-mail mark.nash@derby.gov.uk</p> <p>Appendix 1: Implications Appendix 2: Recommended NNDR write offs Appendix 3: Summary of changes to the capital programme 2016/17 made under Delegation Appendix 4: Summary of Changes to the capital programme 2016/17 requiring cabinet approval</p>
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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.

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 None directly arising.

Corporate objectives and priorities for change

10.1 These recommendations where relevant are in line with approved capital strategy and Asset Management Plans which accord with the Council's corporate priorities.

Appendix 2 – NNDR Write offs for approval

NAME	PERIOD	LAST PAYMENT DATE	WRITE OFF AMOUNT	REASON
Case 1	(1) 01.04.2012 to 01.04.2013	01.07.2012	£6,741.00	Company dissolved (confirmed by Companies House)
	(2) 01.04.2013 to 10.03.2014	No payments	£10,808.32	
		Sub total	£17,549.32	
Case 2	(1) 01.04.2014 to 01.04.2015	25.07.2014	£24,139.00	Company dissolved (confirmed by Companies House)
	(2) 01.04.2015 to 26.06.2015	None	£6,098.76	
		Sub total	£30,237.76	
Case 3	01.04.2013 to 07.03.2014	None	£16,856.80	Company dissolved (confirmed by Companies House)
Case 4	(1) 15.03.2014 – 01.04.2014	None	£3,158.93	Company dissolved (confirmed by Companies House)
	(2) 01.04.2014 – 20.10.2014	None	£38,412.10	
		Sub total	£41,571.03	
Case 5	Period (1) 03.09.2012 – 01.04.2013	13.11.12	£2,900.00	Company dissolved (confirmed by Companies House)
	Period (2) 01.04.2013 – 01.04.2014	None	£6,468.00	
	Period (3) 01.04.2014 – 01.03.2015	None	£6,033.96	
		Sub total	£15,401.96	
Case 6	(1) 01.04.2013 – 01.04.2014	None	£45,997.50	The company is registered abroad and has no assets in this Country. Therefore no action can be taken to recover the debt outstanding.
	(2) 01.04.2014 – 01.04.2015	None	£46,995.00	
	(3) 01.04.2015 – 01.04.2016	None	£48,142.50	
	(4) 01.04.2016 – 01.04.2017	None	£48,532.50	
		Sub total	£189,667.50	
Case 7	(1) 31.12.2012 – 01.04.2013	None	£122.18	Gone, no trace.
	(2) 01.04.2013 – 17.12.2013	None	£12,162.12	
		Sub total	£12,284.30	
Case 8	(1) 29.06.2012 – 01.04.2013	None	£5,859.66	Gone, no trace.
	(2) 01.04.2013 – 01.04.2014	None	£7,929.00	
	(3) 01.04.2014 – 01.09.2014	None	£3,431.36	
		Sub total	£17,220.02	
Case 9	(1) 22.09.2012 – 01.04.2013	19.9.14	£75.00	Gone, no trace.
	(2) 01.04.2013 – 16.05.2013	10.10.14	£50.50	
	(3) 20.06.2013 – 01.04.2014	None	£7,614.23	
	(4) 01.04.2014 – 20.10.2014	None	£4,989.97	
		Sub total	£12,729.70	

Continued overleaf...

NAME	PERIOD	LAST PAYMENT DATE	WRITE OFF AMOUNT	REASON
Case 10	(1) 01.04.2012 – 01.04.2013	23.10.12	£5,571.00	Bankrupt
	(2) 01.04.2013 – 01.04.2014	None	£14,205.00	
	(3) 01.04.2014 – 01.04.2015	none	£14,535.00	
		Sub total	£34,311	
Case 11	01.04.2015 – 01.06.2015	None	£863.80	RETURNED FROM ENF AGENT 'NO GOODS'
	01.04.2015 – 01.09.2015	None	£1,373.37	
	01.04.2015 – 25.01.2016	None	£2,572.06	
	16.07.2013 – 01.04.2014	None	£1,634.98	
	01.04.2014 – 04.09.2014	None	£1,661.24	
	01.04.2014 – 01.04.2015	None	£3,603.37	
	01.04.2015 – 01.04.2016	None	£3,871.10	
	01.04.2014 – 01.04.2015	None	£1,493.00	
	01.04.2015 – 01.04.2016	None	£2,983.70	
	19.09.2014 – 01.04.2015	None	£120.49	
	01.04.2015 – 01.04.2016	None	£1,306.45	
	20.03.2012 – 01.04.2012	None	£126.82	
	01.04.2012 – 01.04.2013	None	£1,746.70	
	01.04.2013 – 01.04.2014	None	£800.34	
	01.04.2014 – 01.04.2015	None	£75.00	
	Sub total	£24,232.42		
Case 12	(1) 09.11.2014 – 01.04.2015	None	£5,328.14	The company is registered abroad and has no assets in this Country. Therefore no action can be taken to recover the debt outstanding.
	(2) 01.04.2015 – 01.04.2016	None	£38,454.00	
	(3) 01.04.2016 – 06.06.2016	None	£7,009.74	
		Sub total	£50,791.88	
Case 13	01.04.2015 – 31.07.2015	None	£18,329.47	The company is registered abroad and has no assets in this Country. Therefore no action can be taken to recover the debt outstanding.
Case 14	01.04.2014 – 01.04.2015	None	£25,629.17	COMPANY IN LIQUIDATION (confirmed by Companies House).
Case 15	(1) 25.04.2014 – 01.04.2015	None	£10,036.55	COMPANY IN ADMINISTRATION (confirmed by Companies House).
	(2) 01.04.2015 – 28.05.2015	None	£1,804.30	
		Sub total	£11,840.85	
Grand Total			£518,653.18	

Changes to the Capital Programme made under delegation.

Scheme Area	Latest Approved Capital Programme 2016/17 £000	Revised Capital Programme 2016/17 £000	Change £000's
Schools			
Chellaston Junior - Roofing works	0	10	10
PRU - Internal Remodelling	3	6	3
Asterdale Primary - Drainage	22	60	38
Buildings at Risk	36	51	15
Oakwood Junior - FRA works phase 1a	34	0	-34
Oakwood Junior - FRA works phase 1b	266	300	34
Chellaston Junior - Boiler Replacement	36	0	-36
Chellaston Junior - Boiler Replacement	357	393	36
Ash Croft - Roofing	2	1	-1
Bemrose - Sports Hall Refurbishment	190	70	-41
Ashghate Primary - Final phase of refurbishment	3	24	21
Total delegated Changes Schools	949	994	45
Highways			
London Road Rail Bridge	431	511	80
Total delegated Changes Highways			80
Property			
Ashtree House Replace boiler and heating system	130	10	-120
Energy Efficiency Projects Multi Storey Car Parks	110	85	-25
Planned Maintenance	70	210	140
Nunsfield House - FRA Works	35	0	-35
Coronation Avenue New Children's Home	181	79	-102
Guild Hall Passenger lift refurbishment	59	47	-12
Connecting Derby residual costs	253	50	-203
Total delegated Changes Property	838	481	-357
Total Net Changes			-232

**Appendix 4
Summary of Changes Requiring Cabinet
Approval**

Summary of further changes to the capital programme 2016/2017	Latest Approved Capital Programme 2016/17	Revised Capital Programme 2016/17	Change	Category
	£000	£000	£000	
Schools				
Works to Teaching/Learning Areas/Shortfall	71	5	-66	R2
Bemrose - Sports Hall Refurbishment	149	70	-79	S
Littleover Secondary School - Major condition scheme	813	833	20	R2
Total Changes to Schools Programme	1,033	908	-125	
HRA				
New build and acquisitions	630	530	-100	R2
Perth Street	600	400	-200	R2
Inner city acquisitions	0	300	300	R2
Total Changes to HRA Programme	1,230	1,230	0	

Continued overleaf...

Summary of further changes to the capital programme 2016/2017	Latest Approved Capital Programme 2016/17	Revised Capital Programme 2016/17	Change	Category
Regeneration Programme				
Derby Arena External Lighting	165	0	-165	S
Total Changes to Regeneration Programme	165	0	-165	
ICT				
Network Support & Infrastructure	222	85	-137	R2
ICT Stabilisation - Hardware Renewal	395	532	137	R2
Total Changes to ICT Programme	617	617	0	
TOTAL CHANGES TO PROGRAMME	3,045	2,755	-290	

Key of Categories	
A	Additional schemes from new funding secured
A1	Scheme increase funded by previous years' reserves income
S	Re-phasing
R1	Other Adjustments - Scheme Reductions/Increases
R2	Re-allocated Within Departments Programme
R3	Re-allocated To Different Departments Programme