

## **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:
- changes to the current 2014/15-2016/17 capital programme
  - award of grants
  - voluntary sector bid writing support
  - transfer to reserves

### **RECOMMENDATION**

- 2.1 To approve changes, additions and progression of these on the capital programme as set out in Appendix 2 and highlighted in section 4.
- 2.2 To note the revised programme for 2014/15 in table 1 (paragraph 4.1) and the revised indicative programme for 2014/15-2016/17 as shown in table 2 (paragraph 4.5).
- 2.3 To approve and accept the award of the Public Health capital grant for Milestone house as detailed in paragraph 4.6.
- 2.4 To approve the award of arts grants to third parties as detailed in section 6.
- 2.5 To approve the allocation of £30,000 to Community Action Derby to fund voluntary sector bid writing support as detailed in section 7.
- 2.6 To approve the award of a grant to Midland Community Finance to administer a low cost loan scheme, as part of the Local Assistance scheme, as detailed in section 8.
- 2.7 To transfer £154,000 to a specific reserve for the provision of addition external lighting to Derby Arena as detailed in section 9.
- 2.8 To transfer £118,000 to a specific reserve to support the Information and Governance team and insurance team in 2015/16 as detailed in section 9.

### **REASONS FOR RECOMMENDATIONS**

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



Derby City Council

## **COUNCIL CABINET** **18 March 2015**

### **Report of the Acting Chief Executive**

#### **SUPPORTING INFORMATION**

#### **4. UPDATE ON CAPITAL PROGRAMME 2014/15 – 2016/17**

##### **Forecast Outturn**

##### **4.1 Table 1 – Revised Capital Programme 2014/17**

<b>Strategy Area</b>	<b>Original Approved Capital Programme</b>	<b>Revisions Approved to 18 February cabinet</b>	<b>Latest Approved (18 February Cabinet) Capital Programme</b>	<b>Changes to the programme agreed under Scheme of Delegation</b>	<b>Further Revisions (Appendix 2)</b>	<b>Revised Programme</b>
	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>
CYP	22,289	253	22,542	(15)	1,577	24,104
Housing General Fund	2,758	1,640	4,398	0	(100)	4,298
Property Improvement	4,694	(1,840)	2,854	0	0	2,854
Property Maintenance and Refurbishment	5,926	(2,782)	3,144	0	0	3,144
Parks and Open spaces	2,078	(385)	1,693	(65)	0	1,628
Flood Defence	250	0	250	0	30	280
Highways and Transport	8,684	844	9,528	0	(17)	9,511
Vehicles, Plant and equipment	1,970	96	2,066	0	29	2,095
Regeneration	49,608	(14,912)	34,696	(69)	(470)	34,157
ICT	3,882	(1,523)	2,359	0	0	2,359
HRA	19,439	(1,779)	17,660	0	(516)	17,144
Strategic Projects	14,430	(4,011)	10,419	0	(114)	10,305
<b>Sub-total</b>	<b>136,008</b>	<b>(24,399)</b>	<b>111,609</b>	<b>(149)</b>	<b>419</b>	<b>111,879</b>
<b>Less assumed capital slippage at 10%</b>	<b>(13,601)</b>	<b>13,601</b>	<b>0</b>	<b>0</b>		
<b>Total</b>	<b>122,407</b>	<b>(10,798)</b>	<b>111,609</b>	<b>(149)</b>	<b>419</b>	<b>111,879</b>

Details of the changes are shown in Appendix 2 with a summary of those changes over £200,000 highlighted below.

## **4.2 Children and Young People**

The Children and Young People Programme requires a net increase of £1,562,000 of which £15,000 decrease was previously approved under delegated powers at the relevant board. The remaining £1,577,000 is made up of:

- £1,400,000 brought forward to the Osmaston Primary Scheme due to significant external works and ground works being completed earlier than planned. Additional costs have been incurred due to ground contamination, changes to lighting infrastructure and additional canopy works required by the school.
- £170,000 increase to the Central Catering Contract for School Scheme in order to upgrade equipment and secure the kitchens cooking facilities. It is requested that £85,000 is funded corporate contingency and £85,000 to be funded via a revenue contribution from the Central Catering Contract revenue budget.

## **4.3 Vehicles Plant & Equipment**

The vehicles plant and equipment programme requires a net increase of £29,000 and is due to the addition of a new scheme to install advertising hoardings at total cost of £49,000, with £20k to be spent in 2015/16. The scheme will be funded from revenue contributions from the communications revenue budget. Approval is sought to request the use of the communication revenue budget for this purpose.

## **4.3 Regeneration**

The Regeneration Programme requires a net decrease of £539,000 of which £69,000 was previously approved under delegated powers at the relevant boards. The remaining £470,000 is made up of:

- £100,000 reprofiled to 2015/16 for the Marble Hall scheme due to delays to the scheme caused by the discovery of underground chambers and presence of lead paint. This was reported in January giving a best projection at that point about the impact on the programme (slipping £858k). Additional delays from the position reported in January resulted from:
  - the need to procure core sampling to understand the underground voids properly
  - the need to fully excavate the car park due to soft spots identified that were much larger than first expected, and
  - a longer than anticipated lead in time for procuring a wet-blasting contractor to remove the lead paintsplus internal checks on all the issues resulting in further slippage of £100k
- £370,000 reprofiled to 2015/16 for the Super Connected Cities Scheme as the demand for the voucher scheme has been slower than first anticipated, for this reason the Department for Culture Media and Sport have agreed to extend the timeframe in which the funding must be spent.

#### 4.4 HRA

The HRA Programme requires a net decrease of £516,000. The main changes being:

- £200,000 reduction to the UPVC Windows and Doors Scheme due to demand for reactive replacement windows and doors being much lower than in previous years.
- £165,000 reprofiled to 2015/16 for the Estates Pride Scheme due to longer lead in times of contractors as a result of a more buoyant building industry therefore certain projects have now been re-profiled into 2015/16.
- £150,000 spend brought forward from 2015/16 for the Bath Street Scheme due to the valuation of the property being completed earlier than anticipated.

#### 4.5 Parks and Open Spaces

The previously reported addition to the capital programme for replacement outdoor pitches at Springwood Leisure Centre will be funded £50,000 from the Trading Services Reserve and £20,000 from the Planning and Technical Reserve. The detail of this funding was not specified in the previous report.

#### 4.6 Award of Public Health (PHE) Capital Funding for drug and alcohol recovery 2014/15

The Council has received approval for £95,000 of PHE capital funding for works at Milestone House Recovery Zone (Derby Homes). The scheme has been added to the 2015/16 capital programme and approval is sought to accept the grant award.

- 4.7 Table 2 shows the 2014/15 – 2016/17 indicative programmes incorporating the changes from above.

**Table 2 Revised Indicative Programme 2014/15 -2016/17**

<b>Strategy Area</b>	<b>2014/15 £000</b>	<b>2015/16 £000</b>	<b>2016/17 £000</b>
CYP	24,104	8,989	9,242
Housing General Fund	4,298	3,701	2,504
Property Improvement	2,854	2,021	2,936
Property Maintenance and Refurbishment	3,144	5,751	2,037
Parks and Open Spaces	1,628	1,330	93
Flood Defence	280	250	250
Highways and Transport	9,511	4,109	10,490
Vehicles, Plant and Equipment	2,095	2,559	560
Regeneration	34,157	35,705	11,981
ICT	2,359	2,328	860
HRA	17,144	19,182	19,351
Strategic Projects	10,305	20,911	37,382
<b>Sub total</b>	<b>111,879</b>	<b>106,836</b>	<b>97,686</b>
Less assumed capital slippage	(13,615)	(9,071)	(10,518)

Adjustment for slippage of over-programming	13,615	(2,844)	8,946
<b>Total Programme</b>	<b>111,879</b>	<b>94,921</b>	<b>96,114</b>

- 4.8 The 2015/16 – 2017/18 capital programme was ratified at the 4th March 2015 Council meeting. Table 2 includes the new approved programme for 2015/16 onwards amended for the changes within this report.
- 4.9 All projects are run using the Prince 2 methodology and carry individual risk registers. All risk implications are reported and monitored on a monthly basis at the Strategic Asset Management Board.

## 5 S106 Contributions

It was agreed through the S106 working group that any allocation of S106 monies would be reported to Cabinet during the year to inform members what specific Contributions are intended to be used for. Any in- year allocations are reported through the monthly contract and financial procedures matters reports and quarterly Capital monitoring reports as they arise. There are currently no changes to report.

## 6 Award of Arts Grants

- 6.1 There are currently four organisations in receipt of regular Arts Grant funding from Derby City Council. They are QUAD, Deda, Sinfonia Viva and First Movement. These organisations make a significant contribution to the cultural life of the city.
- 6.2 These organisations have funding agreements in place that are due to finish on 31 March 2015. These agreements state under section 1, basis of the agreement; "The agreement may be extended by mutual consent, any extension will be in writing and will set out period of extension, funding level and other changes". The wording was approved by Cabinet in 2011 as part of the Corporate Grants Review.
- 6.3 QUAD, Deda, Sinfonia Viva and First Movement have been offered funding through Arts Council's National Portfolio to deliver a service in Derby for the period 2015 - 2018. This equates to a combined investment from Arts Council of £2.7m across the three year period. This is dependent on match funding from DCC, offering significant value for money from the DCC investment. The business models for these organisations are dependent upon this funding mix. Reduction in DCC funding would impact on the service delivered and risk the financial viability of the organisations.

#### 6.4 Table 1

Organisation	Actual 2014/15 Grant Funding	Recommended 2015/16 Grant Funding
QUAD	£193,695	£193,695
Deda	£65,357	£65,357
Sinfonia Viva	£15,454	£15,454
First Movement	£8,000	£8,000
<b>Totals</b>	<b>£282,506</b>	<b>£282,506</b>

- 6.5 It is recommended to extend existing funding agreements for a 12 month period from 1 April 2015 to 31 March 2016 as detailed in table 1. During this period a review of Arts Grant priorities will be undertaken followed by an application round in Autumn 2015, this would establish Arts Grants recipients for 2016/17 and their levels of funding. It is recognised that this would be dependent on future availability of the Arts Grants budget.

## 7 Voluntary Sector Bid Writing Support

- 7.1 The Council and Community Action Derby - CAD - have developed a project proposal to increase local bid writing capacity for the Voluntary Community and Faith - VCF - Sector which provides services to local residents.
- 7.2 In a similar way to the Council, VCS organisations have been affected by the economic impact of austerity. Feedback from local VCF organisations indicates that opportunities to access external funding are often missed due to a lack of capacity and bid writing skills to create successful bids. Bid writing is a specialist skill area and not all organisations have the relevant skill set and resources, creating an advantage for bigger, national organisations and not utilising the local knowledge skills and talents of smaller organisations.
- 7.3 The bid writing project would be hosted by CAD and will build on existing expertise, partnerships and their profile within the sector. CAD will provide specialist management support and would contribute £5,000 to cover the on costs of the project. The Council will contribute the remaining £30,000 towards the cost of a full time bid writing project worker.
- 7.4 It is recommended that £30,000 from the 2014/15 corporate contingency budget is allocated to CAD to fund the Voluntary Sector Bid Writing support project. It is also recommended that this funding is transferred to reserves and used in line with the spending of the project.

## 8 Award of Grant – Local Assistance Scheme

- 8.1 The Local Assistance Scheme – LAS – is administered by the Council since April 2013 and replaced the discretionary elements of the Department for Work and Pensions' Social Fund. The scheme provides support for vulnerable residents who cannot meet their immediate short-term financial needs in an

emergency. The Council now wishes to further enhance the LAS by providing a low cost loan scheme for the purchase of white goods and furniture for the residents of Derby City Council. The Council has identified an ethical lender with the infrastructure to administer these loans.

8.2 This scheme will help the Council realise some of the following objectives to our most in-need vulnerable residents:

- Working with an organisation that promotes financial inclusion and budgetary education
- Aligning with the aims and objectives of the council's Child and Family Poverty strategy. In particular providing a viable alternative to expensive rent-to-own retailers and doorstep lenders
- Establishing a partnership approach with a suitable, reputable, ethical lending provider in the City
- Providing a cashless alternative to helping residents who need to replace essential household electrical items and furniture

8.3 It is recommended that a grant of £31,350 is awarded to Midland Community Finance (MCF) in 2014/15 to administer the loans. The grant will be funded from the 2014/15 Local Assistance Scheme budget.

## **9 Transfer to Reserve**

### **Neighbourhoods**

9.1 To improve the external visual and commercial opportunities of the Derby Arena it is planned to install additional external lighting. The enhancement would provide specialist image projection lighting to the front and rear of the building and façade lighting to two other sides. The additional lighting can be funded from forecast underspends in the Neighbourhoods 2014/15 revenue budget.

9.2 The on-going running cost of the enhanced lighting will be met from the Neighbourhoods directorate revenue budget.

9.3 It is recommended that £154,000 is transferred from the Neighbourhoods 2014/15 revenue budget to a specific reserve to fund the Derby Arena lighting enhancement in 2015/16.

### **Resources**

9.4 The functions of the Council's Governance and Assurance team and the Insurance team are critical to the Council's Annual Governance Statement and play a significant role in the Council's overarching Governance Action Plan. In order to ensure the Council continues to deliver sustainable and robust governance and insurance function a requirement to strengthen these teams has been identified.

- 9.5 The required funding for the above increased resilience has been identified in the Resources directorate 2014/15 budget.
- 9.6 It is recommended that £118,000 is transferred from the Resources directorate 2014/15 revenue budget to a specific reserve to fund the required increases in the Governance and Insurance teams.

**This report has been approved by the following officers:**

<b>Legal officer</b> <b>Financial officer</b> <b>Human Resources officer</b> <b>Estates/Property officer</b> <b>Service Director(s)</b> <b>Other(s)</b>	<p>Martyn Marples Director of Finance and Procurement</p>
<b>For more information contact:</b> <b>Background papers:</b> <b>List of appendices:</b>	<p>Mark Nash 01332 643364 e-mail mark.nash@derby.gov.uk</p> <p>None</p> <p>Appendix 1 – Implications</p> <p>Appendix 2 – Summary of further changes to the capital programme 2014/15</p>



<b>IMPLICATIONS</b>
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**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 As detailed in the main body of the report and appendices.

**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

Summary of further changes to the capital programme 2014/2015	Latest Approved Capital Programme 2014/15 £000	Revised Capital Programme 2014/15 £000	Change £000	Category
<b>CYP</b>				
Beaufort Primary School	58	65	7	<b>A</b>
Osmaston Primary	2,884	4,284	1,400	<b>S</b>
Central Catering Contract for Schools	152	322	170	<b>A1</b>
<b>Total Changes to The CYP Programme</b>	<b>3,094</b>	<b>4,671</b>	<b>1,577</b>	
<b>Flood Defence</b>				
Cavendish Culverts	90	120	30	<b>R1</b>
<b>Total Changes to The Flood Defence Programme</b>	<b>90</b>	<b>120</b>	<b>30</b>	
<b>Housing general Fund</b>				
Housing Intelligence for the East Midlands	100	0	(100)	<b>S</b>
<b>Total Changes to The Housing General Fund Programme</b>	<b>100</b>	<b>0</b>	<b>(100)</b>	

<b>Highways and Transport</b>				
Structures Maintenance	469	452	(17)	<b>S</b>
<b>Total Changes to The Highways and Transport Programme</b>	<b>469</b>	<b>452</b>	<b>(17)</b>	
<b>Vehicle Plant and Equipment</b>				
Purchase and Installation of Advertising Boards	0	29	29	<b>A</b>
<b>Total Changes to The Vehicle Plant and Equipment Programme</b>	<b>0</b>	<b>29</b>	<b>29</b>	
<b>Regeneration</b>				
Marble Hall	1,213	1,113	(100)	<b>S</b>
Super Connected Cities	1,771	1,401	(370)	<b>S</b>
<b>Total Changes to The Regeneration Programme</b>	<b>2,984</b>	<b>2,514</b>	<b>(470)</b>	
<b>HRA</b>				
PVCU Windows and Doors	1,200	1,000	(200)	<b>R1</b>
Estates Pride	1,500	1,335	(165)	<b>R1</b>
Re-roofing	700	600	(100)	<b>R1</b>
One off mods/refurbishments	450	370	(80)	<b>R1</b>
Disabled Adaptations	600	580	(20)	<b>R1</b>
Communal Door Entry System	200	127	(73)	<b>R1</b>
Central Heating	1,675	1,695	20	<b>R1</b>
Loft and cavity Wall	37	25	(12)	<b>R1</b>
Rewiring	100	90	(10)	<b>R1</b>
Bath Street	2,889	3,039	150	<b>S</b>

Maryland Gardens	146	180	34	<b>S</b>
Thanet Drive	307	350	43	<b>R1</b>
Victory Road	550	500	(50)	<b>S</b>
Ashlea Acquisition	250	261	11	<b>R1</b>
Pine Court Works	110	156	46	<b>R1</b>
CCTV Works	100	20	(80)	<b>R1</b>
Hendon Way	30	0	(30)	<b>R1</b>
<b>Total Changes to The HRA Programme</b>	<b>10,844</b>	<b>10,328</b>	<b>(516)</b>	
<b>Strategic Projects</b>				
Leisure Strategy	8,587	8,525	(62)	<b>R1</b>
Our City Our river	845	793	(52)	<b>S</b>
<b>Total Changes to The Strategic Projects Programme</b>	<b>9,432</b>	<b>9,318</b>	<b>(114)</b>	
<b>TOTAL CHANGES TO PROGRAMME</b>	<b>27,013</b>	<b>27,432</b>	<b>419</b>	

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