

Report sponsor: Don McLure, Strategic Director
of Corporate Resources
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Compliance with Contract and Financial Procedure Rules

Purpose

- 1.1 To seek approval by Council Cabinet under Contract and Financial Procedure rules for the following:
 - i. To approve the transfer of a £0.400m income budget from Communities and Place to Corporate Resources directorates for forecasted Scape dividend;
 - ii. To approve grant funding from Public Health England for £0.249m and approve the addition to the Housing General Fund capital programme to support alcohol treatment;
 - iii. To approve the award of a grant of £0.060m to the University of Derby;
 - iv. To approve match funding for the 'Mainframe' and 'Way2Work' projects;
 - v. To approve two grant awards, one to Wyndham Primary School and one to Chellaston Academy;
 - vi. To approve entering into a Partnership Agreement with Derbyshire County Council and the Office of Police and Crime Commissioner, to jointly procure a service for children and young people at risk of sexual exploitation and other forms of exploitation and approve a contribution of up to £0.070m per annum for up to 5 years;
 - vii. To approve funding of £1.009m from the Delivering Differently reserve for change and project management resource to support the delivery of the 'Team Derby' Plan;
 - viii. To approve the waiver to award the Riverlights – 'Muck-shift' contract to NMNC Plc.

Recommendations

- 2.1 To approve the transfer of a £0.400m income budget from the Regeneration service within the Communities and Place directorate to the Corporate Resources directorate for forecasted Scape dividend, as detailed in section 4.1.
- 2.2 To approve grant funding from Public Health England for £0.249m and approve the addition to the Housing General Fund capital programme to support alcohol treatment, as detailed in section 4.5.
- 2.3 To approve the award of a grant of £0.060m to the University of Derby to be funded from the D2 Business Rates retention programme grant award, as detailed in section 4.8.

- 2.4 To approve match funding for the Mainframe and Way2Work projects to the value of £0.250m over the period 2019/20 to 2021/22 from the Business Rates Pilot Reserve, as detailed in section 4.12.
- 2.5 To approve a grant award to Wyndham Primary School for £0.037m and a grant award to Chellaston Academy for £0.037m to lead the city wide school improvement partnership work for the academic year 2019 – 2020, as detailed in section 4.18.
- 2.6 To approve entering into a Partnership Agreement with Derbyshire County Council and the Office of Police and Crime Commissioner, to jointly procure a service for children and young people at risk of sexual exploitation and other forms of exploitation, as detailed in section 4.21.
- 2.7 To approve a Derby City Council contribution of up to £0.070m per annum into the Partnership for up to 5 years, as detailed in section 4.21.
- 2.8 To approve funding for change and project management resource of £1.009m over two years from the Delivering Differently reserve to underpin delivery of the Team Derby Plan, as detailed in section 4.25.
- 2.9 To approve the waiver to award £0.281m for the Riverlights Muck- shift contract to MNCN Plc to progress the delivery of Project Munio in the most cost efficient way, as detailed in section 4.28.

Reasons

Supporting information

4.1 Scape

Scape Group is a public-sector partnership that specialises in the built environment. It offers the following services:

- UK & EU compliant procurement frameworks for Public Sector projects
- UK & EU compliant procurement frameworks for Public Private Partnerships
- Architectural design
- Joint Venture managing Nottingham City Council's built environment projects and maintenance
- Investment in social projects.

- 4.2 As a limited company there are six equal shareholders of which Derby City Council is one. As a shareholder, we are entitled to a share of the dividend pay out when the company has sufficient surpluses. Currently the income target of £0.400m associated with this dividend is with the Regeneration service within the Communities and Place directorate. It is considered to be more appropriate for this target to sit with the Corporate finance section within the Corporate Resources directorate. Therefore approval is sought to transfer this income budget to reflect the change.
- 4.3 Financial Procedure rules states that budget transfers (virements) over £0.250m require the approval of Council Cabinet.

- 4.4 It is recommended to approve the transfer of a £0.400m income budget from the Regeneration section to Corporate Finance. There will be no detrimental impact on the Regeneration Service.
- 4.5 **Public Health England Grant Acceptance**
A Capital Grant Application for money from Public Health England to support an increase in the take up of alcohol treatment has been approved. Nationally there has been a decline in the numbers in treatment and whilst Derby has not seen the same decline, the numbers in treatment have remained static despite there being an estimated population of 3,222 dependent drinkers in Derby.
- 4.6 The proposed components identified for this grant are:
- I. 'Safe Space' - (opened in March 2019) requires additional funding to upgrade the existing premise in order for it to provide on-site clinical facilities in line with infection control procedures and 24 hour safety features for alcohol clients and treatment workers. The site has previously secured grant funding from a range of partners to deliver services from this site including a 'rapid housing assessment hub' for rough sleepers. This proposal will bring alcohol treatment including direct access to rapid community detox on to this site.
 - II. Padley Group – reconfiguration of the ground floor to create a 12 bed hostel to accommodate female alcohol users who are homeless or at risk of rough sleeping and upgrade of IT system. (The Padley Group would relocate the existing day centre to the premises next door - ensuring there is a dedicated clinical and alcohol counselling space in these new premises which is not currently available within its existing configuration).
 - III. Centenary House – (a) aim is to create 4 additional bed spaces for prison leavers with alcohol issues and (b) additional site safety features at Newstead House for 'women at risk', including upgrades to their IT system. This will involve (a) work to partition an existing space to create rooms within the hostel and (b) upgraded security features on a dispersed site within the locality - that is dedicated to alcohol using women with a range of 'adverse childhood experiences (ACE)' and/or experiencing domestic abuse.
- 4.7 It is recommended to approve grant funding from Public Health England for £0.249m and approve the addition to the Housing General Fund capital programme in 2019/20 to support alcohol treatment.
- 4.8 **Approval for the award of a Grant to the University of Derby**
The Derby Nottingham Metro strategy highlights the importance of the Science and Innovation Zone at Infinity Park Derby and how this will become a key component for delivering the vision of D2N2s Local Industrial Strategy. The first component of the Skills and Innovation Zone, the iHub is operational and to develop the concept further feasibility work is required to develop the three components of a Skills Academy, Grow on space and an Advanced Manufacturing Research Centre.

- 4.9 The University of Derby is seeking to commission a consultant to lead on the delivery of this feasibility study. The Council is seeking to award a grant of £0.060m towards this commission, which will leverage a further £0.040m of public sector investment from Academic partners. The Council will issue a Grant Agreement to the University of Derby.
- 4.10 The Grant to the University of Derby is to be funded from the D2 Business Rates retention programme award of £0.185m for a feasibility study to develop the Science and Innovation Zone concept.
- 4.11 It is recommended to approve the award of a grant of £0.060m to the University of Derby to be funded from the D2 Business Rates retention programme grant award.
- 4.12 **Match Funding: Mainframe and Way2Work**
It was agreed at November 2018 cabinet that Derby City Council would seek to support a number of, D2N2 LEP led, European Union funded projects, subject to match-funding being available. Whilst a number of these projects have been supported, it has not been possible to identify match-funding for the following two projects: 'Mainframe' and 'Way2Work'.
- 4.13 These bids have been developed by a partnership of public and private partners and have been submitted by Nottingham City Council on behalf of the D2N2 LEP as a whole. Way2Work covers the whole of the D2N2 area whilst the Mainframe project focusses primarily on the two cities. The projects run from September 2019 to September 2022. Both bids are supported by the D2N2 LEP Board.
- 4.14 The Council has no contractual commitment to provide match-funding to either bid. If match-funding is not found the projects will still go ahead in other areas of D2N2 but not in Derby. Other upper tier authorities have agreed match-funding into the Way2Work project and Nottingham City council has in to the Mainframe project. The projects are described below.
- 4.15 The Mainframe project aims to support digital creative businesses access start-up support, intensive business coaching, funding. It provides workshops, coaching, events and networking facilities targeted at pre-start entrepreneurs and growing SMEs. In Derby this would be hosted by the QUAD (who amongst others has put funding into this project). The project requires a total of £0.100m in revenue match funding split equally over the next 3 years.
- 4.16 The Way2Work project provides support to both individuals and businesses to help people from the most disadvantaged circumstances and deprived communities gain meaningful training and employment. The project requires a total of £0.150m in revenue match funding split equally over the next 3 years.
- 4.17 It is recommended to approve match funding for the Mainframe and Way2Work projects to the value of £0.250m from the Business Rates Pilot Reserve.

- 4.18 **School improvement and support to Derby's Primary and Secondary head teacher groups**
On 4 October 2017, Cabinet agreed to use up to £0.300m of the Dedicated Schools Grant reserve (DSG) for school improvement. This has been tremendously successful with the grant being used to help head teachers focus on key areas of improvement such as phonics, reading, writing and mathematics. The evidence demonstrates that schools which have strongly engaged in partnership working have improved at a faster rate than the city and national average rates of improvement.
- 4.19 During 2019/20, it is proposed to use the final part of this £0.300m to award a grant to Wyndham Primary School for £0.037m and a grant to Chellaston Academy for £0.037m to lead the city wide school improvement partnership work. They will use this to help co-ordinate the work of the Primary Strategy Group and Secondary Strategy Group and also to direct towards specific school improvement activities which are identified after the summer's school results are known; they will take their lead on this by the Primary Strategy Group and Secondary Strategy Group in conjunction with the city council's Service Director for Learning and Skills.
- 4.20 It is recommended to approve a grant award from the DSG Schools Grant reserve to Wyndham Primary School for £0.037m and a grant award to Chellaston Academy for £0.037m to lead the city wide school improvement partnership work for the academic year 2019 - 2020.
- 4.21 **Child Sexual Exploitation Service**
The Child Sexual Exploitation service supports children and young people who are, or at significant risk of being, sexually exploited. The current service is jointly procured and funded by Derby City Council, Derbyshire County Council and the Office of the Police and Crime Commissioner, with the contract shortly due to end.
- 4.22 The Council commissioned the existing service to support this cohort of young people with the aim of improving individual outcomes and building future resilience against exploitation. The intention is that the lead commissioner for the service on this occasion will be the Office of the Police and Crime Commissioner and they will take the lead role for the management of the contract, for the benefit of Derby City Council and Derbyshire County Council, who will be jointly funding the provision. The Service will support children and young people at risk of child sexual exploitation and provide support where children are at risk of other forms of exploitation. The service shall include direct support to children and young people, providing specialist advice to other professionals and raising awareness to improve knowledge and skills to help prevent exploitation. From a service user point of view, the services provided shall remain essentially the same, but the provider may be different depending on the result of the procurement process.
- 4.23 It is recommended to approve entering into a Partnership Agreement with Derbyshire County Council and the Office of Police and Crime Commissioner, to jointly procure a service for children and young people at risk of sexual exploitation and other forms of exploitation.

- 4.24 It is recommended to approve a Derby City Council contribution of up to £70,000 per annum for up to 5 years.
- 4.25 **Change Derby team**
The Council recognises that specialist transformation/ change knowledge, skills and capacity is needed to enable Derby City Council to develop and improve at scale and pace through its new Team Derby Plan. Current capacity will therefore be refocused to deliver the next phase of organisational improvement and transformation. Use of the Delivering Differently reserve is requested for change and project management resource, at a total cost of £1.009m over two years.
- 4.26 The Change Derby programme will focus on reducing bureaucracy, improving processes through lean reviews, managing demands, roll-out of a digital agenda and behaviour change to facilitate a modern, efficient and engaged organisation. The team will be key to the delivery of cross-cutting themes as part of the Medium Term Financial Strategy. Benefits are expected to include; delivery of change at a greater pace through dedicated capacity, retaining established project skills and experience, having a cross-cutting resource with a corporate understanding of the various services and directorates in DCC and reducing the need to employ change consultants or temporary project managers at a more costly rate to implement key money saving and efficiency projects. Wider benefits derived from the team will be closely monitored.
- 4.27 It is recommended to approve the use of £1.009m from the delivering differently reserve to provide funding for change and project management resource.
- 4.28 **Riverlights 'Muck shift' waiver**
Project Munio is a part- European Regional Development Funding (ERDF) project to further deliver elements set out in the Our City, Our River (OCOR) Masterplan flood alleviation measures beyond the package of works nearing completion upstream of the Silk Mill. Project Munio will provide enhanced protection for some commercial businesses in Derby and Pride Park. Within Derby City, this involves works to Derby River Gardens, Derwent St (flood gate) and an enhanced flood wall for Riverside Chambers. Project Munio also includes a series of environmental improvements along the river Derwent corridor.
- 4.29 OCOR is requesting a waiver of the Procurement Procedure rules to directly award the contract for the provision of the removal and disposal of approximately 8000 cubic metres of soil; ' muck –pile' on the remaining undeveloped area of the Riverlights site adjacent to the River Gardens. The flood alleviation works in the River lights site cannot be delivered without the removal of the muck-pile.
- 4.30 Prior to progress of the works contract, OCOR had hoped that the issue of the muck-pile at the Riverlights site could be worked around and retained on site; but recent various surveys and assessments have resulted in the muck -pile needing to be removed. This was not included for in the initial scope of works. To instruct the works under the existing contract with NMCN Plc; the construction company undertaking the Munio works, would breach ERDF funding and contract regulations.

- 4.31 OCOR has pursued alternative procurement options to resolve this issue. The outcome of this exercise is that the costs could increase by around 40% if delivered by another supplier, both in terms of additional site establishment costs and delay to the current Munio works programme. This alternative also introduces a set of additional risks to the project which include implications for the ERDF funded activities, Construction, Design & Management Regulations regarding principle site contractor.
- 4.32 The costs for the muck-pile removal and disposal will be met with non-ERDF grant funding secured by OCOR and will not exceed the overall original projects cost forecast for delivery of Munio. The contract will be a direct award to NMCN Plc as a separate instruction.
- 4.33 It is recommended to waive the contract procedure rules on this occasion to directly award the Muck-shift removal and disposal contract to NMCN Plc for £0.281m as this will minimise the costs for the project and the detrimental impact upon the challenging ERDF delivery programme.

Public/stakeholder engagement

- 5.1 None directly arising.

Other options

- 6.1 None directly arising.

Financial and value for money issues

- 7.1 As detailed in the main body of the report.

Legal implications

- 8.1 None directly arising.

Other significant implications

9.1 **Equalities Impact**

None directly arising

9.2 **Corporate objectives and priorities for change**

None directly arising

This report has been approved by the following people:

Role	Name	Date of sign-off
Legal	Olu Idowu	22/05/2019
Finance	Toni Nash	23/05/2019
Service Director(s)	Don McLure	31/05/2019
Report sponsor	Don McLure	31/05/2019
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