

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:

- Bid for grant
- Acceptance of grant
- Entering into a joint agreement
- Framework procurement agreement
- Changes, including additions, to the current 2017/18 Capital programme
- Acting as accountable body

RECOMMENDATION

- 2.1 To approve the submission by Derby Homes and the Council of a joint bid, led by Nottingham City Council, for European Regional Development Funds (ERDF) to support the funding of energy efficiency works, as detailed in section 4.
- 2.2 Subject to a successful bid for funding, as detailed in section 4, to delegate approval to the Strategic Director for Communities and Place in consultation with the Director of Finance to:
- a) enter into a Partnership Agreement with Nottingham City and County Councils and Derbyshire County Council,
 - b) accept grant funding, subject to suitable grant conditions.
- 2.3 To approve the delivery of a procurement exercise and delegate the award to establish a framework agreement for the provision of day opportunities for adults with complex needs, as detailed in section 5, to the Director of People in consultation with the Director of Finance and the Cabinet Member for Integrated Health and Care.
- 2.4 To approve changes, including additions, to the capital programme as detailed in section 6 and Appendix 2, and to request Council approval for the additional borrowing detailed in 6.4.

- 2.5 To approve the submission of two separate bids for funding as part of the National Productivity Investment Fund for the Local Road Network, as detailed in section 7.
- 2.6 To delegate authority to the Director of Communities and Place, in consultation with the Cabinet Member for Regeneration and Economy and the Director of Finance, to approve the details of the bids and to accept the grant awarded, as detailed in section 7.
- 2.7 To approve the submission of a Stage 2 European Social Fund full application to Enterprise, Innovation and Pathways call, as detailed in section 8.
- 2.8 To approve the Council acting as the Accountable Body for the ESF Enterprise, Innovation and Pathways funded project 'Gateway to Success' in Derby City during its implementation and delivery up to 2019, as detailed in section 8.
- 2.9 Subject to the approval of the ESF funding applications, to authorise the Director of Finance to take all necessary action as the Accountable Body for the project, including acceptance of grant, as detailed in section 8.

REASONS FOR RECOMMENDATIONS

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



SUPPORTING INFORMATION

4 Bid for ERDF funding to support Derby Homes energy efficiency works

- 4.1 DREeM (Deep Retrofit Energy Model) is a scalable demonstration project which tests an innovative financial and commercial model of deep retrofits to houses and public buildings to increase energy efficiency and renewable energy generation.
- 4.2 Deep retrofit is a whole-building analysis and construction process which achieves much larger energy savings than standard retrofit. DREeM will:
- demonstrate net zero energy retrofit for system built homes and public buildings across D2N2 reducing the region's carbon emissions
 - develop a market for subsidy-free whole-building retrofit solutions, bringing low carbon jobs and growth to the region
 - deliver whole-building solutions
 - provide a test bed for, and improving performance of, low carbon economy technologies.
- 4.3 For Derby the project will deliver deep retrofit to 19 bungalows constructed in the late 1940's from a prefabricated construction. These bungalows have consistently suffered poor levels of insulation and would greatly benefit from a whole house solution to increase their energy efficiency.
- 4.4 The benefits to tenants will be in the reduction of energy use to approximately 750 Kwh with an anticipated saving of over £600 per year. In addition, the savings in greenhouse gas emissions are estimated at 21K-26K carbon tonnes over 30 years. The benefit for DCC / Derby Homes will be a positive return on investment as a result of extended component lives within the refurbished properties.
- 4.5 Nottingham City Council (supported by Derbyshire County Council, Nottinghamshire County Council, Nottingham City Homes and Derby Homes) submitted an Expression of Interest to the European Structural and Investment Funds stream of the European Regional Development Fund to support a demonstration project carrying out 'deep retrofitting' of energy efficiency works to bring older properties up to close to new build standards.
- 4.6 Derby City Council will review the grant conditions attached to the funding and, subject to these being acceptable, will develop a Partnership Agreement with the other local authority partners which details the allocation of funds between them, and potentially contractor and consultant partners. It is anticipated the level of grant funding allocated to Derby will be £327,750 and the level of match funding required from HRA Capital will

be £384,750.

- 4.7 It is recommended Cabinet approves the submission by Derby Homes and the Council of a joint bid led by Nottingham City Council for European Regional Development Funds. Subject to approval, it is recommended Cabinet delegates approval to the Strategic Director for Communities and Place in consultation with the Director of Finance to enter into a Partnership Agreement with Nottingham City and County Councils, Derbyshire County Council and to accept grant funding subject to suitable award conditions.

5 Provision of day opportunities for adults with complex needs

- 5.1 Following the decision at Cabinet in September 2016, soft market testing took place to gauge interest in taking over the property and services for Residential Care and Day Care currently run directly by the City Council. Unlike the Residential Care Homes where there is strong interest to continue as going concerns under private ownership, the expressions of interest shown in Day Services - Aspect (services for those with severe Autism) and Inspire (services for those with profound and multiple disabilities) - showed little appetite to run the services as they are in the current buildings. Instead interest was expressed in providing day opportunities in a more bespoke, personalised way.
- 5.2 As these services relate to individuals with very complex needs, families and carers have tended to be wary of change, seeing the current day services as somewhere safe. They will need assurance therefore that the services offered by alternative agencies outside of the current buildings are of good quality. The proposed framework will ensure organisations that work with these individuals will have to meet quality thresholds. It is hoped that having a small number of strong providers of day opportunity on such a framework will assure families of the safety and quality of provision.
- 5.3 It is recommended Cabinet approves a procurement exercise to establish a framework to enable the Council to procure day opportunities on an individual by individual basis for people with complex needs, should they require a care package to be arranged for them. The maximum potential expenditure would be £3.990m over 3 years. This figure is based on the amount of annual funding the Council currently makes available for people attending Council day services, calculated up to the maximum term of the framework over 3 years. This is the maximum figure that could be procured through the framework agreement, however it is likely that some customers may choose to use a Direct Payment to access day opportunities outside of this framework. It is proposed that the with the subsequent award of the framework agreement is delegated to the Strategic Director of Peoples Services in consultation with the Director of Finance and the Cabinet Member for Integrated Health and Care.

6. Update on Capital Programme 2017/18

- 6.1 The latest programme approved by Cabinet at 8 February 2017 was £104,935,433 and revised 12 April 2017 following programme allocations for Schools and the property

programme to £105,613,335.

- Additions to the programme requiring Cabinet approval total £360,000 and are detailed in Appendix 2.

The revised programme following the changes detailed below will be £105,973,335.

- 6.2 A net change to the Highways and Transport Capital Programme is required of £279,000. Changes over £200,000 are detailed below.
- £250,000 addition for the Network Management scheme. A grant from DEFRA has been received for Air Quality works.
- 6.3 A net change to the Vehicles Plant & Equipment Capital Programme is required of £81,000. There are no significant changes over £200,000.
- 6.4 A new scheme for street cleansing, with a total value of £70,000, is to be financed by service funded borrowing. This has not been included and will therefore impact on the assumed level of borrowing in the current MTFP. The scheme includes the purchase of a street sweeper and a quad bike as part of the new Neighbourhood Charter scheme.
- 6.5 It is recommended changes, including additions, to the capital programme as detailed in section 6 and Appendix 2 are approved, and that £70,000 additional borrowing for the Street Cleansing Scheme referred to Council for approval.

7 Application for National Productivity Investment Fund for Local Road Network

- 7.1 The Department for Transport has announced that a fund of £1.1bn is available nationally for improving local roads. This is aimed at making investment to boost productivity, easing congestion, unlocking economic and job creation opportunities, and enabling the delivery of new housing. Schemes should demonstrate improvements to road network and transport efficiency, including local public transport provision.
- 7.2 The application process allows Local Authorities to bid for projects within set bands. The proposal is bid for two schemes in the £2m to £5m band. The Local Authority will need to demonstrate a contribution of up to 30%.
- 7.3 Scheme 1 is a bid for capacity and junction improvement scheme to the A5111 (outer ring road). Work to build an outline case for this scheme has already been undertaken as part of previous funding bids. The local contribution can be secured from development contributions.
- 7.4 Scheme 2 is a bid to increase the capacity of the bus station. Work to build an outline business case has already been undertaken as part of previous funding bids, and supplementary work has been undertaken by an external consultant. The local contribution can be secured from the land value and the potential investment from subsidiary development. Further work is required to confirm the details of the local

contribution.

- 7.5 The closing date for the initial submissions is 30 June 2017.
- 7.6 The DFT are proposing to release funding for schemes to start in 2018 with completion in 2020.
- 7.7 It is recommended Cabinet approves the submission of two separate bids for funding as part of the National Productivity Investment Fund for the Local Road Network and to delegate authority to the Director of Communities and Place, in consultation with the Cabinet Member for Regeneration and Economy and the Director of Finance, to approve the details of the bids.

8 Gateway to Success – Bid to the European Social Fund

- 8.1 A number of ESF open calls were launched at the end of November 2016. The Enterprise, Innovation and Pathways call focuses on support for Jobseekers and economically inactive people to access employment. The deadline for the submission of Outline Applications was 15 January 2017. Derby City Council and the 'Gateway to Success' partnership were successful at stage one and invited to submit a full bid at stage two.
- 8.2 A partnership bid is being developed, with the Council taking a lead role through the Welfare Reform Team, with a deadline of 10 July 2017.
- 8.3 The project is based on a coordinated, multi-agency approach to person centred employment support. Derby City Council would like to build on the current Single Discretionary Award service offer in partnership with Derby Adult Learning Service, YMCA, Home Start and Derby Bosnia Herzegovina Community Association, through the ESF project.
- 8.4 The project will introduce formal employment support offer from specialist agencies for homeless people, lone parents, people with mental ill health and refugees. We will work with a range of participants to deliver our current service as well as providing more tailored employment support via a case coordinator and multi-agency case management system. A minimum of 600 participants will be supported and the project will be delivered over a two year period (September 2017 to September 2019).
- 8.5 In submitting a stage two bid, the Council will be contractually agreeing to take on the role as lead accountable body and to the match funding element of the project. The Council is the only organisation within this partnership with the capacity and track record to undertake the accountable body role.
- 8.6 Acting as accountable body does carry some risk in terms of funding clawback, however, to mitigate against this:
- an ESF compliance officer has been built in to the project costs
 - robust legal agreements with all of the partners involved in the bid will be in place, in order to pass on the risk of clawback

- performance management systems will be in place.

8.7 ESF funding is paid in arrears, on evidence of defrayal and on a quarterly basis. The Council would need to carry the delivery cost element up front and recover costs in arrears. The match funding element of the Council's delivery responsibilities has been costed via existing budgets and staff resource. The full costs to the Council of fulfilling the accountable body role will be met by the ESF project budgets and not carry any additional cost implications for the Council. A breakdown of the match funding is as follows:

Delivery Partner	ESF Funding (£)	Match Funding (£)	Total (£)
DCC	375,159	375,159	750,318
YMCA	87,893	87,893	175,786
BiH	57,418	57,414	114,832
Homestart Derby	38,189	38,190	76,379
Total	558,659	558,656	1,117,315

8.8 It is recommended Cabinet approves the submission of a Stage 2 European Social Fund bid, approves the Council acting as the Accountable Body for the 'Gateway to Success' project, and delegates approval to the Director of Finance to take all necessary actions as the accountable body for the project, including acceptance of grant.

This report has been approved by the following officers:

Legal officer Financial officer Human Resources officer Estates/Property officer Service Director(s) Other(s)	Olu Idowu, Head of Legal Services Toni Nash, Head of Corporate Finance. Martyn Marples, Director of Finance. David Cox, Head of HR. Jill Craig, Head of I.T.
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For more information contact: Background papers: List of appendices:	Toni Nash 01332 641491 e-mail Toni.Nash@derby.gov.uk Section 5 – September Cabinet - Item 14 - Contract and Financial Procedure Matters Appendix 1 - Implications Appendix 2 - Summary of Changes to the capital programme 2017/18 requiring cabinet approval
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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
Summary of Changes Requiring Cabinet
Approval

Summary of further changes to the capital programme 2017/2018	Latest Approved Capital Programme 2017/18 £000	Revised Capital Programme 2017/18 £000	Change £000	Category
Highways & Transport				
Network Management	487	737	250	A
A52 Wyvern Transport Improvement Scheme	9,440	9,469	29	R1
Total Changes to Highways & Transport Programme	9,927	10,206	279	
Vehicle Plant & Equipment				
Street Cleansing	0	70	70	A
Grounds Maintenance	564	575	11	A
Total Changes to Vehicles Plant & Equipment Programme	564	645	81	
TOTAL CHANGES TO PROGRAMME	10,491	10,851	360	

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