



Derby City Council

COUNCIL CABINET
13 April 2016

Report of the Leader of the Council

ITEM 12

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:
- Bidding for and award of grant
 - Disposal of assets
 - Transfer to, and use of, revenue reserves
 - Approval of lease
 - Approval of Arts grants to external bodies

RECOMMENDATION

- 2.1 To approve the development and submission of a bid to the Department for Transport (DfT) for up to £2.5m of revenue funding for 2016/17 and 2017/18 of which Derby City Council estimates to receive up to £900k (Paragraphs 4.1 to 4.4).
- 2.2 To delegate approval to the Strategic Director of Communities and Place to accept offer from DfT for Sustainable Travel revenue funding, subject to acceptable grant conditions (Paragraphs 4.1 to 4.4).
- 2.3 To approve the addition of two assets, as set out in Appendix 2, to the Disposals Programme Schedule (paragraphs 4.5 to 4.8).
- 2.4 To approve the transfer of revenue contributions, received as section 106 and spanning multiple years, to revenue reserves and to approve the subsequent use of funding in line with the agreement (paragraphs 4.9 to 4.10).
- 2.5 To approve up to a 25 year full repairing lease on the building and a management agreement for the open space at Chellaston Park with Snelsmoor Leisure Ltd (the company set up by Chellaston Boys and Girls Football Club) (paragraphs 4.11 to 4.17).
- 2.6 To approve plans to keep the Chesapeake Community Centre open under management of the Parks team until 30 September 2016 for existing user groups (paragraphs 4.18 to 4.26).

- 2.7 To carry out an Expression of Interest process to determine whether there are any viable groups willing to manage and lease the Centre from the Council, and to delegate approval to award the lease to the Strategic Director of Communities and Place (paragraphs 4.18 to 4.26).
- 2.8 To approve that the Centre be closed in October 2016 and identified as surplus should the Eol process not secure a suitable group to manage and lease it from the Council (paragraphs 4.18 to 4.26).
- 2.9 To approve the allocations of Arts grants. (paragraphs 4.27 to 4.31)

REASONS FOR RECOMMENDATIONS

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



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Report of the Chief Executive

SUPPORTING INFORMATION

4 Bidding for and award of grant

Sustainable Travel Fund

- 4.1 The DfT have invited all local transport authorities in England (outside London) to submit bids for the new 'Sustainable Travel Transition Year' revenue competition for 2016/17.
- 4.2 The Government announced a transitional year for the 'Access' fund, which will see the Department spending £20 million of the £80 million revenue allocated to it under the Spending Round settlement last November 2015. The remaining £60m revenue will deliver the future 'Access' fund, which will be formally launched later in 2016 for award in 2017/18; it will focus on access to employment, education and services, and improving walking and cycling.
- 4.3 The proposal is for a joint bid on the Nottingham and Derby built up urban areas building on what we have learned from our current Local Sustainable Transport Fund programmes. The Bid will be led by Nottingham City Council and Derby City Council with support from Derbyshire County Council, Nottinghamshire County Council and other third parties, including businesses, service providers and other interested stakeholders. The bid will be submitted by Nottingham City Council.
- 4.4 It is recommended that approval is given to bid for up to £2.5m of revenue funding in 2016/17 and 2017/18 and to delegate approval to the Strategic Director of Communities and Place to accept an offer from DfT, subject to acceptable grant conditions. The bid does not require any additional match funding other than support in kind.

Disposal of Assets

- 4.5 Cabinet previously approved a list of properties for disposal (Council Cabinet, 15th May 2013) and the delegation of authority to the Chief Executive, in consultation with the Leader of the Council, to approve the relevant terms of the individual disposals.
- 4.6 The Council has now been approached by two separate landowners who want to purchase Council owned land adjoining their land holding. One is a grass verge close to St Albans Road and another is vacant land on Raynesway. Both landowners require the Council's land for access in order to facilitate development.
- 4.7 In addition to a small capital receipt, the disposals will extinguish a limited liability in regard to on-going grounds maintenance etc. The land off St Albans Road will also assist in delivering the Council's objectives in terms of increasing housing development

and receipt of New Homes Bonus and council tax.

- 4.8 It is recommended that approval is granted to add the properties listed in Appendix 2 to the Disposals Programme Schedule and to delegate authority to the Chief Executive, in consultation with the Leader of the Council, to approve these disposals.

Section 106

- 4.9 The Council receives contributions from developers towards the cost of providing community and social infrastructure as a result of a new development taking place, often referred to as section 106 funding. The majority of this funding is capital, but in some instances developers also agree to contribute towards revenue costs, such as the cost of maintaining the asset. This contribution is often paid in a lump sum, but supports services over a number of financial years. To achieve this, funding is transferred into a specific reserve and drawn down as the expenditure is incurred.
- 4.10 It is recommended that Cabinet approves the transfer of revenue contributions (received as section 106 and spanning multiple years) to revenue reserves and to approve the subsequent use of funding in line with the agreement.

Award of lease and management agreement

- 4.11 An open and transparent expression of interest process was carried out seeking organisations interested in; a) taking on a lease for Chellaston Park and, b) working in partnership with the Parks Department to manage elements of the football pitches. Chellaston Boys and Girls Football Club were identified as the preferred bidder.
- 4.12 By transferring the facility to Snelsmoor Leisure (the company set up by Chellaston Boys and Girls Football Club), we will be able to provide an improved service for park users as the building will be open more frequently and there will be an improved presence on the park. The organisation will work together with the Parks Team to deliver improvements to the park and its current facilities as well as provide the opportunities to build on current provision and potentially access further funding.
- 4.13 A range of financial benefits to the council will materialise, including:
- reduced pressure on the overstretched ranger service and therefore savings on the staffing budget
 - reduction in running costs, including utility costs that are currently met by parks and come to around £5,000 per year
 - transfer of maintenance and repairing liabilities of the building so therefore a saving for Property Services
 - transfer of some grounds maintenance tasks, so therefore a saving for Property Services.
- 4.14 The proposed asset transfer process is therefore in accordance with the Council's overall plan to generate savings by reducing the size of its property portfolio.
- 4.15 Up to a 25 year term is required for the building to enable the organisation to attract funding, for example from the National Lottery. Many funding bodies require a lease of

more than 20 years before they will grant any significant funding for improvements.

- 4.16 To enable the operation to be sustainable, rent will initially be at a peppercorn, after which it will be reviewed and a rental payment to the Council agreed based on usage and income.
- 4.17 It is recommended that Cabinet approves up to a 25 year full repairing lease on the building and a management agreement for the open space with Snelsmoor Leisure Ltd. to manage the site.

Chesapeake Community Centre

- 4.18 Chesapeake Community Centre was used by Derwent Stepping Stones (DSS) from September 2013. DSS operated a nursery from the facility in addition to provision of community facilities, but issued notice to quit and handed the centre back to the Council on 21 December 2015.
- 4.19 The Centre is being kept open for the remaining user groups while an Expression of Interest (Eoi) process is carried out to try and secure a new tenant.
- 4.20 Keeping the centre open for existing groups has a number of benefits, including:
- retaining the youth provision and reducing the potential for vandalism that an empty building might attract
 - retention of a polling station for the forthcoming elections in a ward where no other viable alternatives have been identified
 - keeping the current groups active, which gives the Eoi process the best chance of success.
- 4.21 A joined up approach between the Parks and Derby Homes Teams means that the minimum requirements for the safe operation of the building will be met. Keeping the centre open on a skeleton operating scheme means that one off bookings cannot be accommodated and all current groups are key holders. This approach is not sustainable in the long term, but could be managed for a temporary period; up to nine months from when the Council received the building is proposed initially. The net running cost for this period is forecast to be under £3,000, with funding secured from the Neighbourhood Board.
- 4.22 An Eoi process commenced in March 2016, with support from the Procurement Team, to identify any potential groups with the capacity to take on the future management and lease of the Centre. The documentation contains the condition that no contracts/financial commitments will be entered into by the Council before Cabinet approval is obtained.
- 4.23 A robust scoring process and pre-prepared lease heads of terms and management agreement means that any organisation submitting a bid will be very clear of the responsibilities that they will be taking on.

- 4.24 It is proposed that a lease of up to 25 years is offered to enable bidders to access funding that would be needed to develop the centre. The tenant would be responsible for all maintenance of the building and to take on responsibility for the Multi-Use Games Area would be included. The land on which a mobile phone mast is situated is excluded from the lease and therefore the income will be retained by the Council.
- 4.25 The criteria for evaluating the bids will be based on the benefit to the community, financial viability of the tender proposed and facility management considerations. Should a viable bid be received the Council will be in the position to award by October 2016.
- 4.26 It is recommended that Cabinet approves plans for the Council to:
- keep Chesapeake Community Centre open to 30 September 2016 for existing user groups,
 - carry out of an EoI process to determine if there are viable bidders for award of a long-term lease
 - delegate approval to the Strategic Director of Communities and Place to award a lease up to 25 years in duration if a viable bidder is identified.

4.27 Arts Grant Allocations

There are currently four organisations in receipt of regular Arts Grant funding from DCC. They are QUAD, Deda, Sinfonia Viva and Level Centre. The table in 4.31 outlines the levels of funding allocated in 2015/16. These organisations make a significant contribution to the cultural life of the city. They work with disadvantaged communities and vulnerable people; and support education, life-long learning, health and wellbeing across the City.

- 4.28 These organisations have funding agreements in place with DCC. The agreements state the following 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.” This wording was approved by Cabinet in 2011 as part of the Corporate Grants Review.
- 4.29 QUAD, Deda, Sinfonia Viva and Level Centre 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 funding contributions being made from DCC, and offers significant value for money. The business models for these organisations are dependent upon this funding mix. Any further reduction in DCC funding at this stage would impact on the service delivered and risk the financial viability of the organisations.

- 4.30 It is recommended to extend existing funding agreements for a 12 month period from 1 April 2016 to 31 March 2017. The table in 4.31 outlines the recommended levels of funding for 2016/17. For QUAD, Déda and Level Centre this includes a 30% reduction in levels of funding awarded in 2015/16 as approved by Full Council at its meeting on 2 March 2016. This has not been applied to funding for Sinfonia Viva as their income has been disproportionately affected by the closure of the Assembly Rooms and the decision not to stage the Darley Park Concert.

4.31

Organisation	Actual 2015/16 Grant Funding	Recommended 2016/17 Grant Funding
QUAD	£193,695	£135,587
Deda	£65,357	£45,750
Sinfonia Viva	£15,454	£15,454
Level Centre	£8,000	£5,600
Totals	£282,506	£202,391

This report has been approved by the following officers:

Legal officer Financial officer Human Resources officer Estates/Property officer Service Director(s) Other(s)	Head of Corporate Finance Martyn Marples Director of Finance
For more information contact: Background papers: List of appendices:	Mark Nash 01332 643364 e-mail mark.nash@derby.gov.uk None Appendix 1 – Implications Appendix 2 – Properties to be approved for disposal

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

Properties to be approved for disposal

Asset Number	Address	Description	Proposed Method of Sale	Comments
01829	Grass verge at end (South Western corner) of St Swithin's Close, St Albans Road, Derby	Grass verge (ransom strip) 209 sq m	Private Treaty sale to adjoining owner	Planning consent has been granted for three terraced houses at the end of a garden fronting St. Swithin's Close. Access is required via this land.
00823	Land on the corner of Raynesway & Belmore Way, Derby	823 sq m of vacant land fronting road.	Private Treaty sale to adjoining owner.	Vehicular access to this land is only possible via adjoining land.