



Derby City Council

COUNCIL CABINET
6 September 2017

Report of the Cabinet Member for Finance &
Governance

ITEM 14

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:
- submitting an outline and full business cases for Local Growth Fund Round 3 (LGF 3)
 - submitting a bid into the Homes and Communities Agency's (HCA) Accelerated Construction Programme
 - submitting a bid/s to the Department for Communities and Local Government's (DCLG) Housing Infrastructure Fund
 - submitting a bid for the Warm Homes Fund (WHF)
 - acceptance of grant awarded through LGF 3, Accelerated Construction Programme and the Housing Infrastructure Fund acceptance of Local Growth Fund Round 3 grant awarded
 - Procuring a contract with an estimated value of over £75,000.
 - Approving capital funding towards the clearance works for the Cattle and Wholesale Market.
 - The addition of the Market Hall refurbishment/remodelling scheme stage 1 & 2 works to the 2017/18 – 2019/20 capital programme.

RECOMMENDATION

- 2.1 To delegate the agreement of the final submission of :
- outline and full business cases for LGF 3 projects including Derby Performance Venue, Castleward Urban Village and Silk Mill World Heritage Site
 - bid to the Accelerated Construction Programme
 - bid/s to the Housing Infrastructure Fund
 - bid to WHF

to the Strategic Director of Communities and Place, in consultation with the Cabinet Member for Regeneration and Economy and/or the Cabinet Member for Urban Renewal, as appropriate, and the Director of Governance and Director of Finance.

2.3 To delegate the acceptance of:

- LGF3 grant from the D2N2 Local Enterprise Partnership totalling £13.75m including Castleward (£1.5m) and Derby Performance Venue (£8.6m) and Silk Mill World Heritage Site (£3.65m).
- Accelerated Construction Programme grant funding
- Housing Infrastructure grant funding
- WHF grant funding

to the Strategic Director of Communities and Place, in consultation with the Cabinet Member for Regeneration and Economy and/or the Cabinet Member for Urban Renewal, as appropriate, and the Director of Governance and Director of Finance.

- 2.4 To approve the procurement and award of a contract capped at no more than £100,000 for the provision of specialist consultancy services, as detailed in Section 8.
- 2.5 To approve the addition of £300,000 to the 2017/18 capital programme to progress with the clearance works for the Cattle and Wholesale Market. This is to be temporarily funded from capital receipts already received for the property rationalisation project and replenished from the receipts generated from the sale of the Cattle and Wholesale Market.
- 2.6 To approve the addition of £1m to the 2017/18 - 2019/20 capital programme for the market hall as detailed in paragraphs 10 - 10.3 of the report.
- 2.7 To approve the procurement of the necessary contractors and consultants to deliver stage 1 and 2 of the Market Hall Refurbishment project.

REASONS FOR RECOMMENDATION

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



Derby City Council

COUNCIL CABINET **6 September 2017**

Report of the Chief Executive

SUPPORTING INFORMATION

4 Local Growth Fund – Round 3

- 4.1 In July 2016, the Local Enterprise Partnership, D2N2 put forward a funding bid to the DCLG for LGF3 support against a number of projects across Derbyshire and Nottinghamshire. And following the March 2017 budget, D2N2 were advised that they have been awarded £62.99m. Of this, Derby City has now been approved an allocation following the D2N2 Infrastructure and Investment Board on 30 June 2017. The projects include Castleward Regeneration (£1.5m) and Derby Performance Venue (£8.6m) and Silk Mill World Heritage Site (£3.65m).
- 4.2 LGF 3 has a two stage approval process and project allocations are subject to the submission and approval of an outline and full Business Case by D2N2.
- 4.3 It is recommended to delegate the agreement of the final submission of :
outline and full business cases for LGF 3 projects (Derby Performance Venue and Castleward Urban Village and Silk Mill World Heritage Site), and the acceptance of: LGF3 grant from the D2N2 Local Enterprise Partnership totalling £13.75m including Castleward (£1.5m) and Derby Performance Venue (£8.6m) and Silk Mill World Heritage Site (£3.65m), to the Strategic Director of Communities and Place, in consultation with the Cabinet Member for Regeneration and Economy and/or the Cabinet Member for Urban Renewal, as appropriate, and the Director of Governance and Director of Finance.

5 Accelerated Construction

- 5.1 In response to the shortage of supply of new homes, the Government has stated its commitment to taking direct action to help fix the housing market and increase the pace and supply of new homes. In January 2017, the Homes and Communities Agency (HCA) released a prospectus about Accelerated Construction, which aims to provide a tailored package of support to ambitious local authorities who would like to build new housing at a faster pace. Subsequently, Derby City Council submitted an Expression of Interest (EOI), 28th February 2017, which was successful and a more detailed application is now being developed.

- 5.2 The Council's Core Strategy identifies that we need to provide 11,000 new homes between 2011 and 2028, which equates to an average of almost 650 homes per year. In the first five years of this period the City has delivered some 2,000 new homes at an average of about 400 a year. Part I of Derby City's new Local Plan (The Core Strategy) was adopted in January 2017. However housing delivery in Derby has been significantly below need / target since 2008. The city wide position is as follows:
- 2011-2028 647 dwellings required per year.
 - 2011-2017 464 dwellings actually delivered per year
 - 2017-2028 (an accelerated) 746 new dwellings per year needed
- 5.3 Funding from the HCA will help realise the target of new homes in the city. The funding will assist in bringing forward key housing development sites more quickly and as they are developed, the detailed schemes will be reported to Cabinet for approval.
- 5.4 The bid will comprise of a request for revenue funding for salary and consultancy costs. In addition, the bid will ask for loan funding, although this will be administered directly between the HCA and the developer.
- 5.5 There are no match funding implications for this funding and the grant award would be drawn down from the HCA.
- 5.6 It is recommended to delegate the agreement of the final submission of a bid to the Accelerated Construction Programme and acceptance of Accelerated Construction Programme grant funding to the Strategic Director of Communities and Place, in consultation with the Cabinet Member for Regeneration and Economy and/or the Cabinet Member for Urban Renewal, as appropriate, and the Director of Governance and Director of Finance.

6 Housing Infrastructure Fund

- 6.1 The Housing Infrastructure Fund (HIF) is a government capital grant programme of up to £2.3 billion, which will help to deliver up to 100,000 new homes in England.
- 6.2 Funding will be awarded to local authorities on a highly competitive basis, providing grant funding for new infrastructure that will unlock new homes in the areas of greatest housing demand.
- 6.3 Derby City is preparing to submit bids to the HIF for both its Marginal Viability and Forward Funds, of which bids can be up to £10m and £250m respectively. The Marginal Funding aims to provide funding for the final piece of infrastructure needed to unblock an existing site quickly or new sites allocated. Whilst a bid to the Forward Funding is more strategic delivering a high-impact infrastructure scheme to make more land available for development and future homes.

- 6.4 For some sites with potential and/or plans for new homes, for example across city boundaries, the Council may seek to submit a joint bid with a neighbouring local authorities, for example South Derbyshire District Council or part of a D2N2 Local Enterprise Partnership bid. Where the Council is working in partnership one, upper tier, Local Authority will need to be the lead applicant.
- 6.5 There are no match funding implications for this funding and the grant award would be drawn down from the DCLG or through the HCA, to be determined.
- 6.6 It is recommended to delegate the agreement of the final submission of bid/s to the Housing Infrastructure Fund and acceptance of Housing Infrastructure grant funding to the Strategic Director of Communities and Place, in consultation with the Cabinet Member for Regeneration and Economy and/or the Cabinet Member for Urban Renewal, as appropriate, and the Director of Governance and Director of Finance.

7. Warm Homes Fund

- 7.1 The WHF is a £150million fund designed to incentivise the installation of affordable heating solutions in fuel poor households who do not use mains gas as their primary heating fuel. Housing stock in Derby includes privately-owned park homes on three sites, currently heated by a variety of energy sources. Whilst some have now been connected to mains gas, many have space heating and hot water provided by mains electricity only, or by bottled gas. A bid has been drafted to help install efficient heating and hot water systems and/or install insulation measures in such homes. It is proposed to bid for £0.250m with additional costs of measures to be made up by the homeowner and/or contributions from the Governments ECO (Energy Company Obligation) funding scheme.
- 7.2 It is recommended to delegate the agreement of the final submission of a bid to WHF and acceptance of WHF grants funding to the Strategic Director of Communities and Place, in consultation with the Cabinet Member for Urban Renewal and the Director of Governance and Director of Finance.

8. Assessment of Future Retail Needs

- 8.1 To support the development of Local Plan Part 2, Planning Services are seeking to appoint specialist consultants to assess future retail needs generated within the Derby Urban Area (DUA) and to use this information to advise on future strategies relating to the City Centre, District Centres and longer term growth in the DUA.

- 8.2 The proposed consultancy work will be split into three key areas of work.
- Assessment of retail capacity, both qualitative and quantitative;
 - Advice on strategies and interventions to boost the vitality and viability of the City Centre and District Centres;
 - Advice on the longer term role and function of existing retail locations and how these may help to make travel patterns more sustainable and help to reduce the overall impact on our roads resulting from future growth.
- 8.3 This comprehensive approach seeks to maximise the benefits of the study, by providing outputs that will be capable of being utilised by a range of service areas, including Planning, Regeneration Projects, Economic Development and Traffic & Transportation. The study will be an important part of the evidence base used to inform the production of the Local Plan Part 2 and will also be used to inform the determination of planning applications, the submission of funding bids and the implementation of the City Centre Masterplan. The results of the study will also help to inform the work of both BID areas and Marketing Derby.
- 8.4 The cost of the study will be capped at £100k, funded by £50k from the Local Plan reserve and equal contributions of £25k from Regeneration Projects and Traffic and Transportation.

9 Cattle and Wholesale market

- 9.1 Cabinet at its meeting on 16 May 2016 authorised the termination of the existing leases and the subsequent demolition of the Cattle and Wholesale Market.
- 9.2 Action has been taken to progress this objective, however, in order to complete this process it is recommended that £300,000 be added to the 2017/18 capital programme. This is to be temporarily funded from capital receipts already received for the property rationalisation project and replenished from the receipts generated from the sale of the Cattle and Wholesale Market.

10 Market Hall – Repairs, Refurbishment and Remodelling

- 10.1 The Market Hall is a grade 2 listed building with a cast iron roof structure and a glass barrel-vaulted roof with central lantern light. The roof has leaked for a number of years and whilst work has been previously undertaken to repair some of the copper work to the roof, the glass elements of the roof have not been repaired and now require urgent repairs/replacement.
In addition, the building requires substantial refurbishment and modifications to enable a transformation of the market hall providing a sustainable future for the building.
- 10.2 It is proposed that the roof repairs and refurbishment/ remodelling works are combined. This will ensure that any disruption caused by the works will be minimised for both tenants and customers as well as providing the best value for money outcome.

- 10.3 It is necessary to set approve an initial allocation of £1m in order to carry out immediate works and develop a major refurbishment/remodelling scheme.

This report has been approved by the following officers:

Legal officer Financial officer Human Resources officer Estates Property Officer Service Director(s) Other(s)	Toni Nash, Head of Corporate Finance.
For more information contact: Background papers: List of appendices:	Nicola Goodacre 01332 643352 e-mail nicola.goodacre@derby.gov.uk None Appendix 1 – Implications

IMPLICATIONS

Financial and Value for Money

- 1.1 The capital programme contains a provision of £0.82m in 2017/18. In order to fund the scaffolding works, any necessary temporary repairs and the design and development works for a major repair, refurbishment and remodelling scheme, an additional £1m is required to be added to the 2017/18 - 2019/20 capital programme funded within the current budget envelope approved at Council in March 2017.
- 1.2 The full cost of the repair, refurbishment and remodelling works will not be known until after a full scheme has been developed. It is currently anticipated, however, that this may be up to £10m and will require further approvals.

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 The making safe repairs to the Market Hall roof are urgent and vitally important and it is, therefore, important that a decision is reached quickly on how to progress the necessary repair works. The erection of internal and external scaffolding will allow the works to be carried.

Environmental Sustainability

- 7.1 None directly arising.

Asset Management

8.1 None directly arising.

Risk Management

9.1 None directly arising.

Corporate objectives and priorities for change

10.1 To support the delivery of key priorities of the Council.