

Report sponsor: Alison Parkin, Director of
Financial Services
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Compliance with Contract and Financial Procedure Rules

Purpose

- 1.1
 - Acceptance and use an initial allocation of £1.3m of funding from the UK Spatial Development Framework - UKSDF for the government Maths Multiplier funding over the 3 year lifespan of the project
 - A flexible procurement approach to implementation of large format digital advertising in Derby
 - Acceptance of the Arts Council MEND Bid grant for the Museums and Arts Gallery Project allocation of £0.750m
 - Kingsway Roundabout - Addition to the capital programme and note acceptance and use associated funding

Recommendations

- 2.1 To Approve acceptance of the grant of £1.3m funding over the next 3 years, 2022/23 – 2024/25 from UKSDF and use of funds as determined by the terms and conditions of the grant as outlined in section 4.1.
- 2.2 To delegate authority to the Strategic Director of People Services, in consultation with the Strategic Director of Resources and the Cabinet Member for Children and Young People and Skills, to apply the UKSDF grant funding in accordance with the grant terms and conditions as outlined in section 4.1
- 2.3 To approve a flexible procurement approach to implementation of large format digital advertising in Derby as outlined in section 4.2.
- 2.4 To approve the length of the legal agreement for each site relating to large format digital advertising to be 15 years as outlined in section 4.2.
- 2.5 To approve acceptance of the grant of £0.750m funding for the Museum & Arts Gallery Project over the next 2 years, 2022/23 – 2023/24 from the Arts Council MEND Fund based on the terms and conditions as outlined in section 4.3.
- 2.6 To approve a legal charge of £0.750m being placed on the Derby Museum and Art Gallery building asset for a period of 15 years, as outlined in section 4.3.
- 2.7 To approve the addition of the Kingsway Roundabout Scheme for the value of £0.600m to the 2022/23 capital programme as outlined in section 4.4
- 2.8 To note acceptance of a total of £0.544m S278 agreement funding from Tilia Homes (formerly Kier Living) and Homes England towards completion of highway works on the Kingsway Roundabout as outlined in section 4.4.

- 2.9 To approve the use of the £0.544m S278 agreement funding from Tilia Homes and Homes England as outlined in section 4.4.
- 2.10 To approve a contribution of £0.056m from the Highways and Transport Capital Programme budget to fund the total scheme cost of £0.600m for the Kingsway Roundabout as outlined in section 4.4.

Reason

- 3.1 To comply with Financial Procedure Rules and Contract Procedure Rules.

Supporting information

- 4.1 **Acceptance and Use of UKSDF funding of £1.3m funding.**
UKSDF are allocating the Council circa £1.3m of funding. Funding is over 3 academic years starting September 22 for circa £0.404m, £0.436m and £0.436m respectively, with the requirement to span the relevant financial years to complete the programme.
- 4.1.2 The £1.3m, 3 year, Derby Multiplier project will be delivered and led by Derby Adult Learning Service - DALs; with opportunities for Derby training providers and VCS organisations to deliver elements of the funded proposal in partnership with the councils DALs team. The amounts allocated to partners will depend on their capacity to deliver outcomes as required. There is no required match funding.
- 4.1.3 The focus of the proposal is to improve the maths confidence and skills of Derby Citizens.
- 4.1.4 The Council are prioritising:
- a) Life skills – addressing the cost-of-living crisis and working in partnership with VCS organisations to deliver training that adds value to debt management, awareness of how to understand and negotiate with fuel suppliers, insurance companies, credit and store cards and other domestic suppliers who use percentages and interest rates, graphs and financial descriptions to sell services to Derby residents.
 - b) Employability skills – working with local employers to improve the maths skills necessary for Derby residents to have the confidence to understand the maths relevant to their employment. Providing training to local people who are looking to gain employment and would benefit from more confidence in how to apply maths in a practical way to the workplace.
 - c) Progression to level 2 maths – it is often a requirement that employees should obtain a level 2 maths before they are able to progress into management positions.
- 4.1.5 It is recommended to approve acceptance of the grant of £1.3m funding over the 3 years, and use of funds as determined by the terms and conditions of the grant.

- 4.1.6 It is recommended to delegate authority to the Strategic Director of People Services, in consultation with the Strategic Director of Resources and the Cabinet Member for Children and Young People and Skills, to apply the UKSDF grant funding in accordance with the grant terms and conditions.
- 4.2 Large format digital advertising - flexible procurement**
Derby City Council currently has no digital billboards on its estate. This is an area of opportunity for the Council; to receive income with no associated costs.
- 4.2.2 Approval is being sought to undertake a flexible procurement approach in order to progress this, an approach endorsed by the Council's Commercial Development Board.
- 4.2.3 A flexible procurement exercise would invite outdoor media agencies to express interest in developing large format digital advertising within Derby. Subsequently, the Council would have access to a list of media agencies who can work with the Council to install large format digital units on Council land.
- 4.2.4 Where sites are agreed, the Council would receive a guaranteed rent amount for each site each year, and all associated costs lie with the media agencies.
- 4.2.5 The Communications and Marketing team within the Council has done extensive research and benchmarking on the best approach to large format digital advertising. Salford City Council – a leader in digital advertising – has successfully installed a large estate of digital billboards using a similar flexible procurement approach to the one proposed. It is based on this that suggested approach is modelled on. The establishment of this approach would result in a shorter and more cost-effective process, when compared with a full procurement exercise.
- 4.2.6 Once an agency is signed up to the flexible procurement approach, either the Council or media agencies could propose sites. Once identified, there would be a number of pre-application checks before an agreement and a contract established. At this point, applications would go through the Council's full planning process.
- 4.2.7 Financial benefits:
- Each 48 digital sheet asset would generate the Council between £0.007m – £0.009m per annum. This would increase each year with RPI. Contracts will be for around 15 years. This is the standard length of agreement with media agencies for large format digital units
 - Additional benefits to the Council include income through Planning fees, Section 50 license fees, Structural Design fees (all which would be included in the T&Cs).
 - As part of the contract the Council would negotiate to use the advertising space, free of charge to promote its campaigns.
 - No installation or maintenance costs to the Council, these would all be covered by the media agencies.
- 4.2.8 Based on market research, there is an appetite from the market. The team has already been approached by several media companies interested in developing large format digital advertising within Derby.

- 4.2.9 It is recommended to approve a flexible procurement approach to implementation of large format digital advertising in Derby.
- 4.2.10 It is recommended to approve the length of the legal agreement for each site relating to large format digital advertising to be 15 years.

4.3 Acceptance and Use of Arts Council external funding of £0.750m

The Museum Estate and Development Fund (MEND) is administered by the Arts Council England. The purpose of the fund is to help non-national accredited museums across England complete urgent maintenance and improve their core infrastructure.

- 4.3.2 The Council's submission for MEND grant funding is focused on urgent roofing replacement works and accessibility upgrades on the Museum and Art Gallery which are required within the next 1 to 2 years, to protect the historic building fabric and the council's museum and art collection, and to improve inclusivity for visitors. The work and administering the grant will be managed by the Property Projects and Technical Services Team (PPTS) with the Council.
- 4.3.3 The Arts Council require the approval by cabinet of the following points in order to meet the terms and conditions of the MEND Grant:
- To note that the full bid application to the Arts Council MEND Fund was submitted on the 18 October 2021 and after a successful outcome the Arts Council have granted funding of £0.750 million in February 2022 to the project.
 - To approve the acceptance of the award of £0.750 million as granted by the Arts Council following a successful bid.
 - To accept the grant terms and condition which include a legal charge being placed on the Derby Museum and Art Gallery building asset of the sum of £0.750 million.
- 4.3.4 The total estimated cost of the Museum and Art Gallery (MEND) Project is £2.2m. Budgets are built up of the council's contributions of the £0.20m Project development Property Improvements budget and £1.25million MEND project budget approved in the Medium-Term Financial Plan budget setting process 2022/23-2024/25 approved by Council on the 28 February 2022. The remaining £0.750 is the Arts Council MEND Capital Grant.
- 4.3.5 It is recommended to approve acceptance of the grant of £0.750m funding for the Museum & Arts Gallery Project over the next 2 years, 2022/23 – 2023/24 from the Arts Council MEND Fund.
- 4.3.6 It is recommended to approve a legal charge of £0.750m being placed on the Derby Museum and Art Gallery building asset for a period of 15 years.

4.4 Kingsway Roundabout – Financial Contributions and Addition to the capital programme

Derby City Council has been in dialogue with both Tilia Homes and Homes England over highway works at Kingsway Roundabout since July 2016. The current junction was designed and built by Tilia Homes, under an agreement (Section 278) with Homes England and the Council, to provide access to the housing development. The scheme was fully funded by the development.

- 4.4.2 The original signalised roundabout design was functionally flawed and there has been considerable on-going negotiations, with all the funding and landowning agencies, to find a solution that provides direct links for pedestrians and cyclists across the A5111.
- 4.4.3 Council officers have been working with Homes England and Tilia Homes to agree an outline, minimum satisfactory scheme with a schedule of works. Although protracted and difficult, a final outline scheme has been supported with initial delivery cost estimates of around £0.500m to £0.600m.
- 4.4.4 It is recommended to approve the addition of the Kingsway Roundabout Scheme for the value of £0.600m to the 2022/23 capital programme.
- 4.4.5 It is recommended to note acceptance of a total of £0.544m S278 agreement funding from Tilia Homes (formerly Kier Living) and Homes England towards completion of highway works on the Kingsway Roundabout.
- 4.4.6 It is recommended to approve the use of the £0.544m S278 agreement funding from Tilia Homes and Homes England for the Kingsway Roundabout.
- 4.4.7 It is recommended to approve a contribution of £0.056m from the Highways and Transport Capital Programme budget to fund the total scheme cost of £0.600m for the Kingsway Roundabout.

Public/stakeholder engagement

- 5.1 **UKSDF** - The Derby voluntary and community sector and further education colleges will be invited to submit a proposal that contributes to the overall aims of the fund.
- 5.1.2 **UKSDF** - Notice of the fund and opportunity to submit a proposal will be sent through:
 - Derby Voluntary Action Centre
 - Derby City Council Community Safety and Integration Service notifications to VCS organisations.Consultation meetings with VCS organisations will take place through-out the process of funding allocation.
- 5.2 **Large format digital advertising** - None directly arising.
- 5.3 **MEND Project** – PPTS have worked closely with the Museum Trust and relevant Directors of the council to understand and support the aims of the MEND bid requirements.

5.4 **Kingsway Roundabout** – None directly arising

Other options

- 6.1 **UKSDF** - The delivery proposal is in line with the government Maths Multiply funding methodology. There are no other funds that can provide similar outcomes.
- 6.2 **Large format digital advertising** – Do nothing or do a standard tender but if this approach was taken all sites would need to be identified in advance this could cause delays and make future developments more complicated.
- 6.3 **MEND Project** – Do nothing is not an option as it places the Council's museum collection at risk from water damage. Smaller sections of the roof could be replaced over a phased programme. Dependant on the funding levels, the part replacement of roof coverings is difficult and any joins between areas of old and new roofs are susceptible to further water ingress.
- 6.4 **Kingsway Roundabout** - Do nothing - the current situation on the ground will remain and the total cost of any subsequent revision of the junction will fall on the Council.

Financial and value for money issues

- 7.1 **UKSDF** - The funding is received through a grant. No match funding is required and any training provided by DALs directly will be within the budget set and at no extra cost to the Council. This funding adds value to, and does not displace the current Education Skills Funding Adult Education Budget.
- 7.2 **Large format digital advertising** - As detailed in the main body of the report. The flexible procurement system for large format digital advertising units has no associated costs.
- 7.3 **Kingsway Roundabout** - The negotiated agreement is based on contributions of £0.544m being made by Tilia Home and Homes England. Derby City Council are contributing £0.056m from the Highways and Transport Capital programme.

Legal implications

- 8.1 **UKSDF** - In line with advice from Director of Legal, Democratic and Procurement Services, the council will run a competitive grant funding process, setting out a transparent process under which applicants apply and their applications are assessed.
- 8.2 **Large format digital advertising** – In line with advice from the Council's in-house legal service, each site will require an agreement stating the specific terms for that site as outlined in the main body of the report.
- 8.3 **MEND Project** – The Council accepts the grant based on the Arts Council Grant Terms and Conditions. The council's legal team have reviewed these. A Deed of covenant between Derby City Council and Arts Council England with restriction on title over the freehold of the Project Asset for a period of 15 years has been prepared.

- 8.4 **Kingsway Roundabout** - Legal Services have assisted in drawing up an agreement between Homes England, Tilia Homes and Derby City Council to allow the transfer of funding and effectively commission the Council to deliver the works.

Climate implications

- 9.1 **Large format digital advertising** - Any procurement exercise the Council does will take into account climate implications in the specification and the process.
- 9.2 **MEND Project** – Consideration will be given to upgrading the thermal elements of the building to at least meet the requirement of the latest Building Regulations wherever possible. Given the grade II listed status of the building any upgrades may be limited.
- 9.3 **Kingsway Roundabout** - Upgrades to the Kingsway Roundabout will contribute toward facilitating safe and active travel through the provision of pedestrian and cycling facilities.

Other significant implications

- 10.1 **UKSDF** - Increased confidence in maths applications will address the cost of living crisis with the potential to support citizens in reducing their bills. A better understanding of maths may help prevent misunderstandings that have significant financial consequences such better understanding of financial decisions.
- 10.1.2 **UKSDF** - Parents may have improved confidence in supporting their children with maths homework.
- 10.1.3 **UKSDF** - Safeguarding on social media will be improved by understanding algorithms and how statistics are used to target certain groups of people.
- 10.2 **Large format digital advertising** – the advertising will not obstruct any pavements.
- 10.3 **MEND Project** – There are several risks associated with this project which have been considered in the risk register for the project.
The Arts Council will not approve any further budget above the £0.750m if the cost of the project increases due to hidden defects.
A client risk fund has been included in the project cost but could be insufficient if for example major structural roof defects are found during the project.
The works proposed only addresses the urgent roof works required in the next 1 to 2 years and further phased works will be required. These requirements are being developed in line with a 10-year maintenance plan for the buildings which will require further council budgetary consideration.

This report has been approved by the following people:

Role	Name	Date of sign-off
Legal	Olu Idowu	19/05/2022
Finance	Toni Nash	19/05/2022
Service Director(s)	Alison Parkin	-
Report sponsor	Alison Parkin	25/05/2022
Other(s)	Liz Moore (HR)	-
	Anne Webster (Equalities)	19/05/2022
Background papers:	N/A	
List of appendices:	N/A	

