

Report sponsor: Alison Parkin, Director of  
Financial Services  
Report author: Toni Nash, Head of Finance

## **Compliance with Contract and Financial Procedure Rules**

### **Purpose**

- 1.1
- Future High Streets Fund (FHSF) Connecting Works - to seek approval to add £0.507m of the FHSF allocation to the capital programme to enhance and provide additionality to the existing Market Hall Phase 2 and Eastern Gateway FHSF Projects
  - Low Carbon Growth Fund - to approve submission of bids for and, if successful, acceptance of funding from the new Low Carbon Growth Fund launched by D2N2 on 1 December 2021
  - Public Health - cabinet waiver of the contract procedure rules to enable the direct award of a new contract to Derby County Community Trust (DCCT) for delivery of Public Health (PH) services

### **Recommendations**

- 2.1 To approve the addition of £0.507m for FHSF Connecting Works to the Capital Programme to deliver works at the Guildhall Yard entrance to the Market Hall and public realm improvements around the Eastern Gateway, as outlined in section 4.1.
- 2.2 To approve delegated authority of the final FHSF Connecting Works capital allocations to the Market Hall Guildhall entrance and Eastern Gateway workstreams, and associated capital programme changes, to the Strategic Director of Corporate Resources in consultation with the Strategic Director of Communities and Place, the Finance, Assets and Digital Cabinet Member and the Regeneration, Decarbonisation, Strategic Planning and Transport Cabinet Member, as outlined in section 4.1.
- 2.3 To delegate authority to the Strategic Director of Communities and Place, following consultation with the Strategic Director of Corporate Resources and Cabinet Member for Regeneration, Planning and Transportation and the Cabinet Member for Finance and Procurement; to agree the final details of and submission of the initial bids and any subsequent full business cases for the D2N2 Low Carbon Growth Fund and to accept a funding award subject to the identification and approval of any capital match or revenue budget requirement, and add to the capital programme and to agree conditions associated with a successful bid to the D2N2 Low Carbon Growth Fund, as outlined in section 4.7.

- 2.4 To approve a cabinet waiver to enable the direct award a new contract to DCCT to deliver Child Weight Management Services; specifically, Active Schools and the children's targeted child weight management service including the expansion of current delivery; substance misuse recovery support - Active Choices and the criminal justice focussed DIVERT programme. The aggregate overall value of the contract will not exceed £0.550m, as outlined in section 4.16.

## **Reasons**

- 3.1 To comply with the Council's Financial and Contract Procedure Rules.
- 3.2 To ensure timely spending of the FHSF Connecting Works funding by the March 2024 deadline in a way that complements the other FHSF projects and provides additionality within the parameters agreed with MHCLG.
- 3.3 To consolidate existing funding streams to DCCT into one contract and ensure better oversight of contract and performance management. This is in line with the new council contract management programme.

## **Supporting information**

- 4.1 **Future High Streets Fund (FHSF) Connecting Works**  
The Connecting Works project was a key part of the original FHSF business case, aiming to provide greener, attractive, inclusive and safe key routeways and gateways. The work is aligned with the economic recovery plan for the city centre. The total FHSF grant award was £15m across the Market Hall Phase 2, Eastern Gateway and Connecting Works Projects. This included £0.544m for Connecting Works, of which £0.037m has already been allocated and included in the capital budget for the Eastern Gateway project as approved by Council Cabinet on 6 October 2021.
- 4.2 Following consideration of options by the Regeneration and Investment Board, informed by stakeholder and cross-departmental consultation, it is proposed that the remaining £0.507m FHSF Connecting Works funding is used to deliver the following two workstreams:
- Update and enhance the Guildhall Yard/entrance to the Market Hall, ensuring the area is attractive, accessible, and welcoming, complementing investment in the building and strengthening links with the Market Place and surrounding area.
  - Provide Eastern Gateway public realm enhancements, drawing interest and footfall from the bus station approach and towards the Market Hall. This could include work to complement the main Eastern Gateway Project directly and also wider public realm improvements focussed around urban greening. This work will be scalable to reflect total costs for the Connecting Works following detailed design.
- 4.3 Once final allocations between the Market Hall and Eastern Gateway workstreams have been confirmed, it is proposed to deliver the Connecting Work enhancements through the Market Hall phase 2 and Mobility Programme contracts to support efficient and effective delivery within the FHSF timeframe March 2024 deadline.

- 4.4 The below approvals will ensure timely spending of the FHSF Connecting Works funding by the March 2024 deadline in a way that complements the other FHSF projects and provides additionality within the parameters agreed with MHCLG.
- 4.5 It is recommended to approve the addition of £0.507m for FHSF Connecting Works to the Capital Programme to deliver works at the Guildhall Yard entrance to the Market Hall and public realm improvements around the Eastern Gateway.
- 4.6 It is recommended to approve delegated authority of the final FHSF Connecting Works capital allocations to the Market Hall Guildhall entrance and Eastern Gateway workstreams, and associated capital programme changes, to the Strategic Director of Corporate Resources in consultation with the Strategic Director of Communities and Place, the Finance, Assets and Digital Cabinet Member and the Regeneration, Decarbonisation, Strategic Planning and Transport Cabinet Member.
- 4.7 **D2N2 Low Carbon Growth Fund**  
The new £6.5m Low Carbon Fund was launched by D2N2 Local Enterprise partnership on 1 December 2021. The fund will invest in low carbon capital projects which delivers an end asset related to Low Carbon Growth.
- 4.8 The fund is open to Local Authorities, small and medium-sized businesses, and community groups to bid for up to £1.5m of capital funding. In extraordinary circumstances applications above £1.5m will be considered however these applications must demonstrate exceptional Value for Money and strategic importance to the wider region. Projects must be able to demonstrate match funding of up to 50% and start delivery in the 2022/23.
- 4.9 Projects will be required to demonstrate a strong strategic case, with alignment to key national and regional strategies including, HM Government's "Net Zero Strategy: Build Back Greener" and the "The Ten Point Plan for a Green Industrial Revolution" as well as contributing to the delivery of the D2N2 Core Strategy and Recovery and Growth Strategy (RGS).
- 4.10 Through this call for funding D2N2 aim to create a pipeline of investable propositions from the D2N2 LEP area which can be match funded to help deliver new and innovative projects which will help to address high carbon dioxide output and unclean industrial practices. Projects will need to demonstrate the following deliverables:
- Sustainable carbon reduction through the reduction of current or prevention of future emissions or carbon sequestration;
  - Assist in economic growth by creating new jobs or businesses through the project.
- 4.11 The timeline for applications is as follows:

Milestone	Date
Funding call launched	1 December 2021
Consultation period for project sponsors	1 Dec 21 – 12 Jan 22
Submission deadline for all bids	28 January 2022
Scoring process finalised	11 February 2022
Projects informed of outcomes	14 February 2022
If successful, development of a Full Business Case	Deadline to be confirmed

- 4.12 Work has commenced to identify potential project(s) for the Low Carbon Growth Fund across Departments within the Council, and we will look at how the funding can be accessed to enhance existing Council priority projects and Climate Change Fund capital budget. Members will be consulted on the project prioritisation process through regular Development and Growth briefings.
- 4.13 The bids will require capital match funding, which will be identified as the details are developed. If any matched funding requirement is not within the current Medium Term Financial Plan then it will need to be identified prior to the submission of the Full Business Case with appropriate approvals.
- 4.14 The preparation of an Expression of Interest and Full Business Case will have implications on officer time and specialist consultancy support is expected to be required to prepare a full Green Book compliant business case. Revenue funding will be required to support the development of the Full Business Case. This cannot be quantified at present until the projects have been finalised **and may be the subject of a future request for corporate funding.**
- 4.15 To delegate authority to the Strategic Director of Communities and Place, following consultation with the Strategic Director of Corporate Resources and Cabinet Member for Regeneration, Planning and Transportation and the Cabinet Member for Finance and Procurement; to agree the final details of and submission of the initial bids and any subsequent full business cases for the D2N2 Low Carbon Growth Fund and to accept a funding award subject to the identification and approval of any capital match or revenue budget requirement, and add to the capital programme and to agree conditions associated with a successful bid to the D2N2 Low Carbon Growth Fund.
- 4.16 **Approval of Contract Waiver – Public Health**  
DCCT currently provide three separate services for PH via different arrangements – contract agreement, service level agreement and grant agreement. PH wish to consolidate the Council's commitments into one contract to seek efficiencies in management costs, provide robust contract management and ensure the delivery of enhanced outcomes. The three separate areas are outlined below:
- 4.17 **Child Weight Management Programme (Active Schools and the targeted child weight management service)**  
Childhood obesity is a strategic priority for the Children's Joined Up Care Board and has been identified as a system risk due to the persistently high rates and following a serious case review (2019) where severe obesity contributed to a child's death, this is the strategic driver for enhancing delivery. Childhood obesity is a Derby City council plan and COVID recovery plan 'resilient portfolio' strategic objective. There is a contract in place between Livewell and DCCT. PH passport funding internally to Livewell via a service level agreement. Disaggregating the costs for Active Schools from the Livewell service will allow Livewell to concentrate on adult services and for PH to manage the delivery of Active Schools directly with the provider. This will be funded from the PH ring fenced grant allocation up to a value of £0.395m per annum.

- 4.18 **Substance misuse recovery support (Active Choices)**  
The service supports individuals with getting more active and maintaining routine as they recover from substance misuse. It also provides sustainable exit routes from drug and alcohol treatment, builds the recovery community and peer support networks. There is a grant agreement in place between the Council and DCCT, this will continue to be funded from the Universal Drug Treatment Grant - the new Drug strategy 'From Harm to Hope' states this funding will be extended by a minimum of three years (to March 2025) £0.080m per annum.
- 4.19 **Criminal Justice (DIVERT) programme**  
The service provides diversionary activity and support to young adults aged 18 – 25 years, who are at risk of committing drug-related crimes, involved in local drug markets or who use drugs problematically. It improves care pathways and access into substance misuse treatment. There is a grant agreement in place between the Council and DCCT, this will continue to be funded from the Universal Drug Treatment Grant - the new Drug strategy 'From Harm to Hope' states this funding will be extended by a minimum of three years (to March 2025) £0.075m per annum.
- 4.20 The contract length would be for one year plus the option to extend by additional one plus one year. Maximum term 3 years to commence April 2022 with annual break clauses. This is in line with the current PH funding. The aggregate overall value of the contract will not exceed £0.550m per annum. The Councils contract procedure rules stipulate that Cabinet must approve waivers exceeding £0.100m.
- 4.21 It is recommended to approve a cabinet waiver to enable the direct award a new contract to DCCT to deliver Child Weight Management Services; specifically, Active Schools and the children's targeted child weight management service including the expansion of current delivery; substance misuse recovery support - Active Choices and the criminal justice focussed DIVERT programme. The aggregate overall value of the contract will not exceed £0.550m.

## **Public/Stakeholder engagement**

- 5.1 **Future High Streets Fund (FHSF) Connecting Works** - Following the FHSF allocation, local stakeholders were engaged in the process of reviewing the FHSF programme through established partnership networks including Economic Recovery Taskforce, Derby Economic Recovery Strategy Group, and the City Centre Consultation Group. In addition, extensive cross-departmental consultation helped to further develop and assess the options for the Connecting Works project.
- 5.2 **D2N2 Low Carbon Growth Fund** - Members and key stakeholders across the city will be consulted on proposals being progressed through the Low Carbon Growth Fund. This consultation will take place using existing established structures such as regular Development and Growth briefings and the Derby Economic Recovery Steering Group.
- 5.3 **Approval of Contract Waiver – Public Health**  
PH have carried out contract negotiations with the Livewell service to disaggregate costs from adult service delivery to gain economies of scale - by consolidating PH Children's' service delivery.

- 5.4 PH are currently contract managing the grants issued against the Office for Health Improvement and Disparity Section 31 Universal Drug Grant - this will continue but will streamline the process by having a more robust contract agreement in place.

## Other Options

- 6.1 **Future High Streets Fund (FHSF) Connecting Works** - Other options were not viable for allocation because they were either too expensive to be delivered by the FHSF Connecting Works funding, not eligible when measured against the funding criteria or not deliverable within the FHSF timeframe. These included the Osnabruck Square area, the Market Hall Lock-up Yard, the re-paving of East Street to improve access for wheelchair users, direct financial support for the core Eastern Gateway Project and some projects outside the FHSF area. In addition, there is no provision for the Guildhall Yard Entrance connecting works within the Market Hall phase 2 budget to be reported to Cabinet in February 2022.
- 6.2 **D2N2 Low Carbon Growth Fund** - The Council could delay submitting a bid for a future round. This option is not considered appropriate for the following reasons:
- Securing funding to support the delivery of the city's climate change agenda and achieving zero carbon by 2030.
  - The availability of funding for future rounds of bidding is not known.
- 6.3 **Approval of Contract Waiver – Public Health** - Continuing with the current arrangements will impede delivery and will not comply with the new council contract management programme.

## Financial and value for money issues

- 7.1 **Future High Streets Fund (FHSF) Connecting Works** - Cabinet is asked to approve the addition of the remaining £0.507m funding for FHSF Connecting Works to the Capital Programme to deliver the two workstreams outlined above, together with project management costs. This will enable further design works to commence which is required to finalise costs for each workstream and facilitate meeting the FHSF spend deadlines. This will initially be profiled as £0.118m in 2022/23 and £0.389m in 2023/24.
- 7.2 It is anticipated that a greater share of the FHSF Connecting Works budget will be required for the Guildhall Yard entrance to the Market Hall. The public realm work around the Eastern Gateway is scalable to reflect any changes following further design and ensure that total costs for the two workstreams remain within the overall capital budget.
- 7.3 Once final costs for the two workstreams are confirmed, it is proposed that the capital budget allocation to each will be split on the capital programme into two FHSF Connecting Works schemes in line with contract and project delivery arrangements. Cabinet is asked to give delegated powers to the Strategic Director of Corporate Resources in consultation with the Strategic Director of Communities and Place, the Finance, Assets and Digital Cabinet Member and the Regeneration, Decarbonisation, Strategic Planning and Transport Cabinet Member to approve final allocations and associated capital programme changes.

- 7.4 **D2N2 Low Carbon Growth Fund** - In line with Financial Procedure Rules, prior approval will be required for commitment to any capital match or ongoing revenue budget implications that arise from any bid and grant acceptance and are not covered in the current Medium Term Financial Plan. In addition, all necessary Cabinet and PMO Gateway approvals will be sought before individual schemes arising from any successful bid are added to the capital programme to commence.

### **Legal implications**

- 8.1 **Future High Streets Fund (FHSF) Connecting Works** - A Memorandum of Understanding (MOU) with MHCLG is in place for the whole £15m FHSF Programme, and the Council is the accountable body. The FHSF Connecting Works project will be delivered by the Council with improvements to existing public highway and Council owned property.
- 8.2 The range of works to be provided by the £0.507m all fall within the scope of the purposes for which the MHCLG funding was secured.
- 8.3 **D2N2 Low Carbon Growth Fund** - If bids are successful, Legal Service's input will be sought to review the terms and conditions of funding agreements or contracts.
- 8.4 **Approval of Contract Waiver – Public Health** - Legal Service's input will be sought to review the terms and conditions of contracts.

### **Climate implications**

- 9.1 **Future High Streets Fund (FHSF) Connecting Works** - The FHSF Connecting Works project aims to contribute to a more natural, green environment in a poor quality, hard landscaped area of city centre. The proposed public realm improvements include urban greening within the city centre through innovative initiatives such as living pillars and parklets. Careful selection of the associated planting scheme will potentially contribute to localised air quality improvement, biodiversity net gain, carbon capture and management of surface water in the event of severe weather. Opportunities to incorporate low carbon measures into the design of the Guildhall Yard entrance to the Market Hall will also be explored through design.
- 9.2 **D2N2 Low Carbon Growth Fund** - The D2N2 Low Carbon Growth Fund will enable the Council to access funding to support projects which will contribute to the Derby Climate Emergency and meeting the Council's target to achieve Zero Carbon 2030.

### **Equalities**

- 10.1 **Future High Streets Fund (FHSF) Connecting Works** - We will work with the Equality Team to make sure equality, diversity and inclusion is embedded within the design across the different components of the FHSF Connecting Works project.
- 10.2 All Equality Impact Assessments will be completed as required.

### **Other significant implications:**

- 11.1 None directly arising.

This report has been approved by the following people:

<b>Role</b>	<b>Name</b>	<b>Date of sign-off</b>
<b>Legal</b>	Olu Idowu	17/12/2021
<b>Finance</b>	Toni Nash – Head of Corporate Finance	16/12/2021
<b>Service Director(s)</b>	Alison Parkin – Director of Financial Services	22/12/2021
<b>Report sponsor</b>	Simon Riley – Strategic Director Corporate Resources	
<b>Other(s)</b>	Ann Webster – Equalities Liz Moore – HR	17/12/2021
<b>Background papers:</b>	N/A	
<b>List of appendices:</b>	N/A	