

Time began: 6.00pm  
Time ended: 7.50pm

## **COUNCIL CABINET 13 July 2016**

Present                      Councillor Russell (Chair)  
                                    Councillors Afzal, Bolton, Eldret, Rawson, and Shanker

In attendance              Councillors Graves, M Holmes, Poulter, Skelton, Smale and  
                                    Philip Hutchinson (Youth Mayor)  
                                    Paul Robinson – Chief Executive  
                                    Andy Smith – Strategic Director People  
                                    Janie Berry – Monitoring Officer  
                                    Martyn Marples – Director of Finance  
                                    Tim Clegg – Director of Strategic Partnerships, Planning and  
                                    Streetpride  
                                    Ian Fullagar – Head of Strategic Housing  
                                    Phil Derbyshire – Head of Property Design and Maintenance  
                                    Gordon Stirling – Director of Strategic Services and  
                                    Organisational Development

This record of decisions was published on 15 July 2016. The key decisions set out in this record will come into force and may be implemented on the expiry of five clear days unless a key decision is called in.

### **10/16              Appointment of Chair**

In the absence of the Leader and Deputy Leader, Councillor Russell was appointed Chair for the meeting.

### **11/16              Apologies**

Apologies for absence were received from Councillors Banwait, Hussain and Repton.

### **12/16              Late Items**

In accordance with Section 100(B) (4) of the Local Government Act 1972, the Chair agreed to admit the following late item on the grounds that it should be considered as a matter of urgency because a decision was required before the next meeting:

- Addendum – Contract and Financial Procedure Matters.

### **13/16              Receipt of Petitions**

There were no petitions received.

## 14/16 Identification of Urgent Items to which Call In will not Apply

There were no items

## 15/16 Declarations of Interest

There were no declarations of interest

## 16/16 Minutes of the Meeting Held on 8 June 2016

The minutes of the meetings held on 8 June 2016 were agreed as a correct record and signed by the Chair.

## Matters Referred

### 17/16 Recommendations from Corporate Scrutiny and Governance Board

The Council Cabinet considered a report on Recommendations from Corporate Scrutiny and Governance Board. The Corporate Scrutiny and Governance Board met and discussed items contained within the Council Cabinet Agenda. The report enabled the views and recommendations resulting from these discussions to be formally shared with Council Cabinet. These were submitted to Council Cabinet as Appendix 2, prior to commencement of the meeting.

#### **Decision**

To receive the report and consider the recommendations alongside the relevant report.

## Key Decisions

### 18/16 Service Delivery Model for the Council's Care Homes and Day Centres.

The Council Cabinet considered a report on Service Delivery Model for the Council's Care Homes and Day Centres.

The report provided a summary of the consultation that had been undertaken to consider the future delivery model for the Council's in house Adults' residential care services and day centres. The report followed on from a Council Cabinet decision in November 2015 that approved the commencement of a consultation exercise to gain feedback on an alternative service model for Council owned care homes and day services. The Council's preferred position was clearly stated throughout the consultation - due to Derby City Council's budget position, and given that many of the homes and centres required a programme of modernisation and improvements, the

proposal was that the Council looked for someone else to take over and run 5 out of their 7 homes, and all 3 remaining day centres.

The Corporate Scrutiny and Governance Board made no recommendations on this report.

### **Options Considered**

1. Do nothing – this option would see the Council continuing to run the care homes in their current condition. This had not been considered viable as despite some immediate remedial works having taken place, the homes still need significant investment to continue to be fit for purpose.
2. Close the homes and day centres – another alternative would be to close some or all of the homes and day centres therefore reduce the on-going revenue and capital costs of maintaining the buildings. This option had not been positioned as our preferred option to date due to the level of disruption to residents and capacity within the existing market for residential care to absorb current and future demand for residential care places. The day service market may be able to absorb current service users and through the use of direct payments and this may be one of the options to be considered following the soft market testing exercise.
3. It was worth noting that during the consultation, a petition was received from carers and service users involved with Morleston Day Centre. The petition was in relation to closing the centre, even though this was not being proposed as part of the consultation. A response was provided to clarify the position and members of the Morleston management committee also had a meeting with the Head of Service to explore their concerns in more detail.

### **Decision**

1. To consider the feedback obtained during the consultation exercise which was detailed in Appendix 2 of the report, and the findings of the Equalities Impact Assessment (Appendix 3 of the report), and to agree the commencement of a soft market testing exercise in relation to the care homes to determine the subsequent strategy in relation to securing an alternative owner and/ or service provider to operate the affected services.

In relation to the day centres, this exercise should specifically focus on establishing whether voluntary and community organisations, as well as any interested staff members may want to take over the facilities and provide the service in an alternative way.

2. To agree to review a further report back in November 2016 with the outcome of the soft market test and subsequent recommendations on the strategy going forward.

### **Reasons**

1. The consultation feedback had shown that keeping services open, maintaining continuity of care and the staff involved in delivering care were the most important things that individuals receiving care were concerned about. Family carers were also concerned about the uncertainties that a change in owner/operator may bring, and the fear that services could close remained an ongoing issue.
2. Additional capital and ongoing revenue investment was still required to carry out works to the remaining in-house homes and centres to keep pace with health and safety guidelines and major maintenance requirements. Recent surveys suggest this work would cost approximately £5m. To balance the pressure of this wider budget position of the Council, the requirement for additional investment into the facilities and taking account of the views of existing residents and service users about maintaining service delivery, an alternative owner and operator must now be sought. Preliminary discussions with a range of different care providers and voluntary sector organisations were indicating that there was demand from organisations for care homes (in general terms), but that for day centres, building based services seemed less attractive. Several small local organisations had approached the Council about ideas that could support individuals attending day centres in an alternative way. This should be explored further in the soft market testing phase.

The alternative options would be to consider closing some, or all, of the facilities which at this stage was not being proposed.

## 19/16      Compulsory Acquisition of Empty Homes

The Council Cabinet considered a report on the Compulsory Acquisition of Empty Homes. The report sought approval to initiate compulsory purchase proceedings in relation to five long-term vacant houses. The houses had stood vacant for some years and the owners had not provided sufficient assurances that the properties would be brought into beneficial occupation in the near future.

The aim of the Council's Empty Homes Strategy was to encourage and persuade owners of such properties to take action to enable the satisfactory renovation of the empty houses, to facilitate re-occupation and thereby make a contribution toward meeting the increasing housing need in the City. The actions would also assist in eliminating the anti-social and environmental nuisance that neglected properties could so often present. The re-use of these homes would contribute towards the Council's New Homes Bonus income.

Where owners could not be traced, were in dispute with each other or where efforts to encourage the preferred voluntary solution had been exhausted, there was a compelling case in the public interest for the Council to take enforcement action to ensure that the aims of the Strategy were achieved. Such enforcement could, where considered appropriate, include taking compulsory purchase measures, as in the cases detailed below.

Over recent years, the use by the Council of compulsory purchase powers has had significant impact on ensuring the return of particularly problematic long term empty houses to the useful housing stock.

## **Options Considered**

### **1. Do nothing.**

This was not considered an appropriate option. The properties, in their present condition, would remain a waste of potentially good housing accommodation; and, in the continued absence of maintenance and proper management, would become an increasing environmental blight, posing health, safety and anti-social behaviour risks within their respective neighbourhoods.

### **2. Enforced sale**

The Law of Property Act 1925 empowers a local authority to enforce the sale of a property where it holds a legal charge against it. The Council uses this option where Council Tax or work in default debt had been secured via a charge. However, in the case of the subject properties any debt was either insufficient to justify the use of enforced sale procedures or there were circumstances which render enforced sales proceedings inappropriate.

### **3. Empty Dwelling Management Orders**

Local Authorities could consider making Empty Dwelling Management Orders under the Housing Act 2004 to address the improvement and future use of empty dwellings. However, such action involves the eventual return of the management responsibilities for the property to its original owner – this was not considered appropriate in the particular circumstances of the report properties, where those in control had shown little evidence of reasonable intentions or of competent management abilities, and had chosen to ignore all endeavours to persuade a voluntary progress. A change of ownership was considered a more appropriate way forward.

### **4. Other enforcement powers**

Various legal powers were available to a Local Authority to improve the condition of a neglected building, for example, to deal with structural danger, nuisance or other environmental problems. However these alone would not address the suitability of the accommodation for occupation, the on-going upkeep of the building, its re-occupation, nor the future management of the property. These measures could only be viewed as piecemeal, reactive and relatively expensive short term approaches and did not provide the long term solution presented by the report proposals.

## **Decision**

1. To approve that the Council makes Compulsory Purchase Orders under the Acquisition of Land Act 1981 (pursuant to the power under section 17 of the Housing Act 1985) for the acquisition of the houses, together with the associated land, as identified in Appendix 2 of the report for the purposes of their renovation and reoccupation as housing accommodation.
2. To authorise the Strategic Director of Communities and Place, following consultation with the Cabinet Member for Urban Renewal, the Director of Governance and the Head of Strategic Asset Management and Estates to:
  - 2.1 take all necessary steps to secure the making, confirmation and implementation of the Compulsory Purchase Orders;
  - 2.2 acquire the legal interests in the properties, whether by voluntary agreement or compulsorily using statutory powers set out in the preceding paragraph;
  - 2.3 suspend the compulsory purchase order proceedings, or withdraw an order, in relation to any particular property on being satisfied that the subject house will be satisfactorily renovated and re-occupied voluntarily;
  - 2.4 take necessary action to deal with all matters relating to the payment of compensation and statutory interest including, where appropriate, instituting or defending related proceedings;
  - 2.5 dispose of the properties in accordance with the proposals set out in the report; and
  - 2.6 take all other necessary action to give effect to these recommendations.

## **Reasons**

1. The properties identified in Appendix 2 of the report (this exempt appendix appeared later in the agenda) had been vacant for a number of years and all reasonable options open to the Council to encourage the respective owners to voluntarily bring them back into use had proven unproductive.
2. Restoring the houses to the useful housing stock would contribute to meeting the increasing housing needs in Derby.
3. Empty properties that were left to deteriorate could affect adjacent buildings and present a nuisance to local residents. Common problems associated with empty buildings were trespass, vandalism or anti-social and criminal activities. All would likely impact negatively on their local environments while they remained vacant and the neglect continued.

## Revised Scheme Costs and Funding

The Council Cabinet considered a report on A52 Wyvern Transport Improvement Scheme – Revised Scheme Costs and Funding. In July 2013, the Derby, Derbyshire, Nottingham and Nottinghamshire Local Enterprise Partnership prioritised £6,720,000 of its indicative budget towards the A52 Wyvern Transport Improvement scheme. In February 2014, Council Cabinet approved the preferred option for the scheme – a feasibility design for an at grade improvement to the A52 and Wyvern Way. This option would improve traffic flow on the A52 and within Wyvern and Pride Park addressing existing access and congestion issues and provide access to the Derby Triangle development.

During the detailed design process further significant improvements were made to the feasibility design, the modifications were approved by Council Cabinet in June 2015. The improvements included:

- Realignment of the Wyvern off slip and proposed reduction in speed limit on the A52
- A signalised cross roads Derwent Parade and Wyvern Way junction
- New pedestrian and cycle facilities within Wyvern.

Authority was delegated to the Strategic Director of Resources and the Acting Strategic Director of Neighbourhoods to complete the necessary preparatory work required and to submit a planning application for the scheme.

Council Cabinet, having previously approved the principle and general layout of the scheme, approved the making of a Compulsory Purchase Order (CPO) in November 2015.

In March 2016 the Council was invited to submit a bid to the £100 million Growth and Housing Fund (GHF) administered by Highways England. An urgent decision report, on 31 March 2016, requested approval of the submission of a bid and delegated approval to accept the funding, should the bid be successful, to the Strategic Director of Communities and Place.

This report provided an update on scheme cost, progress, scope and funding and sought approval to submit a Stage 2 funding application to D2N2 LEP.

### Options Considered

1. A detailed study of all the highway solutions to existing problems and issues was set out in detail in the Options Appraisal Report.
2. A further alternative option would be to not progress the A52 Wyvern Transport Improvements scheme. However, this would not address the accident risks, congestion and delays which affect road users on this strategic route into the city. It would have severe implications for the robustness of the core strategy and the City's ability to support future economic growth.

### Decision

1. To note the report.
2. To note more detailed financial information was contained within the private report.

## **Reasons**

1. The A52 experiences severe congestion in the morning peak hour when traffic can queue back beyond the Borrowash Bypass junction and can impact on both the strategic and local highway network. Congestion occurs when a high volume of traffic exits the A52 into Pride Park and drivers weave across lanes when leaving the A52 and then slow to negotiate the constrained Wyvern junction. Without the improvements journeys on the A52 and to Pride Park and Wyvern would be significantly delayed by congestion, it was likely that some drivers would divert onto local distributor roads resulting in increased delays on routes used by local bus services.
2. The A52 scheme would improve existing conditions within Pride Park as well as accommodate forecast background traffic growth and facilitate a further extension to Pride Park and Wyvern. The scheme would improve accessibility for all highway users through the creation of shared use cycle and pedestrian routes, a replacement footbridge and crossings at all junctions. The scheme would improve vehicle flow and safety on the A52 and Wyvern Way through the creation of additional lanes and junction improvements.
3. The increase in the Scheme cost would facilitate a robust scheme that had progressed through detailed design and planning. The revised cost includes:
  - Up to date construction costs
  - Necessary maintenance work to improve network resilience
  - More accurate utility diversion costs
  - A more aesthetic bridge design
  - Pedestrian and cycling improvements.

Councillor Rawson arrived during the above item.

## **21/16 Consulting on Changes to the Council Tax Support Scheme for 2017/18**

The Council Cabinet considered a report on Consulting on Changes to the council Tax Support Scheme for 2017/18. Derby's local Council Tax Support (CTS) Scheme began on 1 April 2013, replacing the national Council Tax Benefit (CTB) Scheme which the Government abolished at the same time. The CTS Scheme assists working age claimants who require financial assistance with paying their Council Tax bills. Pensioners were not affected by the CTS Scheme as they were treated separately under different legislation.



On 3 February 2016 Council approved a series of measures to manage budget risks in 2016/17 and future years including a review of the CTS Scheme to deliver savings of £800,000 for the 2017/18 financial year.

In addition to this, the Government's continuing programme of Welfare Reforms had meant changes to the Housing Benefit (HB) Scheme and also Universal Credit (UC). To ensure consistency, minimise confusion for claimants and address any operational issues resulting from the Government's Welfare Reforms it was proposed to align the CTS Scheme with a number of those changes.

To amend the Scheme, the Council must consult with the Major Precepting Authorities (MPAs) (Fire and Police) and also engage in a full public consultation. The consultation would cover the different options that could be deployed to realise the required savings, and also the proposed alignments to the HB Scheme.

A final decision on the amended Scheme would need to be made by Council Cabinet before 31 January 2017, for it to take effect from 1 April 2017. A proposed timeline for the consultation was set out at Appendix 2 of the report.

The Corporate Scrutiny and Governance Board recommended to Council Cabinet that:

- mechanisms are put in place to ensure that changes to the Council Tax Support Scheme do not have consequential effects which lead individuals and families to fall in hardship or below poverty lines;
- officers are requested to look at schemes delivered by other local authorities and how changes have been implemented; and
- those affected in supported accommodation should be specifically referenced and targeted as part of the consultation.

### **Options Considered**

Do nothing. This had been rejected because the Scheme would not deliver the required saving during 2017/18.

### **Decision**

1. To approve the specified elements of the CTS Scheme to be consulted on as set out in paragraph 4.4 of the report.
2. To delegate authority to the Director of Finance to finalise and approve the arrangements to manage the consultation including the detail of the consultation documentation and overall consultation approach.
3. To delegate authority to the Director of Finance to go out to consultation on the proposed changes to our CTS Scheme.

4. To accept the recommendation of the Corporate Scrutiny and Governance Board that:
  - mechanisms are put in place to ensure that changes to the Council Tax Support Scheme do not have consequential effects which lead individuals and families to fall in hardship or below poverty lines;
  - officers are requested to look at schemes delivered by other local authorities and how changes have been implemented; and
  - those affected in supported accommodation should be specifically referenced and targeted as part of the consultation.

## **Reasons**

1. To ensure the CTS Scheme delivers the required savings during 2017/18.
2. To align certain elements of the CTS Scheme with the HB Scheme to ensure consistency and save confusion for claimants.
3. To provide operational clarity on the administration of the CTS Scheme.

## **22/16      Redevelopment of the Former Britannia Court Site**

The Council Cabinet considered a report on Redevelopment of the Former Britannia Court Site. On the 6 September 2011 Council Cabinet authorised the demolition of Britannia Court on Duke Street, Derby.

On 12 September 2012, Council Cabinet authorised the vacant site to be grassed and fenced as open use but not to be re-designated as public open space. A further options report was to be provided on the future of the site following completion of the "Our City Our River" (OCOR) masterplan consultation period. This report constituted that further report.

The OCOR masterplan had identified the position of the new flood defence wall on the site. This had enabled residential development options incorporating flood defence provision to be considered.

The report set out the options for residential development on the site and the delivery options to ensure the scheme and the flood defences were delivered in a timely manner.

The proposal that was considered most beneficial and sustainable by Officers was the construction by the Council of 26 2 bedroom dwellings, incorporating integral flood defences in accordance with Environmental Agency requirements ("Scheme").

The Corporate Scrutiny and Governance Board recommended that the options for maximising income through the possibilities of renting units at full market value,

varying the cost of rental of more desirable units and allowing contributions to the general fund are fully explored.

### **Options Considered**

Leave the site vacant in which case the flood defence wall would still have to be built and the costs would fall on the Council's capital programme.

### **Decision**

1. To approve that the Scheme be submitted for planning approval by the Council.
2. To approve that subject to planning approval build and consultancy contracts as required were tendered and let to deliver the Scheme.
3. To note the current recommendation that the completed dwellings be marketed for sale as shared ownership for older persons as detailed in paragraph 4.10.4 of the report.
4. To agree that a further report be brought to Council Cabinet to determine whether the option set out in paragraph 4.10.3 or the option set out in paragraph 4.10.4 is taken forward.
5. To accept the recommendation of the Corporate Scrutiny and Governance Board that the options for maximising income through the possibilities of renting units at full market value, varying the cost of rental of more desirable units and allowing contributions to the general fund are fully explored.

### **Reasons**

1. To deliver a high quality residential scheme that would enhance the Duke Street area of the OCOR masterplan area and deliver flood defences on a site which was currently in Council ownership.
2. To provide much needed affordable home ownership options for older persons.

## **23/16      Energy Framework Renewal / Procurement**

The Council Cabinet considered a report on Energy Framework Renewal / Procurement. Derby City Council's energy supply contracts were due for renewal in 2016. Both gas and electricity contracts required renewal from 1st October 2016. The report outlined the different options available to the Council.

Energy markets were complex and Cabinet Office and Government guidance "The Pan Government Energy Project" outlined that, wherever possible, all public sector organisations should use energy supply framework contracts. These were set up to procure large volume single supply contracts at better rates than would be possible if partner organisations such as the City Council procured themselves.

Using a Framework costs less than the cost of energy on the open market, removed the risks of exposure to direct market volatility in prices and ensures the Framework purchases the energy using inherent economies of scale which were passed back to us, as ESPO was a public sector owned not-for-profit company run by Local Authorities.

The report identified Eastern Shires Purchasing Organisation (ESPO) as the preferred regional consortium for renewal of both the gas and electricity contracts based on the outcome of a procurement benchmarking exercise.

The Corporate Scrutiny and Governance Board made no recommendations on this report.

### **Options Considered**

Officers had explored the offerings available on the market, giving consideration to fees, pricing options, sustainability and added value services. There were a number of options available.

Option 1 - Do nothing. When the current contracts expire all sites would automatically transfer onto emergency rate tariffs but these were not competitive and would therefore be very expensive. This option would therefore not offer value for money.

Option 2 - Direct procurement. The Council could procure its energy supplies directly without the involvement of any third party specialist consultant advice. The markets and tariff options were complex, however, and this would involve a great deal of officer time to create tender documentation and manage an OJEU compliant procurement process which would be necessary due to the value of contract involved. There was no guarantee that this option would deliver any significant benefits and was against Cabinet Office best practice guidelines. Therefore this was not a preferred option.

Option 3 - Procurement via consultancy/brokerage. The Council could use an independent energy consultancy to buy the energy contracts. The cost of doing so was in the region of £50,000/year. This would be administratively time consuming and conflicts with Government advice and the practice of a majority of Public Sector organisations, who were making use of established pre-procured energy frameworks. This was not, therefore, considered to be the preferred option.

Option 4 - Use a different Public Sector Procurement Organisation, other than the preferred framework identified in the report. Choosing an alternative framework provider would not offer the lowest cost, risk mitigation and other non-financial support offered by the preferred supplier.

Whilst past performance was no guarantee of future delivery, data obtained from ESPO confirms a consistently competitive performance below average market rates respectively. It was therefore concluded that ESPO as the preferred framework

represented the best option for energy procurement for the Council and was therefore recommended.

It was worth reiterating that energy prices had proven to be quite unpredictable in recent years. Use of the ESPO framework would ensure that the Council had access to appropriate specialist market advice and would provide a good degree of certainty about energy pricing during the contract periods proposed.

## **Decision**

1. To approve the renewal of Derby City Council's electricity and gas contracts through a framework agreement to take advantage of current low prices in the energy market.
2. To approve the renewal of the Council's electricity contract with existing provider ESPO for the period from 1 October 2016 to 30 September 2020.
3. To approve the renewal of the Council's gas contract with provider ESPO for the period from 1 October 2016 to 31 March 2019 (NB one year earlier than electricity due to ESPO staggering end dates), replacing the current contract with Crown Commercial Service (CCS) which was due to end on 30 September 2016.

## **Reasons**

1. The framework approach to procuring energy contracts was proven to be cheaper than alternate forms of procurement. The ESPO framework had proved to be more than £500,000 cheaper over the present 4 year electricity contract compared to the costs if we had used the wholesale market. For the 15 sites using gas, the preferred framework costs were £70,000 per annum less than on an alternative Framework offered by other organisations.
2. The frameworks considered in the report were fully OJEU compliant, meet our own Contract Procedure Rules, and met the best practice laid down by central government. Government guidance on best practice was shown in appendix 2 of the report. 90% of Local Authorities were now procured through a flexible Energy Framework of this kind.
3. Using a framework to procure energy removed the risk of buying energy at much higher / volatile spot prices outside the framework.
4. The preferred framework was financed by a retrospective rebate payable from their suppliers, in proportion to the framework usage.
5. If we did not use a Framework the costs would be increased in a rising market. Through a framework agreement we can "lock-out" changes in price and get a best value day price for a variable specified time period, providing price certainty. Gas was now price volatile while crude oil prices were rising so this certainty provided best value for public expenditure.

6. The frameworks were compared to the verified market wholesale price. The price achieved comprised of a lower commodity price, a saving through a fixed / flexible approach to commodity purchases to reduce risk, and combined economies of scale through purchases on our behalf as well as other members of the Framework. Like any Framework we were charged on a daily per meter charge, which was standard in energy and the preferred framework was the cheapest.
7. The preferred framework was believed to offer the best balance between financial cost to the Council and risk.

## **24/16      Property Improvement Capital Works Programme 2016/17 and 2017/18 – Additional Schemes not Previously Approved**

The Council Cabinet considered a report on Property Improvement Capital Works Programme 2016/17 and 2017/18 – Additional Schemes not Previously Approved. Council Cabinet considered and approved, at its meeting on 16 March 2016, the Property Improvement capital works programme for 2016/17 and 2017/18 with the exception of the following schemes:

- £200,000 funding in relation to a tarmacked surface at Markeaton Park car park
- £500,000 funding for security measures at the Chapel Street and Assembly Rooms Car Parks
- £895,000 funding for elements of the Leisure Strategy which were proposed to be funded through the capital programme for both 2016/17 (£50,000) and 2017/18 (£845,000)
- £650,000 (£250,000 in 2016/17 and £400,000 in 2017/18) funding for replacement and repair of high level glazing to the domed roof of the Market Hall.

The Corporate Scrutiny and Governance Board had asked for more information and clarification on these elements of the programme. The report aimed to address the points raised by the Board and sought approval for these remaining elements of the Property Improvement programme to enable works to progress.

The Corporate Scrutiny and Governance Board made no further recommendations on this report.

### **Options Considered**

The development of the Property Improvement programme had involved consideration of various options for the inclusion of projects. The schemes in the report were recommended for inclusion in the Property Improvement Programme as it was considered to be the best way to make essential improvements, meet statutory obligations and ensure building compliance, whilst the outcomes of the property rationalisation project were awaited.

### **Decision**

1. To approve the individual schemes below for inclusion in the Property Improvement Work Programme for 2016/17 and 2017/18:
  - £200,000 funding in relation to a tarmacked surface at Markeaton Park car park;
  - £500,000 funding for security measures at Chapel Street and Assembly Rooms Car Parks; and
  - £895,000 funding for elements of the Leisure Strategy which were proposed to be funded through the capital programme for both 2016/17 (£50,000) and 2017/18 (£845,000).
2. To note the update on the Market Hall roof scheme, and agree to receive a report at a future meeting with Building Surveyor recommendations following analysis and assessment of the drone survey and further structural surveys. The report would request approval to include the scheme on the Property Improvement Capital Programme.

## **Reasons**

Approval was required to allow for sufficient time to plan and procure these projects so that they were likely to be completed on schedule.

## **25/16 Special Education Needs and Disabilities Funding**

The Council Cabinet considered a report on Special Education Needs and Disabilities Funding. Mainstream school budgets included some additional funding called 'notional' SEND funding. This funding was within the Delegated School Budgets, and both the place funding for the pupil and the notional SEND funding should meet the first £10,000 of costs for a child. This was comprised of the age weighted pupil unit or place funding (approximately £4,000) and an additional £6,000 called notional SEND funding.

Schools were not expected to meet the full costs of more expensive special educational provision from their core funding. The Local Authority should provide additional top up funding where the cost of meeting the needs of an individual pupil exceeds the nationally prescribed thresholds above. Historically schools had applied for a statutory assessment (now an Education, Health and Care needs assessment) to access top up funding. Neighbouring LA areas they had developed systems to enable schools to apply for top up funding without the need of a statutory assessment.

Demand for SEND statutory assessments in Derby had grown significantly in the last few years. This was partially because the city had not delegated the additional funding for local decision making. Now was the time to introduce this to support better outcomes for children and young people with SEND.

A pilot with schools had been held in order to develop a local decision making model. Parents had been consulted via an Equality Impact Assessment and were positive in their feedback. The pilot included 14 cases from across the city and in all age groups where schools were on the cusp of requesting a statutory assessment, but peer challenge between groups of schools provided schools with different strategies to use and some additional funding to support a small group of children. This provided parents and children with an alternative to the EHC needs assessment process and enabled speedy decision making and the formulation of support strategies for children. The pilot was supported by £100,000 of Dedicated Schools Grant funding and the intention was that all allocated funding was spent on the child and making best use of public monies.

The Corporate Scrutiny and Governance Board made no recommendations on this report.

### **Options Considered**

Doing nothing was not an alternative. The local authority was required to provide top up funding for schools in line with paragraph 6.99 of the Special Educational Needs and Disability Code of Practice: 0 to 25 years January 2015.

### **Decision**

1. To agree to roll out the top up funding pilot to a city wide approach from September 2016.
2. To agree that the model would follow the social care locality model and with the membership of the panels being made up from schools. A special school Headteacher would Chair each panel and a LA Officer would administer the panels. £2.1 million of Dedicated Schools Grant reserves had been approved by School Forum to fund this roll out.

### **Reasons**

1. To ensure that the local authority meets its requirement to provide top up funding where the costs of special educational provision required to meet the needs of an individual child exceeds the nationally prescribed threshold.
2. To speed up the process of allocating funding to schools to meet the need of children with special educational needs.

## **Budget and Policy Framework**

### **26/16      Revenue Outturn 2015/16**

The Council Cabinet considered a report on Revenue Outturn 201/16. The report outlined the Council's Revenue Budget final outturn position, subject to audit, for the 2015/16 financial year. It described the main variances against the Revised Budget for 2015/16 and set out a number of issues requiring decisions.



The general fund revenue outturn position showed a net underspend.

The report also outlined the final outturn position of the Dedicated Schools Budget, the Housing Revenue Account and the Collection Fund (Council Tax and Business Rates Collection Account).

Summary financial results for the year up to 31 March 2016 were as follows...

The overall year end General Fund revenue outturn position was a net underspend of (£2.217m), a 0.99% variance compared to the Council's General Fund revenue budget, excluding the Dedicated Schools Budget and Housing Revenue Account.

£0.202m of the overall outturn was to be transferred to the corporate budget risk reserve, after providing £2.015m for carry forward requests as explained in section 5 of the report.

96% of the Council's £19.673m savings target for 2015/16 had been delivered as planned; the remaining 4% had been achieved through one-off savings contained within the outturn. Further details were provided in table 4.6 and section 6 of the report.

The Housing Revenue Account - HRA - showed an outturn net underspend of (£4.566m), as explained in section 8 of the report, which increased overall HRA balances to £45.857m at 31 March 2016.

The Council's share of the Collection Fund outturn was a surplus of (£1.147m), as detailed in section 9 of the report.

The Dedicated Schools Grant closed with a surplus of (£2.4m) on the central non-delegated items and individual school balances were £10.464m as detailed in section 10 of the report.

During the year the City Council managed and controlled spending on services through its General Fund. A summary of the net cost of running each main service area was shown below:

This spending was corporately financed from Council Tax, Business Rates and Government Grants.

The Corporate Scrutiny and Governance Board recommended that future information on underspends should be more transparent (the term "carry forward" was misleading) and that further detail on why selected elements of the budget required top-ups and how these are prioritised should be included in reports, as well as the inclusion of requests that were put forward but did not receive additional funds.

## **Decision**

1. To note the overall General Fund revenue budget outturn position for 2015/16 (subject to audit) and budget variances at 31 March 2016 as set out in section 4 of the report.
2. To approve the movements in reserves set out in paragraph 4.4 of the report.
3. To approve the year-end carry forward request and subsequent use totalling £2.015m, and the treatment of the remaining net saving of £0.202m as detailed in paragraphs 5.2, 5.3 and 5.4 of the report.
4. To note the savings achieved in 2015/16 as summarised in section 4.6 of the report.
5. To approve the Housing Revenue Account outturn net surplus of (£4.566m) as set out in section 8 and Appendix 4 of the report.
6. To note the Council's share of the Collection Fund surplus of (£1.147m) as set out in section 9 of the report.
7. To note the overall Dedicated Schools Budget position for 2015/16 as set out in section 10 of the report.
8. To authorise the Director of Finance (as Section 151 Officer) to adjust the Council's Budget Risk Reserve in the event that the Council's Auditors (Ernst & Young) require any adjustments to the Final Accounts for 2015/16 that alter the overall Council's position.
9. To reject the recommendation of the Corporate Scrutiny and Governance Board.

## 27/16      Capital Outturn 2015/16

The Council Cabinet considered a report on Capital Outturn 2015/16. The report dealt with the following capital programme matters that required reporting to and approval by Council Cabinet:

- The successful delivery of 91.8% of the latest approved £76,508,960 capital programme.
- Details of the capital outturn 2015/16 totalling £70,229,819 for work completed by 31 March 2016, and the associated capital financing. The programme had delivered a number of significant achievements detailed in Appendix 2 of the report.
- Analysis of the variance of (£6,279,141) against the final approved capital programme. Variance details above £200,000 could be found in Appendix 3 of the report.

- The inclusion of additional expenditure and funding of £1,243,786. Variance details above £200,000 could be found in Appendix 3 of the report.
- Use of resources to fund the capital outturn and variances to original budget, detailed in section 6 of the report.
- Performance against the Quarter 2 baseline was detailed in section 7 of the report.
- The revised indicative 2016/17 – 2018/19 capital programme was shown in Appendix 4 of the report.

The Corporate Scrutiny and Governance Board made no recommendations on this report.

### **Decision**

1. To note the capital outturn for the financial year 2015/16 and the financing of the capital programme, the major achievements it had delivered and final variances against the original programme.
2. To approve the additional capital expenditure and associated funding to the 2015/16 capital programme detailed in paragraph 5.8 of the report.
3. To approve the carry forward of unused funding.
4. To note the performance monitoring against baseline Quarter 2 forecast detailed in section 7 of the report.
5. To note the revised 2016/17 – 2018/19 capital programme detailed in Appendix 4 of the report.

## **28/16 Treasury Management Annual Report**

The Council Cabinet considered the Treasury Management Annual Report. The report reviewed how the Council conducted its borrowing and investments during 2015/16 and reports on the prudential indicator activity for 2015/16 which the Council was required to report under the Local Government Act 2003. The report included the following:

- A summary of the financial markets 2015/16
- Treasury Management Activity and Deposits/Investments
- Borrowing and maturity profile
- Prudential Code Indicators and limits.

The Treasury Management net underspend for 2015/16 was £970,130 after prior agreed movement of £6,800,000 to reserves. This was mainly achieved following a

review of the debt model, which included a review of asset lives for previous capital projects. This resulted in changes to asset lives, effectively spreading the cost of borrowing over a longer period to give a saving against budget in 2015/16. In addition investment interest earned was higher than anticipated.

The Council had a prudent approach to treasury management in that it does not borrow more than it needs, due to the cost of carry (the gap between interest paid on borrowing and interest received on investments). It only lends to approved financial institutions, and this discipline was enforced by reviewing the approved list of counterparties, which was regularly updated in consultation with the Council's treasury advisors.

The treasury management advice to the Council continued to be provided by Arlingclose who were appointed as our advisors on 1 April 2011. The service provided includes economic and interest rate forecasting, advice on strategy, portfolio structure, debt restructuring, investment policy and credit ratings and technical assistance on other matters as and when required. In accordance with the tender specification, this contract would expire on 30 September 2016. The tender process for the appointment of the Council's treasury management advisors from 1 October 2016 was currently in progress.

For 2015/16 all prudential indicators and limits had been adhered to.

The Corporate Scrutiny and Governance Board made no recommendations on this report.

## **Decision**

1. To approve the Annual Report in respect of Treasury Management activity for 2015/16.
2. To note the prudential indicators in respect of the 2015/16 outturn as outlined in the report.

## **Contract and Financial Procedure Matters**

### **29/16 Contract and Financial Procedure Matters**

The Council Cabinet considered a report on Contract and Financial Procedure Matters. The report dealt with the following items that require reporting to and approval by Council Cabinet under Contract and Financial Procedure rules:

- acceptance of grant
- approval of new joint agreement
- changes to the current 2016/17 capital programme
- approval of waiver
- D2N2 and Department for Transport Large Major Transport grant funding application

The report also highlighted external funding opportunities including Local Growth Fund money for economic infrastructure schemes in Derby and the D2N2 Investment Strategy for European Structural Funds.

## **Decision**

1. To approve acceptance of £518,000 from Southern Derbyshire Clinical Commissioning Group (CCG) for the national Future in Mind Programme and to transfer the funding into an earmarked reserve, as detailed in section 4 of the report.
2. To approve a new joint agreement with Derby University and other partners, which required a commitment to 2 years of in-kind contributions with a total value of £326,007, as detailed in section 5 of the report.
3. To approve changes, including additions, to the capital programme, as detailed in section 6 and appendices 2 and 3 of the report. This included an addition to the property rationalisation programme of £240,000 to allow for compensation payments.
4. To approve changes to Derby City Council's Local Growth Fund Round 1 (LGF1) schemes, as detailed in section 7 of the report.
5. To approve Derby City Council's revised bids to D2N2 Local Enterprise Partnership for Local Growth Fund Round 3 (LGF3), as detailed in section 8 of the report.
6. To note the requirement for Council match funding should the bid for LGF3 be successful, as detailed in section 8 of the report.
7. To approve a waiver to further extend the contract for the provision of temporary agency workers for six months, as detailed in section 9 of the report.
8. To grant approval to submit a bid to D2N2 LEP for funding from the Department for Transport Large Local Major Transport scheme.
9. To delegate authority to the Strategic Director of Communities and Place following consultation with the Cabinet Member for Communities and City Centre Regeneration and the Director of Finance to approve the final details of the bid.

## **Performance**

## 30/16      Performance Monitoring 2015/16 – Year End Results

The Council Cabinet considered a report on Performance Monitoring 2015/16 – Year End Results. The monitoring report included highlights from key performance measures and actions included in the Council Plan 2015/16. The report included the priority measures which form the Council Scorecard for 2015/16 and had been reported to Council Cabinet on a quarterly basis.

Results were assessed using traffic light criteria, according to their performance against improvement targets. A dashboard which summarised performance for the Council Scorecard was shown in Appendix 2 of the report.

At the end of quarter four (up to 31 March 2016), 50% of priority measures had met or exceeded their year-end target. Performance had improved in 2015/16 across 52% of our priority measures when compared with performance in 2014/15 and there were some areas of strong performance including...

- 100% take up for personal budgets and direct payments for social care clients and carers, maximising choice and control (based on provisional data).
- 52% take up of 'public health' health checks (based on provisional data).
- Direct intervention had led to 108 empty properties returned back to use.
- 60% of pupils achieved at least the expected levels in the early learning goals in the prime areas of learning and the specific areas of mathematics and literacy.
- 4.8% of 16-19 years olds were not in education, training or employment based on provisional data; this represents an improvement on the previous year.
- 53% of customers were using the self-service options available when contacting the Council through Derby Direct, comparing to 38% last year.
- 99% of business rates collected within 24 months of it being due.

Improvement activity through Directorate Management Teams (DMTs) and Surgeries had been rigorous during the year however this year's performance did reflect the impact of substantial reductions to budgets as well as increased demands facing the Council. Areas for improvement were shown in Appendix 3 of the report.

Accountable officers had provided commentary to put performance into context and identify actions that they were taking to address poor performance.

The results for all measures and actions within the Council Plan (including the scorecard priority measures) were shown within Appendix 4 of the report. This would form the results appendix that accompanies the Council's Annual Report 2015/16 and would be presented to Council Cabinet in October 2016.

### **Decision**

1. To note the 2015/16 year end performance results.
2. To give particular attention to any areas for improvement and the actions being taken by officers to address performance.

3. To note that the Council's Annual Report 2015/16 would be presented to Council Cabinet in October 2016.

## 31/16 Council Scorecard

The Council Cabinet considered a report on the Council Scorecard. To make sure Chief Officers and Members remained cited on key performance outcomes, Derby City Council developed a 'Council Scorecard' in April 2010, which was a small basket of priority performance measures reported on each quarter. Derby, like other Councils, was subject to regular monitoring against hundreds of performance measures and the Council Scorecard allowed leaders to focus on the areas that they had decided 'mattered the most'.

The content and structure of the Council Scorecard was refreshed in 2015/16 to take into account three key criteria...

- Measure linked to an area of significant budget pressure / income source (1).
- A reflection of demand for services (2).
- Key inspection / reputational / compliance risk area (3).

With a change in budgets in 2015/16 and a shift to focus more on statutory services the contents of the scorecard was streamlined to key services in line with the priority commitments in the 2015/16 Council Plan. The 2015/16 scorecard was approved at Council Cabinet on 7 October 2015.

The aim of the report was to present Council Cabinet with an updated Scorecard for 2016/17 (Appendix 2 of the report), which had been refreshed in line with the methodology approved in 2015/16 and had been aligned to the refreshed Council Plan 2016-2019.

It was noted that both Council Cabinet and the Corporate Scrutiny and Governance Board would receive quarterly updates on performance against the scorecard through 2016/17. From this, more detailed performance reviews could be commissioned through Performance Surgeries with Members where an in -depth challenge session was required to support improvements.

The Corporate Scrutiny and Governance Board recommended that any changes to targets in the Council's Scorecard at the end of Quarter 1 are recorded for transparency.

### **Decision**

1. To approve the Council Scorecard 2016/17 (which would be used as the basis for performance monitoring of key measures during 2016/17).
2. To note that both Council Cabinet and the Corporate Scrutiny and Governance Board would review performance on a regular basis and may select indicators for Performance Surgery on the basis of reports.

3. To accept the recommendation of the Corporate Scrutiny and Governance Board that any changes to targets in the Council's Scorecard at the end of Quarter 1 are recorded for transparency.

## **32/16      Exclusion of Press and Public**

To consider a resolution to exclude the press and public during consideration of the following item

“that under Section 100(A) of the Local Government Act 1972, the press and public be excluded from the meeting during discussion of the following items on the grounds that they involve the likely disclosure of exempt information as defined in paragraph 3 of Part 1 of Schedule 12A of the Act and that the public interest in maintaining the exemption outweighs the public interest in disclosing the information”

## **Key Decisions**

### **32/16      Compulsory Purchase of Empty Homes**

The Council Cabinet considered exempt information in relation to the compulsory purchase of empty homes.

The Corporate Scrutiny and Governance Board made no recommendations on this report but commended the purchase of empty properties and the use of the HRA surplus to buy future housing and actions to make these available for market rent where possible.

### **33/16      A52 Wyvern Transport Improvement Scheme – Revised Scheme Costs and Funding**

The Council Cabinet considered exempt information in relation to the A52 Wyvern Transport Improvement Scheme – Revised Scheme Costs and Funding.

The Corporate Scrutiny and Governance Board recommended that costs are carefully monitored and that as much as possible should be done at the same time as possible to ensure savings are made through cost efficiencies.

#### **Options Considered**

These were set out in paragraphs 5.1 and 5.2 of the report.

#### **Decision**



1. To approve submission of a Stage 2 funding application including business case to the D2N2 LEP and to delegate approval to accept the funding, should the bid be successful, to the Strategic Director of Communities and Place.
2. To note an increase in the scheme cost to an estimated £14,906,000.
3. To accept the recommendation of the Corporate Scrutiny and Governance Board that costs are carefully monitored and that as much as possible should be done at the same time as possible to ensure savings are made through cost efficiencies

### **Reasons**

These were set out in paragraphs 3.1 to 3.3 of the report.

## **34/16 Insurance on Council Properties**

The Council Cabinet considered a report on Insurance on Council Properties. The Council needed as a matter of urgency to provide up to date valuations for insurance purposes on all of its properties. There had been a number of issues around the property list provided to the Insurance team for submission to the Insurer as part of the Council's annual insurance renewal.

The Corporate Scrutiny Governance Board recommended that a full update report be brought back to the February meeting of the Corporate Scrutiny and Governance Board.

### **Options Considered**

These were set out in paragraph 5.1 of the report.

### **Decision**

1. To approve the procurement of temporary quantity surveyors to carry out a programme of insurance valuations on Council Properties, subject to the funding having been agreed in the Revenue outturn 2015/16 report, earlier on the agenda.
2. To accept the recommendation of the Corporate Scrutiny and Governance Board that a full update report be brought back tot he February meeting of the Corporate Scrutiny and Governance Board

### **Reasons**

These were set out in paragraphs 3.1 to 3.3 of the report.

**MINUTES END**