

Time began: 6:00pm
Time ended: 7.24pm

COUNCIL CABINET

13 February 2019

Present	Councillor Poulter (Chair) Councillors Barker, Grimadell, M Holmes, Roulstone, Smale, Webb and Williams
In attendance	Councillors Care, Eldret, Graves and Rawson Carole Mills – Chief Executive Don McLure – Strategic Director of Corporate Resources Christine Durrant – Strategic Director of Communities and Place Andy Smith – Strategic Director of People Emily Feenan – Interim Director of Legal, Procurement and Democratic Services Claire Davenport – Director of Leisure, Culture and Tourism Ben Clawson-Chan – Head of Leisure and Business Development Catherine Williams – Head of Regeneration and Major Projects Heather Greenan – Director of Performance and Insight Ruth Sadler – Communications Officer

This record of decisions was published on 15 February 2019. 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.

170/18 Apologies

An apology for absence was received from Councillor Skelton.

171/18 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 to enable the report to be referred to Council at its meeting on 27 February 2019:

- Review of Derby City Council Governance System

172/18 Receipt of Petitions

There were no petitions

173/18 Identification of Urgent Items to which Call In will not apply

There were no items.

174/18 Declarations of Interest

Councillor Webb declared that he was a trustee of Liversage Trust and the Chair of the residential care home and therefore Councillor Roulstone had dealt with all aspects of the report on Adult Social Care Fees and Charges 2019/20.

175/18 Minutes of the Meeting Held on 16 January 2019

The minutes of the meetings held on 16 January 2019 were agreed as a correct record.

Matters Referred

176/18 Recommendations from the Executive Scrutiny Board

The Council Cabinet considered a report on Recommendations from the Executive Scrutiny Board. The Executive Scrutiny 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 1, prior to commencement of the meeting.

Decision

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

Key Decisions

177/18 Revision of the National Non Domestic Rates Policy for the Award of Discretionary Rate Relief

The Council Cabinet considered a report which stated that Discretionary Rate Relief (DRR) was a means by which Derby City Council (DCC) could use its discretionary powers to reduce the amount of Business Rates a business has to pay. Generally, there was a direct cost to DCC in awarding DRR and therefore expenditure had been controlled through the operation of a Policy for a number of years.

The Council's Policy was being refreshed to take account of a number of changes including:

- Adding a new Scheme announced at the Autumn Budget 2018 (Retail Discount, Section 20, page 23 of the report);

- Extending an existing Scheme following announcements made at Autumn Budget 2018 (Office Space Occupied by Local Newspapers Relief, Section 16, page 15 of the report).

Any award made as a result of adding the new Scheme or as a result of extending the existing Scheme would be fully funded by the Government by way of Section 31 grants. As such there would be no additional cost to the Council as a result of the recommended changes to the Policy.

Much of the Policy, including the criteria for awarding Reliefs to charities and non-profit making organisations had not changed as a result of this update. The revised DRR Policy was set out at Appendix 1 of the report.

The Executive Scrutiny Board noted the report.

Options considered

Do not amend the Policy. This option would mean that DCC lost the opportunity to support more businesses and organisations within the city potentially resulting in reputational damage for DCC and creating undue hardship for the business community. Therefore this was not recommended.

Decision

To approve the revised DRR Policy.

Reasons

To ensure that qualifying businesses could receive DRR.

178/18 Derby City Scheme for the Admission Arrangements for Infant, Junior, Primary and Secondary Schools 2020 - 2021

The Council Cabinet considered a report which stated that the Council was the Admissions Authority for all community and voluntary controlled schools within Derby City, and must comply with the statutory duty to consult on any changes to its admission arrangements on behalf of those schools before they are determined and published in the year preceding admission.

The School Admissions Code 2014 requires that consultation on admission arrangements for the academic year 2020-2021 must last for a minimum 6 weeks and must take place between 1 October 2018 and 31 January 2019. All admission arrangements must then be determined (set) by the statutory deadline date of 28 February 2019. The new arrangements would commence for applications made within the normal admissions round 13 September to 31 October 2019 for secondary applications, and 5 November 2019 to 15 January 2020 for reception and junior transfer applications for the academic year 2020-2021.

No objections or comments relating to the proposed admission arrangements had been received during the consultation period. Therefore Derby City Council was not required to refer the revised arrangements to the Adjudicator.

The proposal was for the admission arrangements for community and voluntary controlled schools within Derby City for the 2020-2021 academic year set out in Appendix 2 of the report to be considered and approved as the determined (set) admission arrangements by Council Cabinet at its meeting on 13 February 2019.

The Executive Scrutiny Board noted the report.

Options considered

None.

Decision

1. To approve the proposed admission arrangements for community and voluntary controlled infant, junior, primary and secondary schools as set out in Appendix 2 of the report as the determined (set) admission arrangements for the 2020-2021 academic year.
2. To approve the published admission numbers as set out in Appendix 3 of the report.

Reasons

To ensure that fairness, equity and transparency was retained and that Derby City was fully compliant with the mandatory requirements of the School Admissions Code 2014, School Admission Appeals Code 2012, relevant legislation and regulations.

179/18 Adult Social Care Fees and Charges 2019/20

The Council Cabinet considered a report which stated that under the Care Act 2014, Councils had a duty to ensure that there was a sustainable and affordable social care market locally. This included establishing fee levels that providers would expect to receive for commissioned care that was delivered to meet a person's needs. To ensure that the Council was aware of and taking account of the cost pressures affecting local providers of care, engagement and consultation with independent sector providers had been undertaken in recent months. This had been focused on those providers operating "standard" care i.e. not those dealing with more complex levels of care. The report summarised the engagement findings, the reported cost pressures and feedback from providers. The report set out details of the funding model itself and the proposed rates for 2019/20 for standard residential / nursing care and for homecare services.

The report also set out the proposed charges for Council-provided adult social care services for 2019/20, which formed the annual review referred to in the Council's Adult Social Care Charging Policy. A review of the Shared Lives and Carelink service was underway which would consider potential changes to the charging

structure for the service. The outcome of that review in terms of any changes on fees would be reported separately.

It should be noted that the full cost of care services was only paid by around a tenth of customers, the majority were subsidised following the outcome of a Financial Assessment.

The Executive Scrutiny Board noted the report.

Options considered

1. The Council could determine not to award any inflationary increase to the fees it pays for in-house and independent sector care. This was not being recommended as having a sustainable and viable social care market was vital to ensuring that the Council could discharge its statutory duties in relation to vulnerable adults.
2. The Council could decide not to increase the charges it levies for in-house and independent sector care. This was not being recommended as it would create an unmanageable pressure in the adult social care budget.
3. The Council could decide not to exercise the powers granted in the Care Act 2014 to levy administrative charges for certain activities. This was not being recommended as it would create an unmanageable pressure in the adult social care budget.

Decision

1. To approve a 3.11% fee increase for independent sector standard residential care and nursing care weekly fee rates (net of the Registered Nursing Care contribution) from April 2019.
2. To approve a 2.7% fee increase for standard independent sector homecare services from April 2019.
3. To approve an increase to the charging rates for Council provided services of 3.0% from April 2019.
4. To approve that all the new rates will apply from 08 April 2019 (in line with the date of the rise in state benefits for 2019/20).

Reasons

1. The Council must publish its intended fees for care taking into account market conditions and cost pressures. The Care Act requires this as part of Council's "market shaping" duties which also require Councils to hold sufficient intelligence about their local care market. General information and consultation feedback from independent sector care providers had therefore been gathered, analysed, largely focusing on specific inflationary and cost pressures affecting care businesses. The Council's fee rate model for

residential care homes and home care, as set out in Appendixes 3 and 4 of the report had been adjusted and built on the methodology used by the Council in previous years.

2. Maintaining income levels for Council-provided services was crucial to the management of the overall budget for the Council. This included considering whether care services that were directly provided need to have their charges increased in line with inflation.
3. The proposed start of all charges date aligned with the date that the Department of Work and Pensions (DWP) benefit rates change.

180/18 Project Mulberry – Investment in a High Quality Warehouse and Office to Support the Transport Engineering Supply Chain at Infinity Park

The Council Cabinet considered a report which sought approval to enter into a forward funding investment in a new high quality warehouse and office to support the transport engineering supply chain at Infinity Park Derby (IPD). The proposal, known as Project Mulberry, would deliver the Council's aspirations for development at Infinity Park Derby and was self-financing.

Infinity Park Derby was a strategic employment site adjacent to the A50 and the Rolls-Royce aerospace campus. The Council had taken a proactive approach to realising the potential of this site through entering a partnership agreement with the developers and landowners. This had enabled the delivery of essential infrastructure works, financed through a combination of Regional Growth Fund (RGF), Local Growth Fund (LGF), private funding and DCC funding. The first building on IPD was the iHub which was now over 94% occupied.

In order to stimulate additional growth, support job retention and business growth in the transport engineering supply chain; an opportunity had been identified for direct investment by the Council. The proposal was to purchase an investment property through a forward funding agreement with the developers and landowners (Infinity Park Derby LLP). The developer would construct a building comprising an 80,000 ft² warehouse and 15,000 ft² HQ office with a further 30,000ft² of mezzanine offices within the warehouse; which would be leased on completion to a Derby based transport engineering supply chain company.

The development required an investment of £19.3million by the Council, which was to be serviced by Council borrowing and in turn would be supported through a pre-let to a third party.

The Executive Scrutiny Board welcomed the report.

Options considered

Do Nothing – this option had been discounted as it risked missing the opportunity for securing investment in IPD, which it was hoped would act as a catalyst for further

development. Further, doing nothing risked the Lessee not being able to secure an alternative solution for accommodation within the City, which could limit the Lessees options for growth or result in the business deciding to leave the City.

Decision

To approve the terms of the project the details of which were set out within the confidential report submitted to this meeting of Council Cabinet.

Reasons

1. To enable development to commence at Infinity Park Derby and act as a catalyst for future development at Infinity Park Derby.
2. To contribute to the job creation objectives as part of the LGF funding to support the delivery of infrastructure at Infinity Park Derby.
3. To enable the delivery of the project the repayments from the IPD developer loan should contribute towards the project costs.
4. Over time, this was a self-financing project and the pre-let de-risked the Council's investment purchase.

181/18 New Swimming Pool Complex at Moorways – Next Steps

The Council Cabinet considered a report which provided an update on the key strands of work for the new Swimming Pool Complex project and to sought approval for the key decisions necessary to enable progress with the next steps of the project.

The Executive Scrutiny Board resolved.

- To recommend that Council Cabinet remove the delegation detailed at recommendation 2.5 and to request that the final designs were subject to Council Cabinet approval.
- To recommend that Council Cabinet remove the delegation detailed at 2.10 and to request that the operational model of the venue was subject to Council Cabinet approval.

Options considered

1. As a result of the current position of the project, to do nothing and cease the project was not believed to be an option if the Council was to provide facilities that met the demands for swimming in the City.
2. Build the new swimming pool complex without the enhanced leisure water option that was approved at Council Cabinet in November 2017.

Decision

1. To note the indicative sketches, images, features and indicative costs of the preferred enhanced leisure water feasibility study option.
2. To approve progressing the concept and detailed design for the preferred enhanced leisure water option and to award the contract to Mace Consultancy Ltd (Mace) to provide project management support to do this work.
3. To approve the submission of a new planning application which was needed to construct the new Swimming Pool Complex with enhanced leisure water.
4. To recommend to Council, an increase in the capital programme for the project of £9 million to provide a capital budget of £42 million and that the Capital Programme 2019/20-2021/22 be re-profiled accordingly, to deliver the new Swimming Pool Complex with enhanced leisure water.
5. To delegate authority to the Strategic Director for Communities and Place, following consultation with the Strategic Director of Corporate Resources, the Cabinet Member for Strategy and Policy, the Cabinet Member for Finance and Procurement and the Cabinet Member for Leisure, Culture and Tourism to approve the final designs for the new Swimming Pool Complex with enhanced leisure water.
6. To note that a construction contract was awarded to Bowmer and Kirkland (B&K) following a tender process. The construction contract was structured on the basis of two distinct phases: the pre-construction phase (B&K were currently performing this phase of the contract) and the Swimming Pool Complex construction phase.
7. Subject to Council approval of the capital programme budget and the approvals required in paragraphs 2.2, 2.3 and 2.5 of the report, to approve the award of the construction phase of the construction contract to B&K to deliver the new Swimming Pool Complex.
8. To note that Mace was awarded a contract to provide project management support for the delivery of the new Swimming Pool Complex. Mace had provided project management for the project to date and that as the current contract with Mace had now come to an end and to ensure continuity of support it was now necessary to reappoint Mace project management during the build and handover phase.
9. Subject to the Council approval of the capital programme budget and the approvals required in paragraphs 2.2, 2.3 and 2.5 of the report, to approve the appointment of Mace under the terms of the ESPO Framework Agreement 2664 Lot 1B to provide project management support for the delivery of part three of the project to build and handover the new Swimming Pool Complex.
10. To delegate authority to the Strategic Director for Communities and Place, following consultation with the Strategic Director for Corporate Resources, the Cabinet Member for Strategy and Policy, the Cabinet Member for Finance and

Procurement and the Cabinet Member for Leisure, Culture and Tourism to determine the operational model for the venue, to take all actions necessary to secure an operator and to enter into all necessary contractual arrangements to deliver the project.

11. To note that the future of Queen's Leisure Centre would be subject to further work including consultation and a future Council Cabinet report, with the current expectation that it would close when the new Swimming Pool Complex opens.
12. To note and accept the risks associated with continuing with this project as identified in the report in paragraph 9.5 of the report.
13. To reject the recommendations from Executive Scrutiny Board to remove the delegation detailed at recommendation 2.5 and to request that the final designs were subject to Council Cabinet approval and to remove the delegation detailed at 2.10 and to request that the operational model of the venue was subject to Council Cabinet approval.

Reasons

1. To allow the important delivery of this strategic project for the Council to be maintained and enable the opening of the new Swimming Pool Complex delivering a much needed, improved and modernised swimming facility offer within the city.
2. The Facility Planning Model showed that by 2028, much of the City's current swimming pool stock would have reached the end of its active life without significant investment; this included Queen's Leisure Centre, the future of which would need to be reviewed as part of the progression of the plans for the new Swimming Pool Complex. Moving forward with the provision of new facilities helped meet the demands of swimming which would benefit the city and its communities.
3. Mace was appointed to provide project management support to the Council for design of the current new Swimming Pool Complex and to complete the feasibility study. For continuity and cost efficiency, it was proposed to work with Mace and their design team.
4. To allow time for an operator to be procured, should it be required, so that the new swimming pool complex could be operated within the projected revenue subsidy identified in the MTFP. Also, to allow the impact of the new Swimming Pool Complex project on the DCC de-minimis to be managed.

Budget and Policy Framework

182/18 2018/19 Quarter 3 Forecast of Outturn for General Fund, Capital Budgets, Dedicated Schools Grant, Collection Fund and Housing Revenue Account

The Council Cabinet considered a report which summarised the Council's forecasted financial outturn position to 31 March 2019 based on the financial position at 31 December 2018 as follows:

- **Revenue budget:** Projected a pressure of £5.689m against our base budget requirement of £222.455m.
- **Capital budget:** Capital expenditure to date was £45.023m and our forecast was estimated at £87.885m against the Council's original approved capital budget of £134.290m.
- **Reserves:** The General Reserve balance remained at £10.933m and our Earmarked Reserves had a year-end forecast balance of £87,672m and a future years' forecast balance of £21.956m.
- **Treasury Management:** Total debt was £447.273m and total investments were £81.308m compared to £458.540m and £99.240m as at 1 April 2018. No new borrowings had been made or anticipated to be made in the year.
- **Dedicated Schools Grant (DSG):** The total grant of £226.774m had been allocated to schools and retained educational services, the High Needs Block was forecast to overspend by £3.5 million.
- **Collection Fund:** Council Tax billed for the 2018/19 is £113.7m, of which £92.308m, 80.94% had been collected up to 31 December 2018 compared with 80.67% as at the same period last year. Business Rates billed for the 2018/19 is £93.4m of which £76.922m, 82.04% had been collected up to 31 December 2018 compared with 82.26% as at the same period last year.
- **Housing Revenue Account (HRA):** The full year forecast projects a reduction in the planned use of the HRA reserve by (£1.700m).
- **Performance on sundry debt collection and movement on arrears outstanding:** As at 4 January 2019 the value of Sundry Debts in arrears was £9.840m, an increase of £1.120m on the figure reported in the quarter 2 report.

Further analysis and explanations of key variances were provided in section 4 of the report.

Included in the revenue forecast were planned savings and mitigating savings of £8.934m, 98% of the £9.104m savings target set by Council for 2018/19.

A summary of the net revenue forecast by directorate was set out in the report, further detail on the restated budget was set out in section 4.3 of the report:

The Executive Scrutiny Board noted the report.

Decision

1. To note the revenue projected outturn and key budget variances set out in the report in section 4 and the savings to be delivered in the year in section 4.28 of the report.
2. To note the capital programme forecast and actual capital expenditure incurred during the quarter summarised in section 4.33 of the report.
3. To note the Council's reserves position, as set out in section 4.54 and Appendix 1 of the report.
4. To note the Council's treasury position, and performance in the quarter, set out in section 4.57 of the report.
5. To note the forecast Dedicated Schools Grant position summarised in section 4.60 of the report.
6. To note the Council Tax and Business Rates Collection Performance as set out in section 4.64 of the report.
7. To note the Housing Revenue Account Performance and projected outturn as set out in section 4.70 of the report.
8. To note the changes already approved under scheme of delegation to the capital programme detailed in Appendix 2 of the report.
9. To note the current forecast for the 2018/19 pay award adjustment in section 4.27 of the report.
10. To approve changes to the 2018/19 - 2020/21 capital programme outlined in section 4.33 and detailed in Appendices 2 and 3 of the report.
11. To approve the allocation of further S106 funding outlined in paragraph 4.48 and Appendix 4 of the report.
12. To approve the Business Rates write-off of £0.290m as uncollectable outlined in section 4.69, with details at Appendix 5 of the report. A confidential paper was on this agenda which outlined further detail.
13. To approve the granting of contributions for the Homeleigh Way Secondary and Primary school provision in Chellaston to external partners, the contractor for the secondary contribution and Derbyshire County Council for the primary contribution.
14. To note the direct revenue financing as detailed in Section 6 paragraphs 4.51 to 4.53 of the report.

183/18 Medium Term Financial Plan 2019/20 – 2022/23, Revenue and Capital Final Budget Setting for 2019/20, Treasury Management Update and Strategy 2019/20, Housing Revenue Account Final Budget Setting 2019/20, Dedicated Schools Grant 2019/20, Capital Strategy and Pay Policy

The Council Cabinet considered a report which set out proposals to recommend to Council a net budget requirement of £220,609,129 for 2019/20 and to recommend rent levels and service charges for council housing stock and to approve the 2019/20 Housing Revenue Account budget from the updated 30 year business plan.

The report also set out budget proposals for 2019/20 and 2022/23 as part of the Council's Medium Term Financial Plan (MTFP).

The MTFP had outlined permanent savings requirements of £12.996m over the four year period to address the impact of funding reductions, meet rising costs, maintain priority services and invest for the future. These savings total £7.183m in 2019/20, £3.719m in 2020/21, £1.436m in 2021/22 and £0.658m in 2022/23. The intention was to use reserves to smooth the impact on budgets which would help ensure Council services could be delivered in a managed way.

The Council's 2019/20 and 2022/23 budget position included a £1.724m contribution to the Council's Corporate Revenue Contingency budget to sustain the Treasury Management position and the Capital Programme commitments of the Council across the MTFP period.

Each section of the report dealt with the various elements that required consideration before a final decision was reached. These key areas were:

- the budget process leading up to these proposals (Section 4.1)
- the resources available to the Council, including council tax and the local Government finance settlement (Section 4.11)
- directorate summaries (Section 4.22)
- the Derbyshire Business Rates one year pilot and reserve (Section 4.46)
- the Corporate Contingency transfer to reserves (Section 4.52)
- details of the impact assessments carried out on the Council's budget proposals (Section 4.55)
- the delivery of the Council Plan (Section 4.59)
- use of reserves (Section 4.62)
- feedback from the communication and consultation process (Section 4.64)
- the management of budget risks (Section 4.68)
- future outlook (Section 4.87)

The 2018/19 budgets used in this report had been restated to reflect all movements of budgets between Directorates approved during 2018/19, as approved by Council Cabinet to date, to reflect the latest budget position by directorate.

The 2019/20 budget had been able to include growth and budget pressures and the overall budget position showed a £2.827m (1.3%) increase over the 2018/19 budget, which included a number of significant movements:

- Revenue Support Grant had been reduced by £6.4m.
- Specific Grants had increased by £5.4m, mainly due to the Government's recognition of the funding shortfall for Adults and Children's Social Care services; however the funding the Government has provided was only one off funding for 19/20.
- A council tax increase of 2.99% which when considered with forecasted growth in the council tax base would positively affect the 2019/20 budget position by £4.3m.
- Forecasted business rates income had increased by £2.3m due to an increase in growth and the Government's Transitional Payment Protection funding.
- Business Rates was currently forecasting a deficit of £6.2m overall of which the Council's share was £6.1m the main reasons for this deficit were an increase in the provision for business rates appeals, a large proportion of this was due to the Rating Valuation Court ruling that removed certain types of Automatic Teller Machines (ATM's) from the rating list.

Further details of funding anticipated to be received by the Council were provided in Appendix 2 of the report.

Although the Government had announced their final funding settlement for 2019/20 further clarification was still required for 2020/21 - 2022/23. We were expecting the Government to announce their public sector Spending Review in Autumn 2019.

Included in the appendices was summarised budget information that, together with the text of the report, constituted the full budget proposal.

The report set out the 2019/20 to 2021/22 capital programme to recommend to Council. The main areas of the £370.767m programme over the next three years were:

- £18.7m for the Environmental Agency flood defence project Our City Our River.
- £41.4m for the People's Directorate programme, including the conclusion of the current secondary school expansion programme and repairs, maintenance and improvements to the fabric of school buildings. This was indicative, subject to confirmation of Government allocations.
- £92.3m Housing programme including refurbishment to Council-owned houses in the Housing Revenue Account (HRA) and an extensive new build programme. This was indicative subject to the approval of the HRA business plan. Housing General Fund schemes to deliver decent homes and assistance to vulnerable householders, disabled facilities grants, other repairs and assistance in the private sector and support for affordable housing.
- £38m for Highways and Transport - to improve the highway network and deliver major schemes such as the A52/Wyvern Transport Improvements.

- £59.5m for Property improvements and new construction to Council buildings and infrastructure, including the addition of a new scheme to build a New Swimming Pool Complex.
- £100.3m for Regeneration of the city centre and key regeneration areas, including Infinity Park Derby and the Innovation Centre.

The capital programme outlined assumptions made on future year's Government allocations which were still to be confirmed, as detailed in Section 4.100 to 4.102, 4.105 and 4.117 of the report.

The capital programme provided an update on the major projects that the council had pledged to deliver, including the A52 Highway Improvement Scheme, a New Swimming Pool Complex and the New Assembly Rooms, as detailed from Section 4.90 of the report.

Capital Strategy - The 2019/20 position gave a high level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of local public services along with an overview of how associated risk was managed and the implications for future financial sustainability as detailed in Appendix 11 of the report.

To approve the Council's Treasury Management Strategy for the financial year 2019/20 and the Treasury Management Indicators derived from this strategy. The following was included in the report:

- Background and context
- The Treasury Management Strategy
- Treasury Management Indicators

The Housing Revenue Account (HRA) section set out the 30 year updated Housing Revenue Account Business Plan for the management and maintenance of the Council's housing stock (Section 4.193) of the report.

The HRA remained in a relatively strong position. It could meet the immediate management and maintenance requirements of the Council's housing stock, as well as the projected requirements over the 30 years of the business plan and the required debt repayments.

Dedicated Schools Grant - On 18 December 2018 the Department for Education (DfE) announced the details of the School Funding Settlement. The Dedicated Schools Grant (DSG) for Derby was split into four blocks; Schools Block, Early Years Block, High Needs Block and a Central School Services Block. Final calculated Schools Budgets from the Schools Block element must be issued to individual schools by the 28 February 2019, High Needs budgets needed to be issued by 31 March 2019.

The 2019-2020 allocation for the DSG was £234.766m and was made up of four blocks of funding:

- Schools Block £175.608m
- 1. Central School Services Block £3.956m

2. High Needs Block £36.020m (£34.032m net of EFA recoupment for places funded direct)
3. Early Years Block £19.183m

Previously the Government announced its intention to move to a national funding formula (NFF) for schools, Schools Forum considered the approach Derby should take to the implementation of the NFF following a full consultation exercise with schools.

There were currently significant pressures on the High Needs Block with current forecast outturn projection for the financial year 2018/19 of a £3.4 million overspend. The Council had consulted on proposals for a balanced budget for 2019/20.

The Localism Act 2011 required the council to prepare and publish a pay policy statement annually which sets out the authority's policy relating to the remuneration of its Chief Officers and how this compares with the policy on the remuneration of its lowest paid employees (Appendix 16 of the report).

The Executive Scrutiny Board noted the report.

Decision

1. To approve a budget requirement for Derby City Council for 2019/20 of £220,609,129 subject to the finalisation of the Council's Council Tax for 2019/20 which would be presented to Council on 27 February 2019.
2. To approve the directorate revenue budget estimates and the use of reserves of £7.492m (3.4% of the budget) summarised in Appendix 3 of the report.
3. To approve the measures proposed to manage budget risks in 2019/20 and in future years in section 4.68 of the report.
4. To approve the commencement of appropriate procurement procedures to support the specific budget proposals listed in Appendix 4 of the report.
5. To approve implementation of detailed savings proposals included in Appendix 4 of the report subject to the completion and consideration, where relevant, of any further consultation exercises, equality impact assessments and assessments under Section 17 of the Crime and Disorder Act 1998.
6. To note the changes made to the budget savings proposals as a result of feedback from the consultation process, detailed in paragraph 4.64 of the report.
7. To approve within the 2019/20 budget total **of £220,609,129:**

	£m
Net service estimates of:	
People Services	147.480

Communities and Place	38.799
Corporate Resources	31.674
Corporate Core	10.148
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	228.101

Appropriations from reserves:

Reserves	(7.492)
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	220.609

8. To note the calculation of the Council's Tax Base for the year 2019/20 as 68,769.00 equivalent Band D properties that was fully approved by Council on 23 January 2019.
9. To note the calculation of the following amounts for the year 2019/20 in accordance with Sections 31A (1) of the Local Government Finance Act 1992, as amended by the Localism Act 2011, and for these figures to be taken forward and confirmed at Council on 27 February 2019 as part of the Council Tax setting report.
 - a. £672,295,656 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A (2) (a) to (f).
 - b. (£574,972,664) being the aggregate of the amounts which the Council estimates for the items set out in Section 31A (3) (a) and (d) of the Act.
 - c. £97,322,992 as Council Tax requirement for the year, being the amount by which the aggregate at (a) above exceeded the aggregate at (b) above, calculated by the Council, in accordance with Section 31A (4) of the Act.
 - d. £1417.07 as the basic amount of its Council Tax for the year, being the amount at (c) above, divided by the amount at 4.1 below, calculated by the Council, in accordance with Section 31B of the act.
 - e. for the following Valuation bands:

	£		£
A	944.71	E	1,731.98
B	1,102.17	F	2,046.88
C	1,259.62	G	2,361.78
D	1,417.07	H	2,834.14

as the amounts to be taken into account for the year, under Section 30(2)(a) of the Act, in respect of categories of dwellings listed in different valuation bands, being the amounts given by multiplying the amount at (d)

above by the number which, in the proportion set out in Section 5(1) of the Act, was applicable to all dwellings listed in each particular valuation band divided by the number which in that proportion was applicable to dwellings listed in Valuation Band D, calculated by the Council, in accordance with Section 36(1) of the Act.

10. To note that details of the precepts to the Council for Derbyshire Police and Crime Commissioner and Derbyshire Fire Authority, in accordance with Section 40 of the Local Government Finance Act 1992, would be presented to Council on 27 February 2019.
11. To note that the Council Tax to be set for 2019/20 being the aggregate of the amount calculated by the Council at Appendix 1 of the report and the precepts issued by the Council's major precepting authorities, in accordance with Section 30 of the Act, would be presented to Council on 27 February 2019.
12. To agree revenue budget plans for 2019/20 and 2022/23 set out in section 4.22 of the report.
13. To note the feedback from the budget consultation detailed in section 4.64 and Appendix 20 of the report and approve the Council Cabinet responses to consultation recommendations.
14. To delegate approval to the Strategic Director of Corporate Resources to make necessary adjustments in order to retain a balanced budget for 2019/20.
15. To agree the additional funding forecast to be received from the Derbyshire Business Rates one year pilot and reserve forecast of £4.5m and to approve the delegated authority for allocating the use of the Business Rates Pilot Reserve to the Strategic Director of Corporate Resources, as detailed in section 4.46 of the report.
16. To approve the transfer of £1m from the Corporate Contingency Revenue Budget to the treasury management reserve from 1 April 2019 to fund Treasury Management borrowing requirements in future years and to delegate approval to the Strategic Director of Corporate Resources, as set out in section 4.52 of the report.
17. To approve the capital programme for 2019/20 and note the indicative capital programme for 2020/21 and 2021/22 as set out in section 4.90 of the report. A summary and detail was shown in Appendix 7 of the report.
18. To approve the commencement of the capital schemes presented in the 2019/20 capital programme detailed in Appendix 7 of the report.
19. To note assumptions made for Government funding allocations for the capital programme as detailed in section 4.100 to 4.102, 4.105 and 4.117 of the report.

20. To note the process of review undertaken on the current capital programme described in section 4.90 of the report.
21. To note the revenue budget implications of the proposed capital programme described in sections 4.118 of the report.
22. To recommend that Council approve additional borrowing outlined in section 4.110 and detailed in Appendix 8 of the report.
23. To approve the Minimum Revenue Position policy detailed in Appendix 9 of the report.
24. To approve and recommend to Council the Prudential Indicators for 2019/20 to 2021/22 in paragraph 4.190 and detailed in Appendix 10 of the report.
25. To approve the capital strategy attached at Appendix 11 of the report.
26. To approve and recommend to Council the Treasury Management Strategy for 2019/20 outlined in section 4.124 of the report.
27. To approve and recommend to Council the Treasury Management Indicators for 2019/20 to 2021/22 in section 4.183 and 4.189 of the report.
28. To delegate authority to the Strategic Director of Corporate Resources to amend investment levels following appropriate advice from the Council's treasury advisors as detailed in section 4.174 of the report.
29. To approve the 2019/20 update of the rolling 30 year HRA Business Plan, as set out in section 4.193 of the report.
30. To approve delegation of the Housing Revenue Account Estates Pride revenue budget to Derby Homes as set out in section 4.201 of the report.
31. To approve the 2019/20 management and maintenance fee paid to Derby Homes as set out in section 4.210 of the report.
32. To approve changes to rents and service charges as set out in section 4.212 of the report.
33. To approve the Housing Revenue Account capital programme for the years 2019/20 to 2021/22 in section 4.216 of the report and to approve Derby Homes directly managing the schemes attributed to them in section 4.216 of the report.
34. To approve a transfer of £2.634m from the Schools Block to the High Needs Block, equivalent to 1.5%, as detailed in section 4.217 of the report.
35. To approve the following changes to the funding formula for schools, as detailed in section 4.217 of the report:

- To implement a minimum funding level per pupil of £3,300 for primary and £4,500 for secondary aged pupils.
- To scale back the National Funding Formula Factors to 98.8%.
- To implement a cap on growth of 3.0%.
- To set a Minimum Funding Guarantee of 0%.

36. To approve a 3.04% increase on the base rate element of the Early Years Funding Formula, as detailed in section 4.223 of the report.

37. To approve a 7% reduction in the 2018/19 bandings for special schools, There would, however, be an overall increase in the number of funded commissioned places in Special Schools, as detailed in section 4.227 of the report.

38. To approve a transfer of £0.210m Brexit funding for Government to reserves to help fund additional planning and capacity, as detailed in section 4.88 of the report

39. To note the Council's Pay Policy Statement as set out in Appendix 16 of the report.

184/18 Report on the Robustness of Estimates and on the Adequacy of Reserves

The Council Cabinet considered a report which stated that the Council's Medium Term Financial Plan (MTFP) had been prepared with consideration to the resources available to the Council and to the demands and priorities included within the Council Plan. The current MTFP 2019/20 – 2022/23 was evidence that the Council could no longer provide the range of services it had done historically. Some services may have to stop or be scaled back unless they were provided at no further cost to the Council.

The MTFP process incorporated a review of current levels of reserves to ensure there was adequate cover for current and future planned needs and unforeseen eventualities and it identified any reserves which could be released to support the delivery of our four year MTFP.

The report provided an opinion under Section 25 (1) of the Local Government Act 2003 which required the Chief Finance Officer (Section 151 Officer) to report to Council on the robustness of the MTFP estimates made for the purposes of the budget calculations and the adequacy of Council reserves.

The report was split into; Section 4 detailing the MTFP process and budgetary controls, Section 5 covering the robustness of estimates and Section 6 covering the adequacy of reserves.

The Executive Scrutiny Board noted the report.

Decision

1. To note the Chief Finance Officer's opinion that the estimates used in the production of the MTFP for 2019/20 – 2022/23 were robust.
2. To note the Chief Finance Officer's opinion that, based on the assessment of the Council's reserves, the key financial risks identified, and the process used for developing the MTFP, the level of reserves and balances for our balanced budget forecasts in 2019/20 were adequate.
3. To recommend to Council that they consider the report in conjunction with the General Fund Revenue Budget and MTFP Report for 2019/20 – 2022/23.
4. To note the Reserves Policy outlined in Appendix 4

Performance

185/18 Performance Monitoring 2018/19 – Quarter Three Results

The Council Cabinet considered a report which updated Council Cabinet on performance against the Council's priorities, as measured by the indicators agreed in the Council Scorecard.

To highlight areas of achievement, which included:

- the number of children and young people subject to Child Protection Plans continued to reduce.
- more new foster carers were being approved in a timely fashion.
- the number of older adults entering long-term care had remained at a low level compared to previous years, suggesting we were successfully supporting people in the community.
- rent arrears for Derby Homes tenants remained at a reasonably low level, as the rollout of Universal Credit Full Service to more customers continued.

To provide information on how areas of weaker performance were being addressed, and actions being taken to improve performance and mitigate risks.

The Executive Scrutiny Board noted the report.

Decision

1. To note the 2018/19 quarter three performance results set out in Appendix 1, recognising the achievements set out in paragraph 4.11 of the report.
2. To note the follow-up to the indicators highlighted in the Improvement Report at Appendix 2 of the report.

Other

186/18 Review of Derby City Council Governance System

The Council Cabinet considered a report which stated that in May 2018 Council agreed to establish a Committee System Working Group tasked with 'reviewing and considering proposals' relating to our governance arrangements.

The Group had reached their conclusions following full research of all the key principles and was now in a position to make their recommendations to Council Cabinet and Council in order to put in place a more effective governance system through a Committee System structure for political decision making rather than the current Leader and Cabinet System.

The Executive Scrutiny Board resolved to recommend that Council Cabinet amend the report to include a recommendation that Council explore the possibility of moving to all-out, four yearly elections, in conjunction with the review of Derby City Council's governance system.

Decision

1. To authorise the Strategic Director of Corporate Resources to develop a Committee System based on the following working principles:
 1. Achieve greater councillor engagement in decision-making;
 2. No increase in the number of meetings;
 3. No increase in costs;
 4. Avoid unnecessary delays in decision-making so that any change is at least comparable to the Leader and Cabinet model;
 5. Including call-in within the functions of the new committee structure;
 6. To allow all councillors to put items on the agenda of committees;
 7. Fit for purpose officer delegation scheme, with councillor involvement only in significant officer decisions.
2. To agree that local electors should be consulted prior to any final decision being made.
3. To agree to seek the commitment of Council on 27 February 2019 to the development of a Committee System in line with the two recommendations set out in 2.1 and 2.2 of the report.
4. To accept the recommendation from Executive Scrutiny Board to amend the report to include a recommendation that Council explore the possibility of moving to all-out, four yearly elections, in conjunction with the review of Derby City Council's governance system.

187/18 Exclusion of Press and Public

Resolved that under Section 100A (4) of the Local Government Act 1972 the public be excluded from the meeting during discussion of the following items of business on the grounds that they involved 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

188/18 Project Mulberry – Investment in a High Quality Warehouse and Office to Support the Transport Engineering Supply Chain at Infinity Park

The Council Cabinet considered a report which sought approval to enter into a forward funding investment for a new high quality warehouse and office to support the transport engineering supply chain at Infinity Park Derby (IPD). The proposal, known as Project Mulberry, would deliver the Council's aspirations for development at Infinity Park Derby and was self-financing.

Options Considered

Do Nothing – this option had been discounted as it risked missing the opportunity for securing investment in IPD, which it was hoped would act as a catalyst for further development. Further, doing nothing risked the Lessee not being able to secure an alternative solution for accommodation within the City, which could limit the Lessees options for growth or result in the business deciding to leave the City.

The Executive Scrutiny Board noted the report.

Decision

1. To approve the funding and development of an investment property at Infinity Park Derby to be let on the terms outlined within section 4.9 of the report.
2. To approve the funding of the project through corporate borrowing to support a recommend Council to adjust the borrowing requirement to support the investment at £19.3 million.
3. To approve the use of the budget risk revenue reserve, set out at paragraph 2.3 of the report, to cover the revenue pressure in the first 3 years of the project.
4. To add Project Mulberry to the capital programme and give authority to acquire the investment and supporting spend to the value of £19.3million in over the period 18/19 to 20/21.
5. To approve the allocation to Project Mulberry of a loan repayment, set out in paragraph 2.5 of the report, from the IPD developer to the Council, which would otherwise be allocated to the Corporate Capital Programme.

6. To delegate authority to the Strategic Director of Corporate Resources, following consultation with the Cabinet Member for Regeneration and Public Protection, the Cabinet Member for Finance and Procurement and the Strategic Director for Communities and Place, to negotiate the acquisition of and enter into contracts for the forward funded investment to be let on the terms outlined within this paper.
7. To delegate authority to the Strategic Director of Communities and Place, following consultation with the Strategic Director of Corporate Resources, Cabinet Member for Regeneration and Public Protection and Cabinet Member for Finance and Procurement to submit a bid to the D2N2 Local Enterprise Partnership for Business Rates recycling funding and where successful to negotiate and accept the funding agreements.
8. To note that the above recommendations were subject to approval of the recycled business rates funding request to the D2N2 Local Economic Partnership.
9. To approve the appointment of consultants to support the Council in the undertaking of the project.

Reasons

1. To enable development to commence at Infinity Park Derby and act as a catalyst for future development at Infinity Park Derby.
2. To contribute to the job creation objectives as part of the LGF funding to support the delivery of infrastructure at Infinity Park Derby.
3. To enable the delivery of the project the repayments from the IPD developer loan should contribute towards the project costs
4. Over time, this was a self-financing project and the pre-let de-risks the Council's investment purchase.

189/18 New Swimming Pool Complex at Moorways – Next Steps

The Council Cabinet considered a report which provided exempt information in relation to an update on the business case revenue projections for the new Swimming Pool Complex.

Options Considered

These were set out in paragraph 6.1 of the report.

The Executive Scrutiny Board noted the report.

Decision

1. To note that £400,000 per annum was currently included in the MTFP from 2021-22 to cover the projected on-going revenue subsidy for the new Swimming Pool Complex.
2. To note that if the operation of the New Swimming Pool Complex with enhanced leisure water was to be contained within the projected revenue subsidy included within the MTFP from 2021-22 that this would need to be through either a Local Trust or Out-sourced model.

Reasons

1. To allow the important delivery of this strategic project for the Council to be maintained and enable the opening of the new Swimming Pool Complex, delivering a much needed, improved and modernised swimming facility offer within the city.
2. To deliver the new swimming pool complex with enhanced leisure water would provide a facility that was more targeted for families and increases the target age range.

Budget and Policy Framework

190/18 2018/19 Quarter 3 Forecast of Outturn for General Fund, Capital Budgets, Dedicated Schools Grant, Collection Fund and Housing Revenue Account

The Council Cabinet considered exempt information in relation to write off of business rates.

The Executive Scrutiny Board noted the report.

MINUTES END