



Report sponsors:

Councillor Baggy Shanker Leader of the Council
and Cabinet Member for Strategy, Governance
and Finance

Alison Parkin, Director of Financial Services

ITEM 13

Report author: Toni Nash, Head of Finance

Compliance with Contract and Financial Procedure Rules

Purpose

- 1.1
 - Acceptance of funding of £0.270m from the Department for Education (DfE) to Derby City Council for financial years 2023/24 and 2024/25 to implement a Staying Close offer for care experienced young people
 - Approval of a licenced deficit for Harrington Nursery School
 - Addition of two new schemes to the 2023/24 Parks and Open Spaces Capital Programme
 - Loan proposal to Quad of £0.150m

Recommendation

- 2.1 To note the acceptance £0.270m of funding from the Department for Education for financial years 2023/24 and 2024/25 to implement a Staying Close offer for care experienced young people as outlined in section 4.1.
- 2.2 To approve delegated authority to the Strategic Director for People Services in consultation with the Cabinet Member for Children and Young People and Skills to accept the conditions set out in the Section 31 Grant Agreement and a Memorandum of Understanding, (subject to agreed terms for both) which will allow operational managers to implement the Staying Close model for Derby using Department for Education funding as outlined in section 4.1.
- 2.3 To approve a licenced deficit for Harrington Nursery school in 2023/24 totalling £0.019m as outlined in section 4.2.
- 2.4 To approve the addition to the 2023/24 Parks & Open Spaces Capital Programme of a scheme for the installation of Zipwire and Balance Beam at Sinfin Moor Park play area for £0.024m as outlined in section 4.3.
- 2.5 To approve the addition to the 2023/24 Parks & Open Spaces Capital Programme of a scheme for play area improvements at Chaddesden Park for £0.017m as outlined in section 4.4.
- 2.6 To approve the provision of a loan of £0.150m to Quad as outlined in section 4.5.

- 2.7 To delegate authority to the S151 Officer (Director of Finance) to negotiate and agree the final conditions of the loan.

Reasons

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

Supporting information

4.1 Staying Close offer for care experienced young people

Derby City Council's Leaving Care Service made a bid for national funding for a Staying Close programme to offer extended support for young people who are care experienced and have spent a period living in residential care to reduce risks of eviction and homelessness later in life.

- 4.1.1 The bid (due to a tight turnaround in timescale to complete the application) was not approved at council cabinet. Therefore, the request today is to accept the DfE funding, which Derby City Council received notification of from the DfE on 5th of May 2023. The Council now await a Grant Agreement and Memorandum of Understanding from the DfE to progress the Staying Close programme.
- 4.1.2 The money received from the DfE will be used to build on Derby's existing offer of accommodation for care experienced young people who face risks associated with homelessness and evictions later in life.
- 4.1.3 Derby already has an offer of accommodation options for care experienced young people, this includes:
- Independent Tenancy
 - Staying Put
 - Shared Lives
 - Supported Lodgings
 - UASC properties (shared accommodation for care experienced young people awaiting their asylum decision)
 - Transitions Flats
 - Supported Accommodation
 - Private Rental

The Staying Close programme will build on the existing offer with partners both external and internal to Derby City Council.

- 4.1.4 The plan in regard to Staying Close programme funding received from the DfE would be to recruit (fixed term) two full time equivalent (FTE) Personal Advisors to lead on transition to support young people and a part time (fixed term) therapeutic Social Worker (0.6 FTE) who will oversee operational work and ensure work is planned on a trauma informed basis.
- 4.1.5 The programme will support ten young people over the course of the two financial years, these will be young people with high levels of need and who would present challenges for services in terms of consistency of placement, costs of support and so despite small numbers; the needs of this group would create a high level of demand for services if needs were not addressed in the transition to adulthood.

- 4.1.6 The programme will offer cost savings as young people will be accommodated in properties provided by Derby Homes as opposed to accessing properties such as supported accommodation through an existing framework of providers the Local Authority pay for, who also offer support to young people to develop their skills. Post 18, savings will be made by way of support coming from internal staff and those recruited through Staying Close funding, as opposed to commissioned provision from a framework of existing providers.
- 4.1.7 The programme and approach have full support from the Strategic Director of People Services and the Service Director for Early Help and Children's Social Care.
- 4.1.8 Scrutiny for the programme will come through the Corporate Parenting Committee and governance via a steering group including representatives from the Children in Care and Leaving Care Services, residential services, Integrated Commissioning and Derby Homes to ensure the programme plan remains on track, the budget will be managed efficiently and appropriately (in line with the grant agreement and memorandum of understanding).
- 4.1.9 It is recommended to note the acceptance £0.270m of funding from the DfE for financial years 2023/24 and 2024/25 to implement a Staying Close offer for care experienced young people.
- 4.1.10 It is recommended to approve delegated authority to the Strategic Director for People Services in consultation with the Cabinet Member for Children and Young People and Skills to accept the conditions set out in the Section 31 Grant Agreement and a Memorandum of Understanding, which will allow operational managers to implement the Staying Close model for Derby using DfE funding.
- 4.2 Harrington Nursery School Licenced Deficit**
The Scheme for Funding Schools requires Council's Cabinet to approve a licenced deficit. Licenced deficits will normally be approved where there has been a significant reduction in pupil numbers or an overspend has arisen because of large items of expenditure which could not have been anticipated. The maximum period allowable for any licenced deficit is 3 years and the maximum permitted size of a licenced deficit is 5% of a school budget.
- 4.2.1 The school has requested a licenced deficit of £0.019m for the financial year 2023/24, which represents 4.9% of their budget. This is to cover restructuring which is necessary for the future sustainability of the nursery. The school will have removed the deficit by the end of 2024/25.
- 4.2.2 It is recommended that approval is granted for Harrington Nursery schools to report a licenced deficit of £0.019m in 2023/24.
- 4.3 Addition to the capital programme – Zipwire and Balance Beam, Sinfin Moor Park of £0.024m**
The local community were disappointed when the old zipwire had to be removed and feedback from the Sinfin Moor Park and Local Nature Reserve friends group suggested that there was a strong desire for a new zip wire. The group carried out consultation with the local community, which had 136 responses, 99.3% of respondents supported the installation of a zipwire.

- 4.3.1 Sinfin Moor Park and Local Nature Reserve Friends group have been raising funds for play area improvements which includes the installation of a zipwire and a balance beam. This funding has been secured via income from their community café, Neighbourhood Board funding and external funders and been accepted by the Council.
- 4.3.2 The council is to receive £0.024m. Derby Homes is contributing £0.010m and the Friends Group £0.014m to finance these improvements.
- 4.3.3 The scheme will be to install a Zipwire, balance beam and safety surfacing, and associated groundworks at Sinfin Moor Park. The equipment is being installed within an existing play area and is replacing equipment that has been removed. The play area is inspected and maintained by the Parks Team and the new pieces will be included within the existing inspection and maintenance programme.
- 4.3.4 It is recommended to approve the addition to the 2023/24 Parks & Open Spaces Capital Programme a scheme for the installation of Zipwire and Balance Beam at Sinfin Moor Park for £0.024m.

4.4 Addition to the capital programme – Play area Improvements Chaddesden Park of £0.017m

Friends of Chaddesden Park have carried out 2 consultations with the local community regarding Chaddesden Park. The first showed that there was a need for play improvements and the Friends group have since been fundraising and working alongside the council to improve the play area. The most recent consultation showed 97.1% of respondents wanted to see further improvements to the play area.

- 4.4.1 The council is to receive £0.017m from the Friends of Chaddesden Park of contribution towards play area improvements. This funding has been raised via income from the Friends group shop, Neighbourhood Board funding and external funders.
- 4.4.2 The Chaddesden Park scheme will be to install an overhead ladder, accessible roundabout and other additional inclusive equipment. The equipment is being installed in an existing play area and the roundabout is replacing a spinning disc that was removed 2 years ago. The play area is inspected and maintained by the Parks team and the new pieces of equipment will be included within the existing inspection and maintenance programme.
- 4.4.3 It is recommended to approve the addition to the 2023/24 Parks & Open Spaces Capital Programme, play area improvements at Chaddesden Park for £0.017m.

4.5 Proposal of Loan to QUAD for £0.150m

QUAD is a key cultural organisation in Derby providing opportunity for engagement in visual art, film, education and participatory activities. QUAD is an Arts Council England National Portfolio Organisation. In 2021/22 financial year QUAD reached 541,921 people through its programme and 4,790 people took an active part in learning activities.

- 4.5.1 However, Audience Agency data from Spring 2023 has highlighted the compounding pressures facing arts and cultural organisations, as audiences already slow to return post-pandemic have been stalled by the cost-of-living crisis (60% say that cost-of-living is putting them off attending cultural events). For QUAD this is further impacted on by reduced footfall due to closure of surrounding cultural buildings including Market Hall, Guildhall Theatre and Assembly Rooms.
- 4.5.2 QUAD is therefore implementing an organisational review to address a short-term budgetary shortfall and establish longer-term sustainability. To support cash-flow during the delivery of this recovery process a loan provision of £0.150m has been requested from Derby City Council.
- 4.5.3 It is recommended to approve the provision of a loan of £0.150m to Quad.
- 4.5.4 It is recommended to approve delegated authority to the S151 Officer (Director of Finance) to negotiate and agree the final conditions of the loan.

Public/stakeholder engagement

- 5.1 **Staying Close offer for care experienced young people**
The DfE consulted with Local Authorities across England and Wales in relation to making bids for funding. Derby has previously bid for funding but was unsuccessful as part of a regional East Midlands Councils bid but an independent bid on this occasion has been successful. Consultation with young people has occurred through co-production work which is central to the existing transitions property work and there has been consultation across departments within Derby City Council and Derby Homes.
- 5.2 **Additions to the Capital Programme**
The Friends Groups in partnership with the Council have carried consultation with the local community.
- 5.2.1 **Additions to the Capital Programme**
The Council will work closely with the Friends Group and other stakeholders to ensure that the projects meet the needs of the local community and park users.

Other options

- 6.1 **Staying Close offer for care experienced young people**
We have assessed options for utilising the DfE funding but feedback from young people and the weight of thought across the partnership is that hands on and direct support to develop skill sets needed for adulthood is the best way of investing the funding to support better outcomes for young people.
- 6.2 **For Sinfen Moor Park**
The council have considered not replacing the existing zipwire. This would not meet the needs of the local community as there is a desire from the Friends group and the local community to have this piece of equipment replaced. We have also considered not carrying out works on the wooden trim trail, which will potentially leave an unsafe piece of equipment.

6.3 **For Chaddesden Park**

We have considered having no further improvements to the play area. This would not meet the needs of the local community as there is a desire to improve the play area to improve the play value and inclusivity and the Friends group have been fundraising towards this. The roundabout would replace the spinning disk that was removed from site 2 years ago.

6.4 **QUAD Loan**

There is the option to not provide the requested loan facility to QUAD. However, this would increase financial risk to the organisation and slow the pace of their recovery. QUAD is a key cultural organisation that can support city centre regeneration through increased vibrancy and placemaking. Slowing the pace of QUAD's recovery will have impact on the wider city centre.

Financial and value for money issues

7.1 **Staying Close offer for care experienced young people**

The money being invested by the DfE builds on existing work taking place to utilise transitions properties provided by Derby Homes to support young people make a successful transition from childhood into adulthood, reducing risks associated with eviction and homelessness and saving financially by moving young people from supported accommodation or other funded provision into an in house option with wrap around support from existing services.

7.1.1 The costs to public services in Derby City if young people are evicted or become homeless in the future are significant, as there could be costs for housing department's, adult services within the Local Authority, the Police and Probation service, health services; particularly services for emotional and mental health alongside loss of social capital for young people and the city itself.

7.1.2 The financial arrangements for this programme will be managed through a Staying Close steering group which would include membership from Derby City Council Finance Department.

7.2 **Sinfin Moor Park**

The council is to receive £0.024m from Derby Homes (£0.010m) and Sinfin Moor Park Friends Group (£0.015m) of contribution to finance the installation of the play equipment. The acceptance of this funding has been approved by Delegated Approval.

7.3 **Chaddesden Park**

The council is to receive £0.017m contribution from Friends of Chaddesden Park towards play area improvements at Chaddesden Park. The acceptance of this funding has been approved by Delegated Approval.

7.4 The new equipment is being installed into existing play areas and is mainly replacement of equipment. The newly installed equipment will be inspected and maintained within the existing inspection and maintenance programme.

7.5 **QUAD Loan**

Following the request of a loan facility, QUAD have provided their 2023/24 financial forecasts and budget information for review and scrutiny by the Council Finance Team. The Finance Team have undertaken due diligence and are satisfied that the projections are robust and do demonstrate the ability to repay the loan over the proposed loan period of 3 years. The Director of Finance and the Head of Finance for Major projects met with QUAD and provided further information on the actions already taken and to be taken to address QUAD's financial sustainability.

If the loan is approved, a further review will take place in the autumn to monitor the progress of the recovery to ensure it is meeting the anticipated timeline.

- 7.5.1 Whilst the details of the loan repayment have yet to be agreed, the intention is that this will be an interest free, unsecured loan over a 3 year period. The Council's usual position would be to seek security over the assets of the organisation requesting the loan; however, the Council is the freehold owner of the building occupied by QUAD and QUAD do not have assets against which the Council can secure the loan. Officers recommend that interest is not charged on this loan as to do so could undermine the purpose of the loan i.e. to deal with a current cashflow issue. QUAD's continued operation provides a wider financial benefit to the Council in terms of continued payment of Business Rates and avoidance of vacant property costs if the building was not in use.
- 7.5.2 The provision of the loan will reduce the available cash balances (and potential interest earned) of the Council during the loan period and, as with any loan, there is a risk of non-repayment.

Legal implications

8.1 **Staying Close offer for care experienced young people**

The programme does not have a statutory basis, however, there will need to be management of information governance arrangements alongside financial regulations to ensure the Local Authority works within other statutory frameworks.

- 8.1.1 As part of the programme, we will be required to engage with and send data (including data relating to children and young people) to What Works for Early Intervention and Children's Social Care (WWEICSC) as part of a mandatory ongoing evaluation process. A Data Sharing Agreement will be developed in collaboration with WWEICSC to facilitate this.
- 8.1.2 A Grant Agreement and Memorandum of Understanding will need to be entered into to progress the programme, subject to agreed terms for both. Currently these are awaited and so the terms of these agreements have not been reviewed.

8.2 **Additions to the Capital Programme**

The Council will be responsible for inspecting and maintaining the equipment. The equipment is being installed into existing play areas which are already inspected and maintained.

8.3 **QUAD Loan**

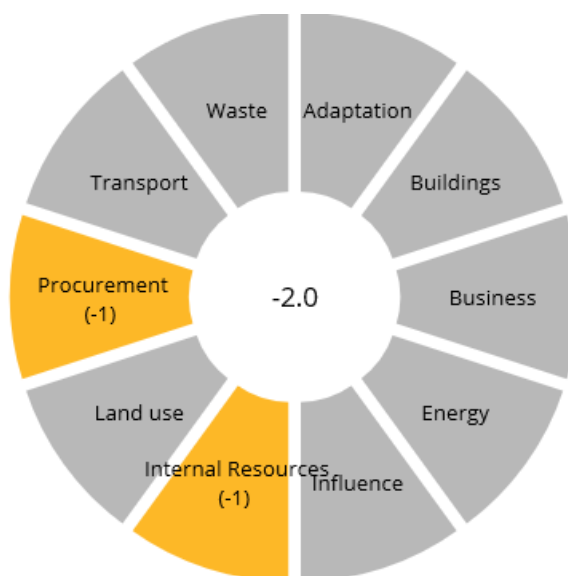
A loan agreement between the Council and QUAD will be drawn up to specify the loan details and repayment schedule.

- 8.3.1 The Subsidy Control Act 2022 has been considered: on first principles an interest free loan could be a subsidy. However, the proposed loan to QUAD is not unlawful as it is exempted under the Chapter 9 “Legacy Schemes” provisions: loans to cultural organisations are exempted under Article 53 of the General Block Exemption Regulations 2014, which remain applicable to UK schemes under the provisions of the Subsidy Control Act 2022.

Climate implications

- 9.1 **Staying Close offer for care experienced young people**
There are no climate implications resulting from this programme.

9.2 Additions to the Capital Programme



- 9.2.1 Additional equipment will mean a small addition in staff time to inspect and maintain equipment. It is important to note that the equipment being installed in replacement of lost equipment and is going into existing play areas so staff time increase is minimal.
- 9.2.2 Suppliers of the equipment have environmental policies. Wood is from sustainable forests and transportation is with environmentally focussed haulage companies.

Socio-Economic implications

- 10.1 **Staying Close offer for care experienced young people**
There are no other significant implications arising from this programme.
- 10.2 **QUAD Loan**
QUAD provide free at the point of entry activity through their visual arts programme. They also provide greatly subsidised cinema tickets for family films. QUAD also work with other cultural organisations to delivery creative activity for young people in communities. Not providing the loan facility will reduce QUAD’s capacity to maintain these types of programmes.

Other significant implications

- 11.1 Clearly these two initiatives support the 'age' protected characteristic under the Equality Act - children and young people and will make a positive difference for care experienced young people.

This report has been approved by the following people:

Role	Name	Date of sign-off
Legal	Olu Idowu, Head of Legal Services	19/06/2023
Finance	Toni Nash, Head of Finance	19/06/2023
Service Director(s)	Alison Parkin, Director of Financial Services	19/06/2023
Report sponsor	Liz Moore, Head of HR, and OD (Organisational Development)	N/A
Other(s)	Ann Webster, Lead on Equality and Diversity	19/06/2023

Background papers:	N/A
List of appendices:	N/A