

Time began 6.00pm  
Time ended 7.50pm

**COUNCIL CABINET  
27 JULY 2010**

Present: Councillor Jennings (Chair)  
Councillors Holmes, Marshall, Poulter Webb and  
Williams

In attendance Councillor Bayliss, Carr and Jones

This record of decisions was published on 29 July 2010. 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.

### 29/10 Apologies for Absence

Apologies for absence were received from councillor Grimadell and Ingall. Councillor Ingall arrived for item 18 on the agenda and remained for the rest of the meeting.

### 30/10 Late Items Introduced by the Chair

In accordance with Section 100(B) (4) of the Local Government Act 1972, the Chair agreed to admit the following late item:

- Local Enterprise Partnerships.

### 31/10 Identification of Urgent Items to which Call-In will not apply

The following items had to be implemented with immediate effect. The Chair of the Scrutiny Management Commission had agreed it could be treated as urgent items and therefore not subject to call-in for the reason outlined below:-

#### **35/10 Local Enterprise Partnerships**

The reason it was necessary to suspend call-in was because the bid needed to be submitted to the Government by the end of July

### 32/10 Declarations of Interest

Councillor Williams declared a personal interest in item 9 because she was a school governor at Asterdale Primary School. Councillor Jennings declared a personal interest in item 9 because he was a governor at Shelton Junior School and Chellaston Junior School. Councillor Holmes declared a personal interest in item 9 because he was a governor at Mickleover Primary School.

## 33/10 Minutes of the meeting held on 6 July 2010

The minutes of the meeting held on 6 July 2010 were signed as a correct record and signed by the Chair.

## Matters Referred

### 34/10 Post Office Closures

The Council Cabinet considered a report which stated that at the Council meeting on 15 July 2009 it was resolved that Council recognised that the Post Office closure programme had a disproportionate effect on certain neighbourhoods around the city. The administration was asked to approach Post Office Ltd regarding the closure of Chester Green post office and to consider the options for re-opening. The report highlighted the options considered, after discussions with Post Office Ltd and the financial implications of each option.

#### **Decision**

To take no further action in view of the cost to the Council under all three options.

## Key Decisions

### 35/10 Local Enterprise Partnerships

The Council Cabinet considered a report which stated that on 29 June 2010 the Secretaries of State for Business Innovation and Skills and Communities and Local Government, wrote to Local Authority Leaders and Chief Executives and to business leaders, inviting their submission of proposals about the establishment of Local Enterprise Partnerships (LEPs).

Derby City Council has consulted with neighbouring authorities and business leaders, looked at a number of options for the geographical and economic area that an LEP including Derby City might cover, and developed a business case for Derby, East Staffordshire and Derbyshire Economic Region LEP. A second option which we would consider was an LEP including Derby, Derbyshire, East Staffordshire plus Nottingham City and Nottinghamshire County.

Submissions to Government have to be made by 6 September 2010, although informally bids have been encouraged earlier. Derby City Council would like to submit our proposals by the end of July.

### **Options Considered**

The options considered were set out in the report.

### **Decision**

To delegate authority to the Chief Executive in consultation with the Leader of the Council to finalise details of a bid for a Local Enterprise Partnership and to submit the bid to the Government by the end of July:

### **Reasons**

The reasons were set out in the report.

In accordance with Procedure Rule A126, the Chair of the Scrutiny Management Commission had been advised that this item would be considered although not included in the Forward Plan.

## **36/10 Food Law Enforcement Plan**

The Council Cabinet considered a report on Food Law Enforcement Plan. Each year the council must produce a Food Law Enforcement Plan. The plan was required to identify the obligations placed on the Council by The Food Safety Act 1990, the Food Hygiene (England) Regulations 2006, the Official Feed and Food Controls (England) Regulations 2006, The Food Labelling Regulations 1996, The Agriculture Act 1970 and The Animal Health Act 2006 and the resources made available to officers to discharge these obligations.

### **Options Considered**

There were no other options considered.

### **Decision**

To approve the Food Law Enforcement Plan 2010/2011.

### **Reasons**

There were no reasons.

In accordance with Procedure Rule A126, the Chair of the Neighbourhoods Commission had been advised that this item would be considered although not included in the Forward Plan.

## **37/10 Disposal of Land at Grange Avenue, Normanton, Derby – former sites of the Normanton Junior and Sunnyhill Infant Schools**

The Council Cabinet considered a report on Disposal of Land at Grange Avenue, Normanton, Derby – former sites of the Normanton Junior and Sunnyhill Infant Schools. The report recommended the disposal of these former schools sites following the building of the new Village Primary School, which replaced them in the summer of 2008. The report provided information relating to the disposals and the potential development together with a brief summary of the expected benefits. An outline of the bids and anticipated financial receipts were set out in the confidential report.

### **Options Considered**

The Council had no operational needs for the sites. Having previously been granted consent for residential use in 2006 that use was most acceptable to fit planning policy and community expectations.

### **Decision**

1. To authorise the proposed disposal of the former schools sites as set out in the report, and the terms detailed in the confidential part of the agenda and subject to the approval of the Department for Education.
2. To authorise the Director of Asset Management to complete the lease for Site B following consultation with Cabinet Member with responsibility for Asset Management on the detailed terms.
3. To approve an allocation of £50,000 from the sale proceeds to assist the funding the proposed open space works at Kitchener Avenue (referred to as site C and D).
4. To authorise the Director of Asset Management to submit an application to the Department of Education for consent to dispose of the former playing fields within the site.

### **Reasons**

1. The former school sites were surplus and should be disposed of now market conditions were improving in order to achieve best consideration reasonably obtained.
2. The outcome from these disposals should enable developments which maximise potential capital receipts for the Council and satisfy both extra care housing (ECH) affordable homes and other planning policy requirements.
3. An application to obtain consent for disposal of the playing field areas would justify the reasons after their replacement at the new Village School and confirm there was no lack of provision at other nearby schools. If the Department for Education gives its consent it is then planned to add additional accessible public open space in the

neighbourhood. The funding for those works would be met in part from sale proceeds but mainly through section 106 developer's payments.

## 38/10 Options Appraisal of the Schools Meals Provision in the City

The Council Cabinet considered a report on Options Appraisal of the Schools Meals Provisions in the City. A comprehensive review had taken place of school meal provision in the City due to the significant losses the school meals service was making. The future of non-schools catering was also considered in the report. The report set out the various options with details of the benefits and negative impacts along with projected costs. Due to the scale of the continuing losses and schools deciding to opt out of the Council run catering service, it was important to make a strategic decision on the preferred option for the service as soon as possible.

The Council Cabinet also considered the recommendations of the Scrutiny Management Commission.

### Options Considered

1. These were detailed in the report. In addition:
2. The School Meals Service could give notice to the remaining 56 schools that were running at a loss that a school meals service would no longer be provided. Individual sites would then become responsible for the catering service to their pupils. This would be contentious as head teachers would be unable to buy into the Council provided catering service. Where these services were making a loss, a decision would need to be made on the provision of school meals if head teachers refused to provide a service. This may lead to differences in provision across city schools. It would lead to ineffective procurement if schools procured separately. The 56 schools had been identified as loss-making based on their proportion of free school meals to total meals provided. Where this was less than 50%, then sites were likely to be running at a loss. This was because the cost of producing a meal was above the £2 per meal charged for a paid meal and was effectively subsidised by the free school meal allocation. This option had been discounted because it may have lead to a loss of school meals service within some schools. The uptake of school meals in currently a National Indicator which all Local Authorities were required to report on.
3. The option to increase the price of a school meal to cover the costs of preparation was considered but rejected because of ...
  - the impact on low paid families across the city

- it was also considered that it would lead to a significant reduction in take-up and consequently increase the costs of producing the remaining meals.

## **Decision**

1. To approve the outsourcing of the school meals service either through: Option A: Outsource the production and delivery of school meals to a Council distribution hub which would transport the meals to school kitchens where the meals would be regenerated, or Option B2: Outsource the school meals service to either a private or public catering provider with a regeneration production process dependent upon the outcomes of a full tendering process. The proposals set out in Option C to also be further explored for their potential merits.
2. To include non-school catering in the outsourced contract.
3. To change the school meal options from September 2010 to a choice of two meals – fish or meat and vegetarian, from the currently provided choice of three meals – fish, meat and vegetarian, as detailed in paragraph 4.63 of the report giving an estimated saving over a full year of £141,000.
4. To note proposals to renew life expired and obsolete kitchen equipment and approve the policy on catering equipment ownership that, in the event of a school opting out of the Council catering service, any remaining borrowing liabilities on assets were transferred to the school with the asset as detailed in paragraphs 4.60 and 4.61 of the report.

## **Reasons**

1. A decision was required on a financially sustainable method of operation which delivered high quality school meals. A full analysis of the costs, based on soft market testing, of each option demonstrated that a regeneration cooking method was the only process that would enable the catering service to generate sufficient cost reductions to produce a school meal at a price the Council could afford. This method would maintain nutritional, health and quality standards and allow a greater choice of meals to be provided. Options A and B2 were the most favourable in financial and risk terms.
2. Non-school catering, essentially the Council House and Kedleston Road, was making a loss of approximately £40,000.
3. Short-term cost reduction measures were required to reduce the budget deficit for this year.
4. Kitchen equipment would remain in schools which opted out of the centrally provided service. Replacement of life expired kitchen

equipment soon to be carried out would be funded partly through Government grant and partly from the modernisation fund as unsupported borrowing. This funding had to be repaid.

## **39/10 Proposal to close Merrill College and re-open it as a National Challenge Trust School from September 2010**

The Council Cabinet considered a report on a proposal to close Merrill College and re-open it as a National Challenge Trust School from September 2010. In April 2010, the Council received approval from the Minister of State for Schools and Learners for its proposal to convert Merrill College to a National Challenge Trust school, with Derby College acting as the lead educational partner. The Minister made this approval conditional on the Council taking action to re-launch the school by closing the existing school prior to immediately reopening within its existing premises as a National Challenge Trust (NCT) School in September 2010. Consultation took place with all stakeholders on the proposal between 19 April and 28 May. The outcome of that consultation was reported to Council Cabinet on 8 June 2010 and Council Cabinet approved the publication of a statutory notice on the proposal which marked the start of a further six-week statutory representation period. The six-week statutory representation period comes to a close on 26 July and, to date, no objections had been received. If any comments or objections were received following the circulation of this report, they would be reported at the Cabinet meeting. The report sought approval to move to the next stage of the process which included a request to the Schools Adjudicator to take a final decision on the Merrill College NCT proposal. If the proposal was agreed it would be implemented on 1 September 2010. A timeline for the proposal was attached as Appendix 2 to the report.

### **Options Considered**

If the decision of the Council or the final decision of the Schools Adjudicator was not to approve the proposal, then it was possible that the Secretary of State with responsibility for schools would use his/her powers under the 2006 Education and Inspections Act to instruct the Council to commence a different structural intervention. Given the urgent need to bring about improvement, taking no action was not considered an option.

### **Decision**

To approve progressing to the next stage of the Merrill College National Challenge Trust proposal, including a request to the Schools Adjudicator to take a final decision on the proposal.

### **Reasons**

Urgent action was needed to improve Merrill College and there were clear benefits to be gained in converting Merrill to a NCT as outlined in paragraph

4.8 of the report. The proposal to re-launch the school through closure and re-opening as a NCT school had been subject to consultation with all key stakeholders. As reported to Council Cabinet on 8 June, the majority of the consultation responses (64%) were in support of the proposal. A further six week statutory representation period would come to a close on 26 July and to date no objections had been received. It was now necessary to consider requesting a final decision on the proposal by the Schools Adjudicator.

## **40/10 Highways Maintenance Term Contract - Extension**

The Council Cabinet considered a report on Highways Maintenance Term Contract – Extension. A decision was required regarding whether to extend the current five year term of the Highways Maintenance Term Contract, HMTC, 2007-2012, also known as the Derby roads Partnership Contract. The contract was originally awarded to Alfred McAlpine Ltd and commenced on 3 August 2007. Carillion Plc took over Alfred McAlpine, and therefore this contract, in January 2008. The contract was extendable by one to three years, subject to the wishes of each of the parties (The Council and Carillion) Although there were some initial operational difficulties within the contract these had now been resolved and the recent good performance of the Contractor means there was potential benefit to the Council if the contract was extended. Negotiations had taken place between Carillion and the Council to the stage where each would wish to extend the contract for at least one year on existing terms and arrangements. There may be potential, with further negotiation, for a longer extension which could deliver greater benefits to each party, subject to the Carillion making changes to their delivery model. It was proposed that negotiations continued, with a cut off date of 10 September 2010, to see if a longer extension would bring greater benefits to the Council. Delegated approval was sought for the Strategic Director to act in consultation with the Cabinet Member to approve such an extension.

### **Options Considered**

There were no other options considered.

### **Decision**

1. To approve, as a minimum, the extension of the Highways Maintenance Term Contract, HMTC, 2007 to Carillion for 1 year; to 3 August 2013.
2. To authorise officers to continue discussions with Carillion regarding a possible 3 year extension of the contract to 3 August 2015.
3. To delegate authority to the Strategic Director of Neighbourhoods, in consultation with the Cabinet Member for Neighbourhoods, to approve a 3 year extension, subject to the conditions being favourable and acceptable.

## **Reasons**

There were no reasons.

In accordance with Procedure Rule AI26, the Chair of the Neighbourhoods Commission had been advised that this item would be considered although not included in the Forward Plan.

## **41/10 The City of Derby Local List of Buildings of Historic or Architectural Importance**

The Council Cabinet considered a report on the City of Derby Local List of Buildings of Historic or Architectural Importance. After commencing the review of the City's Local List of buildings of architectural or historic importance in January 2007, a lengthy process had been undertaken to identify buildings/structures for inclusion in the revised list of Buildings of Local Historic/Architectural Importance. Nominations for new entries were received from members of the public, and the Local List Panel reviewed both these and the entries on the existing list to put forward recommendations to the Cabinet Members for Planning and Transportation and Leisure and Culture for approval. The Panel also recommended and agreed with the Cabinet Member for Leisure and Culture in April 2009 that annual meetings would be held to consider requests for additional items to be included on the list. The revised list was finally reviewed by the Cabinet Members on 1 April 2010, and was appended to the report, and recommended to Council Cabinet for approval.

## **Options Considered**

There were no other options considered.

## **Decision**

To approve the final list of buildings and structures as set out in Appendix 2 of the report for publication as the revised City of Derby Local List subject to the removal of Harrington House, 136 Portland Street from the list and the inclusion of 320 Burton Road being subject to no adverse findings by the Local Government Ombudsman.

## **Reasons**

1. Compiling local lists was recommended by the national Government, and guidance for local authorities was proposed as part of the Heritage Protection Review. The City of Derby Local List was last reviewed in 1993.
2. The Built Environment Team resources were limited and the facilitation of an annual exercise to add entries to the list following assessment

and consultation with owners would be difficult to include in the work programme as a priority.

## 42/10 Strategic Decision on the Future of Markeaton Crematorium

The Council Cabinet considered a report on Strategic Decision on the Future of Markeaton Crematorium. At the beginning of 2010 the proposed capital programme for the Environmental Services Department, now Neighbourhoods, included: "The replacement of cremators at Markeaton Crematorium was required to meet new legislation on emissions by 2012. Total costs were expected at around £1.9m." A number of concerns were raised during scrutiny of the proposals by the Community Commission in January and February 2010. The result was the making of the following recommendation to Council Cabinet: "To recommend this capital scheme of £1.9m only be finalised by Cabinet following the report of the sub-group established by the Community Commission." This was accepted. The report considers three alternative options for Markeaton Crematorium in the context of the Community Commission's recommendations each of which would result in savings against the allocated £1.9 million budget. Two of the options were as set out by the Commission, the third being an officer proposal.

### **Options Considered**

There were no other options considered.

### **Decision**

To implement option one to include the installation of two mercury abatement units, and the provision of improved reception and office facilities at Markeaton Crematorium.

### **Reasons**

1. Each of the options outlined in the report had its own advantages and disadvantages, although each represents a sustainable solution. Option 1 closely matched the recommendations of the Community Commission Sub-Group's report and would result in effective mercury abatement, an improved service for the public and improved DDA compliant office and reception facilities. It should also result in minimum disruption to the service delivery whilst works were in progress. In developing this option consideration had been given to the configuration of the mercury abatement equipment. This concluded in a further recommendation that twin mercury abatement units be fitted. This solution presents both the best technical solution and also provides for a greater level of continuity in the event of equipment failure. Option 2 similarly matches the Sub-Group's recommendations, but would require a larger extension to the building, no improvement to service provision, less suitable office accommodation, greater potential

for loss of continuity in the event of equipment failure and a potential close-down time of several months whilst works were in progress. This would result in a substantial loss of income and inconvenience to the public, as cremations would need to be carried out at an alternative crematorium.

2. Option 3 had been presented as an alternative due to its potential environmental and revenue cost benefits, although it did not closely match the Sub-Group's recommendations. It would however, offered additional fuel savings and had a significant impact on the council's carbon emissions.

## 43/10 Adult Health and Housing – Voluntary and Community Sector Commissioning Framework Compact Agreement and Grant Funding Procedure Rules for 2010/11

The Council Cabinet considered a report on Adult Health and Housing – Voluntary and Community Sector Commissioning Framework Compact Agreement and Grant Funding Procedure Rules for 2010/11. The National Government were committed to all public sector bodies working closely with the voluntary and community sector to develop and support sustainable communities. They had set out a set of principles and guidelines in the National Compact which all public bodies should follow. The Derby Compact Agreement embodied the principles and guidelines set out in the national document and had been developed with all partners in the Derby City Partnership. The Commissioning Framework and Grant Procedure rules were practical documents reinforcing the Compact Agreement. The Compact Agreement set out the shared principles and guidelines in detail to promote effective partnership working between the public sector (e.g. Derby City Council and the NHS Derby City) and the voluntary and community sector in Derby. The Compact stands for better partnership working and creating better outcomes for individuals and local communities. The focus for partnership working was in three key areas, policy development, allocating resources and advancing equality. The Commissioning Framework for the voluntary and community sector provides guidance on processes to be adopted by the Council and commissioning partners to ensure effective voluntary and community sector involvement in the planning, commissioning and delivery of services. The Grant Procedures provided guidance and a set of principles to Council officers as to when the Council should be contracting and when it should be offering grants to the voluntary and community sector.

### **Options Considered**

There were no other options considered.

### **Decision**

1. To approve the ...

- a. Revised Derby Compact Agreement
  - b. Council's Commissioning Framework for the voluntary and community sector
  - c. Council's Grant Procedures.
2. To charge all Strategic Directors with the responsibility of ensuring the principles, guidance and rules in the aforementioned documents are applied in their Directorates
  3. To authorise the Strategic Director of Adult Health & Housing to make amendments to any of the three documents in consultation with the relevant Cabinet member.

### **Reasons**

There were no reasons.

In accordance with Procedure Rule AI26, the Chair of the Adults, Health and Housing Commission had been advised that this item would be considered although not included in the Forward Plan.

## **Budget and Policy Framework**

### **44/10 Capital Outturn Report**

The Council Cabinet considered the Capital Outturn Report. The report dealt with the following capital programme matters that required reporting to and approval by Council Cabinet ...

- Details of the capital outturn 2009/10 totalling £71.1m for work completed by 31 March 2010, and the associated capital financing. The programme had delivered new and improved facilities and infrastructure for Derby including ...
  - Major investments in school facilities including school modernisation projects, classroom extensions, improved disabled access and physical education and sports schemes. Also the opening a new autistic centre (Shine) and development of three more children's centres at Chellaston, Oakwood and Chaddesden.
  - Continuation of programmes of replacing kitchens and bathrooms and installing new windows and heating systems
  - continuing with the Estates Pride estate improvement programme to make estates safer and greener
  - Completion of 6 group repair schemes as part of the Block Improvement Programme within the Rose Hill Market Renewal Area.

- Grant aid given to vulnerable homeowners to bring their properties up to the decent homes standard
- Completion of Castleward Boulevard Phase 1 – total refurbishment of Midland Place, Wellington Street and the creation of a new public space at Midland Green. This was the first phase in the construction of a new pedestrian and cycle link Boulevard between the Railway Station and City Centre at Traffic Street.
- Grant aid given to shop owners within the Friar Gate conservation and Cathedral Quarter area along with an area south of the City Centre, including Green Lane and Macklin Street to aid authentic restoration and high quality repair of historic buildings.
- The commencement of the ASPECT development, a day services facility specifically for autistic adults in Derby
- Improvements to a number of playgrounds, parks and play areas including three "Adi-Zones" games areas. Work commenced on the refurbishment of Gayton pool.
- Completion of major unplanned resurfacing of A52 carriageway
- Completion of the link between Burton Road and Osmaston Road for the Connecting Derby scheme.
- Details of the variance of £15m against the final approved capital programme. The variance was made up of different elements these include:
  - £16.8m Slippage to be completed in 2010/11 *add*
  - £1.2m Net cost under spends *less*
  - £1.3m Spend Brought Forward from 2010/11 *less*
  - £1.7m Additional Spend Backed by Funding to be added to the programme.
- The inclusion of additional expenditure and funding for schemes listed in paragraph 3.7, 3.8 and 3.21 of the main body of the report.
- The revised indicative 2010/11 capital programme shown in Appendix 4 of the report.
- Details of the capital determination were shown at Appendix 7 of the report.

## Decision

1. To note the capital outturn for the financial year 2009/10 and actual financing of the capital programme, the major achievements it has delivered, and variances against the final programme.

2. To approve the slippage and underspends in the 2009/10 capital programme as detailed in section 3.9 and Appendix 3 of the report and approve the addition of the slippage and underspends and associated funding to the 2010/11 capital programme.
3. To approve the additional capital expenditure and associated funding to the 2009/10 capital programme detailed in paragraph 3.7, 3.8 and 3.21 of the report.
4. To approve the brought forward funding changes required from the 2010/11 programme detailed in Appendix 3 of the report and amend the 2010/11 programme.
5. To agree that the capital determination be recommended for approval by the Audit and Accounts Committee on 29 September 2010.
6. To recommend Council to approve £74k additional service financed unsupported borrowing to finance the 2009/10 Capital Outturn.

## 45/10 Treasury Management Annual Report

The Council Cabinet considered a report on Treasury Management Annual Report. The report covered the Council's treasury management borrowing and investment activity for 2009/10 and it detailed the outturn prudential indicators, which were set out in Appendix 2 of the report. 2009/10 was marked by a steep decline in the Council's investment returns, due to three factors:

- general conditions in the financial markets
- the Council's tightening of its investment criteria because of financial market instability
- the Council's reduction of its cash balances due to very low rates of return on investments and better value for money being achieved through using cash balances to repay outstanding loans.

As a result, investment income fell by 82%, from £9.8m in 2008/09 to £1.7m in 2009/10. During the year, the Council's cash balances were used to redeem a net £77.9m of external debt. This resulted in a saving that partly offset the loss of investment income. Interest payable on debt fell by 22% from £16.4m in 2008/09 to £12.7m in 2009/10, although £1.3m of this £3.7m saving was required to be passed to the Housing Revenue Account - HRA. In net terms the Council's treasury management costs rose by 40% from £10.5m in 2008/09 to £14.7m in 2009/10 but still delivered a saving of £800k compared to budget. Investment losses were a key risk to be avoided, and the possibility of increased borrowing rates in future also remains a key risk to be minimised in the ongoing management of the Council's treasury function. As part of this risk management a further review of the financial markets had been undertaken, with additional criteria for money market fund investments proposed in section 11 of the report.

## Decision

1. To note the prudential indicators in respect of the 2009/10 outturn as outlined in the supporting information and summarised in Appendix 2 of the report.
2. To approve this Annual Report in respect of Treasury Management activity for 2009/10.
3. To approve the updated forecast prudential indicators for 2010/11, 2011/12 and 2012/13 as listed in Appendix 2 of the report, noting the forecast impact on council tax levels.
4. To approve the revised investment criteria in relation to money market funds as outlined in section 11 of the report, mainly to bring investment limits into alignment with fund size.

## 46/10 Revenue Budget Strategy

The Council Cabinet considered a report which outlined the medium term financial strategy in terms of the revenue and capital budgets and corporate planning strategy over the next four years period 2011/12 to 2014/15. The report also recommended changes to balance the Council's in year 2010/11 budget due to the Coalition Government's cuts announcement on 10 June 2010. The key issues covered included:

- The current financial climate of austerity measures and funding implications, outlined in paragraph 3 of the report.
- The 2010/11 in year impact of budget reductions announced by the Coalition Government on 10 June 2010 and subsequent savings required to balance, outlined in paragraph 4 of the report.
- Future Government Funding based on the Coalition Government's 'emergency' budget of 22 June 2010, which announced average budget reductions of 25% across the public sector over the next four years 2011/12 to 2014/15, outlined in paragraph 5 of the report.
- The impact and revised Council budget position for 2011-2015, outlined in paragraph 5 of the report.
- Revenue Grant supporting the revenue budget, as outlined in paragraph 6 of the report.
- Potential revenue budget impact in 2011-2015, outlined in paragraph 7 of the report.
- The Revenue reserves position, outlined in paragraph 9 of the report.

- The approach to delivering savings to set a balanced budget 2011/12 to 2014/15, outlined in paragraph 10 of the report.
- One Derby, One Council Transformation Programme, outlined in paragraph 11 of the report.
- The 2011-15 capital programme position, outlined in paragraph 12 of the report.
- Council Priorities and Corporate Planning, and the links to the Sustainable Community Strategy 2011 – 2026, outlined in paragraph 13 of the report.
- The Council's Value for Money Strategy, outlined in paragraph 14 of the report.

In the coming months the Council would continue to explore other key assumptions/areas further including:

- general price inflation
- specific and Area based grants
- pay inflation
- pension contributions
- the Council's reserves position
- implementation of Job Evaluation and Single Status pay and conditions
- Treasury Management budget

Actions to balance the in year budget reductions had been identified. The longer term anticipated budget reductions required more significant options analysis, which would be undertaken over the coming months. These options would be reviewed against the Government's Comprehensive Spending Review when announced on 20 October 2010.

## **Decision**

1. To approve the 2010/11 in year budget reductions to balance off the budget reductions announced by the Coalition Government on 10 June 2010.
2. To note the estimated financial position and funding gap facing the Council for 2011/12 to 2014/15, and the assumptions included within these forecasts, as set out in paragraph 5 of the report.
3. To note the Council's earmarked revenue reserves and approve the proposed treatment as set out in paragraph 9 of the report.
4. To agree the investigation of key highlighted Directorate savings options as set out in paragraph 10 of the report.

5. To approve an increase to the One Derby, One Council budget savings target as set out in paragraph 11 of the report.
6. To note that immediate consultation with the unions will commence.
7. To note the Sustainable Community Strategy links to the budget planning process.
8. To recommend Council to approve the Revenue and Capital Budget Strategy.

## 47/10 One Derby One Council Design Mandate and Programme Plan

The Council Cabinet considered a revised report circulated at the meeting on One Derby One Council Design Mandate and Programme Plan. The 'one Derby, one council' transformation programme had already identified a need to make annual savings of £12.7m by 2012/13. In addition, the £2.1m cuts in 2010/11 revenue grants and significant cuts in other external funding already announced by the Coalition Government as well as those expected in the autumn of at least 25% cuts in government grants over the next four years from 2011/12, put significant additional pressures on our budgets. Moving to the next phase of the programme and implementing the proposed new Target Operating Model outlined within this report was key to delivering the savings needed to address these emerging financial pressures and deliver Value for Money.

### Decision

1. To note the outcomes of the 'one Derby, one council' Design Phase and approve the proposed Target Operating Model as outlined within the report.
2. To approve the 'one Derby, one council' Programme Plan which maximises the opportunities for savings as identified in the Design Mandate through process improvement along with £6.6m from further service reductions.
3. To agree that the revenue implementation costs budget will not be increased to reflect the additional £2.3m costs identified in the Design Mandate, on the basis that at this stage costs will be contained within the overall £8.8m implementation costs budget or would be self-financing from the delivery of further savings over and above the budgeted ODOC savings target.
4. To note that following the Coalition Government's emergency budget of 22 June 2010 an estimated further saving of approximately £6.6m could be achieved through potentially increasing the number of full time

equivalent posts removed from 481 to 750 for the period 2011/12 to 2013/14..

## Contract and Financial Procedure Matters

### 48/10 Contract and Financial Procedure Matters Report

The Council Cabinet considered a report which report dealt with the following items which required reporting to and approval by Council Cabinet under Contract and Financial Procedure rules:

- approval to proposed changes to the capital programme
- to approve in year S106 allocations
- to enter into a revised funding agreement for the East Midlands Development Agency - EMDA - following a revised European Regional Development Fund - ERDF - application.
- to approve a waiver of Contract Procedure Rules, Competition Requirements, for the supply of audio books and large print books to libraries
- to approve licensed deficits for schools
- to approve a contract extension for the Community Meals Service.

#### Decision

1. To recommend Council to approve the changes detailed in Appendix 2 and 2a of the report and to amend the 2010/11 – 2012/13 capital programme.
2. To note the revised capital programme and associated funding detailed in Table 1 on page 3 of the report for 2010/11.
3. To approve the in year S106 allocations as detailed in paragraph 3.10 of the report.
4. To approve a revised funding agreement with EMDA following the increased ERDF funding application to £1,550,000 as detailed in paragraph 3.8 of the report.
5. To approve a waiver of Contract Procedure Rule 8, Competition Requirements, for the supply of audio books and large print books to libraries as detailed in paragraph 4.1 of the report.
6. To approve schools licensed deficits as detailed in paragraph 5.1 of the report.
7. To approve a waiver of Contract Procedure Rule 47.3 – Contract Extensions – to approve a four month contract extension with Women's

Royal Voluntary Service - WRVS - to the value of £125,000 for providing a Community Meals Service for older and disabled people as detailed in paragraph 6.1 of the report.

## Performance Monitoring

### 49/10 Financial and Performance Monitoring – 2009/10 Quarter 4

The Council Cabinet considered a report on Financial and Performance Monitoring – 2009/10 Quarter 4. Financial and performance monitoring underpinned the Council's planning framework in terms of reviewing progress regularly in achieving our priorities and delivering value for money. The report included highlights from the revenue budget, as well as key performance measures included in our Corporate Plan 2008-2011 and Local Area Agreement (LAA) 2008-2011. A separate report had been prepared on capital outturn spend. Summary financial results for the year up to 31 March 2010 were as follows...

- The overall year end General Fund revenue outturn position was an underspend of £1.168m, a 0.59% variance compared to our total budget, excluding the Dedicated Schools Budget and Housing Revenue Account. Therefore the overall year end variance target performance measure, within the corporate plan has been achieved.
- £488k of the overall net General Fund underspend should be transferred to the budget risk reserve, after providing for £680k one-off exit costs of the 2nd and 3rd tier restructure and specific transfers to reserves as explained in paragraphs 4.7 and 4.8 of the report.
- In addition, all of the £1.310 million 1% salary savings targets agreed by Council in March 2009 had been met. £8.887m, which is 97% of other budgeted savings were achieved in 2009/10.
- The Dedicated Schools Budget had a year end underspend of £30k.
- The Housing Revenue Account – HRA – showed an outturn surplus of £725k which was £3.318m more than the budget plan for the year.

In terms of performance results to 31 March 2010, 61% of performance measures achieved their year end target, with 32% missing year-end target by more than 5%. Performance highlights from this year's Corporate Plan include...

- Opening three new libraries in Allenton, Chellaston and Mackworth.
- Supporting major regeneration across the city, such as The Roundhouse.
- Improving cycling networks to increase the number of cycle journeys in the city by over 9,000.
- Reducing the number of 16-18 year olds Not in Education, Employment and Training by 600.

- Spending £9.3 million to reduce congestion and improve road access through the Connecting Derby project.
- Reducing crime rates in the city by 5% – that’s a fall of 1,321 crimes.
- Improving choice for older and vulnerable people - over 1,000 people now receive personal budgets or direct payments for their care.
- Recycling and composting 44% of household waste, which is top quartile performance.

The report also identified areas for improvement and proposes that a number of indicators were taken forward for performance review. The supporting Corporate Plan Appendix could be found on CMIS at <http://cmis.derby.gov.uk/CMISWebPublic/Binary.ashx?Document=15863>.

## **Decision**

1. To note the overall General Fund revenue budget outturn position for 2009/10 and budget variances at 31 March 2010 as set out in Appendices 2 and 3 of the report.
2. To approve the year-end transfer to specific reserves as detailed in paragraphs 4.8 and 4.9 of the report.
3. To approve the treatment of the overall net underspend of £488k as detailed in paragraph 4.10 of the report.
4. To note the Dedicated Schools Budget overall net underspend of £30k as set out in paragraph 4.11 and Appendix 3 of the report.
5. To note the savings achieved in 2009/10 as summarised in Appendix 4 of the report.
6. To note the Housing Revenue Account outturn 2009/10 surplus of £0.725m as set out in paragraph 4.13 and Appendix 5 of the report.
7. To note the performance of the Corporate Plan measures and milestones, Local Area Agreement and National indicators against the 2009/10 quarter four and annual targets as set out in Appendix 6 of the report.
8. To approve the Corporate Plan Appendix, which contains 2009/10 annual outturn performance results and targets for all 2010/11 measures.
9. To note the key variances and performance highlights for each Portfolio as set out in Section 7 of the report.
10. To ask Strategic Directors to ensure that remedial action is taken by 31 July 2010 to address the ongoing implications of significant financial and performance variances, and report progress through the financial and performance monitoring updates.

11. To note that, where appropriate, indicators will be referred to the Performance Support Group or Performance Surgeries as set out in Section 8 of the report to explore reasons for apparent poor performance and to agree action planning for improvements.

## Other

### 50/10 State of the City Report

The Council Cabinet considered a report on State of the City which would form the evidence base for the next Derby City Partnership Sustainable Community Strategy and any future strategic plans.

#### **Decision**

1. To endorse the State of the City Report (included at Appendix 2 of the report) as the evidence base for the next Derby City Partnership Sustainable Community Strategy and any future strategic plans and policies.
2. To provide a presentation at each of the Neighbourhood Forums to show how the information could be used on a ward by ward basis.

### 51/10 One Derby One Council Transformation Design Principles

The Council Cabinet considered a report on One Derby One Council Transformation Design Principles. In December 2009, as part of the 'one Derby, one council' transformation programme, employees were invited to volunteer as Change Champions. 170 of the 350 employees who volunteered were asked to join 17 theme groups looking at a variety of issues. The groups had met on a regular basis and had gathered examples of excellence from across the public, private and voluntary sectors. To do this, they had made site visits and attended open days, as well as doing research on the Internet. The groups then reviewed the current way we do things within the Council – and had suggested what was good and what was bad.

At the Employee Workshops in May, the outcomes identified by the Groups were on display for all employees to see. Action Plans designed to help the Council deliver these outcomes were currently being developed.

As we move into the next phase of the transformation programme, known as the Construct Phase, it was important that we established a clear set of principles that underpinned the vision of what we wanted to build as an organisation. These principles would be the overarching truths of the future

organisation, statements of what we stood for. The principles should not be service specific but provide direction for the whole Council.

A set of Design Principles had been developed. These were broken down into four areas, organisation principles, front of office principles, strategic and support principles and technology and ICT principles

### **Decision**

1. To endorse the Design Principles for the 'one Derby one Council' Transformation programme as outlined in Appendix B of the report.
2. To note the work of the Change Champion Groups over the last eight months in working on the 17 programme themes and in helping to develop these principles.

## **52/10 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 of 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”

## **Matters Referred**

### **53/10 Post Offices Closures**

The Council Cabinet considered exempt information in relation to Post Office closures.

## **Key Decision**

### **54/10 Disposal of Land at Grange Avenue, Normanton, Derby – former sites of Normanton Junior and Sunnyhill Infant Schools**

The Council Cabinet considered a report setting out exempt information in relation to disposal of land at Grange Avenue, Normanton – former sites of Normanton Junior and Sunnyhill Infant schools.

MINUTES END