

Report sponsor: Simon Riley, Strategic Director
of Corporate Resources
Report author: Toni Nash, Head of Finance

Compliance with Contract and Financial Procedure Rules

Purpose

- 1.1
- Treasury Management Strategy - update for approved source of borrowing
 - Domestic Abuse Safe Accommodation - acceptance of grant of £0.601m to commission support to survivors of domestic abuse and their children in safe accommodation
 - Homes England Funding - approval to bid to Homes England, for up to £0.500m of Garden Communities Capacity Funding
 - Ascend Loan - approve sub delegation for loans below £0.250m made under the Ascend Capital and Revenue Loan Schemes and the treatment of loan principal and interest repayments
 - Safer Streets 3 funding - approval to make a formal bid to the Home Office Safer Streets 3 Fund and accept funding if successful
 - Acceptance of Grant of £0.847m for extension of support of the COVID Local Support Grant (CLSG)
 - Delegated approval to allocate the CLSG grant in line with eligible criteria.

Recommendations

- 2.1 To approve and recommend to Council an update to the Treasury Management Strategy to include the Council's subsidiary, Derby Homes Ltd on the list for approved sources of short and long term borrowing as outlined in section 4.1.
- 2.2 To approve acceptance of £0.601m Domestic Abuse Safe Accommodation grant to commission support to survivors of domestic abuse and their children, in safe accommodation as outlined in section 4.8.
- 2.3 To approve the submission of a bid of up to £0.500m revenue funding to Homes England for Garden Communities Capacity Funding for 2021/22 as outlined in section 4.12.
- 2.4 To delegate approval to accept the Homes England for Garden Communities Capacity Funding allocated in the event that the bid is successful, and subject to acceptable grant conditions, to the Strategic Director of Communities and Place in consultation with the Strategic Director of Corporate Resources and S151 Officer as outlined in section 4.12.

- 2.5 To approve, if necessary, to carry forward the Homes England for Garden Communities Capacity Funding into subsequent years, subject to grant conditions permitting as outlined in section 4.12.
- 2.6 To delegate authority to approve loans made under the Ascend revenue and capital schemes, subject to Ascend loan funds being available and satisfactory due diligence outcomes as outlined in section 4.18.
- 2.7 To approve the treatment of Ascend capital and revenue loan principal and interest repayments as outlined in section 4.18.
- 2.8 To approve transfers to and from the Ascend reserve in line with intended use as outlined in section 4.18.
- 2.9 To approve a bid of up to £0.550m to the Safer Streets National Fund as outlined in section 4.29.
- 2.10 To delegate approval to accept the award to the Strategic Director of Communities and Place following consultation with the Strategic Director of Corporate Resources and the Cabinet Member for Place and Community Development subject to acceptable grant conditions as outlined in section 4.29.
- 2.11 To approve acceptance of £0.847m CLSG to and its expenditure in line with the eligibility criteria summarized in section 4.35.
- 2.12 To approve delegated authority to the Strategic Director of Resources and the Strategic Director of Peoples to design the scheme and administer the grant and its application, as outlined in section 4.35.

Reasons

- 3.1 To ensure compliance with CIPFA code and the Local Government Act 2003 and Financial Procedure Rules.

Supporting information

4.1 Treasury Management Strategy Update

Under the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice 2017 Edition (the CIPFA Code) the Council is required to approve a treasury management strategy before the start of each financial year. This report also fulfils the Council's legal obligation under the Local Government Act 2003 to have regard to the CIPFA Code. Any subsequent changes to the code require Council approval.

Please find the link to the latest approved strategy: [Treasury Management Strategy](#)

- 4.2 Section 4.3.6 of the above strategy outlines the approved sources that the Council can borrow from see extract below:

4.3 The approved sources of long-term and short-term borrowing are:

- Public Works Loan Board (PWLB) and any successor body
- Any other UK public sector body
- Any institution approved for investments (see below)
- Any other bank or building society authorised to operate in the UK
- UK public and private sector pension funds (except our local Derbyshire CC Pension Fund)
- Capital market bond investors
- Special purpose companies created to enable local authority bond issues (Municipal Bonds Agency)

4.4 The Council would like to include Derby Homes within this list which will enable the Council to borrow from its subsidiary company. Our Treasury Management advisors have been consulted and see no reason to prohibit this counterparty as long as accounting protocols and treasury management regulations are followed. They are satisfied that providing our strategy allows and due diligence takes place the council can borrow from Derby Homes.

4.5 Derby homes is a subsidiary of the Council and therefore any risk would be very low as the council have access to information regarding the financials of the Derby Homes Ltd. Borrowing would be subject to appropriate cash levels/cashflow forecasting for both parties subject to approval by the company secretary of Derby Homes and the sections 151 of the Council.

4.6 The Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice 2017 Edition (the CIPFA Code) Full Council is required to approve a treasury management strategy before the start of each financial year. This report also fulfils the Council's legal obligation under the Local Government Act 2003 to have regard to the CIPFA Code.

4.7 It is recommended to approve and recommend to Council an update to the Treasury Management Strategy to include the Council's subsidiary, Derby Homes Ltd, on the approved sources of borrowing list.

4.8 Acceptance of grant - Domestic Abuse Safe Accommodation

As part of the Domestic Abuse Act 2021, the Ministry of Housing, Communities and Local Government (MHCLG), is introducing a new duty on local authorities in England to assess the need for and commission support to survivors of domestic abuse and their children in safe accommodation services in their area.

4.9 The new duty places new statutory requirements on local authorities which will require full funding in line with established new burdens principles. The following two elements have been assessed to determine the Grant funding:

1. Support in safe accommodation: cost of the commissioned services, based on an estimate of support unit costs and the level of unmet need for safe accommodation.
2. Administrative new burdens: cost of delivering the new functions under the duty.

MHCLG has confirmed a Grant determination for 2021/2022 of £0.601m. Funding for future years will be reviewed and confirmed later in 2021. This funding replaces the competitive Domestic Abuse Fund which has been available through MHCLG since 2016/17 and will initially provide a continuation of commissioned services until the needs assessment has been completed and the new strategy is in place.

4.10 A Memorandum of Understanding (MOU) has been issued in lieu of a grant agreement. While this document is not a legal or binding agreement, all parties entered into the MOU committed to honouring all their obligations within it. The grant funding for 2021/22 is to be paid on the understanding that:

- a) The grant only covers revenue expenditure relating to the functions set out in the new statutory duty (within the Domestic Abuse Act) on Tier 1 Local Authorities relating to the provision of support to survivors of domestic abuse and their children residing within safe accommodation;
- b) The grant is distributed to Local Authorities for the period from 01 April 2021 to 31 March 2022 for the purpose of and the expectation that they start to prepare and fulfil their relevant functions under the duty from that date;
- c) The Act puts in place a statutory framework for the delivery of support to survivors of domestic abuse and their children residing within safe accommodation. Tier 1 Local Authorities will be required to appoint a multi-agency Local Partnership Board (LPB) to support them in performing certain specified functions. These will be to:
 - Assess the need for accommodation-based support for all survivors and their children, including those who require cross border support
 - Prepare and publish strategies for the provision of support to cover the locality and diverse groups of survivors
 - Give effect to strategies by making commissioning/de-commissioning decisions to meet the support needs of survivors and their children
 - Monitor and evaluate local delivery of the strategy

- Report back to Central Government; expected to include:
 - Reporting on local delivery – setting out how the functions have been executed under the new duty (including reporting on strategy, as well as how partnership working has been approached working across key agencies and across neighbouring areas;
 - Evidence that adequate needs assessments have been undertaken;
 - Evidence that local strategies are in place and working effectively;
 - Evidence that local commissioning decisions have been informed by needs assessments and that there is adequate suitable provision;
 - An evaluation of the impact of decisions locally including service delivery outcomes;
 - Evidence on spend and feedback on delivery, including challenges faced and best practice.
- d) Tier 2 authorities will be required to cooperate with the Tier 1 authority, so far as is reasonably practicable;
- e) To ensure continuity in provision, where existing domestic abuse safe accommodation support services (which are meeting a need in that area) are already commissioned by Tier 2 Local Authorities, Tier 1 Local Authorities commit to either contract services directly or pass the appropriate funding to Tier 2 Local Authorities to maintain equivalent commissioned services until the needs assessments have been completed and the new strategies are in place on which future commissioning decisions can be based;
- f) MHCLG expects to set out in regulations that Tier 1 authorities should finalise and publish their first strategy, based on a robust needs assessment, by August 2021

4.11 It is recommended to approve acceptance of £0.601m for a Domestic Abuse Safe Accommodation grant to commission support to survivors of domestic abuse and their children in safe accommodation.

4.12 Bid for and Acceptance of Homes England Funding

Homes England has indicated that they anticipate inviting bids for capacity funding for 2021/22 within the next few months. In previous years, just three weeks has been allowed for the bidding process from the receipt of the invitation in June to the submission deadline in July. Approval is being sought in advance to ensure that resources can be focussed on the content of the bid in the short bidding window and that the bid amount can be increased from previous years. Delegated approval will allow timely delivery and to help ensure successful delivery of the project.

4.13 Derby City Council has been successful in securing capacity funding for the last four years, receiving £0.591m in total, which has been one of the critical success factors in getting the project to this stage, including gaining planning consent for a new A50 junction and link road, and the submission of the Housing Infrastructure Fund (HIF) Business Case. The Council will work with the Equality Team and Equality Hubs and Forums to make sure equality, diversity and inclusion is embedded in any relevant work funded by this bid, as appropriate.

4.14 Capacity funding is usually allocated for activities to accelerate the delivery of garden villages and support innovation in design and delivery. The Councils bid will focus on these key elements, with activities to complement work on the business case for the associated transport infrastructure and ensure quality in the design and delivery of the housing and employment land that this unlocks.

- 4.15 It is recommended to approve the submission of a bid of up to £0.500m revenue funding to Homes England for Garden Communities Capacity Funding for 2021/22.
- 4.16 It is recommended to delegate approval to accept the funding allocated in the event that the bid is successful, and subject to acceptable grant conditions, to the Strategic Director of Communities and Place in consultation with the Strategic Director of Corporate Resources and S151 Officer.
- 4.17 It is recommended to approve, if required, to carry forward the funding into subsequent years, subject to grant conditions permitting.

4.18 Ascend Scale Up Loans

Ascend Scale-Up has been formed from the £3m capital and £2m revenue City Growth Fund approved by Cabinet in September 2020 and is being administered by the Economic Recovery and Growth Team within the Council by the existing DEGF team which has all the relevant skill-sets and experience, therefore no new resources are required as this fits within existing activities.

- 4.19 Applications are considered by the Ascend Selection Panel which is set up to oversee the successful delivery and performance management of the program and to make recommendations subject to the appropriate formal decision makers in the Council. The programme is designed to assist the most promising Derby businesses to support investment and job creation.
- 4.20 The Ascend Selection Panel Members have been selected based on their skills and abilities to inform business support and investment recommendations. Some examples of the types of organisations represented on the panel are Derby City Council, University of Derby, Investors, Professional services (such as legal and financial), and local entrepreneurs.
- 4.21 All loan recommendations made by the selection panel will be subject to satisfactory due diligence outcomes and contracting arrangements. During the due diligence process the company's project viability and financials will be scrutinised to ensure the deliverability of the project and loan repayments. Interest rates will also be determined to feed into a loan repayment schedule to be contracted usually over a 3 year period.
- 4.22 Cabinet is asked to approve the following delegated authority to approve Ascend capital and revenue loans recommended by the Selection Panel, subject to Ascend loan funds being available and satisfactory due diligence outcomes.

£0.000001m - £0.050m	Head of Economic Growth
£0.051m - £0.099m	Director of City Development and Growth
£0.100m - £0.249m	Strategic Director of Communities and Place in consultation with relevant Council Member

- 4.23 Cabinet is also asked to approve the treatment of loan principal and interest repayments as follows:
- Capital and revenue loan principal repayments to provide recycled Ascend Programme funds beyond the initial £3m capital and £2m revenue for the ongoing sustainability and continued support to business in Derby. Capital repayments will be held as ringfenced Ascend capital receipts and revenue repayments in an Ascend revenue reserve.
 - Interest payments on capital and revenue loans to be held in an Ascend revenue reserve to provide revenue funds to support the administration and ongoing sustainability of the Ascend Programme.
- 4.24 Under Financial Procedure Rules, all loans made to external bodies require Cabinet approval. This report is to ask the Council Cabinet to consider a sub delegation for loans below £0.250m made under the Ascend Capital and Revenue Loan Schemes and the treatment of loan principal and interest repayments. The delegation is requested to avoid any delays in the process of allocating these loans.
- 4.25 Cabinet is asked to approve transfers to and from the Ascend reserves in line with intended use outlined to enable a swift approach to allocating and accounting for the use outlined in this report.
- 4.26 It is recommended to approve delegate authority to approve loans made under the Ascend revenue and capital schemes, subject to Ascend loan funds being available and satisfactory due diligence outcomes.
- 4.27 It is recommended to approve the treatment of Ascend capital and revenue loan principal and interest repayments.
- 4.28 It is recommended to approve transfers to and from the Ascend reserve in line with intended use outlined in this report.
- 4.29 **Approval to Bid – Safer Streets 3 funding**
The Home Office prospectus for Safer Streets 3 was launched on 3rd June 2021. This National Fund was announced as a direct consequence of the 3rd March 2021 tragic abduction, rape and murder of Sarah Everard. Expressions of interest had to be submitted to the Office of the Police and Crime Commissioner (PCC) by 11th June 2021.
- 4.30 The Fund will be available to PCCs and Local Authorities across England and Wales, with up to three prioritised bids being allowed per PCC geographic area. It allows a Local Authority to make a bid for a maximum £0.550m with no current stipulation between a capital and revenue expenditure.
- 4.31 The bid must focus on violence against women and girls (VAWG) related crimes, making public spaces safer and feel safer for women and young girls. Whilst no match funding is required any funds secured must be spent by 31st March 2022 with no carry over permitted.
- 4.32 The objective of this third round of funding will be to improve the safety of public places for all, with a particular focus on reducing VAWG crimes in these spaces, as well as improving feelings of public safety in target areas.

- 4.31 A successful bid for up to £0.550m will allow Derby City Council in partnership with a range of partners to make public spaces and our streets safer by reducing VAWG related crimes and increase women and girls' feelings of safety in public spaces.
- 4.32 Delegated approval to accept the award is recommended is requested to enable timely delivery of the outputs as the funding must be spent by 31st March 2022 with no carry over permitted.
- 4.33 It is recommended to approve a bid of up to £0.550m to the Safer Streets National Fund.
- 4.34 It is recommended to delegate approval to accept the award to the Strategic Director of Communities and Place following consultation with the Strategic Director of Corporate Resources and the Cabinet Member for Place and Community Development subject to acceptable grant conditions.
- 4.35 Extension of support – COVID Local Support Grant £0.847m**
On the 21st June 2021, the Council was notified that Central government had extended COVID grant support for vulnerable families until 30 September 2021. This included a further £160m of support. This will be the final extension of the scheme.
- 4.36 The councils indicative share of this grant is £0.847m. The Council is asked to administer the grant to deliver additional support to vulnerable households during the period from 21 June to 30 September 2021 and are asked to start making immediate preparations to administer the grant.
- 4.37 The council will determine eligibility in the area and target the support within the scope of the conditions set out below:
- at least 80% of the total funding will be ring-fenced to support families with children, with up to 20% of the total funding to other types of households, including individuals
- at least 80% of the total funding will be ring-fenced to provide support with food, energy and water bills (including sewerage), with up to 20% on other items.
- 4.38 This support will need to cover children at risk of going hungry. The conditions will also allow the council to support other vulnerable groups. The Council has flexibility in administering the funding within the confines of the scheme – which may include cash, the provision of food, vouchers, or funding through third party organisations.
- 4.39 Due to the timings of the grant allocation and tight deadlines surrounding its application, cabinet is asked to approve delegated authority to the Strategic Director of Resources and the Strategic Director of Peoples to design the scheme and administer the grant.
- 4.40 It is recommended to approve acceptance of £0.847m CLSG to and its application in line with the eligibility criteria.
- 4.41 It is recommended to approve delegated authority to the Strategic Director of Resources and the Strategic Director of Peoples to design the scheme and administer the grant and its application.

Public/stakeholder engagement

- 5.1 **Treasury Management Strategy Update** - Derby Homes have been engaged and are in agreement with this process.
- 5.2 **Approval to Bid – Safer Streets 3 funding** -The Authority must consult partners, including VAWG stakeholder groups, to design and deliver crime prevention plans in public spaces which are primarily, but not exclusively, of concern for women and girls. Also the council encouraged to propose innovative interventions but must ensure we target public spaces, as defined roads, streets, squares and parks including rural settings.
- 5.3 Meetings have taken place with local VAWG representatives and focus groups in recent weeks with views and comments included within the expression of interest elements. These include but are not limited to Mandela Centre, Coalition to end violence against women and girls, Safe & Sound, Women's Work and Derby University.
- 5.4 **Extension of support – COVID Local Support Grant £0.847m** - A comprehensive communications programme will be delivered to raise awareness of and participation in the scheme. Our partnership working across the city will help support residents wanting to access the scheme.

Other options

- 6.1 **Treasury Management Strategy Update** – Do not add Derby Homes to the approved list – however this would restrict the options available to the Council.
- 6.2 **Ascend Loan** - Do not approve the sub delegation and Ascend may miss out on opportunities to support excellent high growth companies in Derby due to not being able to react in line with other commercial finance organisations.
- 6.3 **Approval to Bid – Safer Streets 3 funding** – Not to apply for to the Fund and deliver minor improvements from existing budget provisions.

Financial and value for money issues

- 7.1 **Treasury Management Strategy Update** – This will enable the council to manage its cash flow requirements using its wholly owned subsidiary in the event that it requires borrowing.
- 7.2 **Domestic Abuse Safe Accommodation** – The funds are to cover the 21/22 revenue costs that will be incurred as a result of the new statutory duty introduced under the Domestic Abuse Act 2021. Funding for future years will be confirmed later in 2021.
- 7.3 **Approval to Bid – Safer Streets 3 funding** – All spend must be incurred prior to 31 March 2022, as per regular grant regulations laid out by HM Treasury. This is considered to be fully achievable as this is tried and tested equipment and some elements have already been fully scoped and costed prior to the bid. Safer streets 1 was delivered in less than 12 weeks .

Legal implications

- 8.1 **Homes England Funding** – No grant conditions are typically specified and there is usually no funding agreement with this grant. If the situation changes and there are associated conditions, advice will be sought from Finance and Legal Divisions as part of the bidding process.
- 8.2 **Homes England Funding** – This is not a partnership bid and does not have associated legal implications of such a bid, for instance joint Section 151 Officer sign-off. Whilst South Derbyshire District Council is a partner in SDGZ and IGV and outputs and outcomes arising from the funding will benefit the project as a whole, this bid is for activities that will be led by Derby City Council.
- 8.3 **Ascend loan** – The Ascend loan due diligence exercise will identify that the award will be suitably protected and compliant with the scheme rules and subsidy control.
- 8.4 **Safer Streets 3 funding** – External legal advice is most likely required and costs are included within the bid.

Climate implications

- 9.1 Not applicable.

Equality implications

- 10.1 **Domestic Abuse Safe Accommodation** - The council will work with the Equality Team and Equality Hubs and Forums to make sure equality, diversity and inclusion is embedded in any relevant work funded by this bid, as appropriate.
- 10.2 **Extension of support – COVID Local Support Grant £0.847m** - Equality impact assessment will be carried out if appropriate.

This report has been approved by the following people:

Role	Name	Date of sign-off
Legal	Olu Idowu	17/06/2021
Finance	Toni Nash – Head of Finance	16/06/2021
Service Director(s)	Alison Parkin – Director of Financial Services	22/06/2021
Report sponsor	Simon Riley – Strategic Director Corporate Resources	23/06/2021
Others	Ann Webster – Equalities	17/06/2021
	Liz Moore – HR	17/06/2021

Background papers:	TM Strategy – see link within the report – or contact Toni Nash head of Finance Corporate Resources. Safer Streets – contact Mandy Fletcher Head of Finance Communities and Place. Safer Streets 3 funding – Safer Streets data profile. Safer Streets 3 funding – Expression of Interest application. Safer Streets 3 funding – Safer Streets 3 Prospectus.
List of appendices:	N/A