

Time began: 6:00pm
Time ended: 6:36pm

COUNCIL CABINET 07 August 2019

Present Councillor C Poulter (Chair)
 Councillor M Holmes, Councillors Barker, Roulstone, Smale,
 Webb and Wood

In attendance Councillors Skelton and Shanker
 Carole Mills – Chief Executive
 Paul Simpson – Strategic Director of Corporate Resources
 Andy Smith – Strategic Director of People
 Olu Idowu – Head of Legal Services
 Verna Bayliss – Acting Director of Planning and Transportation
 Catherine Williams – Head of Service, Regeneration Projects

This record of decisions was published on 09 August 2019. The key decisions set out in this record will come into force and may be implemented on the expiry of five clear days unless a key decision is called in.

32/19 Apologies

Apologies for absence was received from Councillor Graves, Anderson, Eldret and Williams

33/19 Late Items

In accordance with Section 100(B) (4) of the Local Government Act 1972, the Chair agreed to admit the following late item on the grounds that it should be considered as a matter of urgency because it relates to a matter due to be considered on the Agenda that had not arisen at the time of publication.

- Minute and Recommendation from Audit and Accounts Committee 30.07.19

34/19 Receipt of Petitions

There were no petitions

35/19 Identification of Urgent Items to which Call In will not apply

There were no items.

36/19 Declarations of Interest

There were no declarations of interest.

37/19 Minutes of the Meeting Held on 17 July 2019

The minutes of the meeting held on 17 July 2019 were agreed as a correct record.

Matters Referred

38/19 Recommendations from the Executive Scrutiny Board

The Council Cabinet considered a report on Recommendations from the Executive Scrutiny Board. The Executive Scrutiny Board met and discussed items contained within the Council Cabinet Agenda. The report enabled the views and recommendations resulting from these discussions to be formally shared with Council Cabinet. These were submitted to Council Cabinet as Appendix 1, prior to commencement of the meeting.

Decision

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

39/19 Recommendations from the Audit and Accounts Committee

The Council Cabinet considered a recommendation from the Audit and Accounts Committee on the Annual Report and Review of Performance 2018/19. The Committee recommended that Council Cabinet

- Endorse the Annual Report and Annual Review of Performance for 2018/19
- Recommend that Council Cabinet note the comments of the Committee in relation to performance against agreed targets.

Decision

Cabinet noted the recommendations of the Audit and Accounts Committee

Key Decisions

40/19 Statements of Common Ground

The Council Cabinet considered a report which advised Cabinet of a new requirement under the National Planning Policy Framework for local planning authorities to prepare "Statements of Common Ground" (SCG). These will be handwritten statements that identify key strategic planning issues, especially cross boundary matters, facing the plan and how the different local authorities involved will

work together to address them. As such, they provide written evidence that the local authority has met its legal requirements under the "Duty to Cooperate".

SCGs will need to be prepared in relation to any future review of the Derby Local Plan and to the Minerals and Waste Local Plans being prepared jointly with Derbyshire County Council. The City Council is also likely to need to enter into SCG agreements with other authorities as they prepare their own local plans.

This report provides information on what SCGs are, how they fit into the local plan system and what they should include. A formal signature on behalf of each party signing the SCG was needed and so agreement was being sought on a proposed sign off mechanism. SCGs form part of the "evidence base" of a local plan, but are not part of the local plan itself. As such, they do not form part of the Policy Framework. Furthermore, most SCGs are unlikely to be classed as a "key decision". Formal Cabinet sign off was not automatically needed. It was therefore proposed that SCGs are normally signed off by the appropriate Strategic Director, in consultation with both the Joint Advisory Board and Committee which oversee preparation of local plans, and with the appropriate Cabinet Portfolio holder. Additionally, the Strategic Director of Corporate Resources would also be consulted where they have financial implications. Where it is considered by any of those parties that the SCS should be considered by Cabinet as a whole, it would be reported to Cabinet.

The following recommendation was proposed:

To require the Monitoring Officer to note changes to the scheme of delegations to give effect to Recommendation 2.2 of the report.

The Executive Scrutiny Board recommended to Council Cabinet

To request that specific arrangements for the transfer of Section 106 funding between local authority areas was detailed in the preparation of Statements of Common Ground.

Options considered

Taking all SCGs to Cabinet was considered but would be unnecessary, unwieldy and cumbersome.

Decision

1. To note the report and the requirement to prepare Statements of Common Ground as part of the preparation of local plans.
2. To agree that the appropriate Strategic Director, in consultation with the appropriate Joint Advisory Board or Committee Member, the Cabinet Portfolio holder and the Strategic Director of Corporate Resources where they have financial implications, will sign off Statements of Common Ground, except where one or more of these parties considers it should be reported to Cabinet. In such cases, it will be reported to Cabinet.

3. To require the Monitoring Officer to note changes to the Scheme of Delegations to give effect to recommendation 2.
4. To accept the recommendation from the Executive Scrutiny Board.

Reasons

1. To bring to the Cabinet's attention the requirement to prepare Statements of Common Ground
2. To enable appropriate sign off of Statement of Common Ground

41/19 Revision to National Non Domestic Rates Policy for the Award of Discretionary Rate Relief

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

The Council's Policy was being refreshed to take account of recent clarification that the date by which businesses need to have located on Infinity Park Enterprise Zone by, in order to qualify for "enterprise zone" status, has been extended to 31 March 2021. Previously the deadline was 31 March 2018.

Any DRR award made as a result of extending the existing scheme was fully funded by the Government by way of a grant paid under Section 31 of the Local Government Act 2003. As such there would be no additional cost to the Council as a result of the recommended changes to the Policy included in this report.

Much of the Policy, including the criteria for awarding reliefs to charities and non-profit making organisations has not changed as a result of this update. The revised DRR Policy was available on CMIS and the proposed changes to the policy have been highlighted to make it easier for the reader.

The Executive Scrutiny Board noted the report

Options considered

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

Decision

1. To approve the revised DRR Policy (available on CMIS)

Reasons

1. To ensure that qualifying businesses can receive DRR.

Budget and Policy Framework

42/19 2019/20 Quarter 1 Forecast of Outturn for General Fund, Capital Budgets, Dedicated Schools Grant, Collection Fund and Housing Revenue Account.

The Council Cabinet considered a report which summarised the Council's forecasted financial outturn position to 31 March 2020 based on the financial position at the end of June 2019.

To summarise the Council's forecasted financial outturn position to 31 March 2020 based on the financial position at the end of June 2019.

Summary

- **National Context:** The financial outlook for the Council continues to be extremely challenging. Since public sector austerity began in 2010, Local Government has borne the brunt of disproportionate cuts compared to other Government Departments. Derby, like most Councils has had almost 10 years of funding reductions, whilst demand for services and associated costs, continue to rise.
- We are facing growing demand and cost pressures in adult social care and children's services. The Local Government Association (LGA) has calculated that during 2019/20 there will be a £1.9billion shortfall in children's services funding and a £2.2 billion funding gap in adult social care services; this is supported nationally by the professional Association of Directors of Children's Services and Adult Social Services. Nationally there are increasing numbers of children being taken into care, and last year in Derby we experienced a 41% increase in care applications.
- Due to protracted Brexit negotiations, there is a consequential legislative delay within Central Government and their commitment to a three year Spending Review is now at risk. This is causing uncertainty around future government funding levels and making our financial planning forecasting more difficult.
- **Revenue budget:** We are forecasting an overspend of £5.830m against our base budget requirement of £220.609m.
- We have insufficient uncommitted balances in the Budget Risk Reserve to contain the current forecast overspend so we need to all budget holders to play their part in keeping ongoing expenditure to an absolute

minimum for the remaining eight months of this financial year. Alternative in year constraints, need to be explored and implemented; these could include essential spend only, the cessation of discretionary services where possible, reducing none discretionary services spend where possible and use of other earmarked reserves to balance the out-turn.

- **Capital budget:** Capital expenditure to date is £7.051m and our forecast is estimated at £166.430m against an approved capital budget of £181.031m.
- **Capital slippage** up to 30 June 2019 is £35.483m due to significant slippage in several projects.
- **Reserves:** The General Reserve balance of £10.933m will reduce to £7.133m based on the Cabinet decision on 13 February 2019 to fund £3.8m for the A52 scheme. Earmarked Reserves have a future years' forecast balance of £14.292m.
- **Treasury Management:** Total debt at 30 June 2019 is £433.375 and total investments are £92.255m compared to £443.573m and £82.882 as at 1 April 2019. No new borrowings have been made or are anticipated to be made in the year. Public Works Loan Board borrowing of £10.198m has been repaid in the first quarter.
- **Dedicated Schools Grant (DSG):** The total grant of £234.766m has been allocated to schools and retained educational services. There is an overspend forecast on the High Needs Block of the DSG of £4m and DSG balances are not sufficient to fund this overspend resulting in the DSG being in a forecasted deficit position of £1.2m at the end of the year.
- **Collection Fund:** Council Tax billed for the 2019/20 is £120.0m, of which £33.35m, 27.71% has been collected compared with 27.89% as at the same period last year. Business Rates billed for the 2019/20 is £94.6m of which £25.7m, 27.17% has been collected compared with 31.94% as at the same period last year.
- **Housing Revenue Account (HRA):** The full year forecast projects a planned use of the HRA reserve of £4.507m.
- **Performance on sundry debt collection and movement on arrears outstanding:** the value of Sundry Debts in is £6.888m. This represents a decrease of £2.952m on the figure reported in the 2018/19 quarter 3 report.

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

Included in the revenue forecast are planned savings and mitigating savings of £7.012m. This equates to 98.8% of the £7.183m savings target set by

Council for 2019/20.

A summary of the net revenue forecast by directorate is set out in Table 1 on page 3 of the report. Further detail on the restated budget is set out in section 4.2 of the report.

The Executive Scrutiny Board resolved to note the report.

Options considered

None directly arising

Decision

1. To approve the virements in Corporate Resources directorate as set out in section 4.20 and 4.27 to comply with Financial Procedure Rules.
2. To approve changes to the 2019/20 – 2021/22 capital programme outlined in section 4.33 and detailed in Appendices 2 and 3..
3. To approve Business Rates write-offs of £0.247m as uncollectable and outlined in paragraph 4.60, with details in appendix 5. A confidential paper is on the agenda which outlines further details.
4. To approve Sundry Debt write-offs of £0.023m as uncollectable and outlined in paragraph 4.60, with details in appendix 6. A confidential paper is on the agenda which outlines further details.
5. To note
 - The revenue projected outturn and key budget variances set out in the report in section 4 and the savings to be delivered in the year in section 4.22.
 - The capital programme forecast and actual capital expenditure incurred during the quarter summarised in section 4.28
 - The Council's reserves position, as set out in section 4.44 and Appendix 1.
 - The Council's treasury position and performance in the quarter as set out in section 4.47
 - The forecast Dedicated Schools Grant position summarised in section 4.51
 - The Council Tax and Business Rates Collection Performance as set out in section 4.52

Reasons

To provide assurance that the Budget approved by the Council on 27 February 2019 is being effectively monitored and any major variances reported to Cabinet on a regular basis.

To report significant changes to the budget, including capital and treasury management matters in line with the Council's Financial Regulations.

Contract and Financial Procedure Matters

43/19 D2N2 (Local Enterprise Partnership) Project Call for Bids

The Council Cabinet considered a report which sought delegated approval to finalise and submit bids for the Local Enterprise Partnership (D2N2) short term Local Growth Fund (LGF) projects and medium term project proposals to inform future funding programmes.

The deadline for submission of initial expressions of interest would be 16 August 2019.

The Executive Scrutiny Board resolved to request that Council Cabinet add the Osmaston Main Works Site to the approved list to D2N2 for short term LGF projects and medium term project proposals.

Options considered

The Council could not respond to the D2N2 call for projects. This option has been rejected as this call represents an opportunity for the Council to access funding to support the delivery of key economic priorities.

Decision

1. To delegate authority to the Interim Strategic Director of Communities and Place, following consultation with the Strategic Director of Corporate Resources and Cabinet Member for Regeneration and Public Protection, to approve the finalisation of Derby bids and their submission to D2N2 for the short term LGF projects and medium term project proposals.
2. To reject the recommendation from the Executive Scrutiny Board.

Reasons

To maximise the funding opportunities for the Council. Further approval to submit is required in order to comply with the Council's Contract and Financial Procedure rules.

Performance

44/19 Annual Report and Review of Performance 2018/19

The Council Cabinet considered a report about the Annual Report and Review of Performance. Every year Derby City Council (DCC) produces a short Annual Report which is published alongside our Annual Review of Performance that presents a summary of our progress against agreed priorities from last year.

These documents are important in communicating the work that DCC delivers, the achievements and the challenges that DCC have encountered. They also complement the Statement of Accounts and Annual Governance Statement that, by necessity, are technical in nature and published separately.

The Executive Scrutiny Board recommended Council Cabinet

Refer areas of underperformance to the relevant Scrutiny Review Board Chairs, for inclusion on their annual work programmes.

Options considered

None

Decision

1. To approve the Annual Report and Annual Review of Performance for publication.
2. To note and agree the recommendation from the Executive Scrutiny Board

Reasons

To inform the public and our key stakeholders about our work in 2018/19.

To recognise the commitment and achievements of our colleagues in 2018/19

To contribute towards meeting the Council's Best Value Duty and Code of Recommended Practice on Local Government Transparency

45/19 Exclusion of the Press and Public

A resolution to exclude the press and public for Item 14 (Q1 Budget Monitoring - Business Rates and Sundry Debt Write Offs) was considered on the grounds that the report contained information relating to the financial or business affairs of any particular person (including the authority holding that information).

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

Budget and Policy Framework

46/19 Q1 Budget Monitoring – Business Rates and Sundry Debt Write Offs

The Council Cabinet considered Business Rates Write offs – Addendum Paper to 2019/20 Quarter 1 Forecast of Outturn for General Fund, Housing Revenue Account, Revenue and Capital Budgets, Dedicated Schools Grant, Collection Fund and Housing Revenue Account.

MINUTES END