

Executive Scrutiny Board	
Recommendations from the meeting held on 12 November 2019	
Council Cabinet Agenda – 13 November 2019	
Item 2	Compliance with Contract and Financial Procedure Matters
<p>The Board received a report of the Strategic Director of Corporate Resources seeking approval under Contract and Financial Procedure rules for the following, in relation to Transforming Cities Fund:</p> <ul style="list-style-type: none"> • To approve the delegation of the decision to submit a bid to the Transforming Cities Fund Tranche 2, and any further development and submission for the Future Mobility Zone Fund, if the proposal successfully passes to the next stage of assessment, and to accept the anticipated award of funding, subject to acceptable grant conditions. • To delegate authority to make variations to the programme as necessary within the terms of any allocated grant and where they are supported by the Joint Derby Nottingham Mobility Programme Board. • To delegate the decisions in 2.1 and 2.2 to the Strategic Director of Communities and Place following consultation with the Cabinet Member for Regeneration and Public Protection and the Strategic Director of Corporate Resources. <p>The Executive Scrutiny Board resolved:</p> <ol style="list-style-type: none"> 1. to recommend that the Cabinet Member for Regeneration, Planning and Transportation writes to the Department for Transport, outlining our concerns about the lack of revenue funding in the Transforming Cities Fund and requests that this is reconsidered in relation to tranche 2 funding; and 2. to recommend to Council Cabinet that the proposed transport infrastructure considers the existing infrastructure and includes fast and efficient cross city links and routes. 	
Item 9	Creation of a Single Early Years Inclusion Fund
<p>The Board received a report of the Strategic Director of People Services on the creation of a Single Early Years Inclusion Fund.</p> <p>The Board noted that following consultation and very careful consideration, Council Cabinet on 10 October 2018, had approved the reallocation of the enhanced resource funding provided to Central Community Nursery School (£142,055) and Lord Street Nursery School (£110,000) , totalling £252,055, to a single Early Years Inclusion Fund. It was noted that Maintained Mainstream Settings and Private, Voluntary and Independent (PVI) settings could make applications to this fund in order to provide additional support</p>	

for early years children with SEND across the city.

It was reported that the reallocation of the Central Community Nursery School and Lord Street Nursery School enhanced resource funding to a single Early Years Inclusion Fund formed part of the strategic city-wide review to improve SEND provision in Derby. It was also reported that the aim was to help ensure that parents and carers of children with SEND had a wider choice of early years options available and were able to access local childcare places. The funding reallocation would result in the Early Years Inclusion Fund increasing to £502,000 and would create a more transparent and consistent approach to providing funding to meet the needs of children in early years settings.

The Board noted that the proposed removal of the enhanced resource provisions from the two nurseries would not displace any children and overall early years SEND funding would not be reduced as a result of the funding reallocation.

It was reported that in Derby, 40 primary schools offered nursery provision in their nursery units, many of which accommodated children with SEND. In addition, many private, voluntary and independent (PVI) settings were also supporting children with SEND. It was also reported that SEND support was provided across Derby's early years sector but the current approach to funding SEND support was inconsistent across the different settings.

It was noted by the Board that the Council had been working very closely with Central Community Nursery School and Lord Street Nursery School on the decommissioning of their enhanced resource provisions, including in relation to transitional funding arrangements to help support the nurseries.

The Executive Scrutiny Board resolved:

- 1. to note that with small numbers of children on roll and their short duration at a school, staff skills are key and asks that a significant proportion of these funds should be used to provide early advice and support to all settings at an early stage of concern about a child having SEND and more general training must be available at minimal cost for staff at all early years settings; and**
- 2. to recommend to Council Cabinet that an up to date EIA is completed before the final decision is made to remove the enhanced resource provisions at Central and Lord Street Nursery, to assess the impact of this move.**

Item 10	Purchase of a Residential Development to Provide 13 New Affordable Homes
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The Board received a report of the Strategic Director for Communities and Place; seeking approval to purchase a housing scheme which would be funded from the Housing Revenue Account (HRA) capital programme and Right to Buy receipts (RtB).

The Board noted that the Council had been offered the opportunity to purchase 13 new build homes on a self-contained development located within the City and that these homes would form part of the Council's affordable housing stock and would be managed

by Derby Homes (DH).

It was reported that the development consisted of 8 x 3 bedroom houses and 5 x 4 bedroom houses which provided a mix of family accommodation and that there was an increasing need for larger 4 bedroom properties as applicants on the choice based letting system (Homefinder) were waiting the longest for an affordable 4 bedroom property.

It was noted by the Board that the commercial centre was within walking distance of the development and there were further local amenities including primary and secondary schools and a GP surgery close by. It was also noted that the site had detailed planning permission and that works had commenced on site with an approximate remaining construction period of 6 months.

It was reported that officers had consulted with housing management at DH who were supportive of the scheme and that statutory consultation had also been undertaken as part of the planning process.

The Board noted that the Council had the capacity within its latest HRA business plan to acquire the development and that Right to Buy receipts could be applied at 30% of the acquisition cost in accordance with Agreement - Section 11(6) of the Local Government Act 2003. It was also noted that following acquisition of the property, an "Exemption from Regulations" application would be submitted to MHCLG and that if this application was accepted the Council would retain 100% of the capital receipt.

The Executive Scrutiny Board resolved to recommend to Council Cabinet that it ensures that the homes are built to use all electric heating with air-sourced heat pumps and very high levels of insulation.

Item 11	Compulsory Purchase Scheme – Compulsory Purchase of Properties in Castleward
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The Board considered a report of the Strategic Director for Communities and Place setting out the next steps and timescales for the compulsory purchase process, highlighting the key risks associated with proceeding and seeking approval for the capital and revenue budget implications of acquisitions.

The Board noted that the regeneration of Castleward Urban Village (CUV) was a priority project in the Derby City Centre Masterplan 2030 and was critical to achieving the housing targets in the Derby City Local Plan (2011-2028). It was also noted that the Local Plan Target for CUV expected at least 800 new housing completions by 2028, including affordable housing.

It was reported that a residential-led development at Castleward to deliver up to 840 dwellings secured outline planning permission in 2013, (ref: DER/05/12/00563) with delivery of new homes planned over 5 phases. Phase 1 was successfully completed (164 new homes plus show home) and Phase 2 had commenced on site (54 homes). It was noted that neither of these phases required the exercise by the Council of its compulsory purchase powers.

<p>The Executive Scrutiny Board resolved:</p> <ol style="list-style-type: none"> 1. to note that a number of businesses affected may have difficulty relocating to suitable alternative premises and, therefore, asks Council Cabinet to work with developers in other areas, such as Manor Kingsway and Heatherton extension (H9), to create the sorts of business spaces that appear to be in short supply in Derby; and 2. to recommend to Council Cabinet that it ensures that there is a provision in the business relocation funds for business marketing of new locations. 	
Item 12	Investment in High Quality Office Development – One Cathedral Green, Full Street, Derby
<p>The Board considered a report of the Strategic Director for Communities and Place; seeking approval for direct investment by the Council in c. 42,900 sq. ft. of new high quality offices on Full Street.</p> <p>The Board noted that this project aimed to improve the supply of offices in the city centre for businesses who want to locate there, or growing businesses looking to expand, and as a result create new jobs in the city centre. It was also noted that the proposal was to deliver a high-quality four-storey office development in two blocks, with a net internal lettable area of 42,900 sq. ft and that there would be flexibility in the accommodation for a single letting or multiple occupations.</p> <p>It was reported that two major studies had emphasised the weakness of Derby city centre in regard to its office stock and that Derby Cityscape's Masterplan and Implementation Strategy (launched June 2009) promoted the need for 185,000 sq m of employment space in the city centre and this was the foundation for the Council's Derby City Centre Masterplan 2030. The Board noted that in February 2019, a Centre for Cities report set out that the features of a strong city, amongst other things, included a large proportion of office spaces; that is, at least 60%. It was also noted that weak city centres by contrast had a low proportion of office space, and Derby currently had 15%. It was reported that the proposed investment was considered essential to redress this under-lying weakness and therefore improve the vitality of the City Centre.</p> <p>It was noted that the scheme would generate an additional £8.5m pa Gross Value Added and business rates of up to £346k pa. with opportunities for local labour and skills training (apprenticeships) during the construction period.</p> <p>The Executive Scrutiny Board resolved to recommend to Council Cabinet that it ensures that the building is constructed to a very high environmental standard to ensure that it has a long life with a minimal in-use carbon footprint and that the structure is adaptable for future changes of use (e.g. to residential, retail, storage, etc.) as building purposes change over time.</p>	
Item 13	2019/20 – Quarter 2 Financial Monitoring for General Fund, Capital Budgets, Dedicated Schools Grant, Collection Fund and Housing

	Revenue Account
<p>The Board considered a report of the Strategic Director of Corporate Resources summarising the Council's forecasted financial outturn position to 31 March 2020 based on the financial position as at 30th September 2019.</p> <p>It was reported that the Council was currently forecasting an overspend of £5.483m against a base budget requirement of £220.609m and that this was an improvement on the £5.830m overspend reported at the end of Quarter 1. The Board noted that the demand pressure reported in respect of Children's Services in Quarter 1 had stabilised demonstrating the impact of a number of the interventions introduced within this service area. It was also noted that pressures in children's services were being experienced by the majority of Councils across England.</p> <p>It was reported that excluding this demand led pressure within Children's Services the Council was forecasting a £1.117m surplus in respect of all the other areas of Council activity and for the remaining six months of the year budget holders would continue to exercise tight management of their costs and look at opportunities to maximise income.</p> <p>The Board noted that it was expected that a number of the Council's demand management interventions would deliver further savings over the next six months and that recent Government announcements on funding for 2020/21 indicated additional funding in future years that would be sufficient to address any recurrent costs pressures identified within the 2019/20 monitoring. It was also noted that care would be taken in respect of management actions to reduce the overspend in the next 6 months, to ensure that it does not just cost shunt into next year or have unintended consequences on future years' service delivery to residents and businesses.</p> <p>It was reported that capital expenditure to date was £28.327m and the Council's forecast was estimated at £129.916m against an approved capital budget of £181.031m. It was noted that the Capital Programme had been updated for both re-profiling and revisions to funding assumptions.</p> <p>The Board noted that the General Reserve balance remained at £10.933m and the Council's earmarked reserves had a future years' forecast balance of £25.428m. It was also noted that total debt was £430.955m and total investments were £71.428m compared to £443.573m and £67.838 as at 31 March 2019. It was reported that no new borrowings have been made or were anticipated to be made in the year and that total debt had reduced by £12.618m including the repayment of PWLB debt totalling £11.038m</p> <p>The Executive Scrutiny Board resolved to note the report.</p>	
Item 14	Treasury Management Mid - Year Report 2019/20
<p>The Board considered a report of the Strategic Director of Corporate Resources outlining the Treasury Management activity for the period 1 April 2019 to 30 September 2019.</p> <p>It was noted that the Council's treasury management strategy for 2019/20 was approved</p>	

by Full Council on 27th February 2019 and that the Council had borrowed and invested substantial sums of money and was therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. It was also noted that the successful identification, monitoring and control of risk were therefore central to the Council's treasury management strategy.

It was reported that the Treasury Management forecast outturn for 2019/20 was a net underspend of £0.9m as at 30 September 2019 and that this was mainly because Minimum Revenue Provision (MRP) was less than originally forecast due to reduced unsupported borrowing in 2018/19, as a result of slippage in capital expenditure in 2018/19.

The Board noted that at the end of September 2019, total debt was £430.955m and total investments were £71.433m compared to £443.572m and £67.838m as at 31st March 2018. It was reported that no new borrowings had been made or were anticipated to be made in the year and that total debt had reduced by £12.618m including the repayment of PWLB debt totalling £11.038m.

It was reported that Treasury Management advice to the Council up to 30 September 2019 had been provided by Arlingclose and that their services included economic and interest rate forecasting, advice on strategy, portfolio structure, debt restructuring, investment policy and credit ratings and technical assistance on other treasury matters as and when required.

The Executive Scrutiny Board resolved to note the report.

Item 15	Medium Term Financial Plan 2020/21 - 2022/23 – Consultation Report
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The Board considered a report of the Strategic Director of Corporate Resources outlining proposals for the Council's new three year Medium Term Financial Plan (MTFP) including detailed plans for a balanced budget for 2020/21.

The Board noted that the Council had an ambitious programme of change and investment to ensure that resources were targeted at priority outcomes. It was reported that additional funding from Central Government for 2020/21 had made a substantial contribution towards addressing the Council's short term cost pressures, although significant uncertainty remained beyond 2020/21.

It was reported that the MTFP had been refreshed to include updated projections in respect of cost and demand pressures since the Council meeting in February 2019. This included demand for Children's Social Care, waste pressures and the impact of national and local changes in the cost of delivering services (e.g. Living Wage, pensions etc.). It was noted that these totalled more than £12m and have also been factored into the base budget.

The Board noted that the MTFP process had been through officer, councillor and Cabinet engagement. It was also noted that this report outlined all the approved proposals to date

(including those approved at February Council), plus those new proposals requiring approval and consultation. It was reported that the final budget setting report was due to go to 12 February 2020 Cabinet for final approval and subsequent recommendation would go to Budget Council at the end of February 2020.

The Executive Scrutiny Board resolved:

- 1. to recommend to Council Cabinet that in relation to page 28 of the report - Communities and Place proposed new savings – Public Protection and Streetpride – Staffing Efficiencies – Land, Flood and Drainage Reduction – 3 FTEs and in light of the recent flooding emergency and the potential for future flooding, that there is no reduction in staff in this department;**
- 2. to recommend to Council Cabinet that a detailed breakdown be provided of the investment on highways mentioned in paragraph 4.14.3 of the report, how this money will be spent and a programme for these activities;**
- 3. to recommend to Council Cabinet that it ensures that officers explore the opportunity to sell the Council's professional and technical services to others before reducing technical staff, especially those whose expertise may be difficult to replace; and**
- 4. to recommend to Council Cabinet that it ensures that the Council has the officer capacity to develop bids, such as those listed in 4.14.16 of the report, which will result in the improvement to the appearance and resilience of Derby.**

Item 16	Council Delivery Plan Monitoring – Quarter 2
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The Board considered a report of the Chief Executive on the Council Delivery Plan Monitoring which provided a consolidated overview of performance.

It was reported that at the end of Q2 (September 2019), 59% of the Council's priority performance measures were forecasted to improve from the positions reported at the end of March 2019, with 77% of supporting Delivery Plan actions being evaluated as 'on track'. 62% of the 21 priority projects were rated as either 'green' or 'amber/green,' and for the twelve strategic risks, 94% of controls were assessed as established.

The Board noted that a number of key regeneration projects / initiatives were 'on track', supported by investment. It was reported that a notable improvement was the A52 project, where the strategic risk score had reduced to 6 and that the associated risk on managing capital projects remained 'significant', reflecting risks in a small number of areas. It was noted that work continued to further strengthen arrangements through the Council's Project Management Office (PMO).

It was reported that the Council's work to support the most vulnerable people in Derby (both adults and children and young people) was having a positive impact, with fewer adults requiring residential / nursing care, and a stabilising position for children in care; who were also benefiting from a more stable workforce.

The Executive Scrutiny Board resolved to note the report.	
Item 17	Exclusion of Press and Public
<p>A resolution to exclude the press and public was put to the vote and carried.</p> <p>The Board 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 paragraphs 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.</p>	
Item 18	Purchase of a Residential Development to Provide 13 New Affordable Homes
<p>The Board considered exempt detail in the report of the Strategic Director; seeking approval to purchase a housing scheme which would be funded from the Housing Revenue Account (HRA) capital programme and Right to Buy receipts (RtB).</p> <p>The Executive Scrutiny Board resolved to note the report.</p>	
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Item 21	Business Rates Write offs
The Board considered an exempt report of the Strategic Director of Corporate Resources	

on Business Rates Write offs.

The Executive Scrutiny Board resolved to note the report.