

Time began: 4.00pm
Time ended: 6.35pm

COUNCIL CABINET

16 February 2022

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| Present | Councillor Poulter (Chair) Councillors Barker, Eyre, J Pearce, Smale and Webb |
| In attendance | Councillors Repton, Shanker and Skelton Paul Simpson – Chief Executive Rachel North – Strategic Director of Communities and Place Andy Smith – Strategic Director of People Simon Riley – Strategic Director of Corporate Resources Emily Feenan – Director of Legal, Procurement and Democratic Services Heather Greenan – Director of Insight, Communications and Policy Steve Caplan – Director of Property Caroline Allen – Assurance Lead – Project Manager Joanna Rees – Senior Valuer, Estates and Property Review Omar Aslam – Youth Mayor - Elect Gloria Osei Bonsu – Deputy Youth Mayor - Elect Alyson Koe – External Communications Lead |

This record of decisions was published on 18 February 2022. 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.

145/21 Apologies

Apologies for absence were received from Councillors Hassall and Williams

146/21 Late Items

There were no late items.

147/21 Receipt of Petitions

There were no petitions.

148/21 Identification of Urgent Items to which Call In will not apply

There were no items.

149/21 Declarations of Interest

Councillor Webb declared an interest in item 9 Adult Social Care Fees because he was a trustee of the Liversage Trust,

Councillor Barker declared an interest in item 11 and 20 as he was the Council's representative on National Association of British Market Authorities (NABMA).

150/21 Minutes of the meeting held on 12 January 2022

The minutes of the meeting held on 12 January 2022 were agreed as a correct record.

Matters Referred

151/21 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.

Key Decisions

152/21 Determined School Admission Arrangements for Derby City Maintained and Voluntary Controlled Schools

The Council Cabinet considered a report which stated that the Council was the Admissions Authority for all maintained and voluntary controlled schools within Derby City, and therefore, must comply with the statutory duty to consult on any changes to its admission arrangements on behalf of those schools before they are determined and published in the year preceding admission.

The School Admissions Code 2021 requires that consultation on admission arrangements for the academic year 2023-2024 must last for a minimum 6 weeks and must take place between 1 October 2021 and 31 January 2022. All admission arrangements must then be determined (set) by the statutory deadline date of 28 February 2022.

No objections or comments relating to the proposed admission arrangements had been received during the consultation period between 15 October 2021 and 26 November 2021.

The proposal was for the admission arrangements for the 2023-2024 academic year set out in Appendix 1 of the report, to be considered and approved as the determined (set) admission arrangements.

The Executive Scrutiny Board noted the report.

Options Considered

Not to undertake a consultation where there were no changes proposed for a period of up to seven years. However, all admission authorities must publish their determine admission arrangements every year, even if they have not changed from previous years. It was considered that the annual consultation process provided parents, carers, and stakeholders with a regular opportunity to review and comment on the proposed admission arrangements each year.

Decision

1. To approve the proposed admission arrangements for Community and Voluntary Controlled infant, junior, primary, and secondary schools as set out in Appendix 1 of the report as the determined (set) admission arrangements for the 2023-2024 academic year.
2. To approve the published admission numbers as set out in Annex 3 of the report.

Reasons

To ensure that fairness, equity, and transparency was retained, and that Derby City was fully compliant with the mandatory requirements of the School Admissions Code 2021, School Admission Appeals Code 2012, relevant legislation, and regulations.

153/21 Adult Social Care Fees and Charges 2022/23

The Council Cabinet considered a report which stated that under the Care Act 2014, Councils have a duty to ensure that there was a sustainable and affordable social care market locally. This included establishing fee levels that providers would expect to receive for commissioned care that was delivered to meet a person's needs. To ensure that the Council was aware of and taking account of the cost pressures affecting local providers of care, engagement and consultation with independent sector providers had been undertaken in recent months. This had been focused on those providers operating "standard" care i.e. not those dealing with more complex levels of care. The report summarised the engagement findings, the reported cost pressures and feedback from providers. The report set out details of the funding model itself and the proposed rates for 2022/23 for standard residential / nursing care and for homecare services.

The report also set out the proposed charges for Council-provided adult social care services for 2022/23, which formed the annual review referred to in the Council's Adult Social Care Charging Policy.

It should be noted that the full cost of care was only paid by around a tenth of customers, the majority were subsidised following the outcome of a Financial Assessment.

The Executive Scrutiny Board noted the report.

Options Considered

1. The Council could determine not to award any inflationary increase to the fees it pays for in-house and independent sector care. This was not being recommended as having a sustainable and viable social care market was vital to ensuring that the Council could discharge its statutory duties in relation to vulnerable adults.
2. The Council could decide not to increase the charges it levied for in-house and independent sector care. This was not being recommended as it would create an unmanageable pressure in the adult social care budget.
3. The Council could decide not to exercise the powers granted in the Care Act 2014 to levy administrative charges for certain activities. This was not being recommended as it would create an unmanageable pressure in the adult social care budget.

Decision

1. To approve a 4.69% fee increase for independent sector standard residential care and nursing care weekly fee rates (net of the Registered Nursing Care contribution) from April 2022.
2. To approve a 3.7% fee increase for independent sector homecare/care at home services from April 2022.
3. To approve an increase to the charging rates for Council-provided services of 3.0% with the exception of the Shared Lives Carer service which would be increased by 3.7% from April 2022 to match the home care increase.
4. To approve an increase in existing Direct Payments, where an inflationary uplift was requested and evidenced, of up to 3.7%, which mirrored the proposed uplift for homecare/care at home providers.
5. To approve that all the new rates would apply from the date of the rise in benefits for 2022/23, which was expected to be 11 April 2022.
6. To delegate authority to the Strategic Director of People Services following consultation with the Cabinet Member for Adults, Health and Housing to

agree fee levels on an individual by individual basis for complex customers placed with specialist providers, within the overall budget of Adult Social Care Services.

Reasons

1. The Council must publish its intended fees for care, taking into account market conditions and cost pressures. The Care Act 2014 requires this as part of Council's "market shaping" duties which also require Councils to hold sufficient intelligence about their local care market. General information and consultation feedback from independent sector care providers had therefore been gathered, analysed, largely focusing on specific inflationary and cost pressures affecting care businesses. The Council's fee rate models for residential care homes, as set out in Appendix 2 of the report and home / community care, as set out in Appendix 3 of the report, had been adjusted and based on the methodology used by the Council in previous years. This methodology looked at specific cost elements that together compromised an overall weekly individual fee for care homes and an hourly fee for home care, where inflationary allowances and any other considerations were applied, to then propose an overall composite percentage annual uplift.
2. The Council previously decided to introduce the option to apply an annual inflationary uplift for Direct Payments to address a legacy systemic inequity whereby people electing to receive their funding by Direct Payment could be disadvantaged compared to those whose services were commissioned by the Council. This approach helped to ensure that Direct Payment arrangements were sustainable.
3. Maintaining income levels for Council-provided services was crucial to the management of the overall budget for the Council. This included considering whether care services that were directly provided need to have their charges increased in line with inflation.
4. The proposed start date for all 2022/23 fees and charges aligned with the date that the Department of Work and Pensions (DWP) benefit rates were expected to change.
5. Specialist fee levels for people with more complex needs did not fit into the standard fee frameworks. Instead, these were individually set and agreed with providers at the point at which a contract for care was entered into. These did not lend themselves to be considered for a standard approach given then were bespoke to each individual.

Having declared an interest in the above item Councillor Webb took no part in the discussion and voting on the item.

154/21 The Sale of Unit 3 Westside Park, Raynesway, Derby

The Council Cabinet considered a report which sought approval to dispose of Unit 3 Westside Park and the treatment of the financial implications arising from the disposal.

The Executive Scrutiny Board noted the report.

Options Considered

To retain the property in the medium to long term for its potential investment returns. However, this option had been discounted as future rental income from the existing or any future tenant could not be guaranteed based on previous experience of risk in this niche market and the bespoke nature of the building. Further, given the current buoyant property investment market for industrial properties, an immediate sale was recommended to benefit from the current value, as there was always the risk that values could fall.

Decision

1. To formally declare Unit 3 Westside Park as surplus to Council requirements and available for sale.
2. To delegate to the Strategic Director of Resources and the Strategic Director for Communities and Place following consultation with the Cabinet Member for Finance, Assets and Digital, to authorise the terms of the sale.
3. To approve that the capital receipt generated on disposal would be treated as a corporate capital receipt and any future use would be considered as part of the future capital strategy.
4. To approve that the balance still due to be repaid to corporate revenue reserves from the Derbyshire Enterprise Growth Fund (DEGF) at the date of disposal be written off.

Reasons

1. It was a function of Council Cabinet to declare Council's assets as surplus.
2. The value of this property was above all Officers' delegations and therefore it was for Council Cabinet, when it considered it appropriate to do so, to delegate to officers' authority to agree the terms of the sale.

155/21 Market Hall Transformation

The Council Cabinet considered a report which updated members on the progress of the Derby Market Hall transformation project delivery and sought approval to

support a capital contribution towards the works to supplement the £9.430m Future High Street Funding (FHSF) secured for the scheme.

The report also sought approval to update the Capital Programme for the Market Hall Transformation project to include the total estimated project cost to deliver the transformation in order to comply with the Council's Financial Procedure Rules.

The report also asked Members to note the operating model, revenue Medium Term Financial Plan implications, and progression of the works on this basis.

This would enable the continuation of the project and realisation of the Council's ambition to create a new vibrant, high quality, flexible market, appealing to a diverse customer base, at the heart of the city centre.

The Executive Scrutiny Board recommended to Council Cabinet.

1. that there is now an immediate and thorough re-examination of all the plans and costs for the Market Hall refurbishment with the aim to make savings that can pay for a replacement centrally located pool in line with the motion that was passed at the last full Council meeting; and
2. that it sets in place close and public monitoring of the business plan for the reopened Market Hall to maximise the likelihood of the reopening leading to a successful and profitable venture.

Options Considered

1. Do not deliver phase 2 - Cease all transformation works and reopen the Market Hall with its current layout and facilities.
To do nothing and cease the project was not believed to be an option if the Council was to meet its objectives around city centre regeneration. The essential roof repair works had resulted in all tenants having to move out of the Market Hall. This had been at a significant cost to both the Council and the traders. To reopen without redeveloping the interior space would mean at best a return to pre-closure revenue net operating budget pressures, and at worst an untenanted space. The Phase 1 roof repairs would have been carried out at a cost of £14.2m, and rather than resulting in an improvement to the operation of the building, would in fact have had a detrimental effect. Compounding this issue would be the ongoing revenue pressures in regard to maintaining the asset in its existing condition. Surveys carried out to date had identified significant mechanical, electrical, and plumbing work that needed to be carried out in order to bring the facilities up to a suitable standard.

Not carrying out the transformation works would represent a significant missed opportunity and result in increased revenue pressure incurred through owning and operating the building. In addition, the Council would be at risk of reputational damage regarding failure to deliver a major project following receipt of a significant FHSF allocation. The risks were outlined in supporting information.

2. Descope phase 2 – A value engineering exercise was carried out prior to instructing RIBA stage 2 design which identified a number of savings that could be made without compromising the end products revenue and transformational potential, while ensuring it would still deliver the required FHSF outputs. Any cost savings that were identified from earlier value engineering had been built into the figures in the report.

Decision

1. To approve the latest proposals and associated capital and revenue budget implications to deliver the Market Hall Transformation project. subject to approval of the budget and funding requirements set out in recommendation 2.3 of the report.
2. To agree the progression of detailed design of an enhanced Osnabruck Square public realm scheme to RIBA stage 4, subject to budget approval (recommendation 2.3 of the report) and note that the delivery of an enhanced scheme would require further capital funding, approval for which would be the subject of a future report.
3. To approve the funding of £10.089m additional capital requirement outlined in paragraphs 7.1 to 7.3 of the report, for Market Hall Transformation phase 2 and Osnabruck Square public realm design by way of transfer from the corporate Future Investment capital budget funded by Prudential Borrowing and included in the proposed MTFP for 2022/23 -2024/25, subject to approval of the MTFP and Prudential Indicators by Council on 28 February 2022.
4. Subject to recommendation 2.2 of the report and Programme Management Office Gateway 3 requirements, to approve the addition to the capital programme of £19.279m for Market Hall transformation phase 2 and £0.240m Osnabruck Square public realm design as detailed at paragraphs 7.1. To 7.4 of the report.
5. To note that in advance of Programme Management Office Gateway 3 approval for the phase 2 scheme, some design works would commence as detailed in paragraph 4.7 of the report.
6. To accept the operating model and associated cashflow forecast detailed within the report in paragraph 7.6 of the report and agree the inclusion of £0.541m of revenue mobilisation costs and early years operation subsidy in the proposed 2022/23-2024/25 MTFP to be recommended to Council for approval on 28 February 2022.
7. To agree that a feasibility study be carried out on redevelopment options for the Lock up Yard and Fish Market area, noting that these would be the subject of a future feasibility funding request when costs were confirmed and a subsequent Council Cabinet report on redevelopment options and financial implications would follow.

8. To delegate to the Strategic Director for Communities and Place following consultation with the Director of Finance, Director of Legal, Procurement and Democratic Services and the Cabinet Member for Regeneration, Decarbonisation and Planning and Transportation authority to take all necessary actions to finalise and enter into all necessary contractual arrangements to complete the Market Hall transformation works and Osnabruck Square public realm design to RIBA 3, subject to all necessary budget and Programme Management Office Gateway approvals being in place.
9. To reject recommendation 1 from the Executive Scrutiny Board because a thorough review of the costs had already been undertaken.
10. To note that in respect of recommendation 2 from the Executive Scrutiny Board scrutiny of the project the project and mobilization of the Market Hall was part of the Majors Project gateway review process and would be undertaken at the appropriate time. Ongoing financial monitoring would be on a quarterly basis.

Reasons

1. To secure sufficient funding to deliver the latest internal transformation works proposals, informed by updated RIBA2 design costings, and add the budget to the capital programme together with the £9.430m Future High Street Funding (FHSF).
2. To deliver on the commitment to transform Derby Market Hall into a flexible retail, food and drink, and leisure space capable of meeting the needs of Derby's residents and visitors and supporting the development of the wider city centre offer in line with the City Centre Masterplan 2030 and contributed towards the city's recovery following the Covid-19 pandemic. Following the FHSF bid further work had been carried out to produce a detailed brief, leading to contractor led design work and costings. This had also taken into account the current market conditions and inflationary increases in the construction industry.
3. To bring back into use a strategically located Grade II listed building following a programme of extensive roof repairs requiring the decant of all previous tenants, and to provide a 30-year life through the upgrading of all mechanical, electrical and plumbing provisions.
4. To ensure that the Council could spend the FHSF allocation ring fenced for delivery of the Market Hall transformation.
5. To initiate steps to develop a suitable proposal for redevelopment of the Lock up Yard and Fish Market area.
6. To progress Osnabruck Square public realm design to gain greater cost certainty.

Budget and Policy Framework

156/21 Council Plan 2022/25

The Council Cabinet considered a report which stated that on 21 December 2021, Council Cabinet considered a refreshed draft Council Plan, alongside the Medium-Term Financial Plan 2022/23 to 2024/25 – Update and proposed Consultation. Both reports presented a plan for future priorities and Council spending.

The content of the draft Council Plan 2022-2025 was subject to public consultation from 22 December 2021 until 28 January 2022, which allowed partners, residents, businesses and other stakeholders the opportunity to provide feedback on the proposals.

The consultation was open to anybody who lived, worked or studied in Derby and wanted to take part. A summary of all consultation activity, the feedback received, and actions taken in response to this was presented in paragraph 4.8 of the report, with more details of the consultation survey responses in Appendix 1 of the report.

The report presented Council Cabinet with an updated Council Plan 2022-2025 (Appendix 3 of the report), for approval, which should be read alongside our Medium-Term Financial Plan (MTFP) 2022/23 to 2024/25.

Subject to Council Cabinet approval, the draft Council Plan would be presented to Council alongside the Council's MTFP on 28 February 2022.

The Executive Scrutiny Board noted the report.

Decision

1. To note the outcomes of the Council Plan consultation that were set out in paragraph 4.8 of the report, with further supporting information presented in Appendix 1 of the report.
2. To note the completed Equality Impact Assessment, available in Appendix 2 of the report.
3. To approve the Council Plan 2022–2025 (Appendix 3 of the report), noting that the published version would be designed.
4. To refer the draft Council Plan 2022-2025 to Council for approval, alongside the Medium-Term Financial Plan 2022/23 to 2024/25 in February 2022.
5. To delegate authority to the Chief Executive to make any final amendments to the Council Plan 2022-2025, following consultation with the Leader of the Council.

6. To note that an annual Council Delivery Plan, for 2022/23, would be developed.

157/21 Medium Term Financial Plan 2022/23 – 2024/25 (Revenue Budget, Capital Budget, Dedicated Schools Grant, Reserves and Capital Strategy)

The Council Cabinet considered a report which outlined the Council's budget proposals for the period 2022/23 to 2024/25 to recommend to Council:

The budget included estimates of future demand and economic pressures as the Council plans for the City, post the pandemic, and in shaping the financial framework for future service delivery. The setting of the budget had been particularly challenging due to increased demand in the Council's statutory services and increased costs especially within the areas of social care and macro-economic pressures within the economy. This had led to increased pressures being added into the MTFP. The national and local context of the MTFP was set out in the Medium Term Financial Plan update and consultation report approved by Council Cabinet on the 21 December 2021.

It had been necessary to plan for reductions in the Council's spend. The majority of these were delivered through the Council's transformation programme 'Working Smarter' which aimed, through a series of programme areas, to reshape service delivery over the next three years with the twin goals of delivering improved Value for Money and to develop services which were delivered with residents and communities. Other savings had been aligned to the four partnership themes of Vibrant Derby, Green Derby, Growth Derby and Resilient Derby.

The background to the current MTFP was one of significant uncertainty given the impact of the COVID-19 pandemic, the results of which had impacted on the way the Council operated, the needs of our most vulnerable citizens and the income that we rely on to fund our services. Because of the current level of national economic uncertainty and the widespread pressures on public spending, it was vital the Council understands its financial outlook and continues to plan effectively for the future. It had been necessary in 2021/22 to implement spending review panels to manage in year-demand and to improve financial resilience. It was anticipated that these would continue in 2022/23.

Robust financial planning and financial management alongside our budget preparation, performance management and stakeholder reporting was an integral part of our corporate governance and gave us the ability to look strategically and align our priorities beyond the current budget period. This was crucial to support and ensure our resilience and long-term financial sustainability.

The impact of COVID-19 upon the Council's financial position in both 2020/21 and 2021/22 had been significant and despite national increases in the spending power of Local Government to reflect this, the additional funding was not sufficient to meet all of the Council's demands. Future Covid demands were unknown.

The key objectives of the report were:

- To ensure that effective financial planning contributed to the delivery of the Council Plan
- To ensure that the Council was financially resilient, stable and sustainable for the future
- To maximise the income from Council Tax and Business Rates to support the priorities of the Council
- To plan for future resources available and to estimate expenditure requirements to ensure value for money was achieved and resources were utilised where outcomes were measurable and had real impact.

The MTFP sets out the Council's approach to the prudent management of our finances against a reducing reliance on central government funding and increased reliance of local funding sources from council tax and business rates.

Revenue budget:

The report outlined proposals to recommend to Council Cabinet a net budget requirement of £259,554,475 for 2022/23 and outlined further budget proposals for 2023/24 and 2024/25.

It also set out permanent savings requirements of (£16.979m) over the three-year period to address the impact of demand pressures, rising costs, maintaining priority services and investing in the Derby Council Plan and Vision of being 'Ambitious for Derby'. These savings total (£13.471m) in 2022/23, (£2.493m) in 2023/24 and (£1.015m) in 2024/25.

There were identified budget gaps in 2023/24 and 2024/25 that would require further savings, income and transformation proposals to address. The budget gaps include planned contributions to reserves to improve the financial resilience and sustainability of the Council.

The programme included slippage from the 2021/22 approved Capital Programme. This had been reported in the Quarter 3 Revenue monitoring. The capital programme outlined assumptions made on future year's government allocations which were still to be confirmed.

The report also contained a refreshed Capital Strategy that gave a high-level overview of how capital expenditure, capital financing and treasury management activity contributed to the provision of local public services along with an overview of how associated risk was managed and the implications for future financial sustainability as detailed in Appendix 17 of the report. A revised Capital Strategy linked to the new Council Plan, priority themes, levelling up agenda and investment opportunities would be produced and adopted in 2022/23.

Reserves:

The report detailed an assessment of the adequacy of reserves which were required as part of the budget process. These demonstrated that the Council was able to set a balanced budget for 2022/23 and to plan its finances on a sustainable basis.

Prior to Council Cabinet recommending to Council the Budget Requirement to set the Council Tax it was required to consider the Section 25 report from the Strategic Director of Corporate Resources (attached at Appendix 7 of the report). This detailed the adequacy of reserves and robustness of the estimates for the period 2022/23 to 2024/25.

The report also detailed how the Budgets support delivery of the Council Plan and a number of the initiatives and approaches to allow resources and investments to be targeted to priorities.

Dedicated Schools Grant:

The Dedicated Schools Grant (DSG) for Derby was split into four blocks: Schools Block, Early Years Block, High Needs Block and a Central School Services Block.

The 2022/23 allocation for the DSG was £285.803m and was made up of four blocks of funding:

- Schools Block £213.306m (includes £1.39m NNDR outlined in section 6.1.13 of the report)
- Central School Services Block £2.848m
- High Needs Block £50.981m
- Early Years Block £18.668m

Nationally the announced increase in school funding was 3.2% overall. The national funding formula (NFF) continued to distribute this fairly, based on the needs of schools and their pupil cohorts. The NFF was levelling up school funding: increasing core factors of the formula by 3%, while ensuring that every school was allocated at least 2% more funding per pupil.

Derby had applied NFF rates to all factors. For schools in Derby the formula factors had been increased by 3% and minimum funding levels by 2%, however the impact varies school to school based on the eligibility of pupils triggering the various factors.

For Derby the High Needs Block had been increased by 11%, £5.084m. There continued to be significant challenges for the High Needs Block in Derby, this was a national position.

The Executive Scrutiny Board, in relation to what is being called the Council Tax rebate, expressed its concerns about the logistical nightmare that this council and many councils in the Midlands and the north face in making sure that the £150 gets to the very people that it needs to get to and puts an additional strain on services in this city and elsewhere in the Midlands and the north and therefore calls on Council

Cabinet to write to Government to ask for additional resources to make sure that this is done as swiftly and effectively as possible.

Decision

1. To note:

- (a) The outcomes of the Budget Consultation detailed in Appendix 9 and 10 and 11 and Scrutiny detailed in Appendix 12 of the report.
- (b) The outcomes of the Executive Scrutiny Board of the 17 January detailed in Appendix 12 of the report and associated recommendations.
- (c) The Section 25 Report of the Section 151 officer on the robustness of estimates and on the adequacy of the reserves 2022/23 to 2024/25 detailed in Appendix 7 of the report.
- (d) The Our City Our River (OCOR) offer of £17.7m Grant in Aid (GIA) was included in Compliance with Contract and Financial Procedure Rules report on this Council Cabinet agenda and referred to in section 5.2.6 of the report. The capital programme would be updated accordingly post February Council Cabinet.
- (e) The Parklife bid for football foundation funding of £6m was included in Compliance with Contract and Financial Procedure Rules report on this Council Cabinet agenda and referred to in 5.2.8 of the report. The capital programme will be updated accordingly post February Council Cabinet.
- (f) The Market Hall – a separate report on this agenda was seeking approval to the total project costs and proposed funding to deliver phase 2 transformation. The capital programme would be updated accordingly post February Council Cabinet. This was referred to in Appendix 17 of the report, the Capital Strategy at section 1.3 of the report.
- (g) The use of the S106 contributions detailed in section 5.3.11 and detailed in Appendix 19 of the report.
- (h) Future considerations as detailed in section 9 of the report.
- (i) Financial support provided to Derby residents as outlined section 4.6.5 in Appendix 20 of the report.

2. Subject to the above to recommend to Council to approve:

Revenue Budget

- a) Derby City Council's net budget requirement for 2022/23 of £259,554,475 subject to the finalisation of the Council's Council Tax for 2022/23.

- b) To increase the City Council element of Council Tax by 1.99% as set out in section 4.6 of the report
- c) To increase Council Tax by an additional 1% Social Care Precept as set out in section 4.6 of the report.
- d) The current list of savings options outlined in Appendix 4 of the report with an associated estimated reduction in posts by 52.25 full time equivalent (FTE) as outlined in section 4.5 of the report.
- e) The current estimated service pressures outlined in Appendix 5 of the report.
- f) The directorates revenue budget plans for 2022/23 to 2024/25 estimates as detailed in Appendix 2 of the report.
- g) The implementation of savings proposals included in Appendix 4 of the report.
- h) The commencement of appropriate procedures to support the specific budget proposals listed in Appendix 4 of the report.

Reserves

- a) The use of budget risk reserve of £4.352m on a non-recurrent basis to smooth the timing differences for the collection fund of £4.158m and to smooth the budget gap in 2022/23 of £0.194m as outlined in section 4.3.8 of the report.
- b) The use of Treasury Management Reserve to smooth the timing differences within the capital programme as outlined in section 4.3.8 of the report.
- c) Use of budget risk reserve to fund voluntary redundancy exit costs as outlined in section 4.5.1 of the report.
- d) Reallocation of earmarked reserves arising from review of reserves as outlined in section 7.1.1 of the report.
- e) The Section 25 reserves adequacy report as detailed in Appendix 7 of the report.

Capital

- a) The capital programme for 2022/23 and note the indicative capital programme for 2023/24 and 2024/25 as set out in section 5 of the report. A summary and detail was outlined in Appendix 13 of the report.
- b) To recommend that Council approve the additional borrowing outlined in sections 5.1, 5.1.16 and 5.3.5 of the report.
- c) The Summary of Unsupported Borrowing as set out in Appendix 14 of the report.

- d) The MRP policy detailed in Appendix 15 of the report.
- e) The prudential indicators detailed in Appendix 16 of the report.
- f) The Capital Strategy attached at Appendix 17 of the report.
- g) The application of the flexible use of capital receipts as outlined in section 5.3.10 of the report.
- h) The Capital Ambition detailed in Appendix 18 of the report.

Dedicated Schools Grant

- a) The allocations of the Dedicated Schools Grant as detailed in section 6 of the report.
 - b) The increase of Minimum Funding Level per pupil to £4,265 per primary school pupil and £5,525 per secondary aged pupil.
 - c) The base rate element of the Early Years Funding for 2-year-olds of £5.57 per hour and 3/4-year-olds £4.54 per hour. The Stand-Alone Maintained Nursery Supplementary rate of £1.51 (Universal Hours).
 - d) The application of the following formula criteria for 2022/23:
 - I. To implement a cap on growth above 4.73% per pupil with no factor being scaled back.
 - II. To set a Minimum Funding Guarantee of 2%.
 - e) The transfer of £0.303m from the Schools Block to the High Needs Block.
 - f) To approve the value of Growth Fund of £0.244m to be retained centrally.
3. To delegate:
- Approval to the Strategic Director of Corporate Resources to make necessary adjustments in order to retain a balanced budget for 2022/23.
 - Approval to the Strategic Director of Corporate Resources following consultation with the Cabinet Member for Finance, Digital and Assets to permit movement of schemes (detailed within the 3-year capital approved programme) within and between financial years to facilitate delivery and agility in Capital Programme delivery subject to affordability. These would be subsequently reported in the quarterly financial monitoring reports to Council Cabinet.
4. To accept the recommendation from the Executive Scrutiny Board that in relation to what is being called the Council Tax rebate, the Leader of the Council writes to Government to ask for additional resources to make sure this is done swiftly and effectively as possible.

158/21 Treasury Management and Investment Strategy 2022/23

The Council Cabinet considered a report which outlined and sought approval of the Council's Treasury Management Strategy for the Financial Year 2022/23 and the Treasury Management Indicators derived from this strategy. The report included:

- Background and Context
- The Treasury Management Strategy
- Treasury Management indicators
- Investment Strategy (Appendix 3 of the report).

The Executive Scrutiny Board noted the report.

Decision

1. To approve and recommend to Council:
 - a) The Treasury Management Strategy for 2022/23 outlined in section 4 of the report.
 - b) The Treasury Management Indicators for 2022/23 to 2024/25 outlined in section 4.61 of the report.
 - c) The Current debt and Investment Portfolio Position outlined in Appendix 1 of the report.
 - d) The Definitions of Types of Permitted Investments outlined in Appendix 2 of the report.
 - e) The Investment Strategy for 2022/23 outlined in the report in section 4.36 and attached Appendix 3 of the report.
 - f) The Investment approach for Commercial or Social Return Appendix 3, section 1.7 of the report.
 - g) The Investment Indicators for 2022/23 to 2024/25 outlined in Appendix 3, section 1.24 of the report.
2. To delegate authority to the Strategic Director of Corporate Resources to amend investment levels following appropriate advice from the Council's treasury advisors as detailed in section 4.48 of the report.

159/21 Draft 2021/22 Quarter 3 Financial Monitoring

The Council Cabinet considered a report which summarised the Council's forecasted financial outturn position at 31 December 2021.

Summary

- a) **Revenue budget:** The Council was currently forecasting a pressure of £4.813m against our base budget requirement of £253.460m. However, this was being mitigated by use of the Covid Reserve, Covid placeholder budgets and the Business Rates smoothing reserve to give a forecast out-turn pressure on the budget risk reserve of £1.800m.

Within this forecast was the expectation that £8.390m savings were delivered against a target of £9.654m included within the 2021/22 budget approved by Council in February 2021.

- b) **Capital budget:** Capital expenditure to date was £66.359m and our forecast was estimated at £141.393m against an approved capital budget of £252.748m.
- c) **Reserves:** In line with the budget setting report also on this agenda – the MTFP outlined plans to bring the General Fund Reserve balance up to 5% of the net budget requirement by 2024/25. The future years General Reserve forecast balance was now anticipated to £14.211m and our Earmarked Reserves including the budget risk reserve had a future years' forecast balance of £16.642m after taking account of the current forecast overspend of £1.800m. These changes were all subject to final approval of the Medium-Term Financial Plan due to be reported to Council on 28 February 2022. The Council would continue to seek to reduce the in-year overspend and would review the level and need for specific earmarked reserve levels as part of the budget process. This was being facilitated by the continuation of spending panels which were introduced in September 2021.
- d) **Dedicated Schools Grant (DSG):** The total grant of £273.016m had been allocated to schools and retained educational services. There was an overspend forecast on the High Needs Block of the DSG of £4.6m.
- e) **Collection Fund:** Council Tax billed for the 2021/22 financial year was £133.552m of which £105.952m or 79.33% had been collected. Business Rates billed for the 2021/22 financial year was £79.593m of which £60.125m or 75.54% had been collected.
- f) **Housing Revenue Account (HRA):** The full year forecast projected a planned use of the HRA reserve of £2.769m.
- g) **Performance on sundry debt collection:** As at 31 December 2021 the Council had billed £76.2m in Sundry Debts and had collected 92%. This indicator was measured in a 12-month rolling cycle. Total Sundry balance as at 4 Jan was £14,688,415.03 of which £12,468,672.18 was overdue.
- h) **Covid forecast:** The current full year potential forecast pressure for both revenue and capital was £7.635m (see Appendix 3 of the report) after use of Covid reserves, HRA reserves, MTFP Covid placeholder pressures and additional NHS funding allocated to Covid this left a forecast shortfall of £0.035m (shortfall included in forecast outturn overspend detailed in section

6.4.2 of the report), if there were no further changes this shortfall would need to be funded from the budget risk reserve and was included as a commitment within the revenue forecast outturn position.

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

A summary of the net revenue forecast by directorate was set out in the table in paragraph 1.3 of the report.

The Executive Scrutiny Board noted the report.

Decision

1. To note:

- a) The revenue projected outturn and key budget variances set out in the report in section 4.1 with a detailed analysis in Appendix 1 and the savings to be delivered in the year in section 4.2 of the report.
- b) The current forecast Covid spend and funding as set out section 4.3 and in Appendix 3 of the report.
- c) The Council's reserves position, as set out in section 4.4 and Appendix 2 of the report.
- d) The capital programme forecast, and actual capital expenditure incurred during the quarter summarised in section 4.5 of the report.
- e) The changes already approved under scheme of delegation to the capital programme detailed in Appendix 5 of the report.
- f) The forecast Dedicated Schools Grant position summarised in section 4.6 of the report.
- g) The Council Tax and Business Rates Collection performance as set out in section 4.7 of the report.
- h) The Housing Revenue Account performance and projected outturn as set out in section 4.8 of the report.

2. To approve:

- a) changes to the 2020/21 - 2022/23 capital programme outlined in section 4.4 and detailed in Appendix 6 of the report.

- b) £0.613m of Direct Revenue Financing requests for the vehicles plant and equipment programme as detailed in 4.5.11 of the report.

Contract and Financial Procedure Matters

160/21 Compliance with Contract and Financial Procedure Rules

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

- Normanton Cemetery Lodge - declare Normanton Cemetery Lodge and Chapel, Stenson Road, Derby DE23 1JG as surplus to the Council's requirements.
- Home Care Retention Funding - funding from the Derby and Derbyshire Clinical Commissioning Group (CCG) of £1m and the Workforce recruitment grant £0.777m and the Workforce recruitment grant round 2 of £1.435m. This funding from the CCG would be added to the Workforce retention grants so that one-off funds could be directed to the local home care workforce to incentivise frontline workers to remain employed over the winter period when demand was expected to increase.
- Home Care Retention Funding - delegated authority to allocate the funding and award grants as appropriate, in line with the Derby and Derbyshire CCG terms of funding.
- Home Care Retention Funding - to ringfence the homecare retention funding for the purpose of supporting the homecare market, any unspent funds into 2022/23 which would need to be either returned to the NHS or spent in line with any future agreed determinations by the Derby and Derbyshire CCG Governing Body/ Integrated Care System. Any unspent Workforce retention grant would need to be returned to the Department of Health and Social Care.
- Afghan Bridging Hotel Wraparound Support - bid and accept funding and to award grants in line with funding. Claims could be made under the Funding Instruction for local authorities in the support of the United Kingdom's Afghan Schemes for Beneficiaries who had arrived in the UK and were accommodated temporarily in a hotel in the local authority area under one of the Schemes stated at paragraphs 4.15 of the report.
- Our City Our River (OCOR) Environment Agency - Flood Defence Grant in Aid (FDGiA) - acceptance of additional grant funding of £17.7m of FDGiA funding from The Environment Agency (EA) as a contribution towards the completion of the remaining OCOR Package 2 works at Derby Riverside.

- Derby Football Hub - bid for capital funding to the Football Foundations Football Hub programme and delegate approval to accept the grant subject to acceptable grant conditions and the approval of match funding from the Council's Capital Future's Fund.
- Madeley Centre - agree the direction of travel regarding the future use of the Madeley Centre.

The Executive Scrutiny Board noted the report.

Decision

1. To approve the declaration of Normanton Cemetery Lodge and Chapel, Stenson Road, Derby DE23 1JG as surplus to the Council's requirements, as outlined in section 4.1 of the report.
2. To approve delegated authority to the Strategic Director of Corporate Resources following consultation with the Cabinet Member for Finance, Assets and Digital, to agree the terms for the disposal of the property, as outlined in section 4.1 of the report.
3. To approve accepting funding from Derby and Derbyshire CCG of £1m, and the Workforce recruitment grant £0.777m and the Workforce recruitment grant round 2 £1.435m from the Department of Health and Social care, as outlined in section 4.6 of the report.
4. To approve delegated authority to the Strategic Director of Corporate Resources and the Strategic Director of People Services following consultation with the Cabinet Member for Adults, Health and Housing to allocate the funding and award grants as appropriate, in line with the Derby and Derbyshire CCG terms of funding, as outlined in section 4.6 of the report.
5. To approve the agreement to ringfence the homecare retention funding for the purpose of supporting the homecare market, and to carry-forward any unspent funds into 2022/23 which would need to be either returned to the NHS or spent in line with any future agreed determinations by the Derby and Derbyshire CCG Governing Body/ Integrated Care System, as outlined in section 4.6 of the report.
6. To approve the bid to, and acceptance of, Home Office funding for Afghan Bridging Hotel Wraparound Support estimated at £0.500m for 2021/22, as outlined in section 4.15 of the report.
7. To approve delegated authority for the award of grants relating to the Afghan Bridging Hotel Wraparound Support estimated at £0.010m, to the Strategic Director of People Services following consultation with the Cabinet Member for Governance and the Strategic Director of Corporate Resources, as outlined in section 4.15 of the report.

8. To approve the acceptance of additional grant funding of £17.7m of Capital FDGiA funding from the EA, as outlined in section 4.23 of the report.
9. To approve the additions to the capital programme as reflected in paragraph 7.4 of the report, to include the additional works enabled by the grant, as outlined in section 4.23 of the report.
10. To approve Derby City Council's bid for capital funding to the Football Foundations Football Hub programme, as outlined in section 4.38 of the report.
11. To approve delegated authority to the Strategic Director of Communities and Place and the Strategic Director of Corporate Resources following consultation with the Cabinet Member for Streetpride and Public Spaces to accept the grant, the subject of recommendation 2.10 of the report, subject to acceptable grant conditions and the approval of match funding from the Council's Capital Future's Fund, as outlined in section 4.38 of the report.
12. To approve the disposal of the Madeley Centre on the open market, as outlined in section 4.50 of the report.
13. To delegate authority to the Strategic Director of Corporate Resources following consultation with the Cabinet Member for Finance, Assets and Digital, to agree the marketing strategy and detailed terms for the disposal of the property, as outlined in section 4.50 of the report.

Performance

161/21 Performance Monitoring Q3 2021/22

The Council Cabinet considered a report which stated that the Council's Recovery Plan for 2021/22 was approved by Council Cabinet in February 2021. This report presented a consolidated overview of performance in line with commitments made in the Recovery Plan, bringing together priority performance measures, projects and strategic risks.

A summary of key performance highlights covering the period of September 2021 to December 2021 (quarter 3) could be found in paragraph 4.5, with details of key achievements presented within paragraph 4.6 to 4.7 of the report. Areas for further work were detailed within paragraphs 4.8 to 4.15 of the report and a full overview of progress against the Recovery Plan was available in Appendix 1 of the report.

There were no areas identified for a Performance or Risk Surgery based on outturns at the end of December 2021.

The Executive Scrutiny Board noted the report.

Decision

1. To note the latest performance results, paying particular attention to the latest profile of our strategic risks and emerging priorities for improvement.
2. To note the in-quarter activities set out in 4.16 to 4.19 of the report, that had been completed to provide assurances on our strategic risk controls, with further activities scheduled for quarter four.
3. To note that no performance measures were recommended for consideration via a Performance Surgery.

162/21 Exclusion of Press and Public

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 involved 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.

163/21 The Sale of Unit 3 Westside Park, Raynesway, Derby

The Council Cabinet considered a report which sought approval to dispose of Unit 3 Westside Park and the treatment of the financial implications arising from the disposal.

The Executive Scrutiny Board noted the report.

Option considered

To retain the property in the medium to long term for its potential investment returns. However, this option had been discounted as future rental income from the existing or any future tenant could not be guaranteed based on previous experience of risk in this niche market and the bespoke nature of the building. Further, given the current buoyant property investment market for industrial properties, an immediate sale was recommended to benefit from the current value, as there was always the risk that values could fall.

Decision

1. To formally declare Unit 3 Westside Park as surplus to Council requirements and available for sale.
2. To delegate to the Strategic Director of Resources and the Strategic Director for Communities and Place following consultation with the Cabinet Member for Finance, Assets and Digital, to authorise the terms of the sale.

3. To approve that the capital receipt generated on disposal will be treated as a corporate capital receipt and any future use will be considered as part of the future capital strategy.
4. To approve that the balance still due to be repaid to corporate revenue reserves from the Derbyshire Enterprise Growth Fund (DEGF) at the date of disposal was written off.
5. To note the loss of revenue rental income to the DEGF cashflow and future revenue implications set out in paragraph 2.5 of the report for consideration in the preparation of the MTFP from 2024/25.

Reasons

1. It was a function of Council Cabinet to declare Council's assets as surplus.
2. The value of this property was above all Officers' delegations and therefore it was for Council Cabinet, when it considers it appropriate to do so, to delegate to officers' authority to agree the terms of the sale.

164/21 Market Hall Transformation

The Council Cabinet considered exempt information in relation to the Market Hall Transformation.

The Executive Scrutiny Board noted the report.

MINUTES END