



FOR PUBLICATION

DERBYSHIRE COUNTY COUNCIL

CABINET

7 April 2022

Report of the Interim Executive Director (S151 Officer) – Corporate Services and Transformation

Establishment of a Feasibility Reserve
(Corporate Services and Budget)

1. Divisions Affected

1.1 County-wide.

2. Key Decision

2.1 This is a key decision because it is likely to result in the Council incurring expenditure which is, or savings which are significant having regard to the budget for the service or function concerned (this is currently defined as £500,000) and it is likely to be significant in terms of its effect on communities living or working in an area comprising two or more electoral areas in the County.

3. Purpose

3.1 To recommend approval of the establishment of a Feasibility Reserve which will enable assessment and viability work to be undertaken on a number of Corporate, Investment and Regeneration initiatives that the Council are currently considering for delivery.

4. Information and Analysis

4.1 The Council's Enterprising Council approach ensures that it is prepared for the future and able to respond to the challenges and opportunities that lie ahead. In transforming the way the Council works and in delivering our Strategic Approach, the Council currently has a number of large-scale initiatives and projects being considered for

implementation. In particular, the Council is currently responding to being named in the Levelling-Up White Paper as one of nine national County Deal pathfinder authorities. Should Derbyshire and Derby be successful in securing a County Deal, work to stand up a programme team, over and above the resources already in place to develop proposals in readiness for Autumn/ November 2022 will be required. In addition, Cabinet on 10 March 2022, considered a report which set out details of the Council's Regeneration Programme Pipeline consisting of numerous major projects. Due to the nature and scale of these initiatives it is envisaged that additional resource will be required to progress these projects, ensuring that the schemes progress at pace. In addition, some of these schemes will have significant pre-implementation and feasibility costs required to assess their viability and feasibility which will be undertaken as part of individual Business Cases for each scheme.

- 4.2 The proposal is to establish a Feasibility Reserve of £2m funded by a contribution from the General Reserve. This fund will be available to fund the programme team for the development of the County Deal and will also be available subject to a satisfactory business case and approvals (see below) to provide the necessary resource for other individual programmes and schemes, many of which are likely to require specialist support and knowledge such as financial modelling, risk and insurance, and legal and VAT advice. The regeneration schemes in particular are likely to require significant preparatory work in order that they can proceed. The reserve will be topped up annually to ensure that there is a sufficient balance to support the broad range of schemes. An internal review will be undertaken later in the year to evaluate the outcomes of the funding support provided.
- 4.3 Although there are significant costs associated with these schemes, there are also significant financial and social economic benefits that support the Council's priorities.
- 4.4 There are a number of significant initiatives that have been identified that will access the proposed feasibility fund including:
- County Deal – As part of its “levelling up” agenda the Government has awarded a County Deal for Derbyshire and Derby. Working alongside the district and borough councils in the area the deal will bring substantial investment to support economic growth in the area, alongside the transfer of specific powers from central government at a local level in areas like, transport, bus services, housing & skills and will give greater autonomy to local leaders over decision making and funding.

- East Midlands Freeport – Creation of an inland port allowing businesses to import and export in a tax efficient way. Designed to attract major domestic and international investment. A consortium of private sector and local authorities aims to contribute around £8.4bn to the East Midlands economy over the next 30 years and create around 55,000 jobs.
- A number of Regeneration schemes across the County are in the pipeline, details of which were considered by Cabinet on 10 March 2022.
- Invest to Save Schemes such as Modern Ways of Working
- Additional capacity to support Ukrainian refugees such as the Homes for Ukraine scheme

4.5 In order to allow schemes to progress in a timely manner a set of procedures will be developed to allow schemes to gain access to the funding.

4.6 It is further proposed that responsibility to allocate resources up to £0.100m from the Feasibility Reserve is delegated to the Interim Executive Director/Executive Director – Corporate Services and Transformation, in consultation with the Managing Director and Interim Director of Finance/Director of Finance. Amounts in excess of this to be approved by the Deputy Leader and Cabinet Member for Corporate Service and Budget.

4.7 Although the proposed delegation would allow the timely deployment of resources for feasibility works it should be noted that all projects utilising this reserve would still be required to present a Full Business Case, commensurate with the size and relevance of the scheme, and report to Cabinet for approval in line with normal governance procedures.

4.8 It is anticipated that the Feasibility Reserve may be required for initiatives in the longer term, therefore, to ensure there is sufficient funding for future projects the Council will look to set up a process which:

- a. Allows a proportion of any financial benefits arising from projects and initiatives to reimburse the reserve;
- b. Allows any directly attributable pre-implementation costs for successful capital schemes are capitalised and the revenue fund is reimbursed.

5. Consultation

5.1 Not Applicable

6. Alternative Options Considered

- 6.1 Not to approve the establishment of a Feasibility Reserve may mean that the Council does not have adequate resources and specialist knowledge to progress schemes at pace.
- 6.2 Due to the complex nature of some of these initiatives significant specialist advice would be needed to ensure the viability of projects to identify associated risks and to protect the Council's interests. Not having the available resource to ensure this advice would mean that officers would not be satisfied that the adequate check and challenge process has been applied to the projects and could cause significant financial and reputational risks to the Council.

7. Implications

- 7.1 Appendix 1 sets out the relevant implications considered in the preparation of the report.

8. Background Papers

- 8.1 N/A

9. Recommendations

That Cabinet:

- 9.1 approves the establishment of a Feasibility Reserve of £2m which will be funded from General Reserve;
- 9.2 delegates responsibility for the allocation of resources up to the value of £0.100m from the reserve to the Interim Executive Director/Executive Director – Corporate Services and Transformation in consultation with the Managing Director and Interim Director of Finance & ICT/Director of Finance & ICT, with amounts in excess of this to be approved by the Deputy Leader and Cabinet Member for Corporate Services and Budget.

10. Reasons for Recommendations

- 10.1 To ensure adequate resources are available to complete the major initiatives outlined in the report.
- 10.2 To ensure the Council has sufficient assurance as to the viability, legality and financial probity of major initiatives and projects.

11. Is it necessary to waive the call in period?

11.1 No.

Report Author: Tina Adams, Head of Financial Management and Strategy

Contact Details: Tina.adams@derbyshire.gov.uk

Implications

Financial

- 1.1 This report proposes the establishment of a Feasibility Reserve of £2m which will be held as an Earmarked Reserve and will be funded by a contribution from General Reserves.

Although there is a proposal to delegate allocation of resource from this fund to individual projects to the Interim Executive Director/Executive Director – Corporate Services and Transformation in consultation with the Managing Director and Interim Director of Finance & ICT/Director of Finance & ICT, the report makes it clear that there will still be a requirement for all requests for the use of the reserve to be subject to a full business case commensurate with the size and relevance of the scheme.

Legal

- 2.1 The Director of Legal and Democratic Services will provide advice or seek external specialist legal advice as necessary in relation to major projects.

Human Resources

- 3.1 None

Information Technology

- 4.1 None.

Equalities Impact

- 5.1 An Equality Impact Assessment has not been carried out as it is not appropriate to this decision.

Corporate objectives and priorities for change

- 6.1 The implementation of a Feasibility Reserve will allow investment and regeneration initiatives to be implemented throughout the County which will support the delivery of all the outcomes identified in the Council Plan 2021 to 2025 namely Resilient, Healthy and Safe Communities; High Performing, Value for Money and Resident-Focused Services; A Prosperous and Green Derbyshire.