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FOR PUBLICATION

DERBYSHIRE COUNTY COUNCIL

CABINET

23 February 2023

Report of the Interim Director of Finance & ICT

**East Midlands Combined County Authority Financial Arrangements
(Corporate Services & Budget)**

1. Divisions Affected

1.1 Countywide.

2. Key Decision

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 £0.500m).

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 approve the receipt of of capital funding allocated to the Constituent Councils which will form part of the East Midlands Combined County Authority (EMCCA), if approved, for the financial year 2022-23.

3.2 To note the Council as the accountable body for this funding who will be responsible for administrating the grant to projects approved by the Department for Levelling Up, Housing and Communities.

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4. Information and Analysis

- 4.1 As part of the EMCCA Devolution Deal, Central Government has agreed to provide funding of £18.0m to support the delivery of housing priorities and drive Net Zero carbon ambitions in the East Midlands. The funding is to be split equally between the two initiatives.
- 4.2 A programme team has been established from officers based at Nottinghamshire County Council, who have assessed and formed a shortlist of projects which have been reviewed and approved at the Leaders and Chief Executives Devolution meeting on 2 September 2022.
- 4.3 Derbyshire County Council (the Council) has been the accountable body to the D2N2 Local Enterprise Partnership since 2015 and therefore, based on its experience, the Council has been chosen to be the accountable body for the £18.0m of capital funding on behalf of the Constituent Councils, Derbyshire County Council, Nottinghamshire County Council, Derby City Council and Nottingham City Council who will form are part of the EMCCA, if approved by all Councils and Government..
- 4.4 Projects from the Local Authorities and Further Education organisations within the EMCCA area were initially assessed by the Nottinghamshire County Council programme team against a criteria provided by the (DLUHC). These criteria are:
- Deliverability: the majority of spend must be within the 2022-23 financial year.
 - Projects need to fall within the policy area for DLUHC.
 - Projects are not to be contentious or based on novel ideas.
 - Projects need to be underway or ready for implementation (for example, planning permission already held or not required)
- DLUHC has indicated a strategic priority for bids that address homelessness.
- 4.5 Alongside the criteria provided by DLUHC, which were used to establish the shortlist of viable projects, it was agreed that internal criteria were necessary to assist the decision on the final list of projects to take forward to the business case stage for capital funding. Three main criteria were agreed at a Chief Executives' meeting on 1 September 2022, to establish a ranking order for the shortlist of projects:
- Deliverability (50% weighting) - are the projects ready to go and not inhibited by permissions such as planning.

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- Impact (30% weighting) - Potential social and economic benefits for the region.
- Geographical spread (20% weighting) (i.e. covering more than just one local authority area).

4.6 Of the above three criteria, deliverability was identified as the most important, followed by impact, and then geographical spread. Each project was given a score out of five on these three indicators. DLUHC has provided templates for the project promoters to complete, which are based on HM Treasury's '*Five Case Model Green Book*' business case. A business case for each project has been completed which has been submitted to DLUHC for their final approval.

4.7 Once approved, DLUHC will then issue the Council, as accountable body, with a grant determination letter per individual project, and release the funds as a Section 31 Grant. The Council will then issue grant offer agreements to the promoters with each project confirming funding profiles, milestones, and output requirements. There are currently six projects, with two having been fully approved by DLUHC at the time of writing.

5. Consultation

5.1 Not directly arising out of this report

6. Alternative Options Considered

6.1 The alternative is that the funding is not spent on these projects. However, as DLUHC will issue specific grant determination letters for each project with a specific amount this would not be possible.

7. Implications

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

8. Background Papers

8.1 None identified

9. Appendices

9.1 Appendix 1 – Implications

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10. Recommendations

That Cabinet:

- 10.1 Approves the receipt of this funding on behalf of Constituent Councils, Derbyshire County Council, Nottinghamshire County Council, Derby City Council and Nottingham City Council, who form part of the EMCCA, if approved by all 4 Councils and Government.
- 10.2 Notes that the Council, as the accountable body for this funding, will be responsible for administering the grant to projects approved by DLUHC.

11. Reasons for Recommendations

- 11.1 This funding is over £0.500m and therefore requires approval by Cabinet in line with Financial Regulations.
- 11.2 All grants will be above £0.100m and therefore require Cabinet approval as required by Financial Regulations. However, because all the approval process has taken place at DLUHC, the Council will just act as the administering organisation.

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

- 12.1 No

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Appendix 1 Implications

Financial

- 1.1 This additional funding, which is above £0.500m, was not outlined in the Service Plan, as it was only announced by Government following signature of the Devolution Deal in Autumn 2022.
- 1.2 Detailed reporting on the activities delivered by the grant will be required under the terms of the grant acceptance. As the accountable body, the Council will be responsible for collecting and reporting the key Performance Indicators for the delivery activity.
- 1.3 The grant will be issued as a capital grant in the grant determination from DLUHC and therefore will only be spent on capital expenditure to ensure the criteria set by Government are met.

Legal

- 2.1 The Director of Legal and Democratic Services provides advice as necessary in relation to the responsibilities of the County Council as Accountable Body and also in relation to specific projects within the scheme which are supported by grant funding.

Human Resources

- 3.1 None

Information Technology

- 4.1 None

Equalities Impact

- 5.1 None.

Corporate objectives and priorities for change

- 6.1 The Council Plan values commit to spending money wisely, making the best use of the resources that the Council has.

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Other (for example, Health and Safety, Environmental Sustainability, Property and Asset Management, Risk Management and Safeguarding)

- 7.1 Part of this funding is towards projects under the Net Zero agenda and will contribute towards the Council's ambition of being a net zero carbon organisation by 2032, or sooner and for the county of Derbyshire to be net zero by 2050.