



**FOR PUBLICATION**

**DERBYSHIRE COUNTY COUNCIL**

**CABINET**

**16 November 2023**

**Report of the Director of Finance & ICT**

**East Midlands Combined County Authority Financial Arrangements**  
(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 £0.500m) 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 approve the receipt of £0.250m of mayoral capacity funding allocated to the Constituent Councils which will form part of the East Midlands Combined County Authority (EMCCA) for the financial year 2023-24.

3.2 To delegate to the Director of Finance & ICT acceptance of any future grants allocated to the Constituent Councils which will form part of the EMCCA for the financial year 2023-24.

3.3 To note the Council is the accountable body for funding given on behalf of the EMCCA, and to confirm that the Council will be responsible for administering the grants. When the EMCCA is in full operation the

organisation will be responsible for its own financial affairs and the Council will no longer be the accountable body.

#### 4. Information and Analysis

- 4.1 As Cabinet is aware, the EMCCA Devolution Deal includes significant additional funding to the area. The key funding is set out in the table below:

	2023/24 £m	2024/25 £m
<b>Mayoral Capacity Funding</b>	0.5	1.0
<b>East Midlands Investment Fund</b> * £38.0m per annum for 30 years		38.0 (50% capital/50% revenue)
<b>New homes on brownfield land</b>		16.8
<b>Capacity funding for pipeline of housing sites</b> *Across 2023-24 and 2024-25	0.918	
<b>Delivery of housing priorities</b> *Across 2023-24 and 2024-25	9.0	
<b>Provisional area-wide local transport plan funding</b>	0.5	0.5
<b>Net Zero</b> *Across 2023-24 and 2024-25 subject to a business case	9.0	

- 4.2 In view of the fact that Derbyshire County Council had been chosen to act as Accountable Body for the capital funding, a report was brought to Cabinet on the 23<sup>rd</sup> February 2023 to approve the receipt of £18.0m of capital funding to support the delivery of housing priorities and drive Net Zero carbon ambitions in the East Midlands. .
- 4.3 As set out above, as part of the EMCCA Devolution Deal, Central Government has agreed to provide revenue funding of £0.5m in Mayoral Capacity Funding in 2023-24. Ministers agreed that an initial payment of £0.250m could be made to assist in the preparations for full implementation of the deal. The payment was received on 30 June 2023. A further payment will be made later in 2023-24, subject to the ongoing viability of the deal and once the local Assurance Framework has been approved by DLUHC.
- 4.4 The Department for Levelling Up, Housing and Communities (DLUHC) requested a proforma be completed on how this funding will be spent; this was submitted at the end of July 2023. DLUHC has since requested a second proforma be completed, to request the remaining £0.250m of

funding. DLUHC has also requested an Implementation Plan, which was approved on 5 October 2023.

- 4.5 To ensure a consistent approach, Derbyshire County Council will also be the accountable body for the revenue funding. All income and expenditure will be processed through the Council's finance system with regular monitoring reported through the governance structures in place. Cabinet is asked to approve receipt of the £0.250m Mayoral Capacity Funding already received and delegate authority to the Director of Finance & ICT to accept any future grants allocated to the Constituent Councils for the financial year 2023-24 as part of the Devolution Deal. The dates the grants will be released is unknown but there will be a requirement to spend within this financial year with several key pieces of work to be delivered using this funding. Therefore delegation is requested to ensure this work can be delivered and obligations met without adding any delays.
- 4.4 An allocation of £0.5m for 2023-24 is identified in the EMCCA Devolution Deal for transport. This is to develop the following:
- Local Transport Plan.
  - Public Transport Plan.
  - Highways and Key Route Network Plan.

Funding is expected to be received later in the financial year. DLUHC has confirmed it is working with the Department of Transport to clarify the timescales for the release of the funding.

- 4.5 An allocation of £0.918m for 2023-24 and 2024-25 is identified in the EMCCA Devolution Deal for housing. This is to support the development of a pipeline of housing sites across the EMCCA area. DLUHC has begun a business case process, in order for them to release the funding. In addition to this, Homes England has approved an additional £0.050m of capacity funding for 2023-24, which will be used to begin this work and more specifically to commission consultants to work with potential applicants, in order to develop projects and submit expressions of interest to be considered for the next stage.
- 4.6 Under the Skills workstream of the EMCCA Devolution Deal, the Adult Education Budget will not be devolved until the academic year 2025-26. The Department of Education (DfE) has offered implementation funding for work to take place on the readiness conditions of the funding. The DfE has awarded £0.738m across the period August 2023 to July 2025,

of which Derbyshire County Council as Accountable Body will receive £0.245m for the period 1<sup>st</sup> August 23 to 31<sup>st</sup> March 2024. The EMCCA will receive the remaining funding once the organisation is formed in the next financial year. This funding is given on a match funded basis and the Constituent Councils and EMCCA will be expected to provide match in the form of staff time to do the work.

## **5. Consultation**

5.1 No consultation is required directly arising out of this report.

## **6. Alternative Options Considered**

6.1 The alternative is not to receive the funding allocated to the Constituent Councils on behalf of the EMCCA. However, if the funding is not received the work on the preparations for the implementation of the devolution deal would not be able to take place

## **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

## **10. Recommendations**

That Cabinet:

10.1 Approves the receipt of the £0.250m Mayoral Capacity funding awarded to the constituent councils on behalf of the EMCCA and notes that a further payment will be made later in 2023-24, subject to the ongoing viability of the deal and once the local Assurance Framework has been approved by DLUHC.

10.2 Delegates authority to the Director of Finance & ICT to accept any future grants allocated to the Constituent Councils which form part of

the EMCCA for the financial year 2023/2024 as part of the Devolution Deal.

- 10.3 Notes that the Council, is the accountable body for this funding, will be responsible for administering the grants.

## **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 Delegation of the decision to the Director of Finance and ICT to accept grants for 2023/2024 will mean that further reports to Cabinet are not necessary in order to work can be delivered and obligations met for the financial year 2023/24.

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

12.1 No

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**Implications**

**Financial**

- 1.1 This funding, which is above £0.500m, was not outlined in the Service Plan, as it was only announced by Government following signature of the EMCCA Devolution Deal in Autumn 2022.
- 1.2 As the accountable body, the Council will be responsible for the processing of income and expenditure through the Council's financial system and will report on budget monitoring to the governance structure in place. This is important to ensure expenditure is kept within the available grants awarded from Central Government outlined in Section 4 of this report.

**Legal**

- 2.1 The Council is receiving the Mayoral Capacity funding on behalf of the Constituent Councils who will form part of the EMCCA as part of the Devolution deal with Government
- 2.2 The Director of Legal and Democratic Services provides advice as necessary in relation to the responsibilities of the Council as Accountable Body and also in relation to specific projects which are supported by grant funding.
- 2.3 As Accountable Body, the Council will be responsible for ensuring that any conditions associated with the funding are complied with. Appropriate arrangements will be put in place as necessary to ensure that the risk of clawback of funding is mitigated.

**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.

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

- 7.1 Part of this funding is towards work on 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.