

PUBLIC

**MINUTES** of a meeting of **CABINET** held virtually on 15 April 2021.

**PRESENT**

Councillor B Lewis (in the Chair)

Councillors A Dale, C A Hart, T King, S A Spencer and J Wharmby

Apologies for absence were submitted on behalf of Councillor A Foster.

**Declarations of Interest**

There were no declarations of Interest.

**75/21 MINORITY GROUP LEADERS' QUESTIONS**

There were no Minority Group Leaders' questions.

**76/21 MINUTES RESOLVED** that the non-exempt minutes of the meeting of Cabinet held on 11 March 2021 be confirmed as a correct record.

**77/21 CABINET MEMBER MEETINGS - MINUTES RESOLVED** to receive the non-exempt minutes of Cabinet Member meetings as follows:

- (a) Young People – 2 March 2021
- (b) Adult Care – 3 & 18 March 2021
- (c) Corporate Services – 11 March 2021
- (d) Highways, Transport & Infrastructure – 11 March 2021

**78/21 BUDGET MONITORING/FORECAST OUTTURN 2020-21 AS AT QUARTER 3** (Strategic Leadership, Culture and Tourism) The Director of Finance and ICT provided Cabinet with an update of the Revenue Budget position/forecast outturn for 2020-21 as at 31 December 2020 (Quarter 3) and seek approval for a number of budget virements in accordance with the Financial Regulations.

The Revenue Budget Position and Financial Summary provide an overview of the Council's overall budget position and forecast outturn as at 31 December 2020 and the report also summarised the controllable budget position by Cabinet Member Portfolio as at 31 December 2020. Further reports will be considered at Audit Committee and Council in accordance with the Budget Monitoring Policy and Financial Regulations.

The forecast outturn for 2020-21 as at Quarter 3 (31 December 2020) by portfolio, compared to controllable budget, was summarised. The Covid-19 pandemic was having a significant impact on the Council's 2020-21 forecast outturn. An overall Council underspend of £15.514m was forecast, after accounting for £45.037m of Ministry of Housing Communities & Local Government (MHCLG) Covid-19 emergency grant funding awarded and additional income of £3.485m compensation for lost sales, fees and charges income estimated to be claimable under the Government scheme announced on 2 July 2020.

A Council portfolio overspend of £0.052m was forecast, after the use of MHCLG Covid-19 grant funding for Covid-19 related costs forecast to be incurred in 2020-21. The table above showed the Covid-19 related costs across the portfolios as £36.986m. This was the forecast additional cost and lost income of the Council's response up to the end of March 2021, including the impact of slippage to the planned programme of savings which could not yet be implemented as a result. This amount allowed for any specific funding to offset the gross Covid-19 related costs which had already been forecasted to be allocated to individual portfolios; these amounts were detailed in Appendix 4 to the report. Budget of £36.986m would be allocated to portfolios from the Risk Management Budget, where the emergency Covid-19 grant funding and reimbursement for lost income from sales, fees and charges received from Government had been temporarily allocated, to match these costs.

There was a forecast underspend on the Risk Management Budget of £13.194m, which represented the funding the Council had received, or was expected to receive, additional to its planned requirements and forecast Covid-19 related costs for 2020-21. However, there was considerable uncertainty about the impact on the Council's finances of the current and future waves of the pandemic and any measures taken to mitigate its effects and the rate of infection, therefore caution was advised when considering this figure. Should costs rise in excess of current and future funding allocations, there would be a drawdown on the General Reserve to fund the overspend. Details of the Risk Management Budget of £66.597m were presented.

The Debt Charges budget was projected to underspend by £2.388m. This was based on forecast interest payments, anticipated Capital Financing Requirement (CFR), a Minimum Revenue Provision (MRP) of 2.5% in keeping with the policy reported to Cabinet on 22 November 2016 and a £3.500m one-off reduction in the Council's Capital Adjustment Account Reserve. This reduction was made on the basis that the amounts set aside to repay debt over the last ten years were well in excess of what was required to ensure the Council can repay its debt.

The Council utilises a range of investments, including pooled funds, to maximise its interest and dividend income. Interest and Dividends received on balances was estimated to breakeven after the allocation of £0.366m of MHCLG Covid-19 grant funding, to address a forecast decrease in income from investments in pooled funds of £0.902m and other lost income due to Covid-19. Interest also accrues to the loan advances to Buxton Crescent Ltd. The interest base rate had remained at an historically low rate of 0.10% since 10 March 2020. The Council's investments in pooled funds were recognised and measured at Fair Value through Profit or Loss (FVPL) in accordance with accounting standard IFRS 9 Financial Instruments. To date there had been no impact on the Council's General Reserve to recognise any gains or losses in the value of these funds because these effects were reversed out as required by the statutory temporary override that MHCLG had issued. The override was effective for financial years 2018-19 to 2022-23. It was proposed to establish an earmarked reserve of £2.500m, as a contingency to fund any losses which may crystallise on these investments after the statutory temporary override issued by MHCLG had lapsed in 2023-24.

Corporate Adjustments were forecast to overspend by £0.016m after the allocation of £1.812m of MHCLG Covid-19 grant funding. The allocation of MHCLG Covid-19 grant funding was to reimburse the cost of both a savings target which could no longer be achieved and an increase in the allowances the Council makes for loans it may not be able to recover. Only £0.601m of the £1.000m savings target allocated was expected to be achieved by the Council paying its Local Government Pension Scheme employer contributions early. This was because of the decision not to pay in advance all the contributions due for the entire period 2020-21 to 2022-23, but rather to make separate early lump sum payments for each year over that period. This decision was made in light of Covid-19, to preserve the Council's liquidity of cash flow amongst other considerations. The Council was likely to increase its allowances for potential credit losses based on a decline in the expectation of the amount it would recover from loans it had made, in light of the current economic climate.

Details of the Council's Earmarked Reserves balances as at 31 December 2020 were set out in Appendix 1 to the report. The Council's response to the Covid-19 pandemic and its effects on the Council's finances were expected to continue into 2021-22. It was proposed to establish earmarked reserves and to contribute any funding received to support Covid-19 impacts, which had not been utilised by 31 March 2021, to these reserves. This would enable this funding to be used for relevant expenditure over the two-year period 2020-21 to 2021-22. It was proposed that delegated authority be given to the Director of Finance and ICT to approve the establishment of any earmarked reserves that were required to support the Council's response to the Covid-19 pandemic, and that any funding received to support Covid-19 impacts, which had not been utilised by 31 March 2021, is contributed to these

reserves, to allow this funding to be used for relevant expenditure after that date. A complete register of funding expected to be receivable to meet Covid-19 related costs is disclosed in Appendix 5 to the report.

A summary of the expected achievement of budget savings targets was provided at Appendix 2 to the report. The budget savings target for 2020-21 was £18.795m, with a further £6.332m target brought forward from previous years. The savings initiatives identified to meet this target currently fall short by £7.742m, therefore further proposals would need to be brought forward to ensure the Council continues to balance its budget. Of this total target of £25.127m, £12.266m was expected to be achieved by the end of the financial year. Therefore, there was a £12.861m forecast shortfall in achievement of budget savings. The resulting base budget overspend was offset to some extent by one-off underspends or was being met from one-off funding from earmarked reserves and additional grant funding received.

The age profile of debts owed to the Council and the value of debts written off is disclosed in Appendix 3 to the report. This information was collected on a departmental rather than a portfolio basis.

The General Reserve stood at £49.845m as at 31 December 2020. The level of General Reserve was currently 9.14% of the Council's Net Budget Requirement for 2020-21. Commitments were held against this General Reserve balance, which were referred to in the Council's 2021-22 Revenue Budget Report. At that time the General Reserve, in a pessimistic forecast, was predicted to decrease to 1.6% (£9.591m) of the Council's Net Budget Requirement by 2025-26. The majority of chief financial officers consider 3% to 5% of a council's net spending to be a prudent level of risk-based reserves. It was recognised that the forecast General Reserve balance over the medium-term was lower that would be preferred, therefore restorative measures would be utilised over the Five Year Financial Plan to build back up the balance of the General Reserve to a reasonable, risk assessed level.

A summary of each individual portfolio positions and forecast outturn for 2020-21 was presented. Whilst budgets were monitored by portfolio, the individual portfolios were not separate entities. All the portfolios operate in conjunction with the others and it was important to consider the Council's budgetary position as a whole in the context of its Five-Year Financial Plan and its overall level of reserves.

**RESOLVED** to (1) note the update of the Revenue Budget position/forecast outturn for 2020-21 as at 31 December 2020 (Quarter 3);

(2) approve a budget virement of £0.200m from the Commissioning, Communities and Policy department to the Economy, Transport and Environment department, effective from 1 April 2021, to reflect new arrangements in place for leading the Council's response to Climate Change;

(3) approve a budget virement of £3.000m of one-off funding from Adult Care to the Risk Management Budget, as this is no longer required to fund the work taking place to address safety standards in the Council's Homes for Older People;

(4) approve a budget virement to transfer any Transition Funding which had not been utilised by the end of March 2021 from Adult Care to the Risk Management Budget. This was currently estimated to be £0.942m of on-going and £0.316m of one-off funding;

(5) approve an earmarked reserve be established for the purpose of supporting the wider county and the Council's recovery from the impacts of the Covid-19 pandemic and to contribute £15.000m to this reserve from the Risk Management Budget;

(6) approve an earmarked reserve be established as a contingency to fund any losses which may crystallise on investments measured at Fair Value through Profit or Loss (FVPL) after the statutory temporary override issued by MHCLG has lapsed in 2023-24 and to contribute £2.500m to this reserve from the Risk Management Budget;

(7) approve an earmarked reserve be created for pump-priming a countywide Assistive Technology offer that would remove the current fragmentation of the service offer, target improved appropriate use of Assistive Technology and reduce costs incurred supporting people to live safe and independent lives in the community, to complement the Better Lives transformation programme in Adult Care, and to contribute £1.500m to this reserve from the Adult Care Budget;

(8) authorise the Director of Finance & ICT to establish any earmarked reserves that are required to support the Council's response to the Covid-19 pandemic, and agrees that any funding received to support Covid-19 impacts, which has not been utilised by 31 March 2021, is contributed to these reserves, to allow this funding to be used for relevant expenditure after that date;

(9) approve that any of the funding provided in the 2020-21 budget for Quality Assurance SEND & Fostering that has not been utilised by the end of March 2021 is contributed to an earmarked reserve to fund the employment costs of additional Quality Assurance staff expected to be incurred in 2021-22;

(10) approve the transfer of £0.500m from the Change Management earmarked reserve to an earmarked reserve to fund property feasibility studies; and

(11) approve that £1.500m of funding from Public Health in 2020-21 is used to support Children's Centres and the Early Years offer within the Young People portfolio.

**79/21**      **OUT OF AREA SEXUAL HEALTH SERVICES** (Health and Communities) The Director of Public Health sought approval for the proposed terms and conditions in relation to invoicing for out of area (OOA) sexual health services with effect from 1 April 2021.

The terms and conditions were attached to the report in Appendix 1. They gave details of how Derbyshire County Council would manage non contractual sexual health out of area activity and provided clarity on the conditions and payment terms for cross-charging.

Derbyshire County Council's terms aimed to ensure that there was a consistent and fair approach to cross-charging with non-contracted providers outside of Derbyshire.

The reviewed terms also included the introduction of routine commissioning of HIV Pre-Exposure Prophylaxis (PrEP)

Once approved the Derbyshire OOA 2021-22 terms and conditions would be shared with local and national providers and across the National Commissioners Forum.

These terms would be applied initially for a pilot period, from 1<sup>st</sup> April 2021 until 31<sup>st</sup> March 2022. They would then be reviewed and there would be a much clearer picture of the demand and flow associated with the routine commissioning of PrEP.

**RESOLVED** to approve the proposed terms and conditions for out of area invoicing for sexual health activity from 1<sup>st</sup> April 2021 to 31<sup>st</sup> March 2022 as set out in Appendix 1 to the report.

**80/21**      **URGENT DECISION TAKEN BY THE EXECUTIVE DIRECTOR AND APPROVAL FOR PROCUREMENT PROCESS AND AWARD OF CONTRACT FOR HOLIDAY ACTIVITIES AND FOOD PROGRAMME FUND**

(Young People) Cabinet was asked to note the urgent decision taken by the Executive Director of Children's Services on 15<sup>th</sup> March 2021 that approved spending plans and other associated proposals for Derbyshire County Council's allocation of the Holiday Activities and Food Programme Fund.

Cabinet was also asked to delegate the award of contract(s) and/or grants in relation to the Holiday Activities and Food Programme to the Executive Director of Children's Services in consultation with the Cabinet Member for Young People on completion of the procurement process.

**RESOLVED** to (1) note the urgent decision taken by the Executive Director in relation to spending plans and other associated proposals for Derbyshire County Council's allocation of the Holiday Activities and Food Programme Fund;

(2) delegate the award of contract/s and/or for grants in relation to the Holiday Activities and Food Programme to the Executive Director of Children's Services in consultation with the Cabinet Member for Young People on completion of the procurement process.

**81/21      URGENT DECISION TAKEN BY THE EXECUTIVE DIRECTOR – CHILDREN'S SERVICES – COVID WINTER GRANT SCHEME -**

**EXTENSION** Cabinet was asked to note the urgent decision that had been taken by the Executive Director of Children's Services on 11<sup>th</sup> March 2021 that approved spending plans for the extension of the COVID Winter Grants Scheme.

The proposed extension to the scheme had been announced on 26<sup>th</sup> February 2021 but the clarifying guidance had not been received until 2<sup>nd</sup> March 2021. This meant that time for that normal decision-making protocols had not been possible.

**RESOLVED** to note the urgent decision taken by the Executive Director.

**82/21      EXCLUSION OF THE PUBLIC FROM THE MEETING**

**RESOLVED** that under Regulation 4(2)(b) of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012, the public be excluded from the meeting for the following items of business on the grounds that in view of the nature of the items of business, that if members of the public were present, exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A to the Local Government Act 1972 would be disclosed to them.

**SUMMARY OF PROCEEDINGS CONDUCTED AFTER THE PUBLIC HAD BEEN EXCLUDED FROM THE MEETING**

1. To consider Minority Group Leaders' Questions (if any).
2. To confirm the Exempt Minutes of the meeting of Cabinet held on 11 March 2021.
3. To receive exempt minutes of Cabinet Member meetings as follows:
  - (a) Young People – 2 March 2021

- (b) Corporate Services – 11 March 2021
- (c) Highways, Transport & Infrastructure – 11 March 2021

4. To consider exempt reports as follows:

- (a) Portfolio Review with PSP (Derbyshire) LLP – Managing Executive Director Commissioning, Communities & Policy (contains information relating to the financial or business affairs of any particular person (including the Authority holding that information))
- (b) Extension of Block Payments for Derbyshire Integrated Sexual Health Services for Quarter 1 and Quarter 2 for the 2021-22 Financial Year – Director of Public Health (contains information relating to the financial or business affairs of any particular person (including the Authority holding that information))